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August 13, 2026

Consolidated Financial Results for the Six Months Ended June 30, 2026 (Under Japanese GAAP)

Company name: PowerX, Inc.
Listing: Tokyo Stock Exchange
Securities code: 485A
URL: https://power-x.jp/en/investors?gl=JP
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Scheduled date to file semi-annual securities report: August 13, 2026
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	6,893	48.3	(778)	–	(1,073)	–	(1,518)	–	(1,551)	–
June 30, 2025	4,647	–	(1,308)	–	(1,563)	–	(2,205)	–	(2,230)	–

Note: Comprehensive income For the six months ended June 30, 2026: ¥(1,564) million [–%]
For the six months ended June 30, 2025: ¥(2,229) million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2026	(13.65)	–
June 30, 2025	(23.49)	–

Note: (1) Diluted earnings per share for the six months ended June 30, 2025 are not stated because, although dilutive shares existed, the Company's stock was unlisted at the time, making it impossible to determine the average share price during the period. In addition, net loss per share was recorded.
(2) Diluted earnings per share for the six months ended June 30, 2026 are not stated because, although dilutive shares exist, net loss per share was recorded.
(3) The Company conducted a 1,000-for-1 stock split of its common stock on August 9, 2025. In addition, the Company carried out a 3-for-1 stock split of its common stock on June 1, 2026. Net loss per share was calculated assuming that the stock split was carried out at the beginning of the previous fiscal year (fiscal year ended December 31, 2025).

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	33,049	7,340	19.5
December 31, 2025	26,236	6,648	23.7

Reference: Equity
As of June 30, 2026: ¥6,460 million
As of December 31, 2025: ¥6,230 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	–	–	–	0.00	0.00
Fiscal year ending December 31, 2026	–	0.00			
Fiscal year ending December 31, 2026 (Forecast)			–	0.00	0.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated financial results forecast for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	40,000	107.2	2,500 –3,000	–	2,000 –2,500	–	1,000 –1,500	–	1,000 –1,500	–	8.80 –13.20

Note: (1) Revisions to the most recently announced financial results forecast: None
(2) EBITDA = Operating profit + Depreciation + Share-based payment expenses
(3) The consolidated financial results forecast for the fiscal year ending December 31, 2026 is disclosed in a range format. For matters related to the consolidated financial results forecast, please refer to page 5 of the attachment, "1. Overview of Operating Results, etc. (3) Explanation of Forward-looking Statements, Including Consolidated Financial Results Forecast."
(4) The forecasted basic earnings per share for the fiscal year ending December 31, 2026 has been calculated based on the average number of shares outstanding during the period, reflecting the third-party allotment of new shares and the exercise of share acquisition rights during the six months ended June 30, 2026, as well as the impact of the stock split effective June 1, 2026 (three shares for every one common share).

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: – companies (–)
Excluded: 1 company (PowerX Manufacturing Inc.)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatements
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(4) Number of issued shares (common shares)
(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2026	114,768,750 shares
As of December 31, 2025	109,060,800 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2026	– shares
As of December 31, 2025	– shares

(iii) Average number of shares outstanding during the period (semi-annual period)

Six months ended June 30, 2026	113,632,224 shares
Six months ended June 30, 2025	94,992,132 shares

Note: The Company conducted a 1,000-for-1 stock split of its common stock on August 9, 2025. In addition, the Company carried out a 3-for-1 stock split of its common stock on June 1, 2026. Each of the figures for the number of shares in "(4) Number of issued shares (common shares)" has been calculated assuming that these stock splits were carried out at the beginning of the fiscal year ended December 31, 2025.

* Semi-annual results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts and other special matters
(Cautionary note regarding forward-looking statements, etc.)

The financial results forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly due to various factors. For details on the assumptions underlying the financial results forecasts and notes regarding their use, please refer to "1. Overview of Operating Results, etc. (3) Explanation of Forward-looking Statements, Including Consolidated Financial Results Forecast" on page 5 of the attachments.

(Method to obtain supplementary material on financial results)

The Company plans to hold a financial results briefing on August 13, 2026. Supplementary material on financial results to be used on the day will be posted in advance on TDnet and the Company's website, and the presentation and audio of the financial results briefing will promptly be posted on the Company's website after the briefing.

