

ENECHANGE

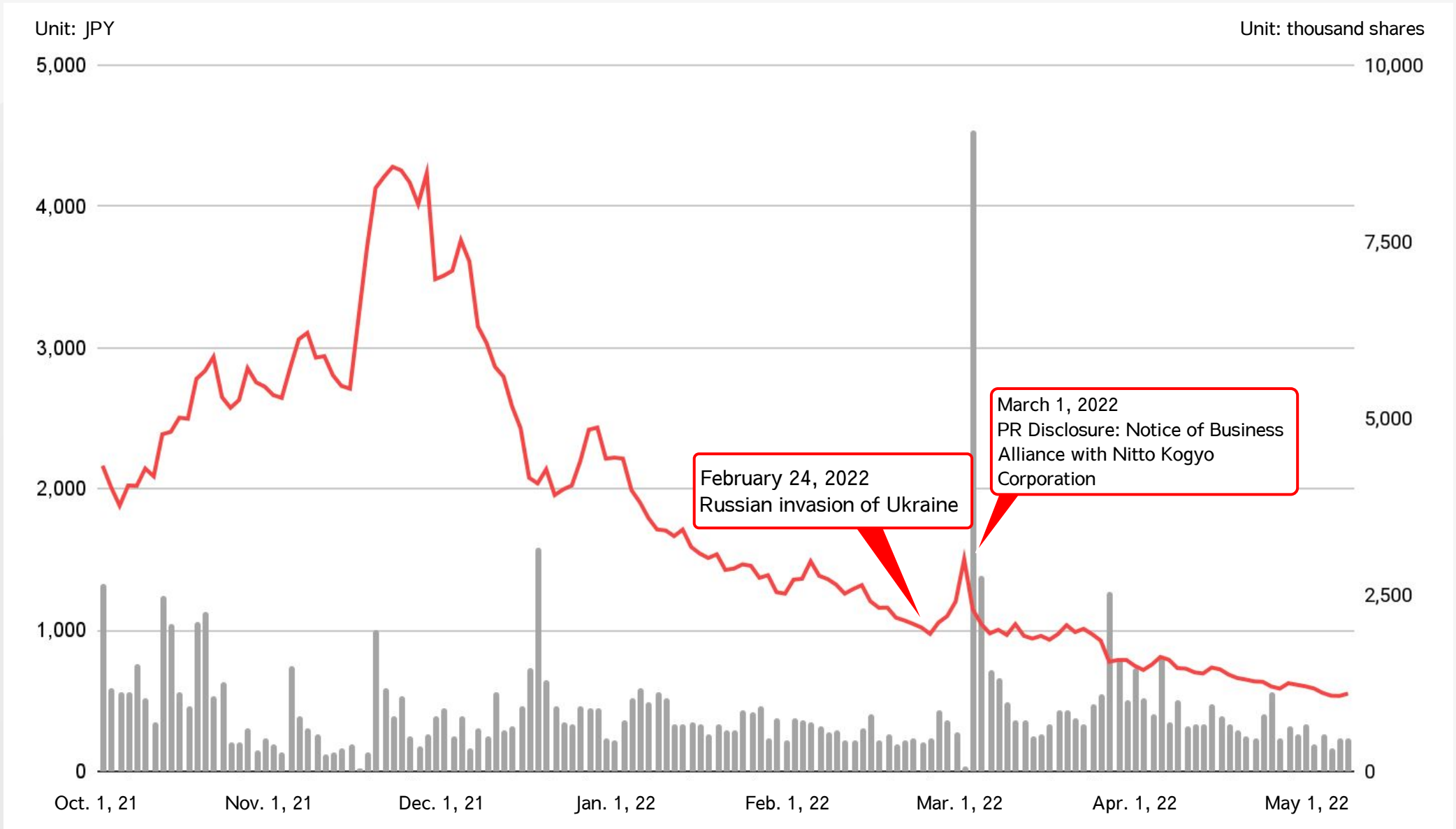
FY22 1st Quarter Financial Results

ENECHANGE Ltd.
May 13, 2022
Tokyo Stock Exchange Growth
Securities Code: 4169



Let's Change Energy, ENECHANGE

Stock price trends



Note: A 1:2 stock split was conducted with an effective date of January 1, 2022. The effect of the stock split has been applied retroactively to the share price.

FY22 Q1 Key message

Tough times bring opportunity

Our Q1 results are favorable, but we are predicting turbulence in FY22 due to the Ukraine crisis. Despite strong Q1 performance, full-year forecast was revised downward, factoring in sales decline from May onward. Operating loss was revised upward due to the postponement of advertising. Our new EV Charging business disclosure begins with steady progress and increased investment.



Platform business strategy is **defensive**

▶▶ Change strategy to secure profitability



EV Charging business strategy is **aggressive**

▶▶ Continue aggressive investment

- 1** Company Highlights
- 2** Executive Summary
- 3** Consolidated Financial Results for FY22 Q1
- 4** Business Explanation
- 5** Forecast for FY22
- 6** Appendix



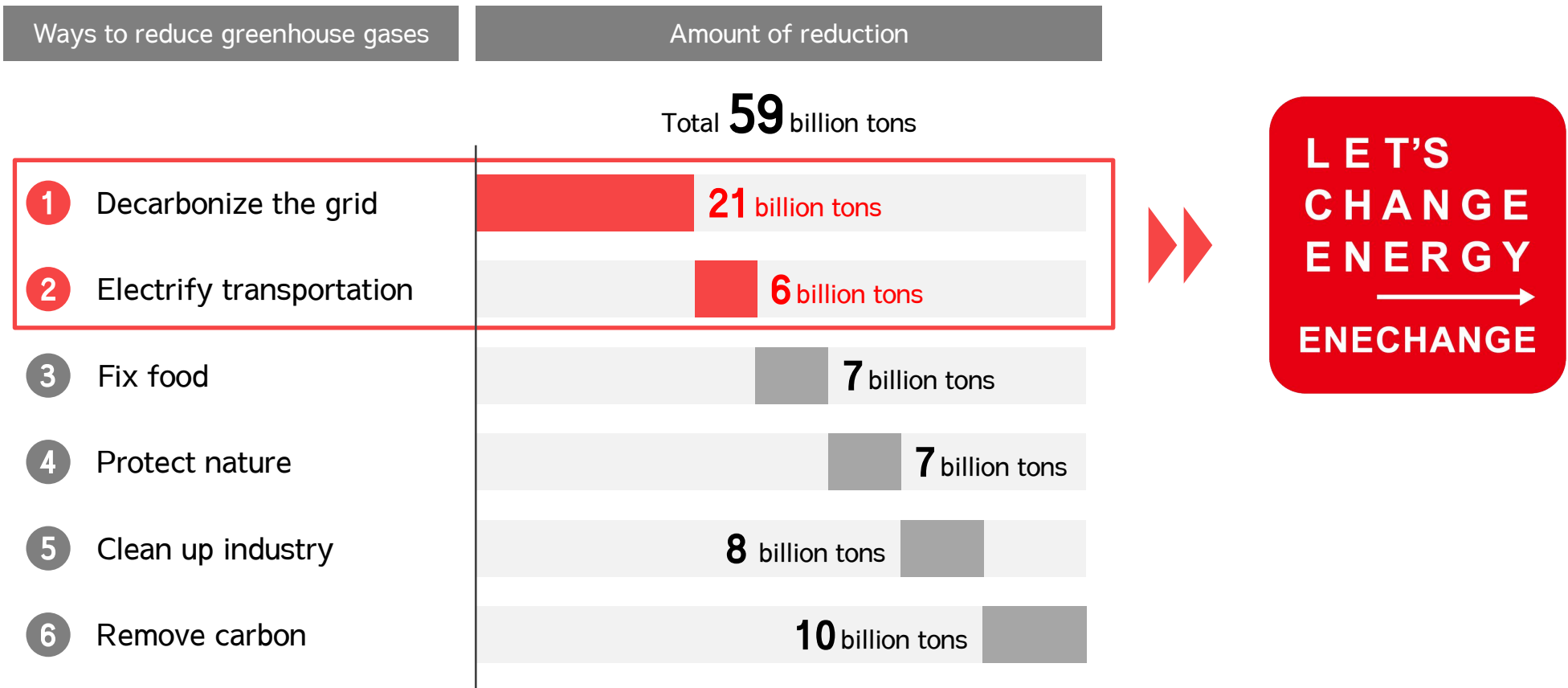
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Company Highlights

ENECHANGE is a company that promotes net zero

To reach net zero, we need to reduce our greenhouse gas emissions by 59 billion tons per year. We need to (1) decarbonize the grid and (2) electrify transportation, which account for about 50% of the target. ENECHANGE's core area is the demand side of electricity, and we will promote decarbonization through (1) support for switching to green electricity, (2) EV charging, etc.

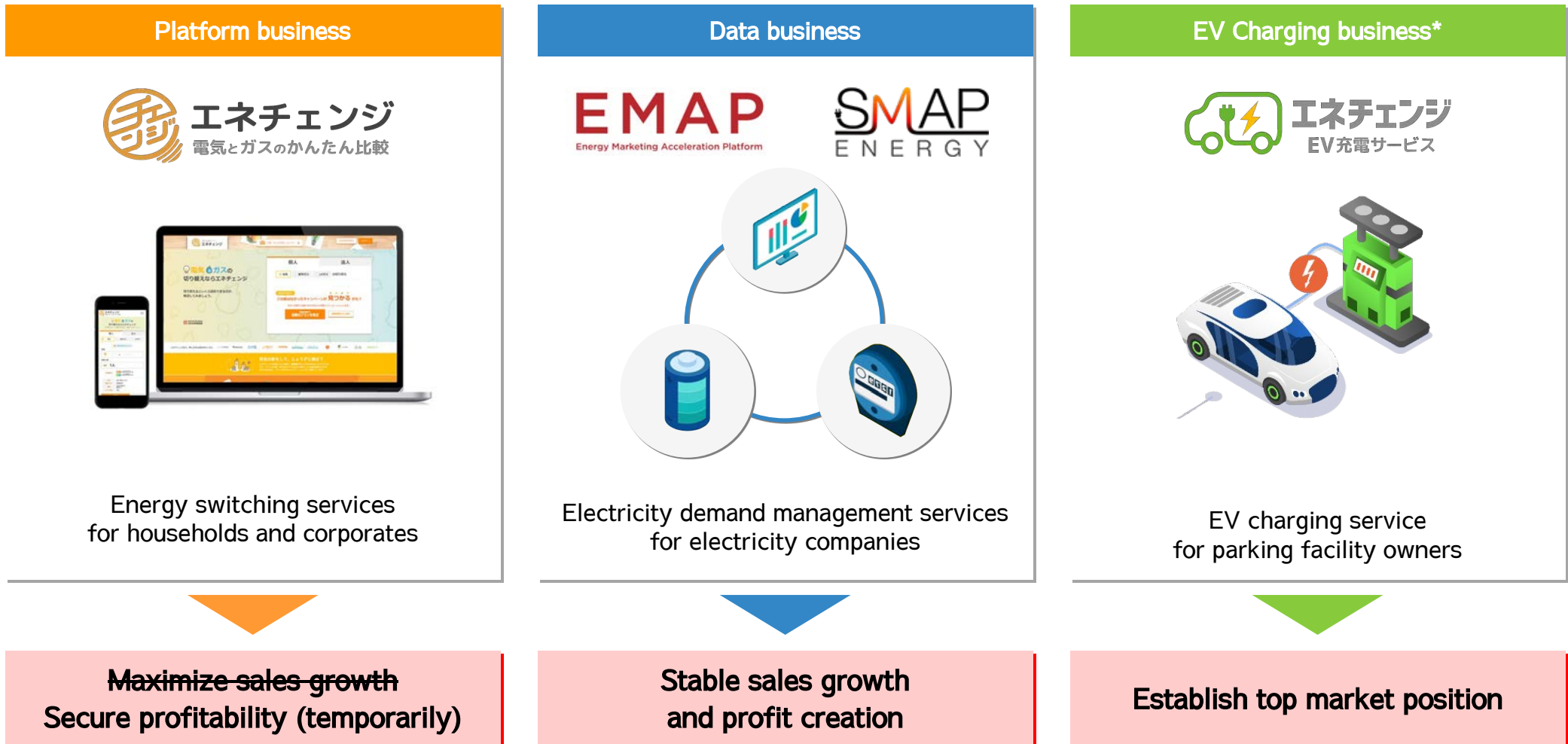
■ How to reach net zero*



* Based on Speed & Scale and NewsPicks editorial material.

Vertical SaaS businesses specialized in the energy industry

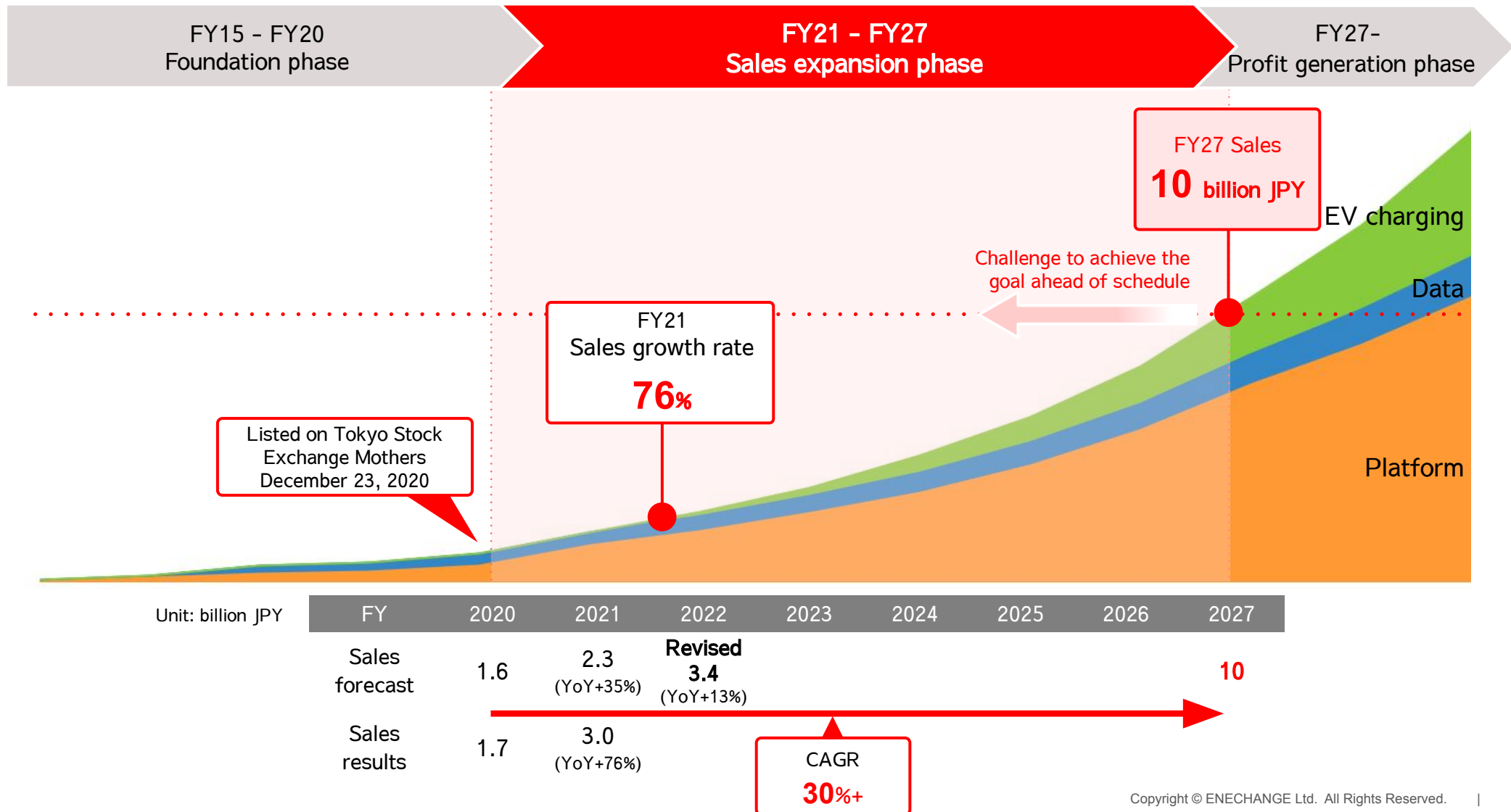
We are developing vertical SaaS businesses specialized in the energy industry. Our Platform business provides Japan's largest energy switching platform for households and corporates, the Data business provides electricity demand management services for electricity companies. The EV Charging business provides EV charging services for parking facility owners.



* This new service, EV Charging business, was included in the Data business until FY21, but will be disclosed as a separate segment category. Since the EV Charging business is a service that was launched in November 2021, the revenues, expenses, etc. recorded in the Data business through FY21 are minimal.

Roadmap to achieve 10 billion JPY sales

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. Although growth has temporarily slowed in the Platform business due to the recent surge in global energy prices, EV Charging business will continue driving the sales growth, thus the company keeps to its long-term target.





2

Executive Summary

FY22 Q1: Executive Summary

<p>FY22 Q1 Consolidated Financial Results</p>	<ul style="list-style-type: none"> ■ Quarterly sales were 1.1 billion JPY (+68% YoY), and recurring revenue was 428 million JPY (+67% YoY), both new record highs. ■ Gross profit was 928 million JPY (+65% YoY), a record high. ■ Operating loss due to investment in the EV Charging Service.
<p>Platform business</p>	<ul style="list-style-type: none"> ■ Both the number of users (+59% YoY) and ARPU (+10% YoY) reached new record highs ■ Both quarterly sales (+73% YoY) and recurring revenue (+61% YoY) set new records. ■ Changed strategy to secure profitability by postponing advertising investment due to the adverse business environment.
<p>Data business</p>	<ul style="list-style-type: none"> ■ ARPU improved greatly due to cross-selling to existing customers (+27% YoY). ■ Both quarterly sales (+55% YoY) and recurring revenue (+73% YoY) set new records. ■ As impact of the external environment is limited, full-year forecast is unchanged.
<p>EV Charging business</p>	<ul style="list-style-type: none"> ■ Began disclosing information separately as an independent segment. ■ Orders received exceeded the internal target in Q1. ■ Prioritizing new orders acquisition, contribution to sales is expected in FY23.
<p>FY22 Full-year forecast</p>	<ul style="list-style-type: none"> ■ Sales are expected to decline after May onwards due to the Platform business, and sales forecast was revised downward to 3.4 billion JPY. ■ Upwardly revised operating loss from -1.5 billion JPY to -1.0 billion due to the postponement of advertising. ■ Operating loss due to investment in EV Charging business, but other businesses are expected to be profitable.



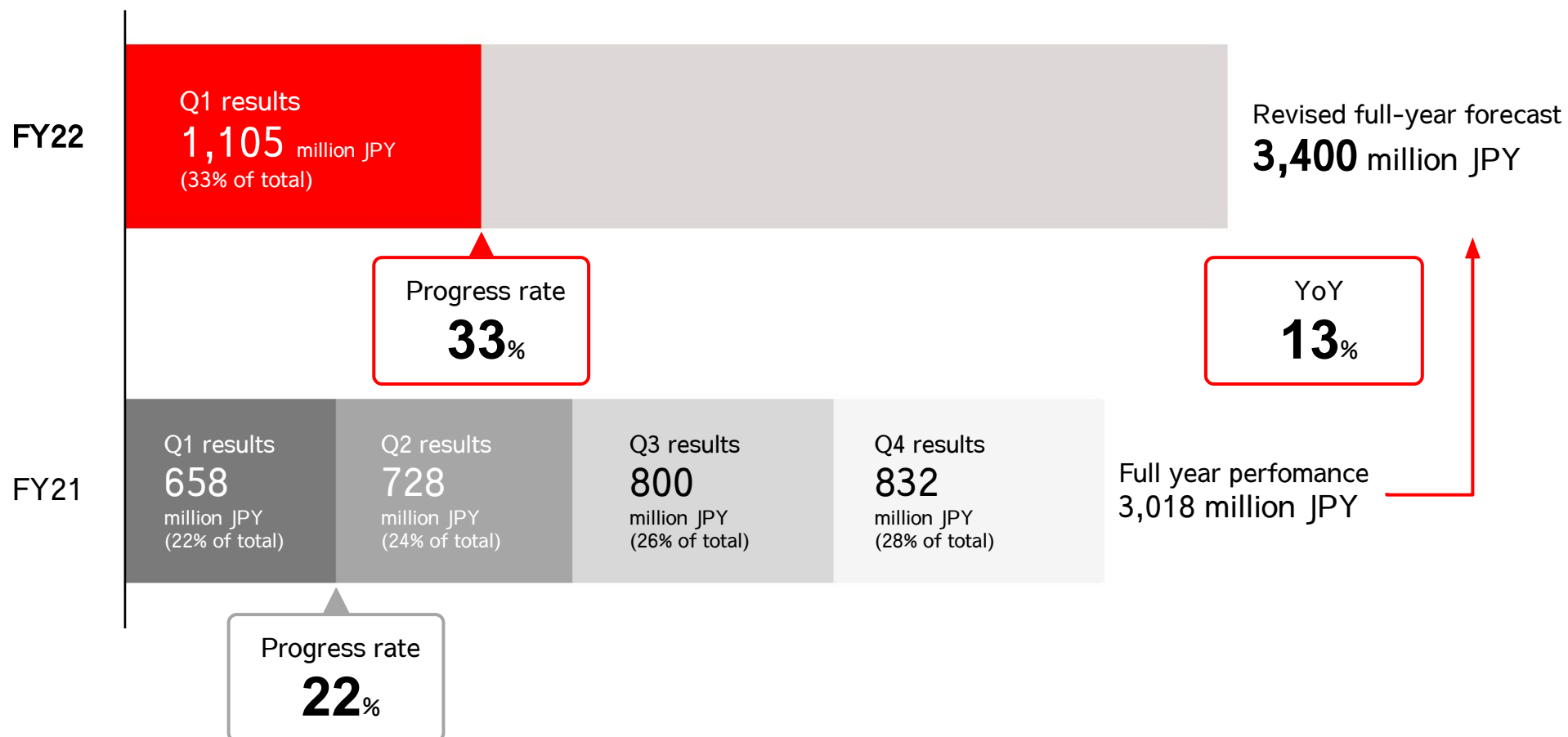
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Consolidated Financial Results for FY22 Q1

Steady sales progress in Q1, but full-year forecast is revised downward

Sales reached 1.1 billion JPY in Q1 against the initial full-year forecast of 4.0 billion JPY, a progress rate of 28%. However, the adverse effects on the Platform business caused by the soaring JEPX* prices due to the Ukraine crisis are expected to become apparent from May onward, full-year forecast is revised downward to 3.4 billion JPY (+13% YoY).

