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Frequently Asked Questions and Answers (September 2024)

Thank you for your continued interest in our company. The main questions from investors this month and the answers to those questions are disclosed below. This disclosure is made around the end of each month to reinforce transparency and fair disclosure. Although there may be some discrepancies in the answers from time to time, please be advised that at the time of writing, this is the most current version.

Q1. What kind of impact will the bridge loan disclosed on September 27, 2024, have on the business environment?

According to the disclosure "Notice Concerning the Conclusion of the Commitment Line Agreement Related to the EV Charging Business," published on September 27, 2024, the contract was successfully executed on September 30, 2024, and the installation of EV charging ports approved for issuance will proceed as planned. We maintain a favorable relationship with the participating financial institutions by regularly and thoroughly explaining our business progress and our improvement efforts towards governance, as shown in the improvement report.

The attachment of a going concern note has led to uncertainty regarding sustained support from financial institutions, and impairment has been recognized in the EV charging business due to the uncertainty in achieving the business plan that assumed borrowing through a bridge loan. With the establishment of this commitment line, it is anticipated that the business plan will be revised. We will continue to work with our audit firm, Avantia, to revise the business plan for the EV charging business and address the impairment loss of fixed assets related to the EV charging business.

Q2. In the improvement report disclosed on September 24, 2024, it mentioned the return of executive compensation and the establishment of a compliance system. Could you please provide specific updates on these matters?

At present, we have received repayments from all former and current directors and auditors who are subject to disclosure. Additionally, the creation of the compliance system mentioned in the improvement report is progressing as intended. As outlined in the report, we are implementing direct reporting and discussions at the Board of Directors and the Compliance and Risk Management Committee starting from September 30th.

We will continue to thoroughly guard against recurrence by establishing an internal system with the involvement of external experts.

Q3. Could you update us on the current progress regarding the subsidy applications and installation status for FY24?

Although specific figures of facilities planned for installation under the subsidies for FY24 Q1 are not disclosed, the process is progressing smoothly, with approximately 80% of approvals granted. Many EV charging port installation projects have begun since September, aligning with our business plan.

Q4. Based on several reports, a worldwide reassessment of EV strategies is underway, and the adoption of EVs in Japan is lagging compared to early expectations. Are there any changes to your company's business plans or strategies?

The latest domestic ratio of EVs in new car sales is recognized as 2.4% in FY24 Q2. However, electrification of automobiles remains a crucial factor in achieving a decarbonized society. Our plan focuses on promoting the installation of 6kW Level 2 charging ports,and this remains unchanged. Additionally, considering the history of EV sales in Japan, we anticipate that domestic EV sales in the coming years will be driven by kei car EVs and PHEVs. Given the relatively small battery capacities of kei car EVs and PHEVs, there are situations where high-output chargers may be over-specified. Thus, we believe that the 6kW destination charging infrastructure we focus on is well-suited to Japan's unique EV environment.

Q5. Regarding subsidies for the EV Charging business, changes in government rules, such as incorporating charging operation results, are needed. Until now, former CEO Kiguchi negotiated with the Ministry of Economy, Trade and Industry and made recommendations. Who will assume this role going forward?

Previously, Mr. Kiguchi and the CEO Office were primarily responsible for government recommendations regarding subsidies, with an Executive Officer from the CEO Office facilitating communication with the Ministry of Economy, Trade and Industry. The new CEO, Mr. Maruoka, along with the aforementioned Executive Officer, is continuing these initiatives, ensuring ongoing communication with the Ministry of Economy, Trade and Industry.