Table of Contents - Attachments

1. Overview of Operating Results, etc. 2
(1) Explanation of Operating Results 2
(2) Explanation of Financial Position 4
(3) Explanation of Forward-looking Statements, Including Consolidated Financial Results Forecast....5
2. Semi-annual Consolidated Financial Statements and Principal Notes 6
(1) Semi-annual Consolidated Balance Sheet 6
(2) Semi-annual Consolidated Statements of Income and Comprehensive Income 8
(3) Semi-annual Consolidated Statement of Cash Flows 10
(4) Notes to Semi-annual Consolidated Financial Statements 12
(Notes on going concern assumption) 12
(Application of accounting methods specific to the preparation of semi-annual consolidated financial statements) 12
(Changes in presentation) 12
(Notes to semi-annual consolidated balance sheet) 13
(Notes to semi-annual consolidated statement of income) 13
(Notes on significant changes in shareholders' equity) 14
(Notes to segment information, etc.) 15
(Business Combinations, etc.) 16
(Notes on revenue recognition) 17
(Per share information) 18
(Significant subsequent events) 19

1. Overview of Operating Results, etc.

(1) Explanation of Operating Results

During the six months ended June 30, 2026, the global economy remained opaque, mainly due to the impact of geopolitical risks, including those in the Middle East, and uncertainty surrounding trade policies. The Japanese economy continued its gradual recovery, supported by factors such as a recovery in consumer spending on the back of improvements in the employment and income environment, as well as the resilience of investments in capital.

Within this business environment, the 7th Basic Energy Plan—which was approved by the Cabinet in February 2025—projected that renewable energy would account for 40%–50% of total power generation by FY2040, with grid infrastructure development and the promotion of battery storage identified as key challenges in establishing renewable energy as the primary source of power. Against the backdrop of this policy, applications for contracts related to the grid connection of grid-connected storage batteries have increased significantly from the previous year, and business operators' appetite for investment in grid-connected storage systems remains robust. On the other hand, changes in the business environment are expected from FY2026, such as a reassessment of the supply-demand adjustment market and stricter grid interconnection rules creating a situation where businesses with sound business plans and strong operational capabilities will be in demand. In response to this situation, the Company is leveraging its foundation of domestic production and sales of cost-competitive storage batteries while expanding multiple products and services, including software that enables long-term, stable operation as energy infrastructure.

With regard to sales of energy storage systems, in addition to the ongoing delivery of stationary storage systems, orders for stationary storage systems intended for energy storage facilities are increasing, driven in part by subsidies implemented by the national and local governments. We therefore anticipate an increase in the number of energy storage systems delivered in the future. The number of power supply contracts is also steadily increasing, and going forward, we plan to continue focusing our efforts on acquiring new customers.

As a result, for the period under review, consolidated results were as follows: net sales of ¥6,893 million (up 48.3% year on year), EBITDA of ¥−778 million (EBITDA of ¥−1,308 million in the same period of the previous fiscal year), an operating loss of ¥1,073 million (operating loss of ¥1,563 million in the same period of the previous fiscal year), an ordinary loss of ¥1,518 million (ordinary loss of ¥2,205 million in the same period of the previous fiscal year), and a loss attributable to owners of parent of ¥1,551 million (loss attributable to owners of parent of ¥2,230 million in the same period of the previous fiscal year).

The consolidated results of the Group exhibit seasonal fluctuations between the first and second half of the fiscal year, as sales and profits tend to be recorded in the second half due to the timing of customer purchases of storage battery products to meet the requirements for receiving subsidies. As of August 13, 2026, the order backlog (Note) amounted to ¥101,876 million, of which ¥41,560 million is scheduled to be recognized as revenue (including ¥40,397 million in "signed orders") in the fiscal year ending December 31, 2026. Accordingly, progress toward the full-year consolidated net sales forecast of ¥40,000 million for the fiscal year ending December 31, 2026 has reached 101.0%.

(Note) The total value of "signed orders" and "probable orders" as of August 13, 2026, including amounts that have already recognized as revenue. "Signed orders" refer to binding orders that have been officially placed by customers and for which sales contracts have been concluded, including recurring revenue. "Probable orders" refer to any of the following prospective orders: (i) projects approved for government subsidies from entities such as Japanese government or Tokyo Metropolitan Government, or (ii) projects undergoing the final stage of the sales contract execution procedures after obtaining internal customer approval of the Company's final proposal regarding the main terms and conditions, and therefore estimated to have a high probability of being ordered in the near future. However, there is a risk that orders may be canceled or prices and quantities changed before a contract is concluded, or that all or part of the

expected revenue from an already concluded contract may not be recognized.

