



INFORICH INC.

FY2023 1Q Consolidated Financial Results
[Under Japanese GAAP]

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INFORICH INC.

— 01 Company

INFORICH INC.

Company Name: INFORICH Inc.

Established: September 2015

Head office address: A-6A, 6-31-15 Jingumae, Shibuya-ku, Tokyo

of employees: Non-consolidated: 116, Consolidated: 214 (Including temporary employees, as of December 2022)

Business Domain: ChargeSPOT mobile battery sharing service / digital signage / advertising / hardware and software development

Affiliated companies (Ownership %): INFORICH ASIA HOLDINGS Ltd. (100%), INFORICH ASIA HONG KONG Ltd. (100%), Yin Fury (Guangzhou) Technology Co. (100%), CHARGESPOT MARKETING(65%), etc.

of locations: 6 domestic sites, 2 overseas sites



**Board Director
President & CEO
(Founder)
Hironobu Akiyama**

Born in Hong Kong and raised in Japan, he became a trilingual artist at Universal Music in 2007 and moved to Hong Kong in 2012, serving as an advisor to Fukuoka Prefecture's Hong Kong representative office and as the head of the overseas business office at the time of the establishment of IGNIS Corporation, which was listed on Mothers in 2014. In 2015, he founded INFORICH Co. Currently, he is developing ChargeSPOT services globally.



**Board Director
CFO
Yuki Hashimoto**

He is a certified public accountant. At Deloitte Touche Tohmatsu LLC, he was engaged in statutory audits, J-Sox compliance, and IPO preparation support for various industries including retail/restaurant, advertising, and IT ventures. After working for a listed company as a manager in charge of financial results/timely disclosure, subsidiary management, and portfolio company management, he joined Melpay, a cashless FinTech subsidiary of Mercari Inc. As a corporate planning officer, he was mainly involved in budget management and the establishment of management accounting. He joined the company in December 2019 and oversees the domestic corporate division.



**Board Director
COO
Tomonori Takahashi**

As a system engineer and project manager at Rugasia Co., Ltd., developed an workflow management system. In 2012, joined Velocity Co., Ltd., an e-commerce platform that handles smartphone accessories. After that, co-founded FOTOFwd (currently acquired by PicSPOT business of INFORICH) with Akiyama and oversees the domestic ChargeSPOT business unit until now.



**Outside Director
Daisuke Iwase**

Founder of Lifenet Insurance. Retired after serving as President, Chairman of the Board, and in 2018, was invited to join AIA Group, Asia's largest life insurance company, as a member of the headquarters management committee and Group CDO. After his retirement, he founded and became Managing Partner of Tiger Gate Capital, a Hong Kong-based advisory firm that supports the growth of fintech and health tech companies. In the past, he served as an outside director of Benesse Holdings and YCP Holdings. He holds a B.A. in Law from the University of Tokyo and a M.B.A. from Harvard Business School.

**Full-time Outside Auditor
Kazunobu Ogura**



**Outside Director
Eriko Suzuki**

Prior to joining Kind Capital, she was co-founder and managing director of Mistletoe and Fresco Capital, and then co-founder and managing director of ESG-focused VC firm MPower Partners. Prior to becoming an investor, she worked in investment banking at Morgan Stanley and UBS. She is the author of "From Now on, the Way We Live Becomes the Way We Work" (Daiwa Shobo) and the translator of "Mission Economy: A moonshot guide to changing capitalism".

**Outside Auditor
Go Anan**



**Outside Director
Koichi Tomimoto
(Koichi Tsunoda)**

After graduating from UC Berkeley, he worked in M&A execution at an investment bank. As CFO at Manabo Inc. he was mainly responsible for finance, fundraising, legal and other corporate related activities, etc. He has been CFO at Yapuri Inc. since 2017 and has been a director of the company since 2018.

**Outside Auditor
Sachiko Hatano**

INFORMATION × RICH = INFORICH^{INC.}

MISSION

Creating a society that thinks and acts for the next person and generation

VISION

Discover diverse possibilities, foster borderless values, and connect the world

We will connect the world by discovering the possibilities of each local person, asset, and idea and evolve it into an entity that can expand beyond the boundaries of culture and business.



Japan's first digital signage equipped Mobile battery sharing service ChargeSPOT

Borrow anywhere, return anywhere

Since the service was launched in April 2018, it has already been provided in 47 prefectures throughout Japan.

Overseas, the company is expanding its business to Hong Kong, Mainland China, Taiwan, and Thailand.

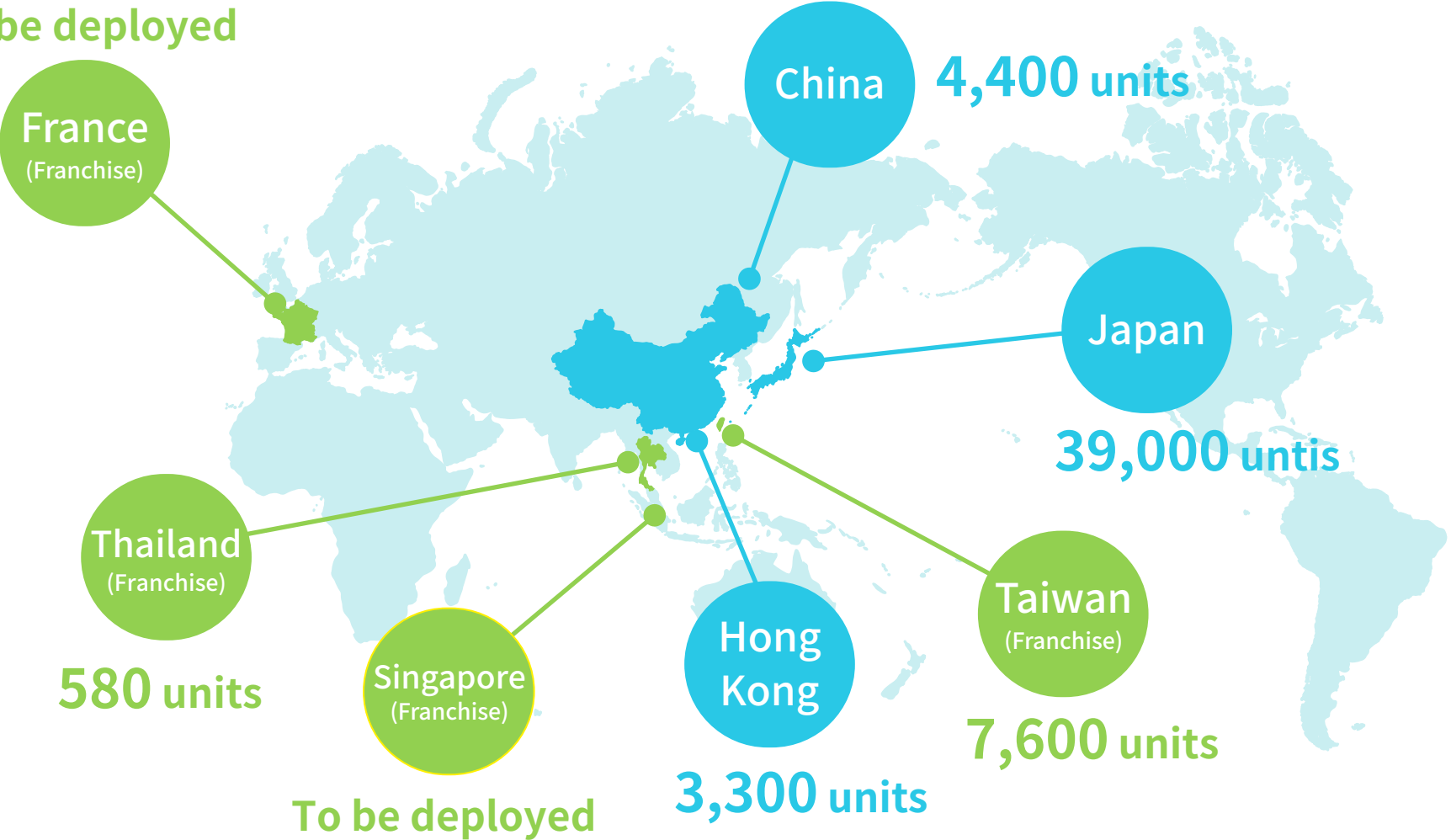
To use the app, simply scan the QR of the battery stand with digital signage.

Unlike conventional wall outlets and box chargers, the users can take borrowed mobile batteries with them.

Three types of cables are provided, making it compatible with most mobile devices.

Service is now available in Mainland China and Hong Kong through subsidiaries in addition to Japan. In addition to Taiwan and Thailand, franchise development in Singapore has been decided.

To be deployed



*As of March 2023

39,000 stations in Japan

retailers, transportation, carriers, municipalities, and other locations essential to daily life

Convenience stores	Seven-Eleven, FamilyMart, Lawson
Railway stations	Tokyo Metro, Osaka Metro, Toei Subway, JR Tokai, Tokyu Corporation, Keio Corporation, Keisei Corporation, Keihin Electric Express Railway, Tobu Corporation
Airports	Tokyo International Airport, Kansai International Airport, Chubu Centrair International Airport
Karaoke	Karaoke Kan, Karaoke no Tetsujin, JOYSOUND, Big Echo, Uta Hiroba
Carrier stores	docomo, Softbank, au, Rakuten Mobile
Cafe	Tully's Coffee, Doutor, Cafe de Crier, Ueshima Coffee, WIRED CAFE, Vie de France
Drugstores	Sugi Pharmacy, Wellcia, Kokumin Drug, Create SD, Turuha Drug
Electronic appliance stores	Yamada Denki, Yodobashi Camera, Bic Camera, EDION
Department stores & Mall	Isetan Mitsukoshi, DAIMARU, Takashimaya, LUMINE, ATRE, AEON, Mitsui Outlet Park, Roppongi Hills, Marui
Theme parks	Legoland, Fujikyū Highland, Huis Ten Bosch, Sanrio Puroland
Municipally facility	Shibuya Ward, Fukuoka City, Kobe City, Yamanashi Prefecture, Atami City
Other	TSUTAYA, post office, APA Hotel, Tokyo National Museum, Round One, Meiji Jingu Stadium, Mos Burger, Gusto

* Only Part

* As of March 2023

— 02 FY2023 1Q Financial Highlights

INFORICH INC.

Net sales

1,443 million yen

**compared to
previous period**

+107% (+744 million yen)

**Full Year Progress
Rate**

21%

(Reference)
FY2022 1Q Result
Progress Rate 16%

EBITDA

118 million yen

**compared to
previous period**

Turned positive
(+531 million yen)

**Operating
profit**

-64 million yen

**compared to
previous period**

Deficit Reduction
(+436 million yen)

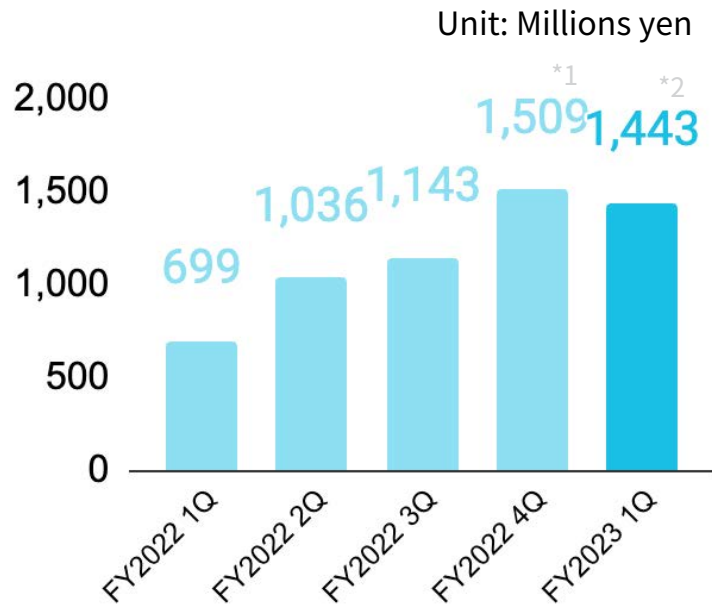
**Full Year Progress
Rate**

-

* EBITDA = operating income + depreciation and amortization
* Progress rate is not shown because operating income is negative.
* Figures before 2Q FY2022 have not been audited or reviewed.

