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Company Name: ENECHANGE Ltd.  
Representative: Yohei Kiguchi, Representative Director and CEO  
Ippei Arita, Representative Director and COO  
(TSE Mothers Code No. 4169)  
Inquiries: Takuya Sugimoto, Executive Officer / CFO  
TEL: +81-3-6774-6709

### **Notice Concerning the Impact of LPIO's Suspension of Electricity Retail Services**

On March 25, 2022, LPIO Co., Ltd (hereinafter referred to as "LPIO") announced that LPIO has decided to suspend all the electricity retail services ("LPIO Electricity") in all areas. According to the announcement, the wholesale electricity prices have remained at a higher level since last year amid soaring import prices due to the chronic shortage of natural gas. Since there is no sign of improvement of the situation in 2022, LPIO has decided to suspend its electricity retail services after April 30, 2022, as it has become difficult to maintain the current electricity rates. The latest results ranked LPIO 61st (Note 1) in terms of electricity sales.

#### **1. Regarding the relationship between LPIO and ENECHANGE**

LPIO and ENECHANGE (hereinafter referred to as "the Company") have a business relationship in the Platform business and LPIO is one of our major affiliated energy companies.

#### **2. The Company's response**

In order to provide correct and appropriate information to LPIO customers and to provide opportunities to customers who intend to switch their contracts from LPIO, the Company will set up the LPIO Consultation Desk.

In the past, the Company has opened a service desk for customers to provide appropriate information and support when new entrants have withdrawn their business.

#### **3. Impact on the Company's business performance**

In the fiscal year 2021, the Company recorded 584 million yen in sales from LPIO, of which approximately 39 million yen was recurring revenue and approximately 545 million yen was non-recurring revenue. LPIO has approximately 39,000 users (Note 2) via the Company's switching platform, approximately 10% of the Company's total number of users (Note 2) of 387,000 (figures as of December 31, 2021).

With regard to sales from LPIO in the full-year sales forecast for the fiscal year 2022, the Company did not expect the equivalent level of sales from previous year because the Company had already forecasted a reduction in one-time fee due to the sharp rise in electricity wholesale prices. The Company's sales forecast from LPIO was approximately 58 million yen after April 30 (the end date of service suspension), of which approximately 41 million yen was recurring revenue and approximately 17 million yen was non-recurring revenue.

The Company intends to maintain this sales forecast by supporting all of LPIO's customers (estimated to be approximately 140,000) in switching their electricity contracts to other energy suppliers collaborating with LPIO, and by promoting other energy suppliers to new users. In addition, the user acquisition may exceed our initial expectation depending on the results of the support of user switching.

The Company will make a timely disclosure on our business performance, if necessary, after carefully examining the situation of LPIO's user switching behavior.

Since this case is not a bankruptcy or other legal liquidation, we expect to collect the receivables owed by LPIO as usual.

(Note 1) The Agency for Natural Resources and Energy, "Electricity Demand Performance" (sales volume (kWh) in November 2021)

(Note 2) To accurately compare the impact of company and household switches, switches are calculated for companies using an equivalent rate and converted based on the rebates from the total obtained capacity using the capacity of a general household as 4 kW.