

Growth Strategy for Grid-Scale Energy Storage Business

-Toward Building a New Business with High Growth Potential-

Through early market entry, project acquisition, and knowledge accumulation,
we are strengthening competitiveness in the growing market

Progress to a cumulative 6 sites against the target of securing 10 sites within the year

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AD Works Group Co., Ltd.

Representative Director, President and CEO Hideo Tanaka

(Securities Code: TSE Prime 2982)

Early entry into growth markets with high profitability expectations accelerates the virtuous cycle of strengthening competitiveness through track record accumulation.

Focusing on this as a new growth business expected to contribute to profits over the medium to long term.

Energy Storage Business Market with High Growth Expectations

(Reference: p.3, 8-10)

- 1 Energy storage business market size projected to increase approximately 10-fold over 6 years
FY2024: ¥45.0 billion → FY2030: ¥424.0 billion (*)
- 2 National policies promoting renewable energy adoption drive growth
- 3 Market is in formation stage with limited operational energy storage facilities

*Source: Yano Research Institute Ltd. ""Survey on Energy Storage Business Market (2025)""
(Released January 20, 2026) (Based on operator revenue)



Virtuous Cycle of Competitive Strengthening Through Early Entry

(Reference: p.4-5)

- 1 Early entry leveraging land acquisition capabilities and rights coordination skills
- 2 Increased opportunities for selecting and acquiring quality projects
- 3 Early accumulation of business know-how
- 4 Building strong relationships with business partners

Growth Strategy Aligned with Market Phases

(Reference: p.6)

Capturing high operating revenues during the market formation stage. Expanding into sales proceeds and fee income in line with market growth stages.

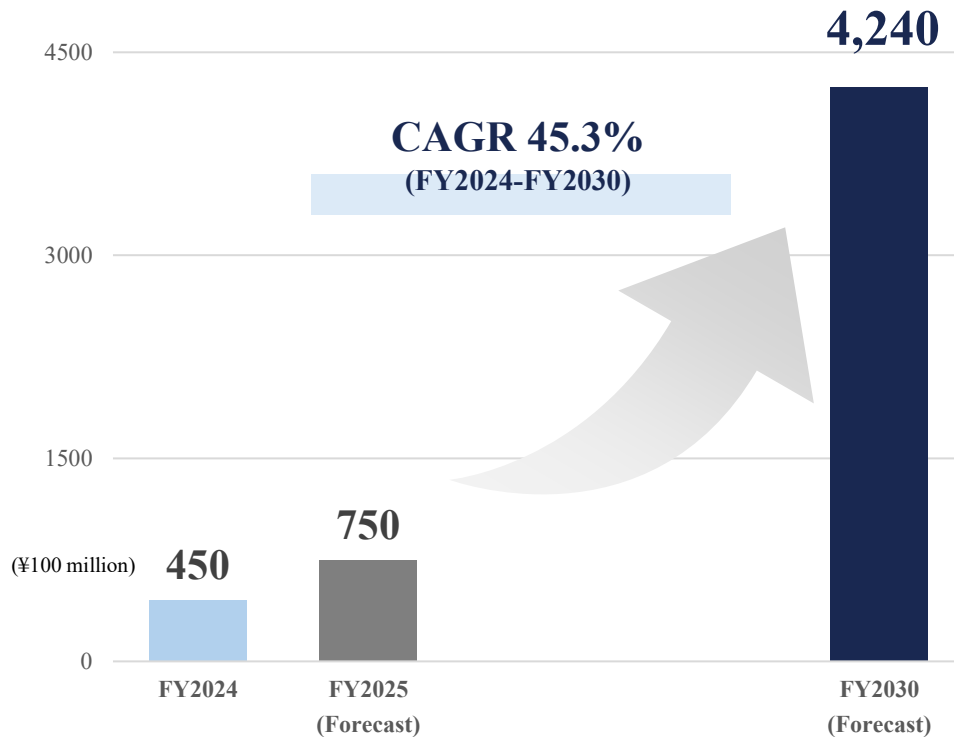
Aiming for revenue diversification and improved capital efficiency while maintaining acquired competitiveness.

1. Growth Market with Expected Demand Expansion Accompanying Renewable Energy Adoption

- The domestic market size for energy storage business is a growth market projected to expand to approximately ¥424.0 billion by FY2030.
- Energy storage facility deployment is expected to expand as essential infrastructure for the adoption and expansion of renewable energy.