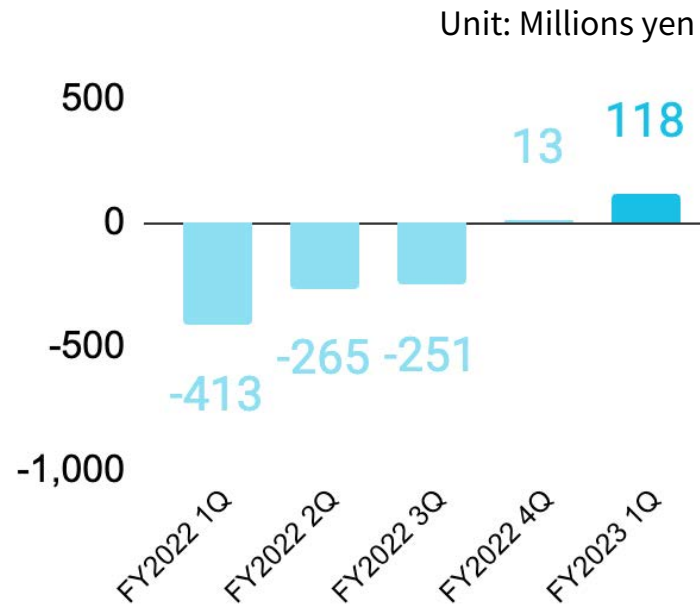
Net sales decreased from the previous year due to a decrease in sales of device for franchisees, despite an increase in rental sales. EBITDA was positive and operating loss decreased due to lower cost.

Net sales

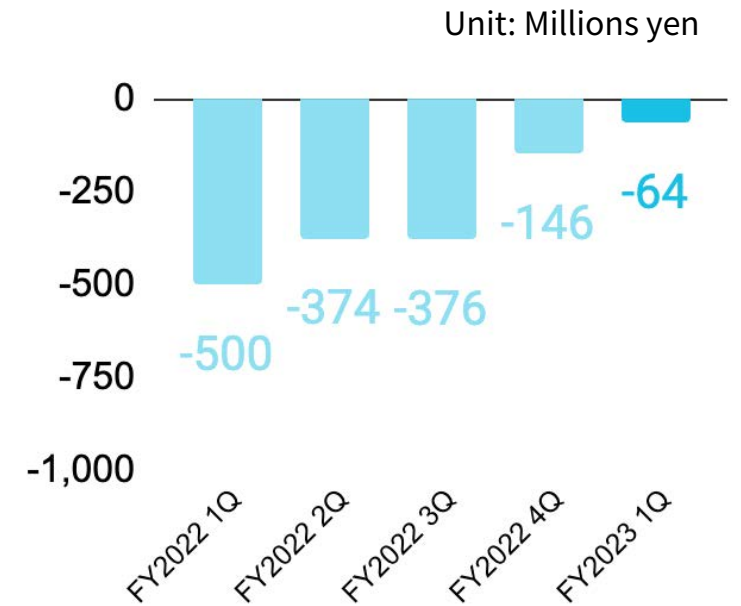


*1 Rental: 1,298, Advertisement: 29, Device: 77, Other: 104
 *2 Rental: 1,337, Advertisement: 16, Device: 1, Other: 87

EBITDA



Operating profit



* EBITDA = operating income + depreciation and amortization
 * Figures before 2Q FY2022 have not been audited or reviewed.

Net sales decreased from the previous year due to a decrease in sales of device for franchisees, despite an increase in rental sales. EBITDA was positive and operating loss decreased due to lower cost.

Consolidated Statements of Income (Jan-Mar)

Unit: Millions yen

	FY2022 1Q	FY2022 4Q	FY2023 1Q	YoY Increase	QoQ Increase	Yearly Forecast	Yearly Progress
Net sales	699	1,509	1,443	+107%	-4%	6,776	21%
EBITDA	-413	13	118	-	+779%	-	-
Operating profit	-500	-146	-64	-	-	-959	-
Operating profit ratio	-72%	-10%	-4%	-	-	-14%	-
Ordinary profit	-397	-304	-85	-	-	-	-
Net income attributable to parent company shareholders	-398	-350	-89	-	-	-1,073	-

* EBITDA = operating income + depreciation and amortization

* Progress rate is not shown because operating income is negative.

* Figures before 2Q FY2022 have not been audited or reviewed.

Compared to sales growth (+107% YoY),
Cost of sales (+44% YoY) and SG&A expenses (+20% YoY) growth were restrained.

Unit: Millions yen

	FY2022 1Q	FY2022 4Q	FY2023 1Q	YoY Increase	QoQ Increase
Net sales	699	1,509	1,443	+107%	-4%
Purchases	99	127	66	-32%	-48%
Settlement Cost	41	98	94	+127%	-5%
Depreciation	86	162	178	+107%	+9%
Other	43	71	50	+16%	-30%
Cost of sales	270	461	389	+44%	-16%
Payroll & Subcontracting	418	566	482	+15%	-15%
Installation fee	215	231	298	+38%	+29%
Advertising & Marketing	54	102	24	-55%	-76%
Revenue Share	62	109	139	+124%	+27%
Other	178	184	173	-3%	-6%
SG&A expenses	929	1,194	1,118	+20%	-6%
Operating profit	-500	-146	-64	-	-

* EBITDA = operating income + depreciation and amortization

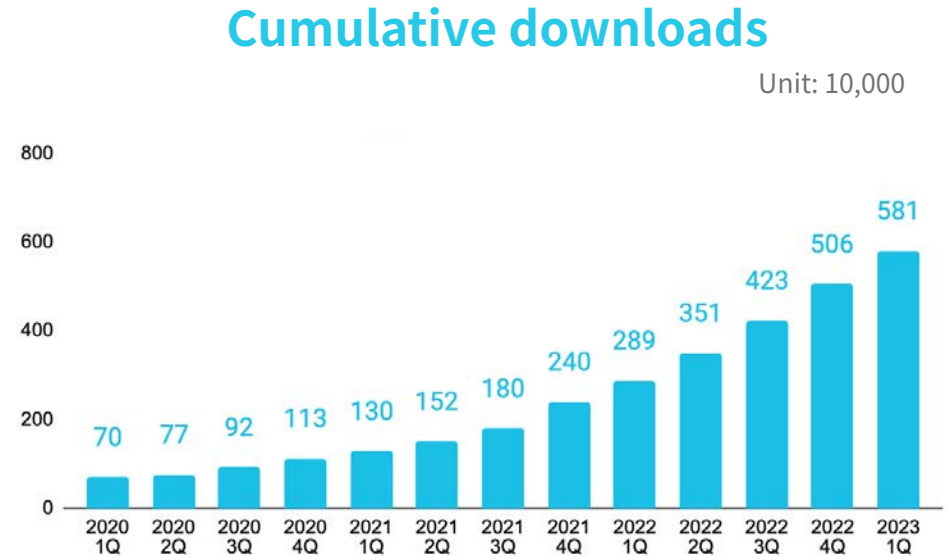
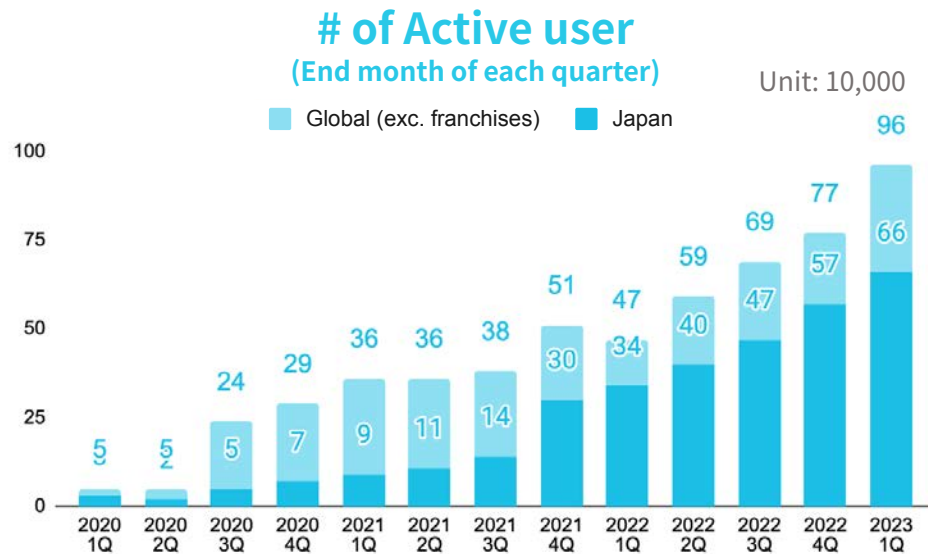
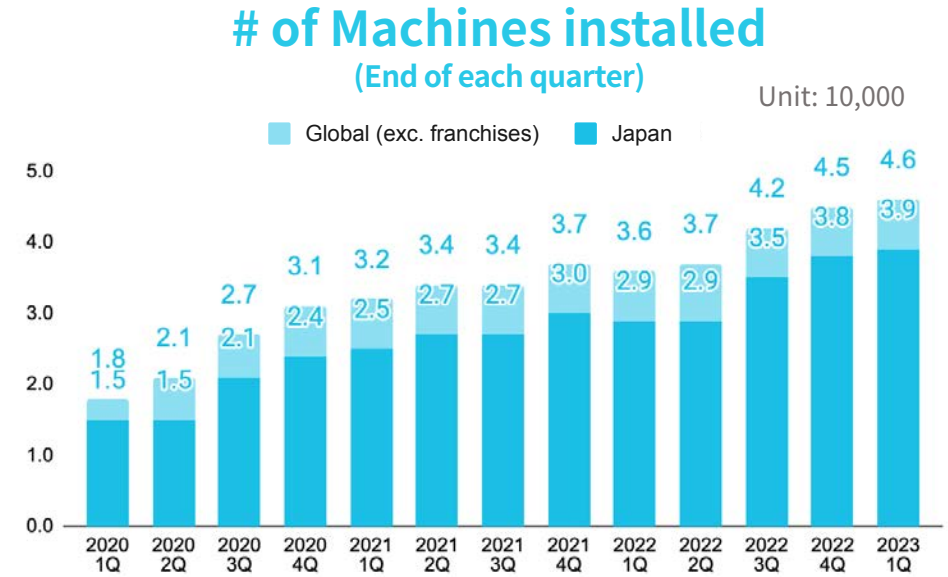
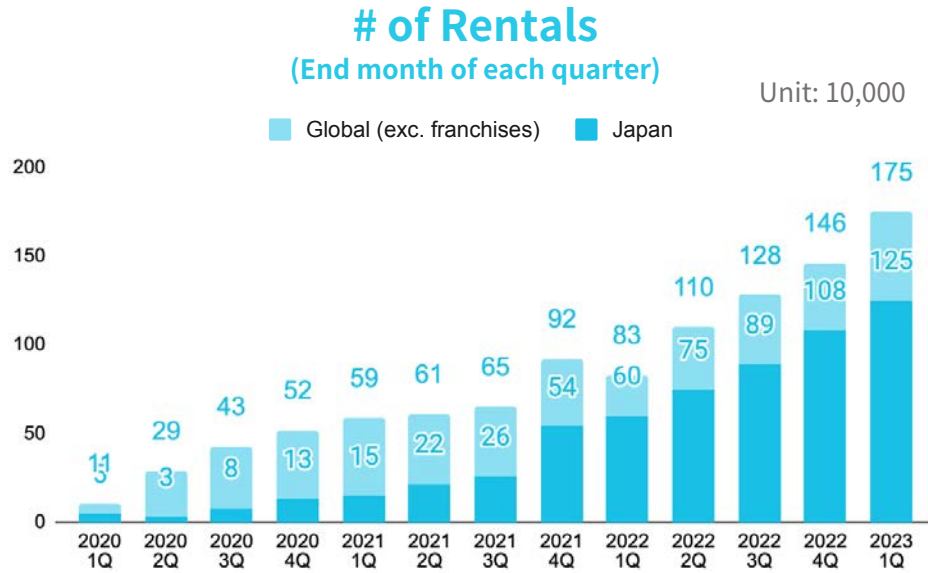
* Figures before 2Q FY2022 have not been audited or reviewed.

