

# ENECHANGE

## FY22 2nd Quarter Financial Results

ENECHANGE Ltd.  
August 12, 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 Q2 Key message

### Heading into a "tunnel" but exit is in sight

As we continue to endure the energy crisis, we are shortly approaching a "tunnel" in respect of the company's performance.

Although FY22 H1 produced favorable results, we expect a significant decline in sales in the Platform business in H2.

We expect to meet our full-year performance targets and are seeing the "light at the end of the tunnel" in the form of new opportunities for growth.

New EV sales are at record highs, and the decarbonization trend shows no signs of stopping.

We will continue to invest in the EV Charging business and expect sales growth from EV Charging in FY23.



## FY22 Q2: Executive Summary

### FY22 Q2 Consolidated Financial Results

- **High growth rate** with **quarterly sales** of 1.04 billion JPY (+44% YoY)
- Operating loss due to investment in EV Charging business

### Platform business

- **High growth rates of quarterly sales** (+47% YoY), and **recurring revenue** (+55% YoY)
- Despite **expecting a significant decline in sales in FY22 H2**, we plan to ensure profitability for the full year

### Data business

- **High growth in quarterly sales** (+32% YoY) and **recurring revenue** (+29% YoY)
- Focusing on expanding sales of Demand Response services due to rising demand for electricity peak shaving services

### EV Charging business

- **On track for cumulative 3,000 ports** by FY23 Q2
- Launched a **sales campaign aimed at 30,000 ports** utilizing subsidy-eligible models

### FY22 Full-year forecast

- **Progress rate is at 63%**, but we **will maintain our full-year forecast**
- **Expect negative impact in Platform business** from adverse business environment **in FY22 H2**

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Company Highlights

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Consolidated Financial Results for FY22 Q2

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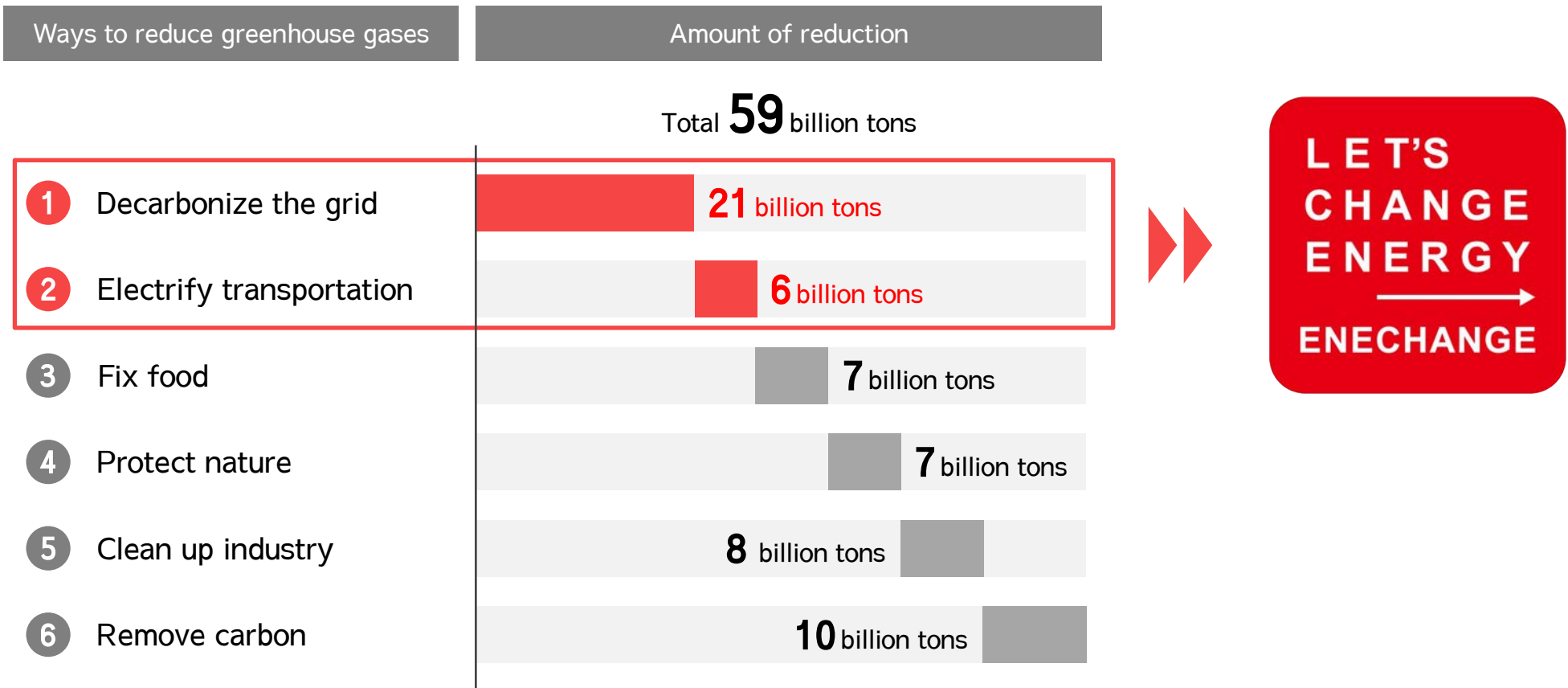
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# **Company Highlights**

# 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.

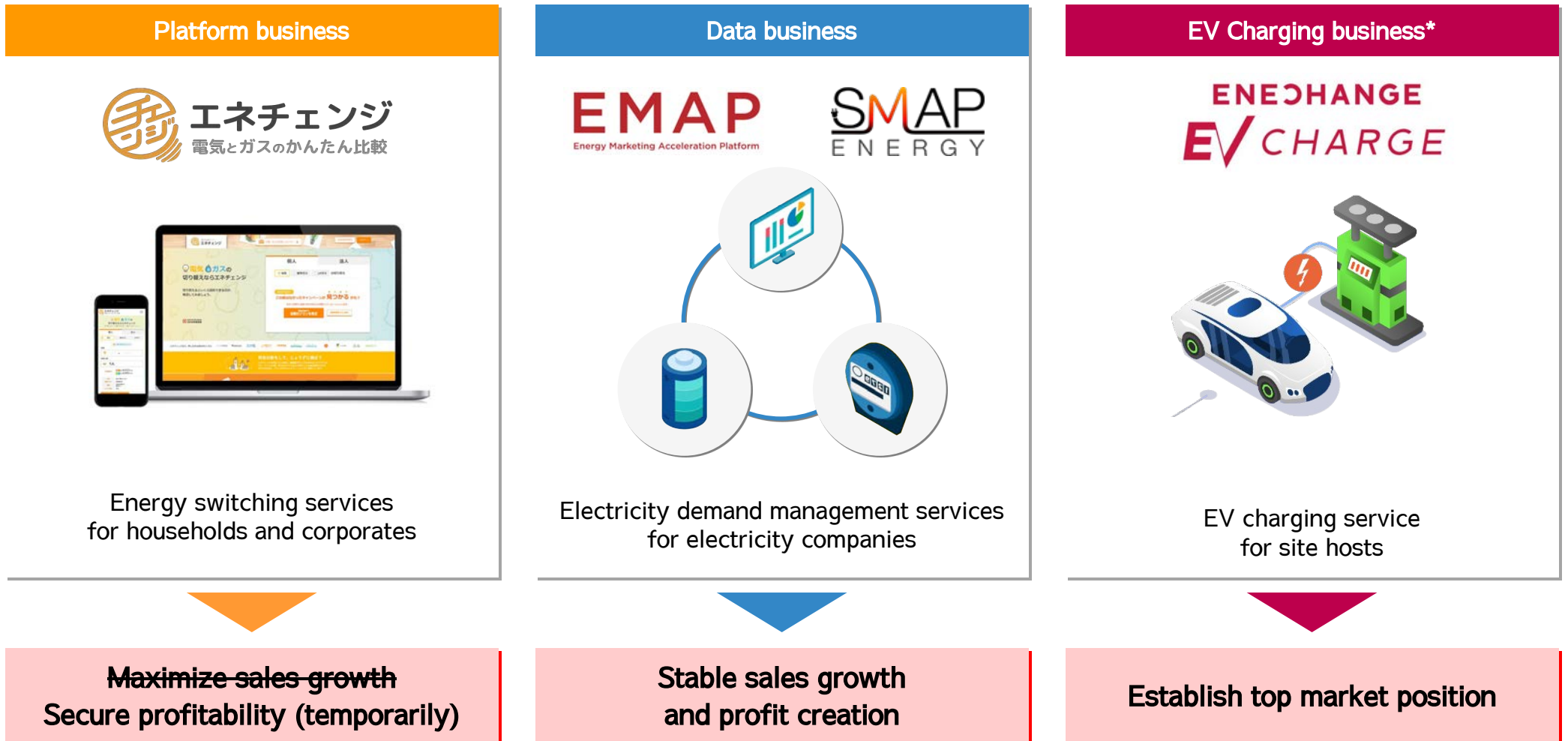
## ■ How to reach net zero\*



\* Based on Speed & Scale (book authored by John Doerr) 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 (site hosts).