*Reference: p.8

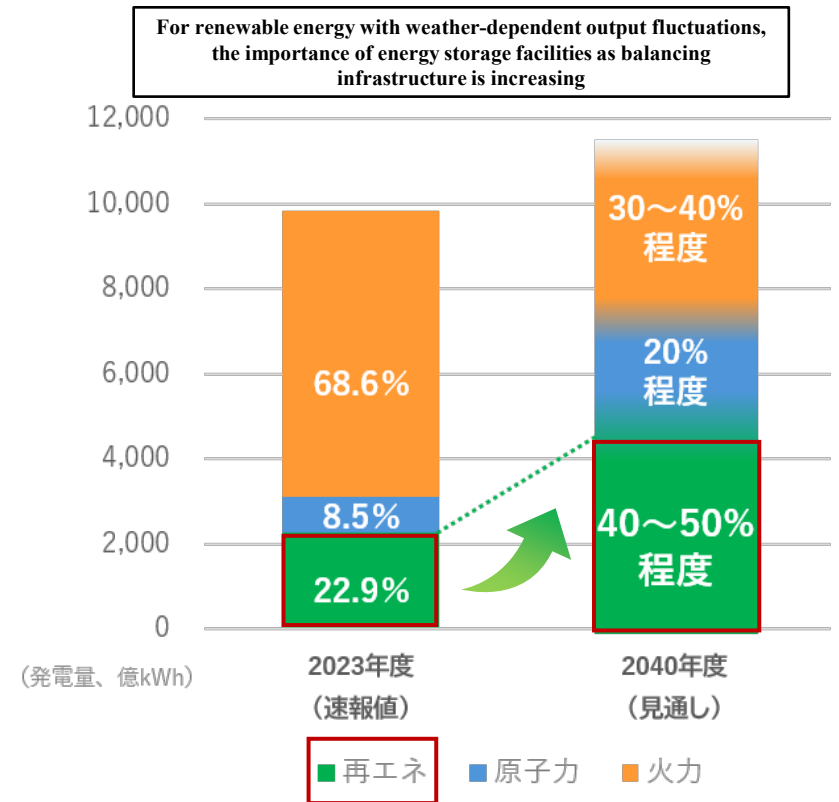
Energy Storage Business Market Size Forecast



*Based on operator revenue

Source: Prepared by the Company based on Yano Research Institute Ltd. ""Survey on Energy Storage Business Market (2025)"" (Released January 20, 2026). CAGR calculated by the Company.