Operating results by segment are as follows.

(BESS Business)

The BESS (Battery Energy Storage System) business manufactures and sells large-scale stationary storage system "PowerX Mega Power" and medium-scale stationary storage system "PowerX cube," which can be used for applications such as grid-connected storage batteries, renewable energy integrated storage batteries, and industrial/commercial storage batteries. The business environment surrounding the BESS business is characterized by an urgent need to effectively utilize surplus renewable energy and secure balancing power to align renewable energy fluctuations with electricity demand. This is essential for establishing renewable energy as a primary power source in Japan and ensuring stable electricity supply. Against this backdrop, demand for large-scale stationary energy storage systems directly connected to the power grid is growing steadily, and orders are still accumulating smoothly, including for shipments in the next fiscal year and beyond. In addition, among customers such as logistics operators, efforts to achieve decarbonization through the introduction of renewable energy generation for their owned facilities are progressing, and the adoption of energy storage systems on the demand side is also expanding.

Under these conditions, the BESS business recorded net sales of ¥5,388 million (up 34.3% year on year) and segment profit of ¥738 million (down 23.1% year on year) for the period under review, primarily due to the smooth delivery of the "PowerX Mega Power" system.

(EVCS Business)

The EVCS (EV Charge Station) business manufactures and sells the battery-based ultra-fast EV charging system "PowerX Hypercharger" for B2B customers and provides fast EV charging services utilizing the "PowerX Hypercharger" for B2C customers. The Company installs "PowerX Hypercharger" primarily among automobile dealers and other customers, with a focus on imported car manufacturers that have high demand for fast charging. Furthermore, with the launch of "PowerX Hypercharger Pro," bidirectional connection with facilities has become possible, enabling the Company to expand its product lineup to meet energy management needs at municipalities, commercial facilities. On the other hand, customers tend to utilize subsidies provided by the Ministry of Economy, Trade and Industry and other government organizations to reduce investment burden, resulting in a tendency for installations and sales to be concentrated in the second half of the fiscal year. In addition, given the current state of EV adoption, customers are also increasingly postponing investment decisions.

Under these conditions, despite the presence of one-time, high-margin projects, the EVCS business recorded lower net sales during the six months ended June 30, 2026 as compared to the same period of the previous fiscal year, due to a reduction in orders received and delays in some projects. Nevertheless, segment loss narrowed year on year due to those same high-margin projects, resulting in net sales of ¥333 million (down 14.0% year on year) and segment loss of ¥63 million (segment loss of ¥261 million in the same period of the previous fiscal year).

(Power Business)

In the Power business, the energy storage system "PowerX Mega Power" is sold to business customers that operate energy storage facilities, and energy storage facility operation services (tolling/merchant revenue models, etc.). In addition, focusing primarily on electricity generated from renewable energy sources and fixed-rate electricity tariffs, we provide power to a wide range of businesses by offering electricity plans tailored to customer requirements, as only an energy storage system manufacturer can.

Under these conditions and with the full-scale launch of energy storage facility operation services and the sale of energy storage systems, the Power business recorded net sales of ¥1,170 million (up 375.9% year on year) and segment profit of ¥89 million (segment loss of ¥74 million in the same period of the previous fiscal year) during the six months ended June 30, 2026.

(2) Explanation of Financial Position

1) Status of Financial Position

Total assets at the end of the period under review were ¥33,049 million, an increase of ¥6,813 million compared to the end of the previous fiscal year. This was primarily due to an increase of ¥7,731 million in merchandise and finished goods resulting from the accumulation of inventory in preparation for future deliveries, an increase of ¥2,440 million in advance payments to suppliers for the procurement of raw materials and other items, a decrease of ¥3,000 million in accounts receivable - trade, and contract assets resulting from the collection of accounts receivable, and a decrease of ¥2,451 million in cash and deposits due to the procurement of raw materials and other items, and investments in capital.

Liabilities at the end of the period under review amounted to ¥25,709 million, an increase of ¥6,121 million compared to the end of the previous fiscal year. This was primarily due to an increase of ¥3,781 million in contract liabilities (mainly advances received related to product sales), an increase of ¥2,000 million in short-term borrowings as working capital to support the expansion of business, and a decrease of ¥500 million owing to the repayments of long-term borrowings (including the current portion).

