

# ENECHANGE

## Regarding Group Inclusion of Shindenryoku Com Co., Ltd.

ENECHANGE Ltd.  
July 1, 2022  
Tokyo Stock Exchange Growth  
Securities Code: 4169



Let's Change Energy, ENECHANGE

## 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.

# Summary

## Transaction Overview

### Acquire 100% of issued shares of Shindenryoku Com Co., Ltd. from existing shareholders

- Date of execution of share transfer agreement: July 1, 2022
- Effective date of share transfer: July 29, 2022 (scheduled)
- Acquisition amount: 100 million JPY\*, Advisory fees, etc. (estimated) 6 million JPY  
\*Earnout consideration of 0 million JPY to 106 million JPY to be paid as conditional consideration based on percentage of performance achieved
- Funding method for acquisition: Mainly utilizing bank loans
- Impact on current fiscal year performance: Under examination (however, impact on current fiscal year performance expected to be minor)

## Purpose

### Growing customer base for ENECHANGE Platform business

- Shindenryoku Com provides electricity switching support to companies through recurring revenue contracts, and is in the same category as our Platform business. We look to expand our business and grow our revenue base through so-called "roll-up" M&A, acquiring the same business, which we positioned as a strategy to expand the number of users.
- Contributing to the strengthening of the client base as well as the transfer of sales personnel, sales know-how, and partner networks through the incorporation of the company, which has a nationwide client base in a wide range of businesses.

## Realized Benefits

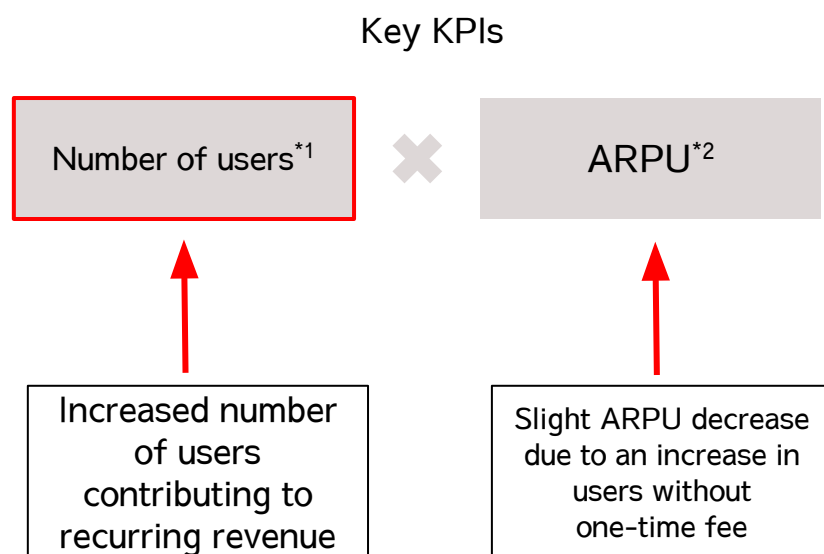
### Enhance platform value through M&A of partner companies with 10 years of business operations experience

- We expect to increase recurring revenue earnings by inheriting this client base, and we also forecast cost synergies, such as a reduction in partner incentive expenses.

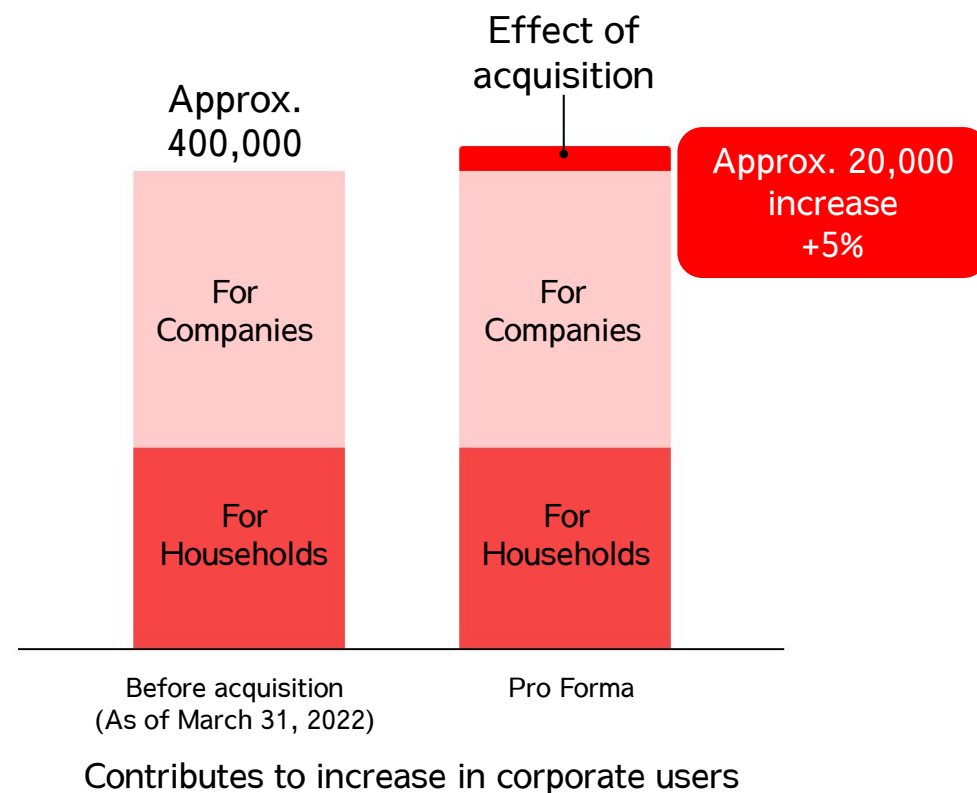
# Purpose

Through this acquisition, we expect to see an increase in the number of users, which is one of the key KPIs for the Platform business. Since Shindenryoku Com is in the same line of business as our Platform business (providing electricity switching support), and its reward system is primarily based on recurring revenue, it will increase the number of users for companies.

