

New Businesses: Rising to the Challenge

We will create new businesses and provide a broad range of solutions to meet developing social issues in the energy and non-energy fields by further accelerating innovation, while leveraging advantages from the comprehensive strength of the Group. Our Group defines innovation as being excellent in both the ability to create new businesses and services and the ability to reform operations of existing businesses, with an established system that nurtures autonomous and sustainable innovation. We are strengthening our structures and building systems capable of promoting these goals.

Cooperation with outside organizations and structural enhancements to promote innovation

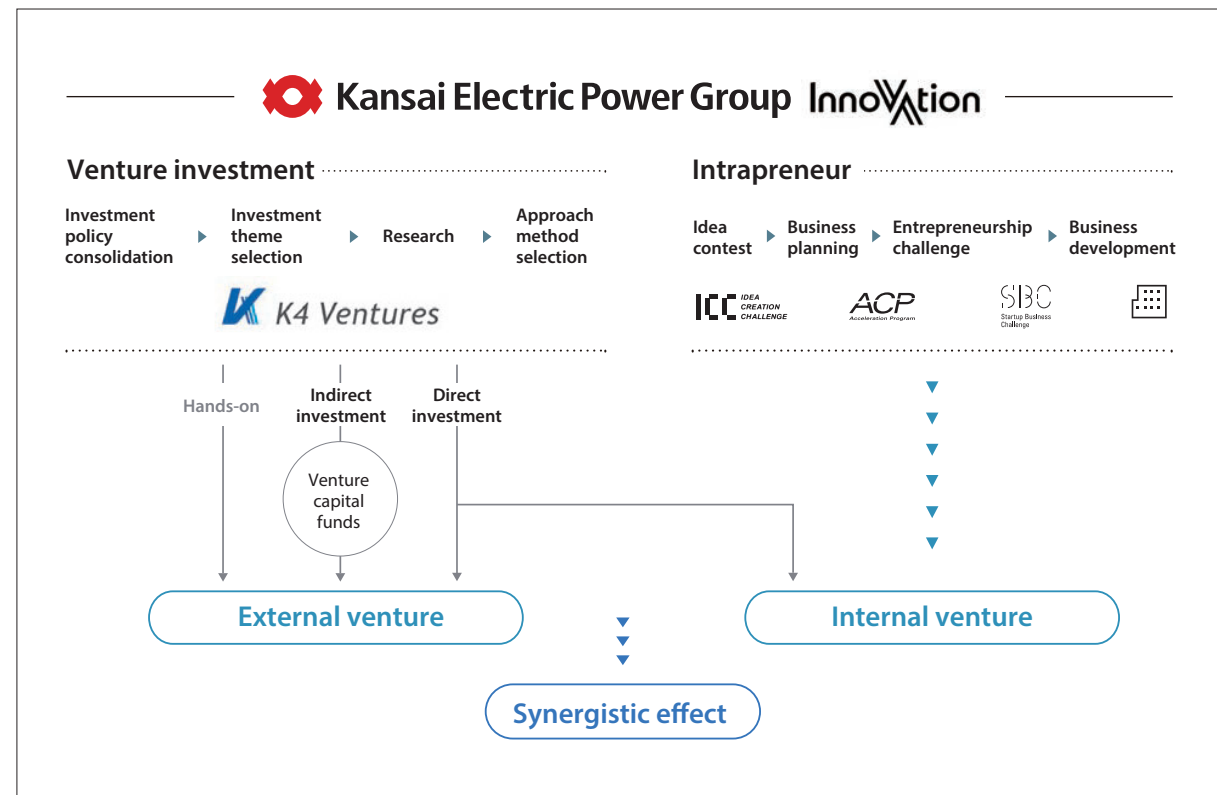
As part of the organizational reforms implemented on July 1, 2019, we set up an Innovation Lab in the Office of Corporate Planning as a hub to further accelerate innovation while leveraging the Group's comprehensive strength and the advantages this delivers.

Besides promoting, coordinating and steering innovation across the Group, the Innovation Lab will advance the creation of new businesses and services not only in the energy field but also in the non-energy field in collaboration with external venture companies.

Establishment of the Innovation Lab Unit

In the energy field, we aim to enhance new infrastructure in preparation for the spread of electric vehicles (EVs) and the realization of 3D+D (Decarbonization, Decentralization, Digitalization plus *Denka* electrification)."

In the non-energy field, we are engaged in business development activities aiming to contribute to solving issues faced by customers in the areas of social infrastructure, culture/entertainment, agriculture/food and life design, as well as social issues covering areas where demand is limited.



K4 Ventures GK

In order to strengthen our collaborative efforts with venture companies that possess innovative technologies and business models, K4 Ventures GK, the investment entity of the Group (hereinafter, K4V), makes direct investments in specific venture companies and indirect investment in venture capital funds. K4V supports the growth of promising venture companies through investment as well as promoting collaboration with our Company and our group companies.



Management philosophy
Challenging the unknown; entering into new fields together with venture companies

Investment targets and investment sectors
Investment targets

- Start-ups in existing business areas of integrated energy/power transmission and distribution, information and communications, and lifestyle/business solutions that enable both start-ups and our Group to expect growth in businesses through collaboration
- Start-ups with innovative technologies, business models, etc. in new business fields for the Group

Investment sectors
Batteries, mobility, robotics, AI, IoT, big data, agriculture and food, culture and entertainment, social infrastructure, life design, etc.

