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Frequently Asked Questions and Answers (May 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. DMM has launched a new EV charging business, which appears to be similar to ENECHANGE EV Charge in terms of charging ports and plans. Are you affiliated with them?

ENECHANGE EV Charge is not affiliated with the EV charging service launched by DMM.

We anticipated the emergence of services similar to our company's business, and as a leading company in the industry, we recognize that it is unavoidable to be imitated. We are committed to continuously improving our services and differentiating ourselves from competitors in order to provide EV drivers and site hosts with a comfortable EV charging environment.

Q2. The number of competitors in the destination charging field is increasing. Is the competitive advantage of ENECHANGE EV Charge disappearing?

We announced the introduction of Charge 2, a subsidy-compliant 6kW charging port in June 2022, and one of our strengths at the time was that we were the only EV charging service provider that handles subsidy-compliant 6kW charging ports. Since then, the number of operators handling 6kW charging ports has increased. Although it can be said that our competitive advantage has weakened in this respect, we anticipated this from the beginning, and we have been working to build our advantage in aspects other than hardware. We believe there are three main advantages.

The first is convenience for EV drivers. We have continuously improved our services with EV drivers in mind. For example, we are currently the only EV charging service provider that allows payment by charging card through our partnership with e-Mobility Power ("eMP"), without the need for an app. In addition, the EVsmart business, which we acquired last year, offers map-based EV charging information for all of Japan and is also a media platform for the EV market. Furthermore, by implementing billing per kWh instead of the standard time-based billing, even those with vehicle models that only support 3kW charging can use the system without any disadvantages.

The second point is to provide value to site hosts who install charging ports. We have a total of approximately 200,000 app downloads (Note 1), and an estimated 150,000 charging cards (Note 2) have been issued that can be used on the eMP network. This makes the service accessible to most EV drivers, making it easier for site hosts to consider the service. Furthermore, as a leader in the energy switching business, we offer unique value, including the ability to offer plans to limit electricity costs.

The third point is the track record and trust that we have built since the start of our service. Since the launch in November 2021, we have been working to increase awareness of EV charging by building up a track record of installations, accumulating operational know-how, and aggressively advertising. Furthermore, as a publicly listed

company, we are actively disclosing our information, and we believe that this transparency provides more credibility than our competitors.

While leveraging these advantages, we will continue to work on increasing the number of orders received, aiming to establish the top market share position.

Note 1: Cumulative total of installations of ENECHANGE EV Charge and EVsmart apps.

Note 2: Estimates based on EV charging card ownership rates from EVsmart research and cumulative EV sales from January 2018 to December 2022.

Q3. It appears that the service plan changes for Nissan's EV charging card will no longer offer unlimited usage within the current flat rate. Is there any impact on your offering?

The charging card issued by Nissan will allow access to charging locations linked to eMP throughout Japan. The fact that the plan allows customers to pay only a monthly fee and use Level 2 charging for no cost was the reason for an EV driver choosing to use ENECHANGE EV Charge. Although the plan change will no longer allow unlimited use of Level 2 charging, we recognize that our eMP-connected charging ports will continue to have an advantage because up to 600 minutes is included in the base rate. In addition, we believe that the change in billing unit of the charging fee from the conventional 10-minute unit to a 1-minute unit will improve the advantage of ENECHANGE EV Charge, which has a high charging efficiency per hour.

Q4. It has been reported that the installation of EV charging ports will be fully implemented starting from FY23 H2. Will all the projects that have already been ordered be installed within this fiscal year and have their sales revenue recorded?

As a condition for applying for the subsidies, installation must be completed by the end of this year in principle, so we plan to install the projects for which we have already received orders this year and record sales revenue. The subsidy application period began in April 2023, and we are now proceeding with the application process at a rapid pace, as there is a possibility that the maximum subsidy limit will be reached and closed early. In parallel, we are coordinating the construction schedule.

The sales of the EV Charging business are biased toward the second half of the year due to this subsidy process, and from July onward, we expect to gradually increase the number of charging ports installed and record sales along with the installations.

Q5. It was reported that seven major energy companies will raise electricity rates starting in June; please tell us how this will affect your business.

The government has approved the electricity rate increases requested by the seven major energy companies, and the increases are expected to be implemented in June. We have consistently stated that price increases by major energy companies are necessary to improve the business environment, and we believe that this decision will lead to a further recovery in the business environment for the Platform business.

Our Platform business generates two types of revenue: non-recurring revenue from one-time fees on new energy switching contracts and recurring revenue from a fixed percentage of monthly energy bills. With the recent decision by major energy companies to raise the prices, new entrants, which are our primary customers, will be able to offer competitive plans, and we expect non-recurring revenue to increase due to higher one-time fees and increased switching as competition for user acquisition intensifies in the future. We also expect to earn a higher level of recurring revenue than in the previous fiscal year, as electricity rates will remain at a high level.

Q6. It has been reported that the company is projected to achieve profitability in FY23 H2. Considering the improvements to the business environment in the Platform business and the substantial contribution of the EV Charging business, do you think we can expect a full-year profit in FY24?

Our detailed FY24 earnings forecast will be announced during the FY23 full-year financial results announcement, scheduled for February 2024. We anticipate further business expansion in FY23, particularly for the Platform business and EV Charging business, and we anticipate profitability throughout FY24, with the expectation of a full-year profit. We believe that the profit margin will improve from FY23, although we believe that one of the options is to utilize the profits generated for advertising and other expenses to increase sales.