

April 30, 2024

Company Name: ENECHANGE Ltd.

Representative: Yohei Kiguchi, Representative Director and CEO
(TSE Growth Code No. 4169)

Inquiries: Tomoya Maruoka, Executive Officer / CFO
TEL: +81-3-6635-1021

Frequently Asked Questions and Answers (April 2024)

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. Please provide an update on the expected release of the securities report due on June 28th.

We are making progress in preparing for the submission of the securities report by June 28, 2024, and concurrently preparing 'Matters Regarding Business Plans and Growth Potential,' which incorporate our future growth strategies.

Q2. Could you please tell me why you've decided to disclose the utilization rate of your EV Charging business on a quarterly basis, given your past stance of not disclosing such information?

For our EV Charging business, future revenue will primarily come from charging revenue under the new consolidated accounting. We have disclosed the cumulative number of installations (destination charging) and operating hours, which are key performance indicators (KPIs) for charging revenue, in the '**Preliminary results of FY24 Q1 performance for public EV charging ports (destination charging)**,' dated April 19th.

Furthermore, discussions have been held within the Ministry of Economy, Trade and Industry's 'Committee on Promoting Charging Infrastructure Facilities' regarding the understanding of charging port installation and utilization rates as discussion points. It was argued that "in aiming to construct a charging infrastructure society that is highly convenient and sustainable, it is crucial to proceed with public-private initiatives while grasping and disclosing information such as the situation regarding charging port installation locations and utilization rates." This perspective garnered widespread agreement from the majority of the participating businesses. Therefore, it is anticipated that disclosure by EV charging operators will be required in the future.*1

Based on this, we will continue to disclose the operating performance (preliminary figures) of charging ports on a quarterly basis as material for investors and shareholders to make investment decisions regarding our company.

(Note)

*1. Referenced from the Ministry of Economy, Trade and Industry's "**7th Meeting on Promoting Charging Infrastructure Development - Secretariat Document**"; April 22, 2024.

Q3. Whether the utilization rate of the EV Charging business is high or low is not readily apparent to the general investors, so please provide more details.

Our company's EV Charging business performance (FY24 Q1) shows a monthly average of 14.8 hours per outlet (monthly utilization rate of 2.1%*), marking a 17% increase compared to the previous quarter. In our company's performance, there is a trend of gradual increase in the utilization rate for EV charging ports after installation. For the approximately 300 charging ports that have been installed for over nine months, utilization exceeds a monthly

average of 30 hours per outlet (monthly utilization rate of 4.1%), and we anticipate a further increase in the utilization rate in the future. Additionally, in the United States, where the sales ratio of new EVs and PHEVs is approximately 8% (in 2022)^{*3}, the utilization rate for Level 2 charging is around 10% (as of December 2022)^{*4}.

If the government mandates the disclosure of EV charging port utilization rates in the future, it is anticipated that this will become a significant criterion for facilities considering the adoption of EV charging. Therefore, our company will continue to prioritize installations at locations where high utilization rates are expected. Additionally, we will enhance our competitive advantage by increasing utilization rates through high-quality operations.

(Note)

*2. We calculate the monthly utilization rate based on a maximum monthly charging time of 720 hours (24 hours × 30 days).

*3. Reference from the International Energy Agency (IEA).

*4. Referenced from the NREL, 'Evaluating Electric Vehicle Public Charging Utilization in the United States using the EV WATTS Dataset'.

Q4. Please tell me about the possibility of the utilization rate of the EV Charging business becoming part of the bidding requirements.

At the Ministry of Economy, Trade and Industry's 'Meeting on Promoting Charging Infrastructure Development,' our representative, CEO Kiguchi, suggested the inclusion of the utilization rate as an evaluation criterion in subsidy bidding requirements, going beyond simple disclosure. This statement is also available for viewing on YouTube.