Target stage
Fundamentally all stages are targets



Investment track record

[Indirect investment]

Date of announcement	Investment location
2018. 6.20	EEL 4 Innovation & Impact Investment Business
2018. 9.19	Scrum Ventures 3 Fund
2019. 9.10	Global Catalyst Partners Japan 2 Fund
2020. 2.28	Future Food Fund 1

[Direct investment]

Date of announcement	Investment location
2018. 5. 7	Ubie, Inc.
2018.11. 1	VPP JAPAN Co., Ltd.
2018.12.28	SIRC Co., Ltd.
2019. 3. 1	EditForce, Inc.
2019. 4.12	CONNEXX SYSTEMS Corporation

2019. 4.15	NExT-e Solutions Inc.
2019. 5.23	Pixie Dust Technologies, Inc.
2019. 6. 5	Space Power Technologies Co., Ltd.
2019. 7.12	GIRASOL ENERGY Inc.
2019.10.31	Exergy Power Systems Inc.
2020. 6.29	Informatis Co., Ltd.
2020. 9.30	Next Energy & Resources Co., Ltd.

Intrapreneur (internal entrepreneur) Promotion System

The Kanden Entrepreneurship Challenge System has been in operation since 1998, allowing employees in our Group to propose new business projects and going on to commercialize those projects that pass screening. From 2018 onward, the IDEA CREATION CHALLENGE – a contest to share new business ideas – and the Acceleration Program, which raises those ideas to the level of business plans, have been added, thus strengthening and promoting these systems that support internal entrepreneurship across those three steps.

As of the end of June 2020, nine projects have been commercialized under the Kanden Entrepreneurship Challenge System, of which four companies are continuing to develop these businesses.

<Companies with ongoing business>

- Nekojitadou Co., Ltd. established in February 2020
- TRAPOL GK established in October 2019
- Meteorological Engineering Center, Inc. established in September 2004
- Kanden-EL-Farm, Inc. established in January 2000

Establishment of "e-mobility" Vision

In October 2019, the Mobility Unit adopted "e-mobility" Vision, a program aimed at contributing to solving social issues through the spread of EVs (electric vehicles) as well as installing the necessary infrastructure. We believe that EVs will play an important role as part of the 3D+D movement, namely: Decarbonization, Decentralization, Digitalization plus DENKA (electrification). We aim to accelerate the spread of EVs by improving the required infrastructure and delivering customer-oriented services, thus seeking the realization of an e-mobility society equipped with a new EV-centered mobility system.



Nekojitadou Co., Ltd.

Established in February 2020 through the Kanden Entrepreneurship Challenge System.

Founded by a former nurse Ms. Atsuko Shibata with the help of her colleagues, Nekojitadou is a company that aims to help people enduring eating difficulties due to their cancer treatment – as experienced by Ms. Shibata herself during her own treatment for cancer.

Through the sale of original cutlery (spoons, forks, etc.) designed to be used comfortably by anyone, and a community where people experiencing the same concerns can gather and connect, Nekojitadou makes opportunities to regain the joy of eating.

By drawing on the new value of peer-made (i.e. products designed by people in the same situation), we are trying to change the world so that people who have trouble eating because of cancer treatment or due to other reasons can live in their own way.



猫舌堂®



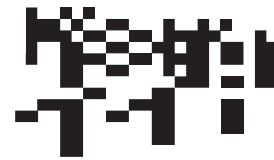
The Nekojitadou management team



Nekojitadou original cutlery

Gekidaniino GK

Through iino, a 5 km/h mobility service created by the Innovation Lab, Gekidaniino GK aims to develop business at the intersection between Mobility and Culture/Entertainment. By creating a space that can be experienced only at 5 km per hour and providing content specifically for that situation, the aim is to realize transportation that is both entertaining and comfortable, as well as convenient, thereby contributing to making the places you are moving through more entertaining.



type-S: a useful means of transportation for pedestrian areas.



type-R: a luxury experience for tourist resorts, etc.

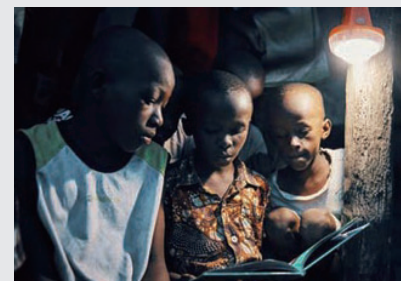
WASSHA

In August 2019, the Company formed a business alliance with WASSHA Inc. (hereinafter, WASSHA), which provides LED lantern rental services to people in non-electrified areas of Africa.

Mainly in non-electrified areas of Tanzania, WASSHA provides services by partnering with kiosks or sales outlets selling daily necessities, through the installation of solar panels and LED lanterns that can be charged from solar panels in each shop.

Our role is to procure lanterns and other equipment and loan them out to WASSHA. WASSHA aims to expand its business by increasing the number of local kiosk tie-ups and installing the necessary equipment in these kiosks/sales outlets, which they rent from us.

We will make the most of the knowledge and know-how we have accumulated so far in the electricity business to help expand this venture as well as considering the value creation aspect.



Reading a book with the light of an LED lantern