

March 31, 2023

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Frequently Asked Questions and Answers (March 2023)

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 to reinforce 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. There have been reports that the Tokyo Metropolitan Government is expanding subsidies for the installation of EV charging ports for condominiums. How will this affect the EV Charging business?

The Tokyo Metropolitan Government initially required the installation of EV charging ports in new condominiums starting in FY25. Now, they have decided to subsidize the cost of the field survey and the fixed portion of the electricity fee for new charging port connections in the FY23 subsidy program for condominiums in Tokyo.

To make it easier for condominium management associations to install EV charging ports, starting in November 2022 we have been offering the "Condominium Zero Plan." Under this plan, the installation cost, monthly fee, and electricity bill are all zero, provided that the system is installed in a shared parking lot.

In response to the Tokyo Metropolitan Government's announcement*¹, we have begun offering the "Condominium Private Parking Zero Plan" which allows condominium management associations to install EV charging ports in private parking lots of condominiums at no cost.

Since the announcement of this plan, we have received many inquiries, and we have participated as a business in free consultations organized by the Tokyo Metropolitan Government for the installation of EV charging ports in condominiums. We are currently discussing the installation of our charging ports.

The impact of this matter on the FY23 full-year earnings forecast is still under scrutiny, but will be disclosed promptly in the event of any material changes.

Q2. It was reported that the EU has changed its policy of banning the sale of new internal combustion vehicles by 2035 and plans to allow vehicles powered by synthetic fuels. Will this stall the spread of EVs and affect the performance of the EV Charging business?

The EU has announced that it will change its policy of banning all new sales of internal combustion vehicles that run on gasoline and other fuels by 2035, but will allow internal combustion vehicles that use environmentally friendly synthetic fuels.

The internal combustion vehicles that will be allowed will use e-Fuel, a synthetic fuel that uses hydrogen and carbon dioxide derived from renewable energy sources. It is currently unknown how much impact this decision will have on the future expansion of EVs.

In our opinion, under the situation where there is no change in the global trend toward a decarbonized society, the trend of increasing the market share of EVs and PHEVs will remain unchanged, and the demand for EV charging infrastructure will also increase. We will continue to work aggressively to expand our EV Charging business.

*1. As described in the March 9, 2023 press release " ENECHANGE launches private parking Zero Plan for condominiums Contributing to the Tokyo Metropolitan Government's goal of installing 60,000 ZEV charging facilities in apartment complexes"

Q3. There was a press release in March announcing that orders for EV charging ports had reached 3,000 units. Considering that 1,008 units were ordered in the previous quarter, has the pace of orders slowed down?

In the March 13, 2023 press release "Orders for 6kW EV charging ports exceed 3,000," we announced that the cumulative number of orders in the EV Charging business has surpassed the target of 3,000 charging ports ordered by FY23 Q2.

The published figures here are as of the middle of March, and further orders are expected throughout the remainder of March. The status of orders received throughout the quarter will be disclosed at the same time as the FY23 Q1 financial results announcement.

Q4. Will the failure of Silicon Valley Bank in the U.S. have any impact on the portfolio companies of the funds that ENECHANGE has invested in?

Through the "Decarbonized Tech Fund" managed by the Japan Energy Fund (JEF), the Company has invested in overseas venture companies with technologies related to decarbonization. Some of these companies were identified as having accounts with Silicon Valley Bank, which has now failed. However, since the US government has committed to protecting the deposits with Silicon Valley Bank, there is currently no impact on the business operations of the companies in which we have invested.

The Company will closely monitor the situation and promptly disclose any matters that should be announced in the future.

Q5. What is the reason for reducing the amount of capital to 10 million JPY?

As part of our management strategy, we plan to reduce the amount of our capital stock to 10 million JPY, effective May 1, 2023. The purpose of this transaction is to ensure flexibility and mobility of capital policy.

There will be no change in the total number of shares issued and the number of net assets, and the capital reduction will have no impact on the number of shares held by shareholders or net asset value per share. In addition, the amount of capital after the reduction may change if stock options and other stock acquisition rights issued by the Company are exercised by the effective date of the capital reduction.

Q6. Why did Ipppei Arita leave the position of Representative Director and become Senior Executive Officer at the 8th Ordinary General Meeting of Shareholders?

We are deeply committed to strong corporate governance based on the separation of board and management functions. As part of this effort, we have decided to review the composition of the Board of Directors and shift to a new management structure with the establishment of senior executive officers to streamline the Board of Directors, facilitate flexible decision-making, and promote the delegation of authority for business execution.

Ipppei Arita's transition as Representative Director was decided as part of this new structure. As Senior Executive Officer CTO, Mr. Arita plans to concentrate his efforts on business execution in his area of responsibility.