December 27, 2024

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Frequently Asked Questions and Answers (December 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. In the disclosure about the loan execution on December 23, 2024, it was announced that an agreement to increase the commitment line had been made. Can you provide the background for this?

In the "Notice Concerning Commitment Line Agreement Related to EV Charging Business" disclosed on September 27, 2024, we announced securing a borrowing limit of 4.9 billion JPY for a bridge loan related to the EV charging business. Subsequently, considering the current subsidy award status, we disclosed on December 23, 2024, in the "Notice Concerning Loan Execution from Borrowing Limit (Disclosed Matters Progress)" that a commitment line agreement was signed to increase this borrowing limit by 800 million JPY, bringing the total limit for the bridge loan to 5.7 billion JPY. We will utilize these funds to install the charging equipment for which the charging infrastructure subsidies have been awarded by the performance report deadline of January 31, 2025.

Q2. The press release announced that the total number of destination charging ports installed in the EV Charging business has surpassed 5,000. Is this indicating that progress is proceeding as expected?

According to the press release "ENECHANGE EV Charge surpasses 5,000 installed ports for destination charging nationwide" disclosed on our website on December 13, 2024, we have exceeded a total of 5,000 installations of 6kW Level 2 charging ports for destination charging. At present, the review for charging infrastructure subsidies for the second period of R6 applications is complete, and the installation work is proceeding for the approved projects.

Q3. Compared to the revised sales for this Q3 of the fiscal year ending December 2023, it appears that sales are declining. While I believe that the charging operation metrics are steadily improving, please let us know the reasons behind this observed trend.

In the latest FY24 Q3 financial results, sales from the EV charging business have declined compared to the revised FY23 Q3 results. This is primarily due to the fact that FY23 Q3 included revenue from large-scale installation projects for external customers outside our group, contributing to the non-recurring revenue. Currently, the majority of revenue in the EV charging business is derived from recurring charging revenue, while non-recurring revenue has diminished. Nevertheless, charging utilization hours have been steadily increasing, achieving an average of 19 hours per month per port in FY24 Q3. This suggests that recurring revenue is likely to continue growing steadily.

Q4. With the additions of Chubu Electric Power Miraiz Company, Incorporated and Mitsubishi Electric Corporation as customers in the Data business, is it expected that the number of major corporate customers will continue to increase?

In the Data business, major electricity companies have performed well in terms of growing their businesses since last year, and we believe there is an improving trend in their willingness to invest in the IT field. Moving forward, we will strive to offer more services to a broad customer base, including not only major electricity companies but also other companies in the energy-related sectors.

Q5. The government has announced the resumption of subsidies for electricity bills from January to March 2025 as part of the "Electricity and Gas Bill Relief Support Program." Could you provide insights on the impact of this on the performance trends of the Platform business?

We consider the impact on our platform business to be minimal. This is because the amount of subsidies in the "Electricity and Gas Bill Reduction Support Project," which will be implemented as part of the "Comprehensive Economic Measures for National Safety and Sustainable Growth" decided by the government on November 22, 2024, is low compared to the "Emergency Support for Surviving the Extreme Heat" for the period from August to October 2024. Specifically, for electricity bills in January and February 2025, low-voltage users will receive a discount of 2.5 JPY/kWh, and high-voltage users will receive 1.3 JPY/kWh. For March 2025, the discounts will be 1.3 JPY/kWh and 0.7 JPY/kWh, respectively.

Although electricity consumption generally increases in winter compared to summer, particularly from January to March when the drop in outside temperature is significant, it is expected that the level of subsidies this time will not substantially reduce the burden of electricity bills during the severe winter period. Therefore, we believe the impact on our business will be limited.