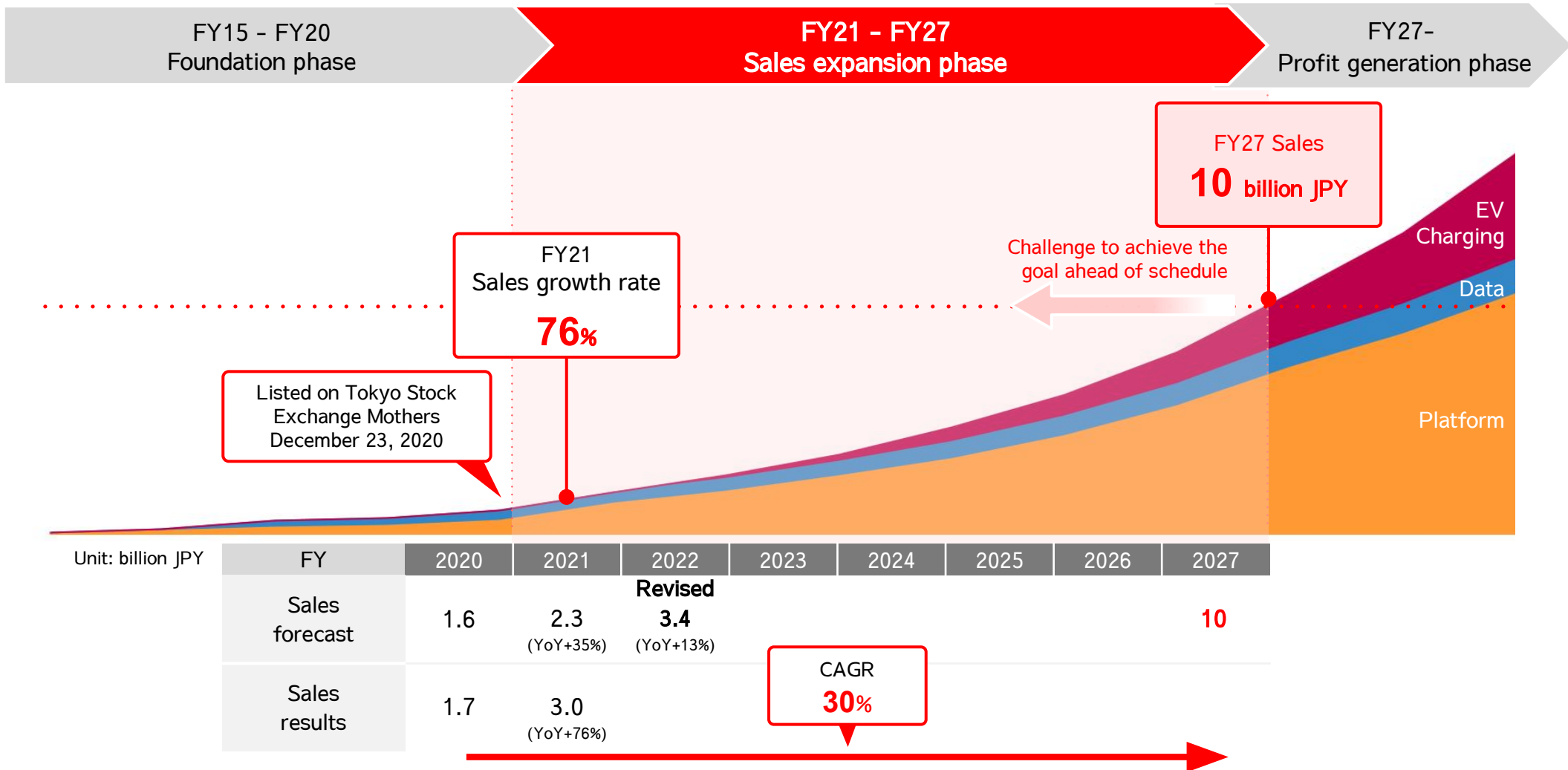


\* The EV Charging business, our new service, was included in the Data business until FY21, but is now disclosed as a separate segment. Since the EV Charging business is a service that was launched in November 2021, the revenues, expenses, etc. recorded in the Data business through FY21 are minimal.



# 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 global energy hikes, the EV Charging business will continue driving the sales growth, thus the company continues to affirm its long-term target.





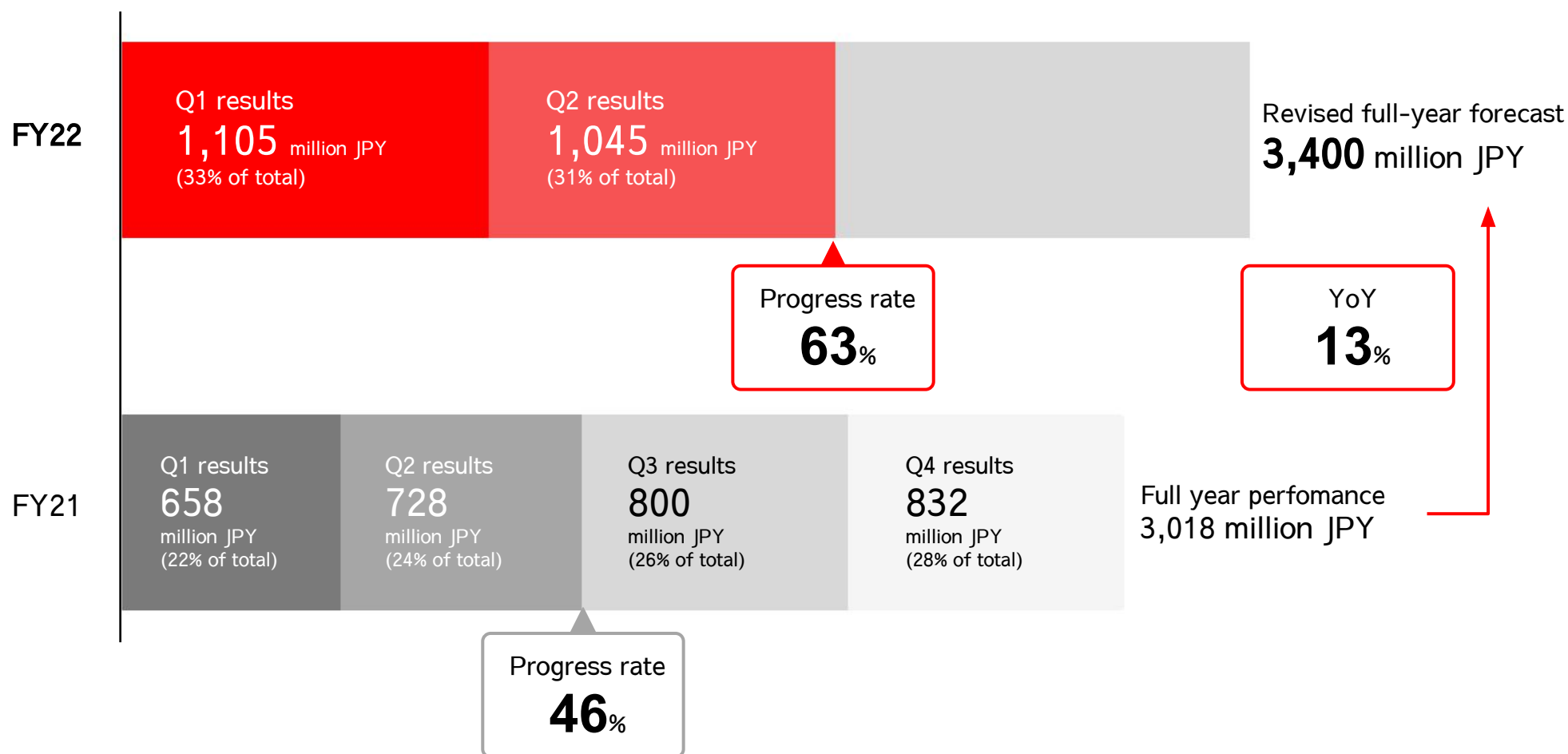
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## **Consolidated Financial Results for FY22 Q2**

## Sales progress outperformed (63%); maintaining the full-year forecast

Sales showed 63% progress, landing at a cumulative total of 2.15 billion JPY for Q2. Although it is outperforming progress compared to the previous year, we expect a significant fall in Platform business sales in FY22 H2 and are maintaining this forecast.

### ■ Sales

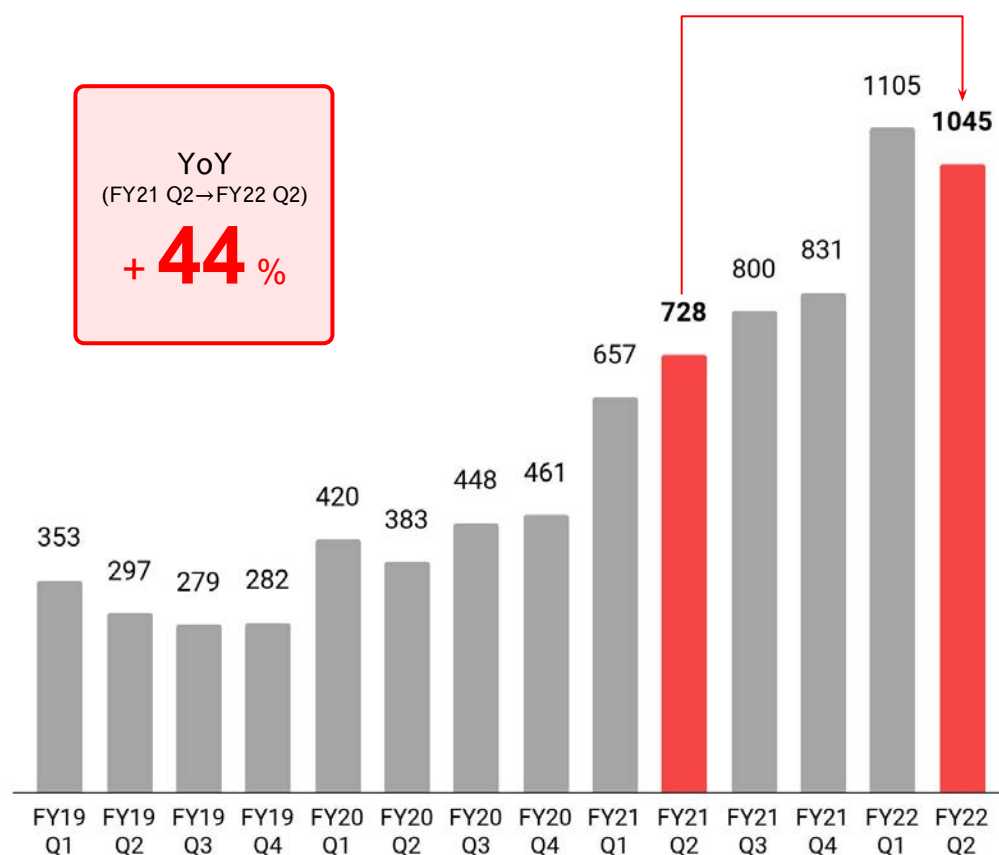


# Sales (+44%) and recurring revenue (+41%) both maintained high growth

Quarterly sales were +44% YoY, and quarterly recurring revenue reached +41% YoY, both of which maintained steady growth despite the adverse business environment.

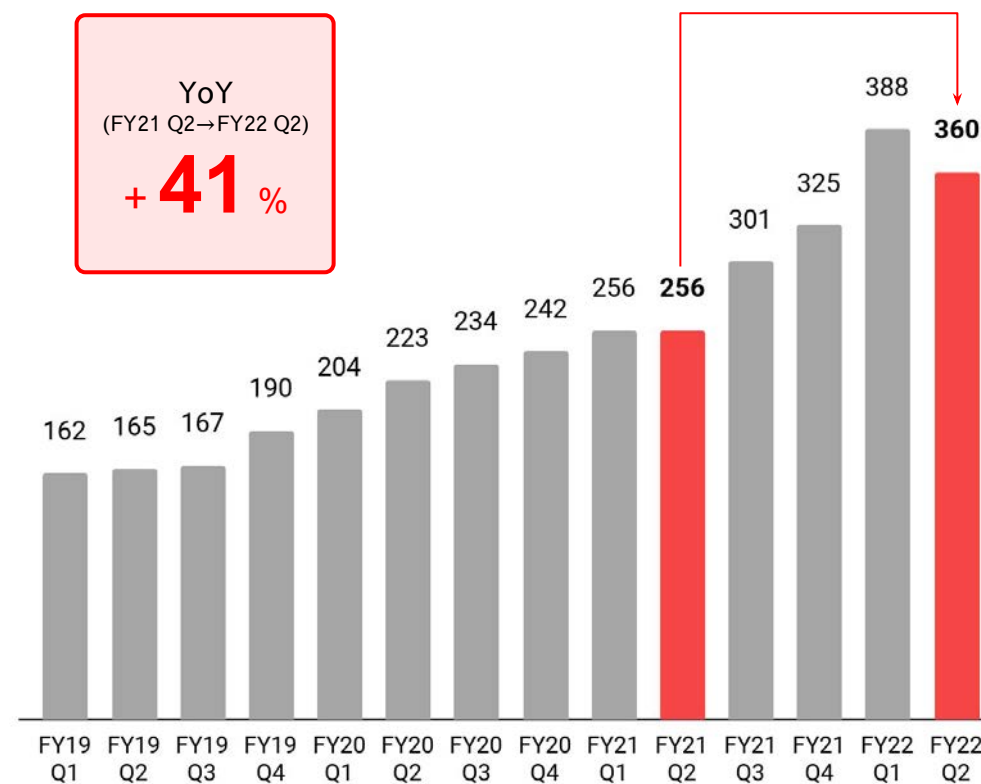
## ■ Quarterly sales\*1

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. 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.