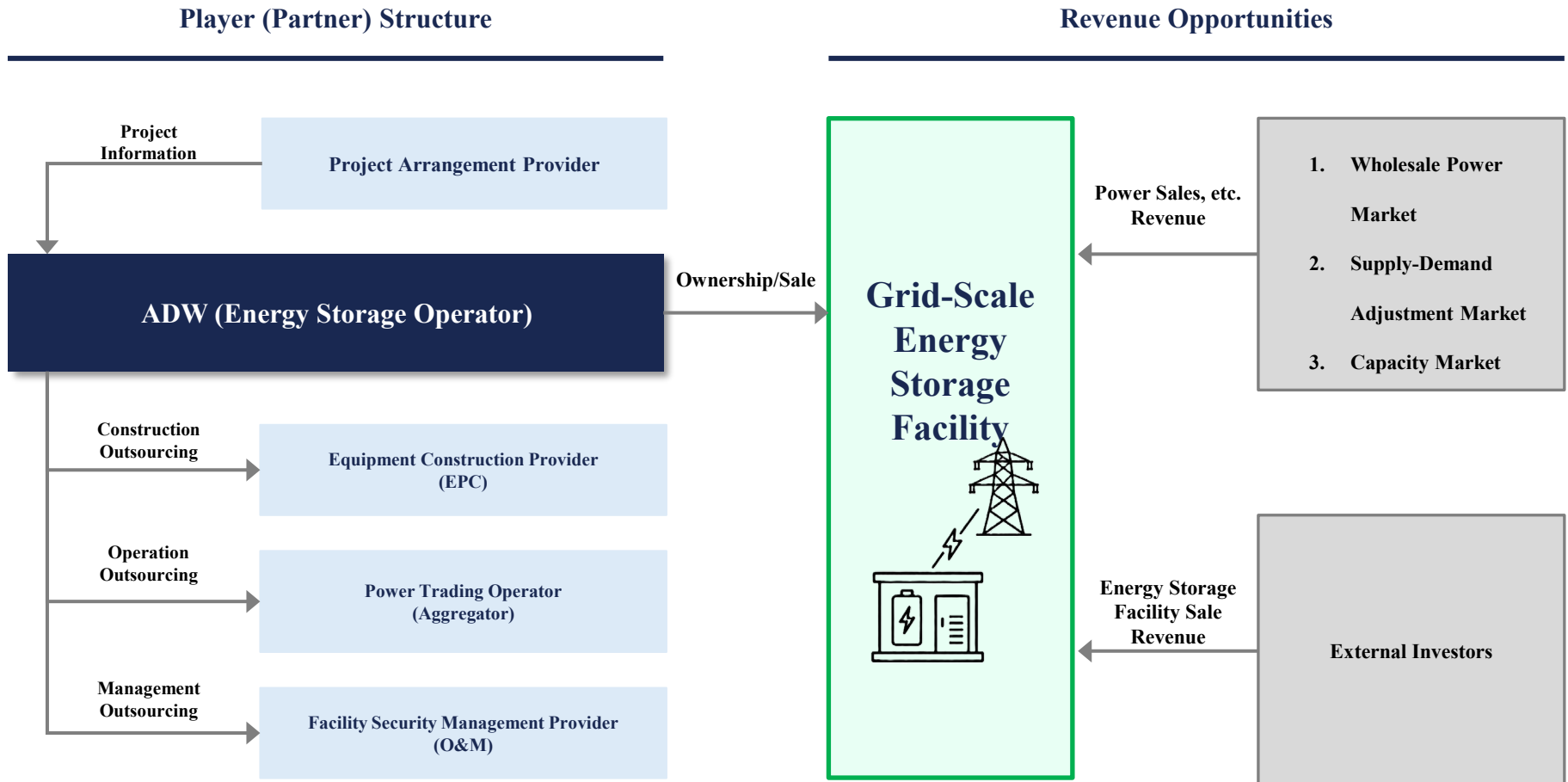
Outlook for Domestic Energy Mix



Source: Prepared by the Company based on Agency for Natural Resources and Energy ""Overview of the 7th Strategic Energy Plan"" (February 2025)

