

ENECHANGE

Explanatory Materials Related to Business Plan and Growth Potential

ENECHANGE Ltd.

March 28, 2022

Tokyo Stock Exchange Mothers

Securities Code: 4169



“ Let’s Change Energy ”

Handling of these materials

These materials contain statements regarding future prospects. These statements have been prepared based on information available at the time they were prepared. These statements are not guarantees of future results, and contain risks and uncertainties. Please note that actual results may differ greatly from the outlook due to changes in the environment, etc.

Factors affecting actual results include, but are not limited to, domestic and international economic conditions and trends in industries connected to the Company.

In addition, information contained in these materials from outside our company has been quoted from publicly-available information, etc. We have not verified the accuracy, appropriateness, etc. of such information in any way, and make no guarantees regarding it.

This document will be disclosed around March after the end of each fiscal year to reflect the latest situation. Progress in management indices will be disclosed in the presentation materials for the quarterly financial results announcement.

- 1** Company Highlights
- 2** Business Explanation
- 3** Market Environment & Competitive Advantage
- 4** Growth Strategy
- 5** Financial Information
- 6** APPENDIX



1

Company Highlights

Company outline

Company name	ENECHANGE Ltd. 4169, Tokyo Stock Exchange Mothers	
Address	3F, Nihon Building, 2-6-2 Otemachi, Chiyoda-ku, Tokyo, Japan, 100-0004	
Founded	April 2015	
Businesses	Platform (for deregulation) Data (for digitalization, decarbonization, and decentralization)	
Representatives	Yohei Kiguchi, Representative Director and CEO Ippei Arita, Representative Director and COO	
Employees	122 (as of December 31, 2021; consolidated basis)	
Headquarters	Tokyo, Japan	
Subsidiaries	SMAP Energy Limited (UK) Oberlous Japan Inc. (Japan)	

■ Head Office: TOKYO

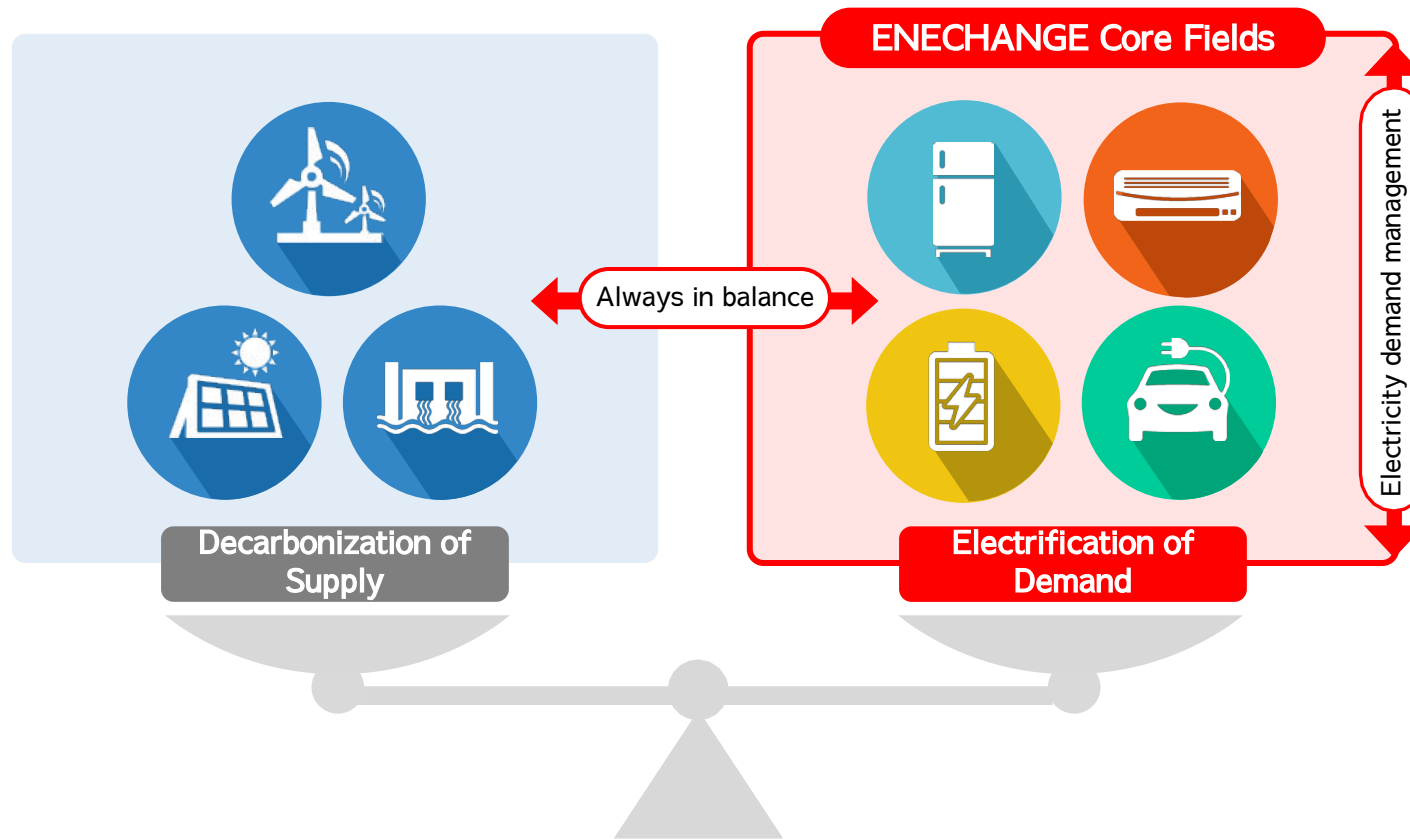


■ Group business: LONDON



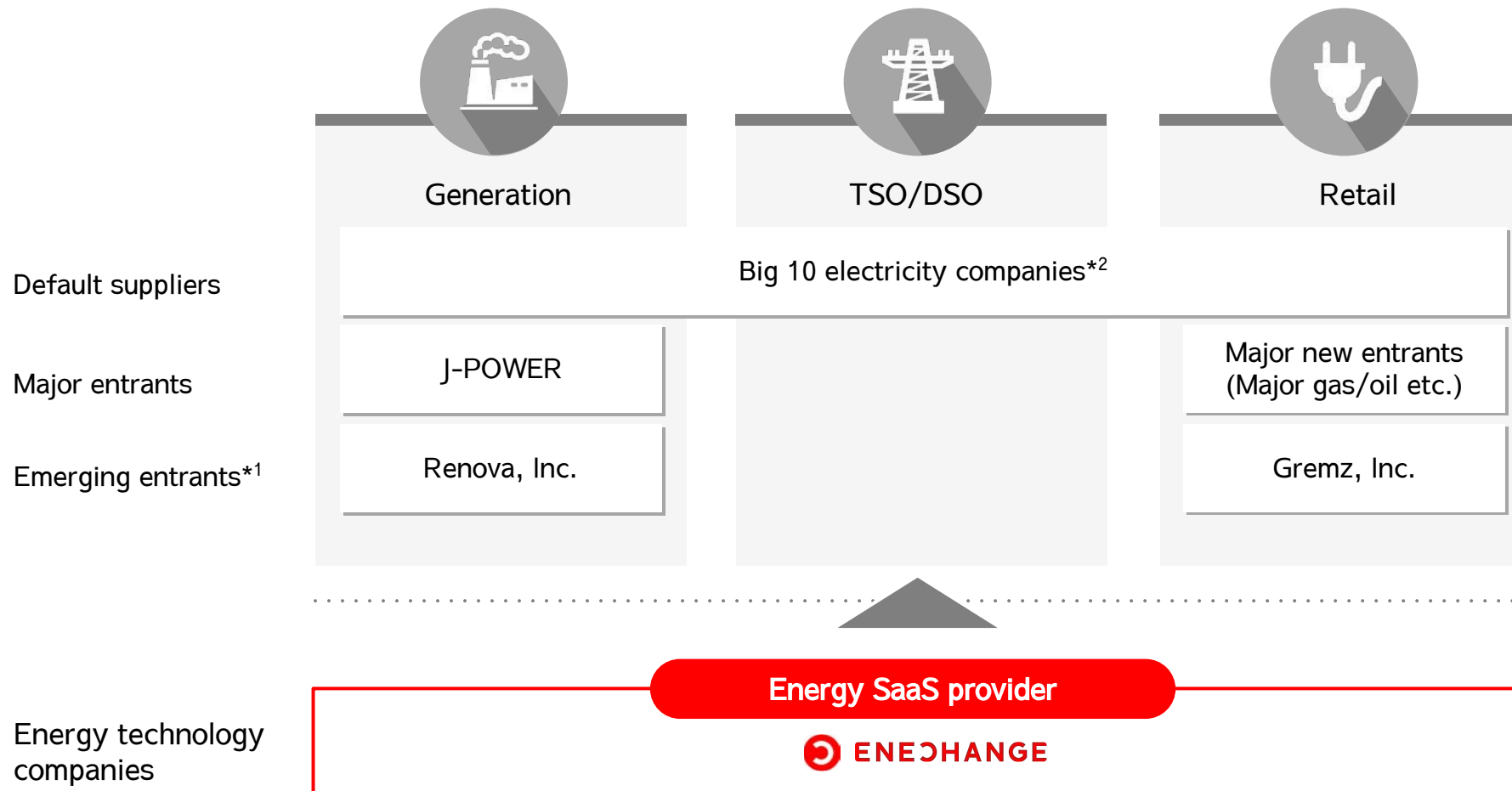
ENECHANGE is a company that promotes net zero

ENECHANGE's core business is innovation on the demand side of electricity. We promote the realization of a net zero future through energy switching and demand management technologies such as electric vehicle charging infrastructure and demand response.



A category leader in the energy technology sector

ENECHANGE is an energy technology company that promotes innovation in the energy industry as a market neutral technology provider. As we move towards a net zero society, our role is to empower the transformation of the entire energy industry by providing the latest technologies and services to energy companies.



*1. Selected companies amongst companies newly listed on the Tokyo Stock Exchange in the 2010s.

*2. TSO/DSO are legally split due to unbundling in 2020.

Vertical SaaS business specialized in the energy industry

We are developing a vertical SaaS business specialized in the energy industry. The Platform business provides Japan's largest energy switching platform, while the Data business provides electricity demand management services, such as EV charging infrastructure and demand response.

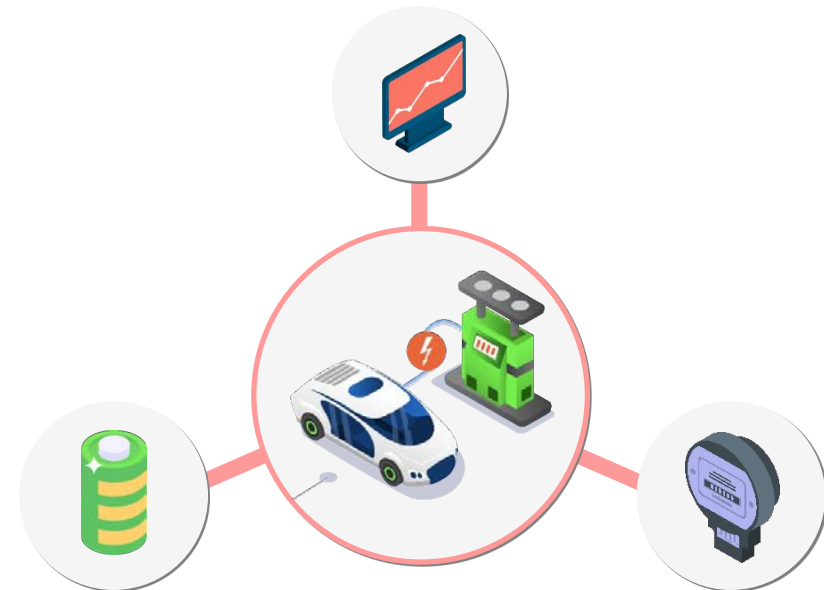
Platform business



Energy company comparison and switching services in the wake of deregulation

Maximize sales growth

Data business



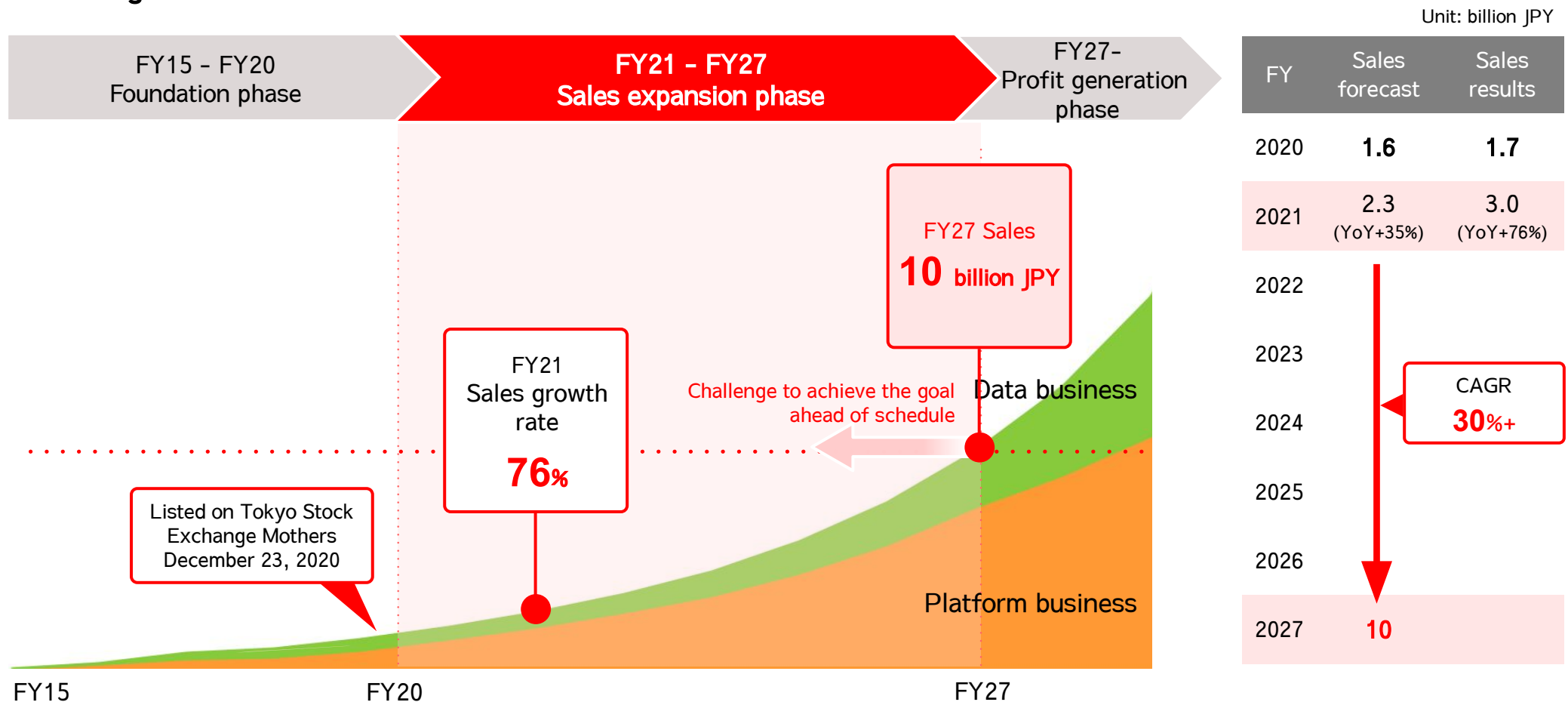
Electricity demand management services in relation to EV charging infrastructure and demand response

Product development

Prioritizing sales growth to achieve 10 billion JPY sales ahead of schedule

As a guideline for maintaining a high rate of sales growth, we are aiming for an average annual sales growth of 30%+ and sales of 10 billion JPY by FY27. In FY21, we achieved 76% sales growth, far exceeding our initial forecast (35% growth). By utilizing the funds from the public offering conducted in December 2021, we aim to achieve our goal of 10 billion JPY in sales ahead of schedule.

Changes in Sales



CHANGING ENERGY FOR A BETTER WORLD

The ENECHANGE story began around 10 years ago, with the Great East Japan Earthquake. I first became aware of the importance of energy issues when visiting the disaster area as a volunteer.

I thought, “I want to devote my life to this problem.”

That experience led me to pursue a PhD in engineering at the University of Cambridge, UK. Behind this decision, which might seem like taking the long way around, was my belief that acquiring knowledge in Europe, with its advanced energy systems, would allow me to contribute to reforms in Japan's energy industry. Using the results of my research into energy data at Cambridge, I founded ENECHANGE.

The name ENECHANGE comes from my desire to CHANGE ENERGY. The company brings together people from around the world who share this mission of “CHANGING ENERGY FOR A BETTER WORLD”

To bring about a carbon-free society, we must reform the energy industry through the 4Ds. ENECHANGE uses the technological capacity, global knowledge, and networks we fostered at Cambridge to encourage reform in Japan's energy industry.

- Yohei Kiguchi, PhD
Founder & CEO



2

Business Explanation

- Platform business
- Data business



■ **Platform business**

Japan's largest energy switching platform

Through operation of our platform that has 2 million unique monthly visitors and 56 affiliated energy companies*, we can handle everything from price comparisons to switch processing all at once. The service was launched in response to the liberalization of the electricity market in 2016, and continues to grow due to the maturing of the liberalized market and the promotion of remote work in the pandemic.



For Households
Energy switching platform

For Companies
Energy switching platform

Deregulation

×

Decarbonization

Deregulation

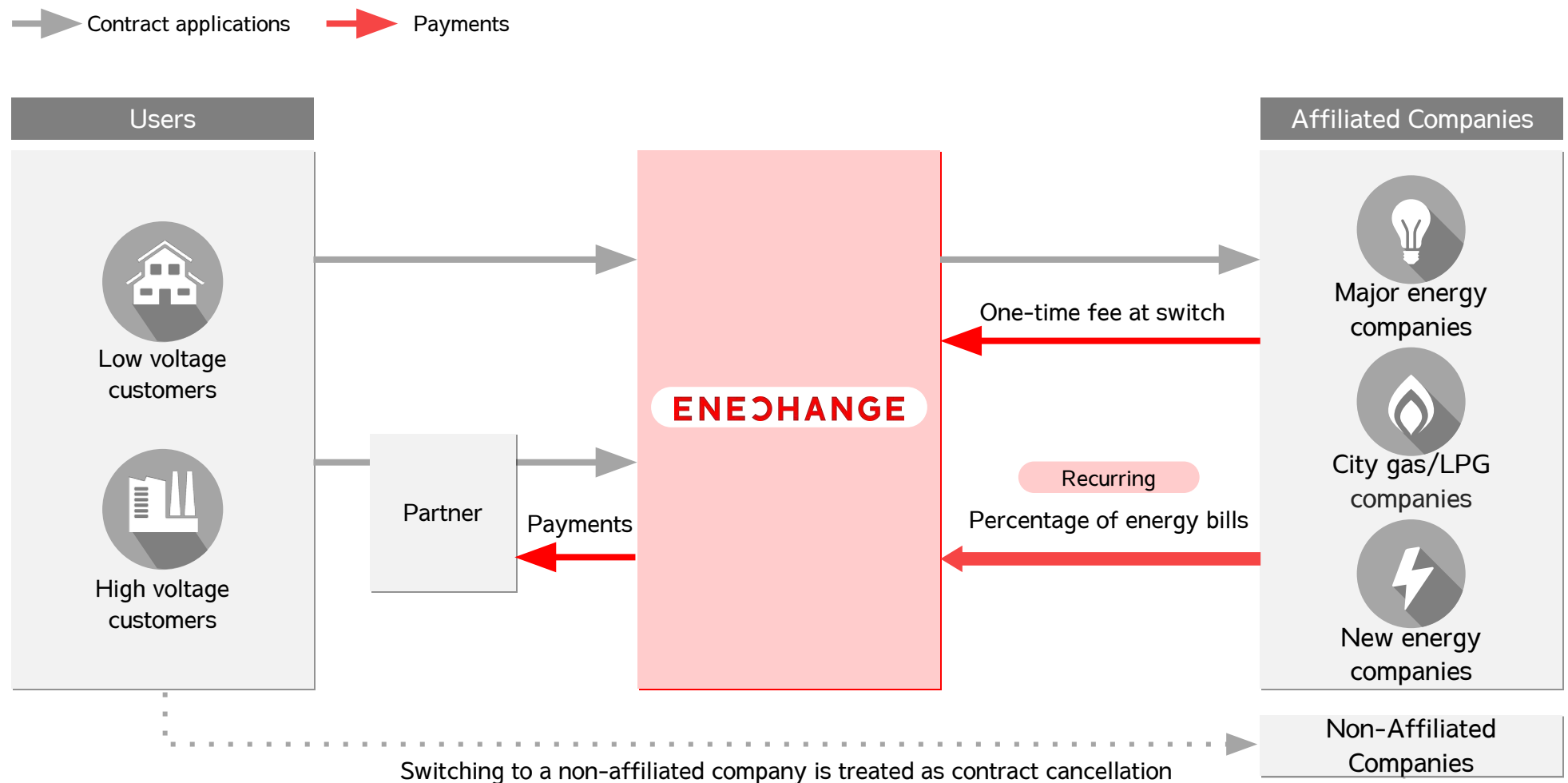
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Decarbonization

* Total number of partner energy companies as of end of December 2021 (excluding duplicates).