Continued upfront investment in business assets and debt financing for such investment

Consolidated Balance Sheet

Unit: Millions yen

	FY2022 4Q End	FY2023 1Q End	Increase	Main Reason
Current assets	3,665	3,736	+70	
Cash & deposit	2,614	2,962	+348	Effect of reversal of deposits
Non-current assets	2,327	2,470	+143	Impact of expansion of business assets
Assets	5,992	6,206	+213	
Current liabilities	2,751	2,656	-95	Impact of repayment of borrowed funds
Non-current liabilities	803	1,145	+342	Impact of increase in borrowed funds for procurement of business assets
Net assets	2,437	2,404	-32	Effect of net loss



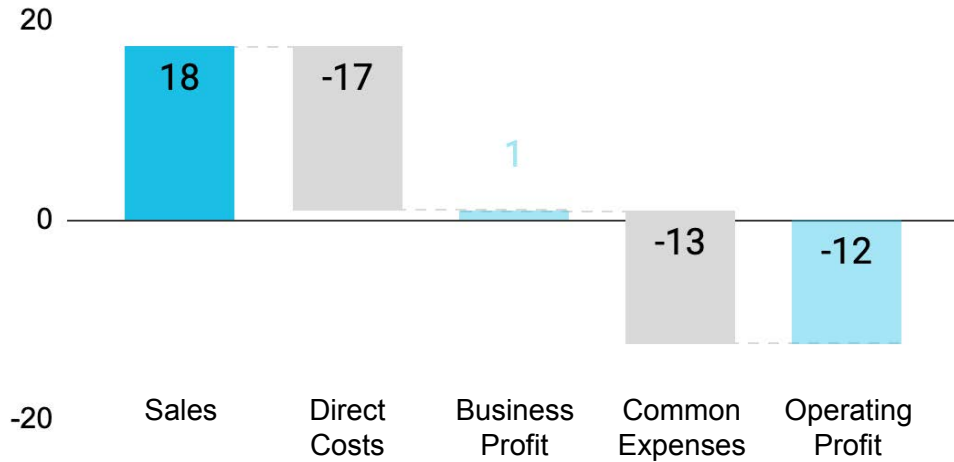
* users who use the service at least once a month

* # of downloads worldwide, including franchise areas

Operating loss narrowed as sales grew. Increase in the number of active users is the key driver.

FY2022 1Q Per-unit economics

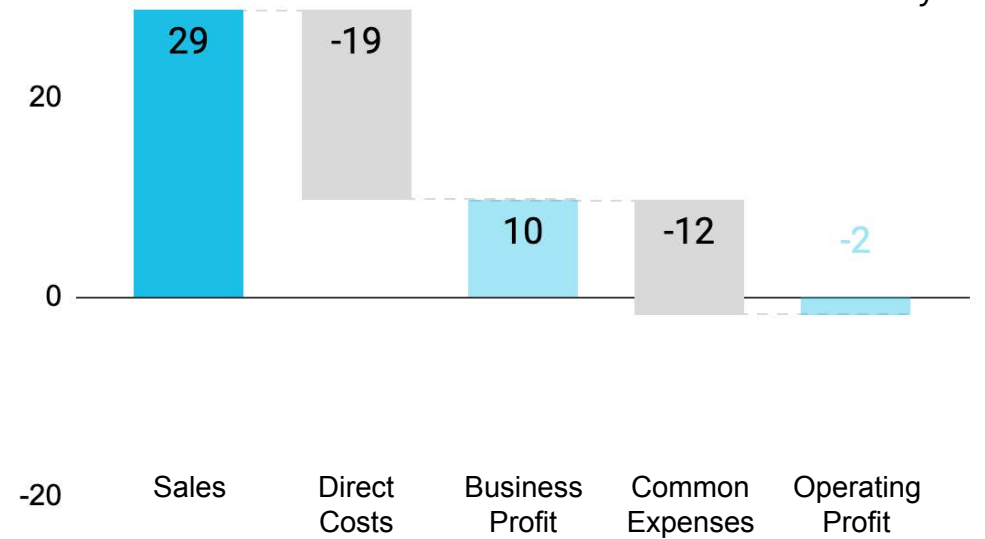
Unit: Thousand yen



Sales: 17.3 rental sales, 0.3 advertising sales
 Direct costs: 2.3 depreciation, 0.8 SIM cards, 5.9 installation fees, 1.7 revenue share, 1.1 settlement cost, 1.5 advertising & marketing, 0.9 call center, 1.3 rounders, etc.
 Common expenses: Personnel expenses and other expenses other than the direct costs of the ChargeSPOT business mentioned above.
 Units: 36,718

FY2023 1Q Per-unit economics

Unit: Thousand yen

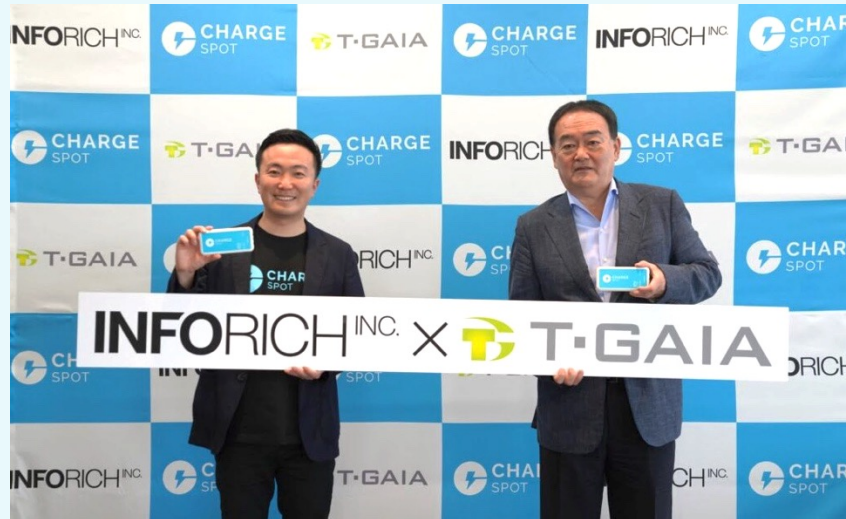


Sales: 28.5 rental sales, 0.4 advertising sales
 Direct costs: 3.8 depreciation, 0.6 SIM cards, 6.4 installation fees, 3.0 revenue share, 2.0 settlement cost, 0.5 advertising & marketing, 0.6 call center, 1.6 rounders, etc.
 Common expenses: Personnel expenses and other expenses other than the direct costs of the ChargeSPOT business mentioned above.
 Units: 46,879

— 03 FY2023 1Q Topics

INFORICH INC.

We plan to start franchise operations in Singapore by the end of this fiscal year with T-Gaia Group, which possesses local business development know-how and business infrastructure.



INFORICH Corporation and T-Gaia Asia Pacific Pte. Ltd., a foreign subsidiary of T-Gaia Corporation, have agreed to franchise ChargeSPOT in Singapore based on the Master Franchise Agreement signed on March 16, 2023.



Singapore, selected as a new country for expansion, is a promising market with a high affinity for the mobile battery sharing business due to its high population density and smartphone penetration rate, as well as the large number of tourists and other overseas travelers.

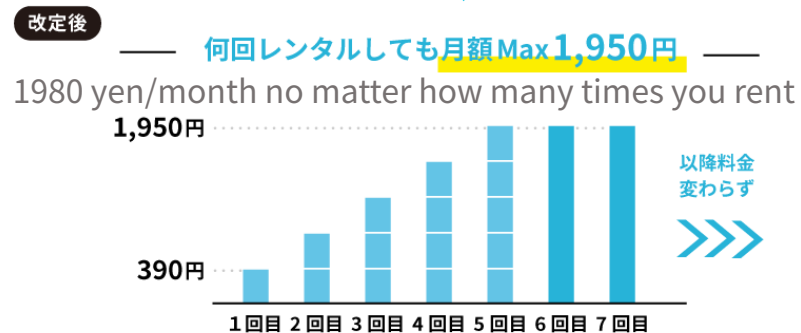
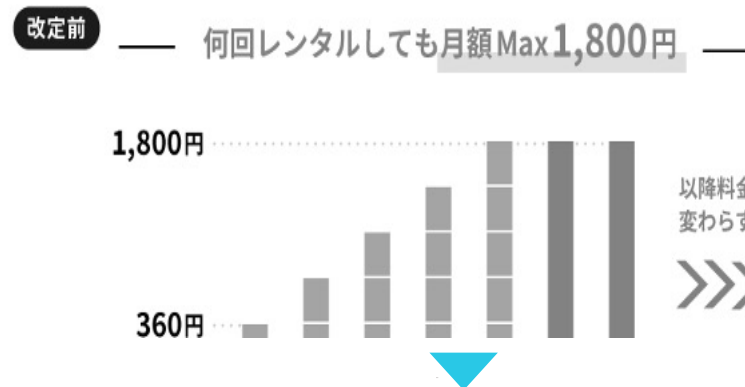
We announced the revision of usage fees for ChargeSPOT and subscription service ChargeSPOT Pass, effective June 1, 2023.

Charge details (tax included) ChargeSPOT



Up to 0.5 hours 165yen, 3 hours 360 yen, 6 hours 450 yen, 24 hours 540 yen, and additional 360 yen for every 24 hours. Exceeding 120 hours will cost 3,980 yen, penalty fee included

Charge details (tax included) ChargeSPOT Pass



* Some battery stands are not covered

* Compensation (3,980 yen) will be charged for lost or damaged mobile batteries

We continued to install battery stations mainly in train stations and retailers with high human traffic.
Contributed to attracting new users and increasing the number of rentals



Tobu Railway



Keisei Electric Railway



Fukuoka PayPay Dome © SoftBank HAWKS



Kojima x Bic Camera

* Brand and product names mentioned are trademarks of their respective companies.

— 04 FY2023 Forecast

INFORICH INC.