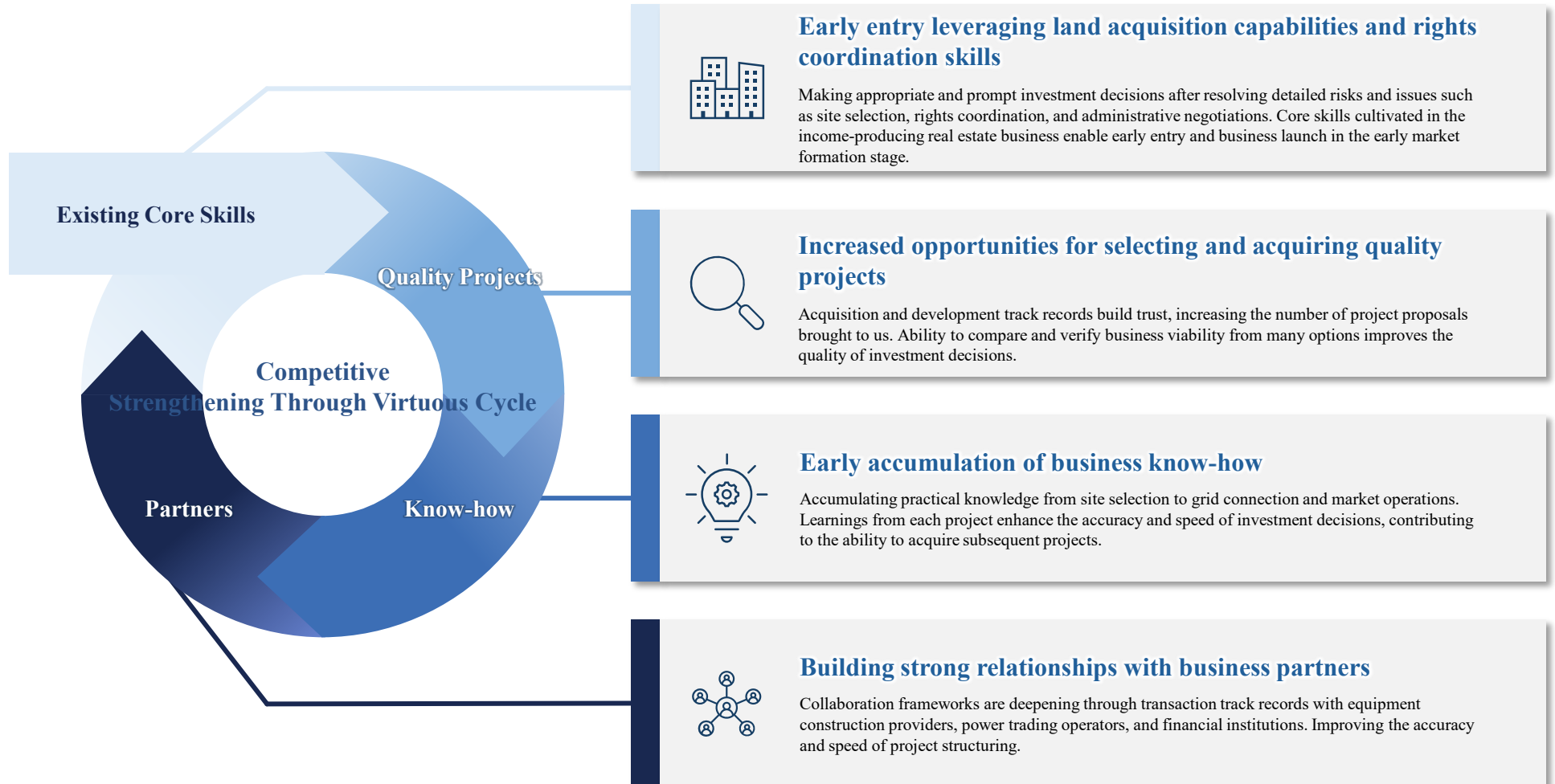
2. Our Position and Business Scheme

- Collaborating with each player to promote project discovery, energy storage facility installation and construction, and power trading operations, while operating energy storage facilities.
- Aiming to capture diverse revenue opportunities through operations in multiple power markets and sales of energy storage facilities.



3. Creating a Virtuous Cycle of Competitive Strengthening Through Early Entry

- Leveraging core skills from existing businesses to steadily advance with early entry into the formation stage of growth markets with high expected profitability.
- Early acquisition track records, know-how accumulation, and partnership building create a virtuous cycle that promotes competitive strengthening.



4. Growth Strategy Aligned with Energy Storage Market Phases

- From the market formation stage to early growth stage, promoting business scale expansion while capturing high operating revenues through proprietary ownership.
- During the stable market growth stage, aiming for revenue diversification and capital efficiency improvement through gains from sales to external investors and AM fee income.

Market Formation Stage

Market Early Growth Stage

Market Stable Growth Stage

Step 1 | Accumulation of Operating Track Record

Step 2 | Expansion of Business Scale

Step 3 | Revenue Diversification and Capital Efficiency Improvement

Continuously promoting land acquisition and development by leveraging the competitiveness strengthened through early entry.

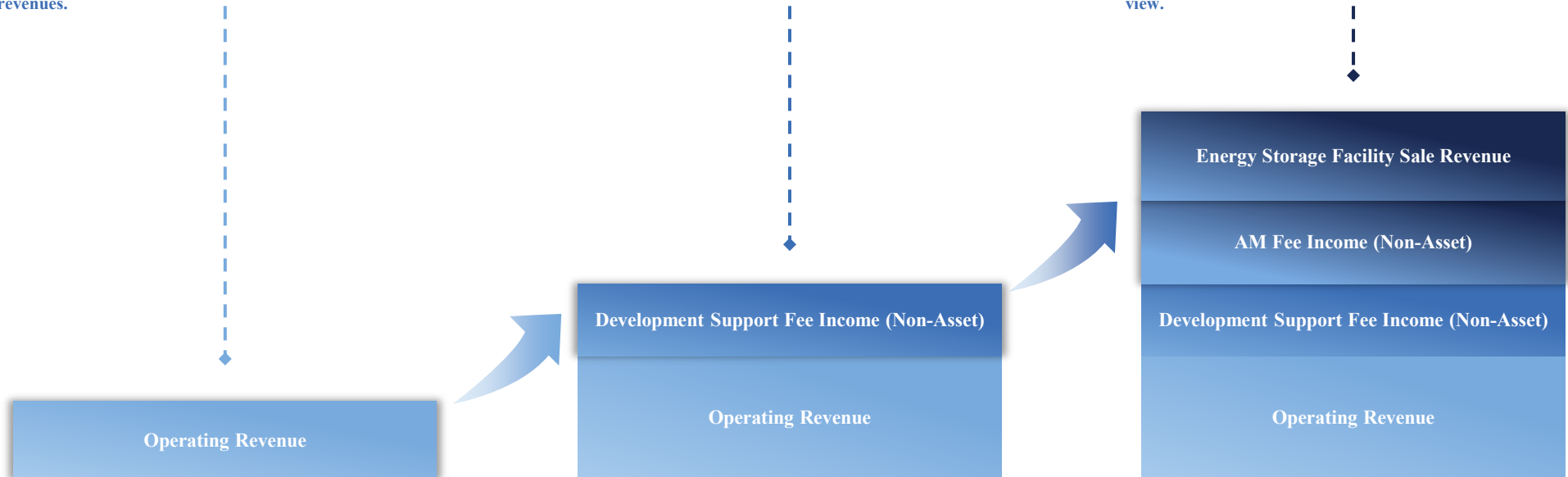
Accelerating the accumulation of operating track records and business know-how while steadily capturing high operating revenues.