Net assets at the end of the period under review amounted to ¥7,340 million, an increase of ¥691 million compared to the end of the previous fiscal year. This was primarily due to the recording of a loss attributable to owners of parent of ¥1,551 million and increases of ¥787 million in share capital and ¥949 million in capital surplus resulting from a third-party allotment of shares by the Company and its consolidated subsidiaries, as well as an increase of ¥679 million in non-controlling interests.

2) Status of Cash Flows

Cash and cash equivalents for the period under review decreased by ¥2,451 million from the end of the previous fiscal year to ¥5,003 million. An overview of cash flows for the six months ended June 30, 2026 is as follows.

(Cash Flows from Operating Activities)

Cash flows from operating activities in the six months ended June 30, 2026 resulted in an outflow of ¥4,659 million (inflow of ¥1,879 million in the same period of the previous fiscal year). This was primarily due to the recording of a loss before income taxes of ¥1,555 million, an increase of ¥8,120 million in inventories, an increase of ¥2,441 million in advance payments, an increase of ¥3,739 million in contract liabilities, and a decrease of ¥3,000 million in accounts receivable.

(Cash Flows from Investing Activities)

Cash flows from investing activities in the six months ended June 30, 2026 resulted in an outflow of ¥1,188 million (outflow of ¥481 million in the same period of the previous fiscal year). This was primarily due to purchase of property, plant and equipment of ¥1,304 million and the amount of national subsidy received of ¥183 million.

(Cash Flows from Financing Activities)

Cash flows from financing activities in the six months ended June 30, 2026 resulted in an inflow of

¥3,396 million (inflow of ¥881 million in the same period of the previous fiscal year). This was primarily due to a net increase in short-term borrowings of ¥2,000 million, proceeds from issuance of shares of ¥1,307 million, proceeds from share issuance to non-controlling shareholders of ¥799 million, and repayments of long-term borrowings of ¥500 million.

(3) Explanation of Forward-looking Statements, Including Consolidated Financial Results Forecast

No change has been made to the full-year consolidated financial results forecast for the fiscal year ending December 31, 2026 announced on June 25, 2026 in the "Notice Concerning Upward Revision to Full-Year Financial Results Forecast" with respect to net sales, EBITDA, and each profit item. In addition, basic earnings per share has been recalculated to reflect the increase in the number of issued shares resulting from the third-party allotment of shares, the exercise of share acquisition rights, and the stock split.

The forward-looking statements, including financial results forecasts, contained in this document are based on information available as of the date of publication of this document, and actual results may differ materially from the forecast figures due to various factors in the future.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	7,454	5,003
Accounts receivable - trade, and contract assets	5,881	2,881
Lease receivables	491	453
Merchandise and finished goods	2,613	10,345
Work in process	15	215
Raw materials and supplies	1,889	2,077
Advance payments	1,444	3,885
Prepaid expenses	139	136
Consumption taxes refund receivable	67	896
Other	201	299
Total current assets	20,197	26,194
Non-current assets		
Property, plant and equipment		
Buildings, net	2,206	2,722
Machinery and equipment, net	1,032	914
Vehicles, net	87	77
Tools, furniture and fixtures, net	293	240
Land	1,001	1,176
Leased assets, net	157	160
Construction in progress	169	518
Total property, plant and equipment	4,948	5,808
Intangible assets		
Patent right	0	0
Trademark right	0	0
Software	73	64
Software in progress	–	57
Total intangible assets	74	122
Investments and other assets		
Investments in capital of subsidiaries and associates	7	7
Long-term prepaid expenses	27	30
Deferred tax assets	608	538
Other	372	347
Total investments and other assets	1,016	924
Total non-current assets	6,038	6,855
Total assets	26,236	33,049