■ Sales



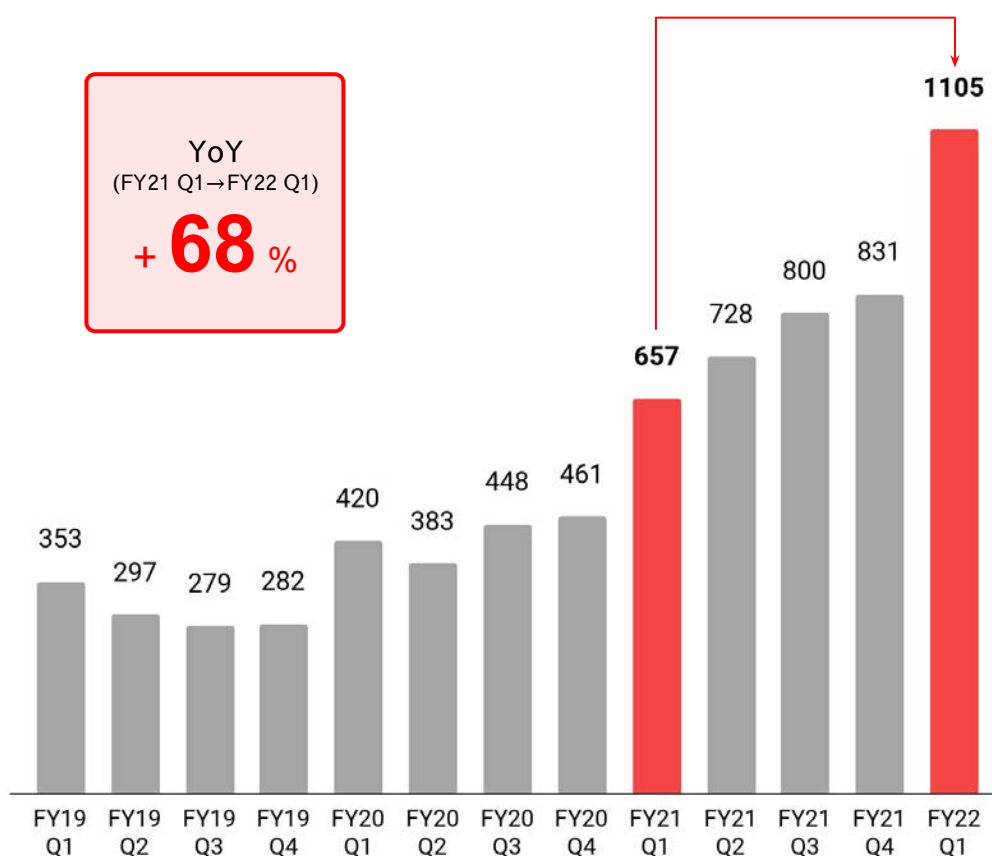
*JEPX = Japan Electric Power Exchange

Record high sales (+68%) and recurring revenue (+67%)

Quarterly sales showed a +68% increase YoY, and quarterly recurring revenue showed a +67% increase YoY, both of which were record highs.

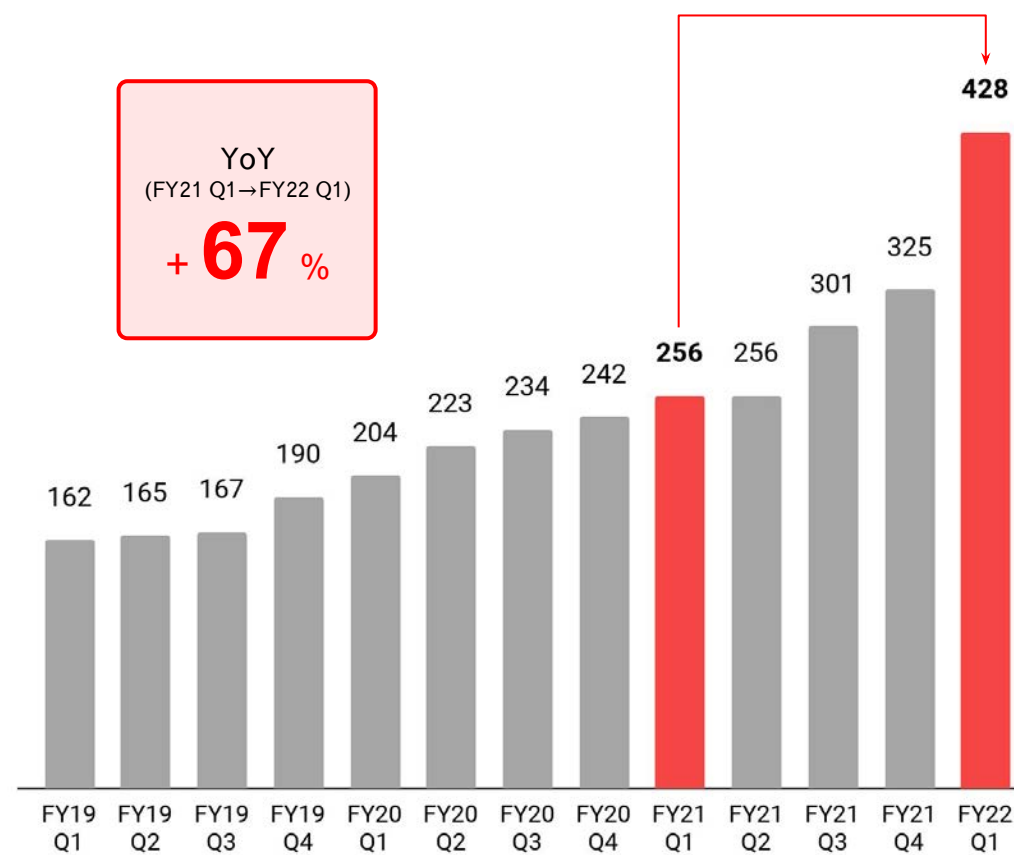
■ Quarterly sales*1

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. From FY22, due to the application of the Accounting Standard for Revenue Recognition, non-recurring revenues such as initial and additional development in the Data business were changed from lump-sum recognition at the time of acceptance inspection to recognition proportionally over the contract period. As a result, Recurring revenue of the Data business increased by 38 million JPY in FY22, and 390 million JPY (YoY +52%) if we exclude this impact.

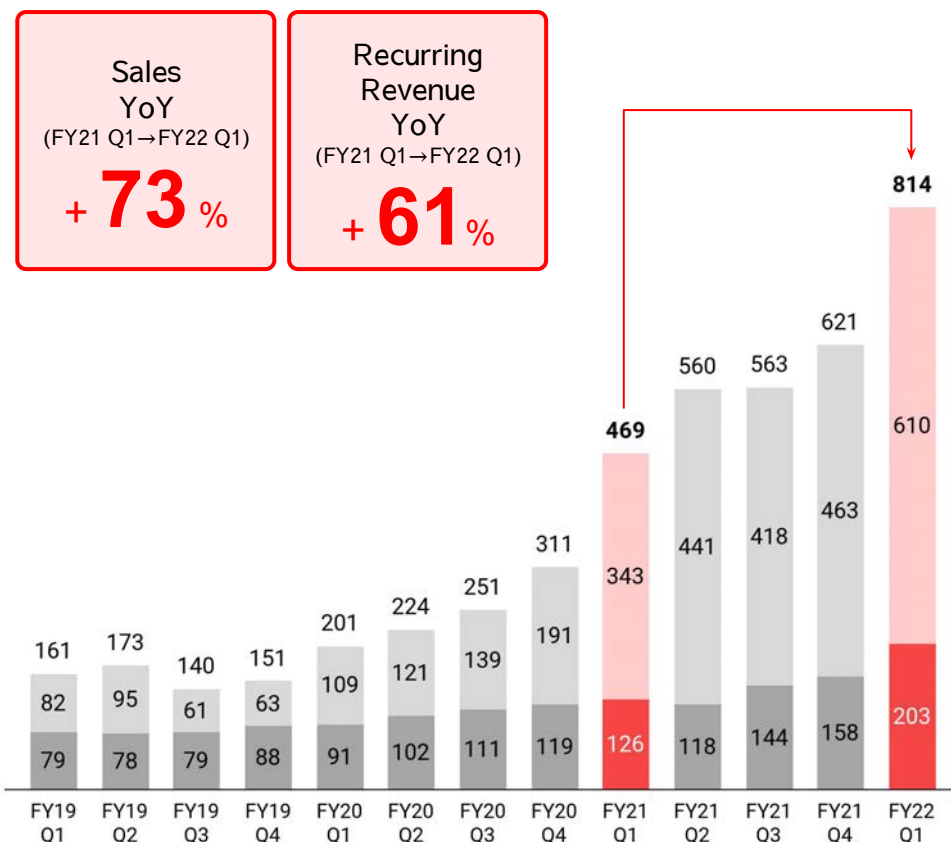
Record high sales/recurring revenue for Platform and Data businesses

The Platform business showed a +73% increase YoY in sales and a +61% increase YoY in recurring revenue driven by increases in switching demand and higher electricity bills. The Data business showed a +55% increase YoY in sales and a +73% increase YoY in recurring revenue (including the impact of the application of the Accounting Standard for Revenue Recognition) due to increased cross-selling to existing customers. All of these figures are new record highs.

■ Platform business quarterly sales*1

■ Non-recurring revenue ■ Recurring revenue

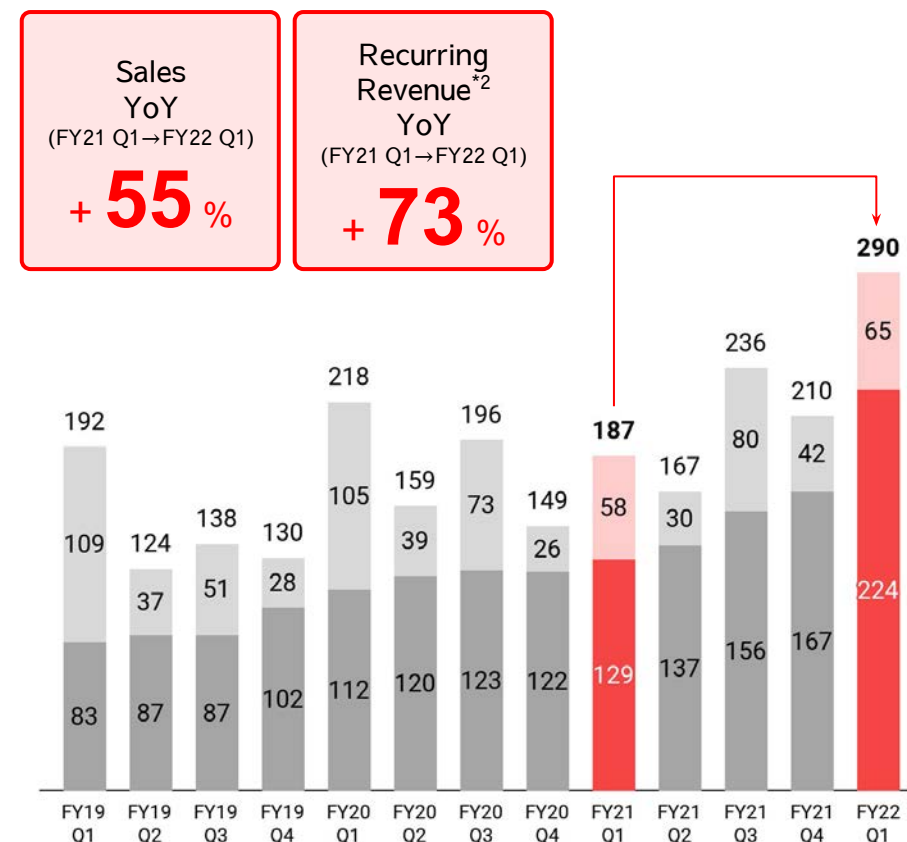
Unit: JPY MM



■ Data business quarterly sales

■ Non-recurring revenue ■ Recurring revenue

Unit: JPY MM



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

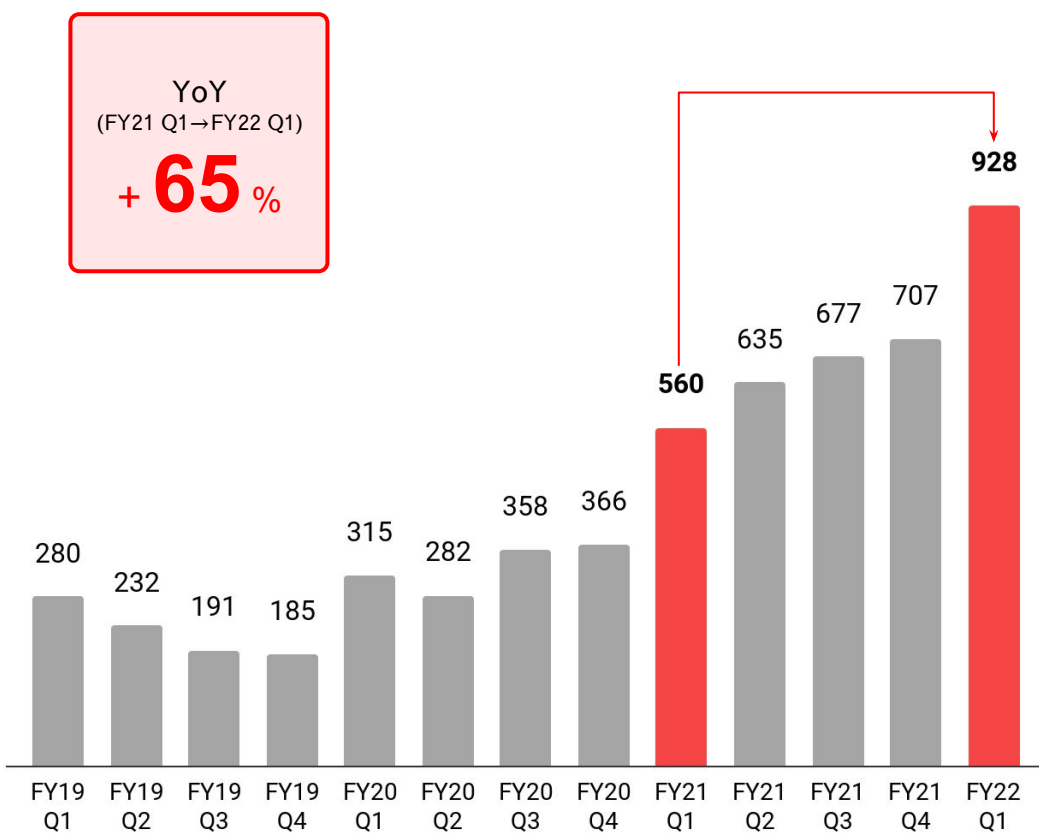
*2. From FY22, due to the application of the Accounting Standard for Revenue Recognition, non-recurring revenues such as initial and additional development in the Data business were changed from lump-sum recognition at the time of acceptance inspection to recognition proportionally over the contract period. As a result, Recurring revenue of the Data business increased by 38 million JPY in FY22, and 186 million JPY (YoY +44%) if we exclude this impact.

Record high gross profit (+65%)

Due to the increase in sales for the Platform business, quarterly gross profit was 928 million JPY (+65% increase YoY), a new record high. The gross profit margin maintained a high level, reaching 84% (-1pt decrease YoY).

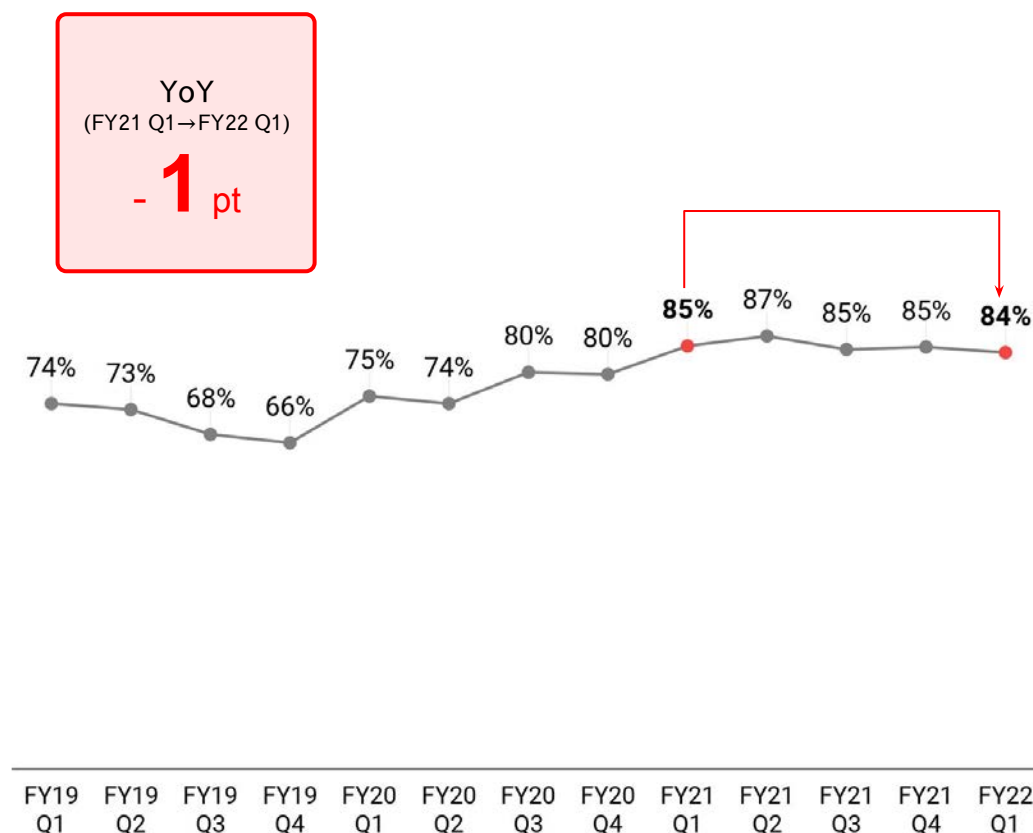
■ Gross profit

Unit: JPY MM



■ Gross profit margin

Unit: %



Record high adjusted operating profit (+91%)

Excluding the investment in the EV Charging business, which was executed as planned, operating income was positive. Adjusted operating profit* reached a record high of 616 million JPY (+91% YoY).

Operating profit (quarterly)

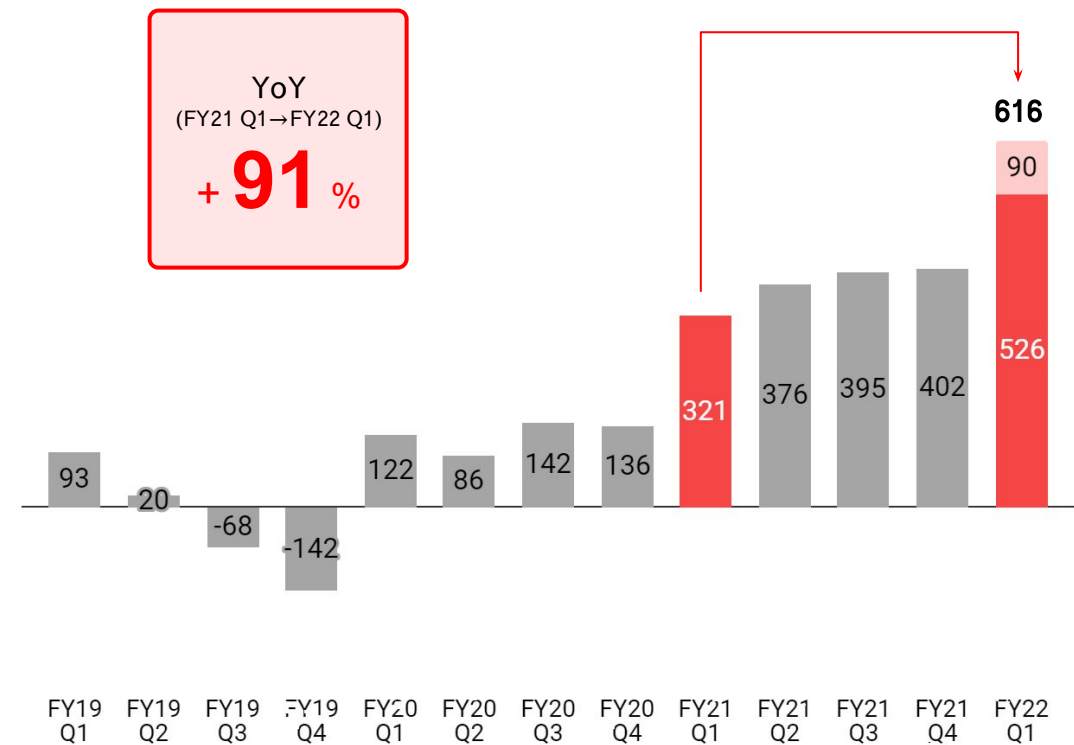
Unit: JPY MM



Adjusted operating profit* (quarterly)

■ EV Charging related expenses

Unit: JPY MM



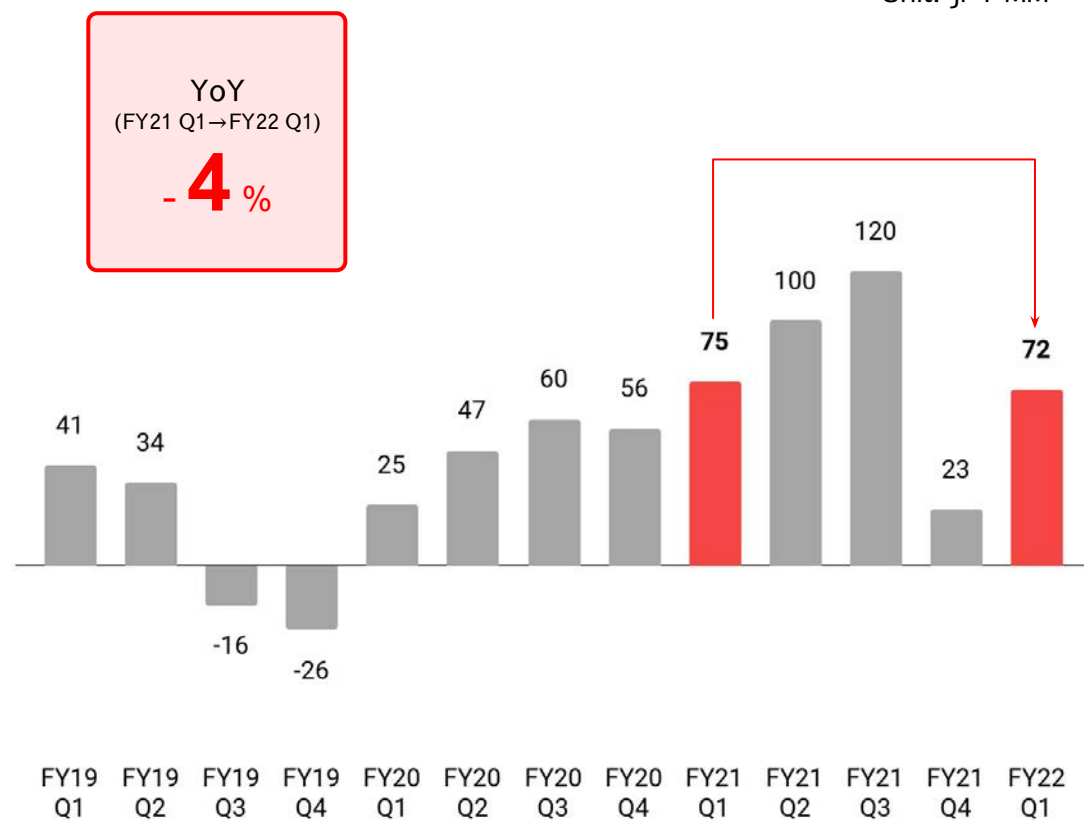
* Adjusted operating profit is calculated by subtracting advertising expenses, sales commissions (expenses paid directly to partners as a result of switching), sales promotion expenses (expenses paid directly to users as a result of switching), amortization of goodwill and one-time fees from operating profit. In addition, as of FY22 Q1, it also excludes costs related to the EV Charging business.

Platform and Data businesses maintain profitability

The Platform business maintained quarterly profitability as we postpone our planned advertising in March 2022. In the Data business, our strategy is to maintain stable profitability while continuing investment in product developments.

