

December 23, 2022

Company Name: ENECHANGE Ltd.
Representative: Yohei Kiguchi, Representative Director and CEO
Ipppei Arita, Representative Director and COO
(TSE Growth Code No. 4169)
Inquiries: Takuya Sugimoto, Executive Officer / CFO
TEL: +81-3-6635-1021

Frequently Asked Questions and Answers (December 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 reinforcing transparency and fair disclosure. Although there may be some discrepancies in the answers from time to time, please be advised that at the time of writing this is the most current version of our policy.

Q1. What criteria are used to select locations for EV charging ports?

In selecting locations for charging ports installation, we go through a process of checking the average time spent at the location and frequency of use, and install them in locations that fulfill our criteria. As a result of preliminary investigation, we decline locations where sufficient usage cannot be expected.

In particular, we have established strict internal installation standards for the Zero plan, which includes zero installation and monthly fees. For charging ports that are currently in operation, we analyze their operating status based on facility category, facility size, location, and other conditions, and update the standards as needed.

Q2. Is it possible to achieve the order target even if certain installation conditions are set for EV charging ports?

Although there are some projects that we have refused to install under the Zero plan because they do not match our internal installation standards, the installation rate of EV charging ports is still low, even at facilities that are expected to have high usage rates. As an example, there are 55,000 hotels in Japan where there are high expectations for both time and frequency of use.

We do not anticipate problems in achieving the installation target. We will continue to aim for the order target of 3,000 charging ports by June of 2023 and 30,000 charging ports by the end of 2027.

Q3. There have been several plans in the EV Charging business, but will most of the current orders be on the Zero plan?

We are currently promoting the Zero plan, which offers zero installation and monthly fees by taking advantage of subsidies, and has accounted for the majority of orders received since the plan was announced.

Even if customers are not eligible for the Zero plan, there is strong demand for the installation of EV charging ports. In such cases, we have still been able to receive orders for other plans.

Q4. Many companies have final security supply contracts. Would support for switching from this contract be a business opportunity?

The number of final guaranteed supply contracts has increased sharply since the Russian invasion of Ukraine, reaching an unprecedented level. Although it peaked in October 2022 and has begun to decline, it still stands at approximately 42,000 customers.

Since corporations with a final guaranteed supply contract must re-sign a contract with one of the electricity companies, we are using this opportunity to acquire new users. Against this backdrop, we are seeing a stronger increase in corporate users switching.

As for the household users, since the regulated rates of major energy companies are scheduled to be raised from April 2023, we expect that electricity switching will increase after that time.

Q5. A major energy company has been ordered to pay a large surcharge due to a cartel formation and is expected to further deteriorate profitability. Will the Platform business be affected?

On December 1, 2022, the Japan Fair Trade Commission notified Chubu Electric Power Co., Inc., Chugoku Electric Power Co., Inc., and Kyushu Electric Power Co., Inc. of its proposed dispositions, including a demand for payment of surcharges totaling over 100 billion JPY, for having formed a cartel to restrict customer acquisition. METI has also taken a tough stance on this matter, claiming that it is contrary to the purpose of electricity deregulation, and the Japan Fair Trade Commission has announced that it will launch a fact-finding investigation.

Although this will lead to a reduction in the earnings of the electricity companies that are our customers, our Platform business is a service that is based on a fair, competitive environment. We take this as a positive event for our business that the government has shown a strong willingness to continue supporting the electricity deregulation.