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Frequently Asked Questions and Answers Regarding Investor Relations

Following the earnings announcement on August 13, 2026, the Company has received a number of questions from institutional and individual investors. For the purpose of enhancing information disclosure to investors and ensuring fair disclosure, the Company hereby discloses its responses to questions that have been frequently asked or that may have led to misunderstandings. 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. Since the announcement of our financial results on August 13, 2026, the Company has received many questions from institutional and individual investors regarding its financial and capital policies, business model, external environment and related matters. In particular, as certain aspects of the changes in the use of proceeds raised through the listing and changes to the production structure may be prone to misunderstanding, the Company has decided to explain the background and rationale once again and disclose its responses in the form of this Q&A from the perspective of fair disclosure.

2. Financial and Capital Policies

Q2. What does “two shifts” mean?

A. Put simply, “two shifts” means operating a factory under a two-shift work system. This is a system commonly used at many factories, whereby the same manufacturing equipment is operated for longer hours by dividing working hours into separate shifts, allowing production volume to be increased without constructing a new production line. For example, production capacity of approximately 400 units per year on a single line can be expanded to approximately 800 units per year by operating two shifts. In other words, this is an initiative to increase production capacity by using existing factories more efficiently without undertaking large-scale additional capital expenditures.

Q3. Were the changes in the use of proceeds raised through the listing—particularly the removal of construction funds for Power Base Factory No. 2 and the addition of Additional working capital—as well as the change in the scheduled start of operations at Power Base Hokkaido made due to liquidity considerations?

A. First, with respect to the factories, the changes reflect the fact that the specifications for the new products have now been finalized, the approach to production equipment and production facilities has been determined, there is now visibility regarding production under a two-shift work system, and production can be ramped up quickly. As a result, the Company now expects that it can expand production capacity while limiting large-scale additional capital expenditures by making effective use of existing production equipment. In other words, this represents an optimization of the Company’s investment plan.

On August 3, 2026, the Company announced the Mega Power 4000 series for domestic extra-high-voltage projects and overseas markets in the “Notice Regarding the Announcement of the ‘Mega Power 4000’ Series, High-Capacity Battery Energy Storage Systems for Utility-Scale Projects.” At the time of the disclosure on March 23, 2026, in the “Notice Regarding the Opening of a New Factory in Tomakomai, Hokkaido,” the product specifications had not yet been determined, and the Company had therefore concluded that manufacturing the product at Power Base (HQ Factory) would be difficult. The Company has now determined that production at Power Base is possible.

In addition, the Okayama 2nd Factory (located within Mitsui E&S) had previously operated under a one-shift system. However, coordination with partner companies has progressed, and the Company now expects to be able to double production capacity by operating under a two-shift system. If Power Base

(HQ Factory) is also operated under a two-shift system, the Company would be able, on a steady-state basis, to secure production potential across its production sites in Tamano equivalent to approximately four times the current level in terms of unit volume. This would provide sufficient production capacity to support revenue through at least FY2028.

Accordingly, at this point, the Company has determined that expanding production capacity by utilizing existing facilities offers greater speed of ramp-up and higher capital efficiency than proceeding at an early stage with large-scale additional factory construction, such as Power Base Factory No. 2 and Power Base Hokkaido. With respect to Power Base Hokkaido, in light of business continuity planning (BCP), optimization of transportation costs, and anticipated growth in future orders, the Company currently expects operations to commence in July 2028.

Regarding the proceeds raised through the listing, the Company has removed construction funds for Power Base Factory No. 2 from the planned use of proceeds and changed the allocation to include the addition of a manufacturing line at Power Base, the opening of Power Base Hokkaido, and Additional working capital, among other purposes. This reflects, in addition to the substantial reduction in the capital expenditures originally required as described above, the Company's successful securing in July 2026 of a term loan with a commitment period arranged by Mizuho Bank. As a result, the Company had greater financial capacity with respect to the proceeds raised through the listing and was able to allocate a portion of those proceeds to Additional working capital. Please refer to Q5 for details regarding Additional working capital.