Recurring revenue for energy usage bills

After switching an electricity or gas contract, we receive a one-time fee from the affiliated company as well as recurring revenue linked to energy bills. We have partnerships with many companies, and switching to non-affiliated companies (cancellation) is limited. From the viewpoint of the affiliated company, our service is considered a customer acquisition SaaS.



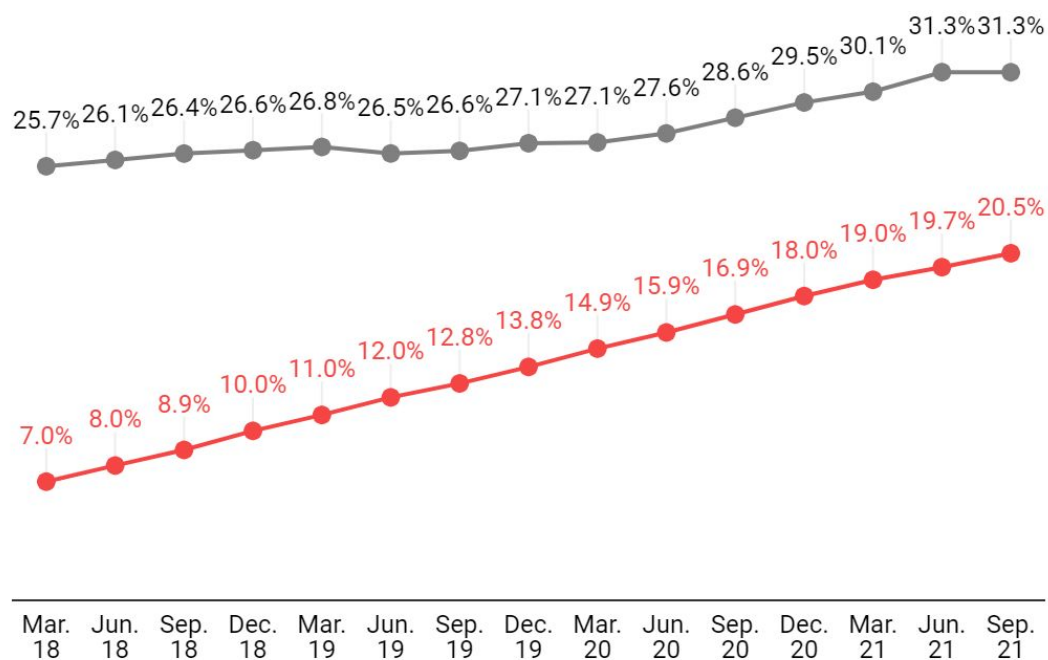
Our market share reached a record high

The liberalization of the electricity retail market happened in 2005 for companies and in 2016 for households. The share of new entrants (based on the number of contracts) is 31.3% for companies and 20.5% for households.

Our market share of customers using a new entrant supplier*¹ (on a contract number basis) reached a record high of 1.9% for companies and 1.7% for households, with the household share in particular showing rapid expansion.

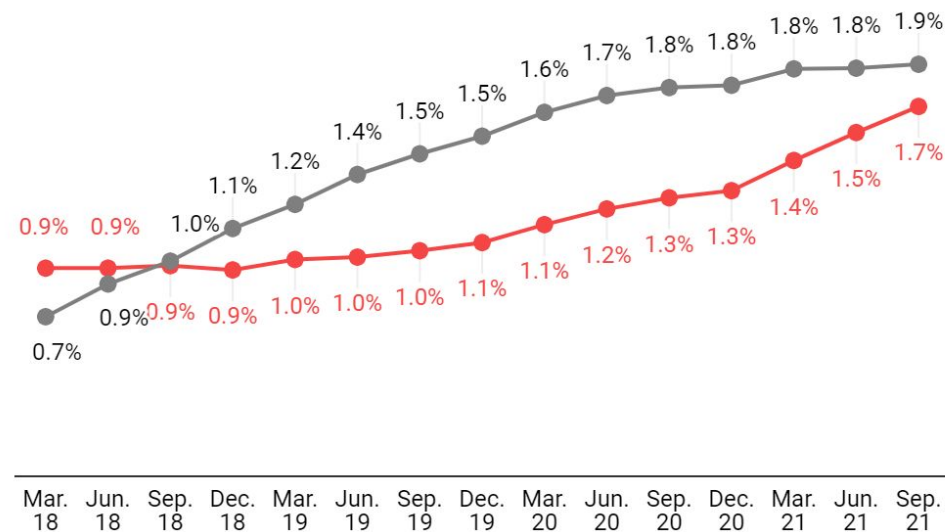
■ Customer shares of new entrant suppliers*²

- For households
- For companies



■ Our market share of customers using a new entrant supplier*²

- For households
- For companies



*1. We define a “new entrant supplier” as a supplier that was not a default regional supplier prior to liberalization.

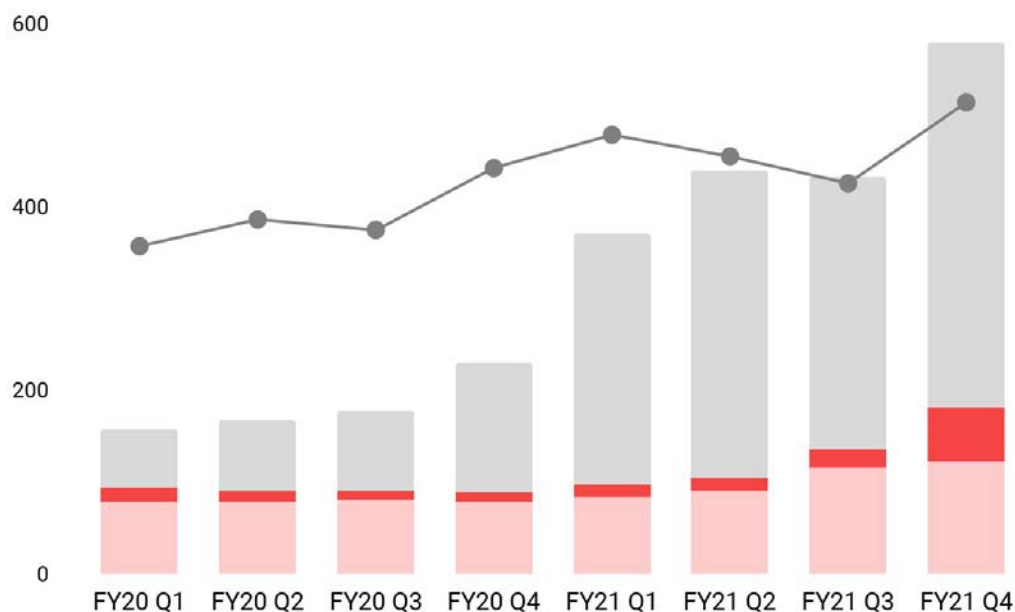
*2. Created based on the number of contracts in the Electricity Trading Report by the Electricity and Gas Market Surveillance Commission (Left) and our share based on the sales amount (kWh) of (Right).

CAC increased alongside advertising, LTV/CAC maintained at 3.5x

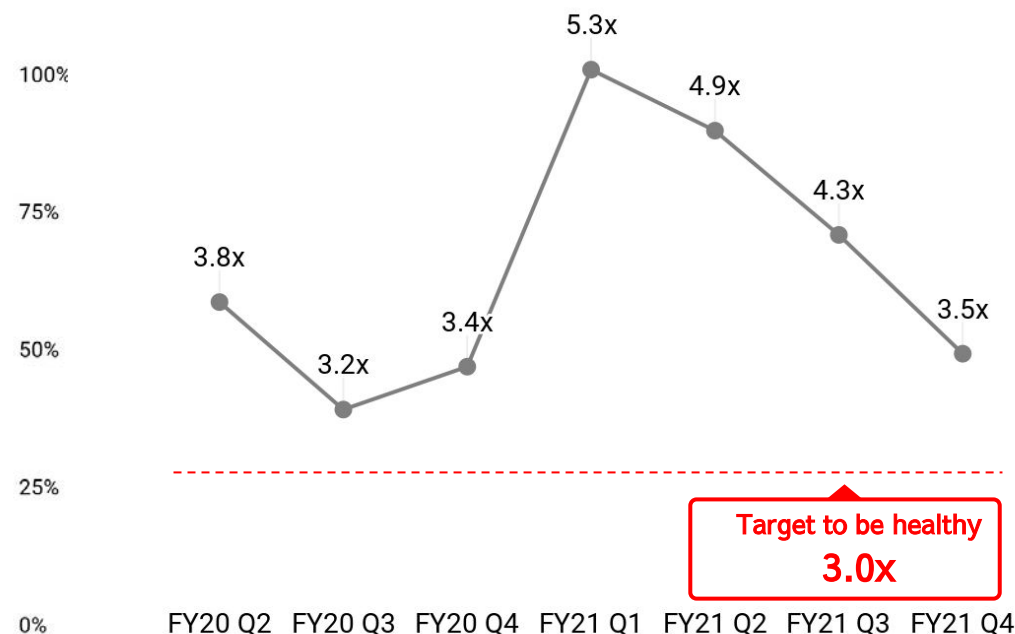
Due to an increase in CAC through digital marketing to strengthen our in-house channels, LTV/CAC fell but remained at a healthy level (3.5x). We are considering more aggressive customer acquisition measures.

■ Changes in SG&A expenses in Platform business*1

- (Sales promotion + Sales Commissions) / One-time fee
 - Sales Promotion + Sales Commissions
 - Advertising
 - Personnel expenses, Other expenses
- ▶ Customer Acquisition Cost*2



■ LTV/CAC*2



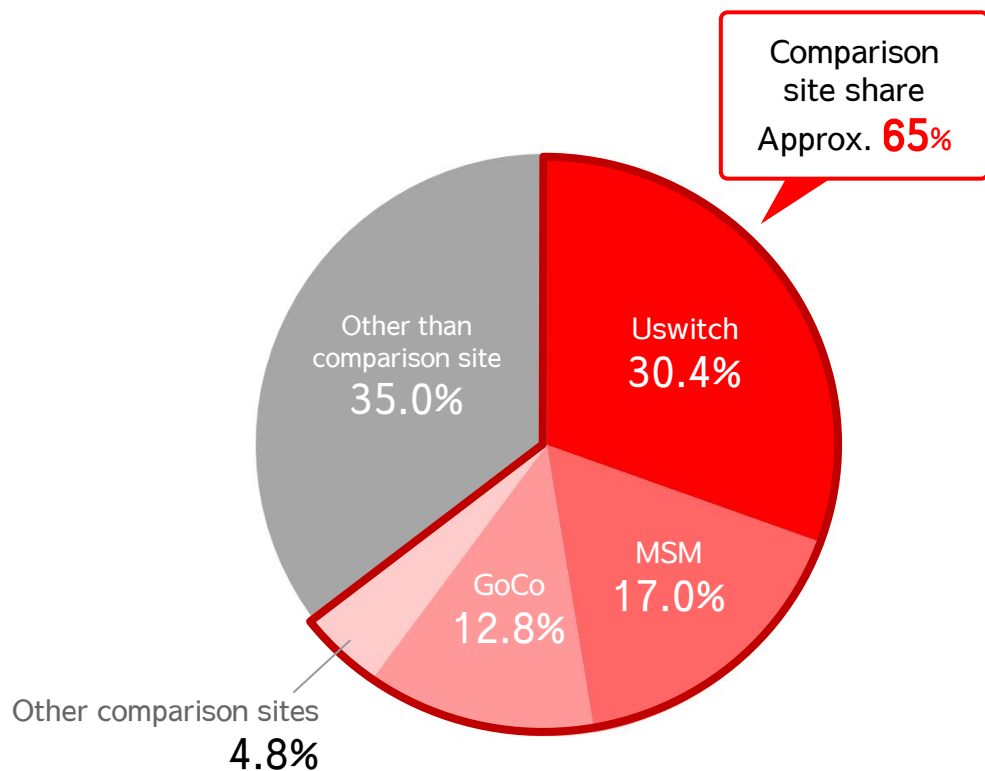
*1. The total of advertising expenses (expenses arising as a result of activities such as listing advertisements, which are not directly for the acquisition of customers), sales promotion expenses (benefits passed directly to users as a result of switching), sales commissions (expenses borne directly by partners as a result of switching), personnel expenses and other expenses. Sales promotion (in-house channels) and sales commissions (partner channels) are covered by a percentage of one-time fees from affiliated companies.

*2. LTV: Lifetime Value, CAC: Customer Acquisition Cost. See the appendix for details.

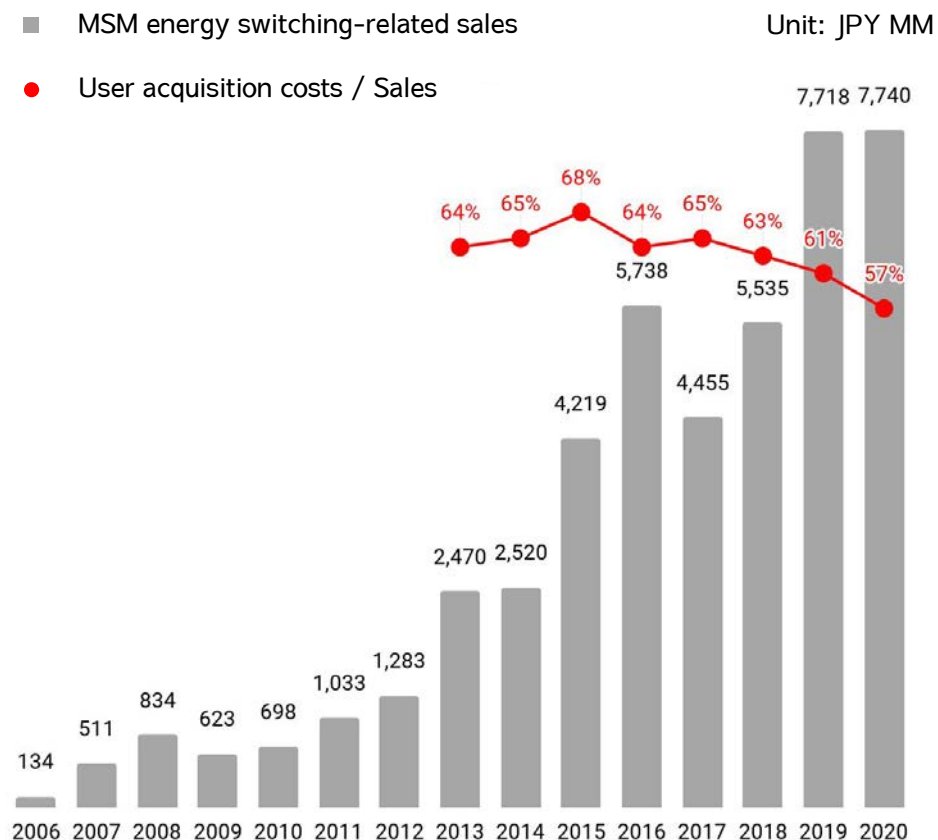
UK: Energy switching revenue of top two comparison websites totaled 22 billion JPY

The UK, where the energy market has been liberalized since 1999, has seen about 65%^{*1} of switches performed using online price comparison sites for energy. The largest company, USwitch, had sales of about 14 billion JPY and a market share of 30.4%.^{*2} The second largest company, MoneySuperMarket (MSM), had energy switching sales of 7.7 billion JPY and a market share of 17.0%.^{*3}

Market Share in UK Energy Switches^{*2}



MSM Sales^{*4} and Share of Energy Switches



*1. Calculated from Ofgem, "Household Consumer Perceptions of the energy market Q3 2020".

*2. Share is the share of sales of the different companies calculated from GOV.UK, "Quarterly domestic energy switching statistics"

*3. Sales based on sales for the energy segment in the financial information of each company (public bulletins if not publicly listed) and converted at a rate of 150 JPY:1 GBP.

*4. Energy-related sales (Unit: JPY MM, converted at a rate of 150 JPY:1 GBP)



■ **Data business**

4 SaaS products for Energy 3Ds

The Data business, which addresses fields related to the Energy 3Ds, focuses on 4 major SaaS products: EMAP (DX^{*1} services for energy companies), SMAP (DR^{*2} for households), KIWI (DR for companies), and ENECHANGE EV Charging Service. We will primarily focus on the EV Charging Service for the time being.

