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Frequently Asked Questions and Answers (March 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 understand that at the time of writing this is the most current version of our policy.

Q1. Are you affected by the worsening situation in Russia and Ukraine and the sharp rise in resource prices?

The escalation of the situation in Russia and Ukraine has led to high resource prices worldwide, and there are continuing concerns about the spillover effect on domestic electricity rates and wholesale electricity market prices. In the "Notice Concerning the Impact on our Business Performance due to the Sharp Rise in Electricity Prices Caused by the Global High Prices of Natural Resources" disclosed on March 7, 2022, we announced that the sharp rise in wholesale electricity prices has both positive and negative effects on the Company. While the number of applications is increasing due to the rising demand for electricity switching, there is an increasing possibility that one-time fees from energy companies will be reduced, and some energy companies have reduced their number of new contracts.

In addition, some electric generation plants in eastern Japan have been shut down due to the March 16 earthquake off the coast of Fukushima Prefecture. Moreover, the supply-demand balance for electricity has become extremely tight due to increased demand caused by cooler temperatures.

The energy industry business environment has become even more uncertain than before, as evidenced by the tight electricity supply warning and electricity saving request issued by the Japanese government on March 22.

Under these circumstances, we have been unable to introduce our customers to energy companies due to the suspension of new acquisitions by our partner energy companies, even if our customers have applied to switch their electricity. Our policy is to minimize the impact on our business performance by suspending most of our planned advertising expenditures until the overall situation in the electric power industry improves.

At this point, we do not recognize the need to revise our earnings forecast, but we will continue to monitor the situation closely and disclose the impact as necessary.

(References)

Notice Concerning the Impact on our Business Performance due to the Sharp Rise in Electricity Prices Caused by the Global High Prices of Natural Resources (March 7, 2022)

<https://ssl4.eir-parts.net/doc/4169/tdnet/2093394/00.pdf>

Q2. What is the Japanese government's response to the problem of rising resource prices?

The government has been holding discussions on this issue from time to time, including discussions at the Electricity and Gas Transactions Monitoring Committee (the 71st Specialized Meeting on System Design held on March 24).

As a neutral party that does not engage in electricity retail, we have proposed the following measures to the regulatory authorities and other relevant parties to support the new entrants: (1) revision of the Electricity Final Guarantee Supply Agreement, (2) revision of standard rates and fuel adjustment costs under standard contracts at each electricity company, (3) introduction of an independent fuel cost adjustment system by the new entrants, (4) introduction of subsidies for electricity rates, and other measures.

Of the above, (1) and (2) are on the agenda of the 71st Expert Committee on System Design, and the Company intends to be actively involved in the consideration and implementation of government measures.

Q3. What are the updated plans for EV Charging Services? Would a trial plan be too much of a burden on the company? Also, who pays for the electricity bills?

We have updated the information on our plan in a way that makes it easier to understand. Please refer to the service website below.

<https://ev-charging.enechange.jp/> (Japanese only)

The two main types of plans are (1) for those who want flexible charging rates and (2) for those who want to minimize costs. Under plan (1), parking lot owners pay a fixed monthly fee and take responsibility for setting the charging rate themselves. For example, it would be possible for the parking lot owners to implement a free charging service or make the first hour of charging free. This is the model deployed by Chargepoint, Inc. in the US. Under plan (2), parking lot owners pay the same fixed monthly fees as in (1), but instead we set the charging rates and the sharing of the revenues. This is the model deployed by Blink Charging Co. in the US.

We estimate that if plan (2) is used for approximately 2 hours per day, it will generate the same amount of revenue as plan (1). Currently, both plans are in equal demand. In addition, the parking lot owner will be responsible for the electricity bills incurred for charging, regardless of the plan.

Please note that the plans currently listed are introductory campaign prices and are subject to change in the future.

Q4. Are there any bottlenecks in expanding sales of EV Charging Service?

At this point, there is no clear bottleneck in the introduction of EV Charging Service. However there are cases in which parking lot owners see the need for EV charging facilities, but put it off because they feel there is no urgent need to take action. Our sales activities are focused on encouraging the implementation of the first charger on a parking lot by offering attractive introductory pricing.

Q5. What is the status of strengthening the organization to provide the EV Charging Services at scale?

In the EV Charging Service business, recruitment activities are underway to build a sales force of 30 people in order to achieve the early target of 3,000 units as soon as possible, and these activities are currently progressing smoothly. We are working on building a sales team to cover the entire domestic market, especially in rural areas where there are many opportunities to use a car. We expect the full structure to be in place by summer, including the training period for new team members.

Q6. Since the deterioration of the situation in Russia and Ukraine, there are opinions that decarbonization is less important than securing energy supply. Will the stagnation of the decarbonization efforts affect your business?

We recognize that while soaring resource prices have brought renewed attention to investing in generation from renewable energy sources, especially in Europe, there is an immediate need to secure sources to replace natural gas previously supplied by Russia. Although we advocate for decarbonization in the energy market, we do not believe that changes in the energy supply mix will affect our business in principle. The adoption of electric vehicles (EV) is also considered one of the key measures for decarbonization, and we believe that EV adoption will continue to expand in the future due to the soaring price of petrol.

However, as noted in Q1, there is a concern that soaring resource prices will worsen the earnings of electricity companies, which will affect our earnings. We are closely monitoring this situation.

Q7. What are your thoughts on Daiwa Securities Group Inc. apparently selling a large number of shares?

Daiwa Securities Group Inc. has been supporting us since before the public listing, and we have built a good relationship with them through their participation in the formation of a fund in which we are also participating. We are aware that this sale was likely made due to the need to sell before the end of the fiscal year in March, in line with their policy of reducing cross-shareholdings as part of response to the Corporate Governance Code, and we understand that the shares were sold to third-party institutional investors in an off-market transaction.

Furthermore, we understand that Daiwa Securities Group has an intention to continue holding a number of shares in the Company.