Q4. Is there a possibility that the two-shift system will increase costs such as overtime expenses?

A. If the Company transitions to a two-shift system, there will be some increases in labor costs, such as additional premiums for late-night work, as well as increases in outsourced services. However, compared with opening a new factory or adding new production lines, the reduction in depreciation expense (fixed costs) resulting from substantially lower capital expenditures is expected to outweigh these increases. Accordingly, the total manufacturing cost per unit is expected to decline, and profit margins are expected to improve.

Q5. Approximately ¥3.0 billion of the proceeds raised through the listing was reallocated to "Additional working capital." What is the specific need for, and rationale behind, this reallocation?

A. As described above, the optimization of capital expenditures and the successful raising of funds through borrowings ultimately created additional financial capacity, which has been allocated to working capital. Specifically, this forms part of the Company's financial strategy to proactively address global component procurement risks and sudden changes in the macroeconomic environment while responding to the rapid increase in orders. The specific uses requiring Additional working capital are as follows:

- Sales and purchases are increasing rapidly, resulting in an increase in the Company's underlying working capital requirements (including accounts receivable and contract assets, inventories, advance payments and other items).
- To facilitate a smooth transition from legacy products to new products in the Company's core "Mega Power" series, funds are required to place advance orders for and secure components for legacy products.
- In order to respond to procurement risks such as volatility in raw material prices, including lithium, sudden fluctuations in foreign exchange rates, and China's phased elimination of Value-Added Tax (VAT) export rebates, the Company intends to maintain sufficient funds as a buffer so that it can flexibly and dynamically change or select the timing of orders for modules and other components.

By allocating the surplus funds of approximately ¥3.0 billion resulting from the revision of the plan to construct Power Base Factory No. 2 to Additional working capital, the Company aims to secure the working capital required for rapid business expansion while making effective use of borrowings from financial institutions and avoiding, to the greatest extent possible, additional equity financing that would dilute the value of existing shareholders' shares. The Company believes that this approach maximizes financial stability while giving the greatest possible consideration to the interests of existing shareholders in a highly uncertain macroeconomic environment.

Q6. Given the increase in inventories and negative cash flows from operating activities in Q2 FY2026, are there any concerns regarding the Company's liquidity?

A. A large proportion of the Company's orders, particularly projects involving extra-high-voltage energy storage facilities, are supported by subsidies, and project schedules are established based on deadlines for the submission of subsidy performance reports. As a result, revenue tends to be concentrated in the second half of the fiscal year. The Company addresses delivery schedules concentrated in the second half by leveling production throughout the year. Because components are ordered and production is

carried out in advance during the first half in preparation for deliveries in the second half, inventories temporarily increase during the first half, resulting in negative cash flows from operating activities. All of these inventories are tied to contracted projects and are expected to be promptly converted into cash through delivery and revenue recognition in the second half, followed by the collection of accounts receivable. For the full fiscal year ending December 2026, the Company expects cash flows from operating activities to turn positive.

In addition, as of the end of June 2026, the Company had approximately ¥5.0 billion in cash and deposits. As described in Q7, the contractual structure also makes delays in delivery and the collection of payment unlikely, and the Company has established good relationships with financial institutions. In March, the Company renewed its short-term commitment line agreement arranged by Mizuho Bank, increasing the borrowing limit from ¥4.0 billion to ¥8.0 billion, and as of the end of June 2026, ¥2.0 billion remained undrawn. In addition, in July, the Company raised a total of ¥5.0 billion through a term loan with a commitment period and a term loan arranged by Mizuho Bank, a portion of which was used to repay existing borrowings. Taking these factors into account, the Company believes that it has secured sufficient liquidity.

The above commitment agreements and loans are subject to financial covenants; however, these are standard in nature, and there are currently no concerns regarding a breach of such covenants.

Q7. Cancellations of large-scale energy storage projects have occurred at other companies. Is there a possibility that Signed Orders could be canceled, or that revenue recognition could shift to a later period, due to delays in grid connection or cancellation of projects by customers?