Promoting joint ventures and development support fee business utilizing accumulated business track records and know-how.

Increasing business opportunities and expanding revenue scale.

Assessing the expansion of demand from investors and funds, and making agile decisions on proprietary ownership and sale of energy storage facilities.

Aiming for revenue diversification and capital efficiency improvement, with post-sale asset management services also in view.

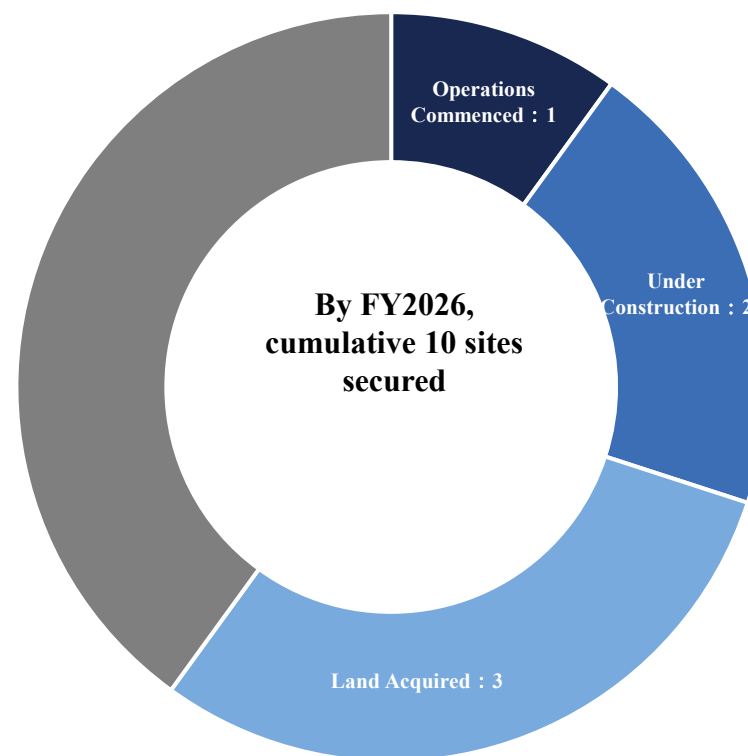


*The diagram is illustrative and does not indicate the scale or ratio of each revenue type.

