

July 1, 2022

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**Notice of Making Shindenryoku Com a Wholly Owned Subsidiary
through Acquisition of Shares**

ENECHANGE (hereinafter referred to as "the Company") announces that the Company resolved at the Board of Directors Meeting held on July 1, 2022, to enter into a share purchase agreement with shareholders of Shindenryoku Com Co., Ltd. (hereinafter referred to as "Shindenryoku Com") to acquire all of the issued shares held by shareholders (hereinafter referred to as "the Acquisition") and make Shindenryoku Com a wholly-owned subsidiary of the Company.

1. Background and purpose

The acquisition of these shares, a so-called "roll-up" type M&A that acquires the same business, will expand our corporate customer base and further enhance the value of the Platform business. Shindenryoku Com has a mission to "promote the SDGs (Note) and to promote electricity cost reductions from an energy management perspective." Since 2012, the company has been steadily building a track record of switching electricity mainly for customers in diverse industries such as factories, medical facilities, and commercial facilities nationwide. In addition, the company has also established a business relationship with us by concluding partnership agreements and receiving introductions from corporate customers.

(Note) Sustainable Development Goals. As the successor to the Millennium Development Goals (MDGs) formulated in 2001, they were included in the 2030 Agenda for Sustainable Development, which was unanimously adopted by member states at the UN Summit in September 2015. It refers to the international goals for a sustainable and better world by 2030.

2. Method of making Shindenryoku com a wholly owned subsidiary

The Company has entered into a share transfer agreement as of July 1, 2022 to acquire all of the 8,800 outstanding shares of Shindenryoku Com that are held by shareholders. Mr. Uchida, who is currently the representative director of Shindenryoku Com, is scheduled to step down as representative director after this share acquisition. In addition, after making Shindenryoku Com a subsidiary, we will consider merging the company in the future from the viewpoint of improving operational efficiency.

3. Overview of Shindenryoku Com

1) Name	Shindenryoku Com Co., Ltd
2) Address	Oscar building 6F, 2-42-3 Ikebukuro, Toshima-ku, Tokyo
3) Name and title of representative	Katsumi Uchida, Representative Director
4) Description of business	Electricity switching service, energy saving consulting
5) Capital	88,800,000 JPY

6) Date of establishment	February 3, 2012		
7) Major shareholders and their shareholding ratio	Katsumi Uchida 100%		
8) Relationship between the Company and Shindenryoku Com	Capital Relationship	None	
	Personal Relationship	None	
	Business Relationship	None	
	Status of Related Party	None	
9) Operating results and financial position over the past 3 years (Note 1, 2) (thousand JPY)			
Fiscal Year End	January, 2020	January, 2021	January, 2022
Net assets	72,815	78,050	83,657
Total assets	116,560	124,717	119,951
Net assets per share	8,199	8,789	9,420
Net sales	51,749	61,712	59,140
Operating profit (loss)	(9,654)	6,815	6,137
Ordinary profit (loss)	(9,642)	6,269	5,718
Net profit (loss)	(9,771)	5,234	5,607
Dividend per share	0	0	0

(Note 1) Decimals are rounded down.

(Note 2) Like our Platform business, Shindenryoku com adopts a recurring revenue model. Therefore, after the stock acquisition, we expect stable recurring revenues from existing customers and a significant reduction in selling, general and administrative expenses such as outsourcing costs and land rent, which had been incurred in the past, which should improve the profit margin.

4. Overview of the seller of the shares

1) Name	Katsumi Uchida
2) Address	N/A (Note)
3) Relationship between the Company	None

(Note) Undisclosed due to shareholders' requests.

5. Number of shares to be acquired, acquisition costs, and number of shares held before and after the acquisition

1) Number of shares held before the change	0 shares (Number of voting rights: 0 rights) (Percentage of voting rights: 0%)
2) Number of shares to be acquired	8,880 shares (Number of voting rights: 100 rights)

3) Number of share options to be acquired	0 share options
4) Acquisition costs	Ordinary shares of Shindenryoku Com: 100 million JPY (Note 1, 2) Advisory costs (approximate): 6 million JPY Total (approximate): 106 million JPY
5) Number of shares held after the change	100 shares (Number of voting rights: 100 rights) (Percentage of voting rights: 100.00%)

(Note 1) The price was determined based on fair value valuation conducted by Aiwa Advisory.

(Note 2) In addition to such acquisition consideration, there is an agreement to pay conditional consideration ("Earn-out Consideration") to the counterparty of the share acquisition in proportion to the percentage of performance achieved. The Earn-out Consideration is an additional consideration to be paid to the counterparty of the share acquisition, which ranges from 0 million JPY to 106 million JPY if the sales of Shindenryoku Com exceed a certain amount after the share acquisition. The introduction of the Earn-Out Consideration will reduce our company's risk associated with this acquisition and will have an incentive effect on the Shindenryoku Com side.

6. Schedule

1) Date of resolution by the Board of Directors	July 1, 2022
2) Signing date of share purchase agreement	July 1, 2022
3) Closing date of share purchase	July 29, 2022 (scheduled)

7. Outlook

The impact on the Company's current fiscal year business performance is still under investigation. On May 13, 2022, the Company disclosed the current fiscal year forecast on "Notice Concerning the Revision of the Sales Forecast", but we will make timely disclosure if a material impact on the forecast is expected. The results of the subsidiary to be transferred are scheduled for inclusion in the consolidated results of the Company from August 1, 2022.

Current fiscal year forecast and the previous year financials

(million JPY)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Current year (Fiscal Year End December 2022)	3,400	(1,000)	-	-
Previous year (Fiscal Year End December 2021)	3,018	40	(2)	(85)

(Note) The consolidated financial forecast for the current fiscal year (ending December 31, 2022) and the consolidated results for the previous fiscal year (ending December 31, 2021) do not include the results of the subsidiary to be transferred.

(References)

ENECHANGE is an energy technology company that promotes a carbon-free society through digital technology with the mission of CHANGING ENERGY FOR A BETTER WORLD. We offer services based on data utilization in the field of the 4 Ds of Energy: Deregulation, Digitalization, Decarbonization, and Decentralization. Our company's roots come from an energy data lab at the University of Cambridge, UK, a country where liberalization is advanced. ENECHANGE has a British subsidiary, SMAP Energy Limited, as well as a global network and analytical technology for energy data.

In the Company's Platform business, which is a B2C business that supports the optimal choice of electricity and gas for consumers in the area of Deregulation, the Company aims to make "choosing energy the norm" through electricity and gas switching services for consumers. The Platform business consists of two main services: "ENECHANGE" (electricity and gas switching platform for households) and "ENECHANGE BIZ" (electricity and gas switching platform for companies).

However, due to soaring global resource prices resulting from Russia's invasion of Ukraine on February 24, 2022, and elevated wholesale electricity market prices ("JEPX prices") resulting from the temporary shutdown of thermal power plants caused by the Fukushima earthquake that occurred on March 16, 2022 and severe cold weather, electricity procurement costs for electricity companies have remained high, creating an ongoing negative spread for electricity companies.

As a result of this situation, electricity companies have been significantly curtailing user acquisition by suspending the acceptance of applications from new users and terminating contracts with existing users due to withdrawal from the business. In addition, the probability of a reduction in one-time fees from electricity companies for acquiring users, which is a source of sales for our company, has been increasing.

Therefore, we have decided to change the timing of applying a portion of the funds procured through this financing dedicated for "advertising expenses to acquire new users, etc."