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Frequently Asked Questions and Answers Regarding Investor Relations
Order Composition, Production Capacity and Cash Collection

To help investors better understand our demand drivers, customer base, production capacity and cash collection arrangements, we provide the following supplementary information in Q&A format. In addition to the size of our order backlog, this document explains its composition and the process from manufacturing through delivery and payment collection.

1. Overview

Q1. What are the key topics covered in this FAQ?
A. This FAQ explains the demand drivers and customer composition underpinning our orders, our production arrangements for accommodating order growth, and the process from order receipt to payment collection. By presenting not only the value of our order backlog but also customer diversification, product applications, and contractual delivery and payment terms, we aim to help investors understand our outlook for future revenue and cash collection.

2. Demand Drivers and Customer Base

Q2. Are current orders dependent on increased investment in AI and data centers?
A. Our current orders primarily consist of battery energy storage systems for Japan's power infrastructure. Demand is underpinned by applications such as the effective use of renewable energy and the balancing of electricity supply and demand. It does not depend solely on fundraising or capital expenditure by particular AI service providers.

As of August 13, 2026, domestic orders accounted for 97.9% of the value of our signed order backlog. By application, standalone grid-scale battery storage systems accounted for 96.2%, systems co-located with renewable energy facilities for 0.6%, and C&I for 3.2%. Data center applications consisted of only one small order, representing 0.0% of the total. Applications are classified according to the primary purpose of each installation.

We are pursuing data center applications as one potential source of future growth. We will continue to distinguish between the demand supporting our current orders and new business opportunities in our disclosures.

Q3. Do you expect demand for battery energy storage in Japan to continue?

A. Renewable energy generation varies with weather conditions and the time of day. This creates a need for systems that store surplus electricity for use when needed and respond to short-term fluctuations in supply and demand. We believe these power system requirements will support the deployment of grid-scale battery energy storage in Japan.

Although prices in the balancing market, including for primary balancing capacity, have fluctuated recently, the expansion of renewable energy and the decline in thermal generation mean that the fundamental need for batteries as a source of grid balancing capacity remains unchanged. We expect their importance to increase further. In addition, combining multiple revenue streams—including price arbitrage in the wholesale electricity market operated by the Japan Electric Power Exchange (JEPX) and participation in the capacity market—enables projects to maintain sufficient profitability without

depending on price levels in any single market.
Investment decisions for individual projects are affected by electricity market prices, regulatory frameworks, grid connection conditions, installation costs and other factors. We assess demand in terms of both the need for batteries as power infrastructure and project profitability for our customers.
We estimate that the annual total addressable market (TAM) for grid-scale battery energy storage in Japan will reach 7–9.6 GWh, equivalent to approximately JPY 200–280 billion, in 2030.* We also see substantial medium- to long-term demand potential in light of Japan's Seventh Strategic Energy Plan. We will work to capture this demand.
*Based on the projected installed battery power capacity of 13 GW in 2030 under our power generation mix simulation as of April 2026. Battery energy capacity in GWh is calculated assuming a storage duration of three to four hours. Market value is calculated using a battery energy storage system price of JPY 30,000/kWh, assuming no price changes through 2030.

Q4. Are orders concentrated among a small number of customers? What types of companies are your customers?
A. Our customer base is spread across multiple corporate groups, including major listed companies in Japan and overseas. The following figures show the composition of our confirmed orders by value, alongside the number of customer groups.

- As of: August 13, 2026
- *Total confirmed orders covered: ** JPY 84.0 billion
- Number of customer groups: 72**
- Share attributable to the largest customer group: 16.2%
- Share attributable to the five largest customer groups: 48.1%
- Share attributable to listed corporate groups:* ** 67.2%
- Breakdown by industry: Power and energy: 60.5%; trading companies: 15.5%; real estate: 4.7%; other: 19.2%

* Only orders for stationary battery energy storage systems are included. The total includes amounts already recognized as revenue in FY2026.
**Customer groups are identified based on the contracting entities legally responsible for payment. Contracting entities with a parent–subsidiary relationship are aggregated into the same group. Industry classifications reflect the business activities of the contracting entity itself and may differ from those of its parent company.
*** Listed corporate groups comprise customer groups in which the contracting entity or its parent company is listed on a stock exchange in Japan or overseas. Group aggregation and listing classifications are provided to illustrate backlog concentration and customer characteristics. They do not imply that a parent company or investor guarantees the contracting entity's payment obligations.