5. Newly Acquired 3 Sites, Progressing Toward the 10-Site Target

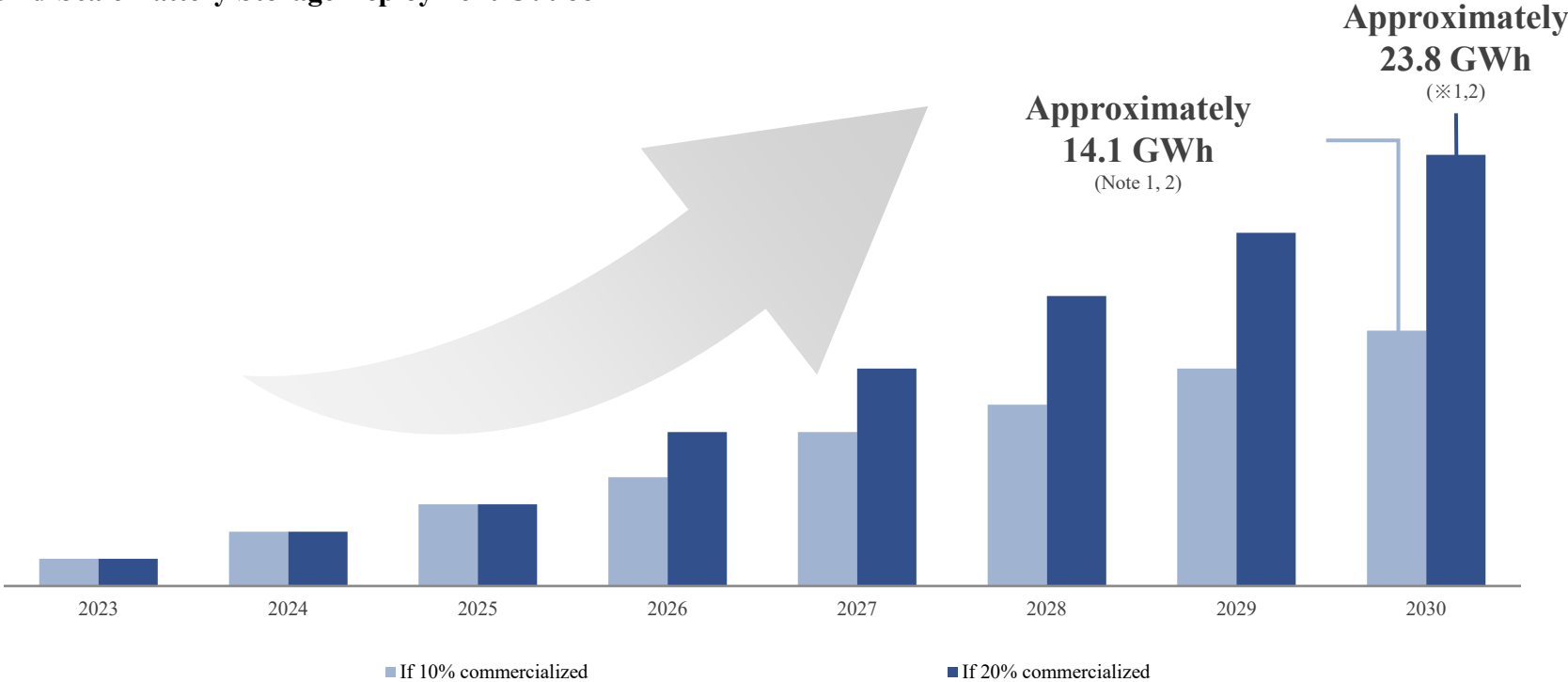
- Additionally acquired 3 sites in Kumamoto City (Kumamoto Prefecture), Nichinan City (Miyazaki Prefecture), and Taki Town (Mie Prefecture), reaching a cumulative total of 6 sites.
- Acquisition of projects No. 7 and beyond is also expected, and the virtuous cycle of competitive strengthening through early entry is expected to accelerate further.

	Location	Status
No. 1	Matsusaka City, Mie Prefecture	Operations commenced, entered supply-demand adjustment market
No. 2	Mashiki Town, Kumamoto Prefecture	Scheduled to commence operations in 2026
No. 3	Kagoshima City, Kagoshima Prefecture	Scheduled to commence operations in 2027
NEW No. 4	Kumamoto City, Kumamoto Prefecture	Land acquired (Scheduled to commence operations in 2027)
NEW No. 5	Nichinan City, Miyazaki Prefecture	Land acquired (Scheduled to commence operations in 2027)
NEW No. 6	Taki Town, Mie Prefecture	Land acquired (Scheduled to commence operations in 2027)
No. 7-10	Promoting acquisition within the year	



- As "balancing infrastructure that absorbs supply-demand fluctuations" essential for renewable energy adoption and expansion, the importance of grid-scale energy storage facilities is increasing, and deployment is expected to expand over the medium to long term

Trends in Grid-Scale Battery Storage Deployment Outlook



*1 For the transition rate from "connection study application" to "contract application," a 10% case was set based on actual results as of the end of May 2023. Additionally, a 20% case comparable to solar and onshore wind is also assumed for cases where commercialization probability increases due to future battery cost reductions.

*2 For the transition rate from "contract application" to "actual operation," approximately 70% is assumed, referring to onshore wind power deployment projections during the 6th Strategic Energy Plan deliberations.