\*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.

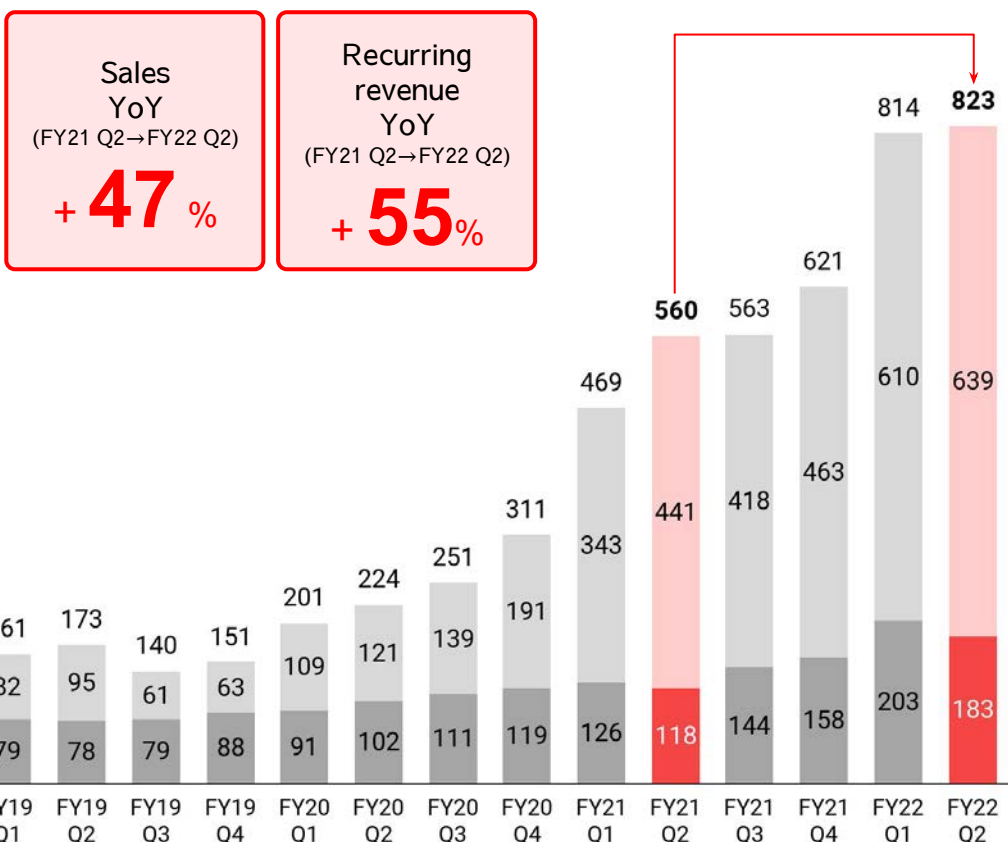
# Platform business reached record high sales

The Platform business showed a record high of +47% YoY in sales thanks to increased switching demand following the withdrawal of electricity suppliers. Recurring revenue was +55% YoY, but declined from the previous quarter due to seasonality. The Data business showed an increase of +32% YoY in sales and an increase of +29% YoY in recurring revenue, while Q2 recurring revenues were lower than Q1 mainly due to the impact of one-time fee recorded in Q1 due to a change in accounting standards.

## ■ Platform business quarterly sales\*1

■ Non-recurring revenue ■ Recurring revenue

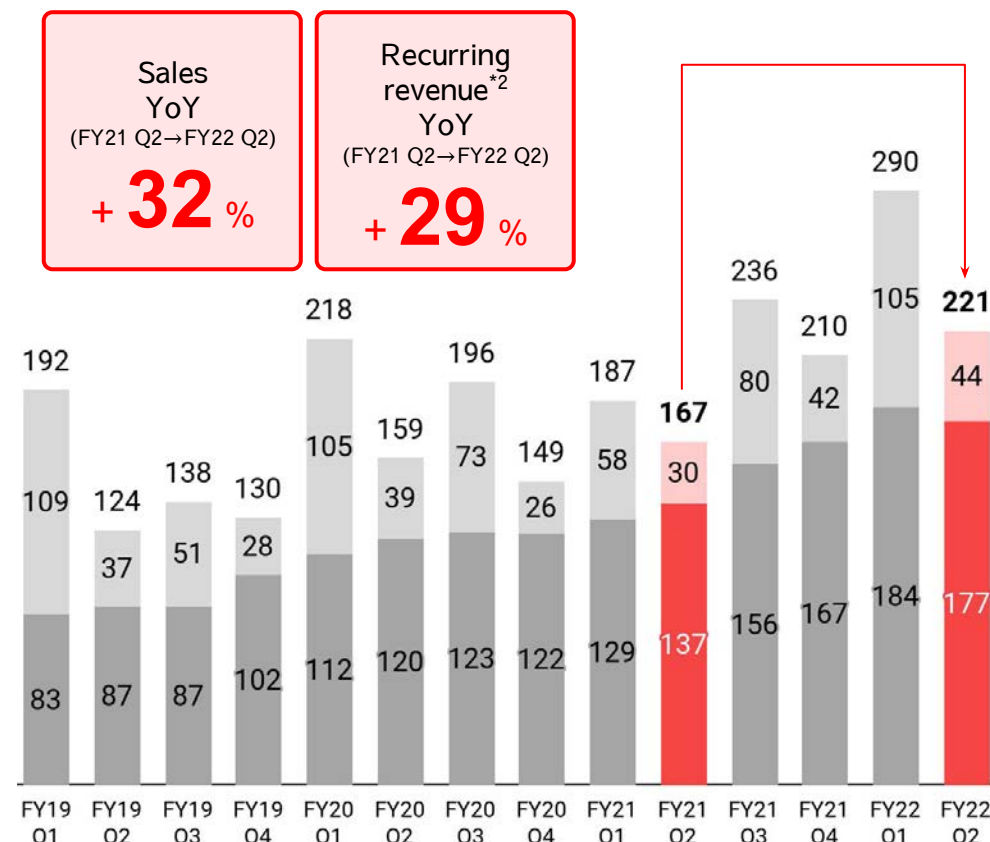
Unit: JPY MM



## ■ 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.

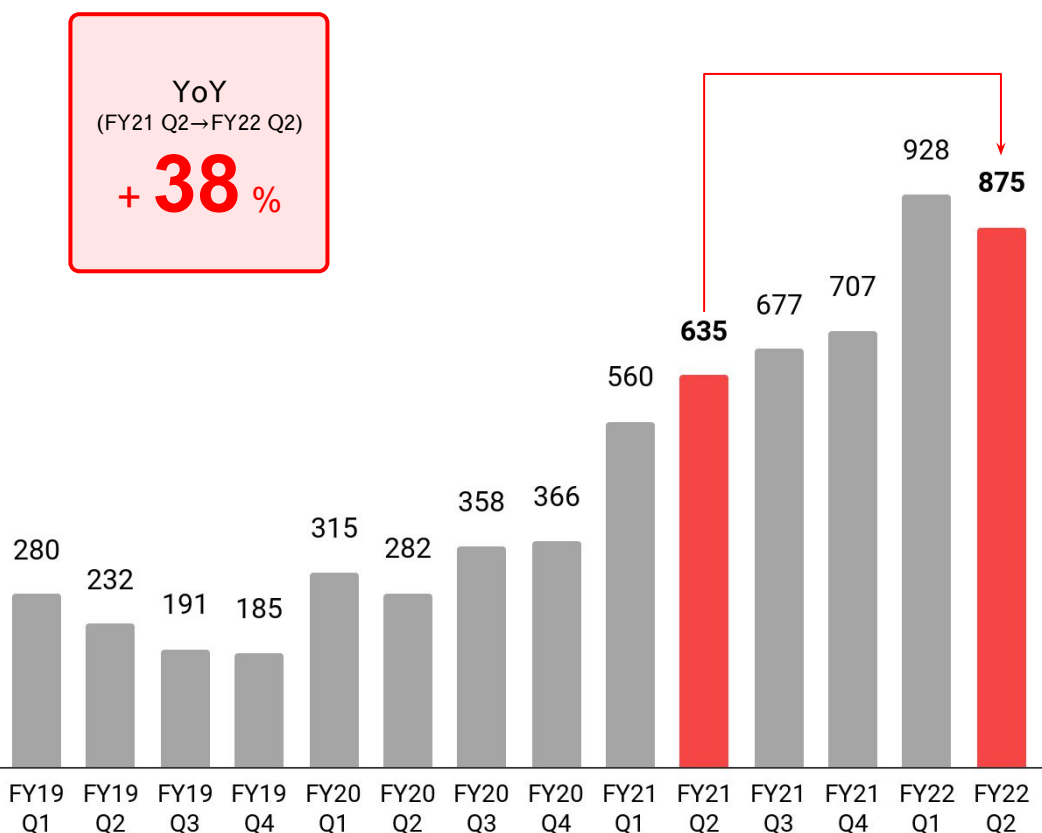
\*2. From FY22, due to the new revenue recognition standard, the accounting method for non-recurring revenue, such as initial and additional development for the Data business, has been changed from bulk accounting at acceptance inspection to accounting proportionally over the contract period.

## Gross profit maintained high level even after investment in EV Charging business

Gross profit was 875 million JPY (+38% YoY), a decrease from Q1 in line with the drop in sales. The gross profit margin was 84% (down 3 pt YoY) due to investment in the EV Charging business, maintaining the same level as the previous quarters.