Data business

DIGITALIZATION

DECARBONIZATION

DECENTRALIZATION

EMAP

DX services for energy companies



東京電力エナジーパートナー



SMAP

DR for households



ENECHANGE KIWI

DR for companies



EV Charging Service

EV Charging infrastructure

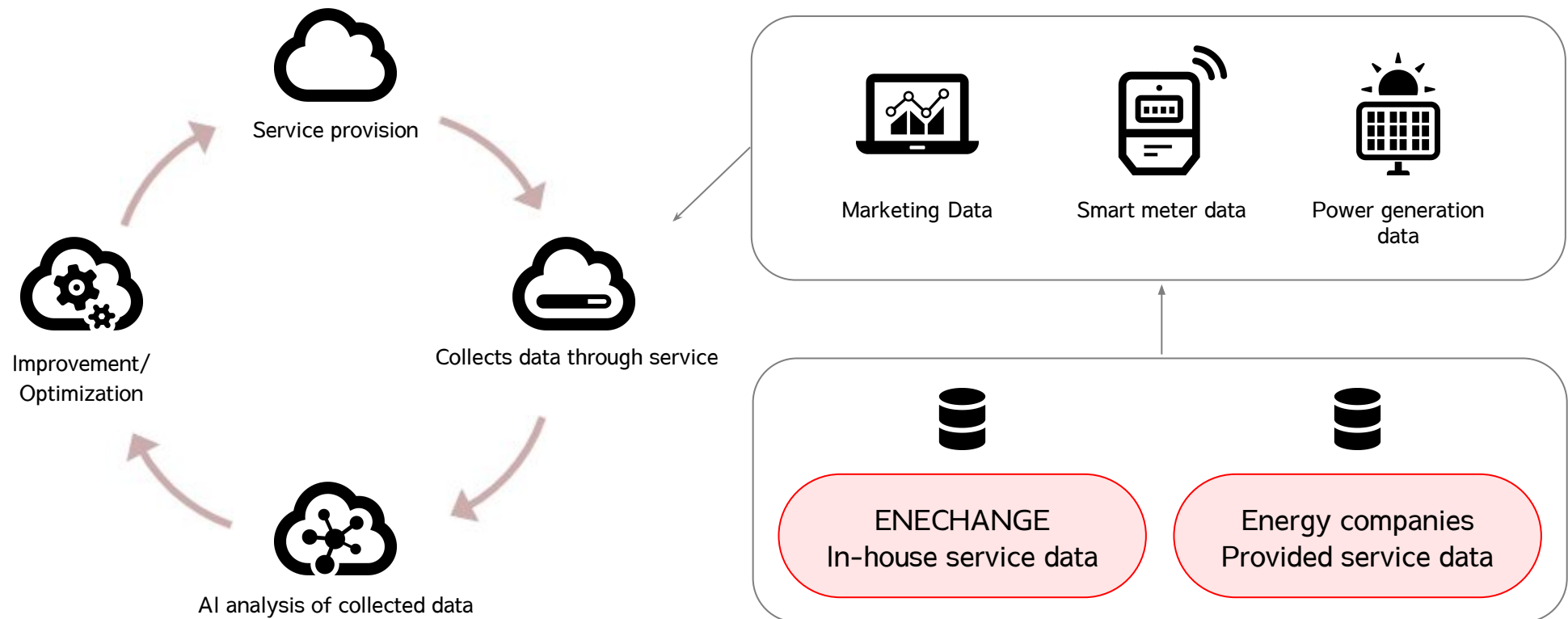


*1. DX = Digital Transformation

*2. DR = Demand Response

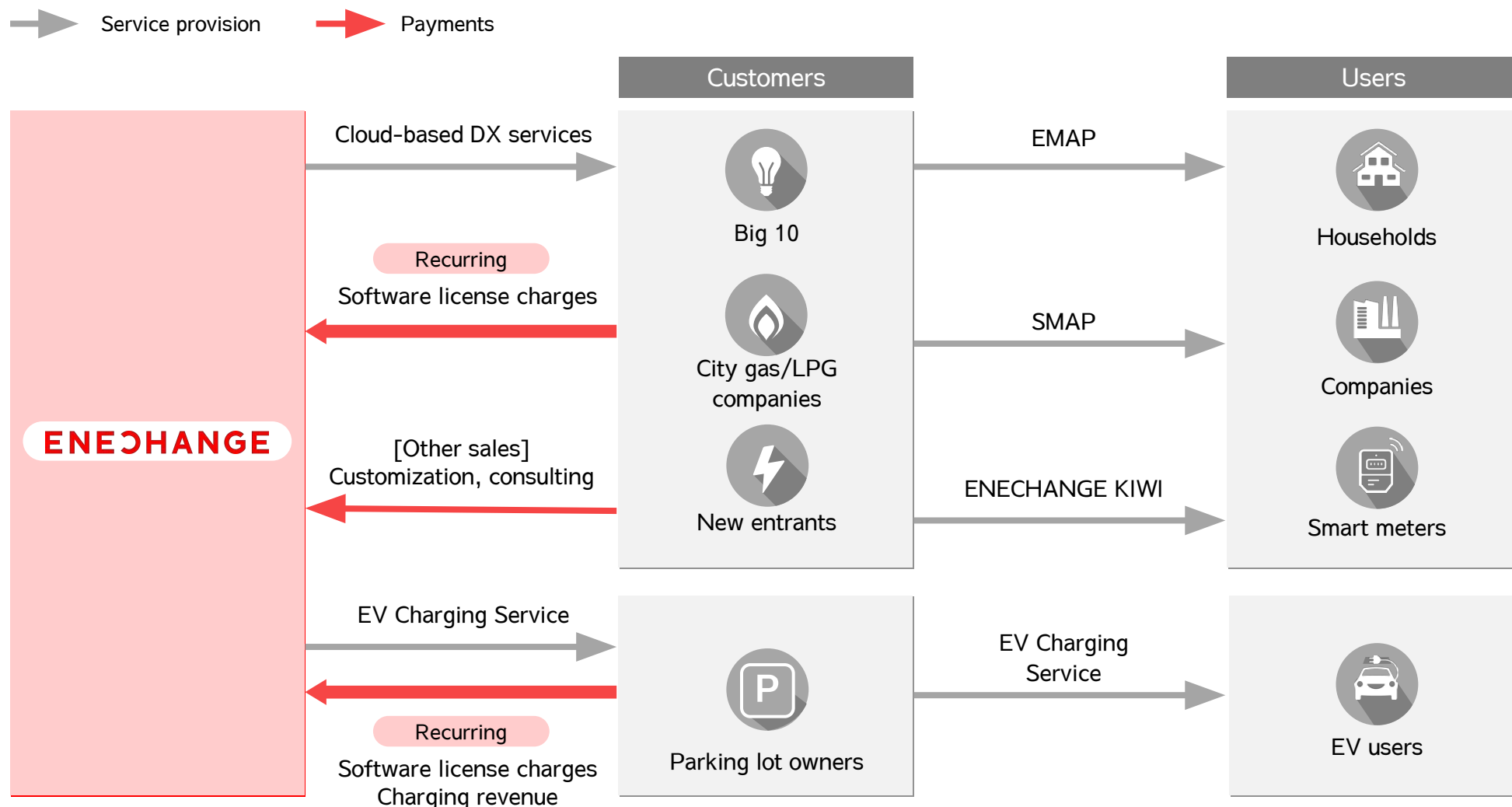
Providing services based on big data analysis

By transforming marketing data, smart meter data, power generation data and more with AI technology, we can provide more advanced services than any single company alone.



Recurring revenue from monthly license charges

We provide our proprietary products as SaaS (B2B2C) to energy companies, and our revenue is based on recurring software licenses through usage charges linked to the number of households, companies, smart meters, etc. Other sales come from customization, etc.



Start of EV Charging Service and expanding across the whole country

The EV Charging Service has received strong demand from major suburban retail outlets, hotels, and restaurant chains, and we are installing units across the country. Our strategy is to have the first unit installed by each site owner and establish a foothold for additional orders as EV ownership spreads. This will enable us to gain a dominant position for the future.

■ Start of EV Charging Service

White version



Secondary version



■ Leverage corporate customer base to install the first units



Energy tech companies emerging overseas (EV charging)

Many overseas EV charging companies went public in 2021 and are prioritizing sales growth while incurring losses due to upfront investments. Despite the recent decline in the overall stock market, the companies are still valued at a high PSR due to expectations for the growth potential of EV charging.

Company name	Ticker Symbol	Business	IPO Date	Market cap ^{*1}	Sales ^{*1} (TTM)	EBITDA ^{*1}	PSR ^{*2}	Stock Exchange	Main sales market
Tesla	TSLA	EV, EV Charging , Battery VPP ^{*3}	Jun. 2010	\$941 B	\$53.8 B	\$9.3 B	17.5x	NASDAQ	Global
ChargePoint	CHPT	EV Charging	Mar. 2021	\$4.6 B	\$204 M	-\$204 M	22.5x	NYSE	USA Europe
Wallbox	WBX	EV Charging	Oct. 2021	\$1.9 B	\$41 M	-\$19 M	47.2x	NYSE	Europe
Fastned	FAST	EV Charging	Jun. 2014	\$894 M	\$9 M	-\$5 M	95.1x	Euronext Amsterdam	Europe
Blink	BLNK	EV Charging	Feb. 2018	\$882 M	\$15 M	-\$41 M	57.2x	NASDAQ	USA
Volta	VLTA	EV Charging	Aug. 2021	\$798 M	\$29 M	-\$122 M	28.0x	NYSE	USA
EVgo FAST CHARGING	EVGO	EV Charging	Jun. 2021	\$567 M	\$19 M	-\$55 M	29.4x	NASDAQ	USA
Pod Point	PODP	EV Charging	Nov. 2021	\$472 M	\$64 M	-\$0 M	7.3x	LSE	Europe

*1. From Yahoo Finance (as of January 31, 2022) , €1=\$1.13, £1=\$1.35

*2. Price to Sales Ratio, Calculated as market cap divided by sales (TTM)

*3. VPP - Virtual Power Plant



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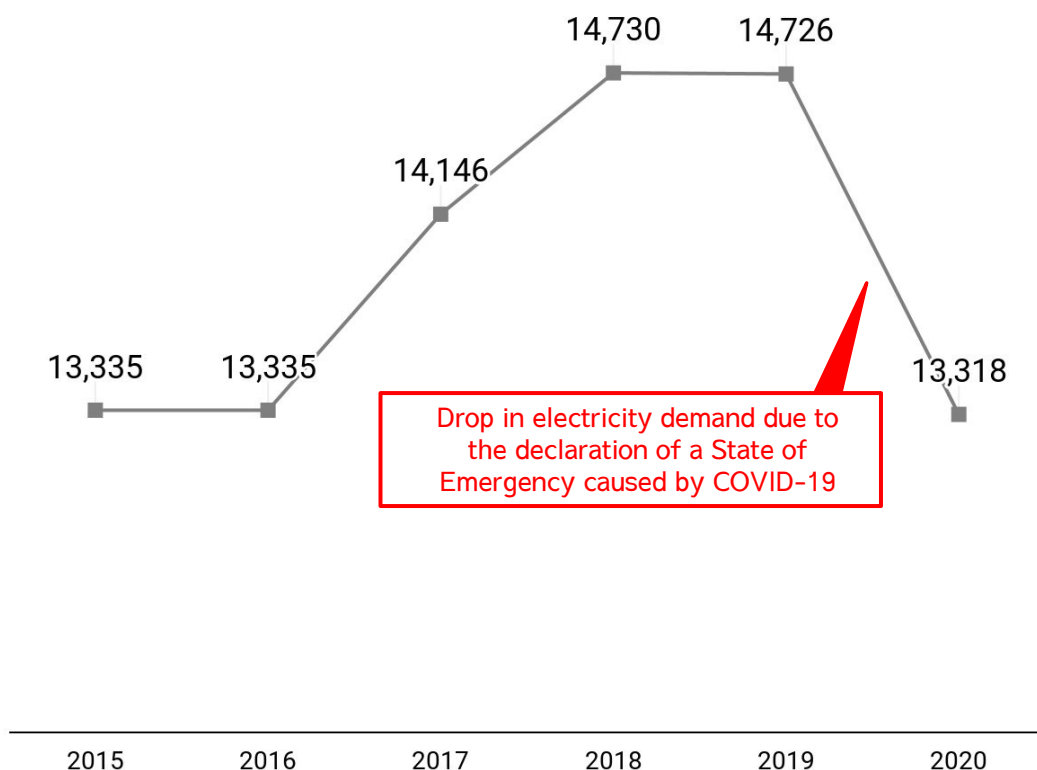
Market environment & Competitive advantage

Electrification will expand electricity market to 18 trillion JPY

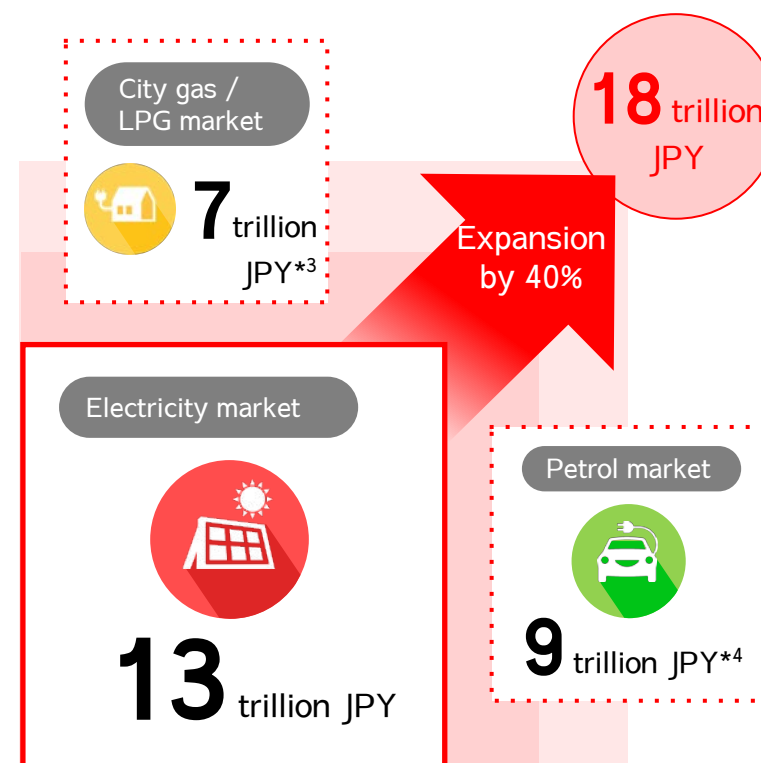
The move towards decarbonization is encouraging the spread of fully electrified homes and electric vehicles. As a result, the electricity market is expected to grow from its current level of 13 trillion JPY to 18 trillion JPY (+40%*1) by 2050.

■ Electricity Market (Base Market)*2

Unit: JPY BN



■ 18 trillion JPY market through electrification



*1. Source: METI, “Green Growth Strategy towards 2050 Carbon Neutrality”

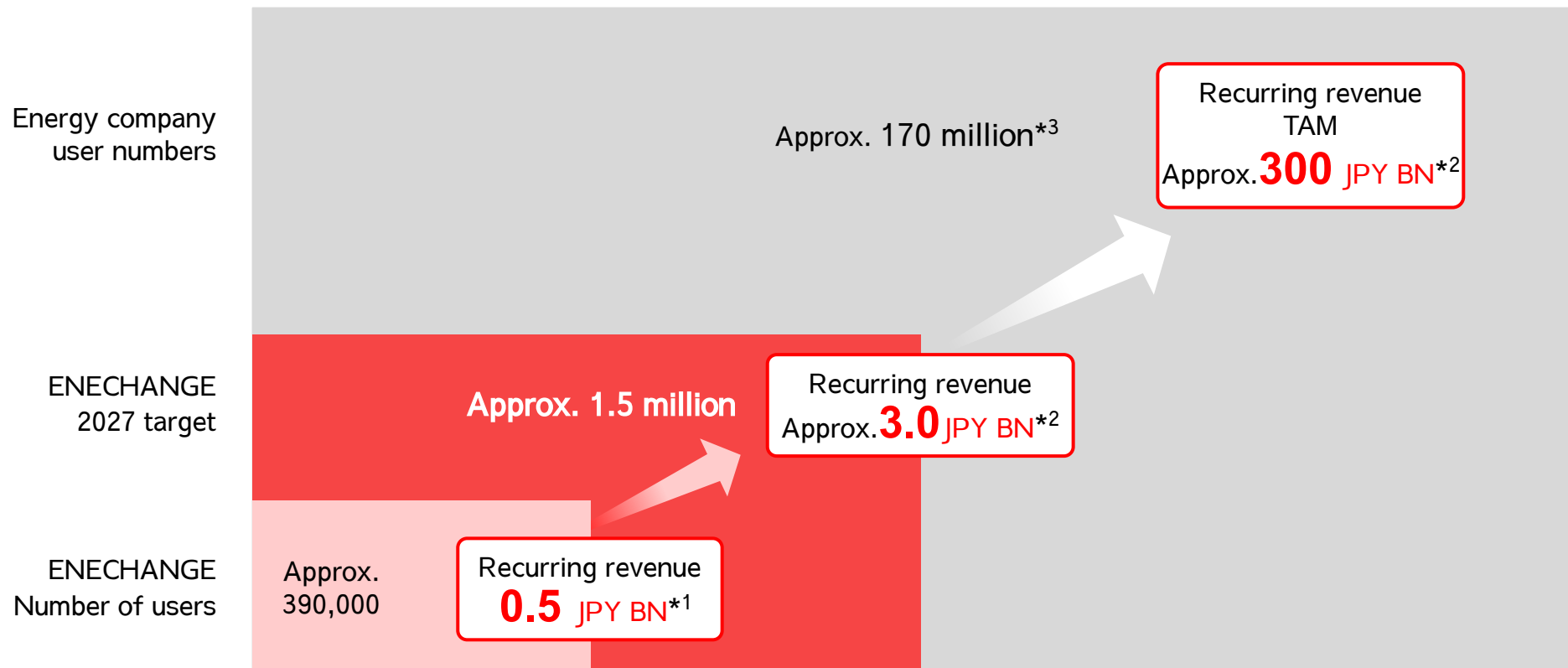
*2. Based on the electricity sales amount in Electricity and Gas Market Surveillance Commission, “Electricity Trading Report Results” ; figures for 2015 are not listed so are assumed to be the same as for 2016.

*3. Calculated based on city gas sales amounts in Electricity and Gas Market Surveillance Commission, “Results of Gas Transactions” and the Japan LP Gas Association sales volume data.

*4. Source: Teikoku Databank, “Total Sales of Service Station Management Companies” (2017)

Target markets of Platform business

In the Platform business, the numbers of new entrant users are expected to increase, and we have plenty of room for growth. We aim to achieve 1.5 million users by 2027, which would generate sales of approximately 7 billion JPY with 3 billion JPY from recurring revenue.



*1 FY21 Results for Recurring Revenue in the Platform Business

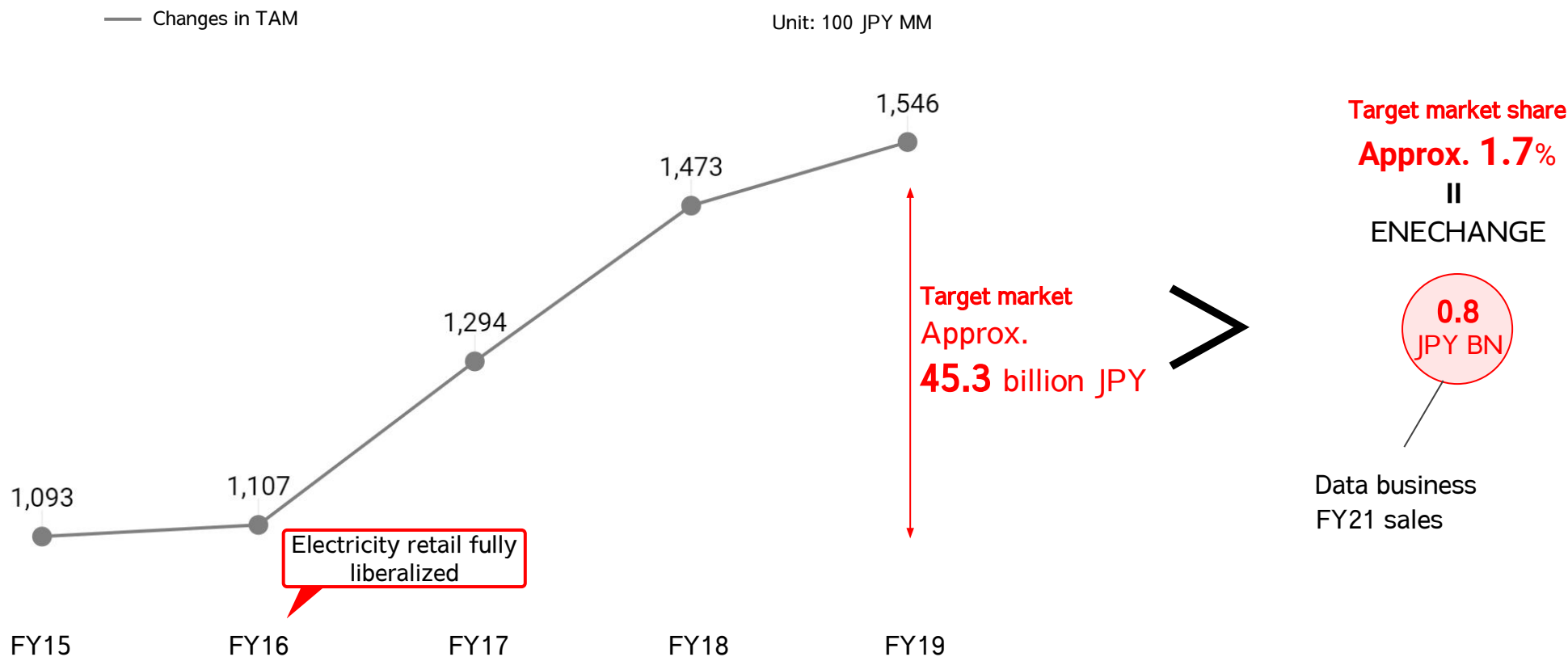
*2 Calculated with the recurring revenue unit price per user as approximately 1,786 JPY (calculated by dividing the recurring revenue for FY21 Q4 (excluding the impact of the acquisition) by the number of users at the end of FY21 Q3 and multiplying by the number of users at the end of FY21 Q4).