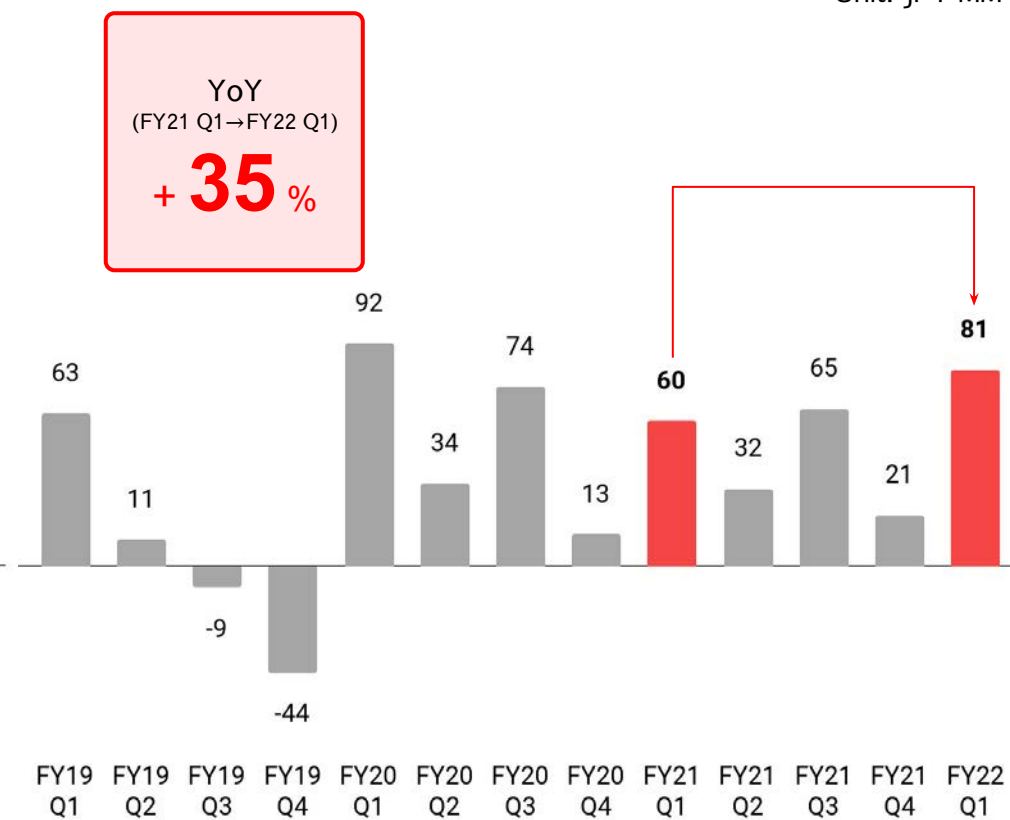
■ Platform business quarterly operating profit

Unit: JPY MM



■ Data business quarterly operating profit

Unit: JPY MM



Platform business: both user numbers (+59%) and ARPU (+10%) reach record highs

Due to strong switching demand, our number of users reached a new record high, increasing by +59% YoY. In addition, the increase in electricity bills following increases in global energy prices pushed ARPU to a new record high (+10% YoY).

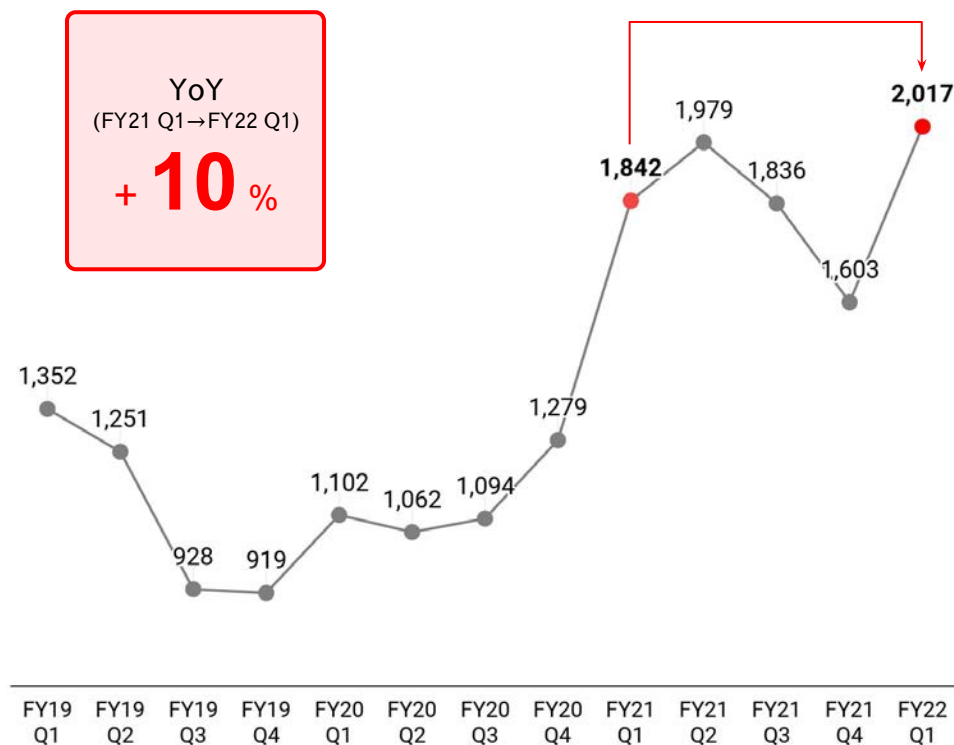
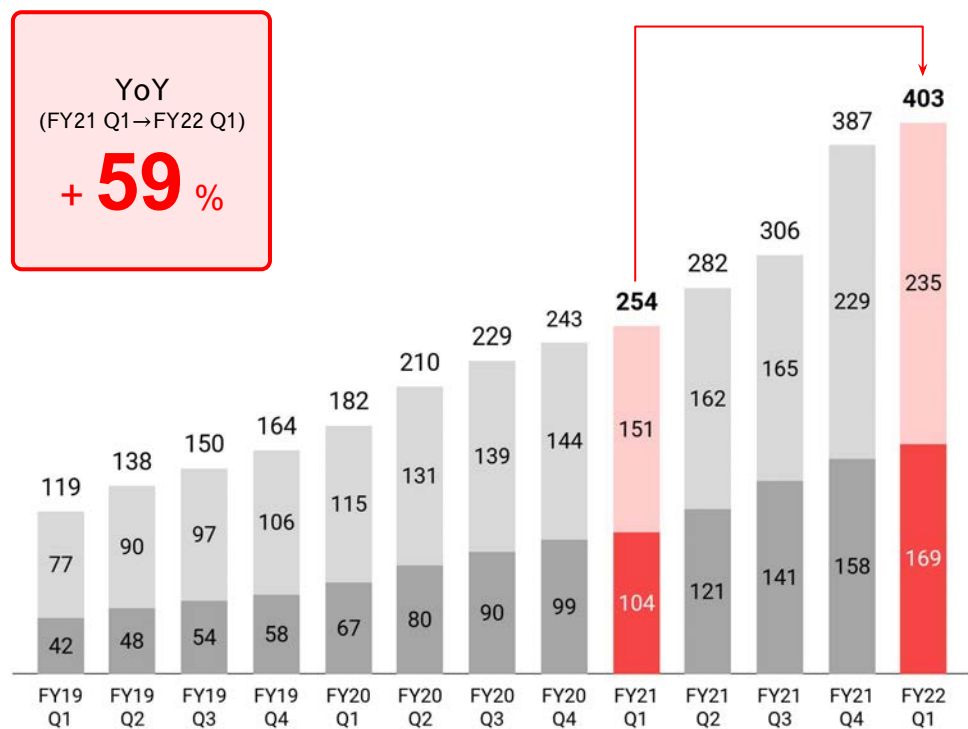
Number of users (converted on a general household basis)*1

ARPU *2

■ For corporates
■ For households

Unit: 1,000 cases

Unit: JPY



*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.

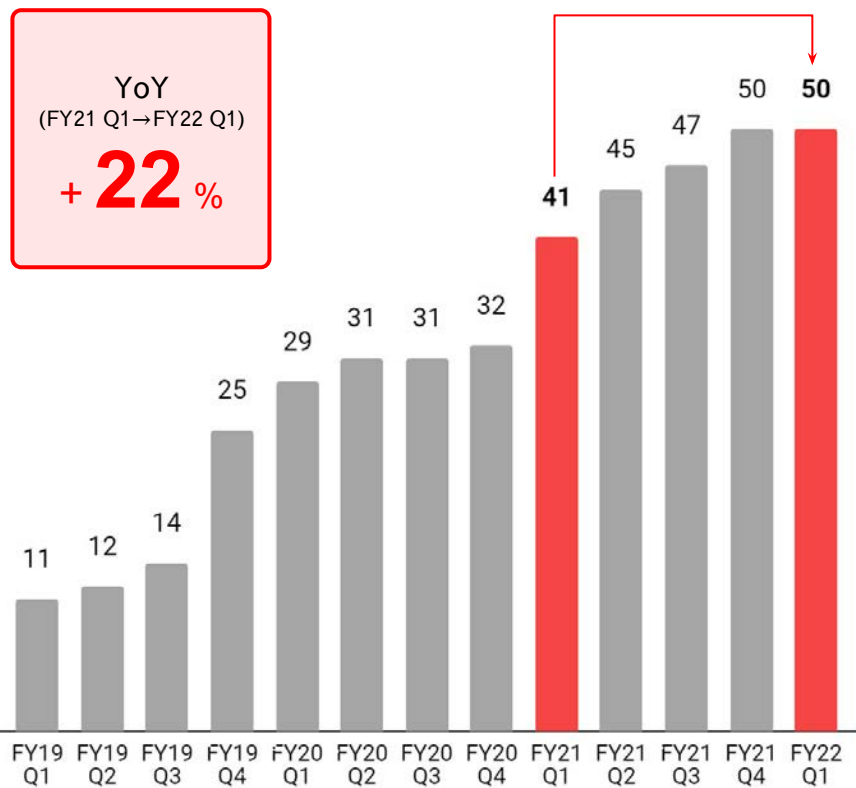
*2. Average Revenue Per User: Calculated after dividing the quarterly segment sales by the number of users eligible for recurring revenue at the end of the quarter.

Data business: number of customers maintaining growth (+22%), ARPU improved (+27%)

The number of customers increased by +22% YoY, remaining steady despite fluctuating market conditions. ARPU rose by +27% YoY due to cross-selling to existing customers.

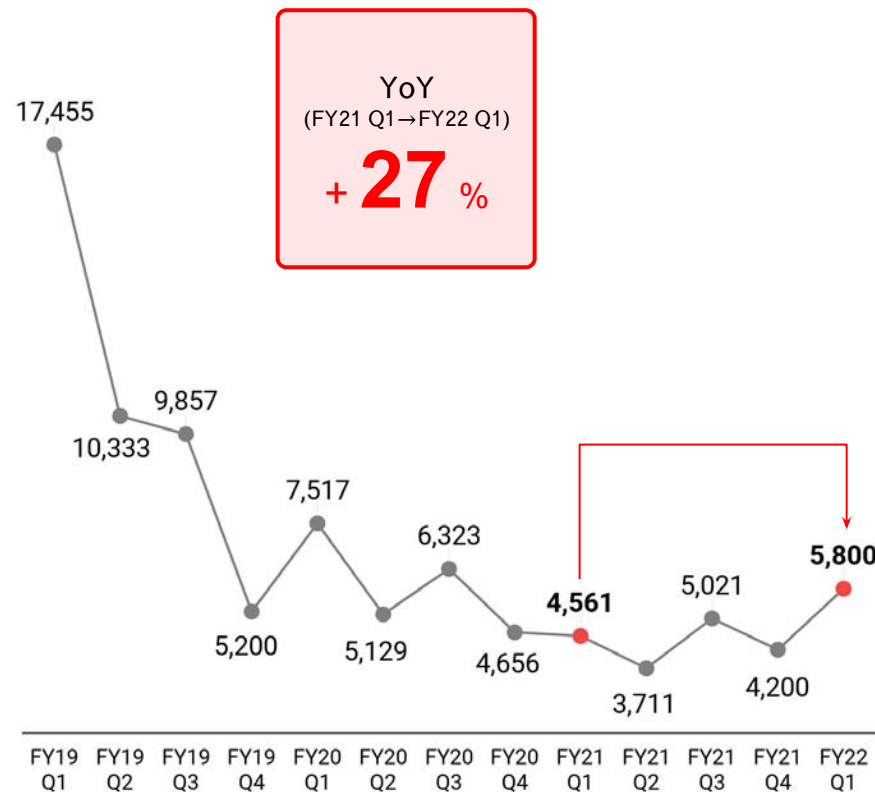
■ Number of customers*1

Unit: Number of companies



■ ARPU*2

Unit: 1,000 JPY



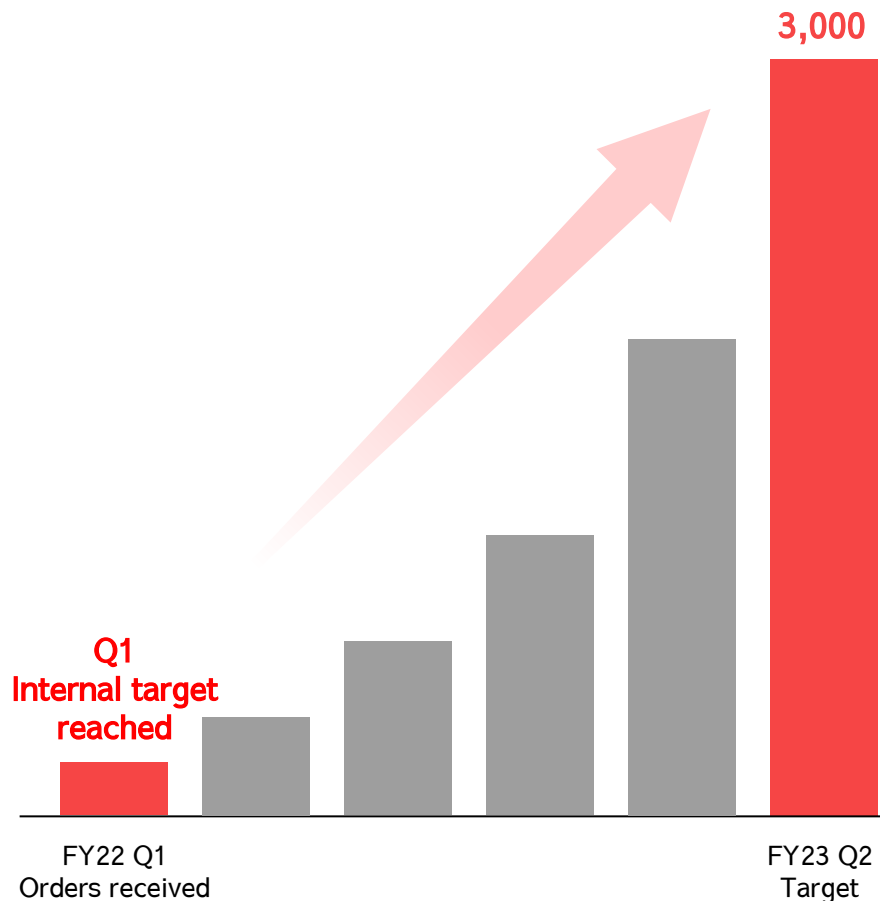
*1. Counting number of customers as of the end of the period

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

EV Charging business: orders received exceeded the internal target for Q1

The EV Charging business has set an early target of 3,000 charging ports cumulatively sold by FY23 Q2. In the first quarter, the number of orders we received exceeded our internal target. We are receiving orders from around Japan, especially from golf courses, hotels, and offices. We are working quickly to establish the number one position in Japan for destination charging.

■ Projection of cumulative charging ports sold



■ Examples of orders received



Osaka: Ecolocity Co., Ltd.
(Parking lot at the prefectural government offices, 4 units)



Yamanashi: JIT Group Inc.
(Office, ceremonial halls, parks, 18 units)



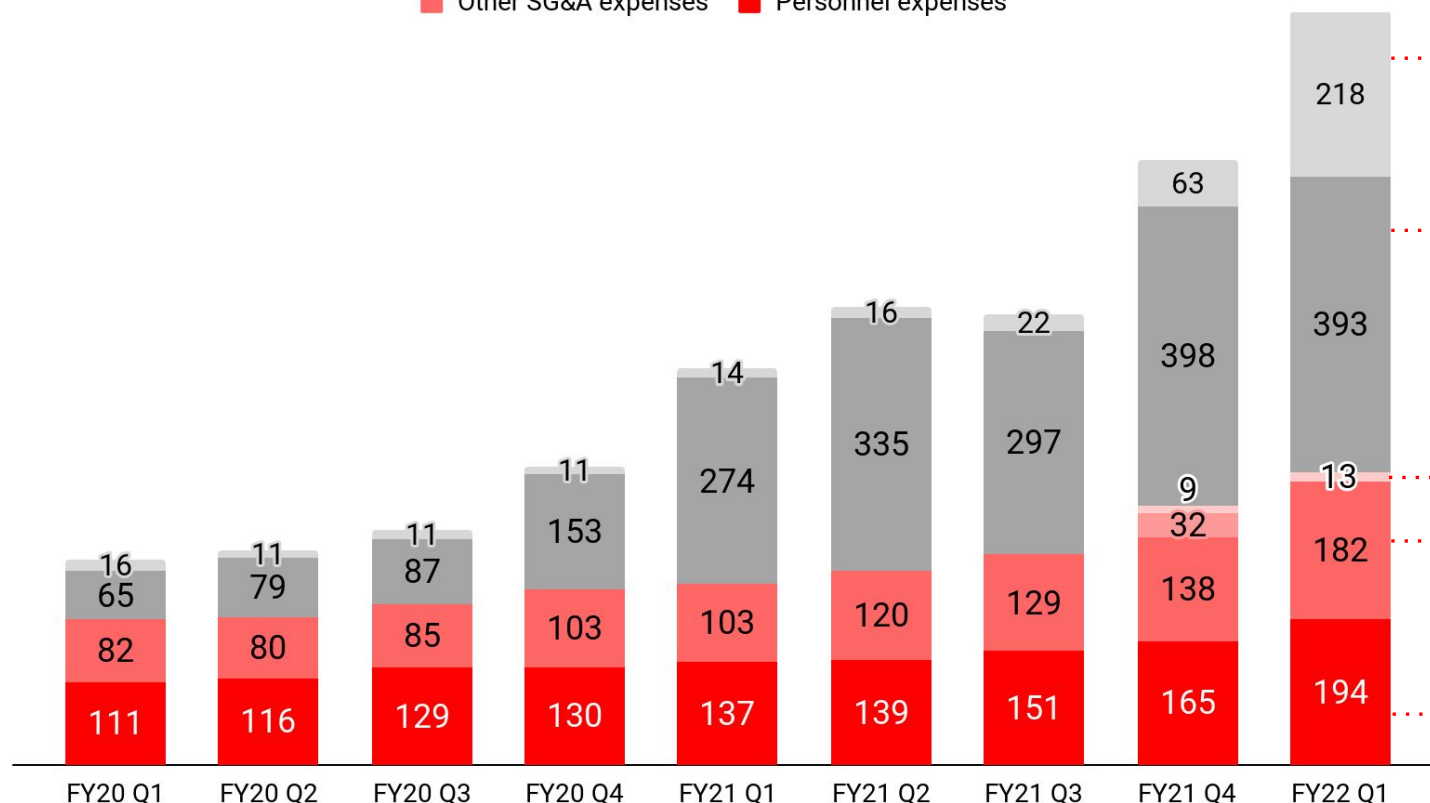
Investment in Platform business postponed, investment in EV Charging business continues

In the first quarter of FY22 we moved to active growth investment in advertising expenses, sales commissions (partner channels), sales promotion expenses (in-house channel), and new personnel hiring expenses (other SG&A expenses). However, we postponed our advertising investment from March 2022. In the EV Charging business, personnel expenses are increasing due to the expansion of the sales team and other operations.

■ 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



Advertising:
Increased due to strengthening digital marketing on internal channels. Postponed from March onward

Sales promotion and sales commissions:
Accrued due to increase in user acquisition in the Platform business

Amortization of goodwill and one-time expenses:
Amortization expense of goodwill (M&A) in the Platform business

Other SG&A expenses:
Increase in customer support expenses in the Platform business

Personnel expenses:
Increased due to hiring of sales staff for EV Charging business



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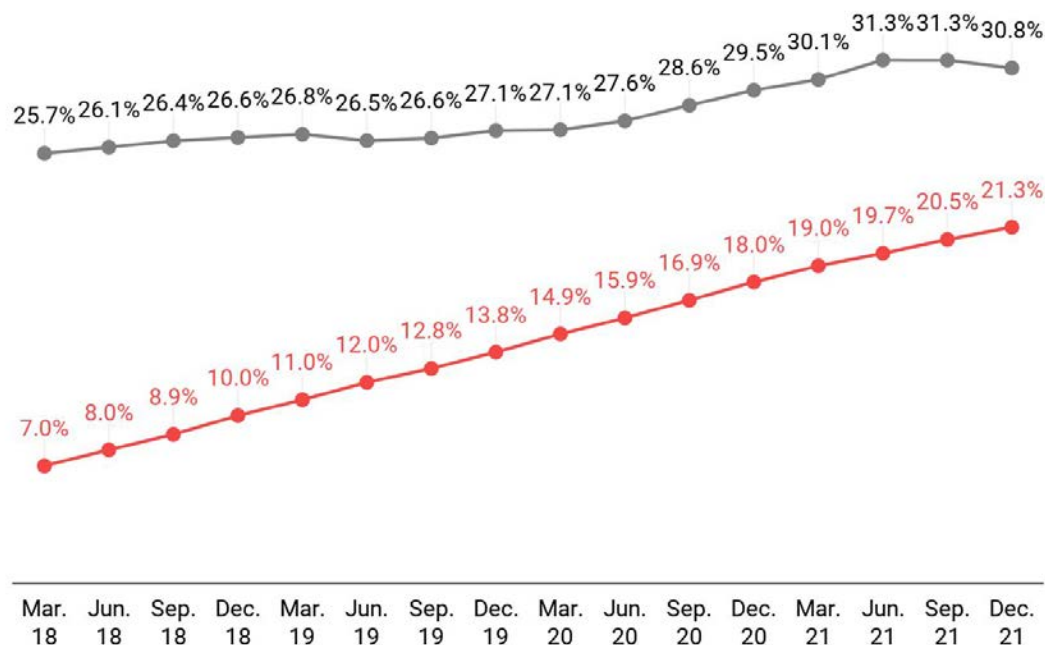
Business Explanation

Our market share of new entrant users reached a record high

By the end of December 2021, new entrant suppliers reached a market share (based on the number of contracts) of 30.8% for corporates and 21.3% for households. Our share of new entrant users increased to 2.0% for corporates, partly due to completion of M&A activities, and 1.8% for households - both of which are record highs.