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	882	1,849
Short-term borrowings	* 4,000	* 6,000
Current portion of long-term borrowings	750	2,250
Lease liabilities	82	86
Accounts payable - other	709	508
Accrued expenses	709	592
Income taxes payable	18	57
Contract liabilities	9,153	12,935
Deposits received	46	266
Provision for bonuses	185	106
Provision for loss on orders received	142	143
Provision for product warranties	144	188
Other	8	14
Total current liabilities	16,833	24,998
Non-current liabilities		
Long-term borrowings	2,000	–
Lease liabilities	595	559
Asset retirement obligations	71	107
Other	87	44
Total non-current liabilities	2,754	710
Total liabilities	19,587	25,709
Net assets		
Shareholders' equity		
Share capital	4,634	5,422
Capital surplus	3,190	4,140
Retained earnings	(1,659)	(3,211)
Total shareholders' equity	6,165	6,351
Accumulated other comprehensive income		
Deferred gains or losses on hedges	64	109
Total accumulated other comprehensive income	64	109
Share acquisition rights	418	199
Non-controlling interests	–	679
Total net assets	6,648	7,340
Total liabilities and net assets	26,236	33,049

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Net sales	4,647	6,893
Cost of sales	3,199	4,992
Gross profit	1,447	1,900
Selling, general and administrative expenses	3,010	2,974
Operating loss	(1,563)	(1,073)
Non-operating income		
Interest income	0	4
Indemnity	0	3
Consumption taxes refund	0	3
Bounty income	0	1
Other	0	4
Total non-operating income	2	17
Non-operating expenses		
Interest expenses	127	106
Share issuance costs	7	9
Financing expenses	472	239
Foreign exchange losses	3	9
Compensation expenses	30	91
Other	5	5
Total non-operating expenses	645	461
Ordinary loss	(2,205)	(1,518)
Extraordinary income		
Gain on state subsidy	87	183
Gain on reversal of share acquisition rights	0	4
Total extraordinary income	88	187
Extraordinary losses		
Loss on retirement of non-current assets	–	15
Loss on sale of non-current assets	–	1
Loss on tax purpose reduction entry of non-current assets	86	173
Impairment losses	27	35
Total extraordinary losses	114	225
Loss before income taxes	(2,231)	(1,555)
Income taxes	(0)	53
Loss	(2,230)	(1,609)
Loss attributable to non-controlling interests	–	(57)
Loss attributable to owners of parent	(2,230)	(1,551)

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Loss	(2,230)	(1,609)
Other comprehensive income		
Deferred gains or losses on hedges	1	44
Total other comprehensive income	1	44
Comprehensive income	(2,229)	(1,564)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,229)	(1,506)
Comprehensive income attributable to non-controlling interests	–	(57)

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Cash flows from operating activities		
Loss before income taxes	(2,231)	(1,555)
Depreciation	194	292
Impairment losses	27	35
Share-based payment expenses	60	3
Interest income	(0)	(4)
Interest expenses	127	106
Share issuance costs	7	9
Financing expenses	472	239
Compensation expenses	30	91
Gain on national subsidy	(87)	(183)
Loss on retirement of non-current assets	–	15
Loss (gain) on sale of non-current assets	–	1
Loss on tax purpose reduction entry of non-current assets	86	173
Decrease (increase) in accounts receivable - trade, and contract assets	75	3,000
Decrease (increase) in inventories	(2,166)	(8,120)
Decrease (increase) in advance payments - other	(383)	(2,441)
Increase (decrease) in trade payables	796	966
Increase (decrease) in contract liabilities	5,191	3,739
Other, net	(168)	(829)
Subtotal	2,031	(4,460)
Interest received	0	4
Interest paid	(139)	(109)
Paid compensation expenses	(6)	(87)
Income taxes paid	(6)	(6)
Net cash provided by (used in) operating activities	1,879	(4,659)
Cash flows from investing activities		
Purchase of property, plant and equipment	(418)	(1,304)
Purchase of intangible assets	(8)	(52)
Payments for retirement of property, plant and equipment	–	(15)
Proceeds from sale of property, plant and equipment	–	4
Amount of national subsidy received	65	183
Other, net	(121)	(3)
Net cash provided by (used in) investing activities	(481)	(1,188)

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	307	2,000
Repayments of long-term borrowings	(500)	(500)
Proceeds from issuance of shares	1,507	1,307
Proceeds from issuance of share acquisition rights	107	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	150
Expenditure for payment of financing expenses	(530)	(293)
Proceeds from share issuance to non-controlling shareholders	–	799
Other, net	(10)	(67)
Net cash provided by (used in) financing activities	881	3,396
Effect of exchange rate change on cash and cash equivalents	1	–
Net increase (decrease) in cash and cash equivalents	2,280	(2,451)
Cash and cash equivalents at beginning of period	1,244	7,454
Cash and cash equivalents at end of period	* 3,525	* 5,003

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Application of accounting methods specific to the preparation of semi-annual consolidated financial statements)

(Income tax expense)

Income tax expenses are calculated by reasonably estimating the effective tax rate after tax effect accounting to profit before income taxes for the consolidated fiscal year including the first half of the fiscal year ending December 31, 2026, and multiplying the estimated effective tax rate by profit before income taxes.