*3 From the Electricity and Gas Transaction Monitoring Committee's "Results of Electricity Transactions": In addition to the number of low-voltage accounts, the ratio of low-voltage to high-voltage electricity sales in the past 12 months was calculated and multiplied by the number of low-voltage accounts, which was then added up as the number of high-voltage household equivalents.

Target markets of Data business

With the demand for investment in new systems related to the 4Ds of Energy, the sales IT budget ratio of the electricity industry has increased. Since 2015, before energy liberalization, the increase has been 45.3 billion JPY. We consider this our target market, and our share is estimated at 1.7%. In addition, since our main competitors in this area are consultancies and in-house software development, our SaaS applications can gain market share by presenting a cost advantage.

■ TAM (Data business)*1

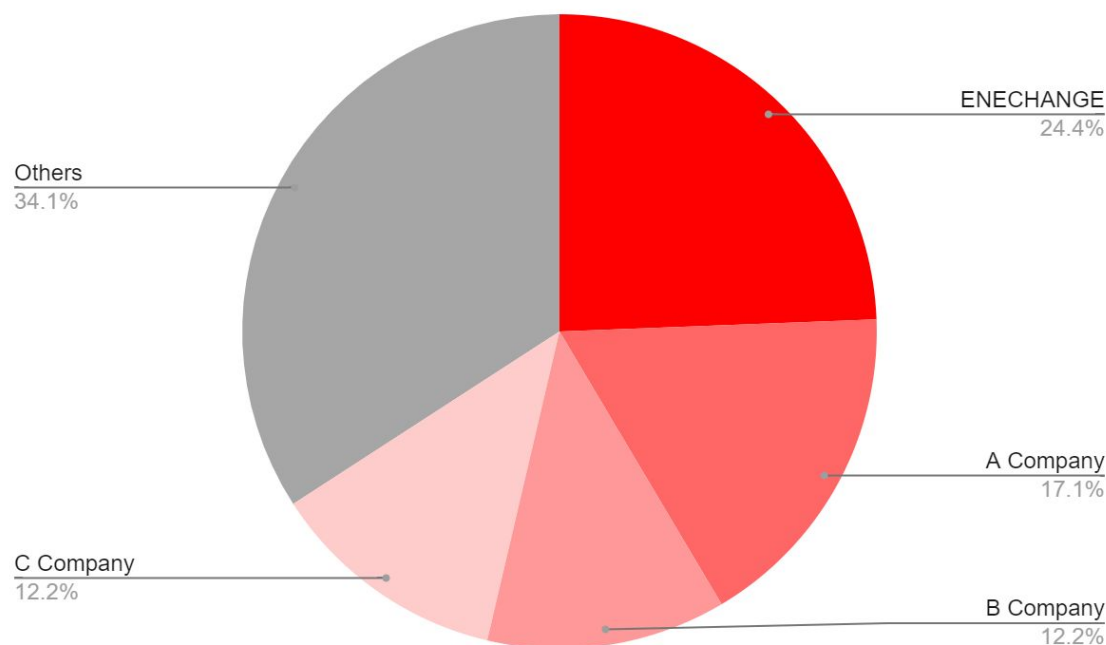


*1. Multiplied the base market with the IT budget ratio in the energy industry (infrastructure sector) sales in Japan Users Association of Information Systems. The target market is calculated based on the figures for 2019 as 2020 was greatly affected by COVID-19.

Maintained top share of search results through SEO measures

While there was a major change in Google's algorithm in June 2021, our SEO measures enabled us to maintain our top share of 24.4% of search results for the 41 most important key words*¹.

■ Percentage of top positions for the most important keywords*² (as of Mar. 24, 2022)



■ Examples of 41 most important key words*¹

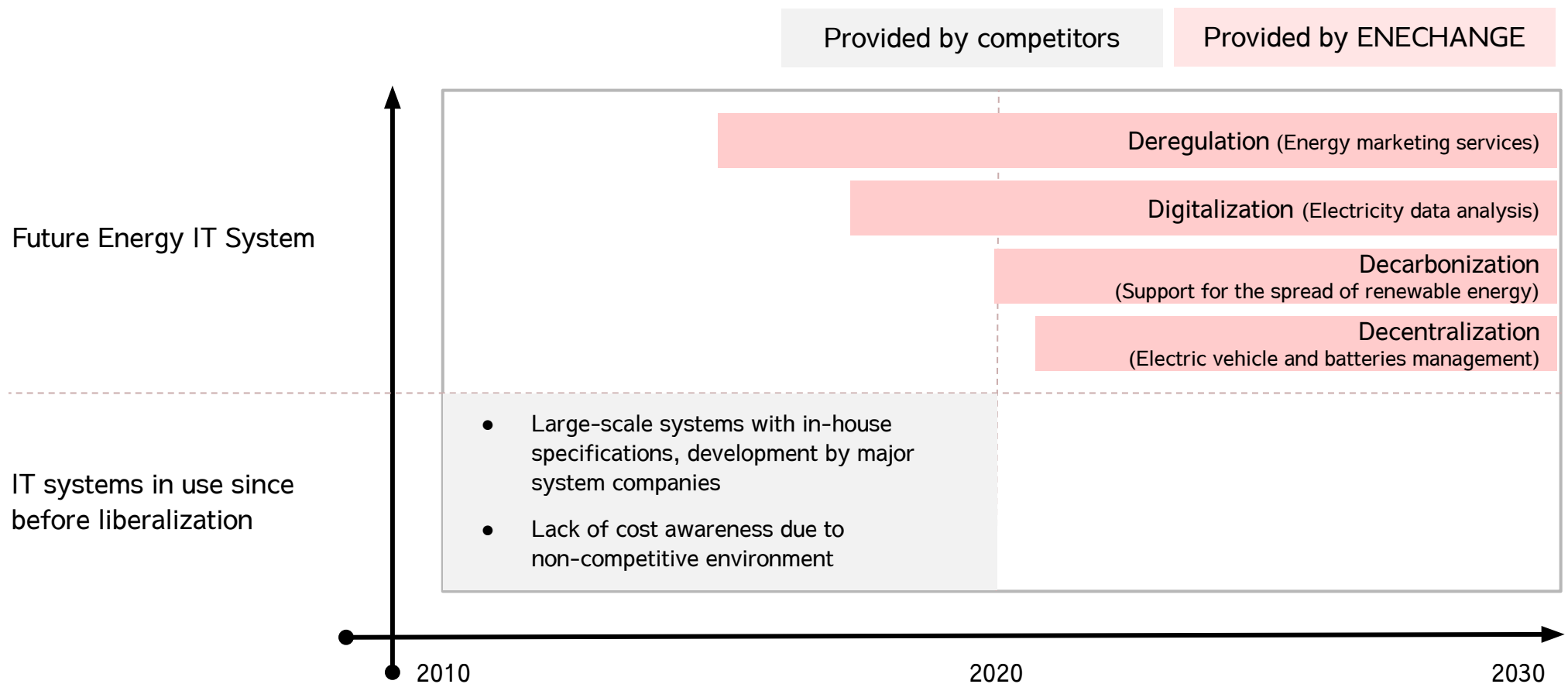
Electricity Bill	Electricity Charges
Energy Comparison	Electricity Charges Comparison
Energy Company Comparison	Electricity Bill Comparison
Energy Company	Electricity Recommendation
Electricity Relocation	Electricity Charges Savings

*1. Selected key words set independently by ENECHANGE from application rates, etc.

*2. Displaying survey results by ENECHANGE based on Google searches. Calculated by adding up the number of first-place results for the set 41 key words in Japanese.

Positioning to focus on the 4Ds of Energy

Prior to deregulation, there was little pressure for Japan's energy industry to invest in IT system upgrades due to lack of competitive pressure. However, there has been a growing demand for flexible and efficient system investments since liberalization. We are differentiating ourselves from our competitors by specializing in new IT system capabilities related to the 4Ds of Energy and offering them as cloud-based services at a competitive cost.



Developing the destination charging field by leveraging our advantages

EV charging use cases can be divided into (1) home charging, (2) route charging, and (3) destination charging, and we will focus on (3), which is also mainly performed by overseas listed companies. We are developing our EV Charging Service by leveraging our expertise, such as sales channels, software development capabilities, and our overseas EV charging business knowledge.

■ Focus on destination charging

1. Home Charging
Charging at home



Level 1
or 2
Charging

2. Route Charging
Charging on the way



DC Fast
Charging

3. Destination Charging
Charging at the destination



Level 2
Charging

■ Our Strengths

Customer base cultivated
through company switching



Software development
capability



Marketing data











Smart meter
data

Overseas EV charging
know-how



ChargePoint, Inc.
Former Executive

A team of directors who balance high growth and corporate governance as an energy tech company

	Name Post at ENECHANGE	Major Past Posts	Nomination and Remuneration Committee	Energy / Environment Business	Energy Tech	Energy Overseas Trends	Corporate Governance	Accounting & Finance / Capital Markets	Organizational Development / Personnel	Marketing
	Yohei Kiguchi Representative Director and CEO	University of Cambridge, Doctoral researcher	○	✓	✓	✓		✓		
	Ippei Arita Representative Director and COO	JP Morgan, Engineer		✓	✓				✓	
	Tatsuya Sogano Director and CMO	P&G Marketing		✓	✓					✓
	Minoru Takeda Independent Outside Director	Showa Shell, Chairman Royal Dutch Shell Japan, CEO	○ Committee Chair	✓			✓			
	Aki Mori Independent Outside Director	Renova, CFO Goldman Sachs, IBD	○	✓			✓	✓		
	Kenichi Fujita Independent Outside Director	Siemens Japan CEO and Chairman		✓	✓	✓	✓			
	Shinichiro Yoshihara Independent Outside Director	EPCO Representative Director and CFO, CPA		✓			✓	✓	✓	
	Kana Bogaki Independent Outside Director	Makuake Co-founder/Director					✓		✓	✓

* Checked boxes indicate at least 5 years of professional experience in the relevant business.

* The election of directors will be formally decided after the approval at the 7th Annual General Meeting of Shareholders to be held in March 2022.



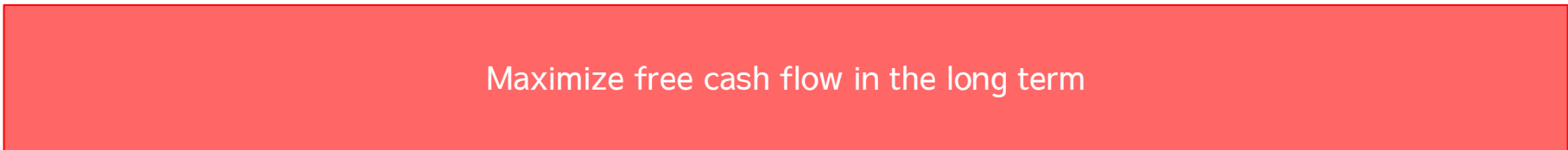
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Growth strategies

We aim to maximize our free cash flow in the long term

Our management policy is to maximize free cash flow over the long term, with an emphasis on sales growth in the medium term. To achieve this, we have defined two KPIs (number of users/customers and ARPU*), and will continually make strategic investments with the aim of maximizing these metrics.

Long-term Policy



Medium-term Policy



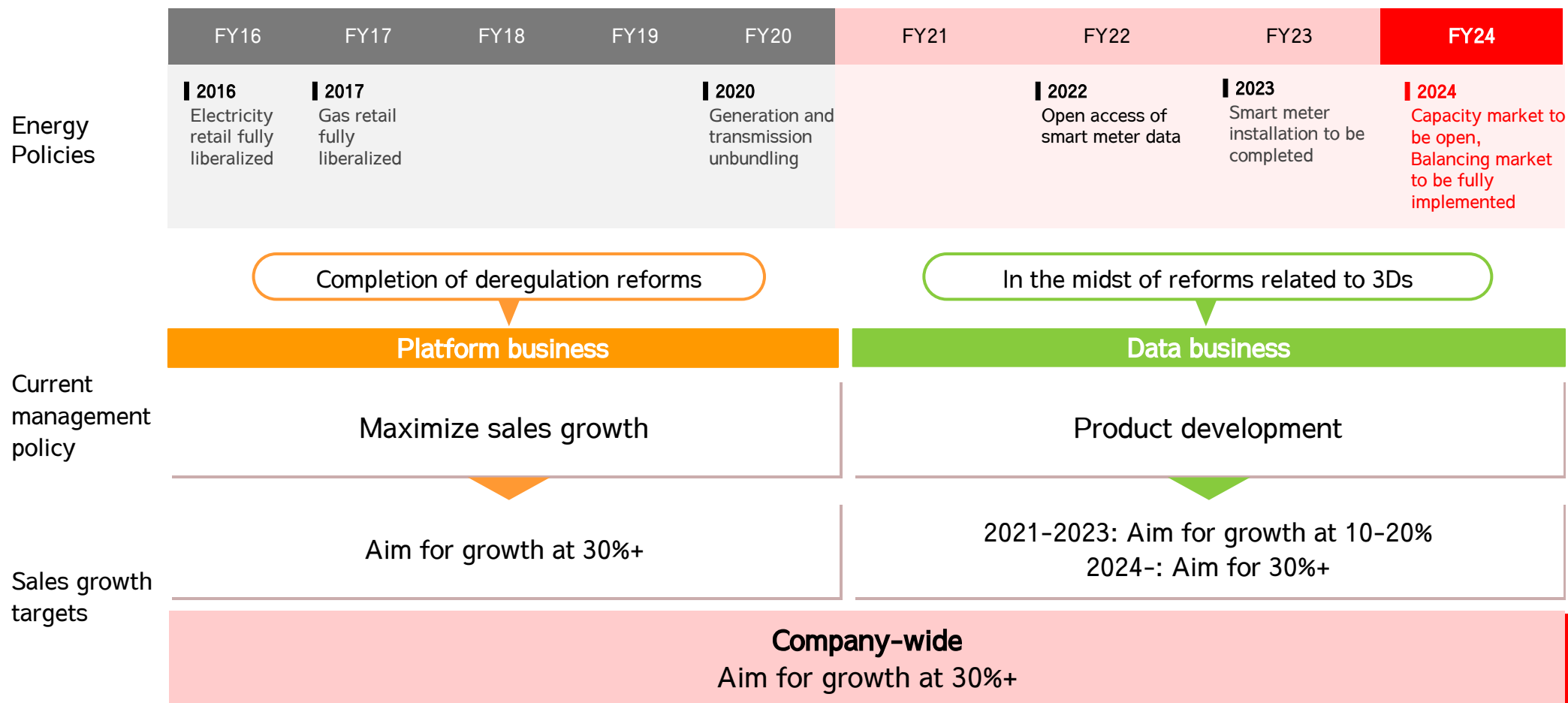
Key KPIs

	No. of customers		ARPU
Platform business	Number of users	×	Annual sales per users
Data business	Number of customers	×	Annual sales per customer

*ARPU: Average Revenue Per User

2 stages of growth in line with energy policy reforms

Japan's energy policy reform is in a nine-year transitional period set between 2016-2024. The Platform business, which is in step with completed policy reforms, is in the sales expansion phase. However, as policy reforms related to the Data business will not be completed until 2024, product development is currently being prioritized.



Consolidated Financial Forecast for FY22

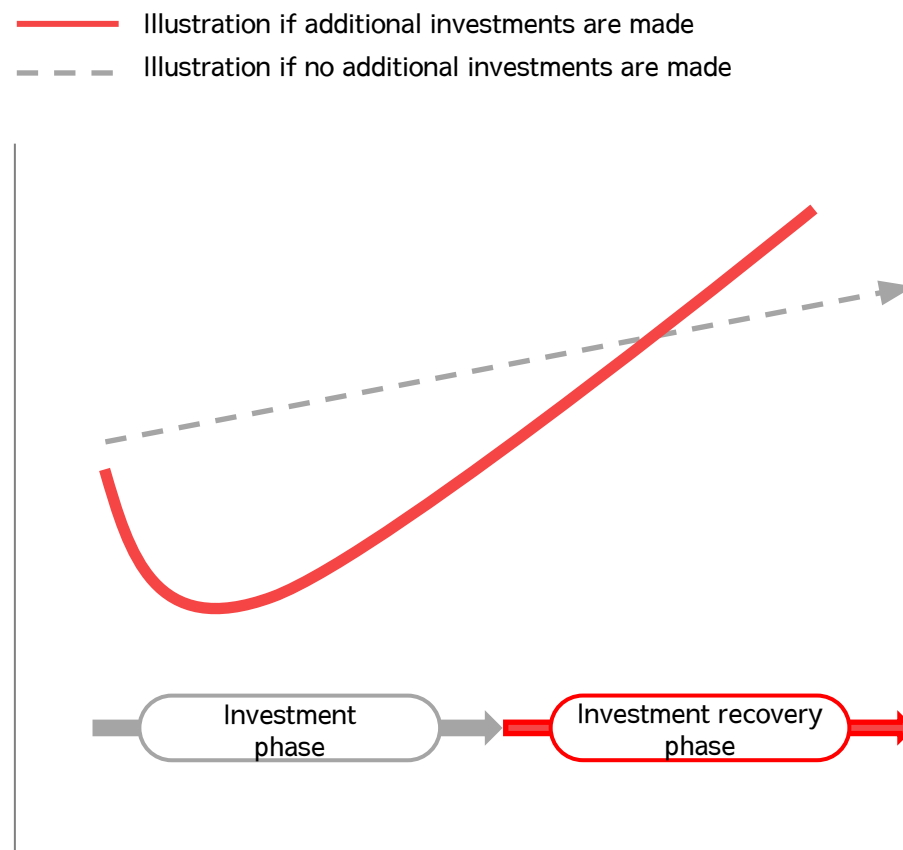
The approximately 3.9 billion JPY raised through the public offering will be used for growth investment for FY22. Sales growth is expected to be over 30%, with an operating loss expected due to growth investment. The business is expected to become profitable after it moves into the investment recovery phase.