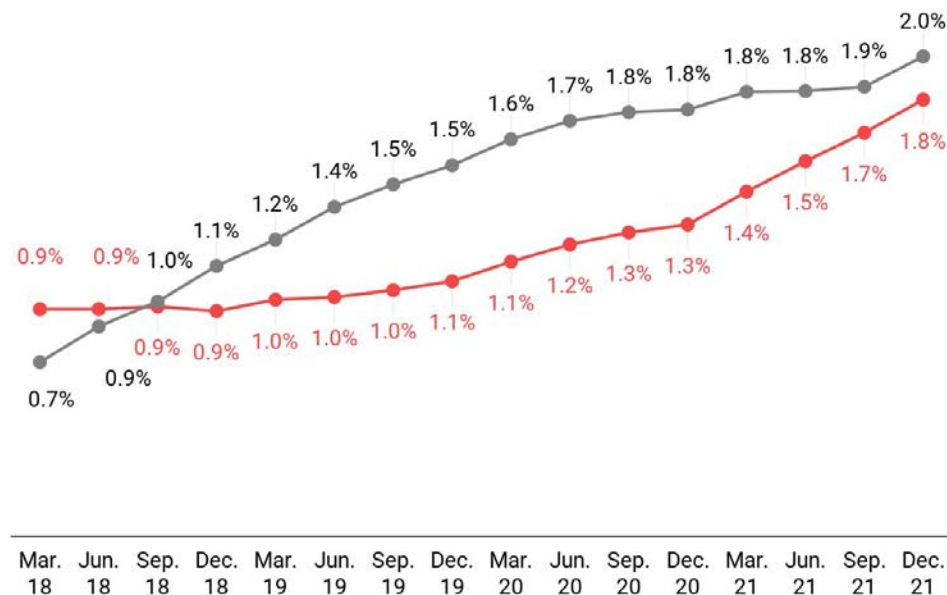
■ Share of customers using new entrant suppliers*1

- For households
- For corporates



■ Our market share of customers using a new entrant supplier*1

- For households
- For corporates



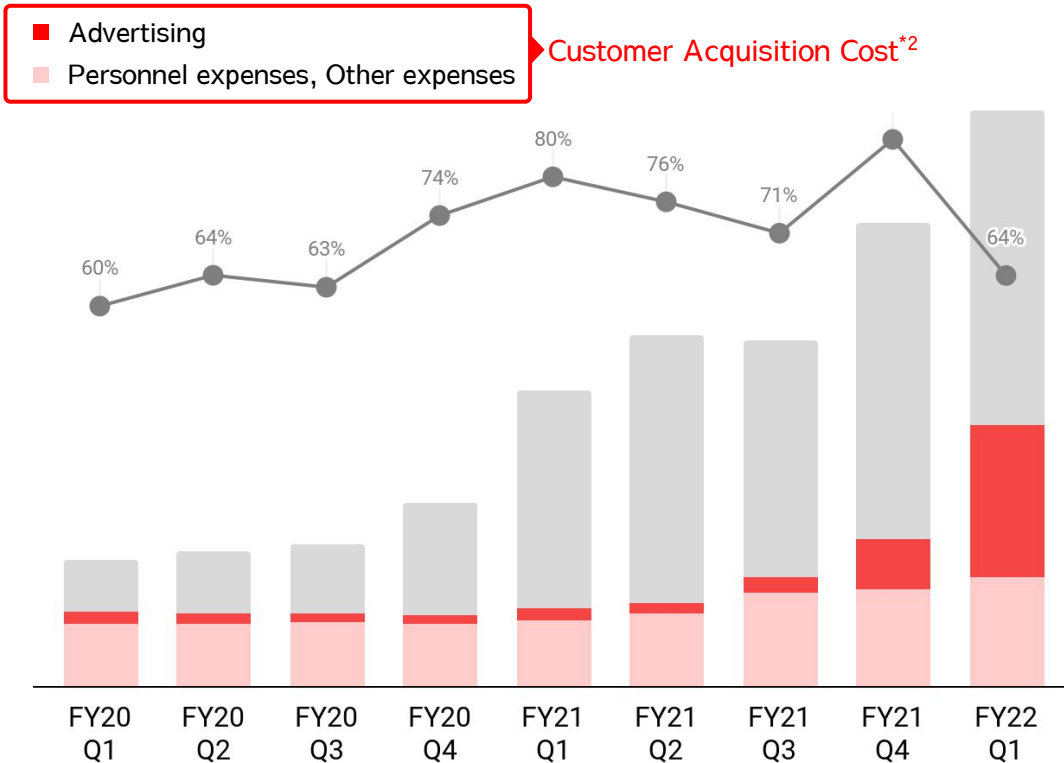
*1. Created based on the number of contracts in the Electricity Trading Report by the Electricity and Gas Market Surveillance Commission (Left) and our share based on the sales amount (kWh) of (Right).

CAC increased due to advertising, but LTV/CAC remains above 3.0x

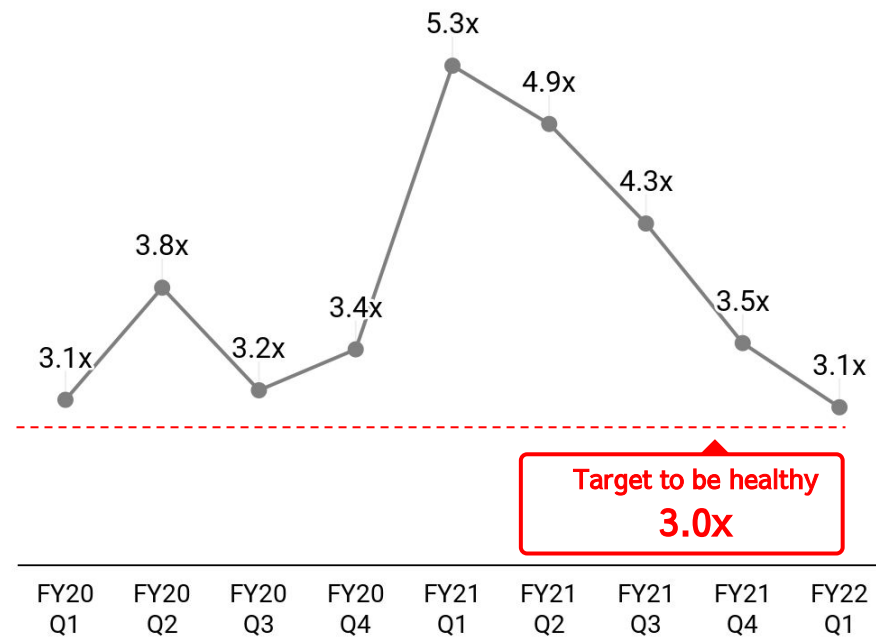
While CAC initially increased due to planned investments up to February (e.g. digital marketing initiatives to strengthen our in-house channel), LTV/CAC remains at a healthy level of 3.1x. From March, we postponed most advertising and intend to do so for the remainder of this fiscal year to maintain LTV/CAC above 3.0x.

Changes in SG&A expenses in Platform business*1

- (Sales promotion + Sales Commissions) / One-time fee
- Sales Promotion + Sales Commissions



LTV/CAC*2



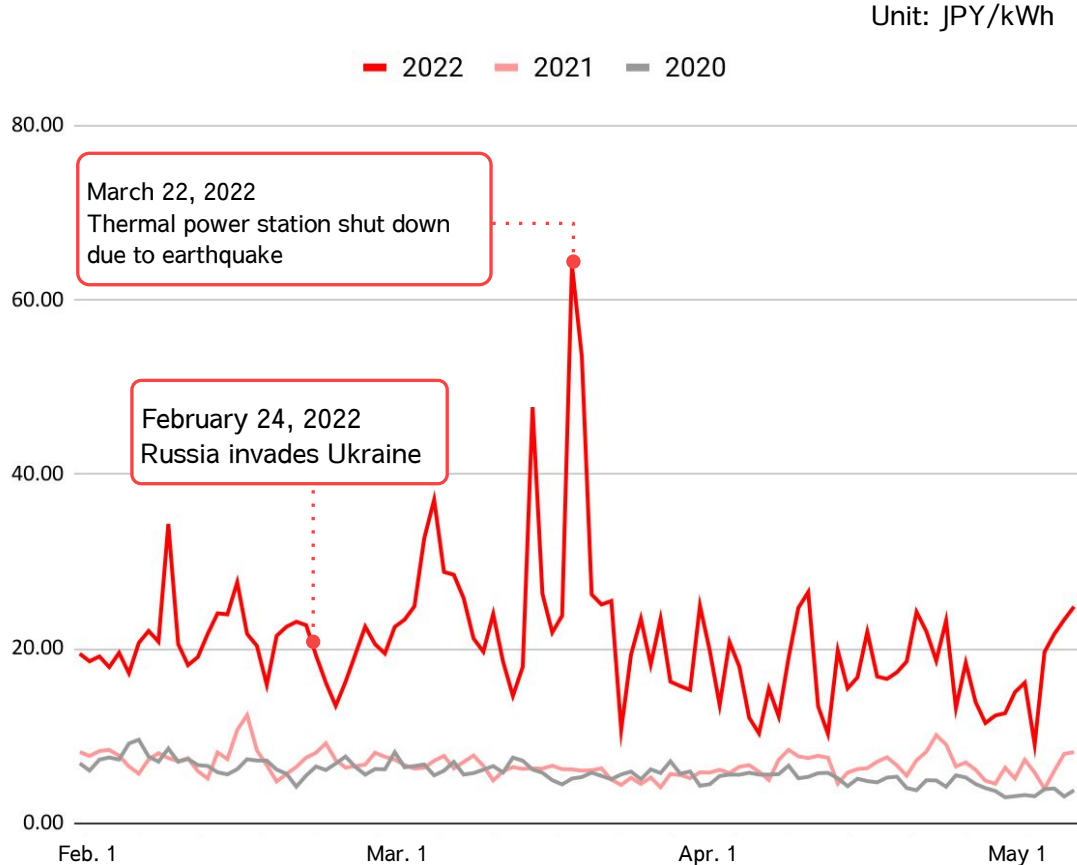
*1. The total of advertising expenses (expenses arising as a result of activities such as listing advertisements, which are not directly for the acquisition of customers), sales promotion expenses (benefits passed directly to users as a result of switching), sales commissions (expenses borne directly 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.

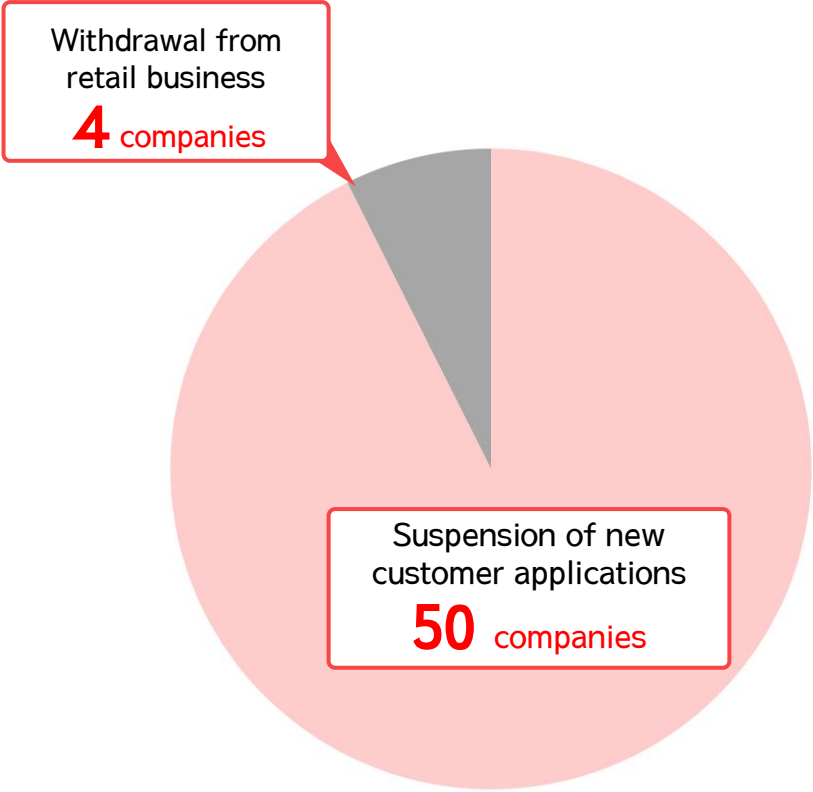
The rising JEPX price puts pressure on energy companies

Due to the worsening financial situation of electricity companies caused by high JEPX prices due to soaring global energy prices, all of the top 54 new entrants have stopped acquiring new corporate customers. Furthermore, the electricity industry faces severe outcomes such as business withdrawal leaving customers stranded, price increases of over 50%, and adding surcharges linked to high JEPX prices.

Changes in JEPX prices*1



Effect of JEPX prices on corporate customer acquisition for top 54 new entrants*2

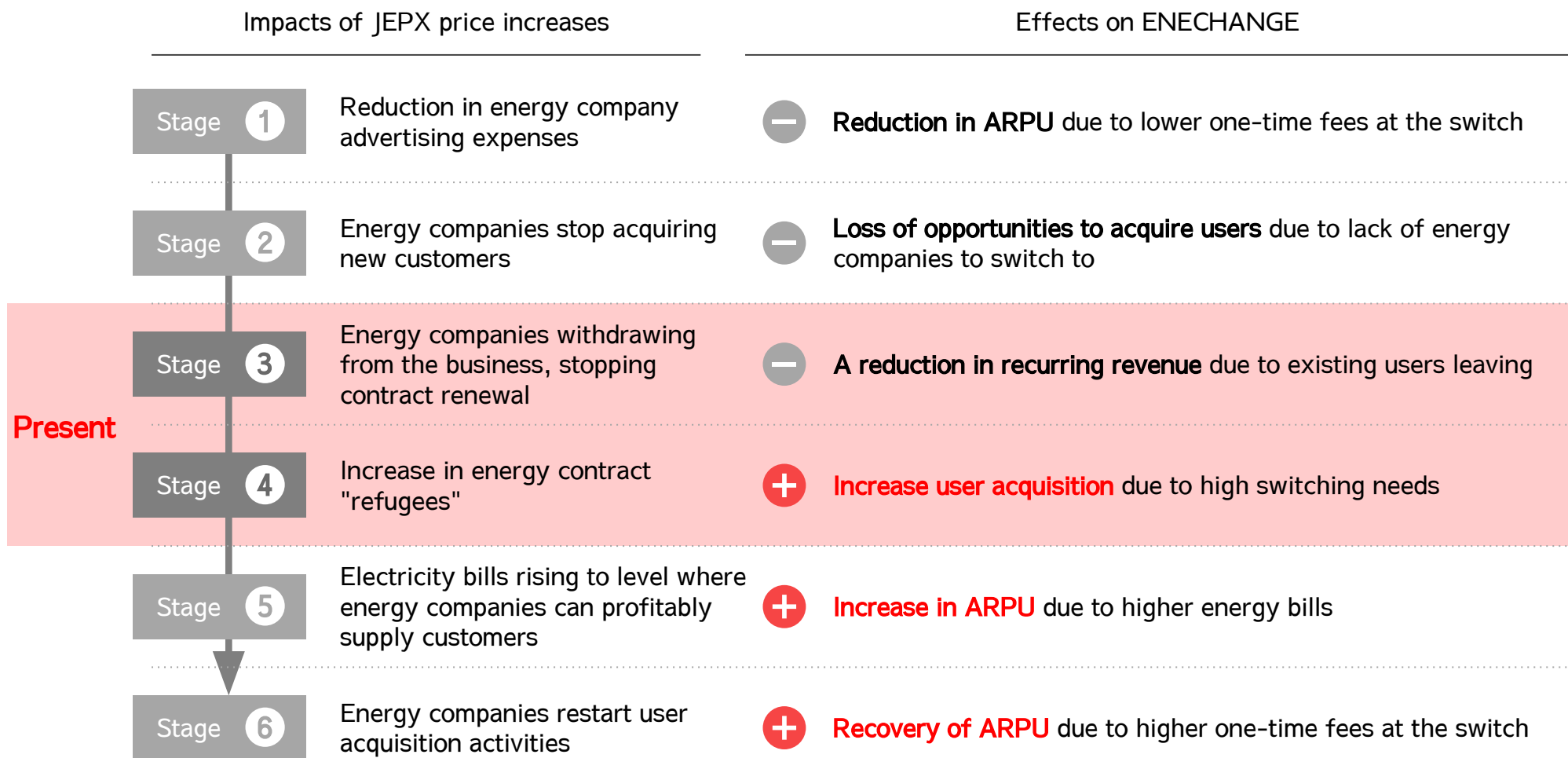


*1. Daily average of system prices as calculated from JEPX trading information.

*2. Based on an article published in Nikkei Energy NEXT (April 27, 2022); suspension of new applications includes those under conditional acceptance.

6 stages to the recovery of the energy market

Energy companies are experiencing the six stages below due to the JEPX price hike. We consider the present conditions correspond to stages (3) and (4). At this point, we expect a decrease in sales from May onward because the adverse effects up to stage (3) have become apparent. We anticipate a gradual improvement in the business environment from the second half of the year as it moves to stage (5) and beyond.



Present

New opportunities for user acquisition after business withdrawal

LPIO Co., Ltd., one of our major business partners (approximately 39,000 existing household users at ENECHANGE), announced its withdrawal from the electricity retail business in March 2022. We supported all 140,000 LPIO customers by guiding them to find a new energy supplier. As a result, we managed to successfully acquire over 45,000 new users.

■ ENECHANGE's response to LPIO's withdrawal from business

- Opening a dedicated consultation contact point and strengthening the customer support system
- Providing withdrawal support services and supporting all LPIO customers in switching

■ Impact on user numbers



As of the end of Dec. 2021
Number of LPIO customers
using ENECHANGE

As of May 10, 2022
Number of users acquired
by switching from LPIO
(Based on application data)

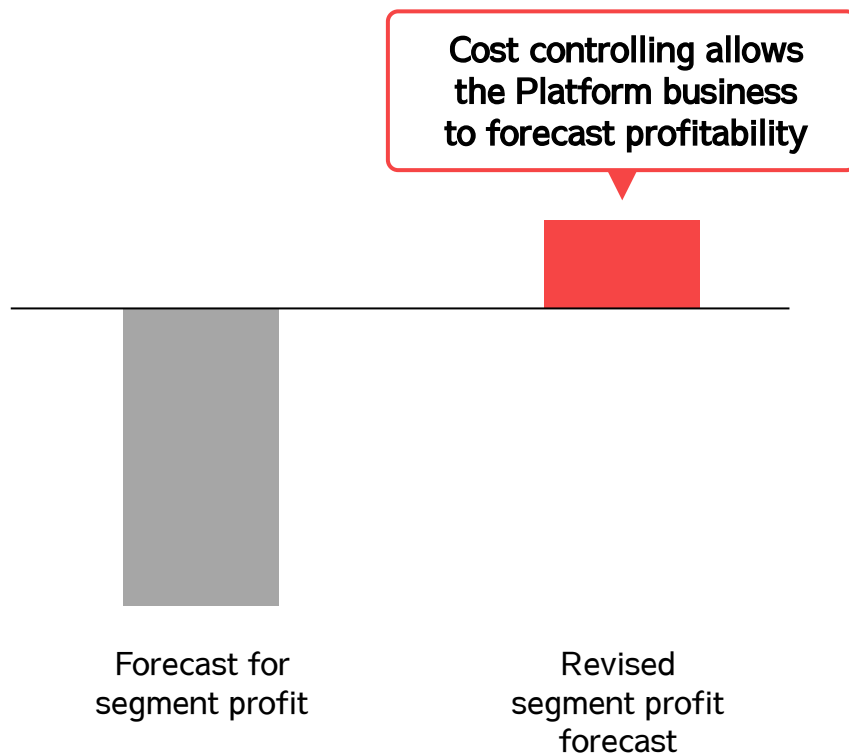
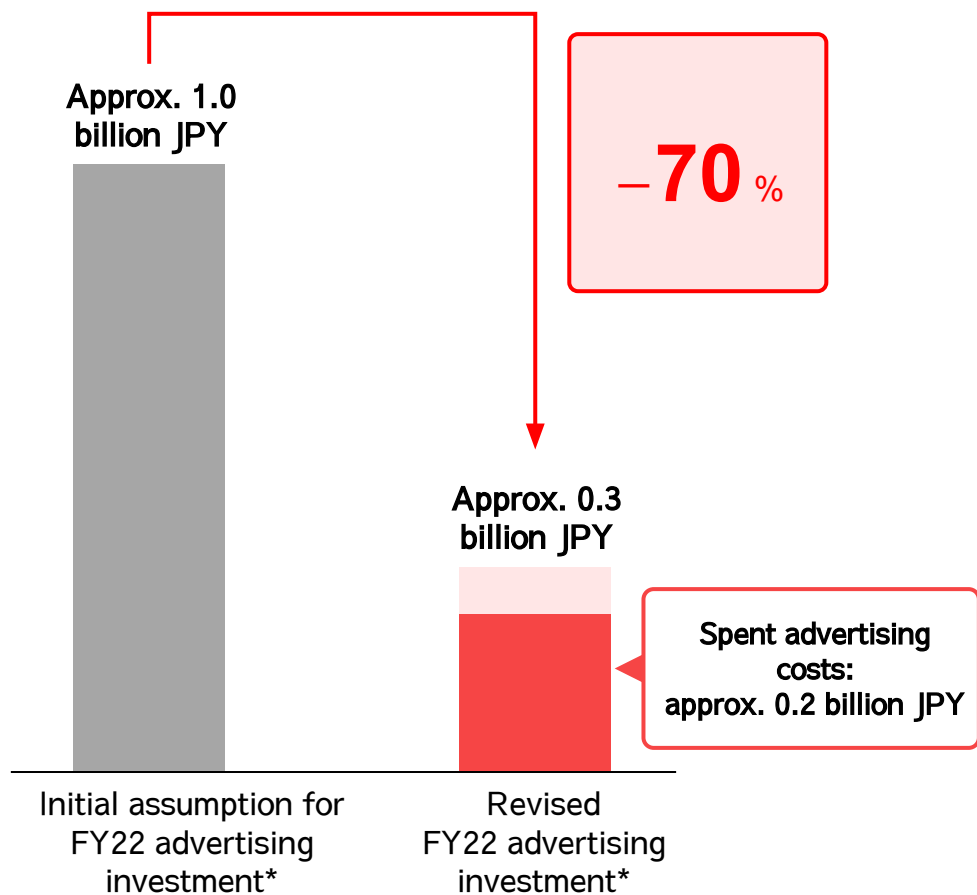


Securing profitability by postponing advertising

Energy companies have seen their profit drop due to the JEPX price increases and are not actively seeking new customers. Therefore, we have postponed the advertising investment we initially planned in favor of securing profitability of the Platform business. We will maintain this strategy until we see improvements in the business environment.

■ Controlling advertising investment to reduce costs

■ Illustration of Platform business profit revised forecast

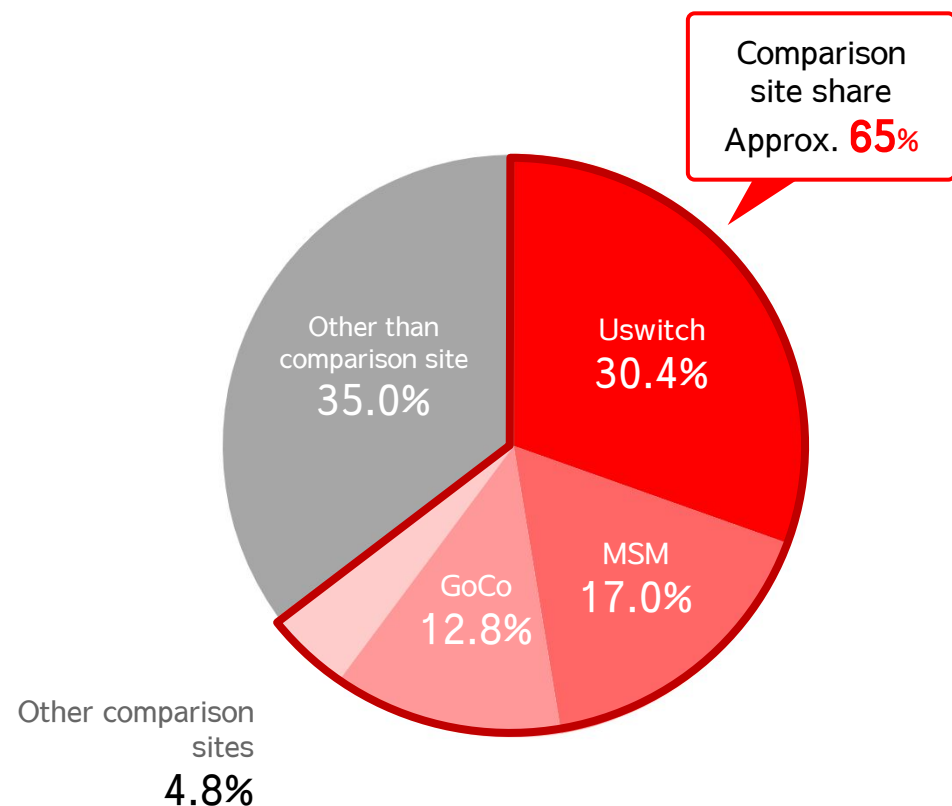


* Total of in-house channel expenses (digital marketing expenses) and partner channel expenses (sales promotion expenses borne by the Company)

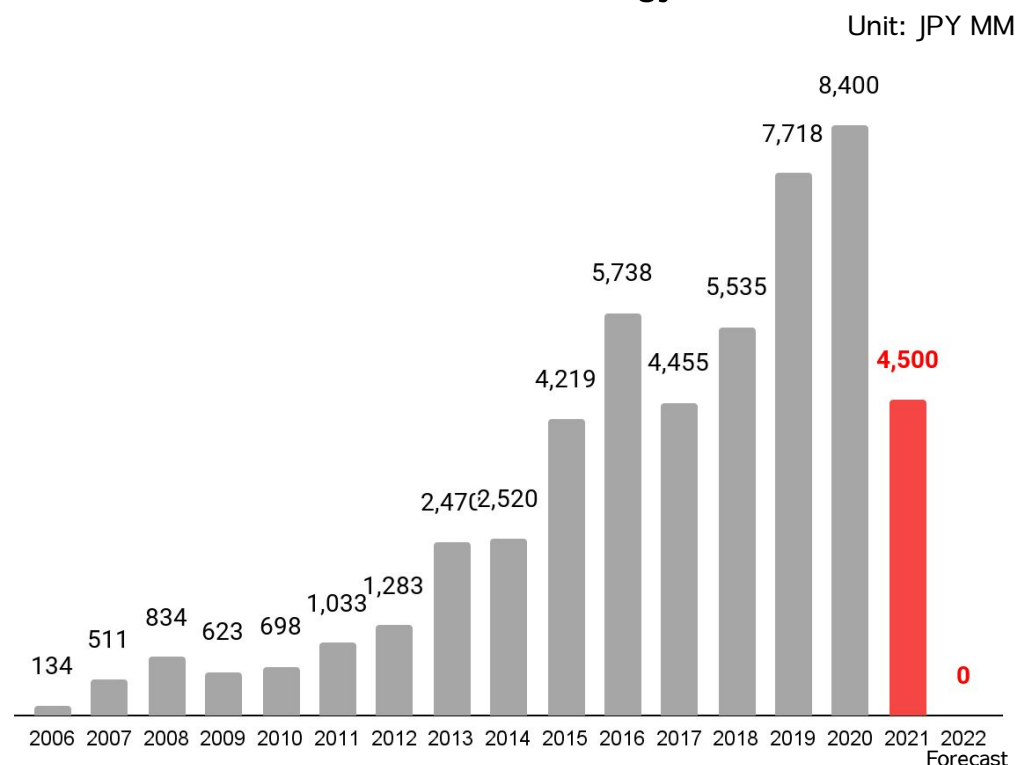
Major UK switching company, MSM, forecasts zero sales for FY22

In the UK, one of the global leaders in electricity deregulation, energy switching sites derive their revenues almost entirely from one-time fees at switch. The high electricity prices and lack of available tariffs has led to MoneySuperMarket - the second largest player - to reduce its FY22 sales forecast for energy switching to zero. However, they have seen a 50% YoY increase*¹ in electricity switching inquiries due to the increase in customer bills, and hence they expect the market to bounce back in FY23.