3. Order Backlog and Production Capacity

Q5. Why has the order backlog grown so significantly?
A. Our order backlog consists of projects for which contracts have been signed with customers and delivery or revenue recognition is scheduled under those contracts. Projects under negotiation and probable orders are managed and disclosed separately from confirmed orders.
In the development of battery energy storage facilities, customers generally secure equipment delivery schedules and prices at an early stage before proceeding with on-site construction and grid connection. In recent years, we have seen an increase in large-scale projects connecting at extra-high voltage, which typically involve a lengthy period between contract signing and actual construction. These projects accumulate in our backlog during the period between contract signing and manufacturing and delivery. This should be distinguished from a backlog caused by insufficient production capacity.

Q6. Could grid connection delays or changes to customer plans delay revenue recognition or payment collection?
A. Our core business is the manufacture and sale of battery energy storage systems. Projects awarded subsidies, which account for a substantial proportion of our projects, are subject to strict completion deadlines, including deadlines for submitting completion reports, and eligibility requirements under each subsidy program. Customers must complete delivery, installation and commissioning, including acceptance, by the relevant deadline to receive the subsidy. This gives customers a strong incentive to complete projects on schedule. Subsidized projects therefore have characteristics that make delays into subsequent reporting periods less likely.
Meanwhile, as explained in our "Frequently Asked Questions on Investor Relations" published on August 17, 2026, many contracts other than those for subsidized projects with fixed deadlines include

special provisions allowing acceptance and handover at our factory or another location once products are complete and ready for delivery, if on-site delivery is not possible for reasons attributable to the customer. These provisions reduce the risk that changes to a customer's grid connection schedule directly delay our handover or revenue recognition.

Revenue recognition is assessed based on contractual provisions and applicable revenue recognition requirements, while payment collection follows the payment terms of each contract. Although neither subsidy eligibility nor special provisions for factory acceptance eliminate all cancellation or payment delay risks, the risk of revenue shifting to subsequent reporting periods is limited.

- Share of confirmed order backlog covered by subsidies or special provisions for factory acceptance: 92.3% (95.5% for orders scheduled for the fourth quarter of the fiscal year ending December 2026)
- Typical grounds for cancellation: Circumstances rendering contractual performance impossible due to earthquakes, typhoons, tsunamis or other natural disasters; war; terrorism; significant changes in economic conditions; electricity supply constraints; or other force majeure events
- Payment deadline after handover: One month after handover

Q7. Can the existing facilities in Okayama accommodate production in 2027?

A. As disclosed on October 22, 2026, the introduction of two-shift operations at the Okayama 2nd Factory (Mitsui E&S Tamano Works), together with the new production line at the Head Office Factory, 'Power Base', scheduled to begin operating in January 2027, is expected to enable production at three times the actual 2025 level from the beginning of 2027. We therefore believe our two existing facilities in Okayama can accommodate production in 2027.

Against planned production of approximately 700 units in FY2027, we estimate that these arrangements will support annual production of approximately 1,200 units, providing capacity above the planned level. This production capacity includes the previously announced new production line.

Q8. Will each increase in orders require major factory construction or capital expenditure?

A. Our policy is to expand production capacity through modifications to existing factories, the introduction of two-shift operations, and the installation of previously announced production lines. By building long-term, trusted relationships with our outsourcing partners, we have been able to introduce two-shift operations and are consequently reviewing the timing of the Hokkaido factory's start of operations.

Our ability to meet current production plans therefore rests on previously announced capital expenditure and improvements to our production and staffing arrangements. As we have increasingly established the capacity to accommodate a substantial volume of orders, we have no plans to construct additional factories in Japan for the time being. Apart from investments already planned, future capital expenditure will be limited to additions such as production lines, taking into account order volumes, product mix and production efficiency.