A. For the majority of the Company's projects, the Company acts not as the developer of the energy storage facility project but as the manufacturer that produces and sells the battery energy storage system. Projects for which contracts have already been executed (Signed Orders) are generally delivered without significant deviation from the contractual delivery dates. Approximately 90% of the contract amount is, in principle, recognized as revenue upon delivery of the product. Even if the timing of grid interconnection is delayed due to external factors, many of the Company's contracts include provisions allowing delivery to be completed through factory acceptance. The contractual structure therefore minimizes the risk of a significant delay in the timing of revenue recognition (see Q8). Accordingly, even if delays in grid connection, changes to projects or similar events occur on the customer side, these do not directly result in delays in the Company's revenue recognition or cancellations of orders.

In addition, Probable Orders are not merely projects that are under commercial discussion. The Company includes only projects that have a high likelihood of becoming Signed Orders, such as projects that have been approved for subsidies from the government or local governments, or projects that have received internal approval from the customer and are in the final stage of contract execution.

Q8. What is a factory acceptance provision under the Company's contracts?

A. In the sale of large-scale stationary battery energy storage systems, there is an inherent risk that the timing of on-site delivery and installation may be postponed due to circumstances on the customer side, such as delays in site selection or foundation work or changes to the scheduled energization date. Under the Company's product sales agreements, approximately 90% of the contract amount is, in principle, recognized as revenue upon delivery and acceptance at the installation site. However, if a product has been completed and is ready for delivery but on-site delivery is difficult due to circumstances on the customer side, the contract includes a special provision (a "factory acceptance provision") under which ownership and other rights to the product are transferred to the customer at the Company's factory or a designated storage location, and acceptance (delivery) is deemed to have been completed at that point.

Revenue recognition under this provision is based on the requirements for a "bill-and-hold arrangement" under the "Implementation Guidance on Accounting Standard for Revenue Recognition." When the applicable requirements prescribed by the accounting standards are satisfied and the transfer of substantive control to the customer has been confirmed, the Company appropriately recognizes approximately 90% of the contract amount as revenue even prior to shipment. This minimizes the impact on the Company's financial performance of changes in delivery schedules caused by external factors and enables appropriate revenue recognition in accordance with the Company's plan.

Q9. The revenue progress rate in the first half appears low. Is the Company capable of achieving its full-year earnings forecast?

A. As described in Q6, the Company's revenue tends to be concentrated in the second half of the fiscal year, particularly in the fourth quarter. As of August 13, 2026, Signed Orders scheduled to be recognized as revenue in FY2026 amounted to approximately ¥40.4 billion, and the total including Probable Orders amounted to approximately ¥41.6 billion, exceeding the full-year revenue forecast of ¥40.0 billion. Production of these products is also progressing according to plan. Accordingly, the

Company believes there is a high likelihood that it will achieve its full-year earnings forecast.

Q10. Why has the Order Backlog accumulated to such a high level?

A. Under equipment sales agreements, delivery timing is determined based on construction schedules that take into account factors such as the timing of grid interconnection for the relevant project, deadlines for the submission of performance reports in the case of subsidized projects, and customers' budget execution cycles. In the Company's case, the accumulation of Order Backlog is not caused by production capacity constraints but primarily results from customer-side scheduling constraints based on the factors described above. At the same time, contracts with customers are commonly executed six months to more than one year prior to delivery. This is because customers prefer to develop their energy storage facility projects after fixing the delivery timing and pricing of critical equipment at the beginning of the project. As a result, the Order Backlog accumulates.

Q11. Inventories have increased significantly. Is there a possibility of inventory write-downs?

A. As a general rule, the Company's large-scale battery energy storage system business does not engage in production based on anticipated demand; components are procured and production is conducted based on Signed Orders. Accordingly, inventories as of the end of June 2026 are, in principle, committed assets backed by Signed Orders for which sale and conversion into cash during FY2026 are essentially certain. The Company therefore believes that the possibility of inventory write-downs is extremely low.