However, when using the estimated effective tax rate would result in a significantly inappropriate calculation, income tax expenses are calculated by adding or deducting material differences that are not temporary differences to profit before income taxes and multiplying the result by the statutory effective tax rate.

(Changes in presentation)

(Semi-annual consolidated statement of income)

"Indemnity" and "Consumption taxes refund," which were included in "Other" under "Non-operating income" in the previous fiscal year, have been presented separately from the six months ended June 30, 2026 due to increased monetary significance. To reflect this change in presentation, the semi-annual consolidated financial statements for the six months ended June 30, 2025 have been reclassified.

As a result, the ¥1 million presented as "Other" under "Non-operating income" in the semi-annual consolidated statement of income for the previous fiscal year has been reclassified as "Indemnity" of ¥0 million, "Consumption taxes refund" of ¥0 million, and "Other" of ¥0 million.

"Compensation expenses," which was included in "Other" under "Non-operating expenses" in the previous fiscal year, has been presented separately from the six months ended June 30, 2026 due to increased monetary significance. To reflect this change in presentation, the semi-annual consolidated financial statements for the six months ended June 30, 2025 have been reclassified.

As a result, the ¥35 million presented as "Other" under "Non-operating expenses" in the semi-annual consolidated statement of income for the previous fiscal year has been reclassified as "Compensation expenses" of ¥30 million and "Other" of ¥5 million.

(Semi-annual consolidated statement of cash flows)

"Compensation expenses" and "Paid compensation expenses," which were included in "Other, net" under "Cash flows from operating activities" in the previous fiscal year, have been presented separately from the six months ended June 30, 2026 due to increased monetary significance. To reflect this change in presentation, the semi-annual consolidated financial statements for the six months ended June 30, 2025 have been reclassified.

As a result, the ¥(144) million presented as "Other, net" under "Cash flows from operating activities" in the semi-annual consolidated statement of cash flows for the previous fiscal year has been reclassified as "Compensation expenses" of ¥30 million, "Paid compensation expenses" of ¥(6) million, and "Other, net" of ¥(168) million.

(Notes to semi-annual consolidated balance sheet)

*In order to secure flexible and stable financing for working capital, the Company has entered into a syndicated commitment line agreement with its financial institutions. The unused balance under this agreement is as follows.

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026
Total commitment line	4,000	8,000
Amount drawn	4,000	6,000
Available balance	–	2,000

(Notes to semi-annual consolidated statement of income)

*1. The main components of selling, general and administrative expenses are as follows.

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Salaries and benefits	513	556
Provision for bonuses	65	82
R&D expenses	920	788

*2. Financing expenses

For the six months ended June 30, 2025

The main components of financing expenses include arrangement fees paid to lead arrangers and other financial institutions in connection with the syndicated loans, commission fees paid to advisors and others in connection with the third-party allotment of new shares and preparations for the stock listing, and fees paid to attorneys and others in connection with these matters.

For the six months ended June 30, 2026

The main components of financing expenses include arrangement fees paid to lead arrangers and other financial institutions in connection with the syndicated loans.

3. The consolidated results of the Group exhibit seasonal fluctuations between the first and second half of the fiscal year, as sales and profits tend to be recorded in the second half due to the timing of customer purchases of storage battery products to meet the requirements for receiving subsidies.

(Notes to semi-annual consolidated statement of cash flows)

*The relationship between the balance of cash and cash equivalents in the first six months of the respective fiscal years, and the amounts listed in the semi-annual consolidated balance sheet is as follows:

(Millions of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Cash and deposits	3,525	5,003
Cash and cash equivalents	3,525	5,003

(Notes on significant changes in shareholders' equity)

(1) Issuance of new shares through third-party allotment

The Company's shares were listed on the Tokyo Stock Exchange Growth Market on December 19, 2025. In connection with this listing, at the Board of Directors meeting held on November 21, 2025, the Company resolved to issue new shares through a third-party allotment to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in relation to the over-allotment sale conducted by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., as follows, and payment was completed on January 19, 2026. As a result, share capital and capital surplus increased by ¥653 million each.