Market share in UK energy switches in 2020*²



MSM sales*³ and share of energy switches



Sales plummet due to the impact of high resources prices from summer 2021 onward

*1. ElectraLink Ltd. "Energy supplier switching remains low in March as millions partake in Meter Reading Day" (Apr. 22, 2022)
 *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 converted at a rate of 150 JPY:1 GBP.

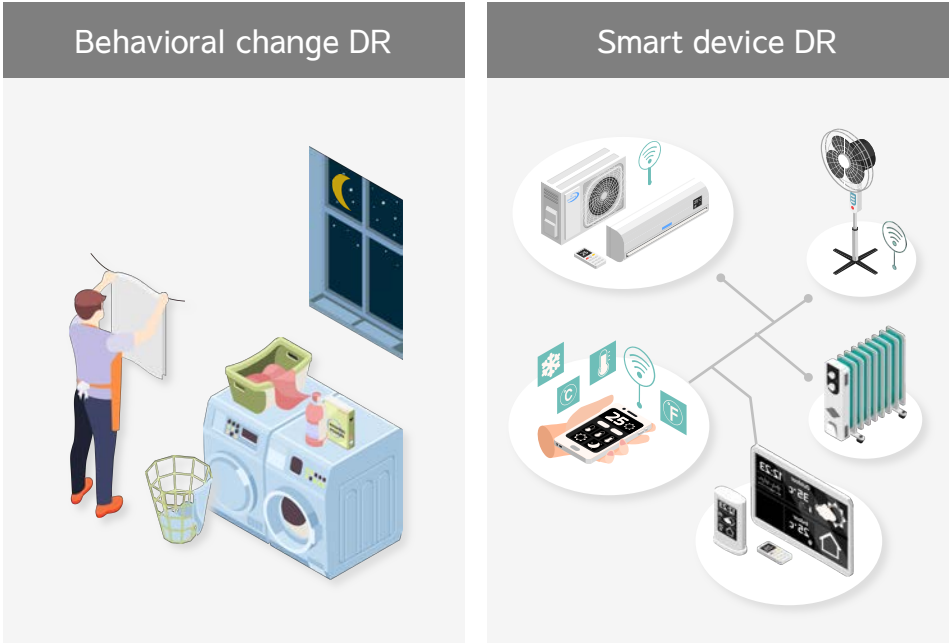
The increased importance of demand response for tight energy supply-and-demand

In response to the move toward decarbonization, aging thermal power plants (equivalent to approximately 16 nuclear power plants*¹) are being decommissioned, making the supply of electricity unstable. The Japanese government has announced that the annual outlook for the reserve ratio of electricity supply and demand is very tight, dropping below the 3% considered as the bare minimum.*² There is an increasing need for technology to control demand, such as demand response (DR).

■ Reserve ratio forecast during the extreme winter cold, FY22*²

	December	January	February
Hokkaido	12.6%	6.0%	6.1%
Tohoku	6.9%	3.2%	3.4%
Tokyo	6.9%	-1.7%	-1.5%
Chubu	5.4%	2.2%	2.5%
Hokuriku	5.4%	2.2%	2.5%
Kansai	5.4%	2.2%	2.5%
Chugoku	5.4%	2.2%	2.5%
Shikoku	5.4%	2.2%	2.5%
Kyushu	4.6%	2.2%	2.5%
Okinawa	56.4%	42.0%	43.6%

■ Balancing supply and demand using DR



DR needs to be used to ensure supply capacity during emergencies

*1. Agency for Natural Resources and Energy, "Future Thermal Power Policy" (March 25, 2022)
 *2. OCCTO, 72nd Committee Related to Adjustment Capacity and Demand and Supply Balance Assessment, etc., "Concerning Electricity Supply-and-Demand Expectations and Supply Capacity Measures for Fiscal 2022" (April 12, 2022)

Solid track record of demand response introduction

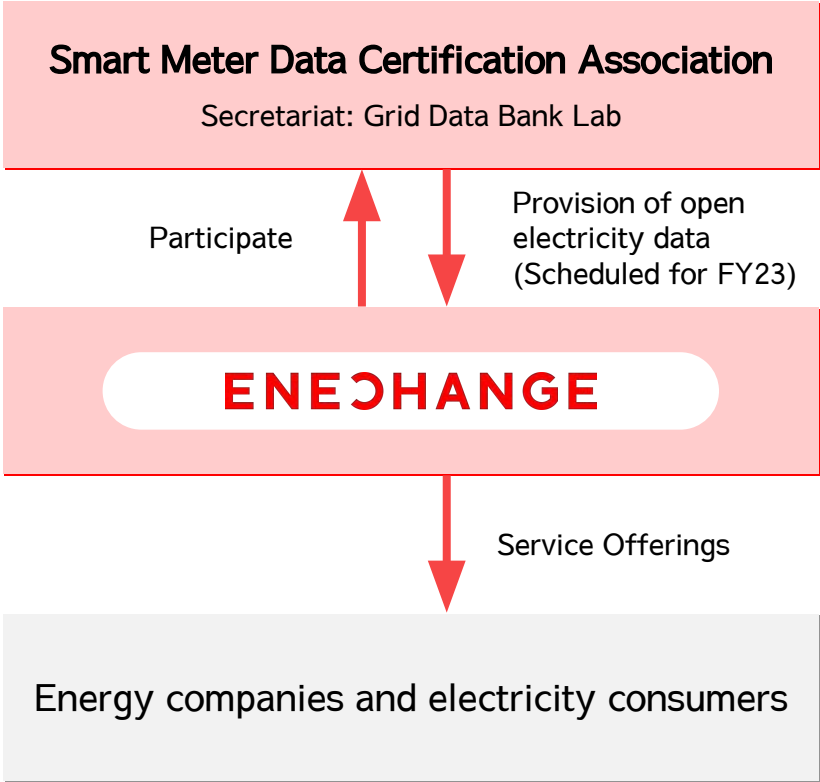
ENECHANGE provides SMAP DR for energy companies, and this winter, we supported multiple companies, including Tokyo Gas, with our DR services. In addition, we plan to participate in an accreditation association for smart meter data, which plays an important role in DR implementation. Smart meter data utilization service is expected from FY23 onward.

- DR will be used even more this winter



Promoting DR in summer and winter has resulted in electricity savings of approximately 1.4 million kWh (energy generation per hour equivalent to approximately 1.4 nuclear power plants)

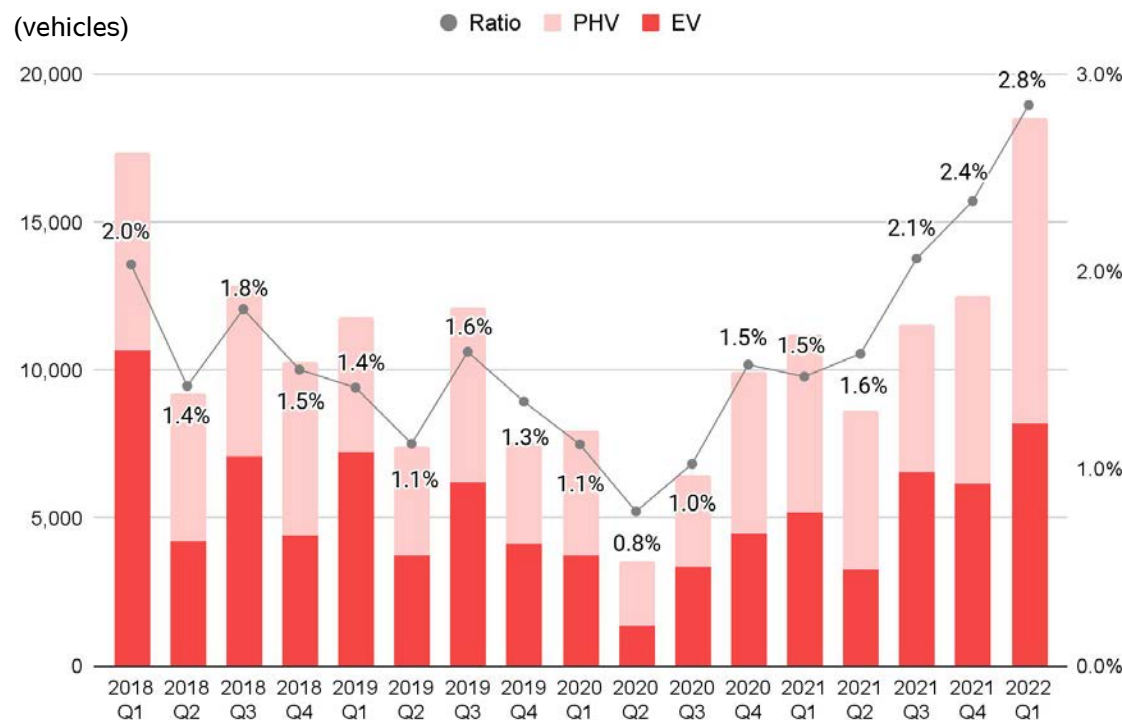
- Plans to participate in the Smart Meter Data Certification Association



Number of new EVs/PHVs sold in Japan reaches new record high

Domestic sales of new cars in the first quarter of 2022 included 18,527 EV/PHV sales, around 2.8% of the total sold. Both figures are the highest ever. Carmakers are scheduled to release a range of EVs during 2022, so these figures are expected to grow further.

Changes in sales ratio of new EV/PHV in Japan*



EVs scheduled to be released in Japan during 2022

Manufacturer	Model
Toyota	bZ4X
Subaru	Solterra
Nissan	IMk
Mitsubishi	K-EV concept X Style
Audi	Q4 e-tron
BMW	i4
Volkswagen	ID.4
Mercedes-Benz	EQS, EQB
Fiat	500e
Hyundai	IONIQ5
Opel	Corsa-e

* Created by ENECHANGE based on Japan Automobile Dealers Association, "Numbers of Sold Vehicles by Fuel Type (Passenger Vehicles)"

Flexible product design based on customer feedback

We have strengthened the supply chain for our EV Charging service through a business alliance with EV charging hardware manufacturer Nitto Kogyo Corporation. We are also developing products to meet various customer needs by offering three different color designs, co-branded signboard installations, and multiple fee options.

Development of lineup in cooperation with Nitto Kogyo



Multiple fee options

Plan	Standard	Lite
Ideal for...	Flexible pricing	Low cost
Initial construction cost	Actual expense	0
Monthly Fee	5,000 JPY Campaign Price	0
Set charging rates	Host sets rate	ENECHANGE sets rate
Charging sales	Split with host and ENECHANGE	100% ENECHANGE
Similar model providers	ChargePoint	Blink

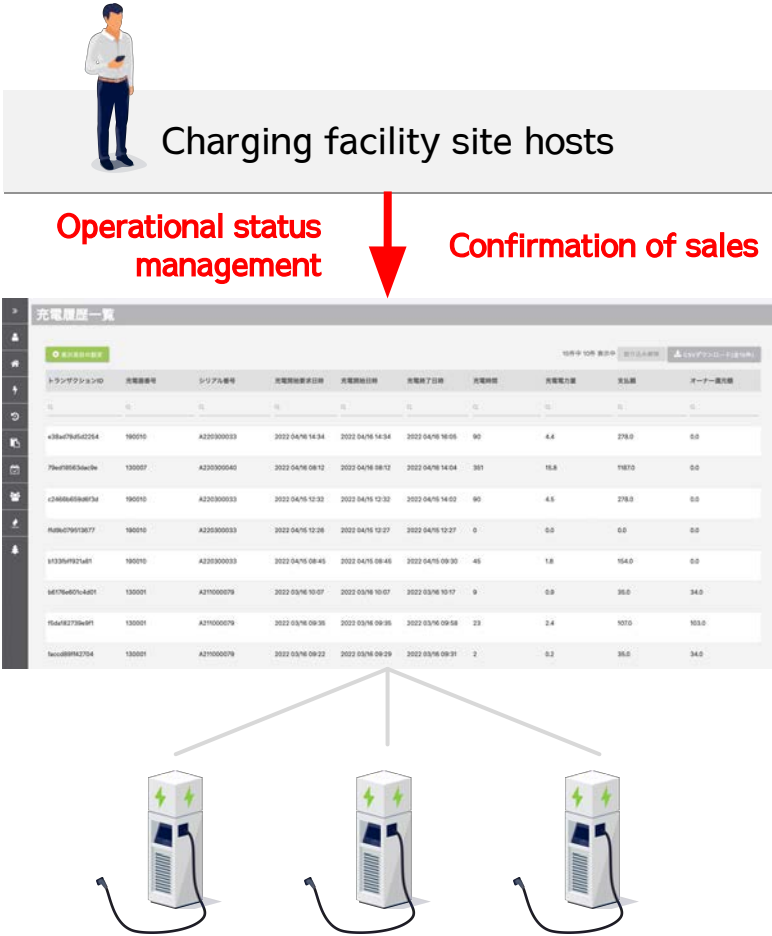
Provide software for user and site host convenience

For EV users, we will soon launch a mobile application that allows users to check the location of charging facilities and make payments. For site hosts of charging facilities, we provide a dashboard that allows centralized management of operational status and sales. We will continue to invest in software development to ensure both user and site host convenience.

■ ENECHANGE EV Charging mobile app



■ Provides management software for site hosts



EV charging operation companies emerging overseas

Many international EV charge point operation (CPO) companies*¹ have gone public since 2021, with one new company going public (Allego) in 2022. All EV CPO have prioritized sales growth, despite losses due to investment. The EV CPO business remains highly valued due to strong expectations for growth.

Company name (Ticker symbol)	IPO Date	Market cap* ²	Sales* ² (TTM)	EBITDA* ²	PSR* ³	Stock Exchange	Main sales market	No. of Level 2 chargers* ⁴	No. of DC fast chargers* ⁴
Tesla (TSLA)	Jun. 2010	\$911 B	\$53.82 B	\$9,330 M	16.9x	NASDAQ	Global	14,685	13,533
ChargePoint (CHPT)	Mar. 2021	\$4.46 B	\$241 M	\$-244 M	18.5x	NYSE	USA Europe	47,433	1,767
EVgo (EVGO)	Jun. 2021	\$2.53 B	\$22 M	\$-65 M	115x	NASDAQ	USA	410	1,913
Allego (ALLG)	Mar. 2022	\$2.26 B	\$48 M	\$-130 M	47.1x	NYSE	Europe	N/A	N/A
Blink (BLNK)	Feb. 2018	\$0.87 B	\$21 M	\$-54 M	41.4x	NASDAQ	USA	3,880	154
Fastned (FAST)	Jun. 2019	\$0.56 B	\$9 M	\$-5 M	62.2x	Euronext Amsterdam	Europe	N/A	N/A
Volta (VLTA)	Aug. 2021	\$0.36 B	\$29 M	\$-122 M	12.4x	NYSE	USA	2,591	49

*1 Companies mainly engaged in EV charging management and operation are listed as Charging Point Operator from "EV Charging Infrastructure in Europe and North America - 2nd Edition" by Berg Insight.

*2. From Yahoo Finance (as of April 28, 2022) , €1=\$1.13, £1=\$1.35

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

*4. No. of Level 2 chargers and DC fast chargers (including public, private, etc.) disclosed in US Department of Energy Alternative Fuels Data Center in the United States as of May 12 2022.



5

Forecast for FY22

Revised Forecast for FY22

While Q1 results in the Platform business were strong, the full-year sales forecast has been revised to 3.4 billion JPY due to non-recurring revenues are expected to decline from May onward. The operating loss forecast has been revised upward from -1.5 billion JPY to -1.0 billion JPY (see next section for details).

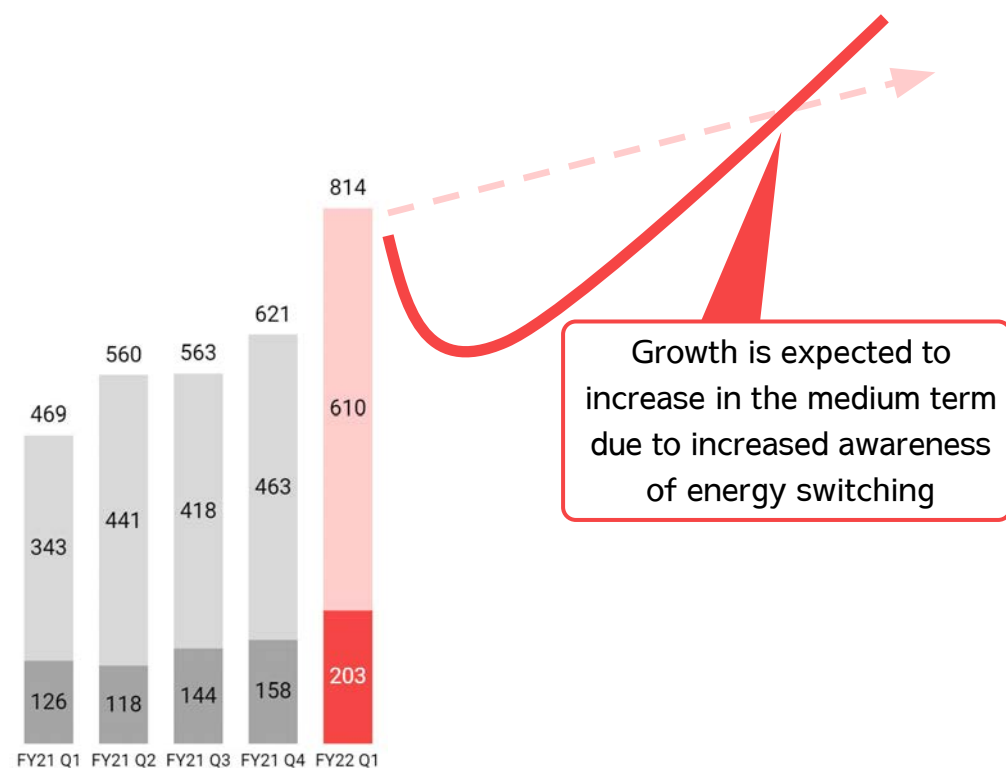
Financial results forecast for FY22

Unit: JPY MM

	FY21 full-year results	FY22 full-year forecast	FY22 revised forecast	YoY
Sales	3,018	4,000	3,400	+13%
Operating income	40	-1,500	-1,000	-

Illustration of future Platform business sales

- Non-recurring revenue
- Recurring revenue
- - - Initial assumption
- Current assumption

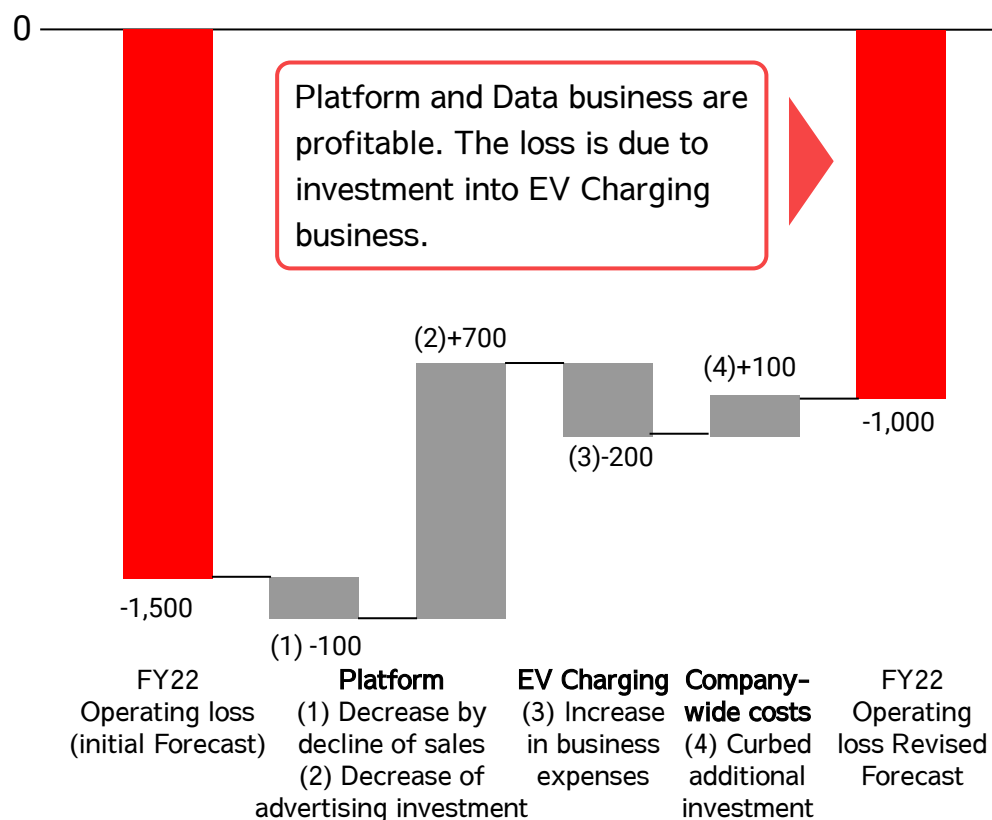


Revised Investment planning assumptions

Advertising* in the Platform business, which was planned to be approximately 1 billion JPY, will be curbed to approximately 300 million JPY, and the Platform business and Data business are assumed to be profitable. However, we have changed our forecast for investment in the EV Charging business from 900 million JPY to 1.1 billion JPY in light of strong orders. In addition, 100 million cost reduction is counted at company wide.