1Q sales 21% ahead of full-year forecast
 Sales are expected to grow in line with the plan from 2Q onward

Net sales

6,776 million yen

compared to previous period

+54%

Operating profit

-959 million yen

compared to previous period

-31%

Net income attributable to parent company shareholders

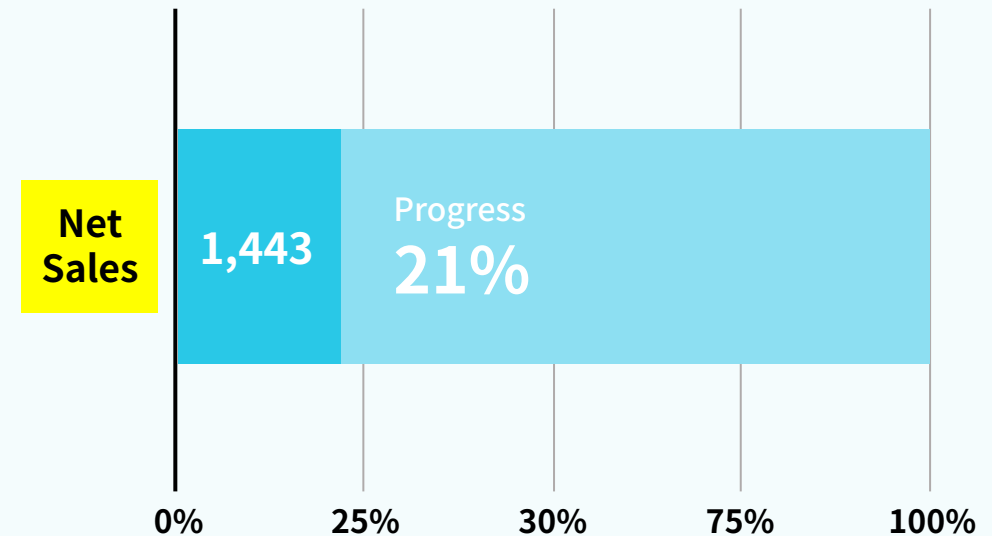
-1,073 million yen

compared to previous period

-14%

FY2023 1Q Progress

Unit: Millions yen



* Progress rate is not shown because operating income is negative.

— 05 Growth Strategy

INFORICH INC.

The essence of the business is to quickly deploy location-based touchpoints with reliability. This is also the source of high barriers to new entrants to the market.

Elements that enable quick and reliable deployment



No charge for installation

This service has a low hurdle for introduction, as stands are loaned free of charge to stores that can expect user’s usage.



Short payback period

Batteries and battery stands provide a quick return on investment through high frequency repetitive use.
(See Appendix " Hardware Recoup Period")

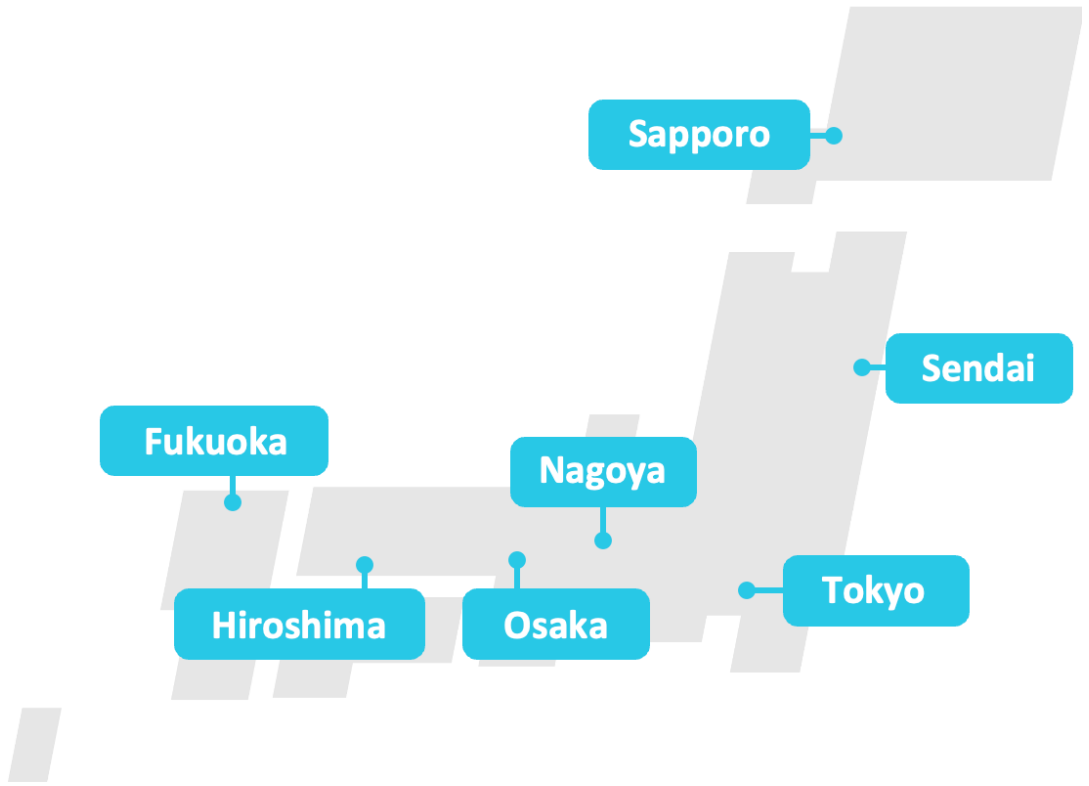


Installation through sales agency companies

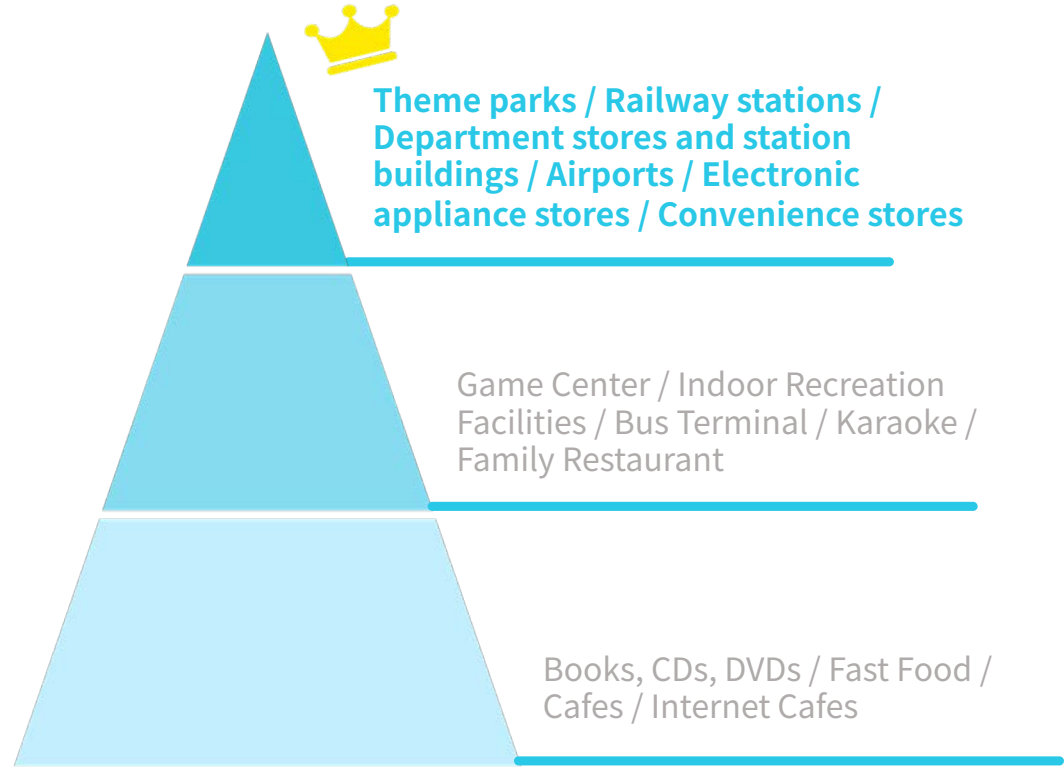
In addition to our direct sales team, we work with distributors who have nationwide network work to enable rapid deployment.

Utilizing data from 39,000 machines already deployed in Japan, we will promote installation in locations that are more convenient for users.

Priority Areas



Priority Industries



Through a business alliance with Toridori, Inc. we plan to develop and operate an advertising solicitation and supply system.
We will establish a new advertising platform utilizing ChargeSPOT's signage screens.



INFORICH Inc. and Toridori Inc., which operates various influencer platform businesses including "toridori marketing," an influencer marketing platform with 300,000 PR results, have resolved to form a business alliance in the signage advertisement business as of February 14, 2023.

We have released a platform that allows access to a wide variety of sharing services.
Services available on the platform will be expanded in due course.



The platform's potential

- 1 Various services in one app providing a seamless experience
- 2 Recommends sharing services located near the user
- 3 Analyzes user usage patterns and recommends new services

By installing a beacon in each ChargeSPOT, we can deliver advertisements tailored to the advertiser's target audience and measure store visits from anonymized data obtained at the installation locations.

Advertisement

Advertisement based on profile data

- SNS ads
- Push notifications during store visits
- Signage ads



Analysis and Visualization

Measurement of store visit



Through the development of the new co-located models, we will further expand the installation of ChargeSPOT in prime locations such as stations and commercial areas.

Vending machine model



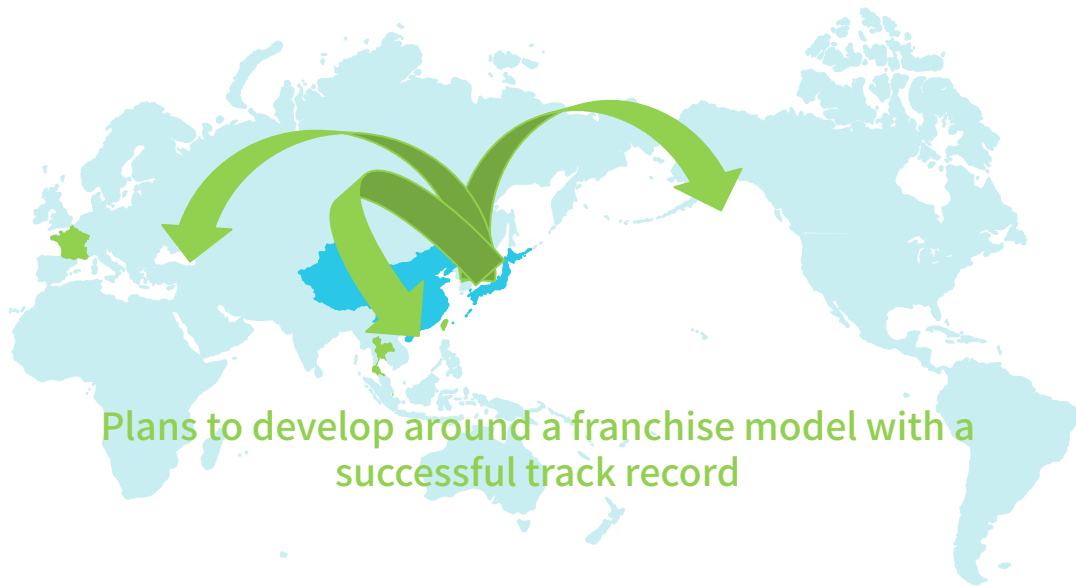
For the first time, a vending machine model was installed in a station. It allows customers to smoothly rent ChargeSPOT while commuting to work or changing trains. The vending machine model will be rolled out nationwide in the future.

Ticket vending machine model



Keio Corporation and INFORICH Inc. have begun installing ticket vending machine models at 32 stations along the Keio Railway line in order to make better use of available space and aim for greater convenience. This is the first time in Japan that ticket vending machines space is leased to another company's service.

ChargeSPOT is being developed mainly in East Asia. We are considering medium- to long-term development in other areas based on a franchise model with successful examples.



