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Frequently Asked Questions and Answers (September 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.

Q1. On August 28, 2023, the Ministry of Economy, Trade, and Industry (METI) held its 6th Study Group for Promoting Development of Battery Charging Infrastructure and released the "Draft Guidelines for the Promoting Development of Charging Infrastructure". The target of 150,000 ports (30,000 for fast charging and 120,000 for Level 2 charging by 2030 has been raised to 300,000 (30,000 for fast charging and 270,000 for Level 2 charging); in effect, this has doubled the number of ports to be installed, while changing the definition to take into account the existence of multiple ports on a single charger. What are your thoughts on the possibility that the change in definition will result in a decrease in the subsidy amount per application, even though the total subsidy amount will remain the same?

Regarding the change in definition, we believe that, especially with fast charging, it is required to install equipment that supports multiple ports, and the way of counting has been changed in accordance with this concept. In raising the target, we believe that the total subsidy amount for Level 2 charging ports will increase, since the target number of fast charging ports remains the same while the target number of Level 2 charging ports has increased.

In addition, we believe that the changes in subsidy application requirements made alongside the decision to allocate the subsidy reserve this year will likely continue in the next fiscal year and beyond, and that the subsidy amount per application will be optimized in the future. We have long suggested that subsidies should be used appropriately in locations where high occupancy rates are expected rather than simply rushing installation, and we welcome this change in the requirements.

Q2. Regarding the EV Charging business, it was explained at the financial results meeting that the installation of EV charging ports will accelerate from July onward. What is the status of installation? Additionally, what is the ratio of "Zero Plan" usage to installation orders?

As for the status of installation, we have applied for the available subsidies from April of this year. After about three months of the evaluation period, we are proceeding with the installation work as the subsidies are approved. Therefore, the total number of installed charging ports will gradually increase as the installation work progresses from July onward.

Since subsidies for this fiscal year are finite, we are applying for as many as possible. For the preliminary budget allocated in August, we will apply in September and expect an approval in early October. Therefore, the number installed is expected to be skewed towards Q4.

The details of the ratio of certain plan types are not disclosed as it falls under confidential business information.

Q3. Regarding the press release issued on September 4, "[ENECHANGE to develop EV charging app for ENEOS EV charging service ENEOS Charge Plus](#)," is the revenue from providing the app non-recurring revenue or recurring revenue? Will the company also provide operation and maintenance services and earn recurring revenue?

The company plans to record non-recurring revenue from the development contract and recurring revenue from the operation and maintenance services that it will continue to provide.

The commercial relationship was developed using the ENECHANGE Cloud EV solution. The ENEOS Charge Plus EV charging app will provide one-stop services for users of ENEOS Charge Plus, including charging port search, charging operations, authentication and payment functions.

Through this service, we will contribute to improving the charging experience and convenience for app users.

Q4. Regarding the press release issued on August 30, "[ENECHANGE receives ESG debt financing from Shoko Chukin Bank](#)": do you have any plans to raise funds to expand EV charging business, etc. in the future?

In the interest of fair disclosure, we will refrain from giving a specific answer regarding the status of our fundraising considerations.

The EV charging business is in a growth phase, and although cash and deposits are decreasing due to investment, we expect to recover the funds as sales are recorded in the EV Charging business in the second half of the year. The Company is always considering plans and evaluating opportunities for fundraising necessary for future business expansion.