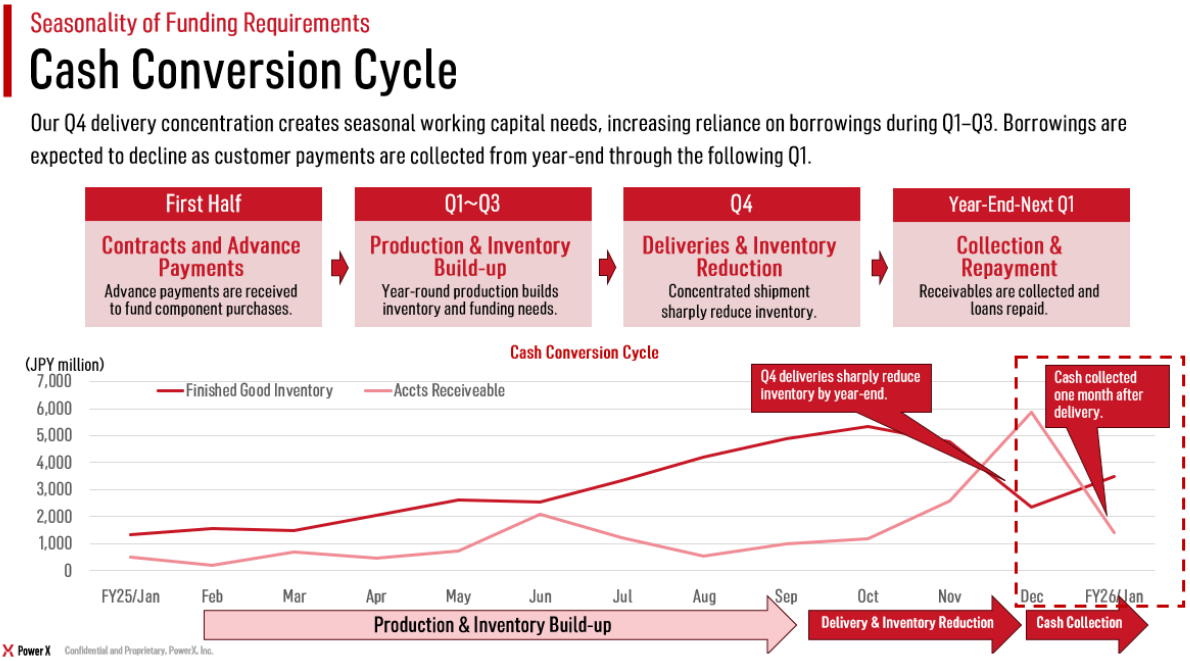
4. Cash Collection and Financing

Q9. How long does it take to collect payment after receiving an order, and how does the associated funding requirement arise?

A. For equipment sales, we first procure components and manufacture the products based on customer orders. The products are then delivered and accepted by the customer, followed by operational testing and final acceptance. Payments are collected according to the terms of each contract. Typical payment terms are 30% upon contract signing, 65% upon delivery and 5% upon completion of operational testing. We distinguish between the period from order receipt to collection of the product sales proceeds and the period during which we must fund expenditures on components and other items before recovering those funds.

At the individual project level, contracts are structured so that advance payments fund orders for key components and most of the sales proceeds are collected upon delivery. In addition, the special contractual provisions described above make delays into subsequent reporting periods less likely, even at fiscal year-end when deliveries are concentrated.

At the company level, however, deliveries are concentrated in the fourth quarter. To maintain a more even production schedule, we manufacture products ahead of delivery during the first through third quarters, resulting in inventory accumulation and working capital requirements. This working capital is recovered through concentrated product deliveries and collection of receivables in the fourth quarter. In general, the contracts are structured to generate positive cash flow on a full-year basis.



Q10. Will progress in collecting payments on individual projects lead to consistently positive cash flow for the company as a whole?

A. Company-wide cash flow depends not only on payment collection for individual projects but also on profit generation, component procurement for subsequent projects, capital expenditure and other factors. During periods of order and revenue growth, procurement for new projects may precede cash collection, temporarily increasing working capital requirements.

As noted above, delivery and acceptance tend to be concentrated in the second half of the year, particularly the fourth quarter, due to subsidy program implementation periods and customers' annual budgets. To maintain a more even production schedule throughout the year, production-related expenditure generally occur ahead of cash collection during the first through third quarters, while cash collection tends to progress from the fourth quarter into the beginning of the following fiscal year.

Q11. Will growth require substantial borrowing or fundraising over an extended period?

A. As explained above, payments collected in connection with manufacturing and delivery allow us to recover funds committed in advance to procurement and production. While this creates short-term working capital requirements, these are substantially reduced around fiscal year-end. We therefore do not expect working capital borrowings to remain outstanding for extended periods. We also believe that the production capacity of our existing facilities can accommodate substantial demand, limiting the need for additional capital expenditure. At present, we do not anticipate substantial funding requirements for additional capital investment.

- Cash and deposits as of June 30, 2026: JPY 5.0 billion
- Undrawn amount under contracted financing facilities as of August 13, 2026: JPY 4.0 billion*
- Remaining expenditure under previously announced capital investment plans and the relevant period: JPY 5.05 billion, from August 2026 to July 2028
- Presented after refinancing of long-term borrowings.

Matters Regarding Forward-Looking Statements

Projections regarding future demand, production capacity, cash collection and other matters contained in this material are based on information currently available as of the date of publication and on certain assumptions. Actual results may differ from such projections due to changes in the business environment, customer plans, procurement and production conditions, and other factors.