Forecast for FY22

Unit: JPY MM

	FY21 Full-year results	FY22 Full-year forecast	Change rate
Sales	3,018	4,000	+33%
Operating income	40	(1,500)	-

Illustration of expenses and contributions to profit

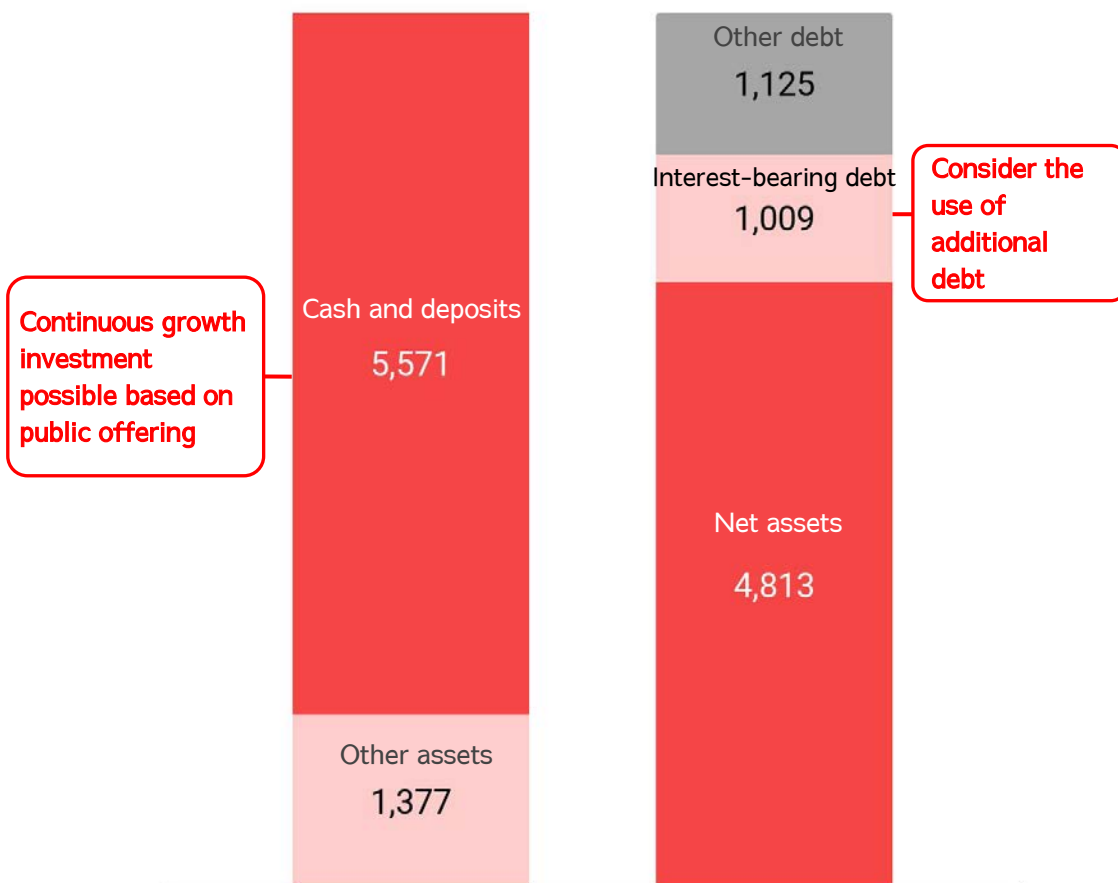


Financial Soundness

As a breakdown of the operating deficit of 1.5 billion JPY, we plan to invest approximately 1.2 billion JPY in the Platform business and 900 million JPY in the Data business for growth, and our financial soundness is sufficient. In addition, we will consider implementing M&A using interest-bearing debt.

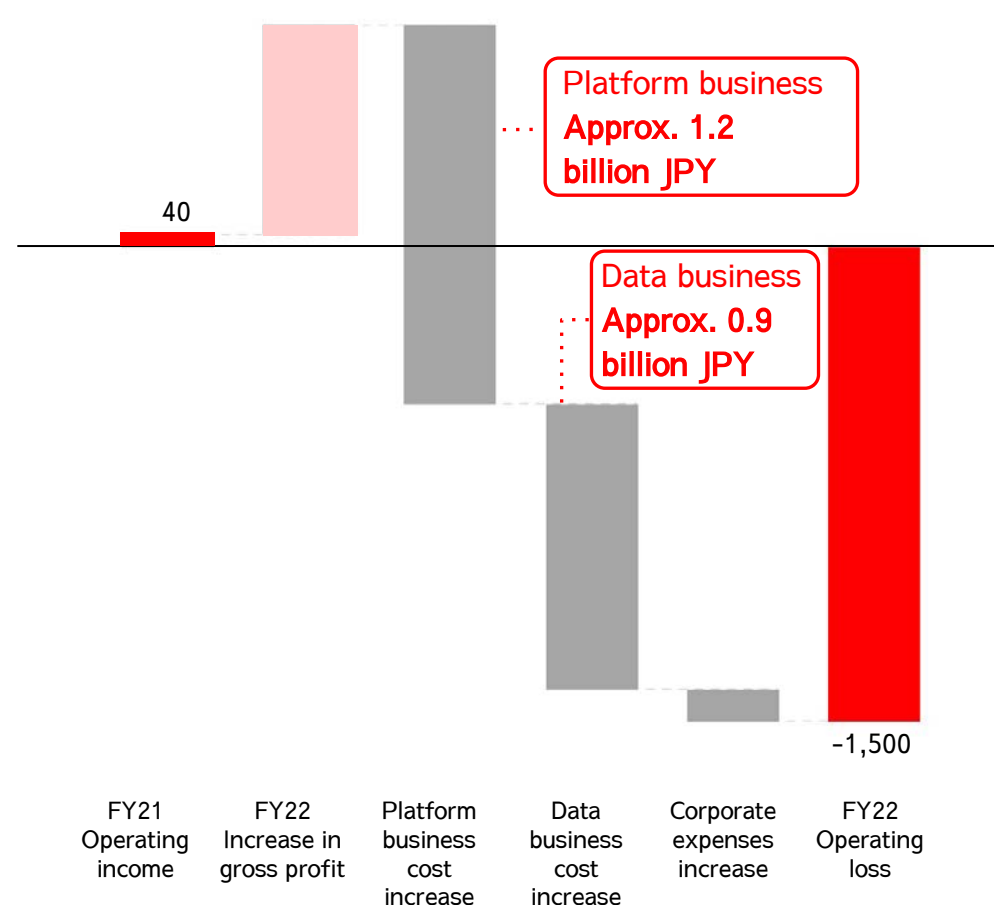
■ Financial condition (as of December 31, 2021)

Unit: JPY MM



■ Investment plan for FY22

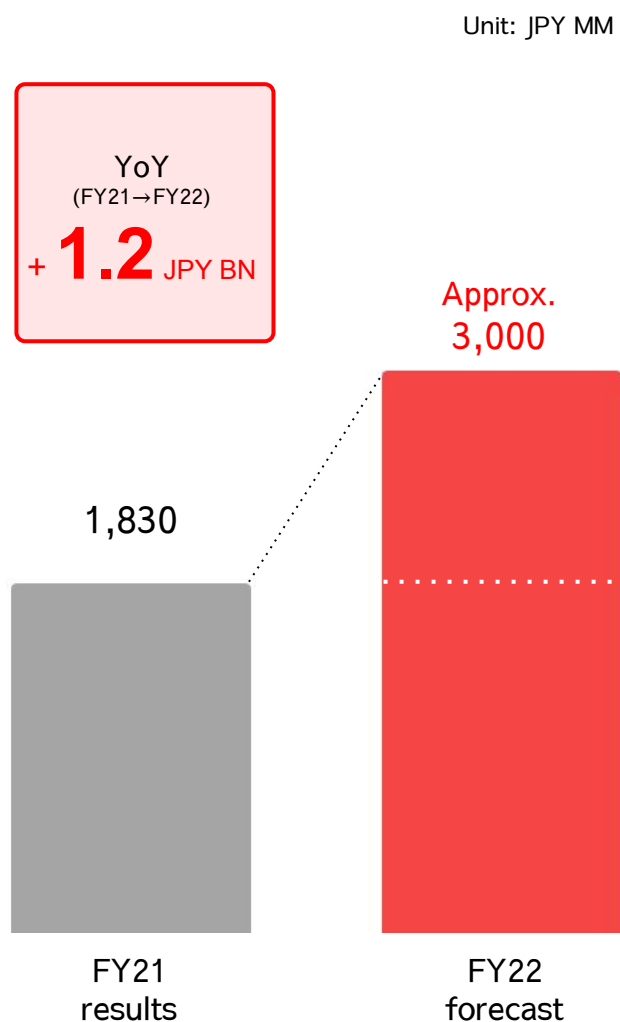
Unit: JPY MM



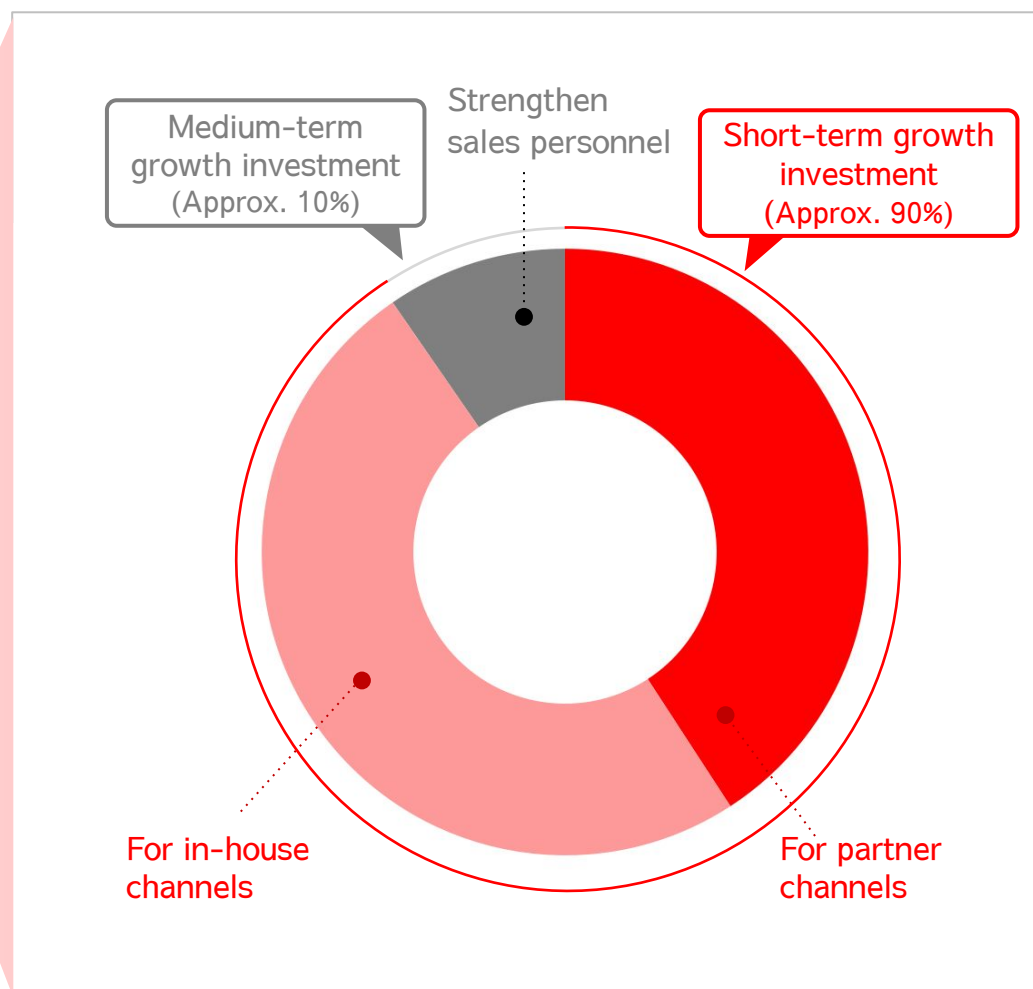
Platform business: Investment plan

We plan to make 90% of our growth investments into user acquisition via both in-house and partner channels. We expect the LTV/CAC ratio to decrease to 2.0x in FY22, and the payback period is expected to be 33 months.

■ YoY comparison of SG&A expenses



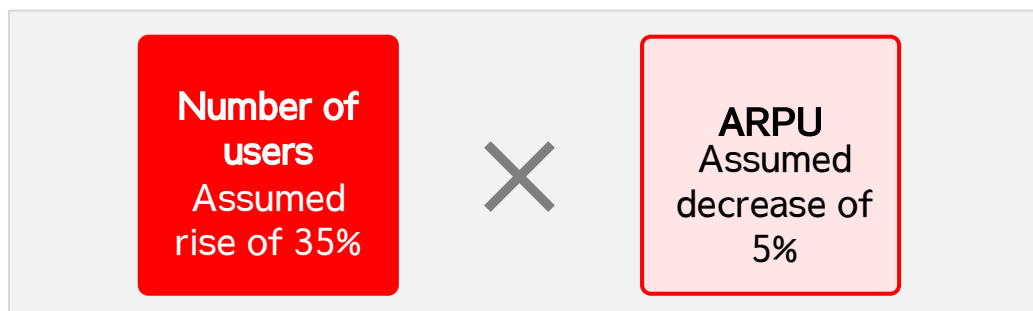
■ Breakdown of investment



Platform business: Assumptions for sales forecast

We expect to grow our number of user by +35% with additional investment. However, with a decrease in one-time fees associated with high energy prices, we expect to see a -5% decrease in ARPU. Taking these into account, sales are expected to increase over 30%. Note that this does not include increases in sales due to mass marketing or potential M&A activities.

■ Assumptions for sales forecast



■ Strategies to increase sales

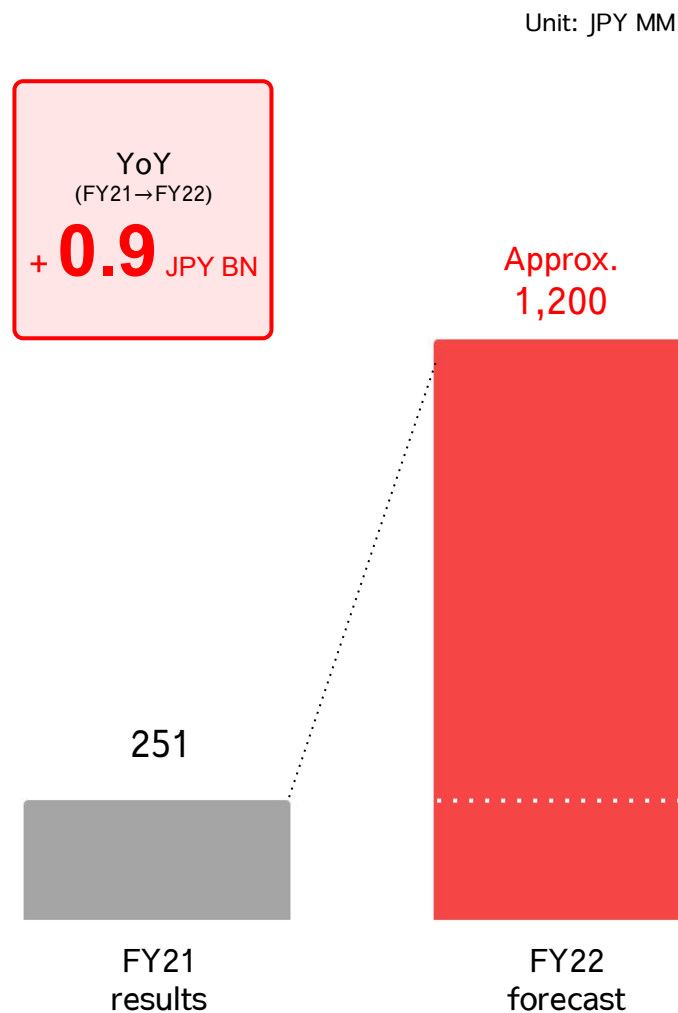
Prioritize increasing number of users

Strategy		2022 Policy
Strengthening of in-house channels	Mass marketing	Postponed for the time being
	Digital marketing	Priority focus
Strengthening of partner channels		Priority focus
"Roll-up" style M&A		Priority focus *Not included in forecast

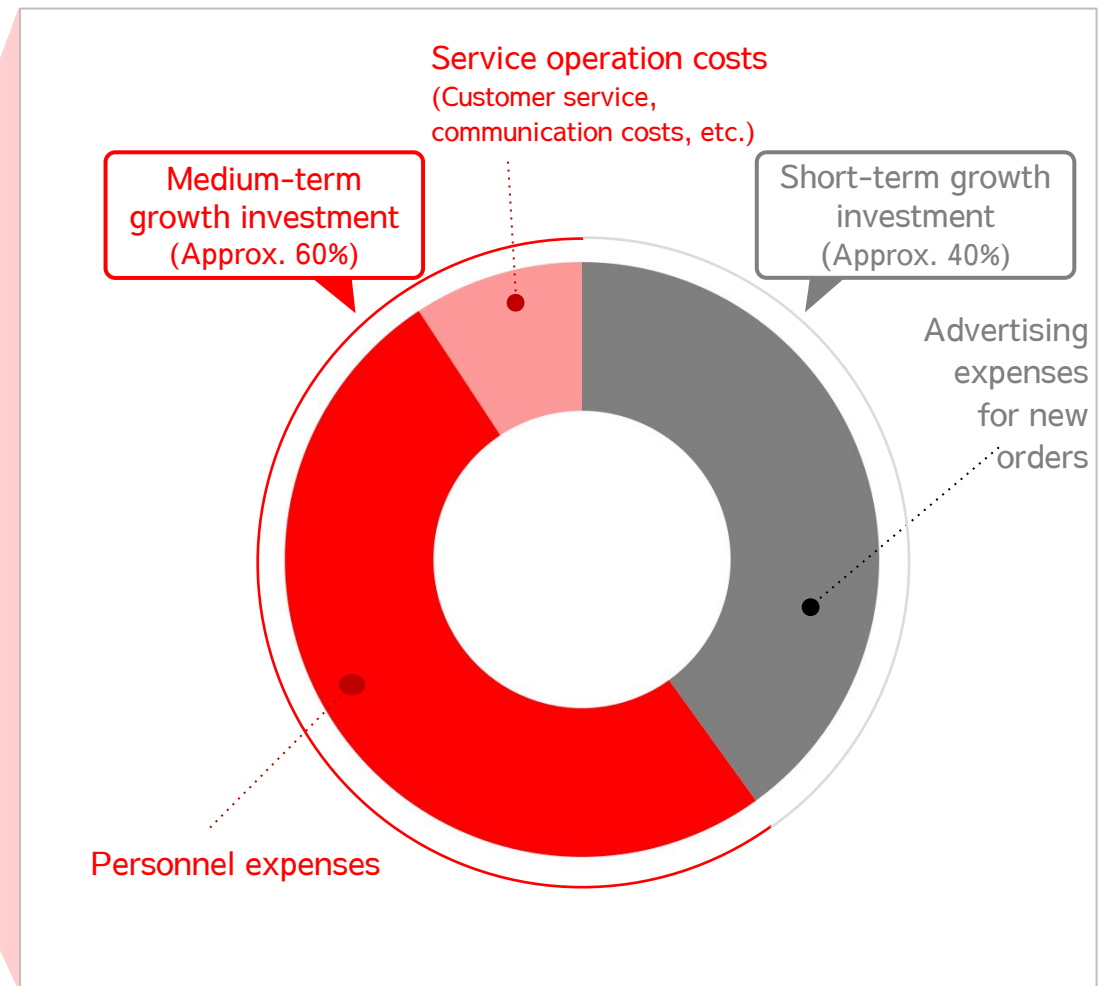
Data business: Investment plan

The investment in the Data business will mainly be used for the EV Charging Service. This includes 60% for personnel expenses (engineers and sales staff), expansion of the customer support system, and infrastructure development. 40% will be used to invest in the acquisition of new users.

