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Frequently Asked Questions and Answers (July 2022)

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 for the purpose of strengthening 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 of our policy.

Q1. Is there any impact on the business from Prime Minister Kishida's press conference on July 14, 2022, in which he announced that he had instructed that up to nine nuclear power plants should be in operation this winter and that additional thermal power generation capacity should be secured with a target of 10 units?

The government has announced that nine nuclear power plants will be operational by January of next year to ensure the supply of electricity. We have previously explained that the restart of nuclear power plants is positive for our business in that it not only stabilizes the supply of electricity and the price on the wholesale market (JEPX), but also allows for electricity retailers to operate more profitably in supplying consumers..

However, the nuclear power plants that are expected to come on line, as announced this time, have already been factored into the supply plans of electricity companies, and the supply-demand crunch for electricity continues to be an unpredictable situation. On the other hand, the operation of additional thermal power plants is expected to contribute to reinforcing supply this winter.

Despite the severe power supply and demand situation, we expect that the improving situation will gradually become apparent in the Platform business over the next financial year. Meanwhile, in the Data business, inquiries are rising for our Demand Response (DR) systems - a service that encourages electricity consumers to save electricity - and we intend to focus on expanding this business.

Q2. What is the progress toward normalization in the electricity industry? Do you expect any improvement in the performance of the Platform business?

In the Presentation Material for FY22 Q1 Financial Results, we disclosed our company's concept of the 6 stages to the normalization of the energy market.

Stage	Impact of JEPX price increases	Effects on ENECHANGE
1	Reduction in energy company advertising expenses	Reduction in ARPU due to lower one-time fees at the switch
2	Energy companies stop acquiring new customers	Loss of opportunities to acquire users due to lack of energy companies to switch to
3	Energy companies withdrawing from the business, stopping contract renewal	A reduction in recurring revenue due to existing users leaving
4	Increase in energy contract "refugees"	Increase user acquisition due to high switching needs
5	Electricity bills rising to level where energy companies can profitably supply customers	Increase in ARPU due to higher energy bills
6	Energy companies restart user acquisition activities	Recovery of ARPU due to higher one-time fees at the switch

At that time, we believed that we were in Stage 3-4, but now some electricity companies are raising their prices, but in April 2022 Chubu Electric Power Milize Co., Inc. will raise its standard tariffs, and in conjunction with this, Chubu Electric Power Grid Co., Inc. decides to revise the final guaranteed tariffs. We believe that we are currently in the process of moving to Stage 4-5. The government policy has also decided to correct the problem of underpriced final guaranteed tariffs, which are supposed to be a safety net, and has indicated an intention to review not only the tariffs after the deregulation of electricity, but also the regulated tariffs that existed before the deregulation as a transitional measure.

As indicated above, the industry environment is steadily improving. However, we expect that the effects of stages 1-3 will become apparent in the 2nd half of the current financial year, and the effects of stages 4-5 will become apparent in the next financial year.

Q3. Demand for energy-saving services is increasing due to the tight supply and demand of electricity, what are the advantages of ENECHANGE? How do you expect it to contribute to business performance?

Our energy saving service, which we are developing as "SMAP DR," offers points and other incentives based on the amount of electricity saved. Since its foundation in 2015, we have been working on electricity demand management technology utilizing smart meter data. We have built up a track record in behavioral change DR, in which people save electricity by choosing to turn off their appliances or adjust the temperature of air conditioners, mainly with Tokyo Gas. In addition, we are also working on the trial operation of smart device DR, which allows users to save electricity automatically by controlling home appliances with the use of a controller. We believe that our strength lies in our track record of introducing this system and in our advanced initiatives.

As a result of these efforts, we are currently receiving inquiries from a large number of electricity companies in response to the recent power supply and demand crunch and the government's support for the granting of electricity

reduction points. Since these efforts were made in anticipation of the winter power supply and demand crunch, the impact on our business performance for the current financial year will be negligible. Our DR performance last winter was in the hundreds of thousands of users, but we aim to increase this number to 1 million as soon as possible, and we expect this to contribute to our business performance in the next financial year and onward.