■ Illustration of revised operating profit

Unit: JPY MM



■ Initial assumptions per segment and details of revised investments

Strategy	Initial assumption	Revised
Platform business	- Increased expenses of 1.2 billion JPY (1 billion JPY of which are advertising investment* ¹) - Segment deficit	- Curbed advertising investment* ¹ to 300 million JPY (-700 million JPY) - Maintain segment profitability
Data business	- Segment profitability	No change
EV Charging business	- Investment to gain top market position - Approx. 900 JPY MM expenses arising	- Assumed increase in investment expenses to approx. 1.1 billion JPY (+0.2 billion JPY) in light of strong orders
Company-wide costs	- Investment to improve the organization's structure in line with organizational expansion	- Curbed additional investment

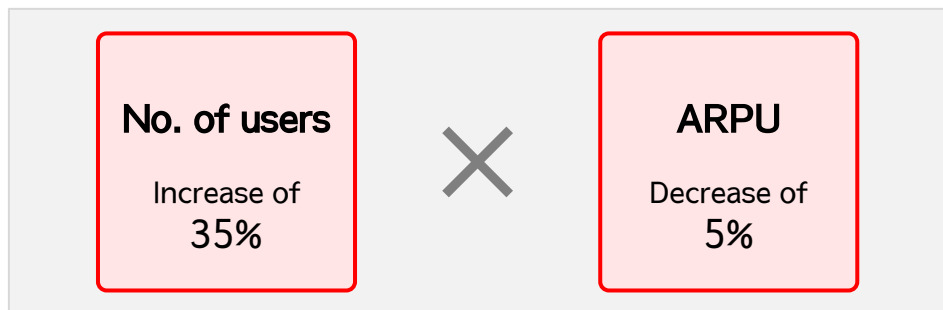
* Total of in-house channel expenses (advertising expenses for digital marketing) and partner channel expenses (sales promotion expenses borne by the Company)

Revised Assumptions for sales forecast

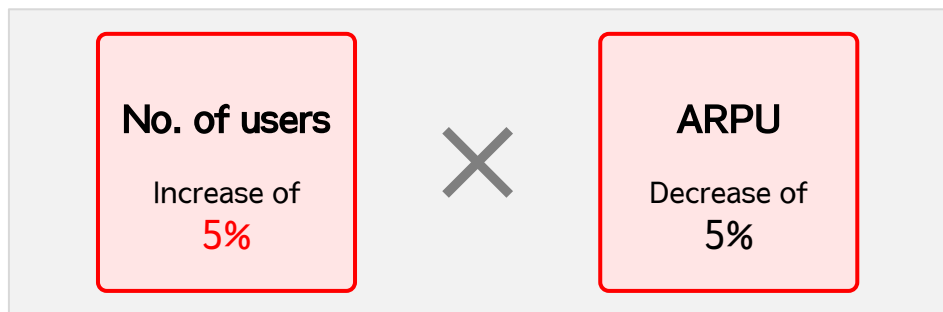
The number of users is expected to decline from the initial projection (drop from 35% to 5% growth) due to the suspension of new user acquisition by electricity companies. ARPU is expected to keep the initial forecast, offsetting the decline from May onward with the increase until April.

Assumptions for sales forecast

Forecast



Current revision




Platform business strategy

Cannot expect a swift recovery of energy companies' appetite to acquire customers, further investment postponed for the time being

Strategy		Initial policies for FY22	Revised policies for FY22
Strengthening of in-house channels	Mass marketing	Postponed for now	Postponed for now
	Digital marketing	Priority focus	Postponed for now
Strengthening of partner channels		Priority focus	Postponed for now
"Roll-up" style M&A		Priority focus *Not incorporated into earnings forecast	Priority focus *Not incorporated into earnings forecast

ENECHANGE



LET'S
CHANGE
ENERGY
→
ENECHANGE



6

Appendix

Company outline

Company name	ENECHANGE Ltd. 4169, Tokyo Stock Exchange Growth
Address	3F, Nihon Building, 2-6-2 Otemachi, Chiyoda-ku, Tokyo, Japan, 100-0004
Founded	April 2015
Businesses	Platform business Data business EV Charging business
Representatives	Yohei Kiguchi, PhD, 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)

- Head Office: **TOKYO**



- Group business: **LONDON**

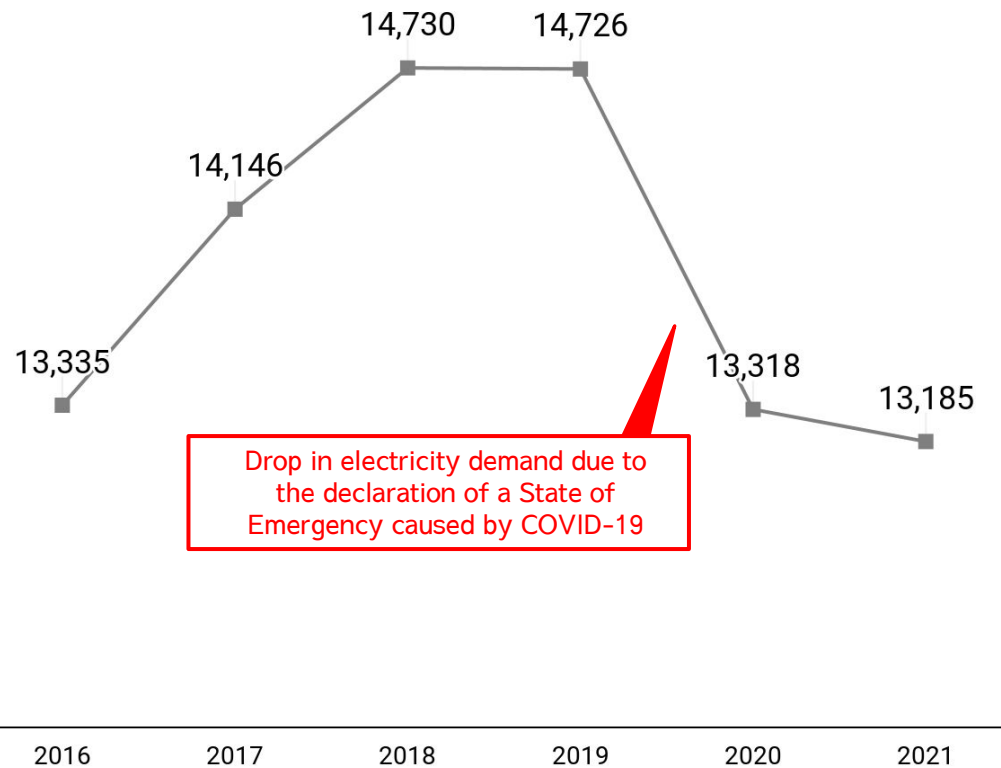


Electrification will expand electricity market to 18 trillion JPY

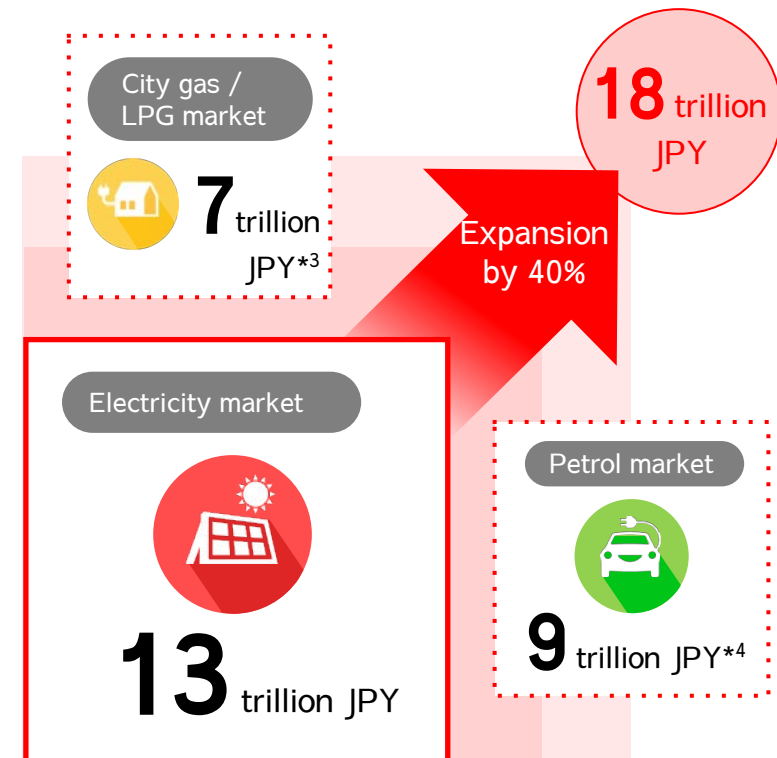
The move towards decarbonization is encouraging the spread of fully electrified homes and electric vehicles. As a result, the electricity market is expected to grow from its current level of 13 trillion JPY to 18 trillion JPY (+40%*1) by 2050.

■ 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".

*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)

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"

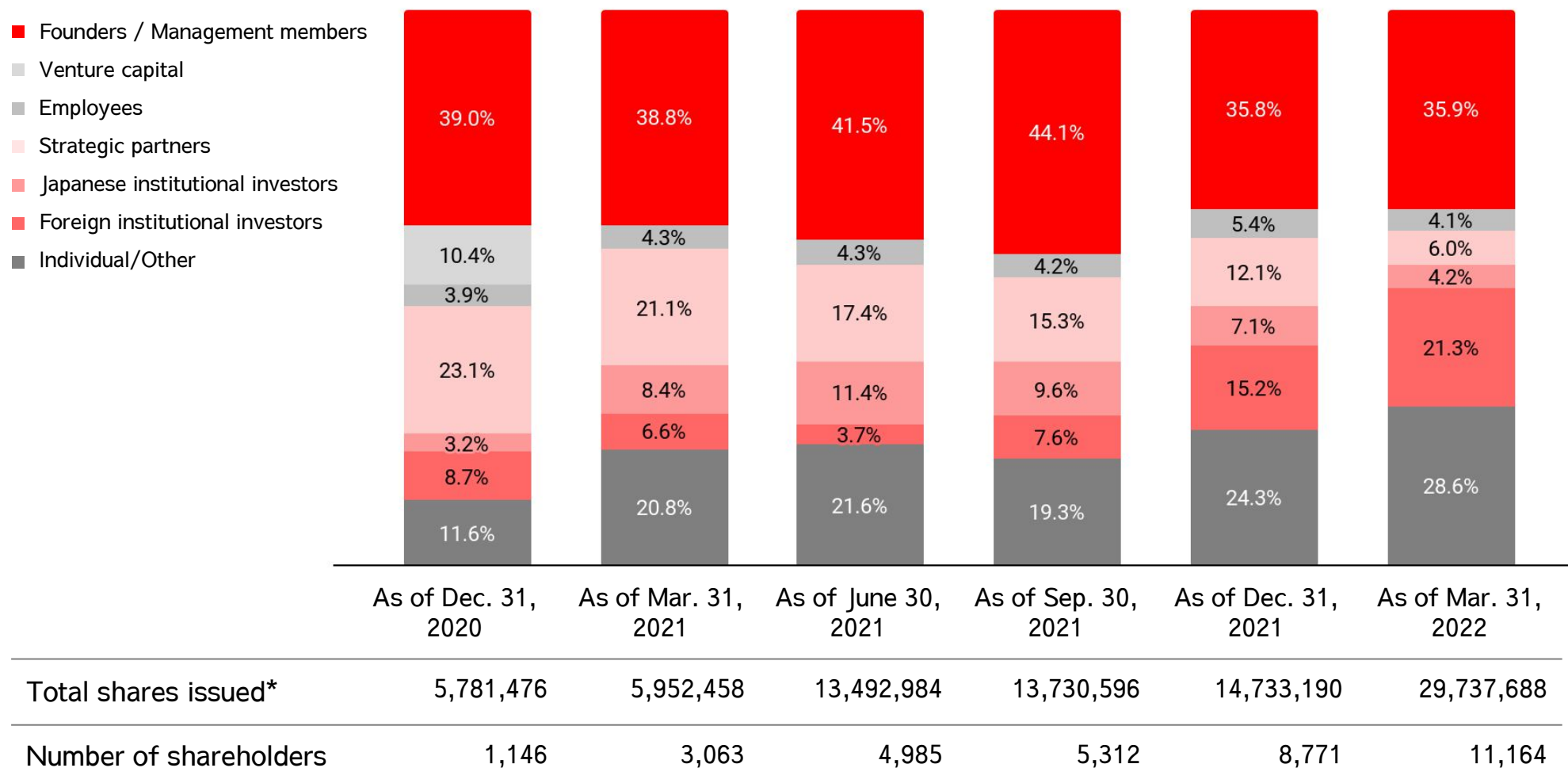
To bring about a carbon-free society, we must reform the energy industry through the 4Ds. ENECHANGE uses the technological capacity, global knowledge, and networks we fostered at Cambridge to encourage reform in Japan's energy industry.

- Yohei Kiguchi, PhD
Founder & CEO



Shareholder information

The public offering conducted in December 2021 has led to an increase in foreign institutional investors and diversification of the shareholder composition.



* The Company conducted 2-for-1 stock splits effective April 1, 2021 and January 1, 2022. The total number of shares issued does not take into account the effect of this stock split and is the number at that time.

Our two representative directors

CEO Yohei Kiguchi, PhD and COO Ippei Arita both have engineering experience, have both spent time overseas, and have contributed to the Group since its founding. With two representative directors, we can provide flexible business management both in Japan and overseas.



ENECHANGE



Yohei Kiguchi, PhD CEO / Co-Founder

After witnessing the impact of the Great East Japan Earthquake, Yohei developed a deeper interest in the problems facing the energy sector and decided to study overseas at Cambridge University in the UK. There, he obtained a master's degree and a doctorate in engineering in energy data AI analysis. During his time at Cambridge, he founded ENECHANGE in 2015 and SMAP Energy Limited (now a UK subsidiary) in 2016. He is also a current member of several committees in energy policy at the Japanese government.

Ippei Arita COO / Co-Founder

After completing a computer science masters program at Waseda University, Ippei worked at JPMorgan Securities Japan as a software engineer. He has also worked to develop online gaming services at GREE, Inc. He joined Yohei in Cambridge as chief engineer in 2013. Ippei became a co-founder of ENECHANGE in 2015. His major strength is his technical background and management ability, and he leads ENECHANGE's domestic business operations.

Professional management team

Outside directors



Minoru Takeda Outside director ☆

Earned B.S. and M.S. from Keio University, Faculty of Science and Technology, and M.S. from MIT Sloan School of Management. Held numerous management positions in major oil companies (ExxonMobil & Royal Dutch Shell), and involved in M&A. At Royal Dutch Shell, was GM for Asia Pacific LNG Business and President of Shell Japan. During 2015–2018, served as Chairman of Showa Shell Sekiyu.



Aki Mori Outside director ☆

From 2015 to 2020, he was CFO at Renova, Inc., TSE1-listed renewable energy operator. Before joining Renova, he worked for Goldman Sachs as an investment banker both in Tokyo and New York for a decade. He earned a B.A. in Commerce with a focus on Finance and Accounting from Waseda University.



Kenichi Fujita Outside director ☆

Served as head of international consulting departments for companies at places, such as UFJ Institute and a German company, where he was involved in areas such as global management strategies, overseas investment strategies, and cross-border M&A. After joining Siemens in 2006, he served as CEO of their automotive parts subsidiary, Director of the Energy Sector at the head office, Executive Officer of the Energy Division, and then as CEO and Chairman at Siemens Japan.



Shinichiro Yoshihara Outside director ☆

A graduate of the College of Business Administration, Yokohama National University, and a chartered accountant. He worked in auditing at Asahi & Co. (now KPMG AZSA LLC). In 2002, he joined EPCO, Ltd. and was appointed a director and manager of the business planning office. The same year, EPCO was listed on JASDAQ. As Representative Director and CFO, he oversaw the company changing its listing from JASDAQ (TSE) to the Second Section, and then its listing on the First Section of the TSE in 2019.



Kana Bogaki Outside director ☆

After graduating from Doshisha University, she started her career at CyberAgent, Inc. in 2006 where she helped establish subsidiaries Cyber Buzz, Inc. and two gaming companies. In 2013, she co-founded Makuake, Inc. and joined as Board Director. She is in charge of the Curator Department, oversees PR, and often gives lectures across Japan. Alongside her leadership roles she also manages cooperation with distribution channels, local governments and financial institutions.

Director



Tatsuya Sogano Director, CMO

Graduated from Faculty of Commerce and Management at Hitotsubashi University in 2013. He worked at P&G, developing business strategies based on understanding of consumers and markets. In June 2015, he sold the self-developed service to ENECHANGE Ltd. and joined the company, where he is mainly responsible for services for households, driving the growth of the platform business through marketing and business partnerships.



Takuya Sugimoto

CFO (Chief Financial Officer)/ CPA

Joined in July 2019 as CFO. After graduating from the School of Business Administration, Kobe University, he worked at Deloitte, J.P. Morgan, and Rakuten in financing and M&A.



Masayuki Tanaka

CTO (Chief Technology Officer)

Joined in May 2015, and appointed CTO in January 2020. After getting master's degrees at the University of Tokyo, he joined ENECHANGE at its founding after working at GREE. Having previously created c3.js (JavaScript data visualization) library, he leads our community of engineers.



Paul Monroe

SMAP Energy Limited (UK subsidiary) Officer

Has a master's degree from the University of Cambridge. After working at NASA and in a US-based consulting company, he helped found SMAP Energy. He is responsible for Data business operations in Europe.

Key Executives / Subsidiary Officers

☆: Independent director

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, PhD 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					✓		✓	✓

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

SDG initiatives

To create a sustainable world, ENECHANGE is actively working on ways to achieve the following six SDG goals. As part of this, we disclose our greenhouse gas emissions (Scope 1 and Scope 2*) on our website, and have achieved virtually zero emissions through the purchase of Renewable Origin Certificates. (<https://enechange.co.jp/en/sustainability/>).

■ Our focus areas regarding SDG goals



■ Disclosure of our commitment on the website

– Environment

Electricity consumption / CO₂ emission

	FY2021
SCOPE1 (kg-CO ₂)	0
SCOPE2 (kg-CO ₂)	13,444
SCOPE1,2 total (kg-CO ₂)	13,444
Electricity consumption (kWh)	29,419

*Data covers ENECHANGE Ltd.

*SCOPE1 measures the carbon dioxide emission of gas consumption in the office

*SCOPE2 measures the carbon dioxide emission of electricity consumption in the office

* Scope 1: Direct greenhouse gas emissions by businesses themselves. Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies.

Consolidated financial results for FY22 Q1

Quarterly sales are 1.1 billion JPY (+68% YoY), while gross profit is 928 million JPY (+65% YoY), both record highs. Due to planned investment in the EV Charging business, operating loss is at -71 million JPY. Ordinary loss is -11 million JPY due to a approximately 60 million JPY investment gain. Therefore, the net loss for the quarter is -12 million JPY.

	Q1 (Jan-Mar)		
	FY21	FY22	YoY
Sales	657	1,105	+68.1%
Gross Profit	560	928	+65.7%
<i>Gross Profit Margin</i>	85.3%	84.0%	(1.3)pt
<i>SG&A expenses</i>	527	1,000	+89.8%
Operating Profit	33	(71)	-
<i>Operating Profit Margin</i>	5.0%	(6.4)%	(11.4)pt
Ordinary Profit	43	(11)	-
Net Profit attributable to owners of parent	14	(12)	-

Consolidated financial results for FY22 Q1 by segment

Quarterly sales are 814 million JPY (+73% YoY) for the Platform business and 290 million JPY (+55% YoY) for the Data business. Operating profit increased for both businesses as sales increased, but there is an overall operating loss due to investment in the EV Charging business.

		Q1 (Jan-Mar)		
		(Unit: JPY MM)		
		FY21	FY22	YoY
Sales	Consolidated	657	1,105	+68.1%
	Platform business	469	814	+73.6%
	Data business*1	187	290	+55.1%
	EV Charging business	-	1	-
Operating profit	Consolidated	33	(71)	-
	Platform business	75	72	(4.0)%
	Data business	60	81	+35.0%
	EV Charging business	-	(89)	-
	Adjustment amount*2	(102)	(135)	-

*1. From FY22, due to the application of the Accounting Standard for Revenue Recognition, non-recurring revenues such as initial and additional development in the Data business were changed from lump-sum recognition at the time of acceptance to recognition proportionally over the contract period. As a result, both sales and operating income of the Data business increased by 38 million JPY in FY22.

*2. Company-wide costs not attributable to each reportable segment (including amortization of goodwill on consolidation).

Cost structure by segment*1

In the Platform business, advertising was carried out as planned at the beginning of the period, but further investments have been postponed since March. In the Data business, personnel investments for product developments to the extent that operating profit can be maintained. The EV Charging business is making investments in advertising and personnel expansion.

Unit: JPY MM

	FY21 Q1					FY22 Q1				
	Company-wide	Platform business	Data business	EV Charging business	Company-wide costs	Company-wide	Platform business	Data business	EV Charging business	Company-wide costs
Sales	657	469	187	-	0	1,105	814	290	0	0
Cost of sales	96	14	83	-	0	176	19	132	24	0
Gross profit	560	456	105	-	0	928	795	157	(23)	0
<i>Gross Profit Margin</i>	<i>85.3%</i>	<i>97.1%</i>	<i>55.9%</i>	-	-	<i>84.0%</i>	<i>97.7%</i>	<i>54.1%</i>	-	-
Sales costs & general administration costs	527	371	45	-	110	1,000	723	75	66	135
Advertising expenses	14	14	0	-	0	218	192	0	24	1
Sales commissions, sales promotion expenses	274	274	0	-	0	393	393	0	0	0
Personnel expenses	137	49	38	-	50	194	69	47	21	55
Outsourcing expenses	57	34	3	-	20	98	42	23	2	30
Other	45	1	4	-	40	96	25	4	17	48
Operating profit*2	33	75	60	-	(102)	(71)	72	81	(89)	(135)
<i>Operating Profit Margin</i>	<i>5.0%</i>	<i>16.1%</i>	<i>32.1%</i>	-	-	<i>-6.4%</i>	<i>8.8%</i>	<i>27.9%</i>	-	-

*1. The figures for the breakdown of sales costs & general administration costs are management accounting figures, and have not been audited or reviewed by KPMG AZSA LLC.

*2. The profits for each segment show the segment profits before distribution of company-wide costs.

Consolidated balance sheet

Cash and deposits decreased by 712 million JPY due to a 348 million JPY increase in fixed assets. This increase was attributed to investment in our venture capital fund; approximately 160 million JPY in user cashback payments; and approximately 150 million JPY in tax payments.

Unit: JPY MM

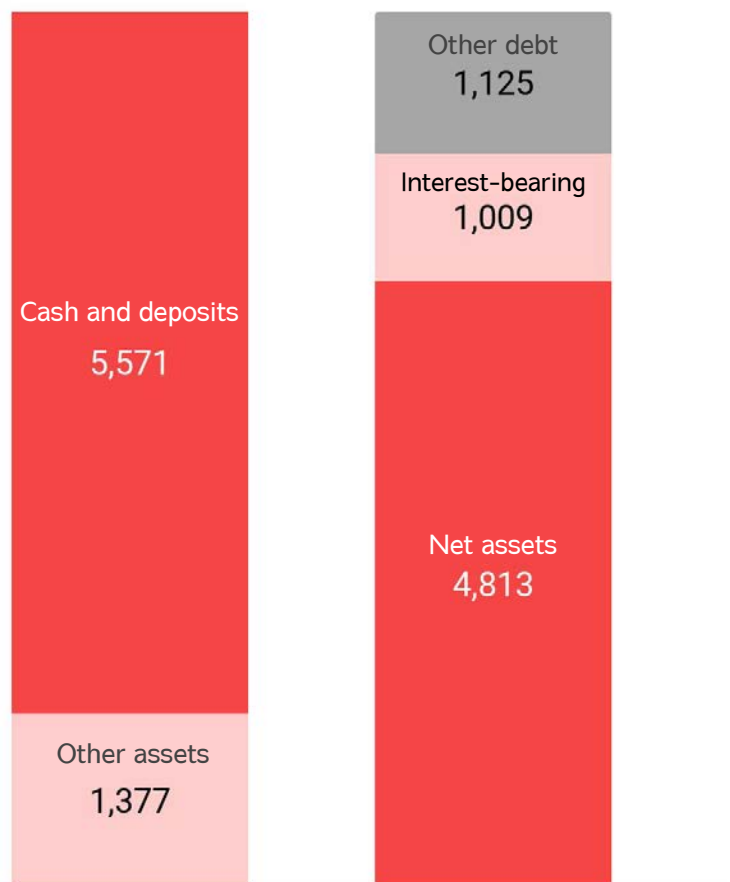
	End of FY21	End of FY22 Q1	
		Actual	QoQ
Current Assets	6,076	5,469	(607)
Cash and Deposits	5,571	4,859	(712)
Fixed Assets	872	1,220	+348
Total Assets	6,949	6,689	(260)
Current Liabilities	1,184	1,093	(91)
Interest-bearing Debts	59	59	-
Fixed Liabilities	950	938	(12)
Interest-bearing Debts	950	937	(13)
Net Assets	4,813	4,658	(155)

Financial base

The D/E ratio remains healthy at 0.21x following the public offering conducted in December 2021.