(2) Exercise of share acquisition rights

During the period under review, a portion of the 1st, 2nd, 5th, 6th, 8th, 9th, and 10th Share Acquisition Rights was exercised, resulting in increases of ¥134 million each in share capital and capital surplus.

(3) Issuance of new shares of a subsidiary

During the period under review, Ocean Power Grid, Inc., a consolidated subsidiary of the Company, conducted a third-party allotment of new shares, resulting in an increase of ¥161 million in capital surplus.

As a result, as of June 30, 2026, share capital and capital surplus amounted to ¥5,422 million and ¥4,140 million, respectively.

(Notes to segment information, etc.)
For the six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)

1. Information on net sales and profit (loss) by reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment				Adjustments (Note 1)	Amounts in semi-annual consolidated financial statements (Note 2)
	BESS Business	EVCS Business	Power Business	Total		
Net sales						
Goods or services transferred at a point in time	4,003	373	–	4,377	–	4,377
Goods or services transferred over a specified period	8	14	245	269	–	269
Revenue arising from contracts with customers	4,012	388	245	4,647	–	4,647
Net sales to external customers	4,012	388	245	4,647	–	4,647
Total	4,012	388	245	4,647	–	4,647
Segment profit (loss)	960	(261)	(74)	624	(2,187)	(1,563)

(Notes) 1. Adjustments to segment profit (loss) represent corporate expenses not allocated to any reportable segment. The main component of corporate expenses is costs related to the Company's head office administrative departments.
2. Segment profit (loss) has been adjusted with operating loss in the semi-annual consolidated statement of income.

2. Information concerning impairment losses on non-current assets for each reportable segment

(Millions of yen)

	Reportable segment				Corporate/ eliminations	Total
	BESS Business	EVCS Business	Power Business	Total		
Impairment losses	–	–	–	–	27	27

For the six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

1. Information on net sales and profit (loss) by reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment				Adjustments (Note 1)	Amounts in semi-annual consolidated financial statements (Note 2)
	BESS Business	EVCS Business	Power Business	Total		
Net sales						
Goods or services transferred at a point in time	5,363	329	403	6,097	–	6,097
Goods or services transferred over a specified period	24	3	767	795	–	795
Revenue arising from contracts with customers	5,388	333	1,170	6,893	–	6,893
Net sales to external customers	5,388	333	1,170	6,893	–	6,893
Total	5,388	333	1,170	6,893	–	6,893
Segment profit (loss)	738	(63)	89	764	(1,837)	(1,073)

(Notes) 1. Adjustments to segment profit (loss) represent corporate expenses not allocated to any reportable segment. The main component of corporate expenses is costs related to the Company's head office administrative departments.

2. Segment profit (loss) has been adjusted with operating loss in the semi-annual consolidated statement of income.

2. Information concerning impairment losses on non-current assets or goodwill, etc. for each reportable segment

(Millions of yen)

	Reportable segment				Corporate/ eliminations	Total
	BESS Business	EVCS Business	Power Business	Total		
Impairment losses	–	–	–	–	35	35

(Business Combinations, etc.)

Transactions under Common Control, etc.

At a meeting of the Executive Committee held on March 30, 2026, the Company resolved to conduct an absorption-type merger with its consolidated subsidiary, PowerX Manufacturing Inc., and executed the absorption-type merger on June 1, 2026.

1. Overview of the Transaction

(1) Name and Description of Business of the Combining Company

Name of the combining company: PowerX Manufacturing Inc.

Description of business: Contract manufacturing of battery products and related products

(2) Date of Business Combination
June 1, 2026

(3) Legal Form of the Business Combination
An absorption-type merger with the Company as the surviving entity and PowerX Manufacturing Inc. as the dissolving entity.

(4) Name of the Entity After the Combination
PowerX, Inc.

(5) Other Matters Concerning Overview of Transaction
Through this absorption-type merger, the Group's manufacturing department will be consolidated into the Company to pursue more efficient operations.

2. Overview of Accounting Treatment Applied
The transaction has been accounted for as a transaction under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(Notes on revenue recognition)
For the six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)
The breakdown of revenue arising from contracts with customers is as stated in “2. Semi-annual Consolidated Financial Statements and Principal Notes (4) Notes to Semi-annual Consolidated Financial Statements (Notes to segment information, etc.).”