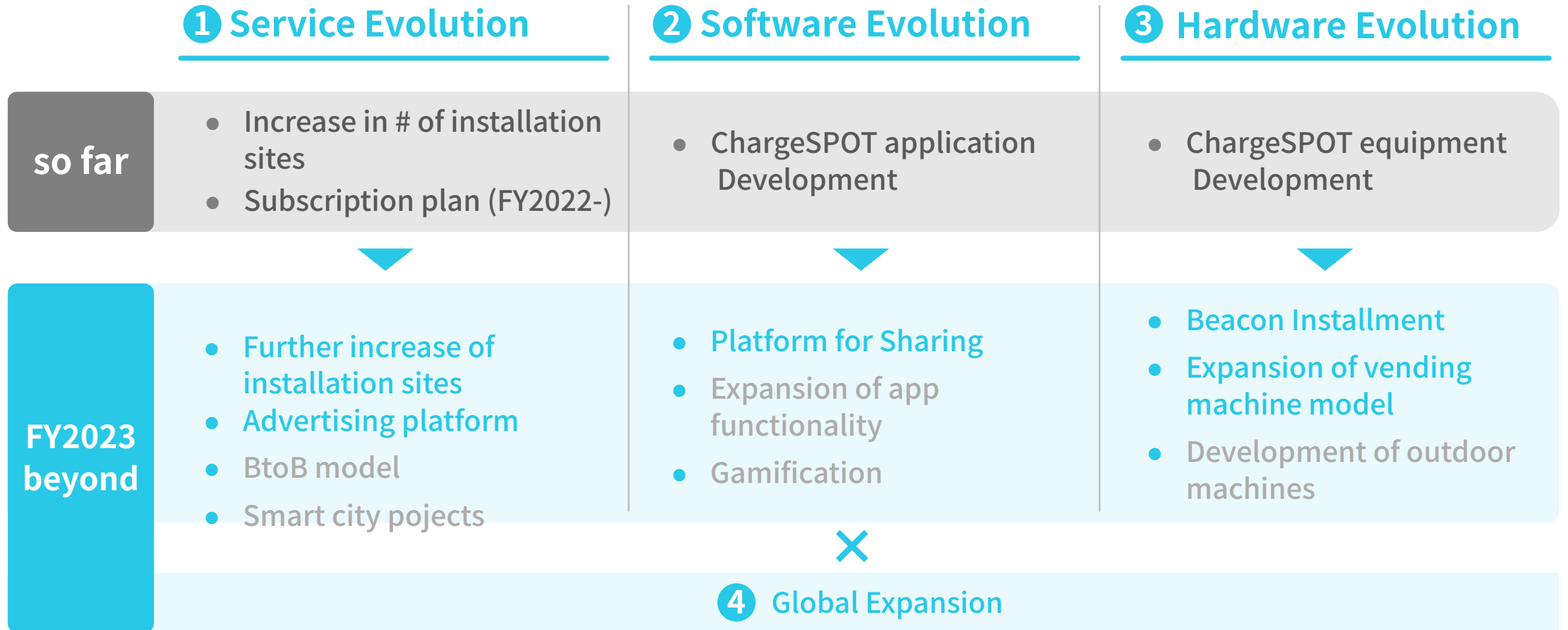
Target Countries

Countries with high per capita penetration of smartphones and electronic payments and large metropolitan areas with well-developed public transportation systems.

Deployment Method

In order to quickly establish a local presence and user base, we will develop a franchise agreement with a financially strong company that has a network.

The essence of the business is to quickly deploy location-based touchpoints with reliability.



Disclaimer

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

This document has been prepared solely for the purpose of providing information on INFORICH Inc. and is not intended as a solicitation to invest in the Company's securities.

The information contained herein is based on current economic, regulatory, market and other conditions.

This material contains forward-looking statements. These forward-looking statements are based on information available to us at the time such statements were made. These statements are not guarantees of future results or performance. Such forward-looking statements necessarily involve known and unknown risks and uncertainties that could cause actual future results and financial condition to differ greatly from future results and financial condition expressed or implied by such forward-looking statements.

The information in this document concerning companies other than INFORICH inc. and information prepared by third parties is quoted from publicly available information. The Company has not independently verified the accuracy or appropriateness of such data, indicators, etc., and assumes no responsibility whatsoever for such information.

Brand and product names mentioned are trademarks of their respective companies.

— 06 Appendix

INFORICH INC.

"S5" model

7" Digital Signage



of battery slots
5 pcs.

"S10-A" Model

10.1" digital signage



of battery slots
10 pcs.

"S10" model

14.1" digital signage



of battery slots
10 pcs.

"M10" model

24" Digital Signage



of battery slots
10 pcs.

"LL20-J" model

42" digital signage



of battery slots
20 pcs.

"LL40" model

42" digital signage



of battery slots
40 pcs.



USB Type-C*1



Lightning*2



Micro USB

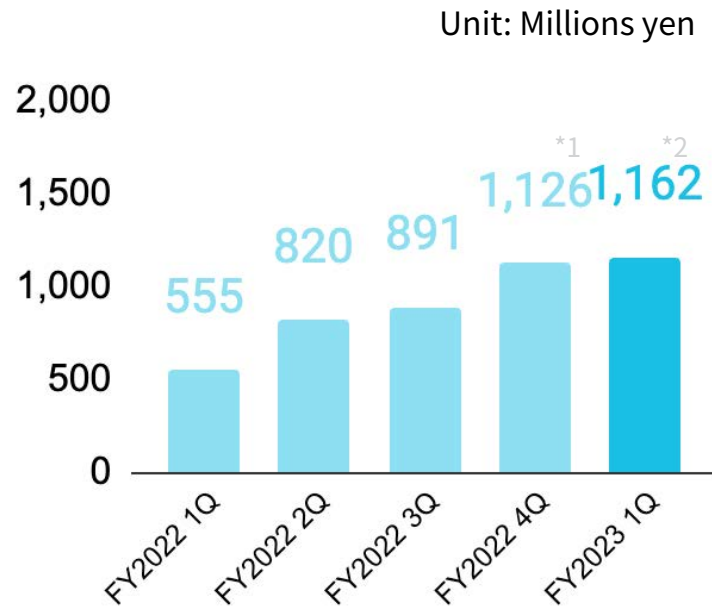
*1 USB Type-C is a registered trademark of the USB Implementers Forum
*2 Lightning is a trademark of Apple Inc.

Three types of cables built in

Three types of cables (USB Type-C*1, Lightning*2, and Micro USB) are built in. It is compatible with almost all smartphones.

Net sales increased from the previous year as a result of strong rental sales.
EBITDA turned positive, and operating loss decreased due to a decrease in cost of sales and SG&A expenses.

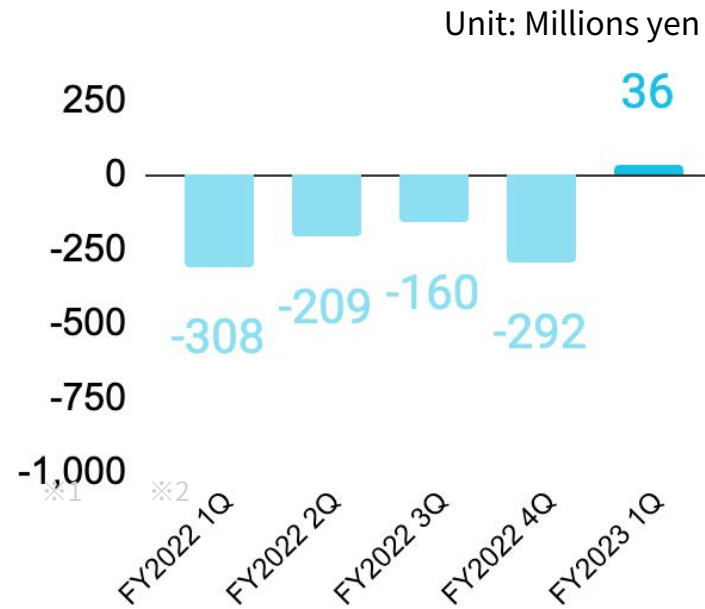
Net sales



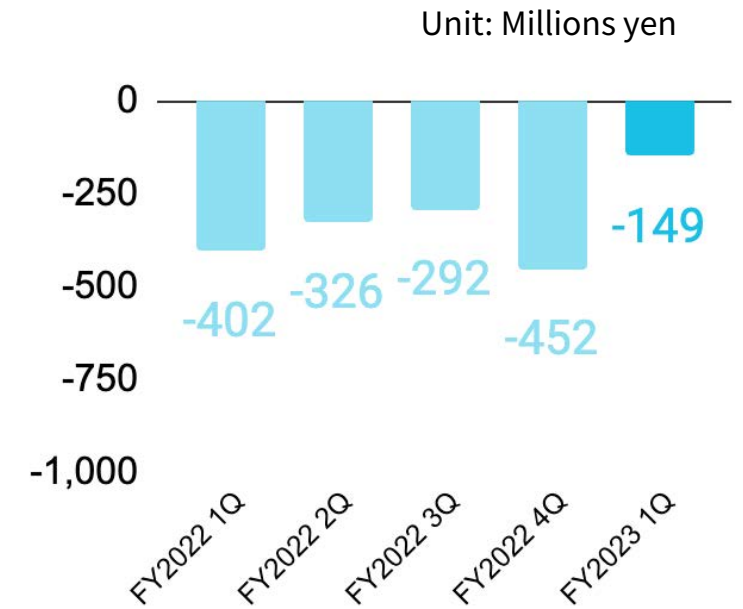
*1 Rental: 1,060, Advertisement: 24, Other: 40

*2 Rental: 1,092, Advertisement: 7, Other: 63

EBITDA



Operating profit



* EBITDA = operating income + depreciation and amortization

* Figures before 2Q FY2022 have not been audited or reviewed.

Net sales increased from the previous year as a result of strong rental sales. EBITDA turned positive, and operating loss decreased due to a decrease in cost of sales and SG&A expenses.