■ YoY comparison of SG&A expenses



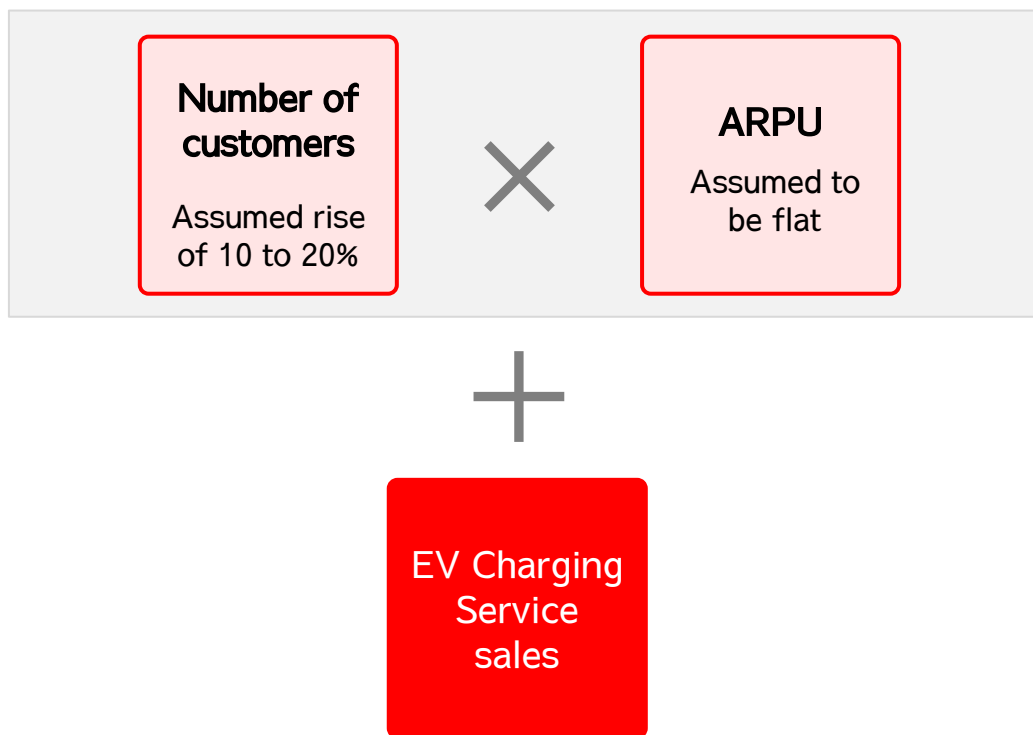
■ Breakdown of investment



Data business: Assumptions for sales forecast

The number of customers is expected to increase about +10-20% driven by sales of our existing products. ARPU is expected to remain flat due to offsetting impacts of low prices for new customers and up/cross-selling. We prioritize investment in the EV Charging Service, but the sales assumption is conservative.

■ Assumptions for sales forecast



■ Strategies to increase sales

Prioritize EV Charging Service

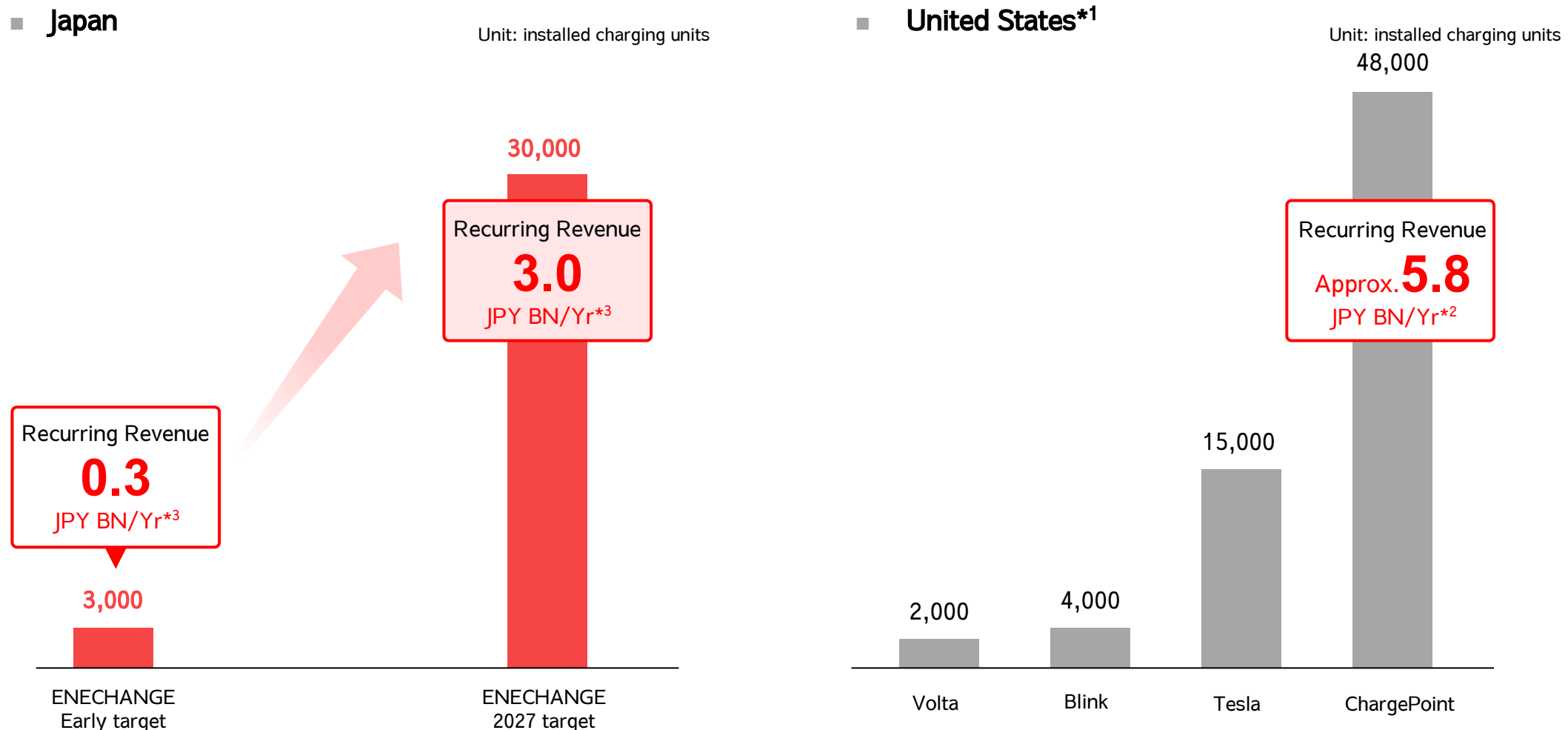
Service	Strategy	2022 Policy
EMAP	New customer acquisition through low prices Increased ARPU through up-selling and cross-selling to existing customers	Continue to operate business for organic growth
SMAP		
ENECHANGE KIWI		
EV Charging Service	Investment to widely obtain orders for first unit	Priority focus

*1. Counting number of customers as of the end of the period

*2. Average Revenue Per User: Calculated after dividing the quarterly segment sales by the number of users at the end of the quarter.

Data business: Focusing on the number of EV charging installations

The EV Charging Service aims to make 3,000 installations, similar to listed EV charging companies overseas, in the short-term so that we can become the leader in Level 2 charging in Japan. We will then aim for 30,000 units installed by 2027, at which point we expect to achieve the same level of profitability as the Platform business by generating recurring revenue of approximately 3 billion JPY and non-recurring revenues from hardware sales and installation.



*1 Source: No. of Level 2 chargers (including public, private, etc.) disclosed in US Department of Energy Alternative Fuels Data Center in the United States as of January 2022

*2 Taken from Q3 Fiscal 2022 Financial Results, ChargePoint. Annualization of subscriptions (36M USD) out of total sales Q1-Q3 2021, converted at an exchange rate of 115 JPY = 1 USD.

*3 Calculated with ARPU as 100,000 JPY annually (per unit).



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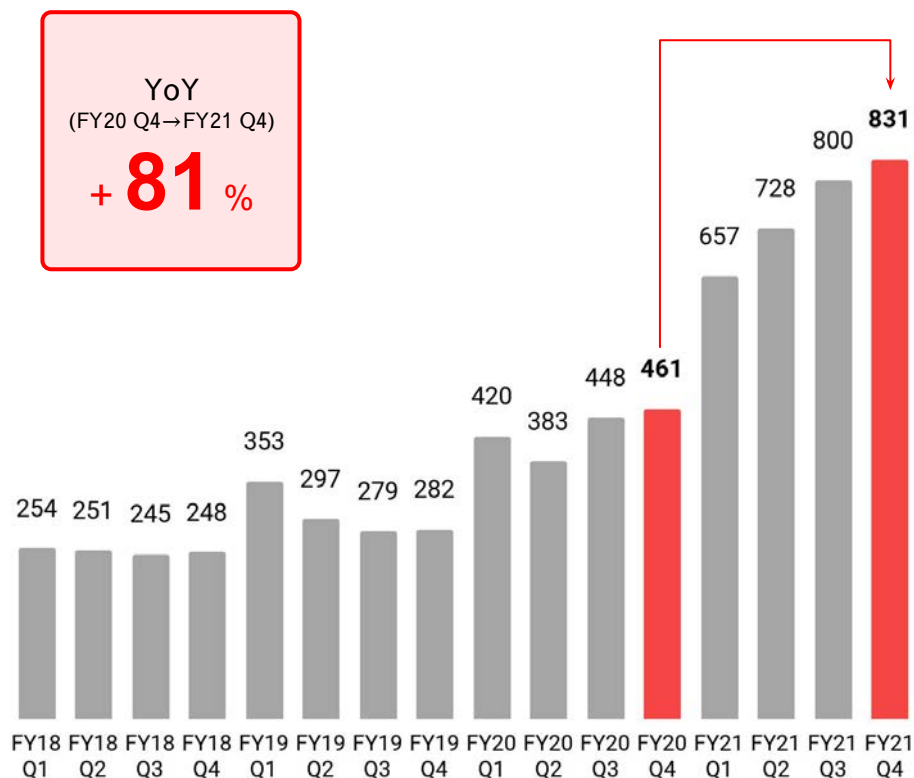
Financial information

Record-high sales (+81%) and recurring revenue (+35%)

Quarterly sales grew +81% year on year, and recurring revenue rose +35% year on year - both reaching record highs.

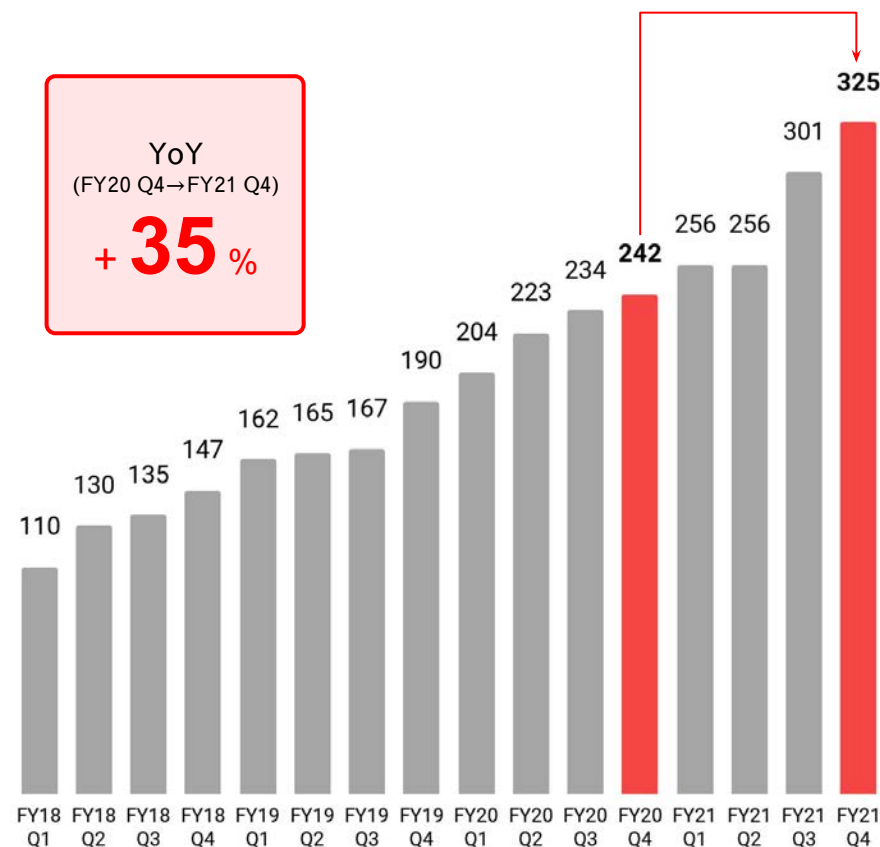
■ Quarterly sales*1

Unit: JPY MM



■ Quarterly recurring revenue*2

Unit: JPY MM



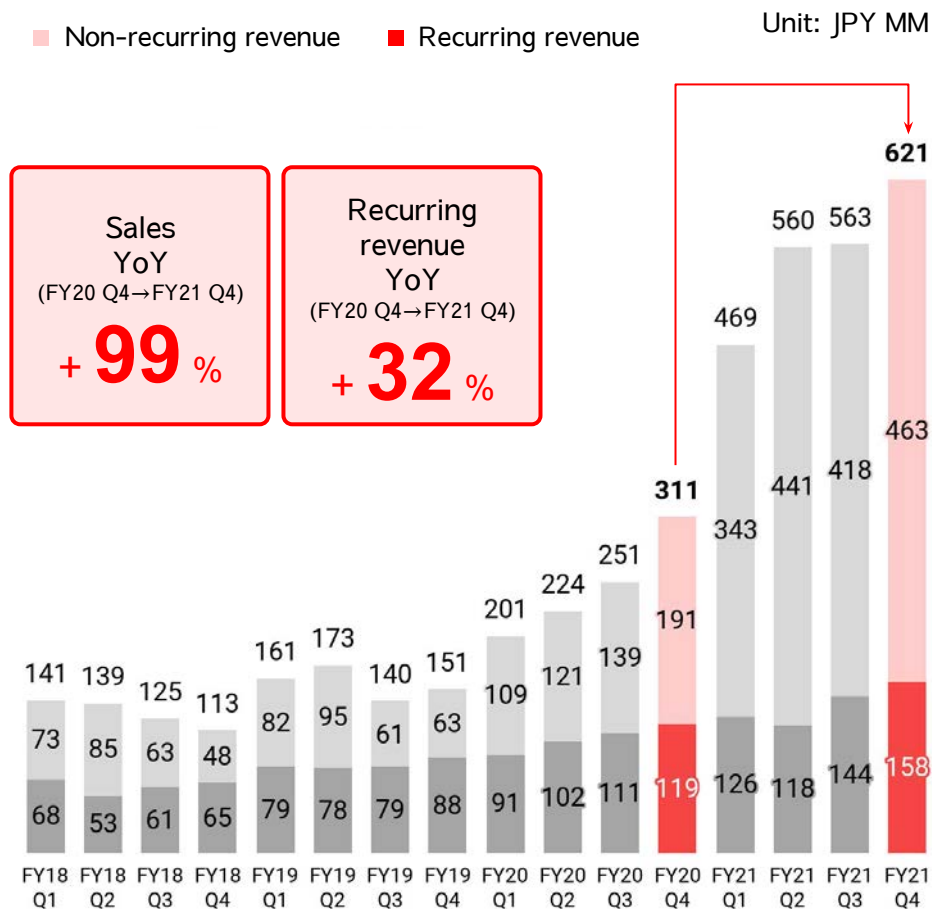
*1. Shows sales excluding our SIM business (SIM Change, our SIM/smartphone comparison service for home use) that was transferred on July 31, 2019.

*2. Recurring revenue is an aggregate of recurring compensation, software license fees, and other items that arise from the company's operating activities each fiscal year.

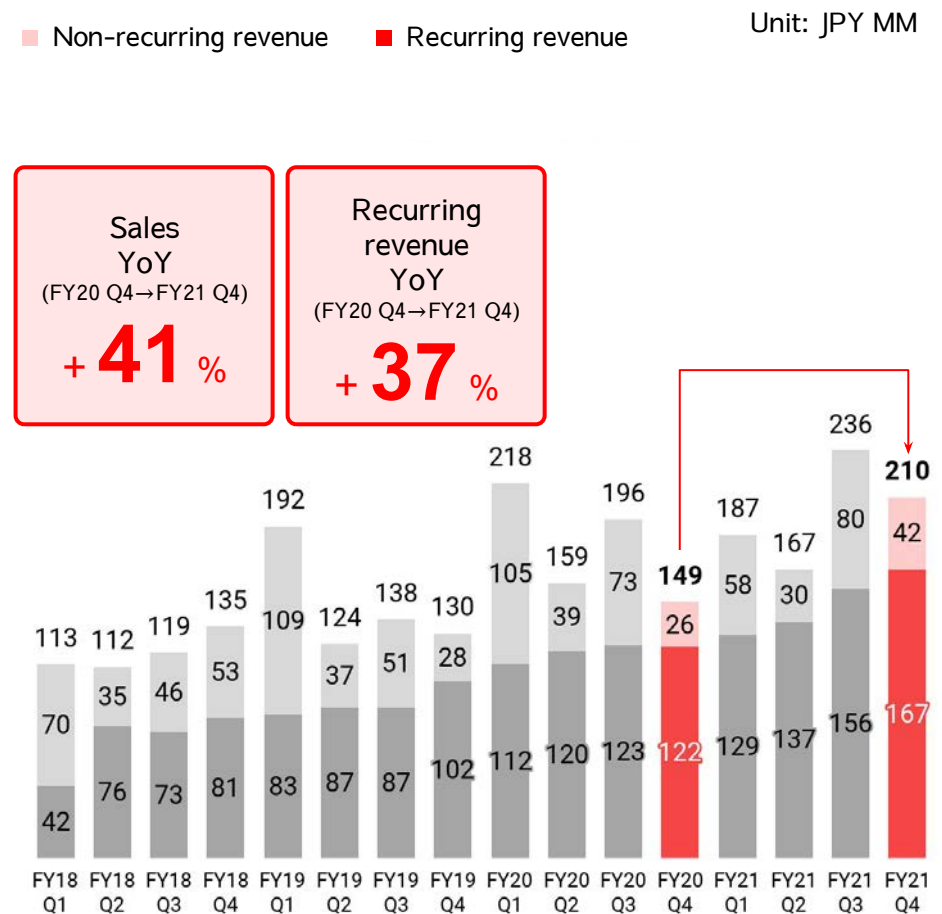
Record high recurring revenue for both businesses

In our Platform business, sales increased +99% YoY and recurring revenue increased +32% YoY - both hitting record highs. This was driven by an increase in demand for electricity switching. In our Data business, sales increased +41% YoY and recurring revenue increased +37% YoY (record high) due to the introduction of products to new customers and cross-selling to existing customers.