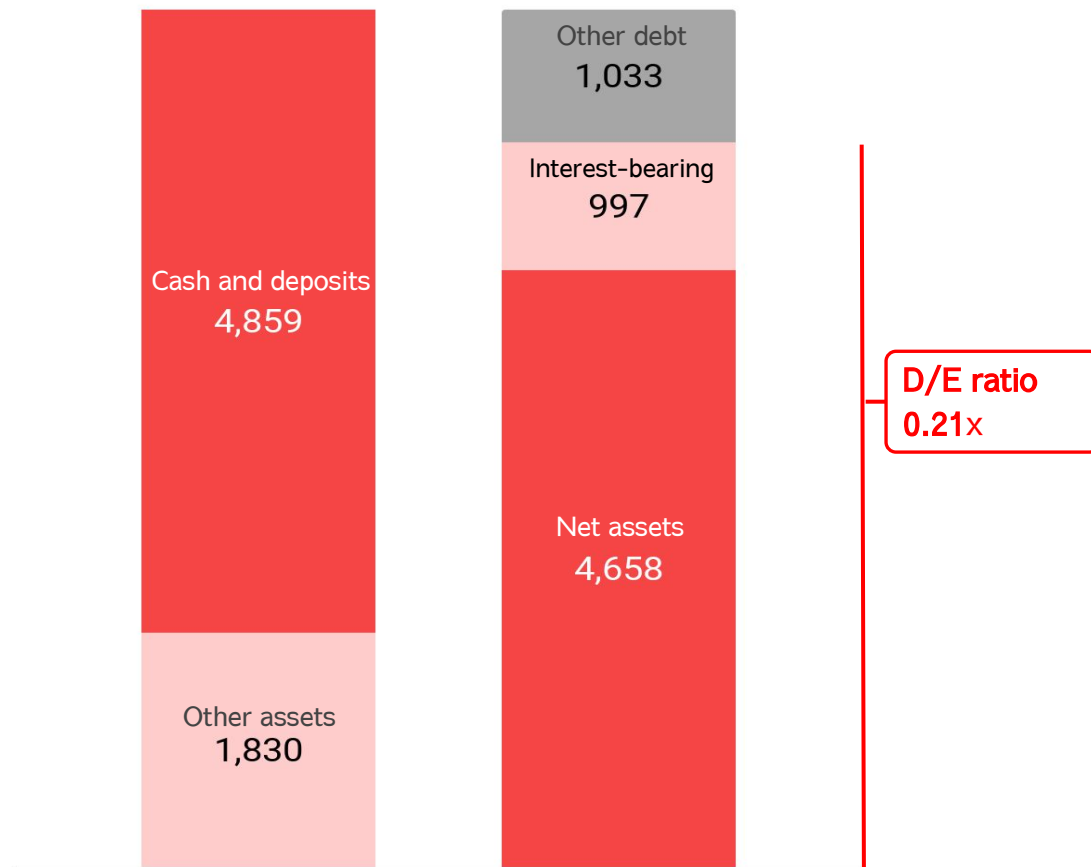
■ Consolidated Balance Sheet as of end Dec. 2021

Unit: JPY MM



■ Consolidated Balance Sheet as of end Mar. 2022

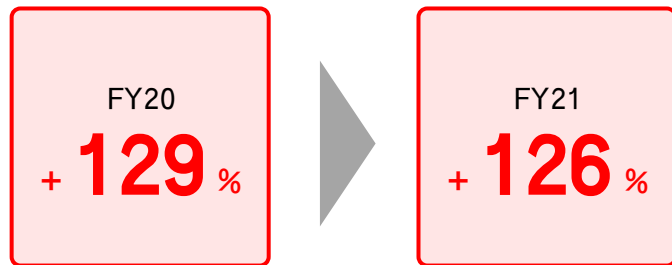
Unit: JPY MM



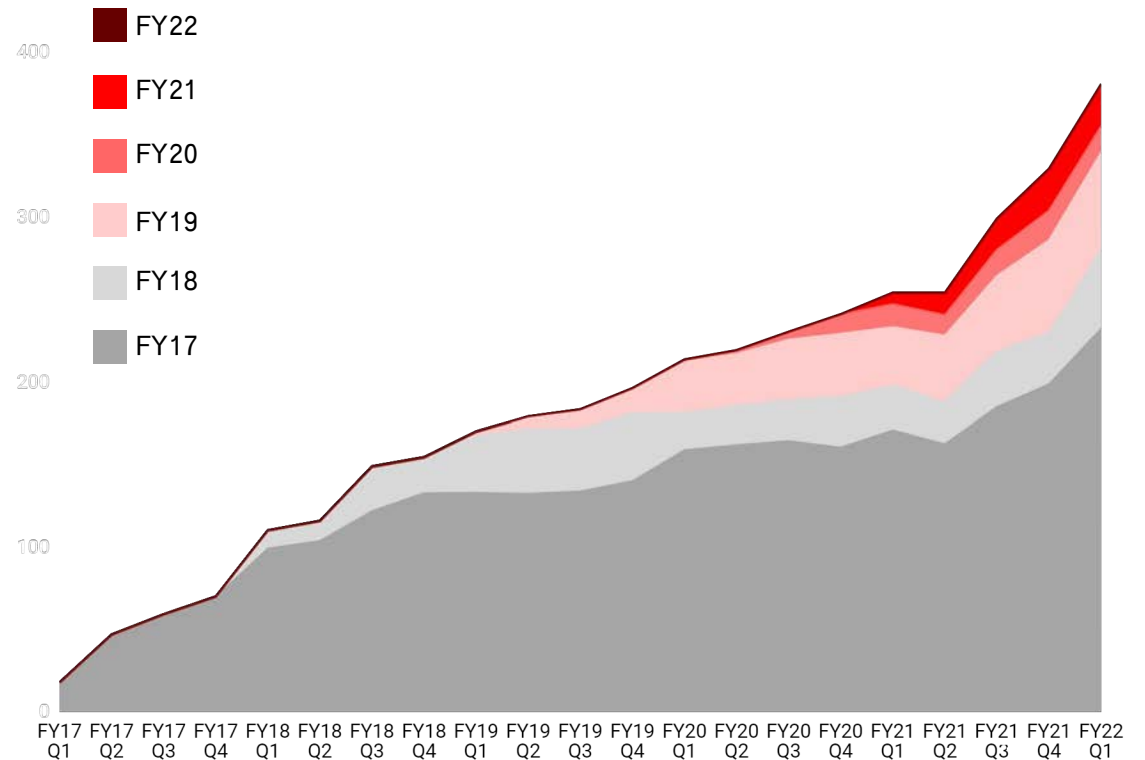
Maintaining positive NRR as an energy SaaS

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)* 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



* 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.

Change of use of funds

Among the measures to contribute to the expansion of sales in the Platform business in the short to medium term, "advertising expenses to acquire new users" which had been planned for FY22, will be postponed for the time being, because of the declining willingness of electricity companies to acquire new users. Other uses of funds remain unchanged.

■ Use of funds as of December 2022

Funds raised **3,914 million JPY**

Platform business: short- to medium-term sales growth

- 1 Advertising expenses to acquire new users
- 2 Financing the M&A of Oberlous Japan Inc.
- 3 Expanding customer engagement services in response to the open access of smart meter data etc.

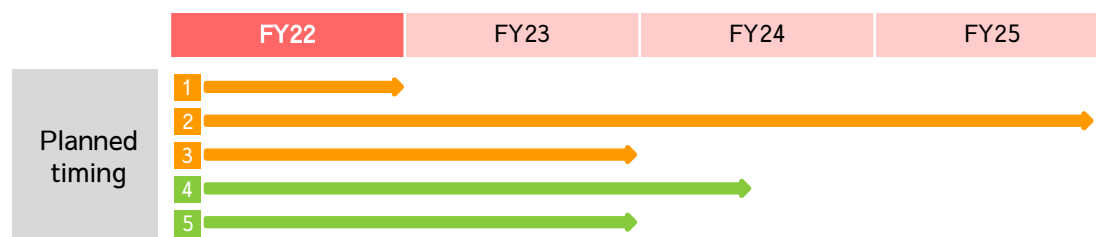
Data business: medium- to long-term growth

- 4 Operation of and investment in the Decarbonized Tech Fund
- 5 Building EV Charging Service, etc

■ Change in timing of fund appropriation

1 The planned investments during FY22 will be postponed for the time being.

2
3
4 As planned
5





■ **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.



**For Households
Energy switching platform**

Deregulation

×

Decarbonization



**For Corporates
Energy switching platform**

Deregulation

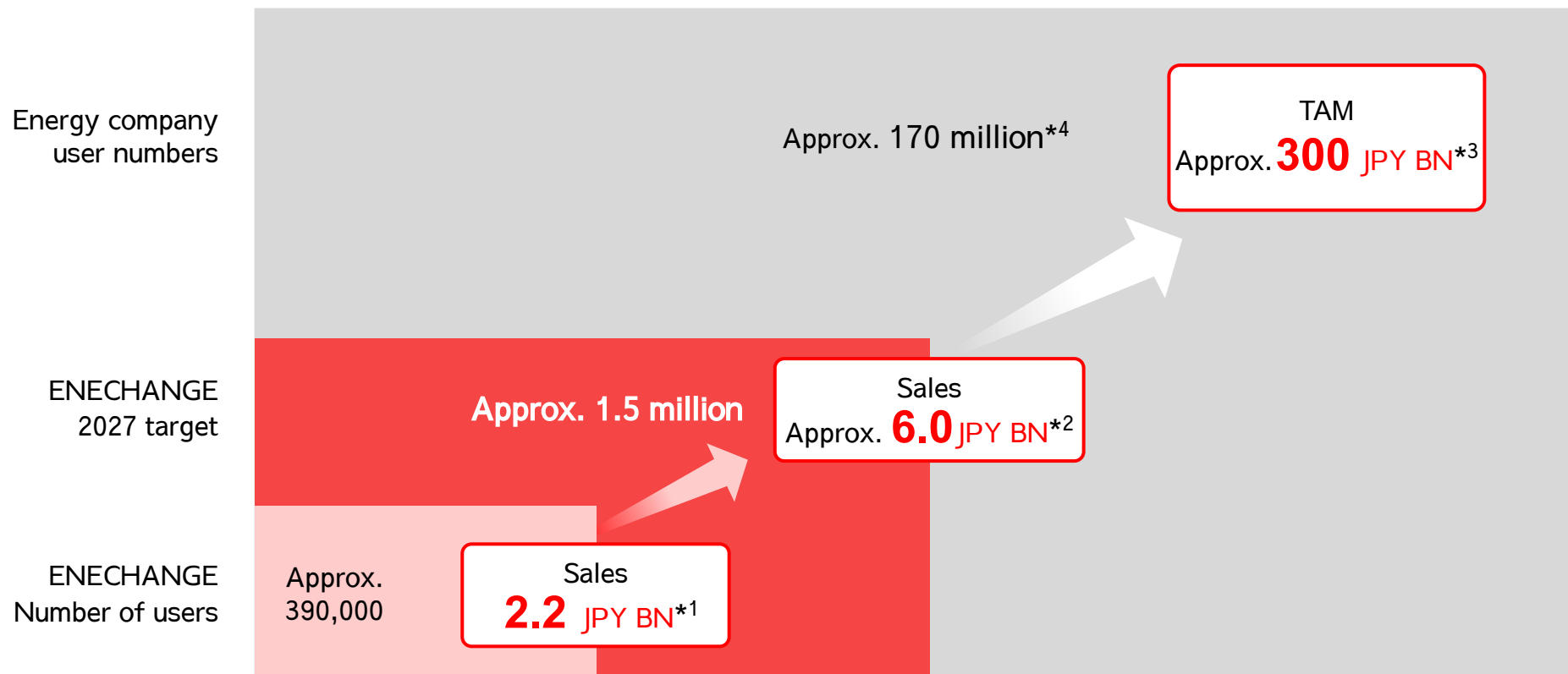
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Decarbonization

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

Market size 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 6 billion JPY.



*1. FY21 Results for Recurring Revenue in the Platform Business.

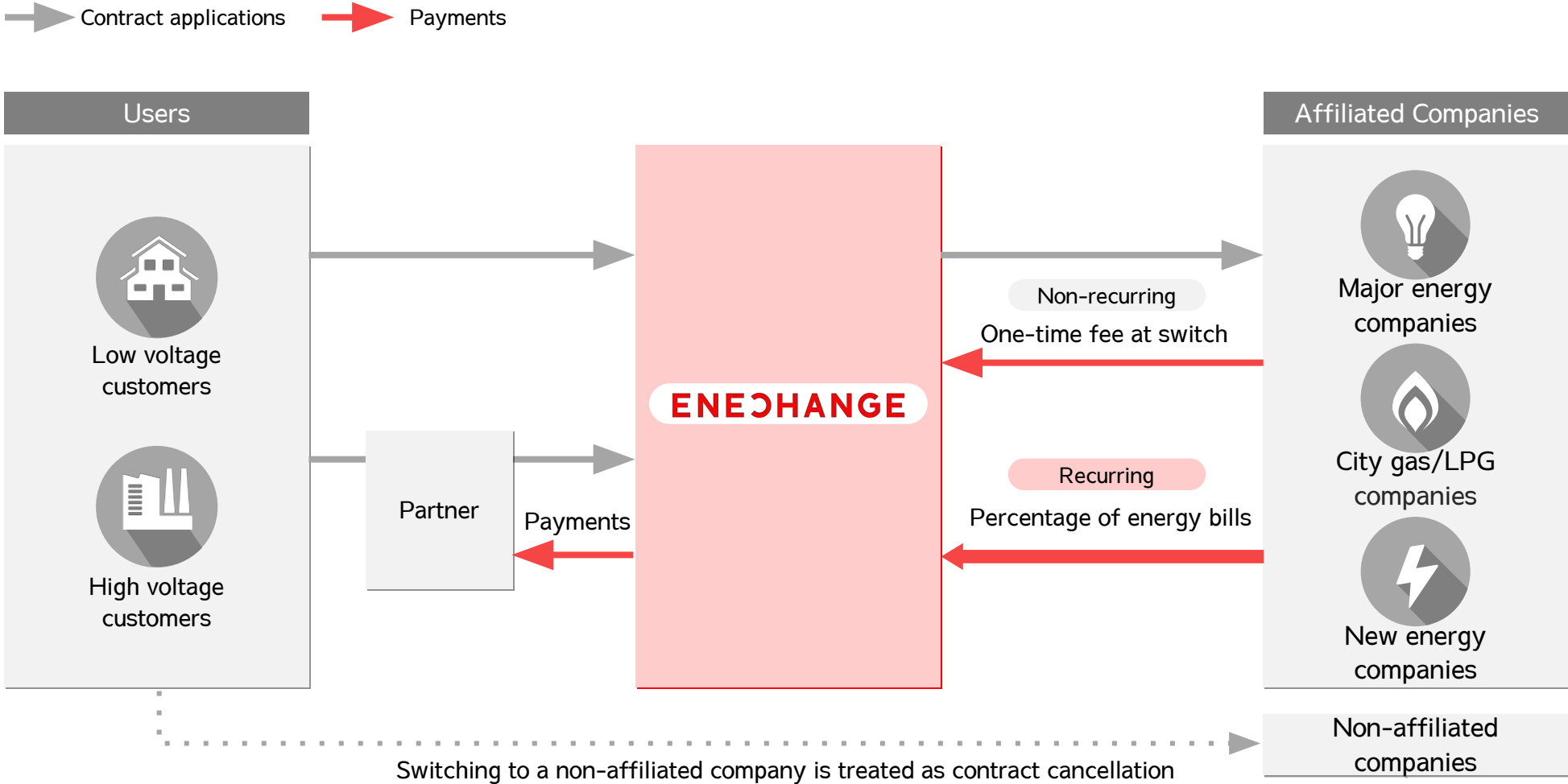
*2. Targeted growth at an average annual growth rate of 30% from actual Platform business sales of 980 million JPY in FY20, the starting point for the long-term target. Non-recurring revenue is calculated based on the assumption that approximately 350,000 users will be switched per year by 2027; this is multiplied by the assumed unit price of 10,000 JPY, for a total of approximately 3.5 billion JPY. The recurring revenue is calculated as approximately 2.5 billion JPY. This is calculated by multiplying the actual unit price of recurring fees per user, which is approximately 1,786 JPY (calculated by dividing the recurring revenue for FY21 Q4 by the number of users at the end of the Q3) by the number of users (approximately 1.5 million). The impact of the acquisition of Oberlous is excluded.

*3. TAM for recurring revenue, which is calculated by multiplying the unit price of recurring fees per user (approximately 1,786 JPY - see *2) by the number of electricity users.

*4. 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.

Recurring revenue for energy usage bills

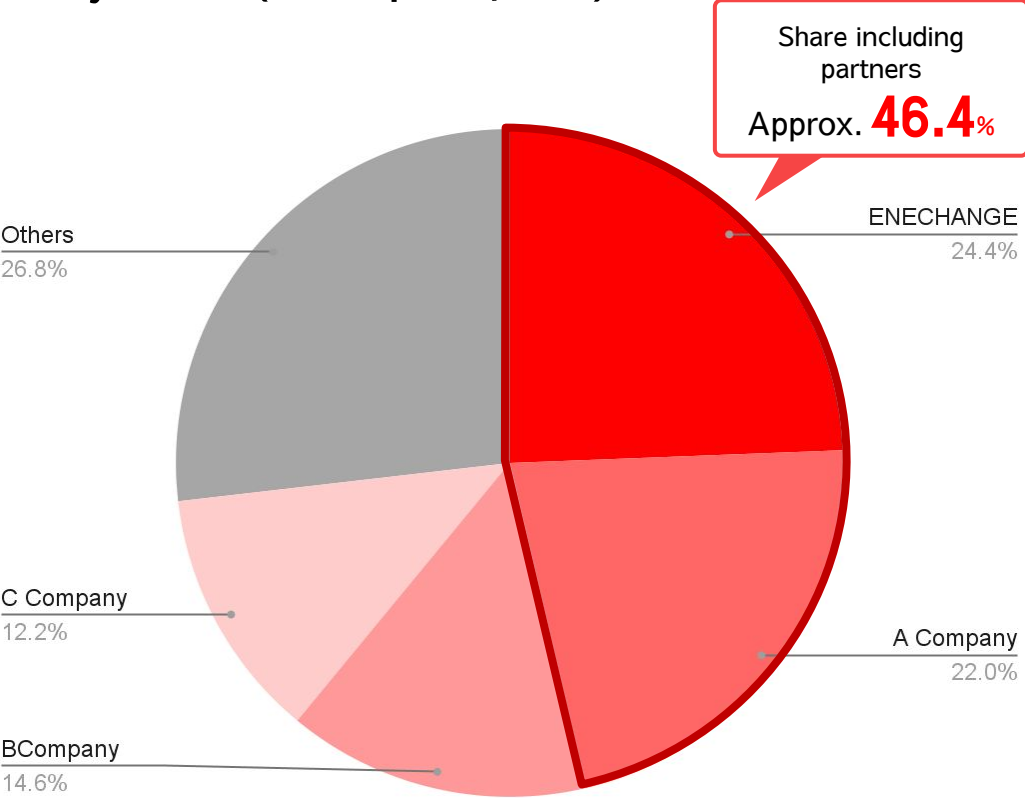
After switching an electricity or gas contract, we receive a one-time fee from the affiliated company as well as recurring revenue linked to energy bills. We have partnerships with many companies, and switching to non-affiliated companies (cancellation) is limited. From the viewpoint of the affiliated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



Number one online switching platform and expansion of offline partners

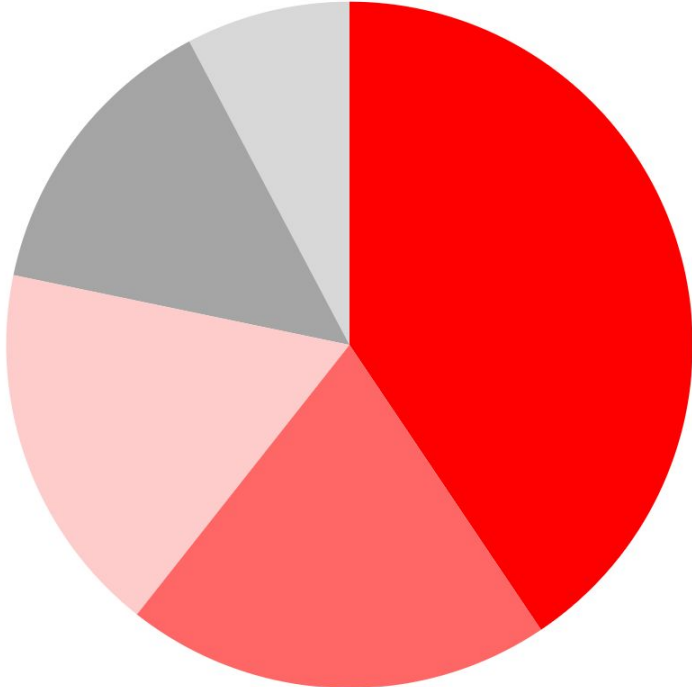
Our SEO measures enabled us to maintain our top share of 24.4% of search results for the 41 most important key words*¹. We also partner with many companies, including the largest price comparison sites in Japan. For offline switching, we offer our systems to property management companies and financial institutions as partners, and the number of partners continues to reach record highs.

Percentage of top positions for the most important keywords*² (as of Apr. 28, 2022)



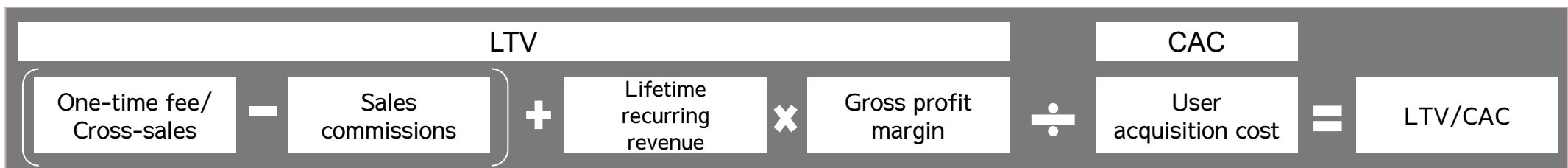
Type of partner company (as of December 31, 2021)

- Real Estate
- Energy-related companies (energy-saving equipment, etc.)
- Consulting
- Financial institutions, professional firms
- BPO



*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.

LTV/CAC definitions and future policies



Explanation of Terms

Action Plan

		Households	Corporates
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. 	One-time fee: Expected to decline after May 2022	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 strategy 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 rate	<ul style="list-style-type: none"> - Gross profit rate 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. 	Controlling advertising investment to temporarily secure profitability	

* 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.



■ **Data business**

SaaS products for 3Ds of energy

The Data business focuses on 4 major SaaS products: EMAP (DX^{*1} services for energy companies), SMAP (DR for households), KIWI (DR^{*2} for companies), and ENECHANGE Insight Ventures (Overseas ventures acceleration program).