3. Business Model and External Environment

Q12. Does the structure under which the Company does not manufacture battery cells itself but instead procures them from Chinese manufacturers and packages (assembles) them create a high degree of dependence on other companies?

A. The manufacture of battery energy storage systems requires not only hardware but also software. In the Company's case, in addition to its competitive advantages in hardware design, the Company is also working to establish competitive advantages in software.

Battery cells are rapidly becoming commoditized, and maintaining cutting-edge technology development and gigafactories (ultra-large-scale manufacturing facilities) requires continuous capital expenditures on the scale of hundreds of billions of yen. The reason the Company does not manufacture battery cells itself is to eliminate the development risks and costs and capital investment burden associated with cell manufacturing, and instead to enable the timely procurement of the highest-quality and lowest-cost lithium iron phosphate (LFP) and other cells and modules available globally at any given point in time.

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

The Company's competitive advantage lies in designing the battery energy storage system as a complete final product. Specifically, the Company designs and manufactures final products that can be operated safely and reliably by comprehensively taking into account both hardware and software aspects, including cooling performance, packaging, earthquake resistance, fire resistance and stable operation.

Q13. Please explain the impact of increases in module prices resulting from higher lithium prices, the Chinese government's phased elimination of VAT export rebates, yen depreciation and other factors.

A. Certain increases in lithium prices and the Chinese government's phased elimination of VAT export rebates have increased costs for Chinese cell manufacturers and intensified upward pressure on prices. At the same time, as the Company is a major participant in Japan's battery energy storage system market and purchases large volumes of modules, negotiations with suppliers have enabled the Company to limit increases in procurement costs. In addition, the impact of yen depreciation has been limited through foreign exchange hedging using forward contracts. Accordingly, the Company expects its full-year results for FY2026 to remain within the range of the earnings forecast announced on June 25, 2026.

Q14. Will the reduction in the price cap in the balancing market affect the Company's financial performance?

A. At the 4th Working Group on Stable Electricity Supply held in July 2026, a policy of lowering the price cap to ¥10/kW per 30 minutes was presented. However, based on the Company's levelized cost of storage (LCOS), even if the price cap were reduced to ¥10/kW per 30 minutes, customers are expected

to achieve an IRR (internal rate of return) of 10% or higher. The Company therefore believes that the economics would remain at a level sufficient to support these projects as infrastructure investments.

Q15. Will the tightening of OCCTO's land requirements affect the Company's financial performance?

A. The Organization for Cross-regional Coordination of Transmission Operators, JAPAN (OCCTO) has revised its rules to require the submission of documentation regarding rights to use land, specifically requiring documentation demonstrating land-use rights when securing grid capacity.
The Company's Order Backlog consists entirely of projects for which government subsidies have been formally awarded and approved, or substantive, high-quality projects for which land acquisition or other land rights have been secured and consultations regarding grid connection with electric power companies and other relevant parties have officially been completed. Accordingly, the Company does not expect any impact. Rather, the elimination of "paper developer" projects that had improperly reserved grid capacity for resale or speculative purposes is expected to free up capacity on the transmission grid. This is expected to provide a strong tailwind by accelerating grid connections and the commencement of construction for the Company's high-quality customers, thereby supporting the Company's medium- to long-term earnings growth.

Matters Regarding Forward-Looking Statements

This material has been prepared for the purpose of helping readers understand the Company and is not intended as a solicitation for investment. Earnings forecasts and future projections contained in this material include so-called "forward-looking statements." These forward-looking statements are based on information currently available as of the date hereof and on certain assumptions and premises deemed reasonable by the Company, and are described based on such assumptions and premises. Various uncertainties are inherent in these forward-looking statements, and actual results may differ materially from such future projections. In addition, the information contained in this material is current as of the date of publication, and the Company assumes no obligation to update or revise any forward-looking statements included herein, even if new information becomes available or future events occur.