26-D-0685
September 11, 2026

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Ishikari Biomass Power GK

<Assignment>
Loan: Preliminary A

Rationale

The project has a capacity to generate highly predictable cash flows, backed by long-term capacity revenues with price indexation. Helped also by a substantial subordinated capital buffer, including mezzanine, the senior loan DSCR in the sponsor’s plan remains at a high level even under the assumption that it does not rely on electricity sales revenue. The power generation facility will employ technology with a proven commercial track record and products from manufacturers with extensive delivery experience. Although the plant may be subject to more frequent start-up and shutdown cycles than a conventional biomass power plant designed basically for steady operation, the technical due diligence report concludes that the risk of equipment damage is sufficiently low, as the necessary countermeasures have been pre-examined and incorporated into the basic design. The asset manager, which is also a sponsor of the project, has good experience in the development, construction and operation of multiple dedicated biomass power plants and is therefore well positioned to leverage such expertise for this project. With respect to completion risk, JCR considers that such risk is contained, on the grounds that EPC services will be provided on a fixed-price, date-certain, full-turnkey basis by a highly creditworthy contractor boasting one of the strongest track records in Japan for constructing similar power plants; that substantial contingency reserves have been incorporated into the budget; and that sufficient schedule buffer exists before the commencement deadline for capacity supply obligations. Once launched, responsibilities for power sales, fuel procurement, cargo handling and transportation, on-site fuel conveying, O&M activities and ash disposal will be allocated among the parties involved. Therefore, smooth coordination among these parties will be vital, but operational risks are mitigated through the engagement of experienced service providers with specialized expertise. The project’s sustainability is further supported by the strong creditworthiness of the joint sponsors, as well as the existence of a joint sponsor capable of replacing key functions such as asset management and fuel procurement, if necessary. While it should be noted that factors like falling prices, rising interest rates, unplanned increases in operating costs, power generation at a loss due to fuel storage constraints and penalties for failing to meet requirements under the capacity supply agreement could potentially put downward pressure on cash flows, JCR has verified that the impact on senior loan principal and interest payments is limited even under various stress scenarios. Based on the above, JCR assigned a preliminary A rating to the senior loan.

Tomohiko Iwasaki, Ai Suzuki

Rating

<Assignment>

Instrument Name	Maximum Loan Amount (scheduled)	Final Repayment Date (scheduled)	Coupon Type	Preliminary Rating
Senior Loan	JPY 83,250,000,000	Mar. 31, 2058	Floating	A

<Information on Outline of Issue>

Scheduled Signing Date: October 30, 2026
Scheduled Initial Execution Date: November 30, 2026
Repayment Method: Unequal principal repayment
Credit Enhancement & Liquidity Facility: Senior-subordinated structure, DSRF and conditional DSRA, other reserve accounts, DSCR test

<Information on Structure and Stakeholders>

Arranger: Sumitomo Mitsui Banking Corporation
Biomass Project Operator: Ishikari Biomass Power GK
Asset Manager: Equis Central Services Japan K.K.

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EPC Contractor: SUMITOMO HEAVY INDUSTRIES, LTD.
O&M Contractor: TOKYO ENERGY & SYSTEMS INC.

<Information on Underlying Assets>
Outline of Underlying Assets: Various project contracts and project assets

Rating Assignment Date: September 8, 2026

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (https://www.jcr.co.jp/en/).

Outline of the rating methodology is shown as "Project Finance" (April 1, 2026) in Information about JCR Ratings on JCR's website (https://www.jcr.co.jp/en/). Rating methodologies for other ancillary points such as eligible deposit accounts and bankruptcy remoteness are also shown within the same page.

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

A preliminary rating is a credit rating assigned as a preliminary evaluation while material terms for issue to be rated are not yet finalized. When the issuing terms are finalized, JCR will confirm them and will assign a credit rating anew. The rating level of the final rating may be different from that of the preliminary rating, depending on the final content of the terms, etc.

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