

Promoting Innovation BX

We will create new value 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.

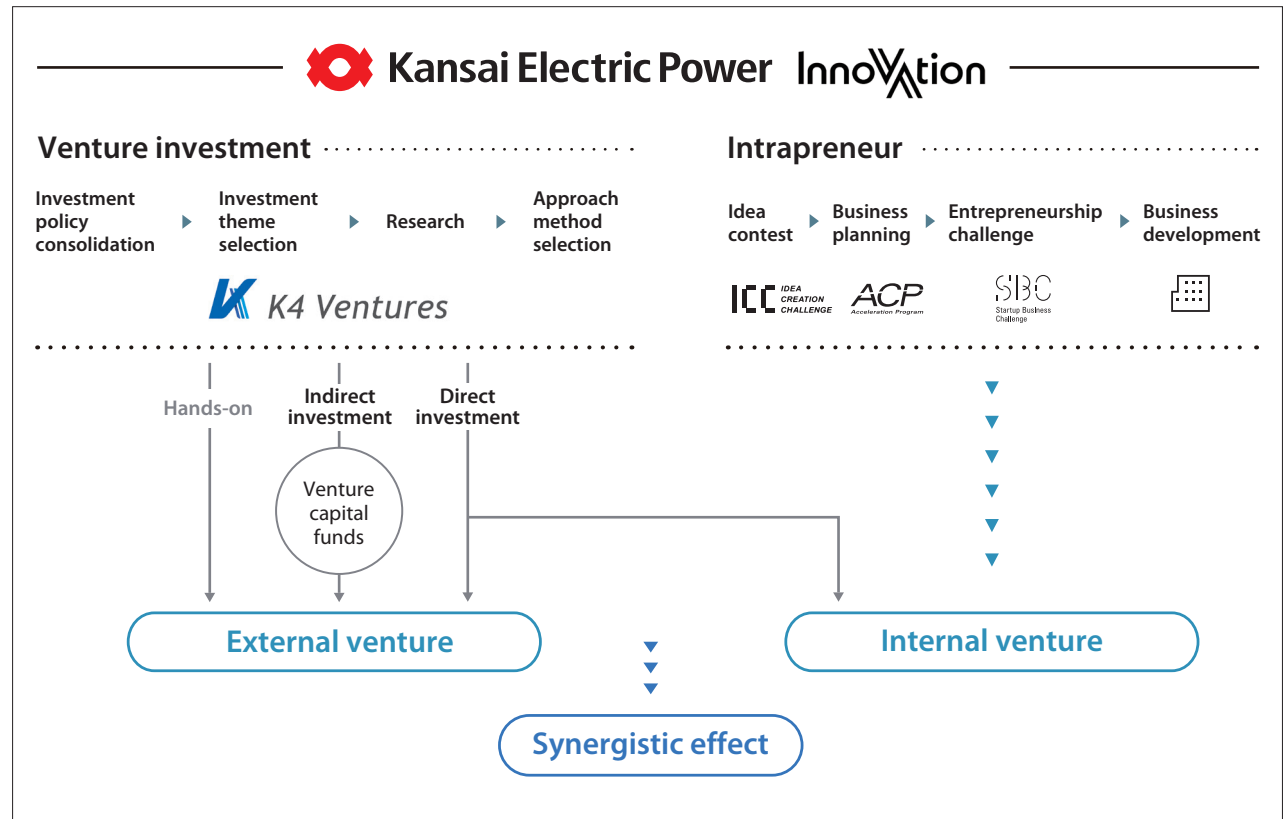
Cooperation with outside organizations and structural enhancements to promote innovation

In 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.

In addition to promoting, coordinating, and steering innovation across the Group, the Innovation Lab has been working to create new businesses and services not only in the energy field but also in non-energy fields in collaboration with external venture companies. In the energy field, we are moving ahead on the core business and looking into launching new businesses in peripheral areas such as solar and other renewable energy: hydrogen, storage batteries, data center, and CCCS.

In fields other than energy, we are engaged in business development activities aiming to contribute to solving social issues mainly in agriculture/food areas, drawing on the strengths of our core businesses.

Furthermore, we have recently integrated the Innovation Lab and the Office of Research and Development to form the Innovation Development Division, aiming to explore business and technological trends from a medium- to long-term perspective and adapt to changes ahead of others with a focus on commercialization. Through these efforts, we will accelerate innovation and create new value.



▶ See Special Feature “Establishment of Innovation Development Division” on page 35.

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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.

With its investment limit raised to approx. 11 billion yen to date, K4V will continue to support the growth of promising venture companies through investment, 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

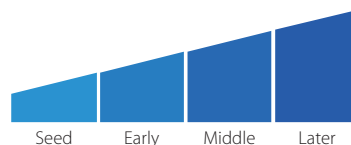
- Start-ups in existing business areas of integrated energy/power transmission and distribution, information and telecommunications, and life/business solutions that enable both start-ups and our Group to expect growth in businesses through collaboration
- Start-ups with innovative technologies, business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

Investment sectors

Batteries, mobility, robotics, AI, IoT, big data, agriculture and food, etc.

Target stage

Fundamentally all stages are targets



Investment track record

[Indirect investment]

Date of announcement	Investment location
2018. 6.20	EEI 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
2022. 1.26	ANRI GREEN 1 Fund
2022. 6.30	ICJ 2 Fund
2022. 9.27	EEI 5 Innovation & Impact
2023. 3.23	Future Food Fund 2

[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 Inc.
2019. 7.12	GIRASOL ENERGY Inc.
2019.10.31	Exergy Power Systems Inc.
2020. 6.29	Informetis Co., Ltd.
2020. 9.30	Next Energy & Resources Co., Ltd.
2021. 3. 2	Okage K.K.
2021. 3. 8	TERRACE MILE, Inc.
2021. 9.30	ALGO ARTIS CORPORATION
2021.11.30	WILLPORT Co., Ltd.
2022. 5.31	MEIJO NANO CARBON Co., Ltd.
2022. 5.31	PowerX, Inc.
2022. 6.30	SPACE ONE Co., Ltd.
2022. 6.30	SUCRECUBE Japon Inc.

2022. 8. 1	Clean Energy Connect, Inc.
2022. 8.31	EV Motors Japan Co., Ltd.
2023. 1.31	folofly, Inc.
2023. 2.15	Zeroboard Inc.
2023. 5.17	Kyoto Fusioning 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 July 2023, ten projects have been commercialized under the Kanden Entrepreneurship Challenge System. Of these, four companies are operating business as part of our Group.

<Companies with ongoing business>

- Yaala Inc. established in October 2021
- TRAPOL Godo Kaisha established in October 2019
- Meteorological Engineering Center, Inc. established in September 2004
- Kanden-EL-Farm, Inc. established in January 2000