Q4. You have started offering a demand response package service, what is its purpose?

In the PR disclosure of July 8, 2022, titled "ENECHANGE expands sales of demand response services, available to households in times of tight supply and demand", we announced the launch of the "SMAP DR Basic Plan", which enables rapid introduction of DR services.

Since the government's support for granting electricity reduction points is based on electricity companies' electricity conservation programs, electricity companies that have not yet adopted such programs need to prepare for DR services as soon as possible. Therefore, we have developed a package plan that enables electricity companies to start operating SMAP DR as soon as possible, thereby reducing the burden on them and enabling them to launch energy-saving programs in a short period of time. This service incorporates SMAP DR's basic functions, such as an energy-saving point awarding system, email announcements of energy-saving time, and the creation of a personalized page for each user, which is possible to provide a high-quality service that leverages our unique expertise.

Q5. The number of companies entering the EV charging business is expected to increase with the spread of EVs, but what are the advantages of the ENECHANGE EV CHARGE?

We believe that the ENECHANGE EV CHARGE hardware is superior, and in addition to Model 1, which we have been installing, we have added Model 2, which is eligible for subsidies, to our product lineup. With the introduction of the Model 2, we have launched a campaign that allows facility owners to install EV chargers at practically no cost by taking advantage of the subsidy. Furthermore, while most regular chargers installed for destination charging use have an output of 3kW, both models have an output of 6kW, which enables charging at twice the speed of conventional chargers, making it possible to charge efficiently within a limited amount of time spent at the destination.

We also believe that in the software category, we will be able to offer higher value-added services than other companies by utilizing our development know-how and electricity management technologies that we have cultivated as an energy tech company.

We will continue to make upfront investments, rapidly develop our business, and make proposals to companies that are considering entering the EV charging business so that we can collaborate with them.

Q6. There are reports that orders for electric kei cars are rising, but will this have an impact on orders for the ENECHANGE EV CHARGE?

The "SAKURA" from Nissan Motor Co., Ltd. and "ekX EV" from Mitsubishi Motors Corp. were launched in June, both of which have been receiving orders at a pace exceeding initial projections. In June, EV and PHV accounted for 3.9% of new passenger car sales, a record high according to the Japan Automobile Dealers Association.

Orders for ENECHANGE EV CHARGE have been strong, partly due to the expansion of the EV market. As the number of electric kei cars with relatively short cruising ranges increases, we believe the importance of destination charging, where we are focusing our efforts, will also grow.

Q7. There was an article in the press about increasing the headcount in the EV charging business to 100 people, will this have any impact on the company's performance this financial year?

In an interview with our CEO, it was mentioned that we will increase the size of our EV CHARGE staff from the current 30 to 100 as soon as possible. ENECHANGE EV CHARGE has launched a 0-yen installation campaign and a partner program to achieve the installation of 30,000 units, and is steadily accumulating orders. This growth in personnel is intended to accommodate this strong demand, and will proceed over the next financial year. We have already factored a certain amount of expenses for hiring, etc. into our forecast for FY2022.

Q8. Through the fund, you have invested in OhmConnect, which provides demand response services, and WiTricity, which has wireless EV charging technology; do you plan to work with them in the future to expand your business in Japan?

We have formed the Japan Energy Capital Fund jointly with several companies and have invested in promising energy-related venture companies overseas through the fund. On June 9, 2022, we invested in OhmConnect, a company with extensive overseas experience in demand response, and on July 13, 2022, we invested in WiTricity, a leading company in wireless EV charging technology.

The decision to make this investment was based on the fund's investment policy and does not represent a decision to expand into Japan in collaboration with us, but we intend to pursue discussions with the companies in the future.