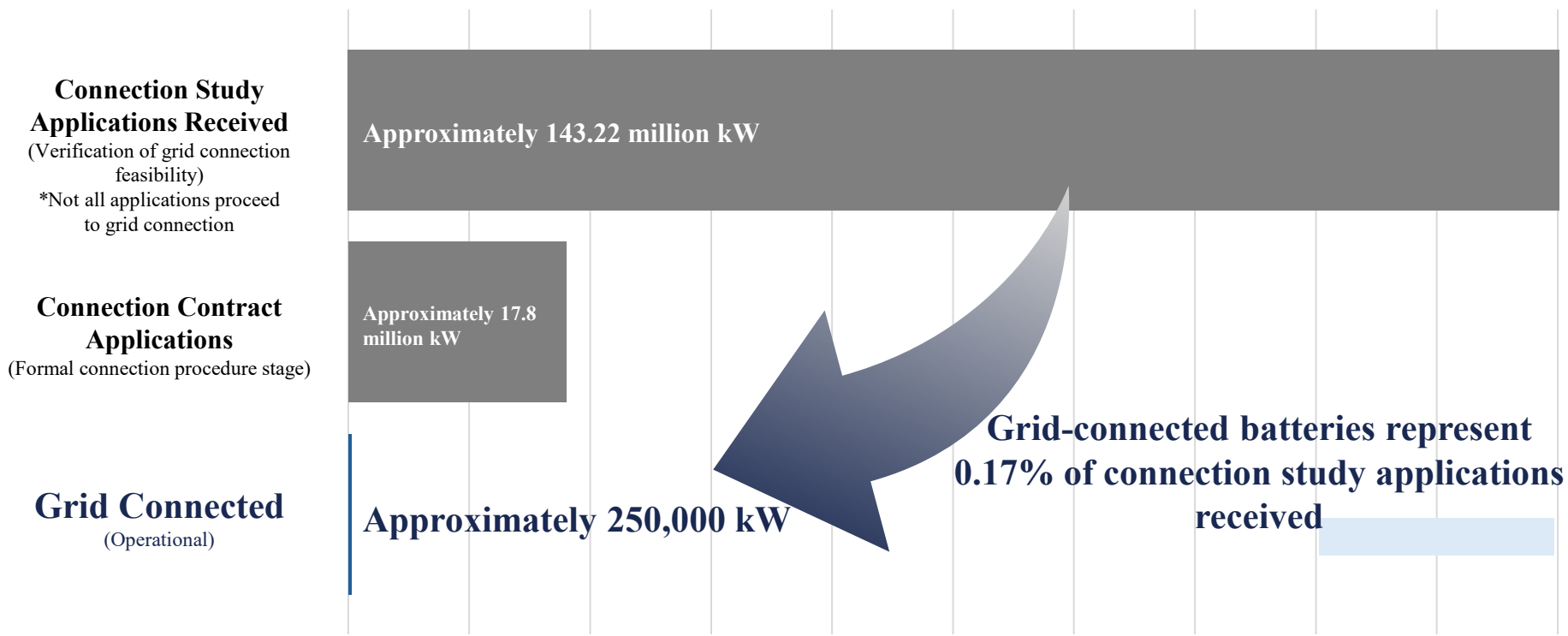
Source: Prepared by the Company based on "Sector-Specific Investment Strategies ③ (Storage Batteries/Automobiles, SAF/Aircraft, Ships, Resource Circulation)" Cabinet Secretariat GX Implementation Promotion Office (November 8, 2023). Notes summarized by the Company.

- While connection study applications have surged, only 0.17% of batteries have actually achieved grid connection and operation (as of end of June 2025).
- The Company already has grid connection and operation track record with Project No. 1, and is sequentially promoting development and operation commencement of other projects.

*Grid connection: Connection to the electrical grid of general transmission and distribution operators, etc. is completed and charging/discharging is possible.

Grid-Scale Battery Storage Application Status (As of End of June 2025)

*Aggregation covers batteries at high voltage and above (including extra-high voltage) at each procedural stage.