(Per share information)

The basis for calculating net loss per share is as follows.

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Net loss per share	(23.49) yen	(13.65) yen
(Basis for calculation)		
Loss attributable to owners of parent (Millions of yen)	(2,230)	(1,551)
Amount not attributable to common shareholders (Millions of yen)	–	–
Loss attributable to owners of parent relating to common shares (Millions of yen)	(2,230)	(1,551)
Average number of common shares outstanding during the period (Shares)	94,992,132	113,632,224
Overview of dilutive shares that were not included in the calculation of diluted earnings per share due to having no dilutive effect, which have undergone significant changes since the end of the previous fiscal year	–	–

(Notes) 1. The Company conducted a 1,000-for-1 stock split of its common stock on August 9, 2025. In addition, the Company carried out a 3-for-1 stock split of its common stock on June 1, 2026. Net loss per share was calculated assuming that the stock split was carried out at the beginning of the six months ended June 30, 2025.

2. The average number of common shares outstanding for the six months ended June 30, 2025 includes 79,992,132 class shares that rank on a parity with shares of common stock with respect to dividends from retained earnings.

3. Diluted earnings per share for the six months ended June 30, 2025 are not stated because, although dilutive shares existed, the Company's stock was unlisted at the time, making it impossible to determine the average share price during the period. In addition, net loss per share was recorded.

4. Diluted earnings per share for the six months ended June 30, 2026 are not stated because, although dilutive shares exist, net loss per share was recorded.

(Significant subsequent events)
Borrowing and repayment of large financial sums

At a meeting of the Executive Committee held on July 6, 2026, the Company resolved to enter into a loan agreement (hereinafter, the "Agreement") with six financial institutions totaling ¥5,000 million, to execute an individual loan under the Agreement totaling ¥3,020 million (hereinafter, the "Loan"), and to repay an existing loan of ¥2,250 million. Following the adoption of the resolution, the Company entered into this Agreement on July 15, 2026, and executed the Loan on July 21, 2026.

1. Reasons to conclude the Agreement
   The purpose is to refinance existing debts and secure funding for capital investments.

2. Overview of the Agreement
   (1) Attributes of counterparty to the agreement
   Syndicate with Mizuho Bank, Ltd. acting as the arranger

   (2) Overview of the agreement

	Tranche A	Tranche B	Tranche C
Contract type	Term loan contract with a commitment period (Syndicate system)	Term loan contract with a commitment period (Syndicate system)	Term loan contract (Syndicate system)
Principal amount of the obligation (Note 1)	¥890 million (Limit: ¥1,500 million) (Note 2)	¥130 million (Limit: ¥1,500 million) (Note 3)	¥2,000 million (Note 4)
Date of Loan execution	July 21, 2026	July 21, 2026	July 21, 2026
Repayment deadline	June 29, 2029	June 29, 2029	June 29, 2029
Details of the collateral securing the obligation in question	Real estate owned by the Company and accounts receivable		

(Notes) 1. The commitment period for Tranche A and Tranche B is July 21, 2026 to June 30, 2027.
2. The funds borrowed under Tranche A will be used to finance the purchase of the land and buildings for the new factory, "Power Base Hokkaido."
3. The funds borrowed under Tranche B will be used to finance the renovation of the Company's "Power Base No. 1" Headquarters Factory.
4. The funds borrowed under Tranche C will be used to repay the loan from SBI Shinsei Trust & Banking Co., Ltd.

   (3) Details of financial covenants
   The financial covenants attached to this Agreement are as follows.

   a) Starting from the fiscal year ending December 31, 2026, the amount of net assets on the consolidated balance sheet as of the end of each fiscal year must be maintained at or above the higher of the following two amounts: 75% of the net assets on the consolidated balance sheet as of the end of the fiscal year ended December 31, 2025, or 75% of the net assets on the consolidated balance sheet as of the end of the immediately preceding fiscal year.

b) For any two consecutive fiscal years beginning with the fiscal year ending December 31, 2026 as the initial period, the ordinary profit shown on the consolidated statement of income for each fiscal year must not result in a loss for two consecutive fiscal years. The initial assessment will be conducted for the fiscal year ending December 31, 2027 and the fiscal year immediately preceding it.