

## Capital and Business Alliance with EV Manufacturer folofly Inc.

January 31, 2023  
Osaka Gas Co., Ltd.

Osaka Gas Co., Ltd. (President: Masataka Fujiwara, hereinafter “Osaka Gas”) announced today that it has entered into a capital and business alliance with folofly Inc. (hereinafter “folofly”), which develops and sells commercial electric vehicles (hereinafter “EVs”). In the future, we will promote cooperation with folofly regarding the use of the company’s commercial EVs in the automobile leasing business and the reuse of on-board storage batteries.

It is required to reduce CO<sub>2</sub> emissions in various areas for the realization of carbon neutrality by 2050. It is important for the transportation sector, which accounts for less than 20% of CO<sub>2</sub> emissions in Japan, to achieve decarbonization, and the use of EVs in combination with the decarbonization of power sources is positioned as an effective means for doing so.

Also, as the introduction of renewable energy progresses, there is increasing need for supply-demand balancing resources, such as demand response (hereinafter “DR”) and virtual power plants (hereinafter “VPPs”) to compensate for the instability of renewable energy, and EVs are expected to play a role as energy resources in DR and VPPs as “moving storage batteries.”

folofly plans, designs, develops, and sells commercial EVs. The company has developed a 1-ton class van, a market segment that domestic EV manufacturers have not yet entered, and in September 2022, it acquired the first green number plate, which means business use, in Japan as a small cargo EV and started operation in the home delivery business. The company aims to become a global leading company in commercial EVs, leveraging its high technological capabilities and strong networks with domestic and overseas EV manufacturers.

Through this business alliance, Osaka Gas Autoservice Co., Ltd., a wholly owned subsidiary of Osaka Gas, will first aim to expand the business of both companies by utilizing folofly’s commercial EVs.

Aiming to build a sustainable supply chain that utilizes used on-board storage batteries as stationary storage batteries,<sup>\*1</sup> Osaka Gas will work with folofly to consider the reuse of on-board storage batteries. When leasing or otherwise using the company’s commercial EVs, we will acquire and analyze data from the on-board storage batteries. Furthermore, by utilizing the deterioration diagnosis<sup>\*2</sup> technology of KRI, Inc., a wholly owned subsidiary of Osaka Gas, we will consider the reuse of on-board storage batteries as grid storage batteries.<sup>\*3</sup>

While creating “future value” that contributes to solving social issues in cooperation with various stakeholders, the Daigas Group aims to evolve into “an innovative energy and service company that continues to be the first choice of customers,” and to contribute to the realization of a sustainable society.

\*1: Storage batteries that are installed in buildings, such as houses, commercial facilities, hospitals, and factories, and whose main purpose is to reduce electricity costs and to be used as a backup power source during power outages

\*2: Technology to predict the life of lithium-ion batteries

\*3: Storage batteries that are directly connected to a power transmission network to store electricity when electricity is in surplus on the grid and to discharge when electricity is in short supply, thereby stabilizing the grid

<Overview of folofly>

Company name	folofly Inc.
Established	August 3, 2021
Head office	International Science Innovation Building, Kyoto University 36-1 Yoshidahonmachi, Sakyo-ku, Kyoto
Representative	Representative Director and President Hiroyasu Koma
Capital	1,108,991,000 yen (including capital reserves) * Registration proceeding
Main business	Development and sales of electric vehicles and provision of eco-friendly infrastructure services