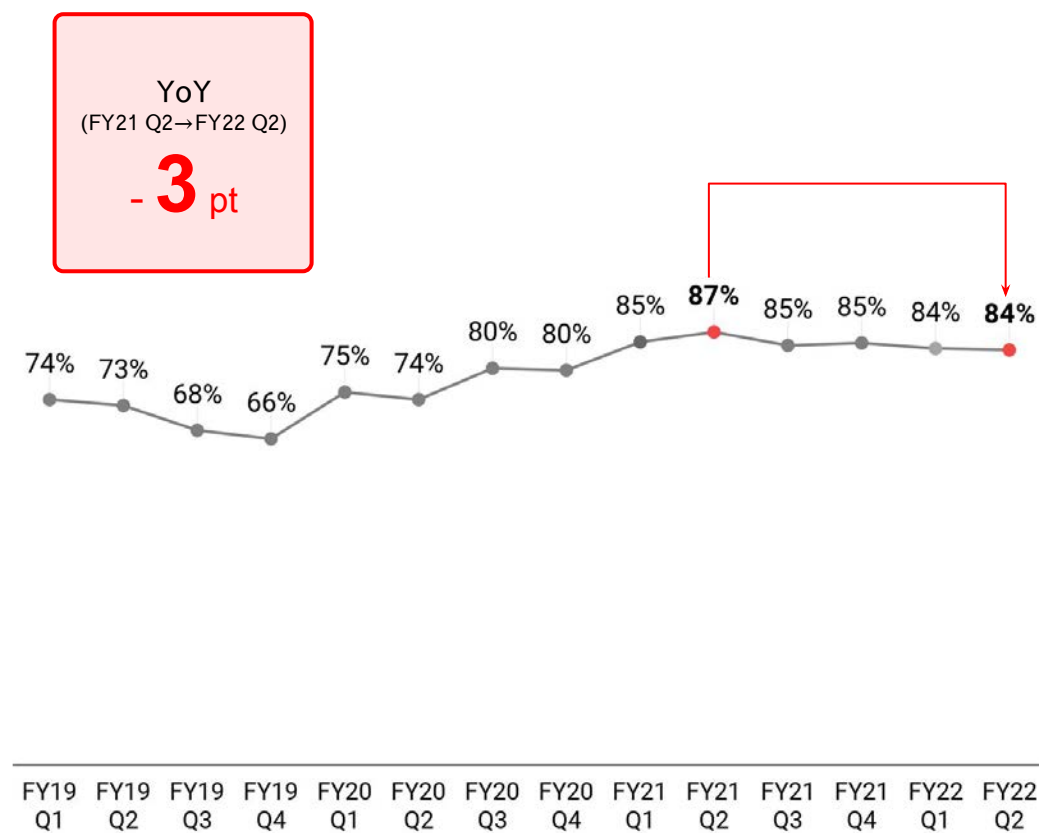
### ■ Gross profit

Unit: JPY MM



### ■ Gross profit margin

Unit: %

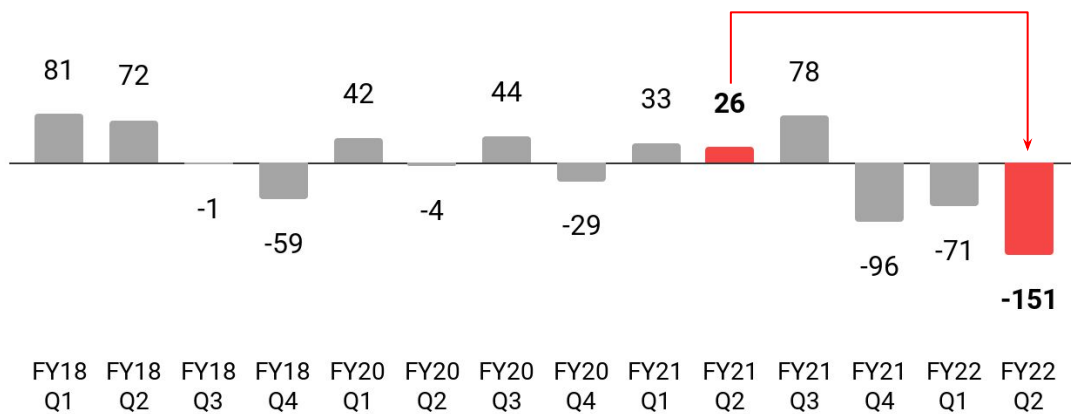


# Operating loss alongside EV Charging investment

We have an operating deficit due to investment in the EV Charging business. Adjusted operating profit\* was 500 million yen (+33% YoY). Compared to Q1, the profit has declined as a result of the decline in quarterly sales.

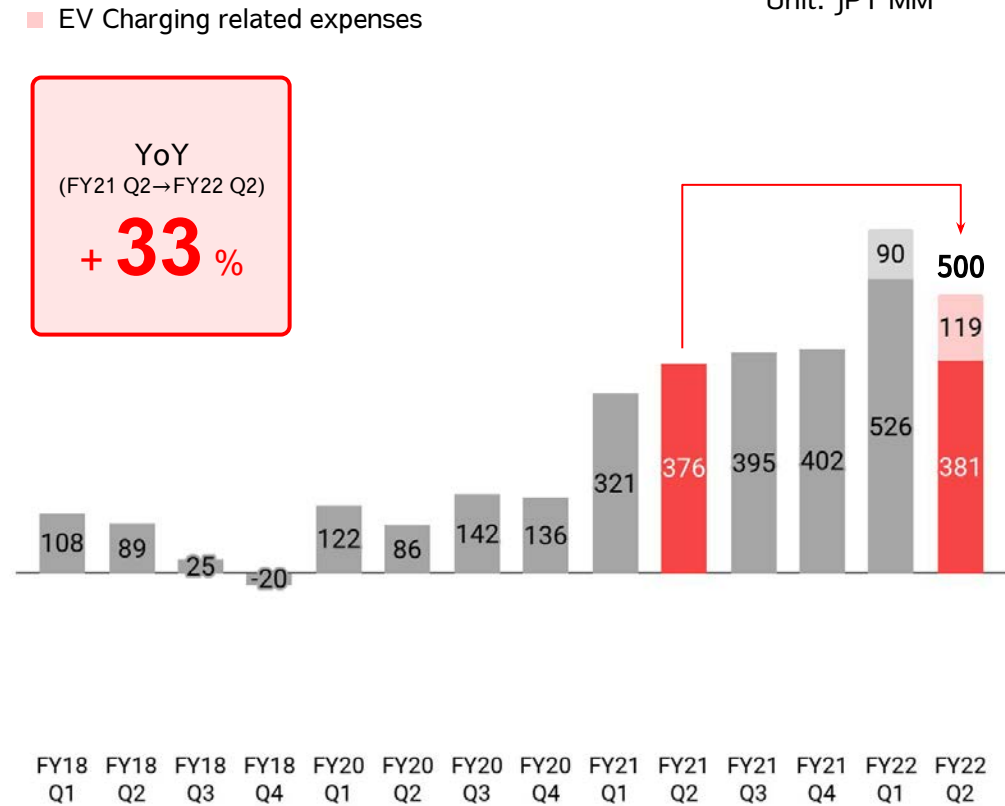
## Operating profit (quarterly)

Unit: JPY MM



## Adjusted operating profit\* (quarterly)

Unit: JPY MM



YoY  
(FY21 Q2→FY22 Q2)  
**+ 33 %**

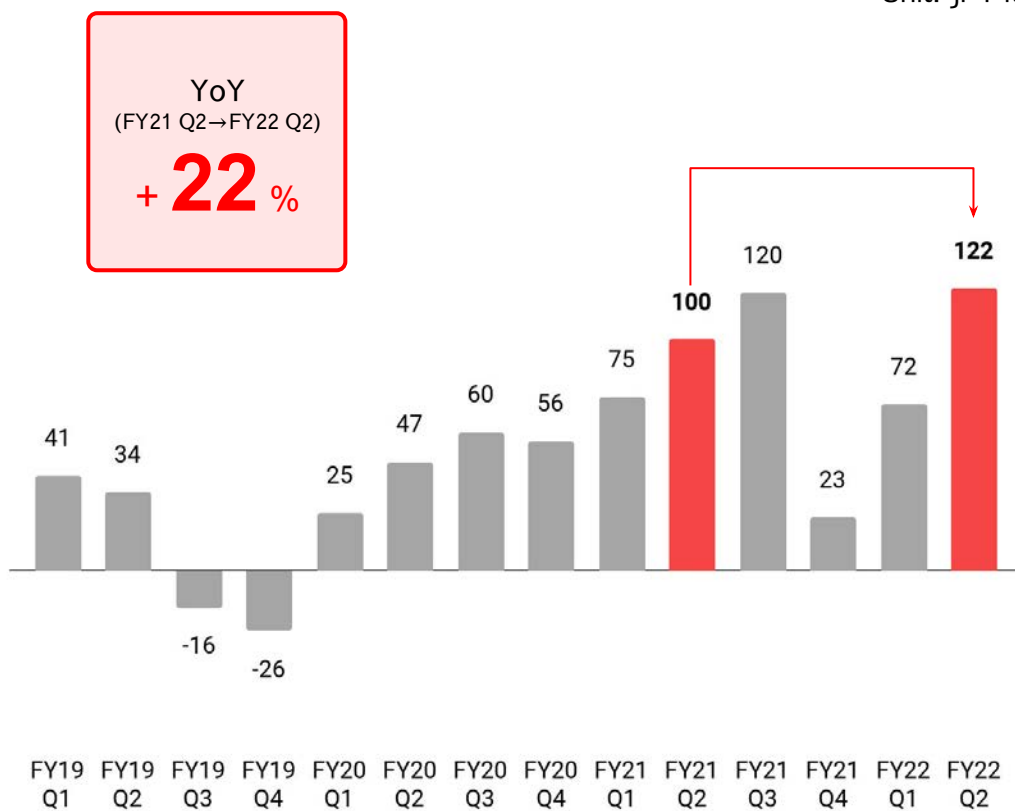
\* Adjusted operating profit is calculated by subtracting advertising expenses, sales commissions (expenses paid directly to partners as a result of switching), sales promotion expenses (expenses paid directly to users as a result of switching), amortization of goodwill and one-time fees from operating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

