

To Whom It May Concern

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Frequently Asked Questions and Answers (May—July 2026)

Thank you for your continued interest in our business activities. Please find below questions that were most frequently raised by investors from May to July 2026, focusing on topics of particular interest, together with the Company's responses.

This document is published regularly to enhance information disclosure and promote fair disclosure. Previously, this document was released on the same day as the Company's quarterly financial results, but going forward, it will be published in advance for investors to deepen their understanding of the Company's business and management policies before the results announcement.

The responses provide general explanations based on the Company's views as of the date of disclosure and do not contain any undisclosed information. Investors are encouraged to refer to the latest disclosures, including the financial results announcement, when making investment decisions.

1. Financial Results
 - (1) Non-DGP fee revenue has increased significantly. Do you believe it will continue going forward?
2. Power Platform (Power PF) Business
 - (1) The contracted capacity with consumers grew significantly in Q3 FY2026. Could you explain the key factors behind this growth?
 - (2) How much further do you expect the DGP fee rate in the Power PF business to decline going forward? Could you also comment on when you expect the decline to bottom out?
3. Renewable Energy Platform (RE PF) Business
 - (1) Could you provide an update on the corporate PPA matching platform "RE Bridge" and your growth outlook for the RE PF business?
4. Power Balancing Businesses
 - (1) Could you provide an update on the progress of the JPY 10 billion battery storage investment plan in the Asset Management (AM) business and the expected timeline for monetization?
 - (2) Could you comment on the business impact of regulatory changes, such as lowered price caps in the balancing market, and your outlook going forward?
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 - (1) Could you explain the purpose and positioning of subsidiaries such as DG Life LLC?
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 - (1) Could you explain your policy on shareholder returns, such as dividends and share buybacks?
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1 (1)

Q. Non-DGP fee revenue has increased significantly. Do you believe it will continue going forward?

Non-DGP fee revenue includes settlements with the TSO, fees from ancillary contracts, and brokerage fees for FIT non-fossil certificates. The increase in revenue in Q3 FY2026 was primarily driven by the settlements with the TSO. However, these fluctuate with market conditions and, unlike DGP fee revenue, are not expected to accumulate consistently as contracted capacity expands.

2 (1)

Q. The contracted capacity with consumers grew significantly in Q3 FY2026. Could you explain the key factors behind this growth?

The contracted capacity with consumers expanded from 761 MW to 888 MW in Q3 FY2026. The main drivers were new customer acquisition and reduced churn among existing customers during the contract renewal period concentrated in April, supported by the impact of ongoing marketing initiatives and strengthened sales capabilities.

On the sales front, we have actively recruited sales personnel since last year to acquire customers through both direct sales and collaboration with sales agents. Following training, OJT and other onboarding programs, these employees have become fully productive during the current fiscal year, strengthening communication and sales support for agents and enhancing the ability to win new business. This has also contributed to the expansion in contracted capacity.

Actual electricity transaction volume fluctuates seasonally depending on electricity demand, particularly in summer and winter. As a result, short-term changes in transaction volume do not necessarily reflect the expansion of the customer base. DIGITAL GRID therefore considers contracted capacity to be a key indicator of business growth.

2 (2)

Q. How much further do you expect the DGP fee rate in the Power PF business to decline going forward? Could you also comment on when you expect the decline to bottom out?

In the Power PF business, the DGP fee rate refers to the fee charged based on the volume of electricity (kWh) traded through DGP (Digital Grid Platform). Corporate electricity contracts are typically renewed annually, with many companies reviewing their electricity suppliers and contract terms around April.

Since 2022, electricity prices across the retail market have risen sharply amid changes in the global environment and other factors. More recently, these exceptional market conditions have eased, and the market is returning to a more normalized competitive environment. Against this backdrop, DGP fee rates were adjusted during the April 2026 contract renewal period within the range assumed in the initial plan.

In general, lower fee rates make it easier to win contracts; however, they reduce profitability per contract. While it is difficult to specify when fee rates will bottom out, DIGITAL GRID does not intend to pursue excessive price reductions. Instead, the strategy is to expand contracted capacity while maintaining appropriate fee levels by enhancing service value. Some fee adjustments in response to market conditions are expected to continue, but the extent of such adjustments is expected to moderate over the medium-to-long term.

3 (1)

Q. Could you provide an update on the corporate PPA matching platform “RE Bridge” and your growth outlook for the RE PF business?

RE Bridge is a Corporate PPA* matching platform that connects renewable energy generators with consumers seeking to procure renewable electricity over the long term. Since 2023, DIGITAL GRID has been an early mover in providing a platform where generators and consumers can connect directly. Use of RE Bridge has continued to expand, driven by growing corporate demand for renewable energy procurement and increasing interest in hourly matching in anticipation of revisions to the GHG Protocol. At the 8th Matching Event (held from June 15–July 10, 2026), the number of generator members reached 151 companies (+10 from the previous event), while consumer members reached 120 companies (+24), resulting in 23 matches totaling 67MW.

Japan’s Seventh Strategic Energy Plan targets renewable energy at approximately 40–50% of the power generation mix by FY2040, and further expansion of renewable energy is expected. Against this market backdrop, DIGITAL GRID will continue to drive growth in the RE PF business, centered on RE Bridge.