■ Platform business quarterly sales*1



■ Data business quarterly sales



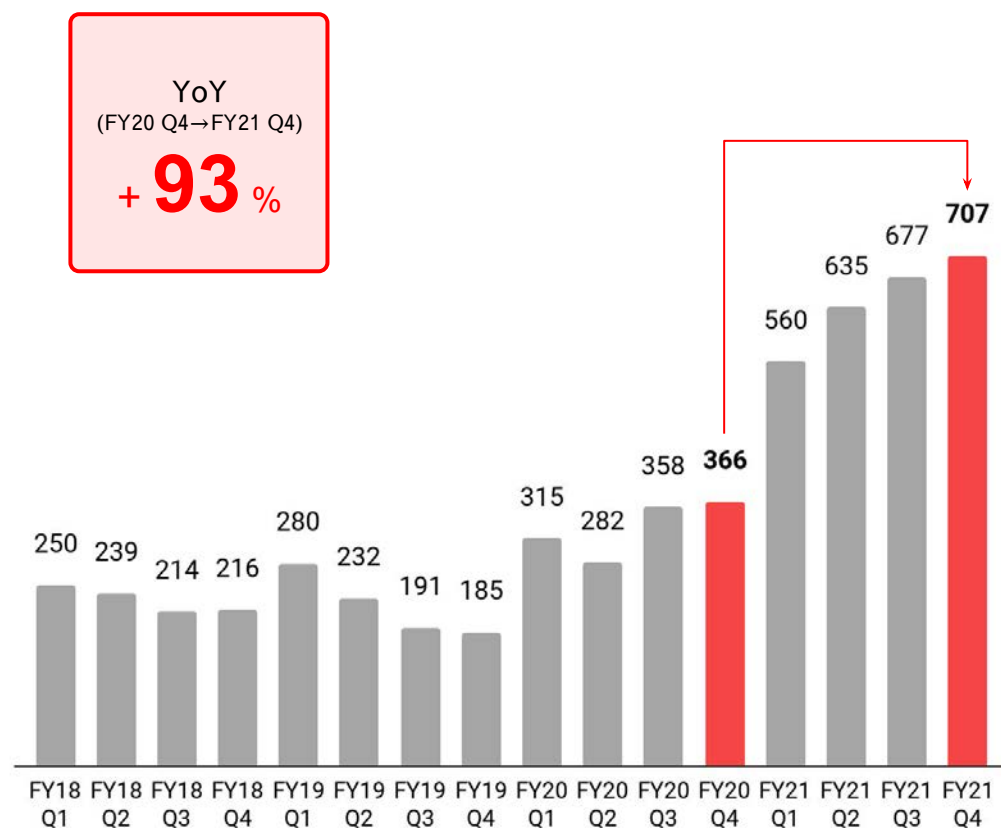
*1. Lists sales excluding our SIM business that was transferred on July 31, 2019.

New record high gross profit (+93%)

With the increase in sales in the Platform business, which has a high gross profit margin, gross profit for the quarter increased to 707 million JPY (+93% YoY) - a record high. The gross profit margin maintained a high level of 85% (+5pt YoY).

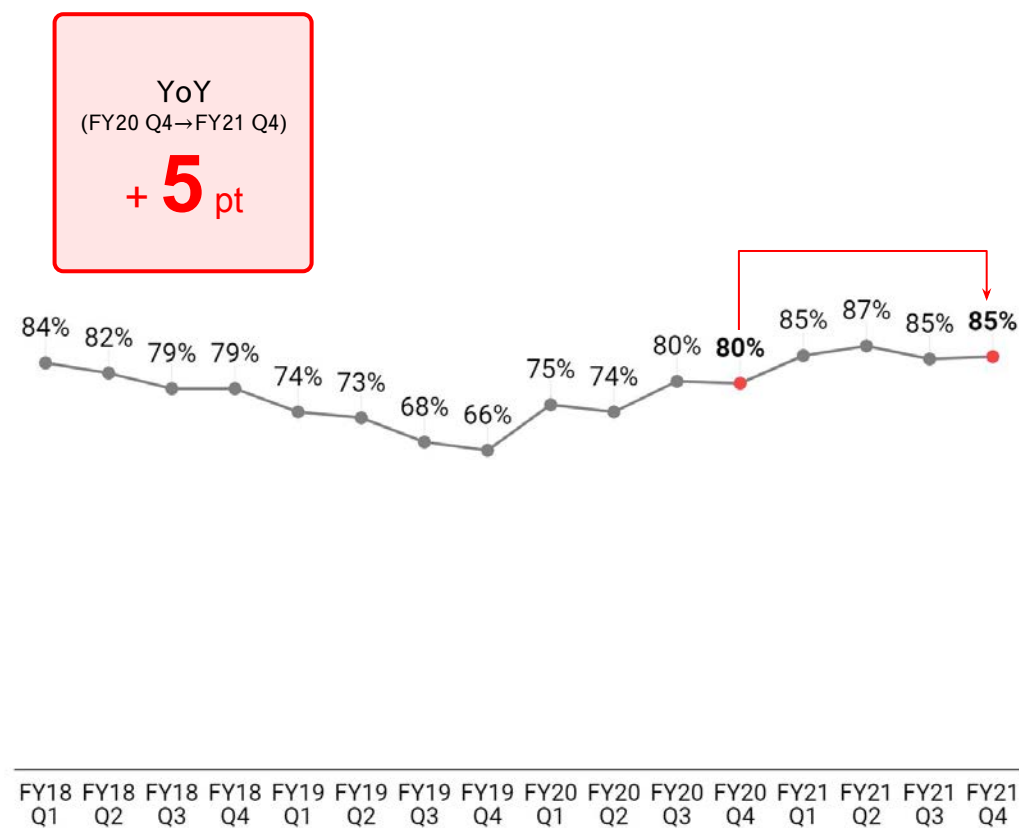
Gross profit

Unit: JPY MM



Gross profit margin

Unit: %

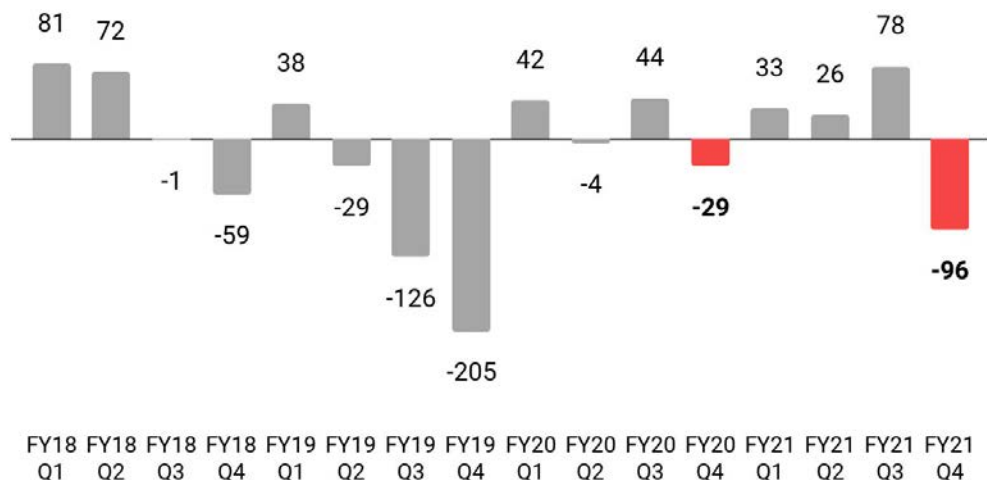


Record high adjusted operating profit (+196%)

In addition to the one-time cost of approximately 32 million JPY related to the M&A and the fundraising, we have started aggressive investment in advertising in the Platform business, resulting in an operating loss in Q4 as planned. Adjusted operating profit*¹ grew to 402 million JPY (+196% YoY), reaching a record high.

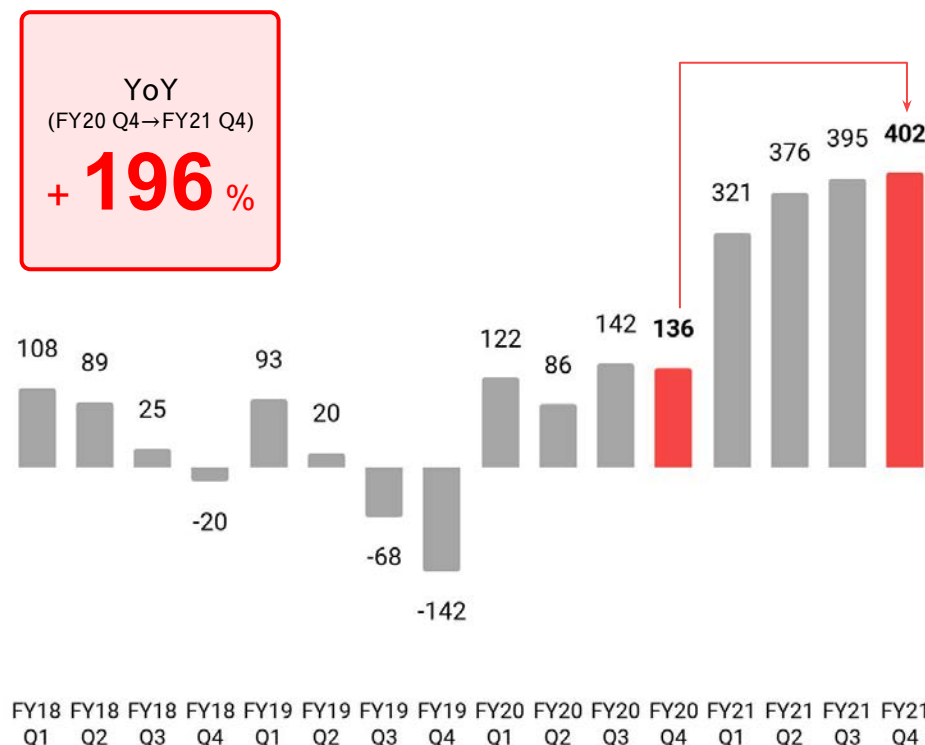
■ Operating profit (quarterly)

Unit: JPY MM



■ Adjusted operating profit*¹ (quarterly)

Unit: JPY MM



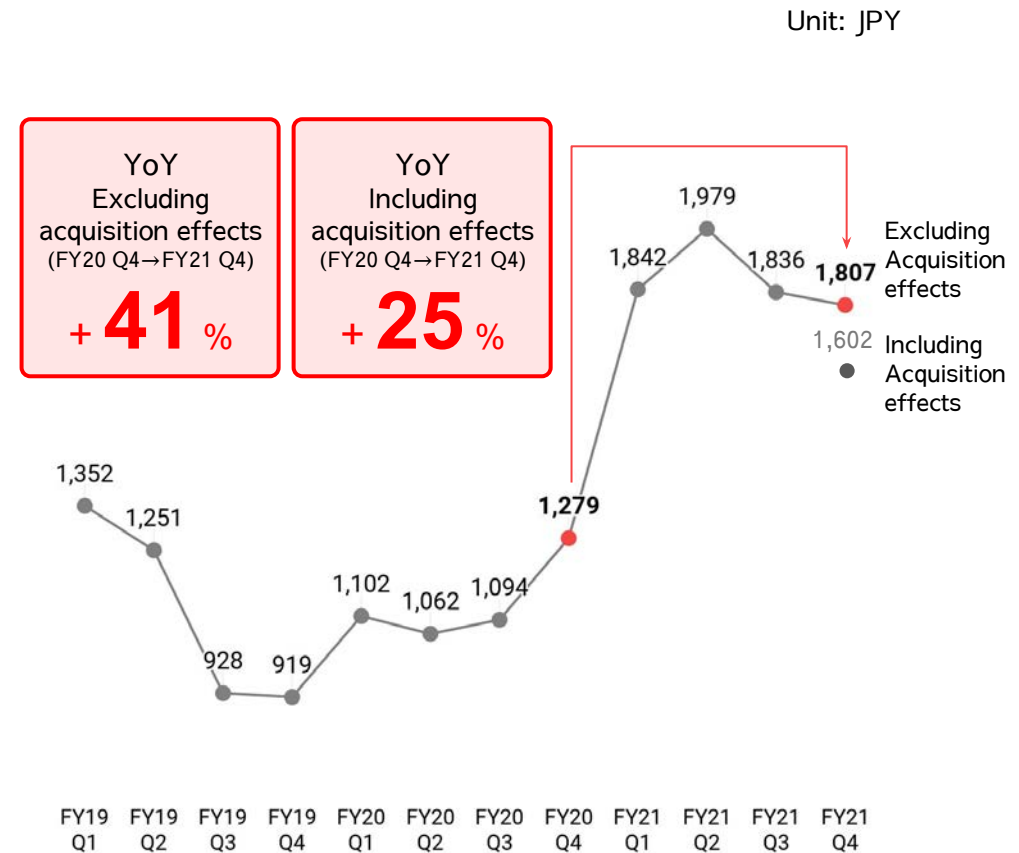
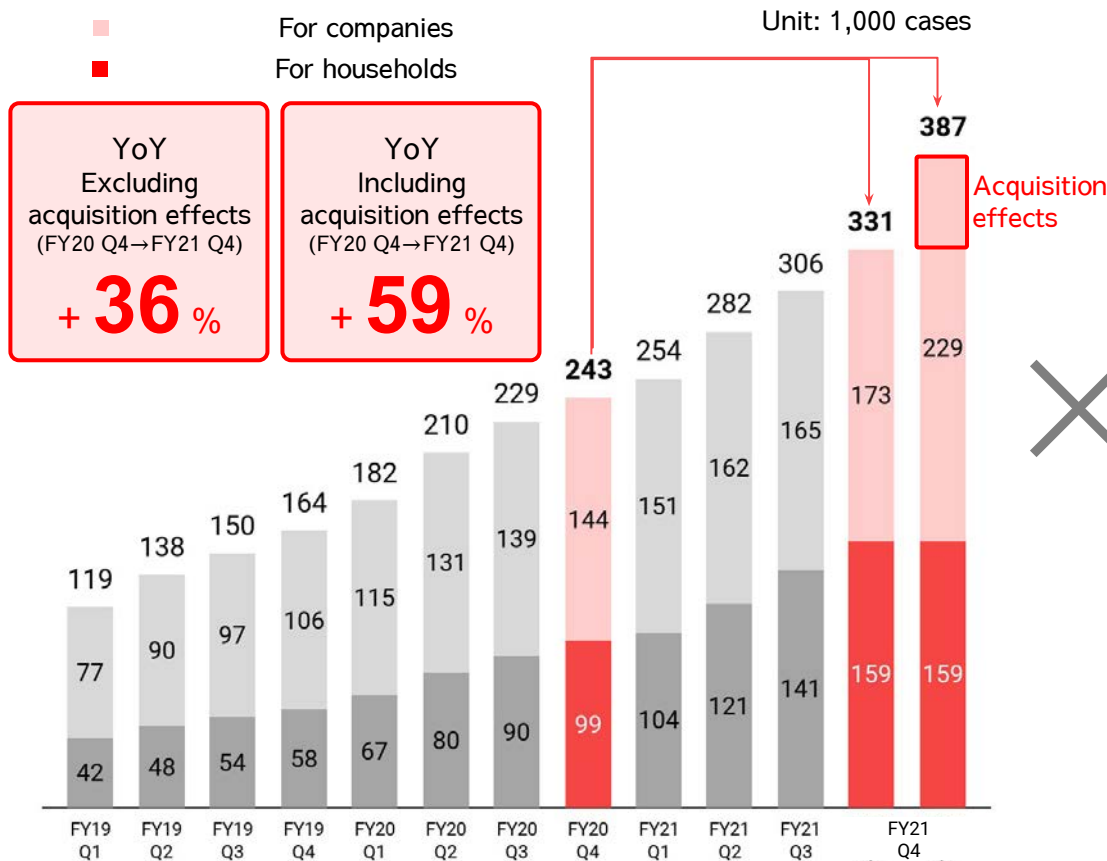
*¹ Adjusted operating profit is calculated by subtracting advertising expenses, sales commissions (expenses paid directly to partners as a result of switching), sales promotion expenses (expenses paid directly to users as a result of switching), amortization of goodwill and one-time fees from operating profit.

Platform business: Record high number of users (+59%), while ARPU maintained a high level

The number of users increased +59% YoY (+36% excluding the acquisition effects) due to an increase in the number of applications for switching. Compared with FY21 Q3, ARPU decreased as the user increase from the acquisition was not accompanied by one-time fees at switch. Excluding the impact of the acquisition, ARPU remained at the same high level as in the past three quarters, increasing +41% YoY.

Number of users (converted on a general household basis)*1

ARPU *2



*1. To accurately compare the impact of company and household switches, switches are calculated for companies using an equivalent rate and converted based on the rebates from the total obtained capacity using the capacity of a general household as 4 kW. "Number of users" is the same as "Number of users eligible for recurring revenue" in the previous report.

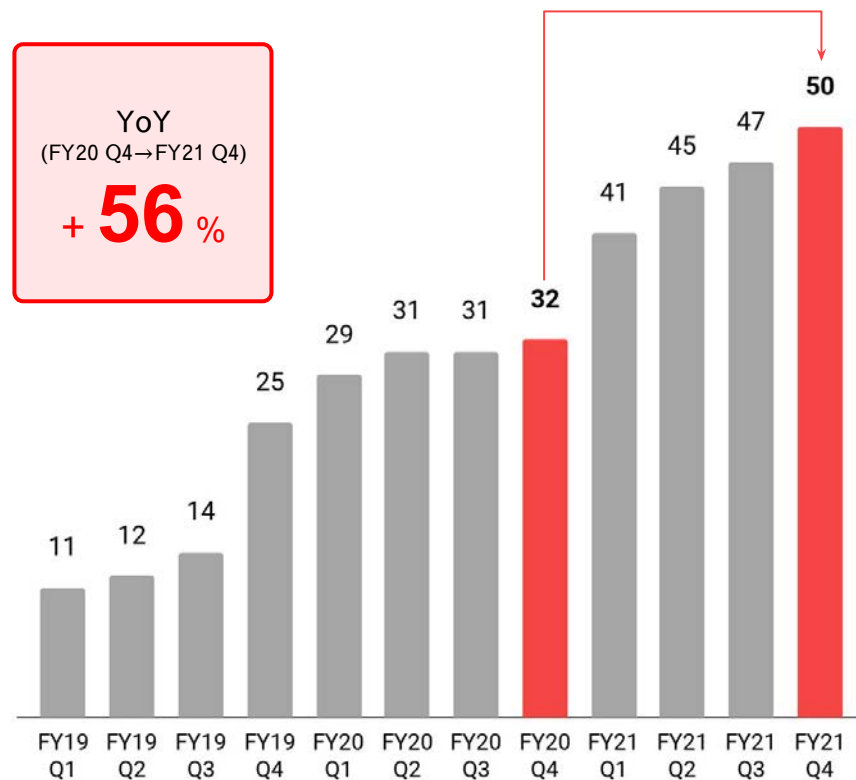
*2. Average Revenue Per User: Calculated after dividing the quarterly segment sales by the number of users eligible for recurring revenue at the end of the quarter.

Data business: Record high number of customers (+56%)

The number of customers increased +56% YoY to a record high due to the introduction of our core products to new customers, mainly EMAP and SMAP. Although ARPU decreased -10% YoY due to the onboarding of new customers through introductory offers, it maintained a stable level.