# Platform and Data businesses maintained profitability

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

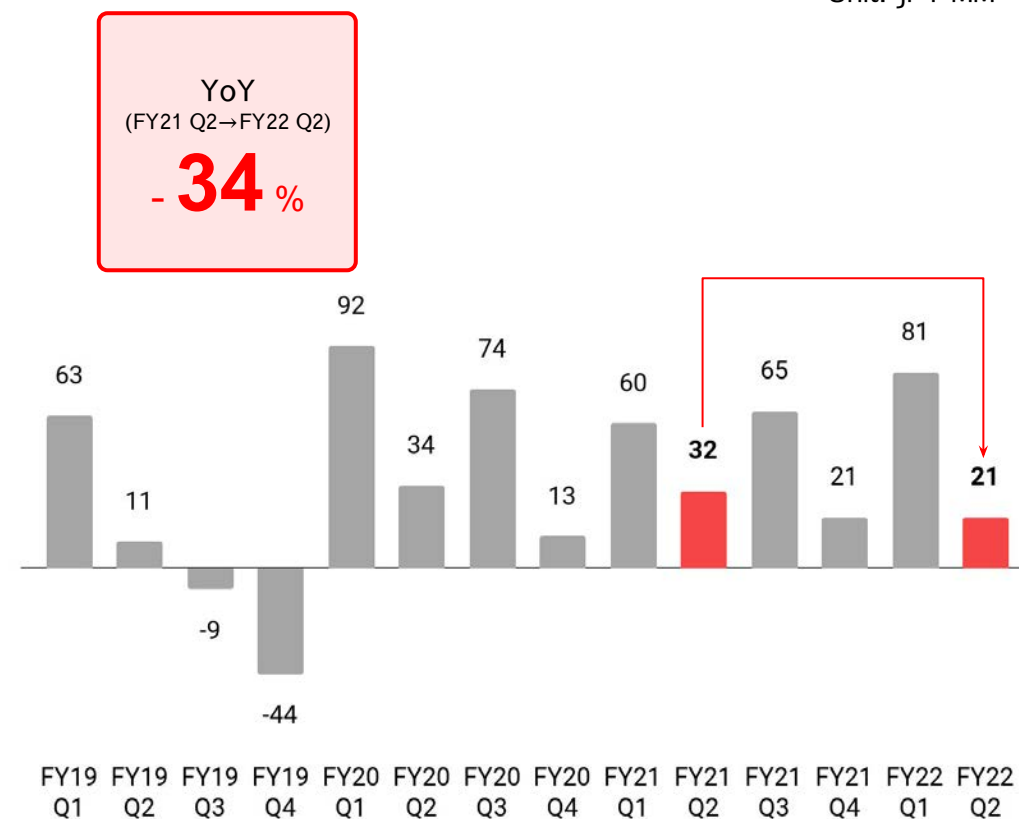
## Platform business quarterly operating profit

Unit: JPY MM



## Data business quarterly operating profit

Unit: JPY MM





# Platform business: Number of users (+43%) and ARPU (+3%) both reached record highs

The number of users recorded an increase of +43% YoY thanks to rising demand for switching due to electricity supplier withdrawal and soaring electricity bills. In addition, ARPU reached a new high (+3% YoY) due to the increase in electricity bills caused by soaring global energy prices.

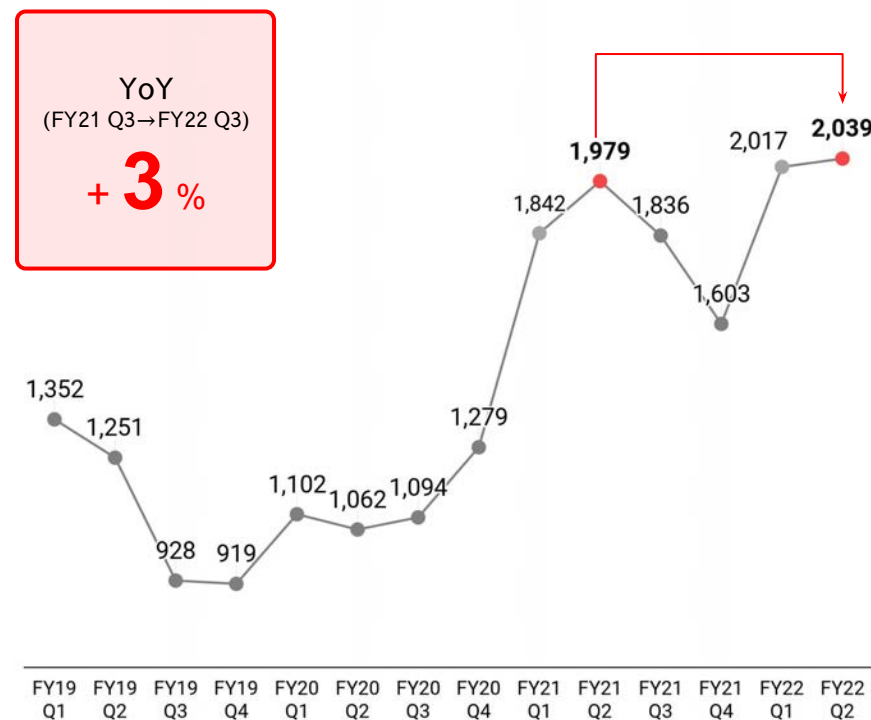
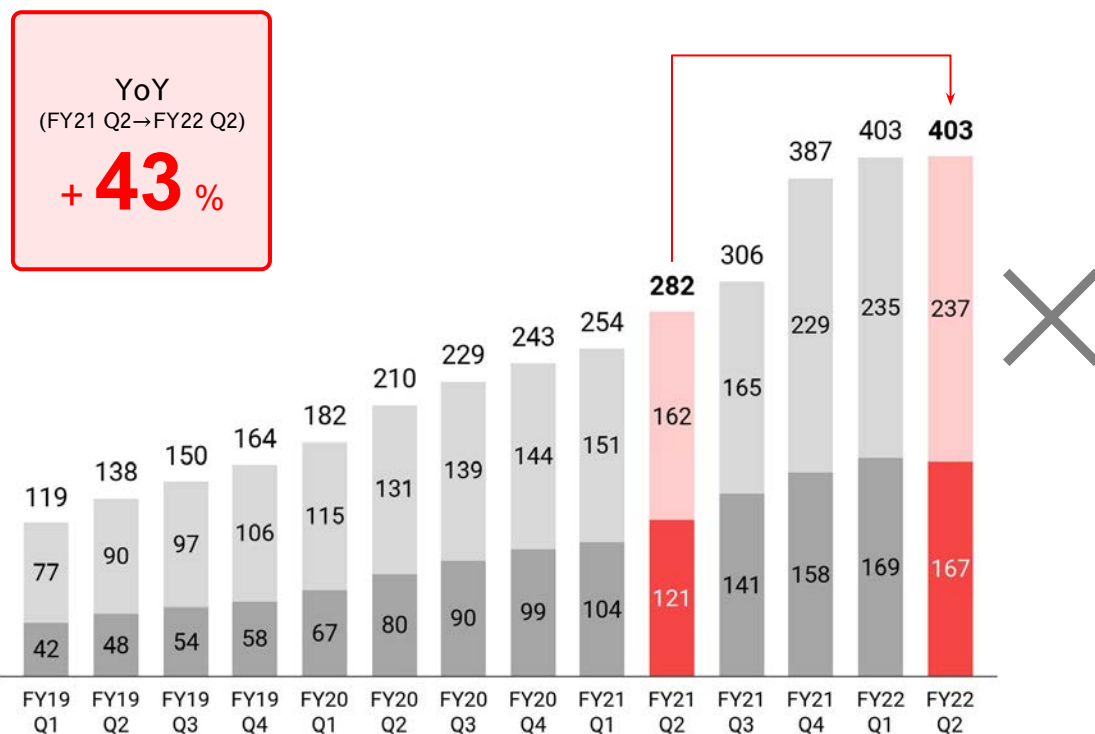
## ■ Number of users (converted on a general household basis)\*1

## ■ 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.

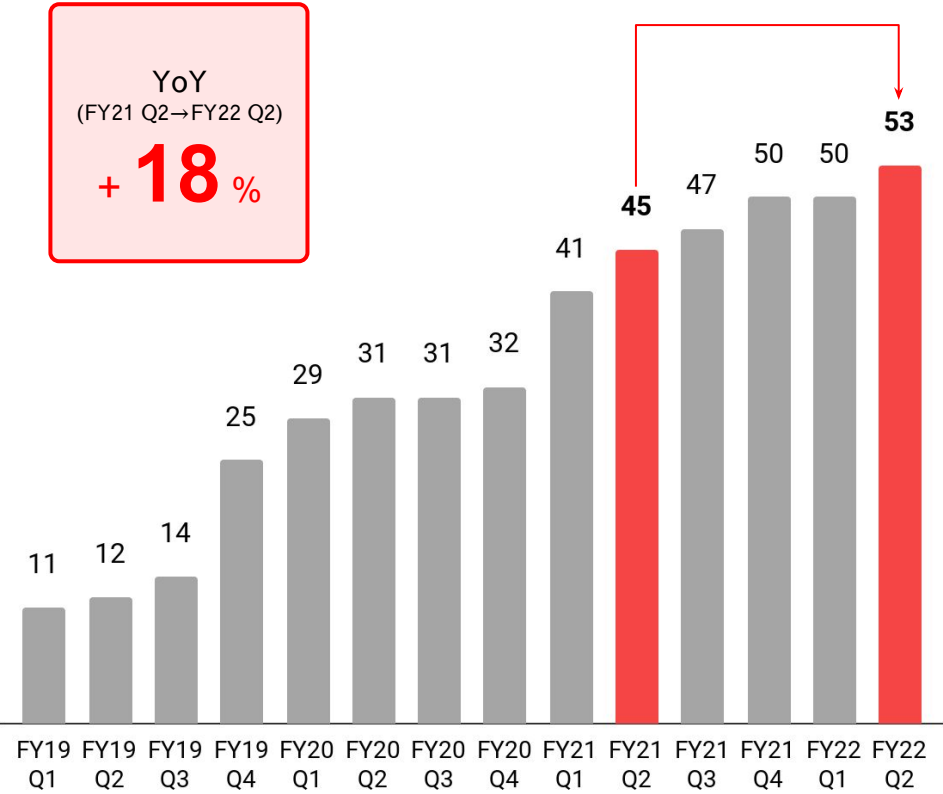
\*2. Average Revenue Per User: Calculated after dividing the quarterly segment sales by the number of users eligible for recurring revenue at the end of the quarter.

# Data business: Number of customers hit a new record high (+18%); ARPU maintained (+12%)

The number of customers reached a new record high (+18% YoY) thanks to demand from new customers who are prioritizing cost-competitive software solutions in an adverse industry environment. ARPU declined compared to Q1 due to a decrease in non-recurring revenue, but maintained a level of +12% YoY.