*Corporate PPA: An arrangement under which a company procures renewable energy-derived electricity or environmental value from a power generator under a long-term contract. In addition to supporting corporate decarbonization and the expanded use of renewable energy, it also helps stabilize the price of electricity procurement through long-term contracts.

<Reference>

◆ “The 7th Strategic Energy Plan (February 2025)”

URL: https://www.enecho.meti.go.jp/en/category/others/basic_plan/

4 (1)

Q. Could you provide an update on the progress of the JPY 10 billion battery storage investment plan in the Asset Management (AM) business and the expected timeline for monetization?

The AM business is operated by DIGITAL GRID ASSET MANAGEMENT Corporation (DGAM), a consolidated subsidiary established on August 1, 2024. DGAM invests in, develops, owns, and operates grid-scale batteries, generating revenue through operations in the balancing market* and other electricity markets. Under the Medium-Term Management Plan through FY2028, we plan to invest JPY 10 billion over three years in grid-scale batteries. To date, investment decisions have been made for approximately 40% of this amount, corresponding to 16.2MW of grid-scale battery capacity.

Grid-scale batteries are operated across three markets—the wholesale electricity market (JEPX), balancing market, and capacity market—to capture recurring revenue opportunities. Currently, the balancing market offers relatively attractive revenue opportunities. However, it takes approximately five months after the commencement of commercial operation to record revenue from the balancing market. Accordingly, the capacity that is being added now is expected to contribute to earnings from the next fiscal year onward.

*Balancing market: A market where balancing capacity is traded to maintain the balance between electricity supply and demand.

4 (2)

Q. Could you comment on the business impact of regulatory changes, such as lowered price caps in the balancing market, and your outlook going forward?

DIGITAL GRID participates in the balancing market through the operation of grid-scale batteries, which represents one of the revenue sources for both the Aggregation Services (AS) and AM businesses.

The price cap for primary balancing capacity is being lowered in stages in line with the policy of the Agency for Natural Resources and Energy: from JPY 19.5/ΔkW to JPY 15.00/ΔkW in March 2026, and further to JPY 10.00/ΔkW in September 2026. A further reduction to JPY 7.21/ΔkW has also been indicated for the future. As lowered price caps could reduce revenue generated from operating the same amount of grid-scale battery capacity, DIGITAL GRID expects some impact on both the AS business, which receives a portion of operating revenue as fees, and the AM business, which owns and operates grid-scale batteries.

We have anticipated these regulatory changes and lowered price caps to a certain extent and will continue to monitor regulatory changes in the balancing market while leveraging other revenue opportunities to maximize returns from grid-scale batteries.

<Reference>

◆ Electric Power Reserve Exchange (EPRX) materials, “On the ΔkW Price Cap in the Balancing Market” (report available in Japanese only)

URL: <https://www.eprx.or.jp/information/docs/14b85fbc8942da7d3bddd80243e7e170f64d9e.pdf>

5 (1)

Q. Could you explain the purpose and positioning of subsidiaries such as DG Life LLC?

As our Group expands its business scope, three consolidated subsidiaries have been established to clarify the role of each business and enable faster decision-making.

DG Life LLC was established to drive full-scale expansion into the corporate low-voltage market. DIGITAL GRID ENERGY SERVICE Corporation provides electricity supply and related services for grid-scale batteries. DIGITAL GRID ASSET MANAGEMENT Corporation (DGAM) was established to invest in, develop, own, and operate grid-scale batteries.

With clearly defined roles for each subsidiary, DIGITAL GRID will set and manage KPIs tailored to each business, driving growth across individual businesses and translating it into growth for the entire Group.

6 (1)

Q. Could you explain your policy on shareholder returns, such as dividends and share buybacks?

DIGITAL GRID’s shareholder return policy remains unchanged from the previous announcement: there are currently no specific plans to pay dividends or repurchase shares.

DIGITAL GRID remains in a growth phase, continuing to expand the Power PF business while investing in growth areas such as grid-scale batteries and renewable energy. We believe that at this stage, reinvesting earnings in future growth opportunities, rather than returning them through dividends or other means, is more effective in enhancing corporate value over the medium-to-long term and, ultimately, delivering returns to shareholders.

7 (1)

Publication of the Investor Data Book (a compilation of key figures)

To promote dialogue with shareholders and investors, DIGITAL GRID began providing the Investor Data Book from Q3 FY2026. The Data Book provides an overview of financial highlights, financial data, and key business KPIs, with comparisons to historical performance. It is designed to provide a deeper understanding of DIGITAL GRID Group and will be updated quarterly.

URL: <https://www.digitalgrid.com/assets/files/ir/ir-databook.xlsx>

7 (2)

Disclosure of past Frequently Asked Questions and Answers on Notion

The “Frequently Asked Questions and Answers,” published each quarter, are now available on Notion together with previously published Q&As. Please refer to this page for past and future Q&As.

URL: <https://digitalgrid.notion.site/Questions-from-Shareholders-and-Investors-25ff874de2b283bea738817d592b3f6f>

Thank you for your continued support!