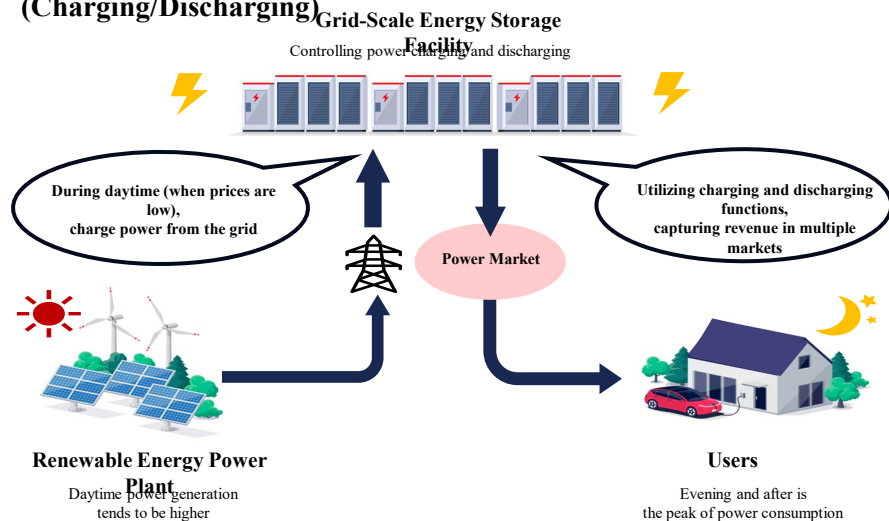
Source: Prepared by the Company based on ""Toward Rapid Grid Connection of Grid-Scale Batteries"" Agency for Natural Resources and Energy (September 24, 2025)

- In addition to earning revenue by utilizing electricity price differentials (wholesale electricity market), we pursue multiple revenue opportunities by combining the provision of supply-demand balance adjustment capacity (supply-demand adjustment market) and future supply capacity provision (capacity market).

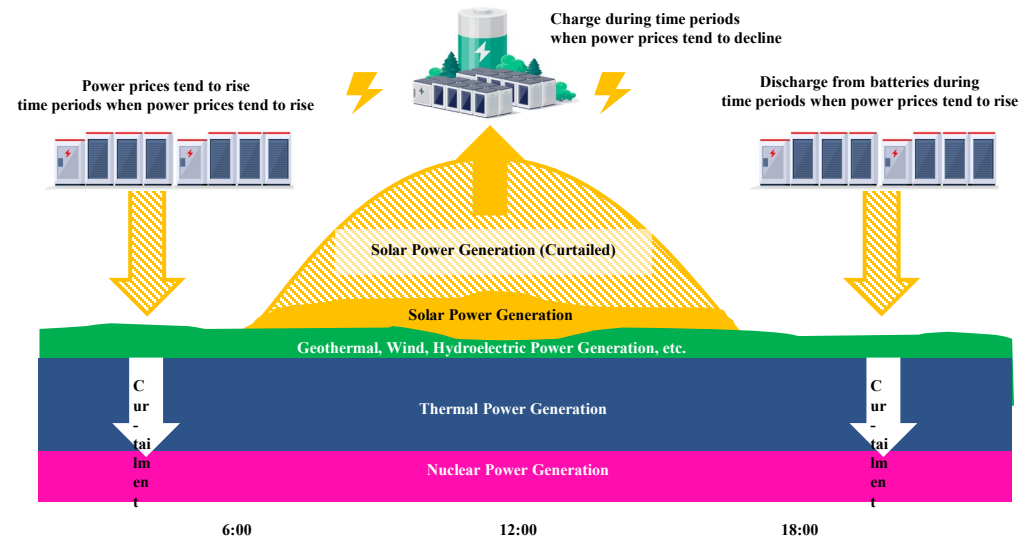
Power Market Types	Battery Roles and Revenue Opportunities
Wholesale Power Market	Charge during low-price periods, discharge during high-price periods (price spread revenue)
Supply-Demand Adjustment Market	Charge and discharge as needed to adjust power surplus/shortage (adjustment capacity revenue)
Capacity Market	Provide standby and dispatchable capacity as future supply capability (capacity revenue)

▶ Operating in three markets
Earn Revenue

Image of Grid-Scale Energy Storage Facility Roles (Charging/Discharging)



Daily Power Demand and Charging/Discharging Image



Notes Regarding This Document

This document has been prepared to provide an understanding of our Group and is not intended as a solicitation for investment in our company. In addition, the forward-looking statements contained in this document are based on information currently available and contain many uncertain factors. Please note that actual results may differ from these forecasts due to changes in various factors.

We announce the management targets for the entire Group as "Plans." Our "Plans" are targets that management aims to achieve, and differ from "forecasts and outlooks" that are rationally calculated based on highly reliable information. The data contained in this document includes references to publicly available information that we have deemed reliable and accurate; however, we do not guarantee the accuracy or certainty of such content.

Contact

AD Works Group Co., Ltd. Corporate Strategy & IR Division

 ir@re-adworks.com

 03-5251-7641