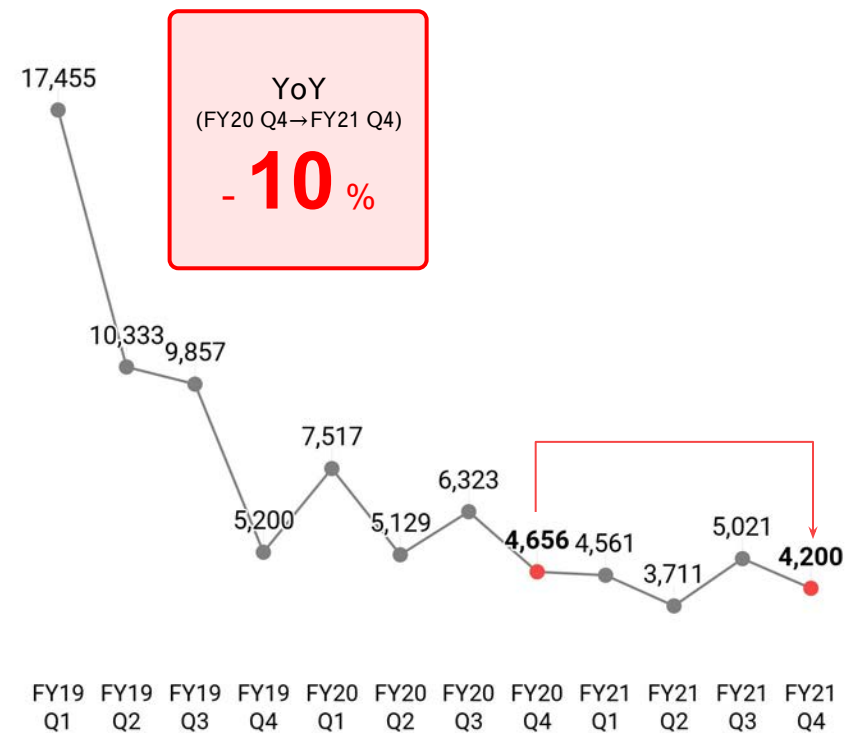
■ Number of customers *1

Unit: Number of companies



■ ARPU *2

Unit: 1,000 JPY



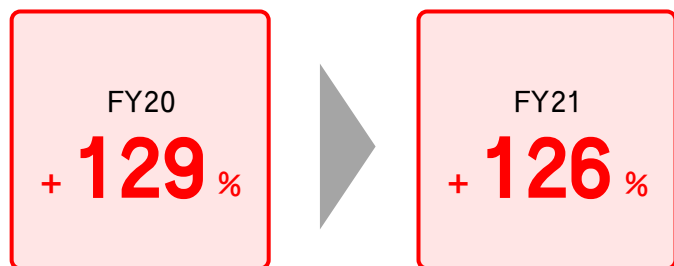
*1. Counting number of customers as of the end of the period

*2. Average Revenue Per User: Calculated after dividing the quarterly segment sales by the number of customers at the end of the quarter

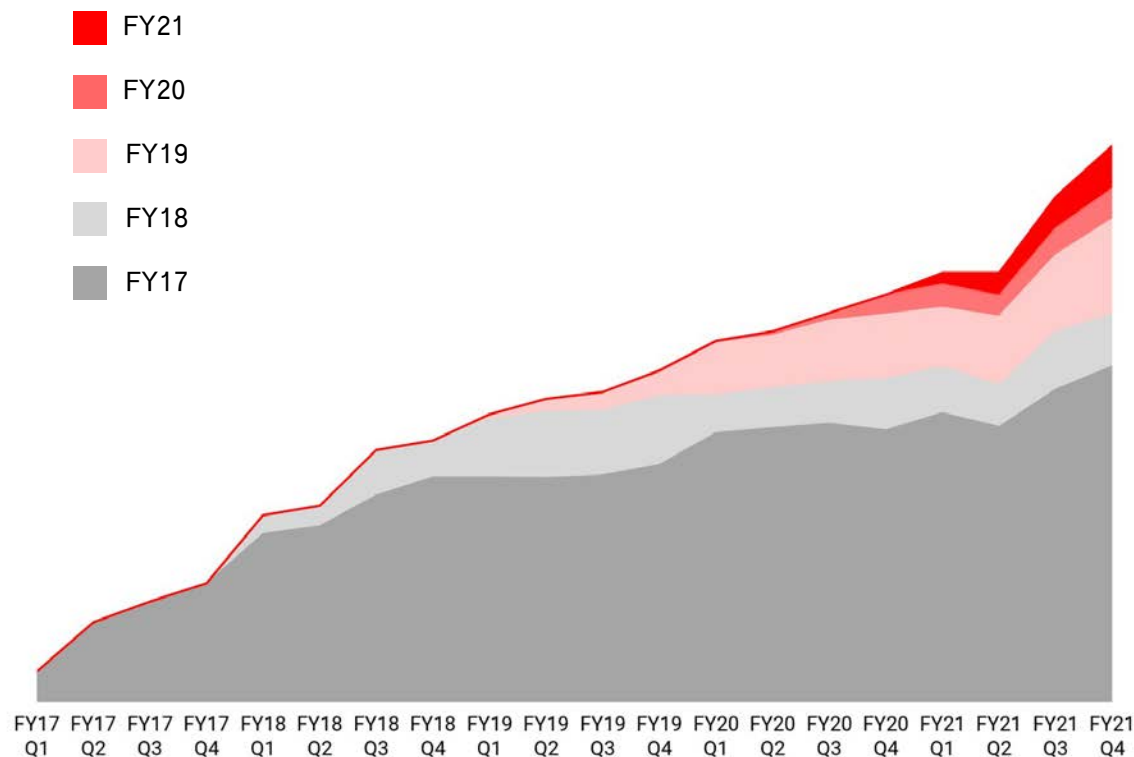
Maintaining positive NRR as an energy SaaS

Due to cross-selling multiple services to our clients (energy companies, etc.), we have seen steady growth in recurring revenue from existing customers, and our NRR (Net Revenue Retention)*¹ has been over 120%. Although recurring revenue growth temporarily slowed in the first half of FY21 due to the decline in electricity demand from the State of Emergency caused by COVID-19, growth accelerated again in the second half of the year.

■ NRR



■ Changes in recurring revenue by start of service



*1 The net revenue retention is calculated by dividing recurring revenue at the end of fiscal period N from customers at the end of fiscal period N-1 by the recurring revenue at the end of fiscal period N-1.

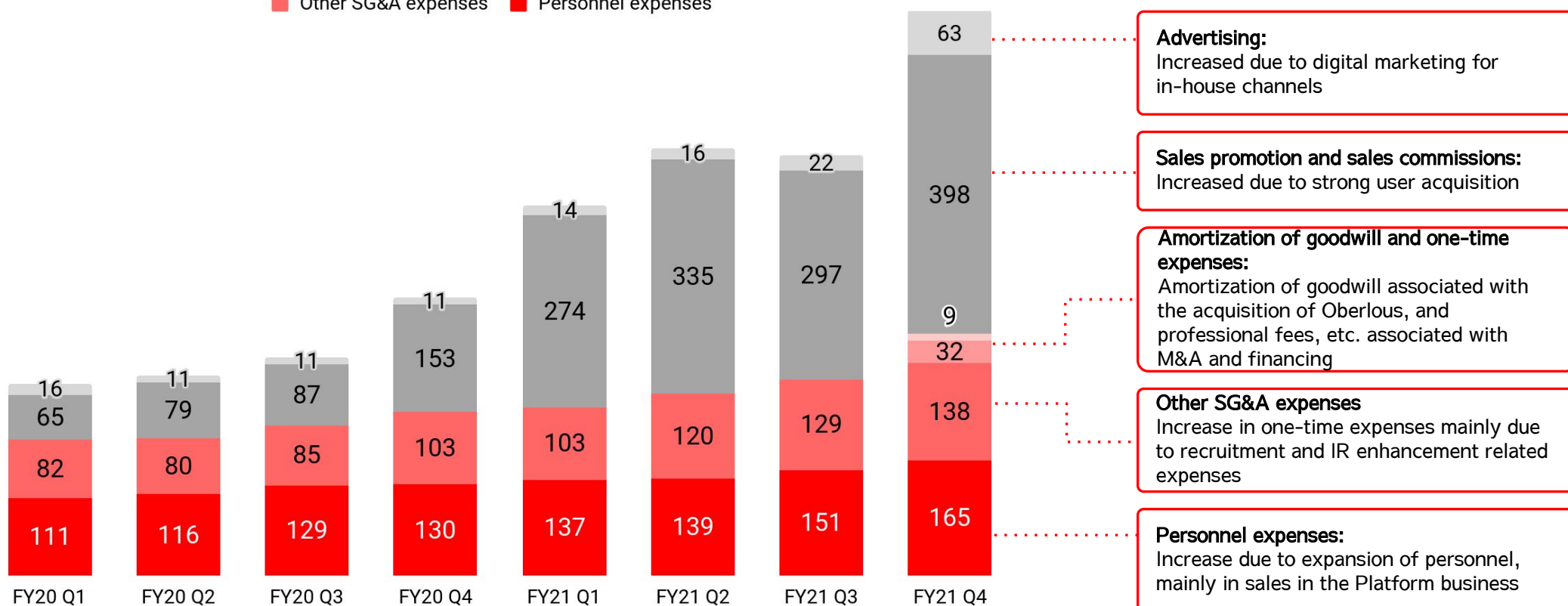
Maintain cost control at an appropriate level while aggressively investing in user acquisition

In FY21 Q4, we increased our expenses for advertising, sales promotion and sales commissions, and recruitment (among other SG&A expenses). By effectively controlling our costs, we were able to achieve an operating profit of 40 million JPY for the full year as per our guidance.

Changes in SG&A expenses

Unit: JPY MM

■ Advertising
 ■ Sales promotion and sales commissions
 ■ Amortization of goodwill
 ■ One-time expenses
■ Other SG&A expenses
 ■ Personnel expenses





6

APPENDIX

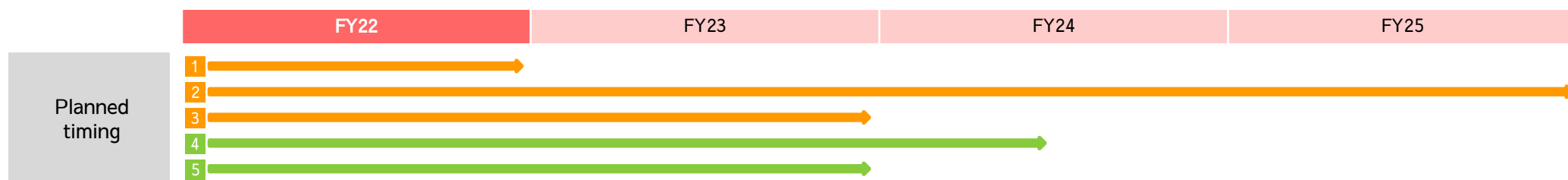
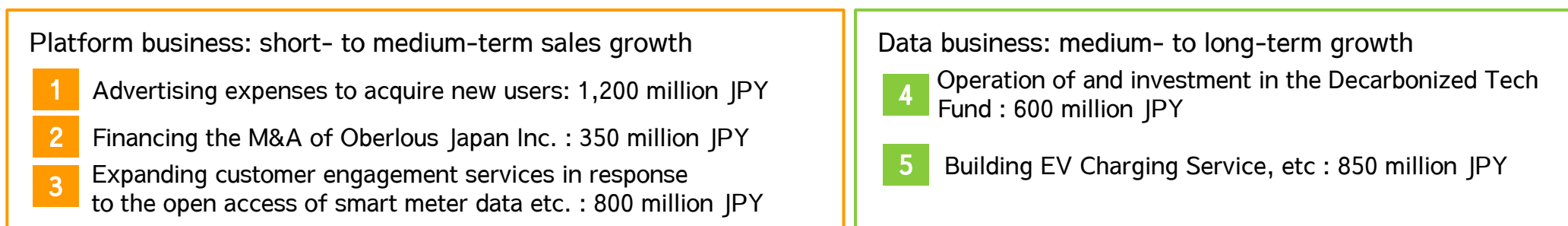
Financial Results Forecast Assumption: Utilizing funds raised

We will utilize the approximately 3.9 billion JPY raised through the public offering in December 2021 as planned. In terms of advertising for the Platform business, we will prioritize digital marketing and the reinforcement of partner channels, which are more likely to be effective. We will also consider whether and when to implement mass marketing such as TV commercials.

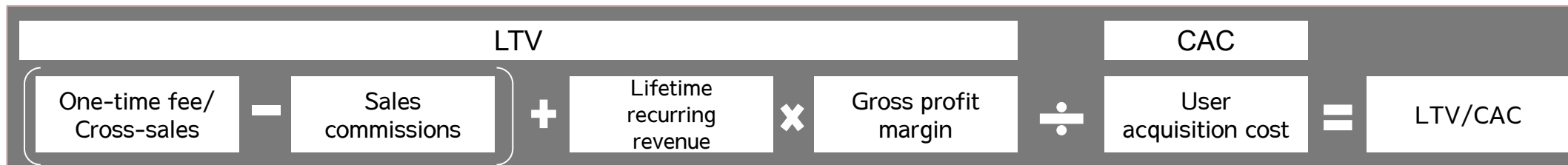
■ Management Policy



Funds raised **3,914** million JPY



LTV/CAC definitions and future policies



Explanation of Terms

Action Plan (Highlighted areas are our focus areas)

		Households	Companies
One-time fee/ Cross-sales	<ul style="list-style-type: none"> - One-time fees are payments received from partner companies when switching energy. - Cross-sales are sales obtained by selling products other than energy switching to users. 	Maintain high level of one-time fee	Energy-saving product cross-sales
Sales commissions	<ul style="list-style-type: none"> - Incentive fees from introducing customers from online/offline partners and fees related to issuing gift certificates to ENECHANGE users. - The policy for both is to pay them within the scope of one-time fee. 	—	—
Lifetime recurring revenue	<ul style="list-style-type: none"> - Total amount per user of recurring revenue received from partner companies who have received an energy switchover. - Calculated by multiplying the reciprocal of the churn rate (avg. 1.3% per month for total Platform business) to the figure that is the recurring revenue (recurring sales) divided by the number of users eligible for recurring revenue (as of the end of the period). 	Development of user-maintenance measures to improve churn rate	Maintain churn rate at low level
Gross profit margin	<ul style="list-style-type: none"> - Gross profit margin for Platform business 	97% (FY21)	
User acquisition cost	<ul style="list-style-type: none"> - Total of expenses shared across segments such as advertising expenses, personnel expenses, and call center and server expenses (tallied up in the same way when we pay sales commissions that are one-time payments or more). - Calculated by dividing the above by the number of new users. 	Policy for investing focused mainly on advertising expenses	

*1. Churn rates are as of the end of Dec. 2021, excluding the impact of cancellations from "market-linked plan" users due to the sharp rise in JEPX prices in the first half of FY21 as a one-time factor. The churn number is calculated for household and business users by the formula: number of users eligible for recurring revenue at the end of the previous month + number of new users acquired in this month - number of users eligible for recurring revenue at the end of this month. The churn rate is calculated during the relevant period as: churn number / number of users eligible for recurring revenue. Average monthly churn rate is calculated as: average monthly churn in the past 12 months / average monthly number of users eligible for recurring revenue in the past 12 months.

Known Risks (1/2)

Item	Affected Business Segment	Main Risk	Potential of Manifestation	Impact	Risk Countermeasure
Business environment: Electricity retail market	Platform	- The possibility that growth of existing businesses will slow with switching rates declining, caused by events such as a decrease in interest of end users to switch as well as lowered competitiveness among new energy retailers.	Medium	High	- Raise awareness of the Company and to educate users in order to increase their motivation to switch - Respond by developing businesses that do not depend on switching in business fields such as digitalization, decarbonization, and decentralization to combat concerns about slowed growth in the electricity retail market.
Business environment: Energy policy reform	Data	- The possibility that the development of new businesses could be affected if energy-related deregulation or systemic reforms in Japan do not proceed as planned, or there are unexpected changes in the laws or regulations.	Medium	High	- Respond by monitoring system reform by setting up a government policy supervisor, submitting public comments, and participating in governance committees.
Other: Novel coronavirus infections	Platform Data	- The possibility that the energy usage of company users drops considerably due to repeated states of emergency and calls to refrain from going out as the COVID-19 pandemic becomes long-term, or that it affects the business performance of our Group customers more than expected.	Medium	High	- Diversify business offerings to mitigate adverse effects of coronavirus pandemic.

* The major risks influencing achieving growth and executing business plans have been excerpted from the contents listed in "Associated Business Risks" of the securities registration statement. Refer to "Associated Business Risks" of the securities registration statement for the other risks.

Known Risks (2/2)

Item	Affected Business Segment	Main Risk	Potential of Manifestation	Impact	Risk Countermeasure
Business content/Provided services: Dependence on energy companies	<div style="background-color: #ff9900; color: white; padding: 5px; border-radius: 5px; display: inline-block;">Platform</div> <div style="background-color: #4caf50; color: white; padding: 5px; border-radius: 5px; display: inline-block;">Data</div>	- The possibility that unexpected events such as surge in oil/LNG price or the price of electricity traded on the Japan Exchange for Wholesale Electricity ("JEPX"), natural disasters and sudden phenomena could worsen the management conditions of the energy companies that are our business partners, leading to revisions of existing contract conditions, cancellations, suspension of new orders, and so on.	Low	High	- Respond by establishing a business foundation that does not depend on specific companies by expanding businesses in multiple directions.
Business content/Provided services: Status of competitors	<div style="background-color: #ff9900; color: white; padding: 5px; border-radius: 5px; display: inline-block;">Platform</div> <div style="background-color: #4caf50; color: white; padding: 5px; border-radius: 5px; display: inline-block;">Data</div>	- The possibility that the entry of competitors could cause greater competition in the Group's business fields, resulting in user cancellation, drops in unit prices contracted with energy companies, or a slowdown in taking up our services.	Low	Medium	- Respond by developing better services and products through healthy competition.
Business content/Provided services: Search engines	<div style="background-color: #ff9900; color: white; padding: 5px; border-radius: 5px; display: inline-block;">Platform</div>	- The possibility that customer acquisition could be affected if changes to algorithm logic in internet searches affect the display rankings of search results or a new search engine becomes mainstream.	Medium	Medium	- Adjust SEO strategy. - Respond by attracting customers through channels that do not rely on the internet.
Business content/Provided services: Technological innovation, etc.	<div style="background-color: #4caf50; color: white; padding: 5px; border-radius: 5px; display: inline-block;">Data</div>	- The possibility that we will be unable to respond quickly enough to changes in customer needs or technological innovations, or that it will require considerable funds such as system investment or personnel expenses to respond to these changes.	Low	Medium	- Facilitate horizontal information sharing between departments, mainly through the CTO Office, and by rolling out services that match customer needs.
Business content/Provided services: System failures, etc.	<div style="background-color: #ff9900; color: white; padding: 5px; border-radius: 5px; display: inline-block;">Platform</div> <div style="background-color: #4caf50; color: white; padding: 5px; border-radius: 5px; display: inline-block;">Data</div>	- The possibility that natural or man-made disasters, terrorism, war, etc. could cause a system failure and hamper the provision of our services.	Low	High	- Respond by reducing risk in system architecture to minimize reliance on external vendors such as servers, and formulating a backup plan that allows business continuance in the event of a system failure in an external vendor.

* The major risks influencing achieving growth and executing business plans have been excerpted from the contents listed in "Associated Business Risks" of the securities registration statement. Refer to "Associated Business Risks" of the securities registration statement for the other risks.

IR information desk

IR Website: <https://enechange.co.jp/en/ir/>

Our IR website contains the latest financial information, including financial summaries and presentation materials, as well as stock information and materials related to the General Meeting of Shareholders.

We also have a page for individual investors.

Sustainability: <https://enechange.co.jp/en/sustainability/>

This page introduces our ESG materiality map and our environmental, social and governance initiatives.

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