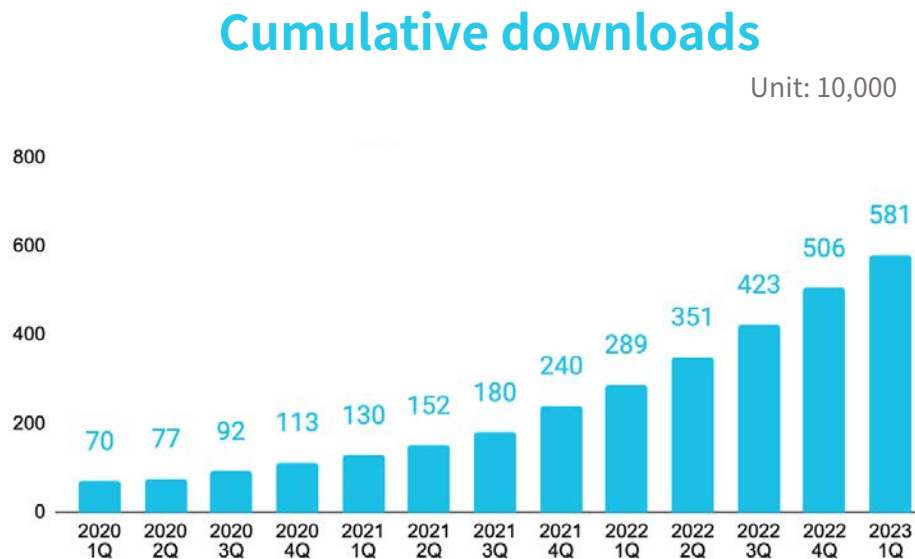
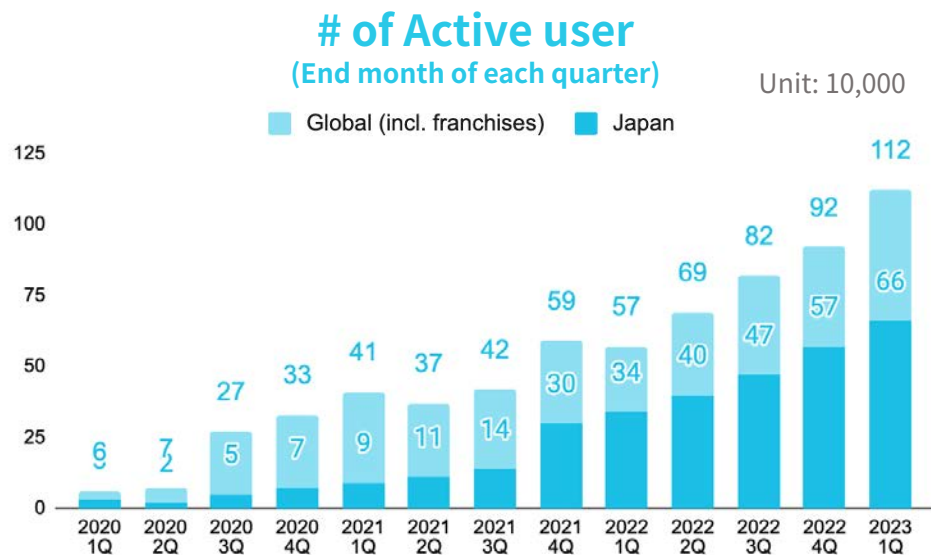
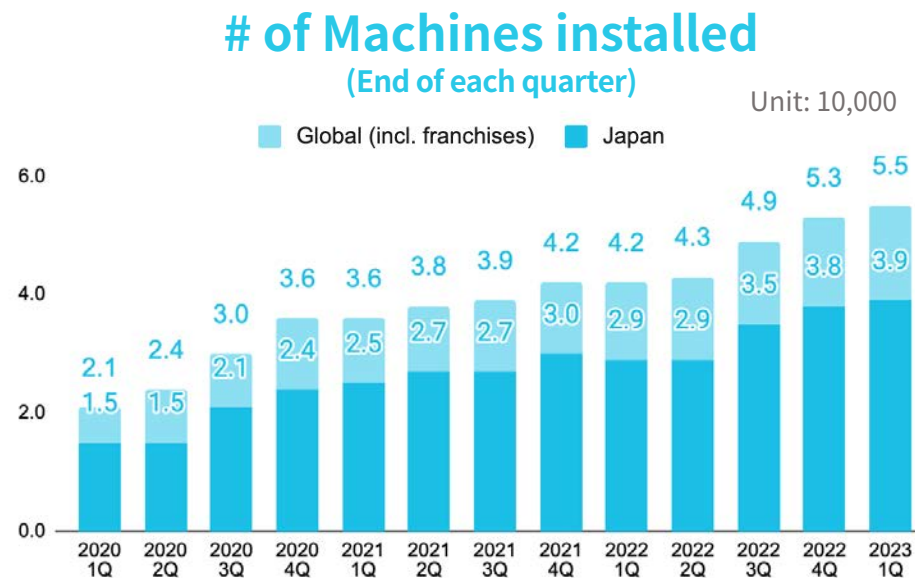
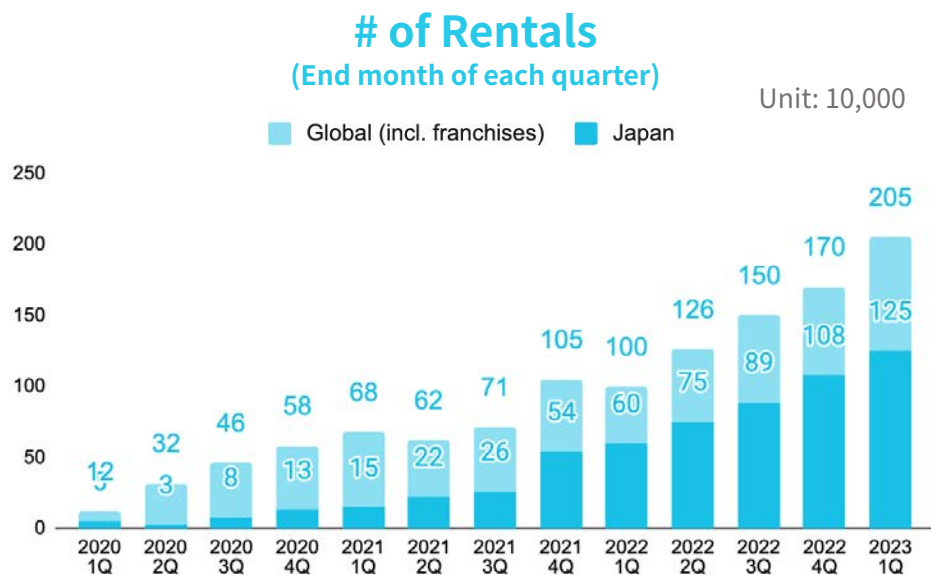
Income Statement (Jan-Mar)

Unit: Millions yen

	FY2022 1Q	FY2022 4Q	FY2023 1Q	YoY Increase	QoQ Increase
Net sales	555	1,126	1,162	+109%	3%
EBITDA	-308	-292	36	-	-
Operating profit	-402	-452	-149	-	-
Operating profit ratio	-73%	-40%	-13%	-	-

* EBITDA = operating income + depreciation and amortization

* Figures before 2Q FY2022 have not been audited or reviewed.

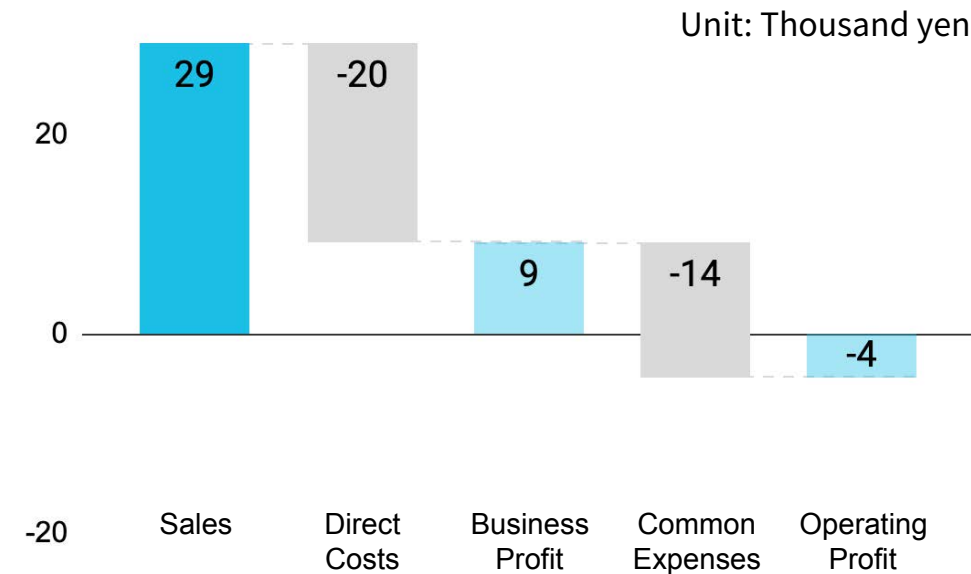


* users who use the service at least once a month

* # of downloads worldwide, including franchise areas

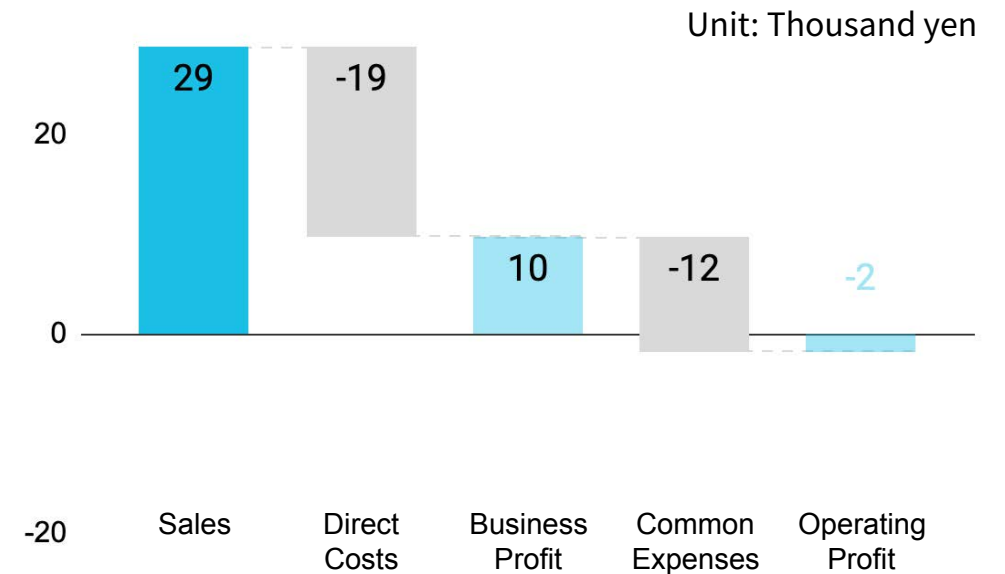
Operating loss per unit narrowed as a result of reductions in direct and common costs per unit.

FY2022 4Q Per-unit economics



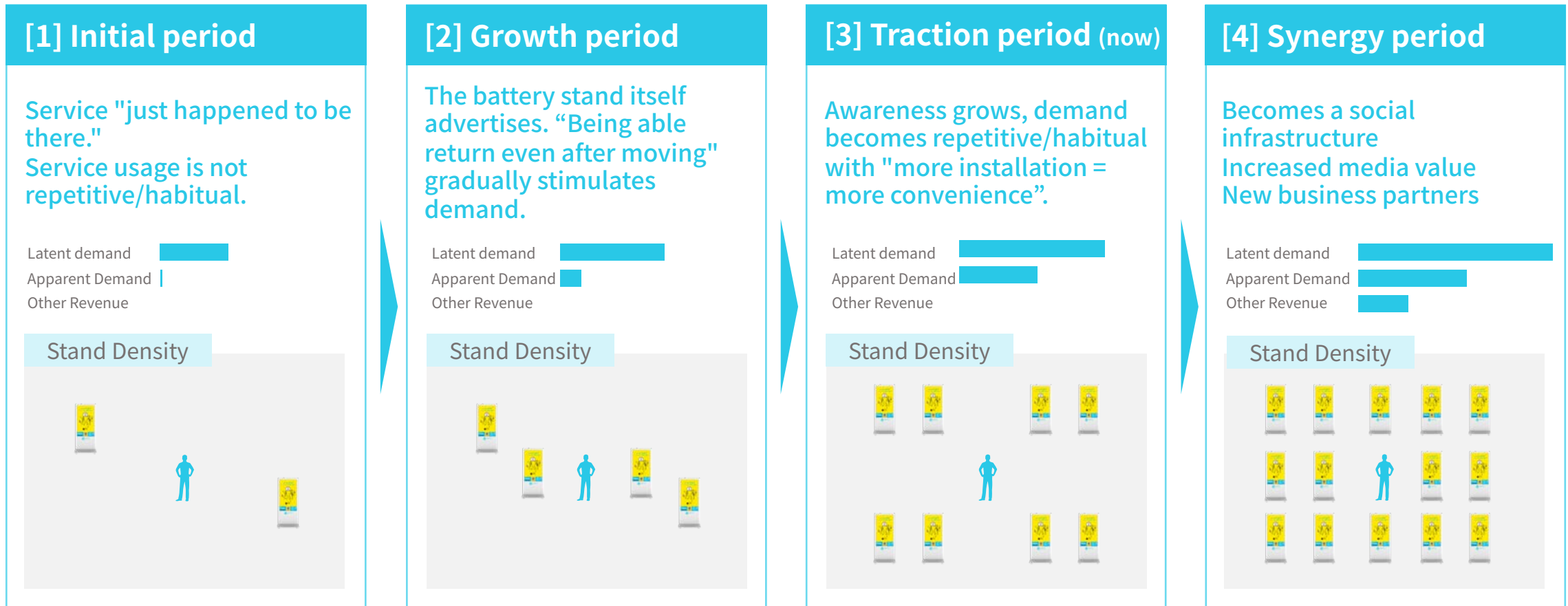
Sales: 28.5 rental sales, 0.7 advertising sales
 Direct costs: 3.6 depreciation, 0.6 SIM cards, 5.1 installation fees, 2.4 revenue share, 2.2 settlement cost, 2.3 advertising & marketing, 0.7 call center, 1.9 rounders, etc.
 Common expenses: Personnel expenses and other expenses other than the direct costs of the ChargeSPOT business mentioned above.
 Units: 45,542