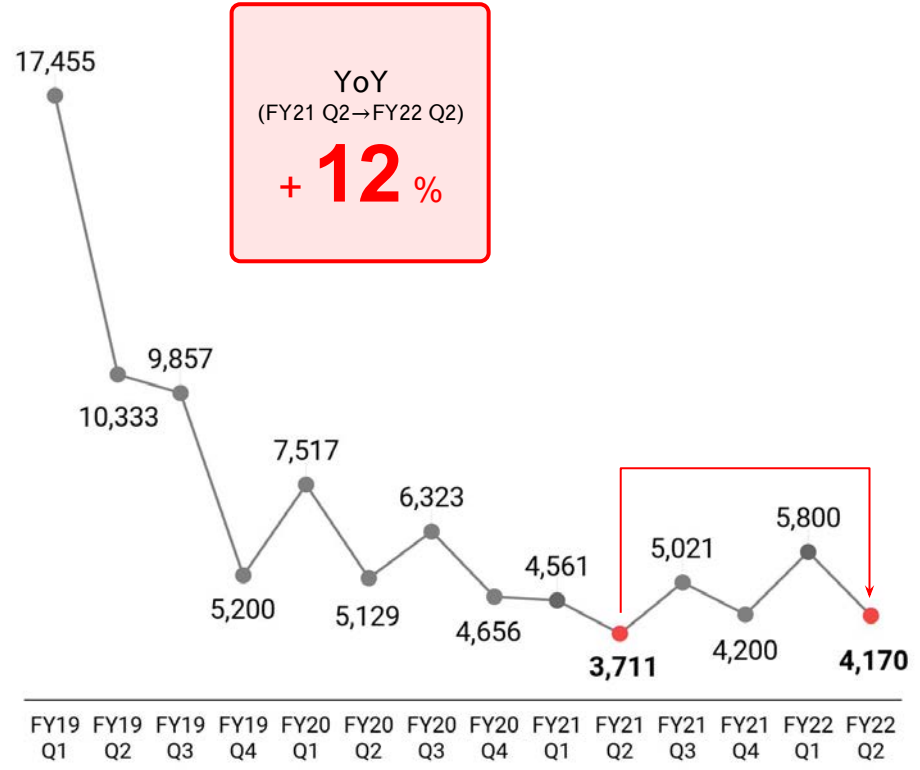
## Number of customers\*1

Unit: Number of companies



## ARPU\*2

Unit: 1,000 JPY



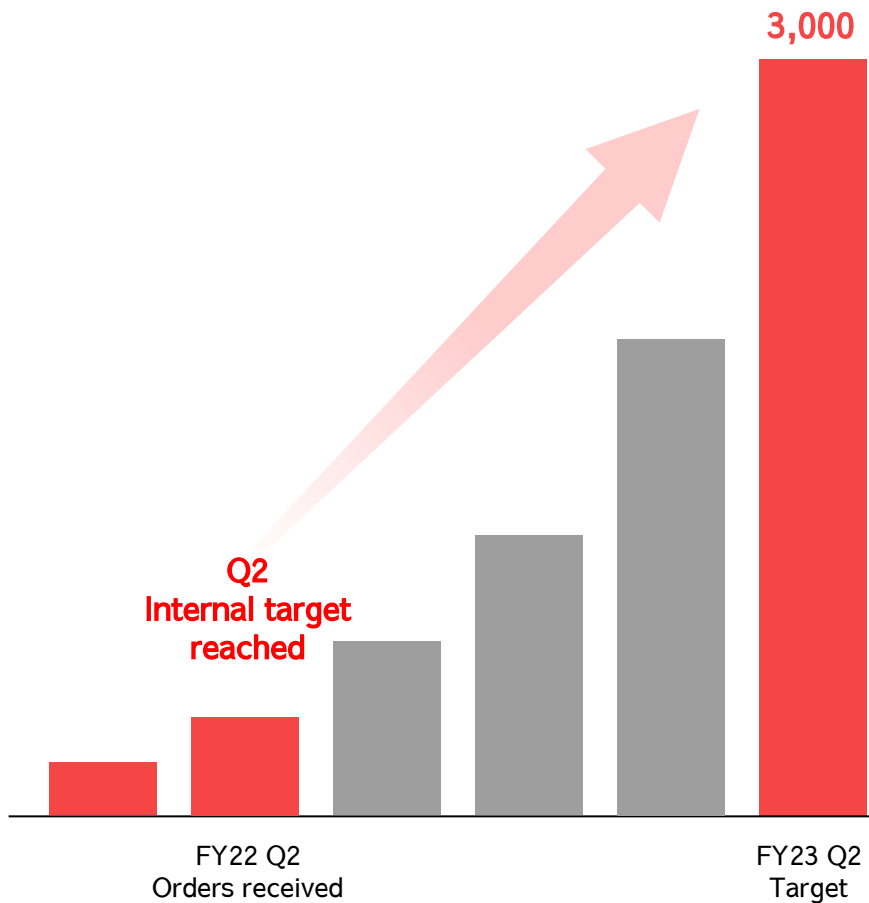
\*1. Counting number of customers as of the end of the period

\*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 continued to exceed our target for Q2

The EV Charging business has set an early target of 3,000 charging ports cumulatively sold by FY23 Q2. This quarter, orders continued to exceed this target. From Q3 onward, we expect a rise in orders for the ENECHANGE EV Charge Model 2 charger, as it is compatible with the government subsidies in Japan.

## ■ Projection of cumulative ports sold



## ■ Examples of orders received



Saitama: Shopping center



Kyoto: Car wash attached to gas station

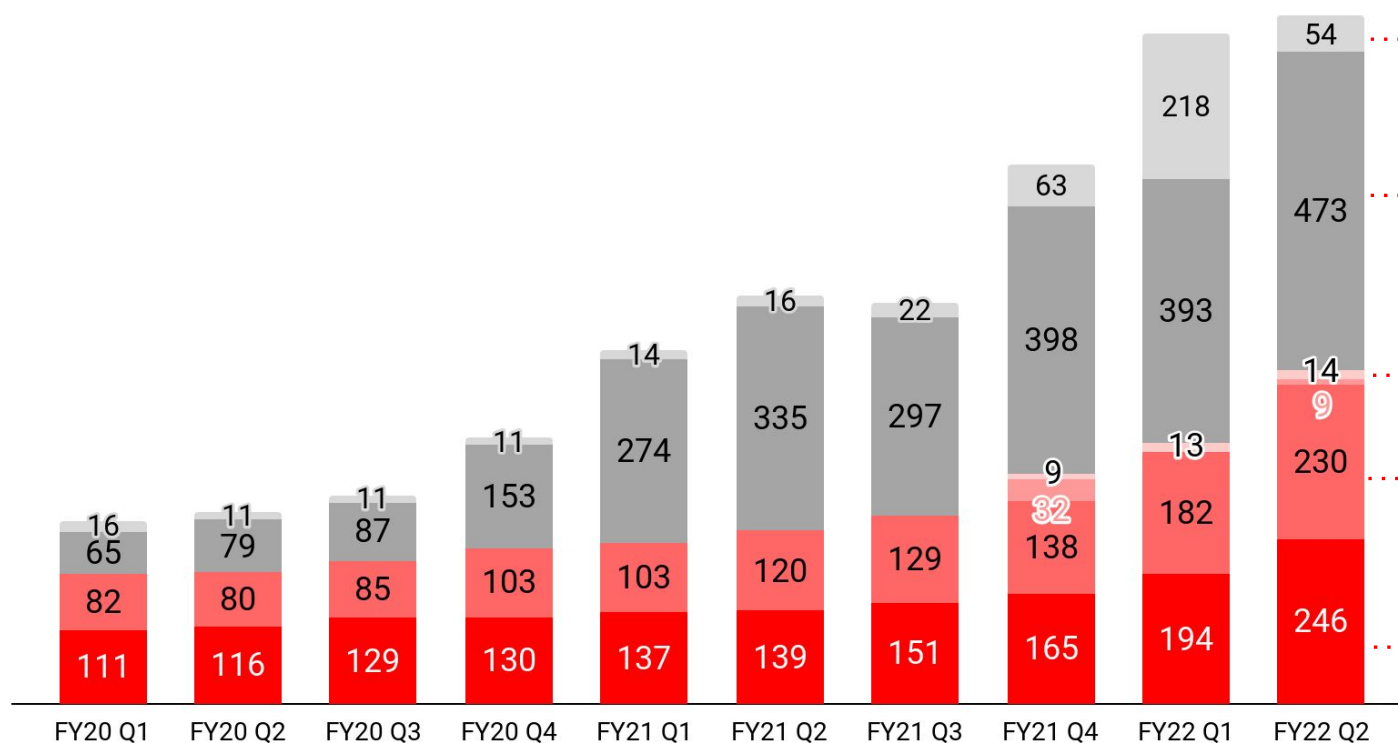
## Curtailed advertising expenses while continuing to invest in EV Charging business

In the Platform business, sales commissions (partner channel), sales promotion expenses (in-house channel), and customer support expenses for handling the withdrawal of new entrants increased, while advertising expenses have been curtailed since 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:**  
Decrease due to curtailing of advertising expenses in Platform business

**Sales promotion and sales commissions:**  
Increase due to user acquisition in 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 recruiting and customer support expenses in the Platform business

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



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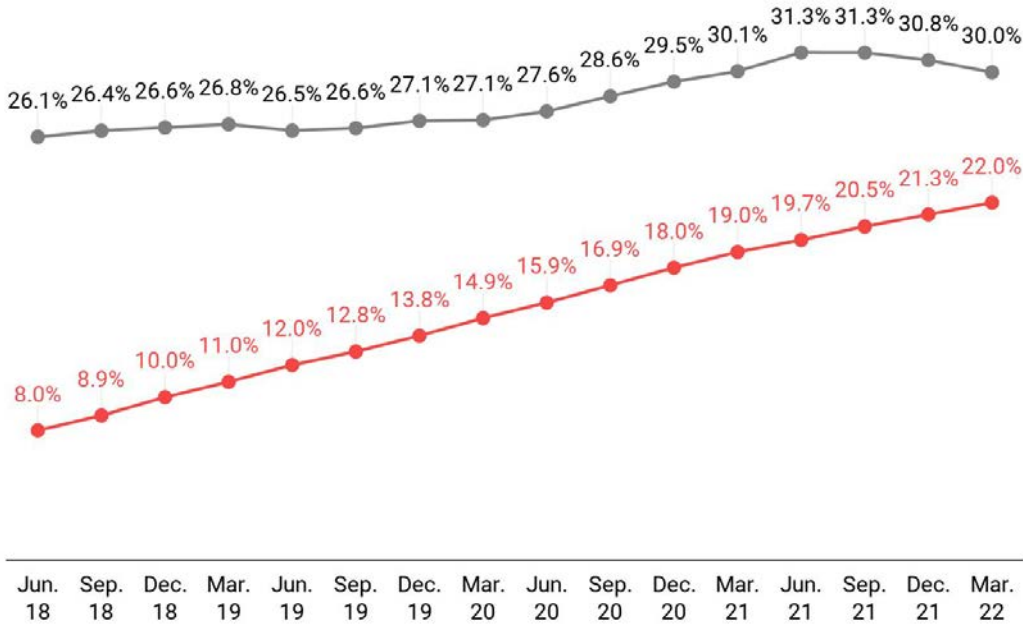
## **Business Explanation**

# Our market share in the users of new entrants reached record highs

New entrant suppliers accounted for a market share of 30.0% for corporates and 22.0% for households by end of March 2022. Our share of new entrant users increased to 2.0% for corporates, and 2.2% for households - both of which are record highs.