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



EIV

Overseas ventures acceleration program

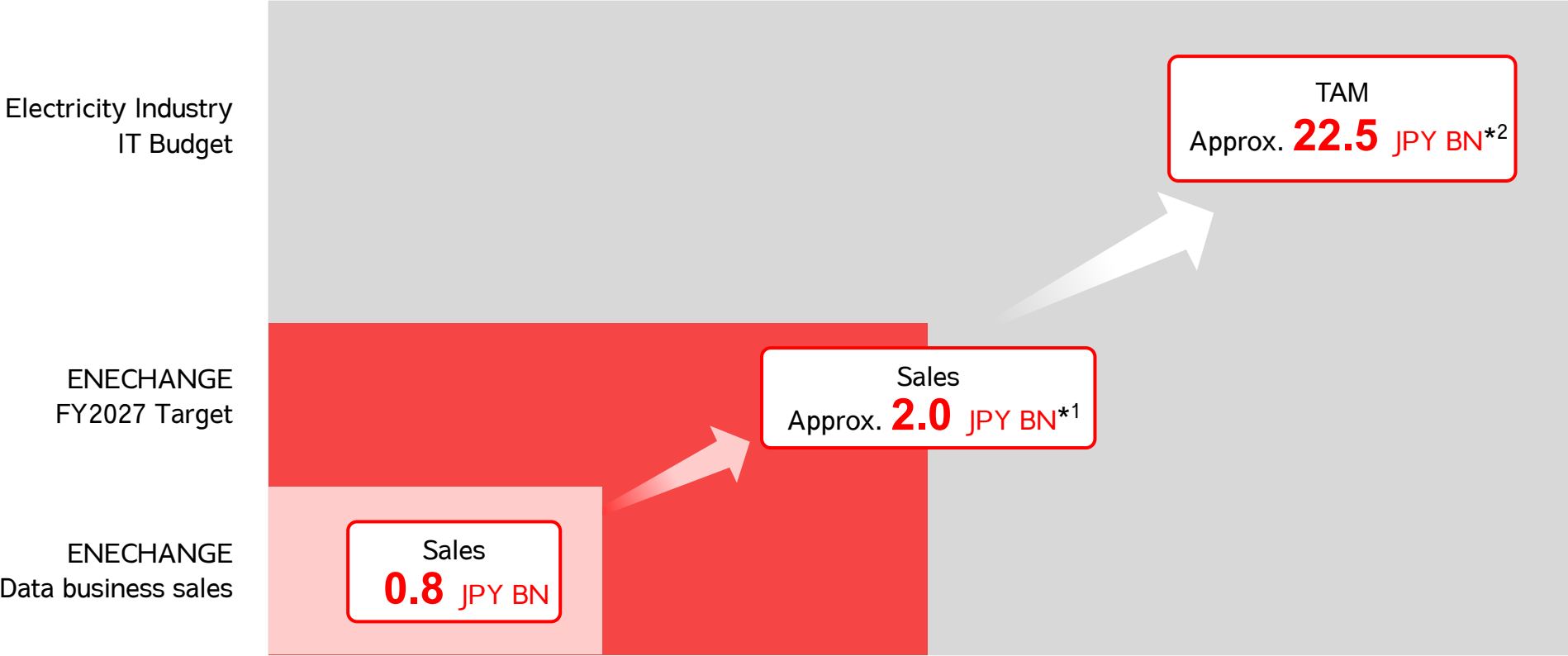


*1. DX = Digital Transformation

*2. DR = Demand Response

Target market is new IT system budget in electricity industry: 22.5 billion JPY

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 22.5 billion JPY. We consider this our target market. 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.

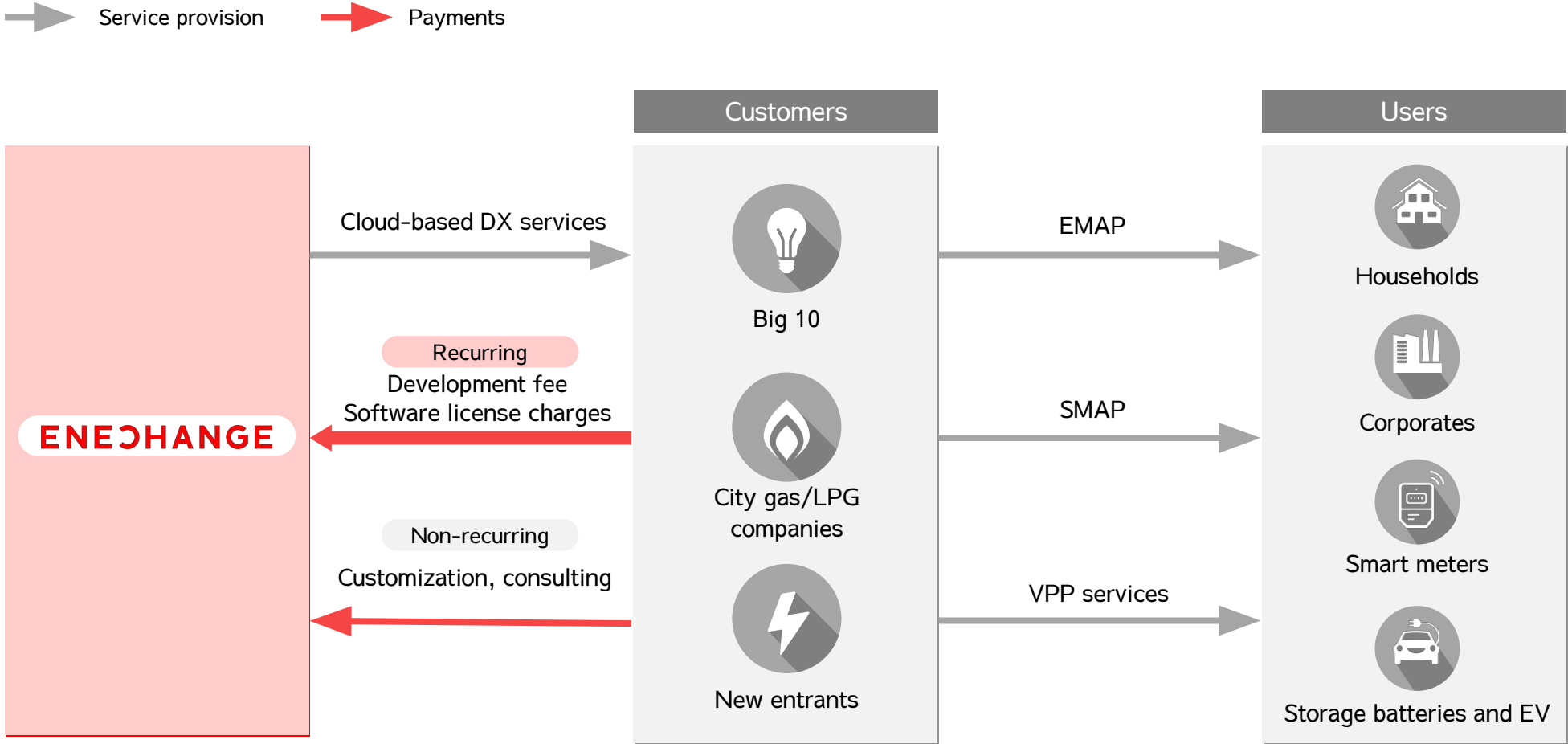


*1. Targeted growth at an average annual growth rate of 15% from actual Data business sales of 720 million JPY in FY20, the starting point for the long-term goal.

*2. Multiplied the base market with the IT budget ratio in the energy industry (infrastructure sector) sales in Japan Users Association of Information Systems.

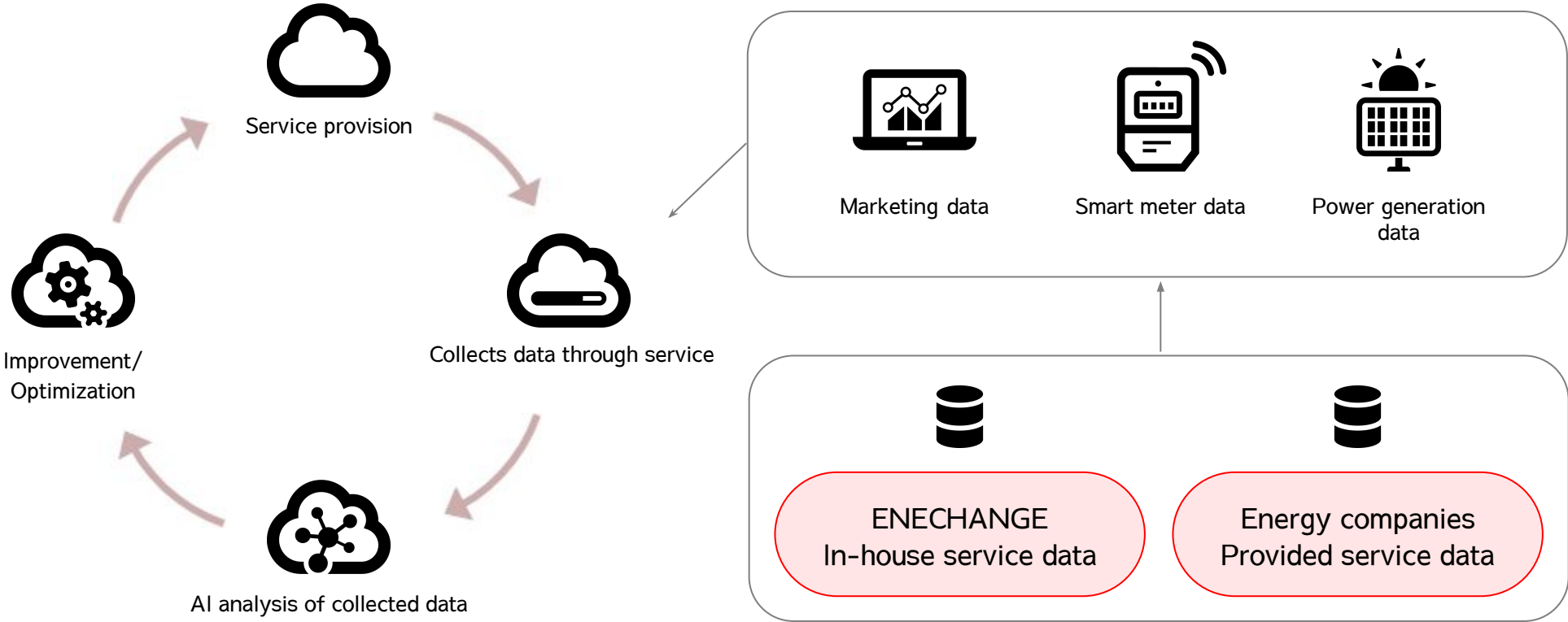
Recurring revenue from monthly license charges

We provide our proprietary products as SaaS (B2B2C) to energy companies, and our revenue is based on recurring software licenses (recurring revenue ratio: 66%) through usage charges linked to the number of households, companies, smart meters, etc. Other sales come from customization, etc.



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.





■ **EV Charging business**

SaaS model EV charger installation and operation service

This service provides EV charging facilities to owners of parking facilities (site hosts) for a monthly fee. We will promote the development of EV charging infrastructure by providing EV charger hardware, applications for users, and charging management system for site hosts.



Hardware

- Development of charger lineup
- Co-branding proposals



Apps for users

- Mapping EV chargers
- In-app payment for charging sessions



Management system for site hosts

- EV charger billing management
- Confirmation of EV charger operation status

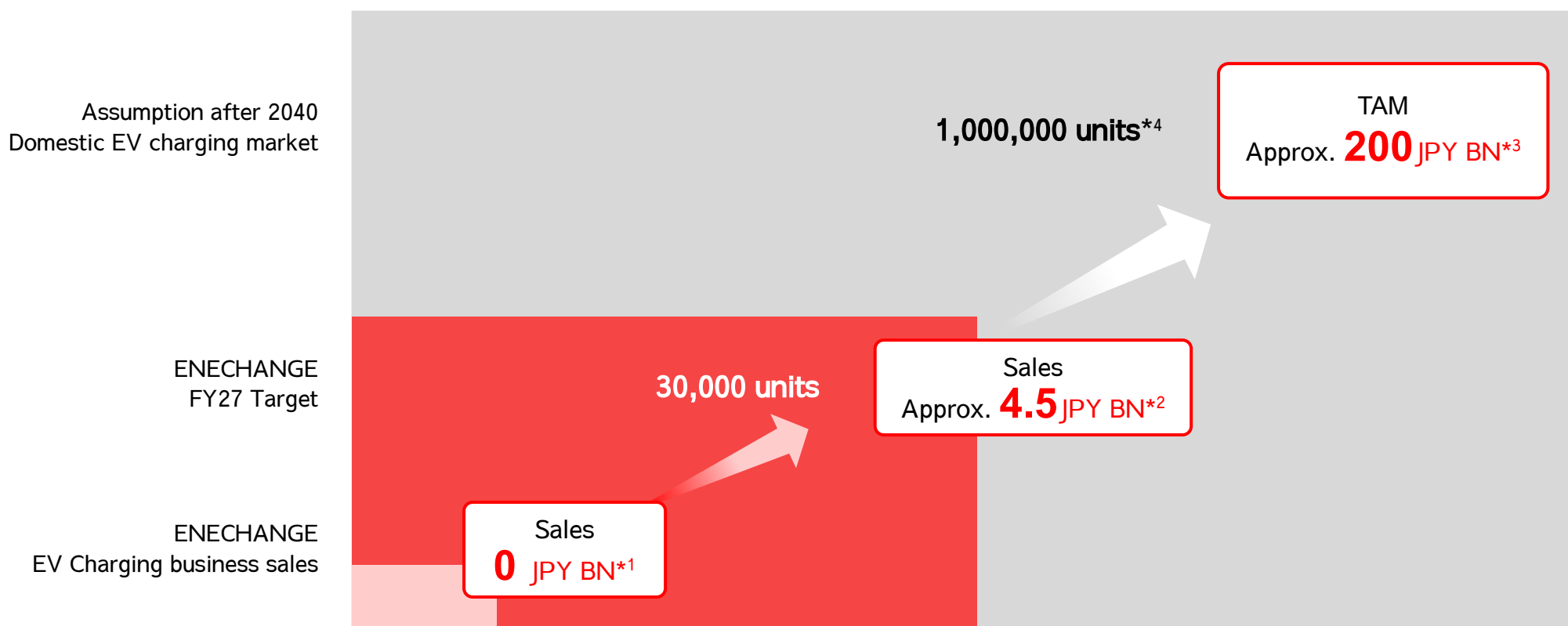
充電履歴一覧

充電ステーションID	充電機番号	EVの車種	充電開始日時	充電終了日時	充電時間	充電料金	決済料	決済番号	充電機番号
10001	A1234567	EV	2023/04/18 10:00	2023/04/18 10:30	00:30	4.5	0.00	1234	10001
10002	A1234568	EV	2023/04/18 11:00	2023/04/18 11:30	00:30	5.0	0.00	1234	10002
10003	A1234569	EV	2023/04/18 12:00	2023/04/18 12:30	00:30	4.8	0.00	1234	10003
10004	A1234570	EV	2023/04/18 13:00	2023/04/18 13:30	00:30	5.2	0.00	1234	10004
10005	A1234571	EV	2023/04/18 14:00	2023/04/18 14:30	00:30	4.6	0.00	1234	10005
10006	A1234572	EV	2023/04/18 15:00	2023/04/18 15:30	00:30	5.1	0.00	1234	10006
10007	A1234573	EV	2023/04/18 16:00	2023/04/18 16:30	00:30	4.9	0.00	1234	10007
10008	A1234574	EV	2023/04/18 17:00	2023/04/18 17:30	00:30	5.3	0.00	1234	10008
10009	A1234575	EV	2023/04/18 18:00	2023/04/18 18:30	00:30	4.7	0.00	1234	10009
10010	A1234576	EV	2023/04/18 19:00	2023/04/18 19:30	00:30	5.0	0.00	1234	10010



Market size of destination charging for EV charging

With the adoption of EVs and PHVs, EV charging facilities in Japan are also expected to expand. We aim to install 30,000 units by 2027, and anticipate sales of approximately 3 billion JPY at that time. Furthermore, as EV adoption accelerates in the future, we expect that a destination charging market of approximately 1,000,000 units and TAM of approximately 200 billion JPY will be formed by 2040 and beyond.



*1. Sales of EV Charging business in FY2021; no sales contribution due to service announcement in November 2021.

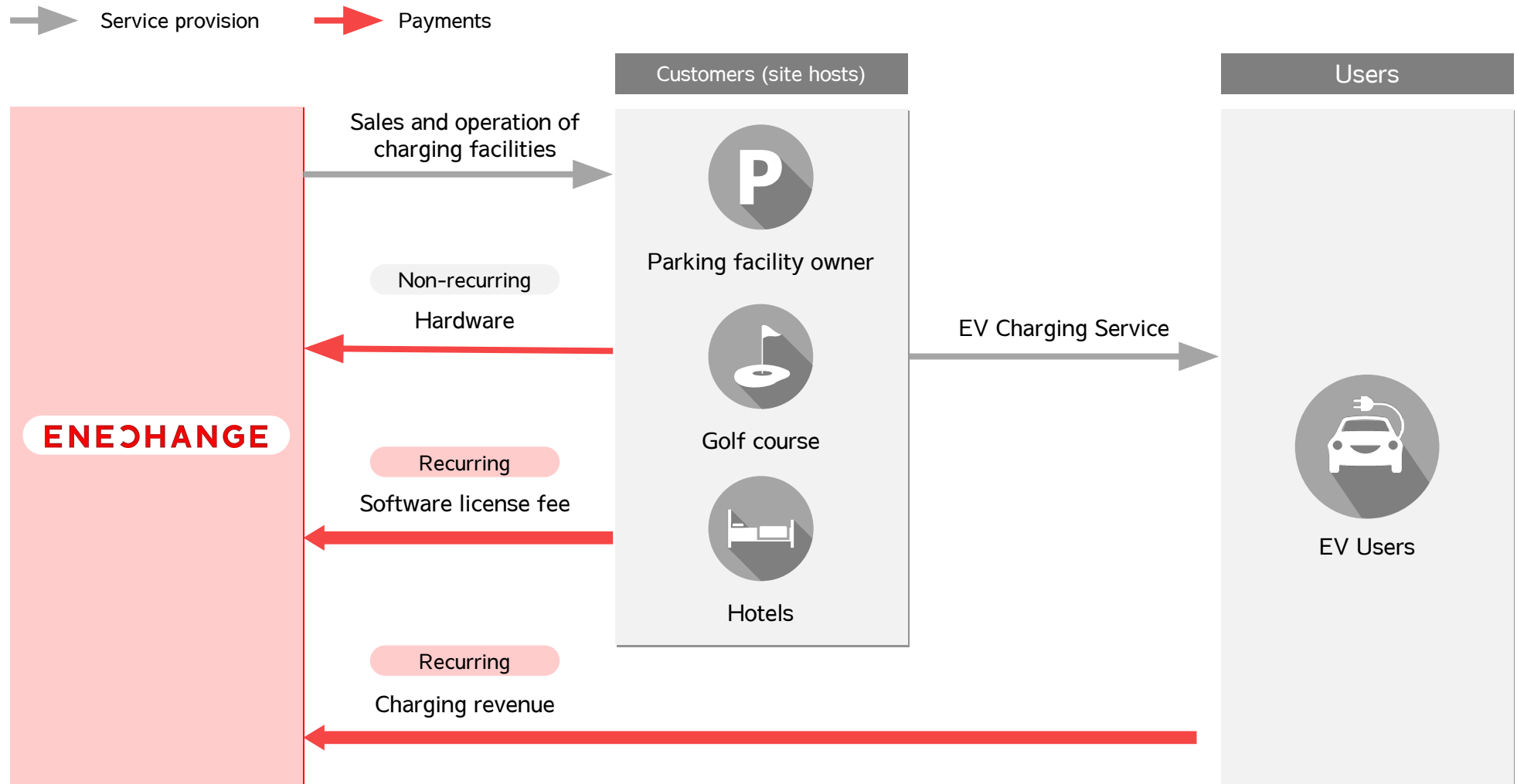
*2. Recurring revenue consists of software usage fees and charging revenue (150,000 JPY per year) with a total revenue of approximately 3 billion JPY assuming installation of 30,000 units in 2027.

*3. Calculated by multiplying the approximately 9 trillion JPY gas station market by the assumed EV penetration rate of 50%, 50% for passenger cars excluding commercial vehicles, and 10% for the share of destination charging. We assume an ARPU of about 200,000 JPY as utilization rate increases.

*4. Assuming a stock ratio of 5-10% for EVs when the government's target of 150,000 EV charging stations by 2030 is achieved, the number of destination charging stations assumed to be necessary when the stock ratio reaches 50% is calculated.

Recurring revenue charged by monthly license fees

We provide SaaS services to owners of parking facilities (site hosts). In addition to software license fees for applications with payment functions and management dashboards, the service is based on recurring revenue through pay-as-you-go charging fees. Depending on the selected plan, hardware fees will be incurred as non-recurring fees.



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



■ **Risk information**

Known risks (1/2)

Item	Affected 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 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	Platform 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 EV charging	- 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.

Note: 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 Segment	Main Risk	Potential of Manifestation	Impact	Risk Countermeasure
Business content/Provided services: Dependence on energy companies	<div style="background-color: #f96; padding: 2px; border: 1px solid #ccc; display: inline-block; margin-bottom: 5px;">Platform</div> <div style="background-color: #3498db; padding: 2px; border: 1px solid #ccc; 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 business conditions of the energy companies that are our partners, leading to revisions of existing contract conditions, cancellations, suspension of new orders, and so on.	High	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: #f96; padding: 2px; border: 1px solid #ccc; display: inline-block; margin-bottom: 5px;">Platform</div> <div style="background-color: #3498db; padding: 2px; border: 1px solid #ccc; display: inline-block; margin-bottom: 5px;">Data</div> <div style="background-color: #27ae60; padding: 2px; border: 1px solid #ccc; display: inline-block;">EV charging</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: #f96; padding: 2px; border: 1px solid #ccc; 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: #3498db; padding: 2px; border: 1px solid #ccc; display: inline-block; margin-bottom: 5px;">Data</div> <div style="background-color: #27ae60; padding: 2px; border: 1px solid #ccc; display: inline-block;">EV charging</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: #f96; padding: 2px; border: 1px solid #ccc; display: inline-block; margin-bottom: 5px;">Platform</div> <div style="background-color: #3498db; padding: 2px; border: 1px solid #ccc; display: inline-block; margin-bottom: 5px;">Data</div> <div style="background-color: #27ae60; padding: 2px; border: 1px solid #ccc; display: inline-block;">EV charging</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.

Note: 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/>

Includes 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.

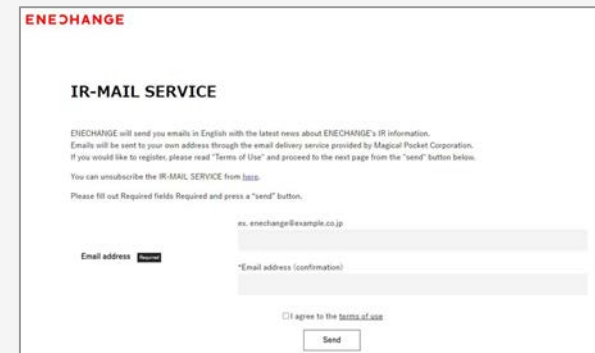
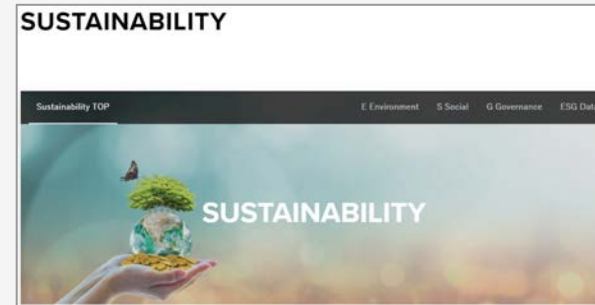
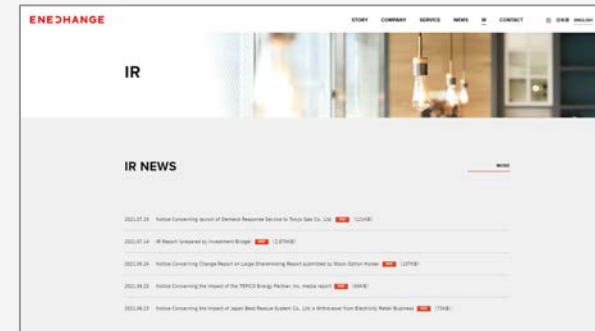
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ENECHANGE Ltd. ir@enechange.co.jp



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