In the 2024 fiscal year application period (first and second periods) for Level 2 charging (destination), there is a provision that allows installations to exceed the maximum number of charging ports if the average operating time per charging port in the last three months is 60 hours or more per month for existing charging ports. This indicates that consideration for subsidies is beginning to take into account utilization rates. Therefore, in the future, we anticipate that utilization rates may become bidding requirements not only for additional installations but also for new installations.

As another example, in the bidding for offshore wind generation, factors other than price are also considered at the time of bidding. We believe that a similar multifaceted evaluation is necessary for the bidding of EV charging infrastructure. Utilization rate is especially appropriate since it is an indicator that shows multifaceted value such as the selection of genuinely excellent facilities, the quality of operation thereafter, and the convenience for users.

We consider maintaining a high utilization rate to be the most crucial measure directly contributing to establishing the competitive advantage of our EV Charging business.

Q5. Please provide more details about the flat-rate plan for EV charging services that was announced on March 25th.

As part of our efforts to improve our operational efficiency, we have announced the consideration of a new pricing plan that allows for the flat-rate usage of ENECHANGE EV Charge charging ports nationwide (hereinafter referred to as "the flat-rate plan")^{*5}. With the flat-rate plan, all EV drivers, including those without charging cards issued by EV charging companies and those without charging ports at home, will be able to use EVs more comfortably and affordably in their daily lives. Additionally, EV drivers with charging ports at home will be able to charge at a discounted rate when charging outside their homes. Specific pricing plans and the start date of the service are scheduled to be announced in mid-May 2024.

With this flat-rate plan, we anticipate an increase in the utilization frequency of our company's charging ports per EV driver, leading to an improvement in the utilization rate. Furthermore, as the utilization rate of our charging ports increases, it is expected to attract more EV drivers to visit our facilities, potentially leading to an increase in requests for EV charging port installations from our company. Thus, we anticipate not only an increase in the utilization rate but also a synergistic effect from expanding the number of installations.

(Note)

*5. Please refer to the press release dated April 25th, titled 'Approximately 2,800 EV users responded to a survey on charging environments.'

Q6. I believe there was an earthquake off the eastern coast of Taiwan, and I assume your company has also been making donations to trading partners affected by it. It seems that the charging port manufacturer, one of your business partners, has also been affected. Please let us know if there are any concerns regarding delays in charging port deliveries for this fiscal year.

Since 2022, our company has been using EV charging ports manufactured by Zerova Co., Ltd., headquartered in Taoyuan City, Taiwan, for our EV Charging business. We provide a Level 2 charging port with a 6kW power rating, which is available to use through our company's app and with various charging cards. Zerova Co., Ltd. is an important partner for us, and they are facing significant challenges. In light of this, and with the hope of supporting the reconstruction of the affected areas and the rebuilding of the lives of those affected, we have decided to donate a portion of our charging revenue to the '2024 Taiwan Eastern Offshore Earthquake Relief Fund' conducted by the Japanese Red Cross as part of our support activities for the affected areas.

Our business partner, Zerova Co., Ltd., based in Taiwan, is a listed company and has manufacturing facilities in three countries worldwide, including Japan. Due to its track record of supplying equipment worldwide, we anticipate that there is a low likelihood of any situation significantly impacting our company's business plans. Nonetheless, we prioritize the recovery of our business partner, Zerova Co., Ltd., and intend to maintain continuous communication with them.

Q7. The announcement has been made by the Ministry of Economy, Trade and Industry regarding the abolition of the Energy Efficiency Equipment Installation Promotion Fund. Does this also encompass the "Subsidies for Promoting the Introduction of Charging and Refueling Infrastructure for the Spread of Clean Energy Vehicles," which targets subsidies for EV charging facilities?

There has been an announcement from the Ministry of Economy, Trade and Industry regarding the abolition of a total of eight dormant funds responsible for executing subsidy programs. Funds established in 2012 for the development of electric vehicle (EV) charging infrastructure are among those targeted. The 'Subsidies for Promoting the Introduction of Charging and Refueling Infrastructure for Clean Energy Vehicles,' which our company is currently applying for and receiving, is a single-year project, thus distinct from the aforementioned funds and will not be affected.