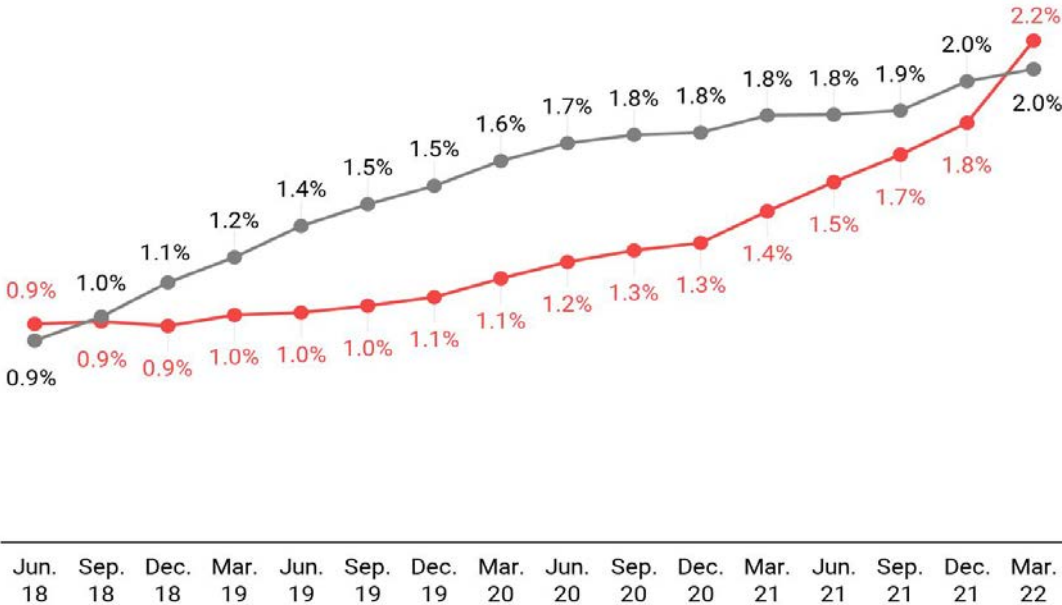
### ■ Share of customers using new entrant suppliers\*

- For households
- For corporates



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

- For households
- For corporates



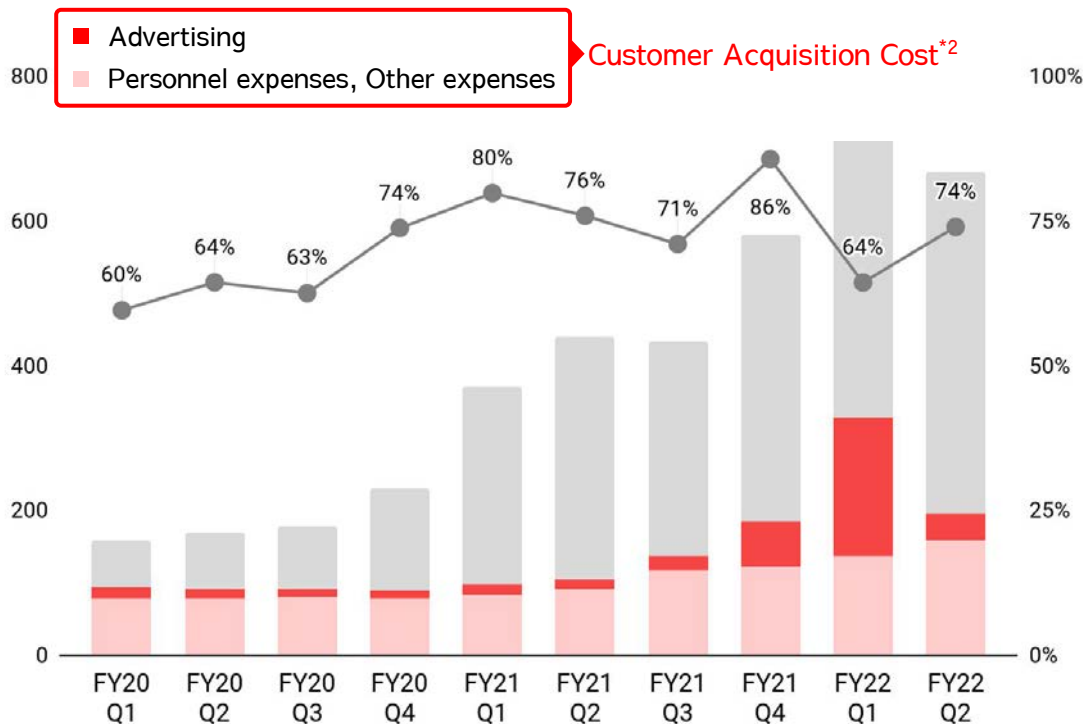
\* Created based on the number of contracts in the Electricity Trading Report by the Electricity and Gas Market Surveillance Commission (Left) and our share based on the sales amount (kWh) (Right).

# Continued to maintain LTV/CAC at over 3x by curtailing advertising

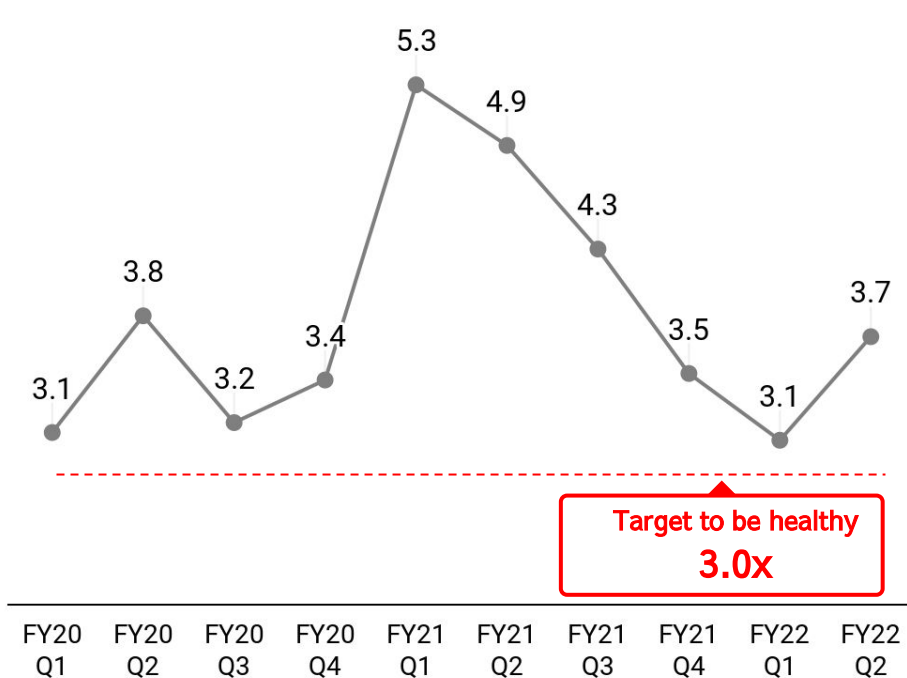
Since March 2022, we have curtailed advertising expenses in response to changes in the business environment, maintaining a healthy LTV/CAC of 3.7x.

## 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 posting 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.

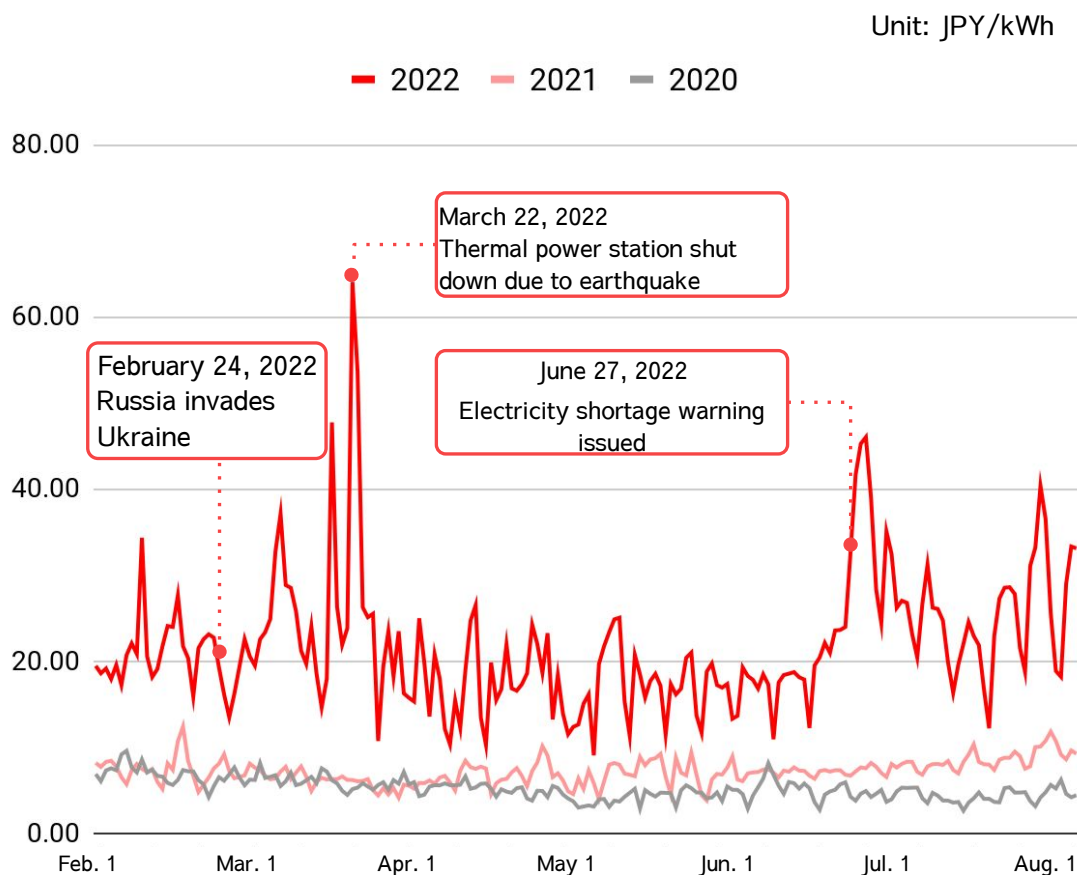
\*2. LTV: Lifetime Value, CAC: Customer Acquisition Cost. See the appendix for details.



# JEPX prices remains high, but energy tariffs are rising

The wholesale price ("JEPX price") remains high. As a result, energy companies have started to raise their tariffs and remove price caps with government support. In addition, measures to improve the business environment are underway, such as the restart of nuclear power plants.

## Changes in JEPX prices\*1



## Retail tariff reviews by region\*2

	For households (Remove price caps)	For companies (Unit price revision)
Tohoku	Dec. 22	Nov. 22
Tokyo	No cap present	Apr. 23
Chubu	Dec. 22	Apr. 23
Kansai	No cap present	Apr. 23
Kyushu	Oct. 22	Apr. 23

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

\*2. Policies regarding price increases and removal of caps on fuel cost adjustment, based on our own research.