## ■ Effects on our KPIs



## ■ Illustration of the increasing number of users\*<sup>3</sup>



\*1. Typical household conversion by companies is based on the rebates from the total obtained capacity using the capacity of a general household as 4 kW.

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

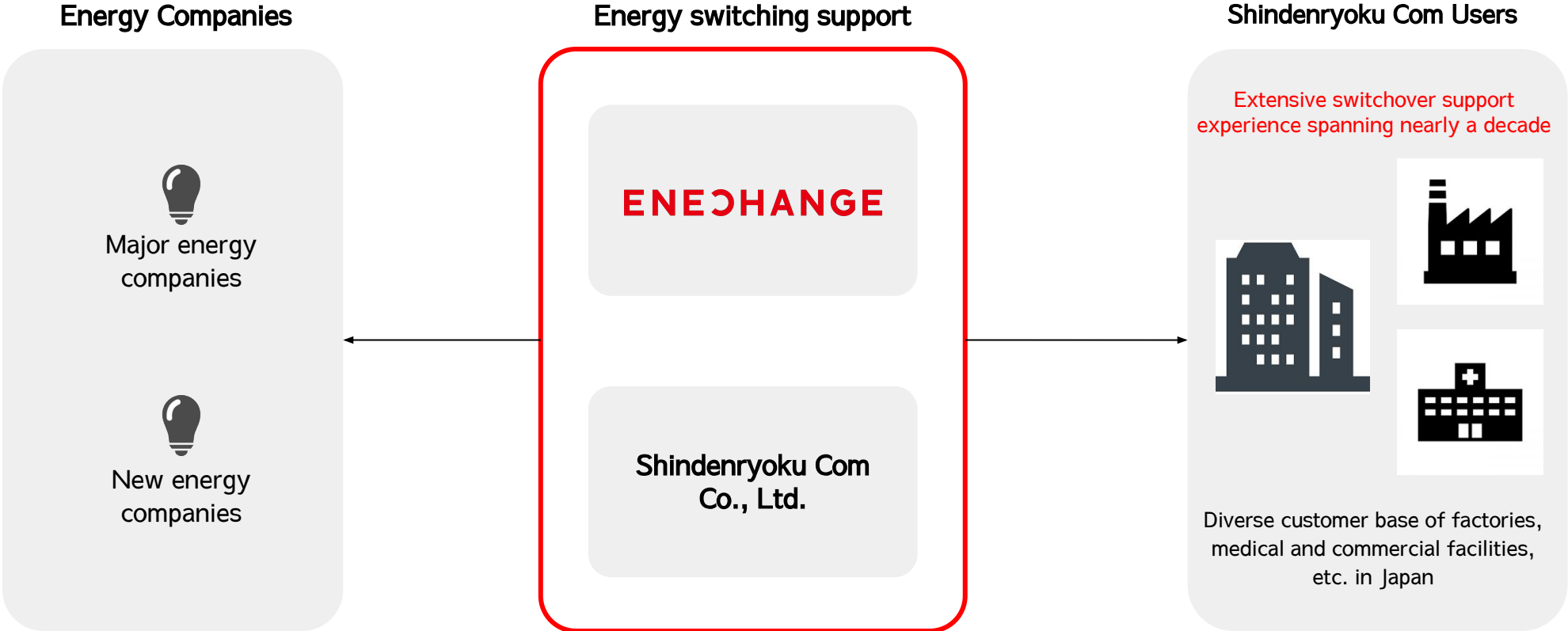
\*3. Graphical representation of the cumulative number of continuous users based on Shindenryoku Com's acquisition results as of the end of June 2022, converted to the number of general households.

# Realized Benefits

Through this M&A, we will further strengthen our nationwide corporate customer base. We intend to further enhance the value of our platform through the provision of competitively priced electricity switching services.

Increase platform value by providing competitive electricity switching services

Strengthening the corporate customer base by taking over the sales staff and sales know-how of Shindenryoku Com Co., Ltd.



# Overview of Shindenryoku Com

Shindenryoku Com's mission is to "Promote the SDGs and to promote electricity cost reductions from an energy management perspective." For approximately 10 years, the company has steadily built up a track record of switching electricity for customers in diverse fields such as factories, healthcare and commercial facilities in Japan.

## ■ Basic information

Company name	Shindenryoku Com Co., Ltd.
Address	Oscar Bldg. 6F 2-42-3 Ikebukuro Toshima-ku, Tokyo
Representative Director and Chairman	Katsumi Uchida
Capital	88,800,000 JPY
Operating Results (Fiscal Year ended Jan. 2022)	Net sales: 59 million JPY Operating income: 6 million JPY
Businesses	<ul style="list-style-type: none"> <li>• Electricity switching service</li> <li>• Energy saving consulting</li> </ul>

## ■ Business model