FY2023 1Q Per-unit economics



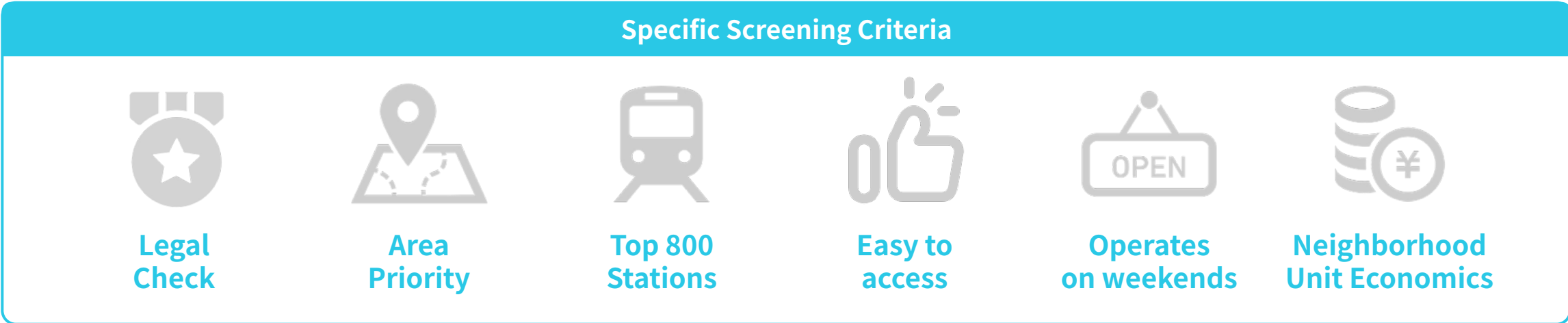
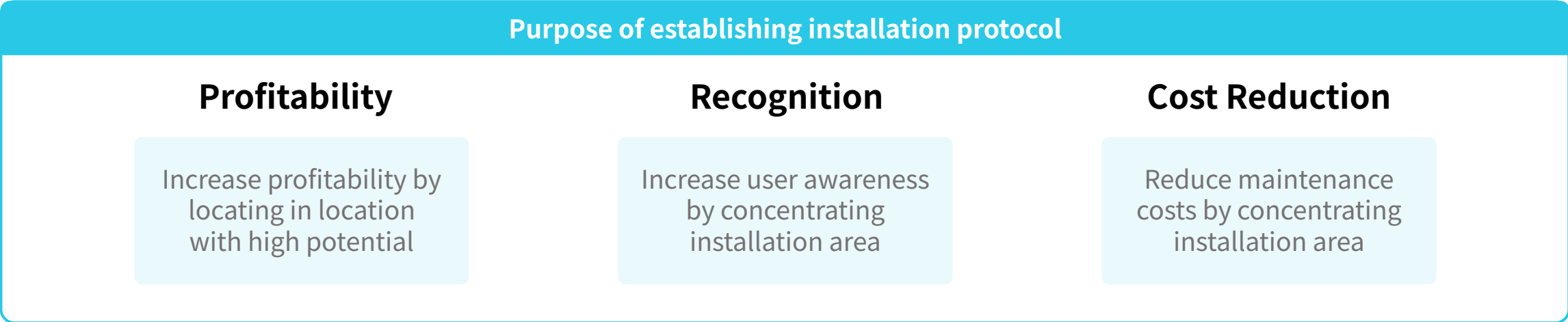
Sales: 28.5 rental sales, 0.4 advertising sales
 Direct costs: 3.8 depreciation, 0.6 SIM cards, 6.4 installation fees, 3.0 revenue share, 2.0 settlement cost, 0.5 advertising & marketing, 0.6 call center, 1.6 rounders, etc.
 Common expenses: Personnel expenses and other expenses other than the direct costs of the ChargeSPOT business mentioned above.
 Units: 46,879

The "awareness -> use -> habituation" process in the battery sharing business has a flywheel effect, expected to bring sustainable business growth.

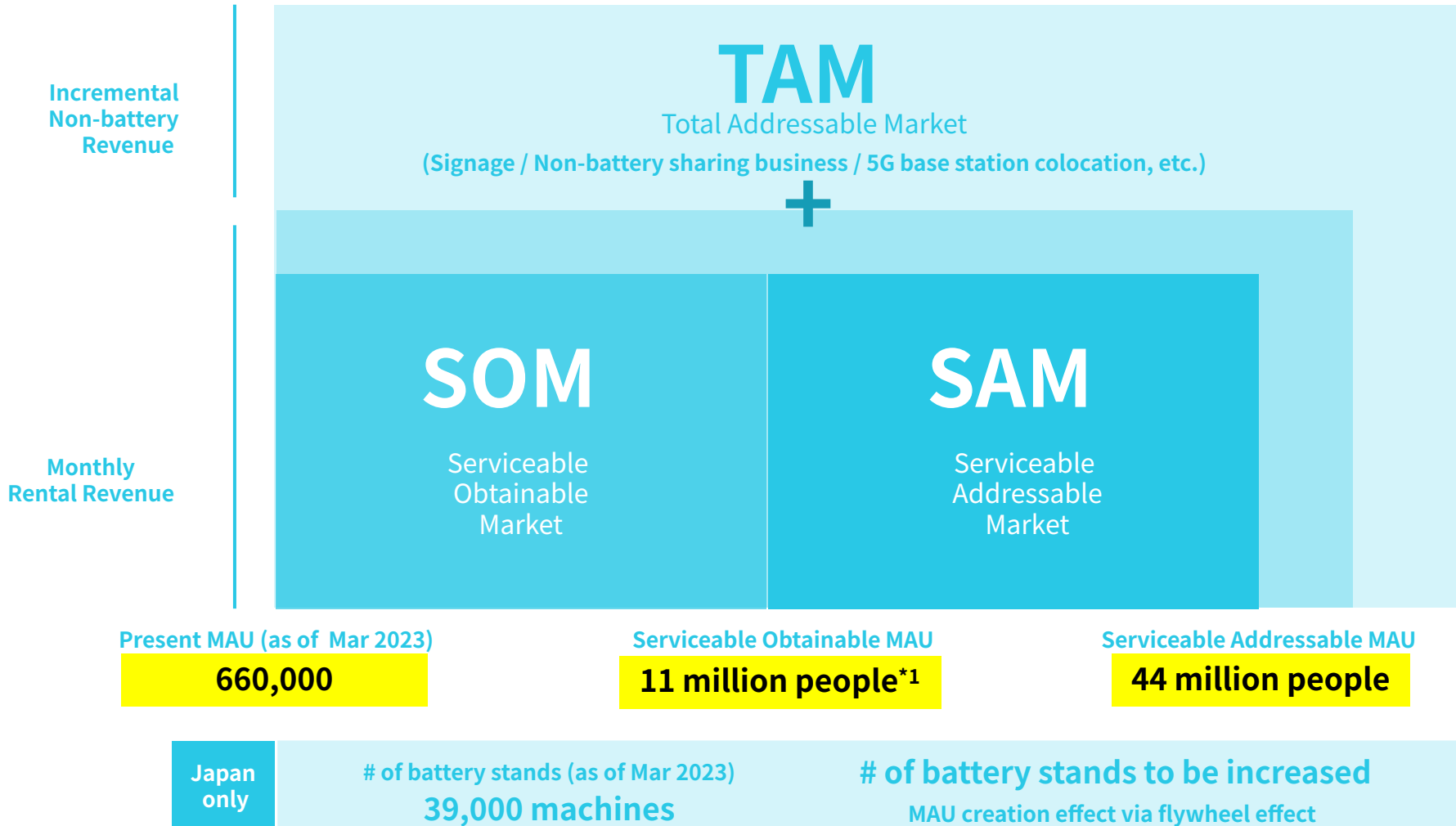


* The latent demand/apparent demand/new business opportunities and the installation density are all images that visually represent the sense of increase/decrease.

From the perspectives of profitability, recognition, and cost reduction, the location of the machine is reviewed prior to installation.



ChargeSPOT is installed in accordance with the "Installation Protocol".
Planned MAU capture contributes to SAM/SOM reaping.



*1SAM, which we set as our domestic business target, is set on a scale calculated by multiplying the percentage of smartphone users who are likely to recharge their batteries at least once during their out-of-home time (our estimate) with total smartphone users estimated at 93 million based on the Ministry of Internal Affairs and Communications population estimates (as of October 1, 2022) and the 2021 Telecommunications Usage Trends Survey (Note). We believe that the percentage of such users will increase in the future due to the increase in battery consumption resulting from the spread of 5G.

Next, the sales target SOM is set to the size calculated by multiplying the percentage of potential users of mobile battery sharing services (users who are interested in using mobile battery sharing services) among SAM (our estimate).

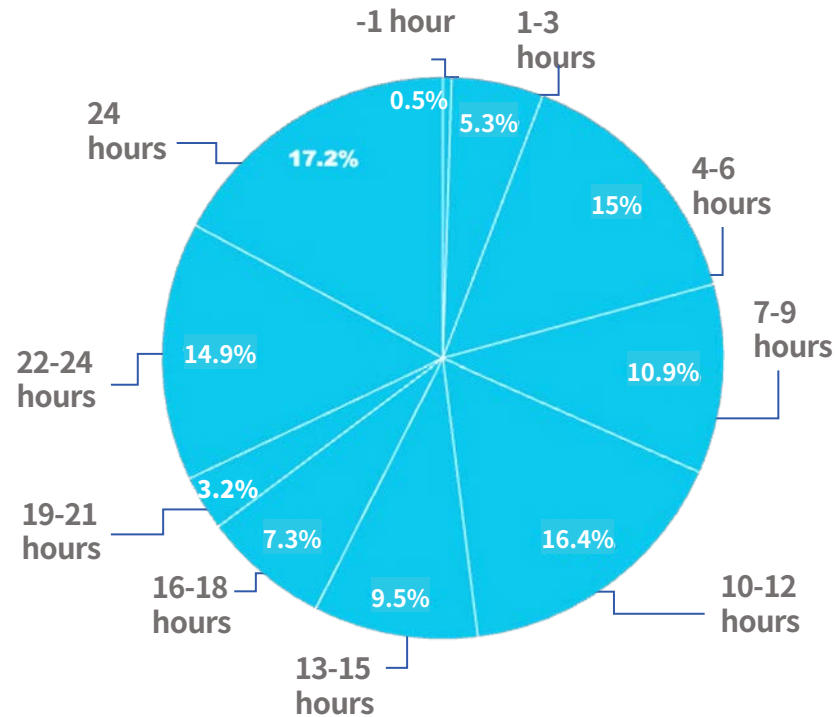
We are working to expand SOM by increasing the # of ChargeSPOTs installed.

