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Frequently Asked Questions and Answers (October 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 is the current status of securing a bridge loan for the EV Charging business?

According to our disclosure dated September 27, 2024, "Notice Concerning Commitment Line Agreement Related to EV Charging Business," we resolved to conclude a commitment line agreement with our financial institutions for the EV charging business. Details of the funds executed from the borrowing limit were disclosed as mentioned in the notice dated October 9, 2024, "(Disclosure of Progress) Notice of Fund Execution from Borrowing Limit." Going forward, as we progress with the installation of EV charging ports for FY24, borrowing will be executed monthly, and we will disclose the details of each borrowing.

Q2. In the FY24 Q2 earnings explanation, topics like "reinforcing the financial base" and "approaches including the use of external capital in the EV charging business" were mentioned. How is the progress?

According to the "Explanatory Materials Related to Business Plan and Growth Potential" disclosed by our company on September 2, 2024, we are at a stage where we are considering all options, including "reinforcing our financial base" and "approaches that involve the use of external capital in the EV charging business," with the perspective of improving corporate value and the common interests of shareholders. We will promptly notify you if we decide on any matters that require disclosure.

Q3. On October 4, 2024, a "Notice Concerning the Conclusion of a Share Pledge Agreement (ENECHANGE Shares)" was disclosed by Port Co., Ltd. Could you update on Mr. Kiguchi's repayment progress to Port Co., Ltd?

Mr. Kiguchi is not currently a director of our company, nor is he involved in any advisory capacity, so we are not aware of Mr. Kiguchi's repayment status. As per Japanese law, if there is an increase or decrease of 1% or more in the shareholding ratio, or if there are changes in the contents of the large shareholding report, a change report must be submitted. Therefore, if there is an increase or decrease of 1% or more in Mr. Kiguchi's shareholding ratio in our company, it is expected to be disclosed through a change report.

Q4. Although a bridge loan has been secured, is there a forecast for the resolution of the impairment loss on fixed assets concerning the EV charging business?

As detailed in the disclosure titled "Progress Based on the Plan to Comply with the Listing Maintenance Standards (Total Shareholders' Equity Criteria) and Change in Improvement Period Due to Change in Fiscal Year-End"

released by our company on September 13, 2024, we have reassessed the business plan for the EV Charging business and are in ongoing discussions with our audit firm, Avantia, to address the impairment losses on fixed assets associated with the EV Charging business. With the acquisition of a bridge loan, we understand the premise of the discussions are notably different compared to before FY24 Q2. Considering this fact, we will continue to engage in discussions to eliminate the impairment losses.

Q5. Is the progress of the FY24 Q3 financial results on track? Will the financial results announcement be conducted as scheduled?

We are currently preparing the FY24 Q3 financial results in close communication with the auditing firm Avantia, and plan to submit them by November 14, 2024, following the review process. The FY24 Q3 Business Explanation is scheduled for institutional investors and analysts on November 14, 2024, and for individual investors on November 16, 2024, as listed in the IR calendar.

Q6. It has been about halfway since the 100-day plan under the new ENECHANGE structure was announced. How is the progress?

The company initiated the 100-Day Plan for the "Transformation" towards ENECHANGE 2.0 starting from the launch of the new system on September 3, 2024. We are currently executing and operating action plans for recurrence prevention measures formulated during the "Start-up" phase of ENECHANGE 2.0, with progress on track as planned.

Regarding the second phase of the business plan and growth potential, although we initially considered disclosing them during the execution of the 100-Day Plan, we plan to disclose them at a more appropriate time, aiming for around the end of January 2025 to the period of FY24 Q4 financial results briefing.

Q7. Regarding the EV Charging business, the results of the government's subsidies selection for the second term of FY24 have been announced. Could you please tell us about the results of the subsidies and the current progress of EV charger installations? Additionally, there has been an increase in PR from competing EV Charging Service providers, showcasing partnerships with local governments and collaborations with automakers, demonstrating strong momentum. How do you view this situation?

Although the specific number of installations remains undisclosed, progress for FY24 Q1 is proceeding smoothly, with nearly all grant approvals completed. Many EV charging port installations have started since September, progressing according to our business plan. The latest information on EV charging port installations will be gradually reflected on EVsmart.

Regarding FY24 Q2, as stated in the document "Results of Selection for Subsidies to Promote the Introduction of Charging and Refueling Infrastructure for Clean Energy Vehicles" released by the Next Generation Vehicle Promotion Center (NeV) on October 10, 2024, reviews are currently underway at NeV, and notifications regarding grant approvals are expected to begin from mid-December.

While we refrain from commenting on the initiatives of each EV Charging Service company, I understand that each operator is diligently working towards building charging infrastructure. Our company is focused on EV charging convenience, taking into account trends in installation locations and operating hours, while advancing our services in close communication with subsidy-granting institutions and the industry. The operational performance will be disclosed in "Quarterly Operational Performance (Preliminary) of Public EV Chargers (Destination Charging) Operated by Us." There is no change in our plan to continue promoting the spread of 6kW destination charging and the new 3kW basic charging, as the electrification of vehicles is still a key element in realizing a decarbonized society.

Q8. It is said that electricity bills will increase from usage in October. Will there be a positive impact on the performance of the Platform business?

The government's "Emergency Assistance to Cope with Extreme Heat", resumed in August 2024, is set to reduce subsidies from October usage, prompting many electricity companies, including 10 major energy companies, to increase prices from October usage. For example, households using 260 kWh of electricity per month had a subsidy of 1,040 JPY in September readings (for August usage) and 650 JPY in October readings (for September usage), resulting in increased electricity bills. As the subsidy amount is determined per kWh, households with higher monthly electricity consumption are anticipated to bear increased costs. In this environment, there has been a rise in access to our electricity bill simulation page through articles on "Electricity Bill Subsidies" and "Electricity Rate Increase" on our website.