Furthermore, in addition to these markets directly related to mobile battery sharing, we aim to expand TAM beyond SAM by expanding opportunities to use digital signage in ChargeSPOT and by promoting the use of devices other than mobile batteries for charging and expanding profit-earning opportunities. We are aiming to expand TAM beyond SAM by expanding revenue opportunities.

(Note) Estimates calculated by multiplying the total population of Japan as of October 1, 2022 (population estimate by the Statistics Bureau of the Ministry of Internal Affairs and Communications) by the percentage of smartphone owners (individuals) in 2021 (based on the 2021 Telecommunications Usage Trends Survey by the Ministry of Internal Affairs and Communications).

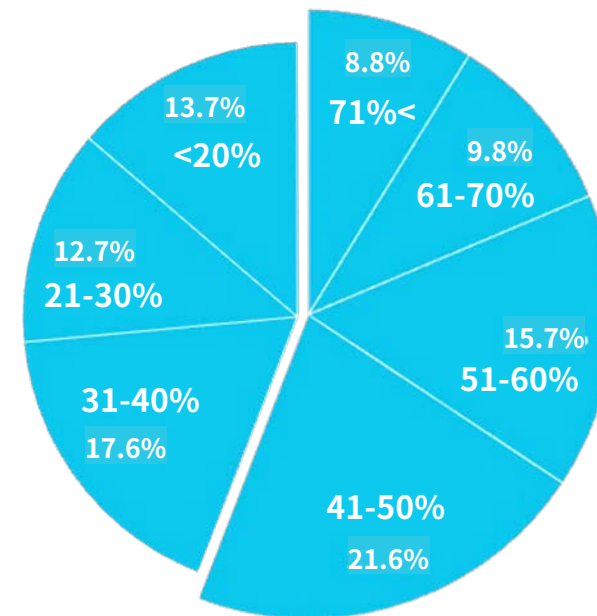
Average smartphone lasts for only 14 hours after full charge.
 Over 50% recognize the need to recharge before the battery left drops below 40%

Q: How long does your smartphone last after a full charge?



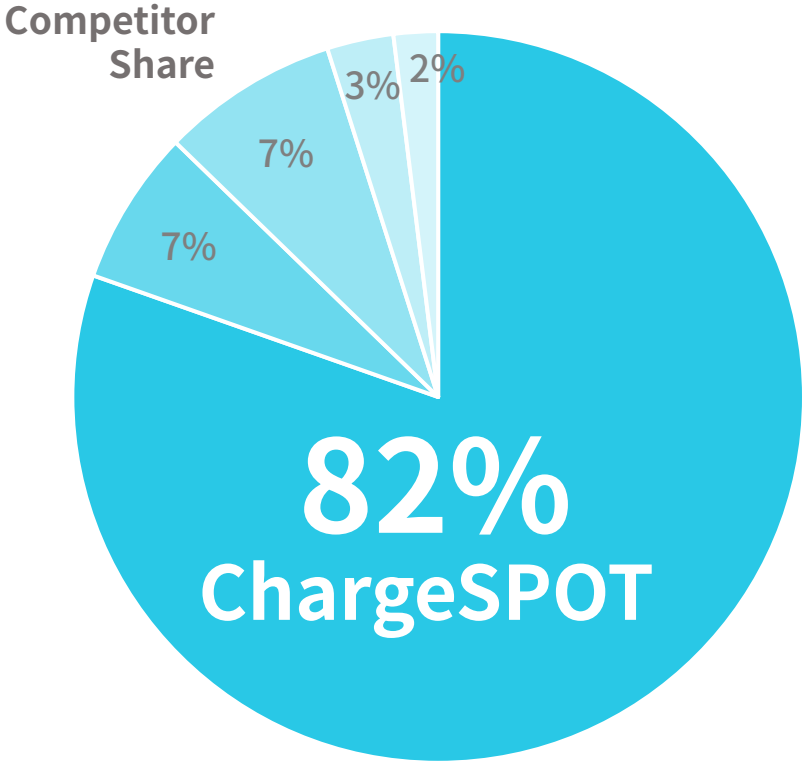
Source: dentsu "Survey on Mobile Battery".
 (Survey conducted in December 2019 (Japan), surveyed to 500 smartphone owners)

Q: At what percentage of battery left do you feel the need to recharge?



Source: SoftBank SELECTION "Smartphone Users' Awareness of Battery Life and Charging Fact Survey".
 (August 2013 survey, 800 people surveyed), Survey results pertaining to the "residual amount" that respondents would start to feel anxious.

More than 80% of the installed market share is held by us, which is an extremely high barrier to new entrants.



Share of battery stations installed

of battery stands installed*

ChargeSPOT	39,071
Competitor A	3,250
Competitor B	3,128
Competitor C	1,497
Other	826

ChargeSPOT was the first mobile battery sharing service introduced in Japan and pioneered the market from scratch. The more stands installed, the more convenient it is for users, and this is the reason why customers have adopted ChargeSPOT after comparing it with other services. ChargeSPOT is a business model that has a high precedence, resulting in a market share of more than 80% in terms of the # of battery stands installed.

As a result, the market will be activated and the need for installation will increase, leading to an increase in the # of installations.

For new entrants to enter the market and increase rental usage, it is necessary to gain a large share of the market. However, since more than 80% of the market share is currently held by a single company, there exists an extremely high barrier to entry.

* Installed machines as of March 2023, in-house research

The recoup period for batteries is about one month and for stands one month to one year depending on type.

Hardware		# of slots	Depreciation period	Recoup period
Battery		-	3 years	29 days
Battery Stand	 LL40	40 pcs.	5 years	35 days
	 LL20-J	20 pcs.		246 days
	 M10	10 pcs.		366 days
	 S10-A	10 pcs.		230 days
	 S5	5 pcs.		106 days

* Recoup period: Based on battery utilization rate as of December 2022 or average daily sales per stand. Time to recoup each hardware cost (production cost plus various expenses for kitting, delivery, and installation)

	Major Risks	Countermeasure
<p style="text-align: center;">Innovations in "battery life"</p> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 80%;"> <p>Risk term: Medium to long term Likelihood: Low</p> </div>	<p><u>Longer battery life due to advances in technology</u></p> <p>Since the driving need for the ChargeSPOT business is smartphone battery drain, the "battery life" of future smartphones will have a significant impact on our business. If, as a result of rapid technological innovation in rechargeable batteries, smartphones with built-in batteries that do not require any additional recharging for several days despite any vigorous smartphone use become widely used, this would naturally have an adverse effect on our shared battery business.</p>	<p><u>Battery evolution has changed along with device feature, and performance evolution will take time.</u></p> <p>In fact, the technological innovation of lithium-ion batteries is not yet completely exhausted, but few experts believe that we are about to enter a phase of innovation that is an order of magnitude different from the past. On the other hand, battery technologies other than lithium-ion batteries are promising for industrial applications such as drones and EVs, but not for smartphones, due to their electromotive force (potential difference between anode and cathode), cycle characteristics (durability), energy density (space), material stability in the atmosphere (safety), mass production (price), and other factors. Even if it is possible, there are still many hurdles to overcome before full-scale adoption. On the other hand, looking at the smartphone itself, the power consumption required to drive the mobile device is expected to increase due to the generational shift from 4G to 5G (higher capacity transmission and higher frequency bands) and the addition of unprecedented application functions due to the advancement of semiconductors and displays. There is a concern that the planned level of innovation in battery technology will not be sufficient to cover even this increase in power consumption. In sum, while we are fully aware of the general risk that smartphone-embedded battery technology poses to our business, we analyze the possibility that our smartphone lifestyle, including the frequency of charging, may move in the direction of raising our raison d'etre.</p>
<p style="text-align: center;">Competitive environment</p> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 80%;"> <p>Risk term: Medium to long term Likelihood: Low</p> </div>	<p><u>Increased competition due to growth of competitors</u></p> <p>The mobile battery sharing service that our group is developing is not a regulated industry, and since the manufacturing of mobile batteries and battery stands can be done on an OEM basis, there is a risk of intensified competition due to an increase in the # of companies participating in this service. The market share of the mobile battery sharing service accounts for approximately 80%* of the total # of battery stands installed in Japan, and we believe that the revenue base is stable. The Group plans to take various measures to expand the # of battery stands and users in the future. However, if these plans do not proceed as expected due to an intensified competitive environment, the Group's financial position and operating results may be affected. *Calculated by # of machines installed by the Group as of March 2023 and the # of machines announced by competitors.</p>	<p><u>Expansion of # of installation sites</u></p> <p>The most important thing for our mobile battery business is to secure installation sites. With this in mind, we have been aggressively installing our products in national brand commercial facilities and major railroad stations where people are concentrated, thereby ensuring the superiority of the first installations. As a result of the economies of scale evident in the sharing business, there is a strong tendency for a virtuous cycle of market leaders that progresses day by day, and once a service reaches a certain level of recognition, the difficulty for new entrants to regain market share increases at an accelerated pace. We, for our part, will not be complacent and will continue to solemnly work on improving our services while paying close attention to the movements of other companies in the market.</p>
<p style="text-align: center;">Pandemic situation</p> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 80%;"> <p>Risk term: short/medium/long term Likelihood: Medium</p> </div>	<p><u>Lockdown or similar measures due to pandemic</u></p> <p>Service provided by our group is deeply linked to and affected by the flow of people. If a state of emergency is declared by the government due to a pandemic, the Group's business may be affected as the flow of people is restrained by lockdown or other restrictions. The Group is working to reduce this risk by installing battery stands in convenience stores and other locations that are frequently visited even when restrictions are imposed, but the occurrence of such a risk could affect the financial position and business performance of the Group.</p>	<p><u>Possible measures using "antiviral" material</u></p> <p>Since this business risk is not something that can be addressed by Company on our own or through corporate efforts, it is difficult to give an example of a clear countermeasure. However, as part of our measures against COVID-19 we have taken measures to reduce the negative impact by making all our batteries "antibacterial" and "antiviral" so that our users can rental with peace of mind even under pandemic conditions. We have taken measures to reduce the impact on our rental business as much as possible. We will continue to strive to accurately grasp the needs of the market so that we can take all possible measures in the future.</p>

* Major risks that the company recognizes as having the potential to affect the realization of growth and the execution of its business plan are listed. Other risks are described in the "Business and Other Risks" section of the Securities Registration Statement.

We are responsible for the social infrastructure of charging, and we will work together with various partners.
We will work to improve the sustainability of the company and society as a whole.

Current Initiatives

Future Development

	Current Initiatives	Future Development
Environment	Green Power Certificate procurement Green Power Certificates are purchased every year for 10% of the power consumption from our battery stands already installed.	We will also work to promote the spread of green power (Green Power Mark on signage, etc.).
	CO2 emissions performance CO2 emissions in FY2022 have been calculated from Scope 1 to Scope 3 and will be disclosed soon.	In addition to reducing CO2 emissions from business operations, we will also consider implementing effective carbon offsetting.
	ChargeSPOT's Contribution to CO2 reductions We have conducted calculations with the cooperation of Asuene Corporation to determine how much CO2 emissions can be reduced by using ChargeSPOT compared to purchasing batteries and will be disclosed soon.	We will promote ChargeSPOT as an environmentally friendly choice. and contribute to increasing interest in sustainability among the companies where we install our products and the service users.
Disaster Prevention	Free rental and Disaster Prevention Agreement In the event of an earthquake or major power outage, we make batteries available for rent free of charge in targeted areas. We have concluded disaster prevention agreements with local governments and companies to mitigate damage from disasters.	We will continue to strengthen cooperation with local governments and companies so smart phones can be used even in times of disaster, while striving to raise disaster awareness among users.



INFORICH INC.