## 6 stages to the recovery of the energy market

We expect that energy companies will experience stages 1-6 below due to the rapid JEPX price rise. We observed stages 3-4 in Q1, but at present the situation is moving to stage 4-5. We expect a significant decrease in sales (stage 1-3) during H2, while in FY23, we expect the business environment to improve as energy companies raise their tariffs and nuclear power plants restart their operations.

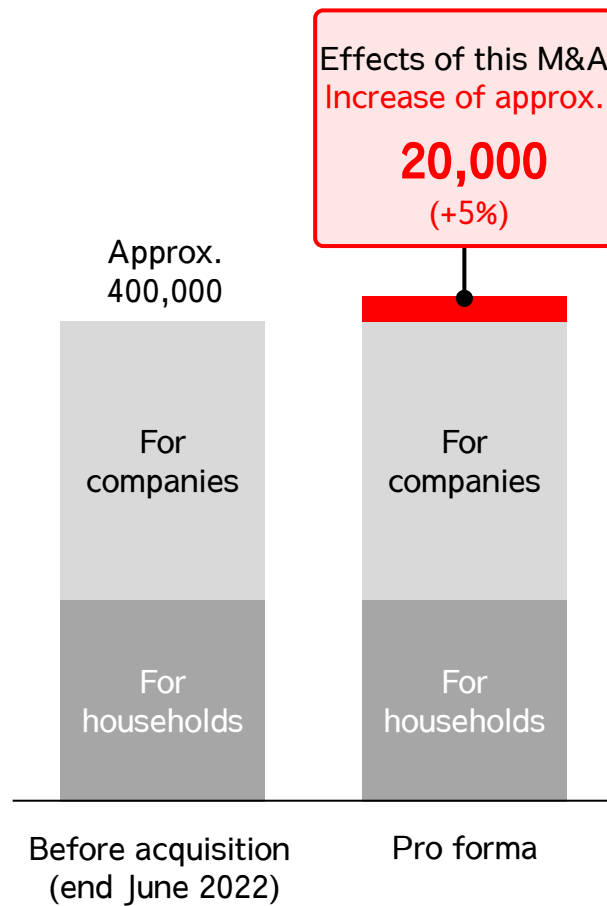
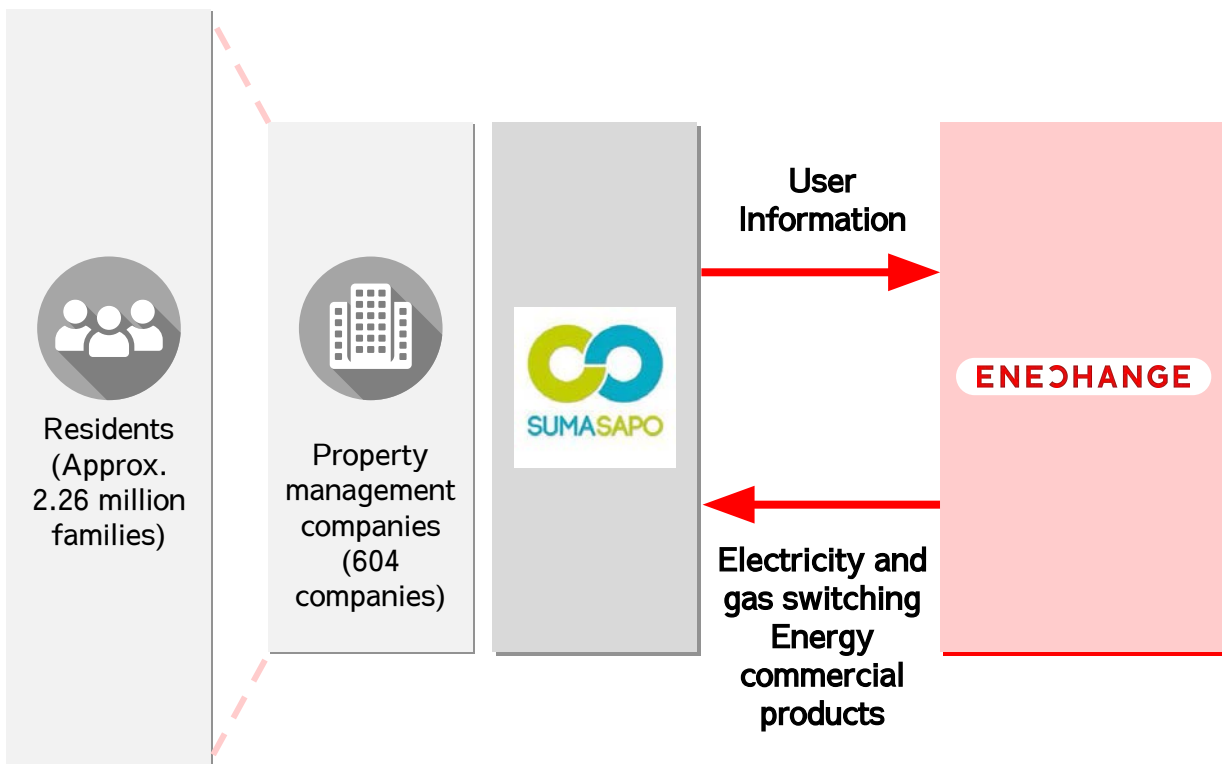
	Impacts of JEPX price increases	Effects on ENECHANGE	Corresponding energy industry trends	Periods when ENECHANGE will be affected	
Stage 1	Reduction in energy company advertising expenses	➖ Reduction in ARPU due to lower one-time fees at the switch		➖ Sales expected to decrease significantly from H2 of FY22	
Stage 2	Energy companies stop acquiring new customers	➖ Loss of opportunities to acquire users due to lack of energy companies to switch to			
Stage 3	Energy companies withdrawing from the business, stopping contract renewal	➖ A reduction in recurring revenue due to existing users leaving			
Stage 4	Increase in energy contract "refugees"	➕ Increase user acquisition due to high switching needs		➕ Sales expected to increase from FY23	
Stage 5	Electricity bills rising to level where energy companies can profitably supply customers	➕ Increase in ARPU due to higher energy bills			➕ Price increase after fall 2022
Stage 6	Energy companies restart user acquisition activities	➕ Recovery of ARPU due to higher one-time fees at the switch			Restarting nuclear power plants

# Expansion strategy using our sound capital base

For households, we have strengthened our channels with the real estate industry through a capital and business alliance with Sumasapo Inc., who will bring us the network of 600+ real estate management companies (2 million+ households). For companies, the number of users increased by 5% through our acquisition of an energy switching company.

- **For Households: Strengthening support for switching when moving (Capital and business alliance with Sumasapo Inc.)**

- **For Companies: Expanding corporate users through M&A (Acquisition of Shindenryoku com)**



# Government promotes electricity peak shaving services

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 the bare minimum. The government decided to reward consumers who participate in peak shaving programs, utilizing a budget of approximately 180 billion yen.

### Reserve ratio forecast during winter FY22\*

	Dec.	Jan.	Feb.
Hokkaido	12.6%	6.0%	6.1%
Tohoku	7.8%	1.5%	1.6%
Tokyo			
Chubu	5.5%	1.9%	3.4%
Hokuriku			
Kansai			
Chugoku			
Shikoku	45.4%	39.1%	43.6%
Kyushu			
Okinawa			

### Energy-saving points program proposal from the government

Targets	Consumers participating in electricity peak shaving programs
Incentives	For households: Equivalent to 2,000 JPY For companies: Equivalent to 200,000 JPY
<b>Budget</b>	<b>180 billion JPY</b>

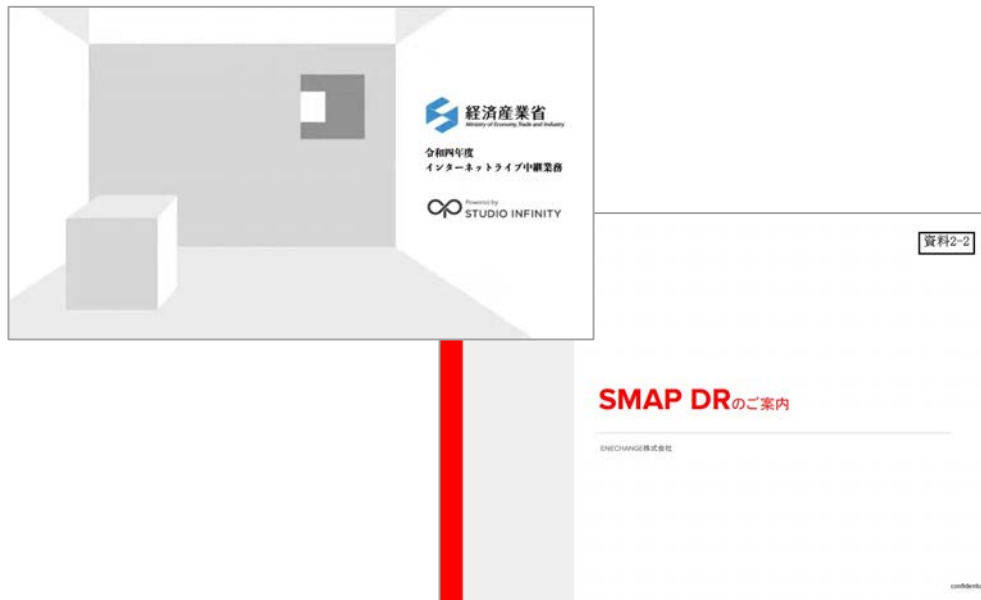
\* Agency for Natural Resources and Energy, "Electricity Supply and Demand Measures for FY22" (July 20, 2022)

# Aiming for 1 million participants in electricity peak shaving services

In response to the growing importance of energy saving, the government has supported us to promote our demand response service, SMAP DR, to over 300 electricity suppliers. Our strength lies in our track record of working with major suppliers, as well as our smart device DR technology, and we are aiming to recruit 1 million DR participants as soon as possible.

## ■ Promoting energy saving and DR to electricity suppliers

Introducing SMAP DR as a case study of DR services



Promoted our DR service to about 300 electricity suppliers\*

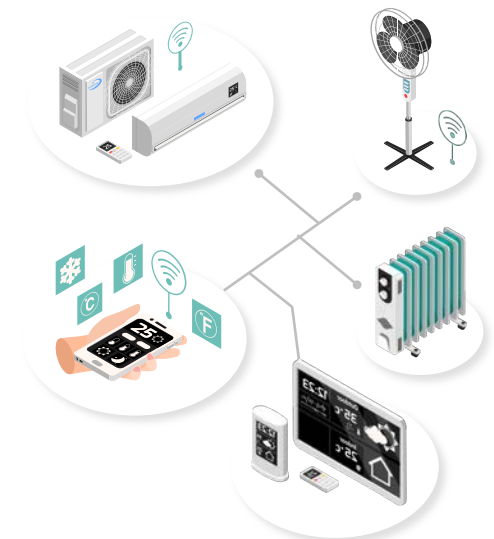
## ■ ENECHANGE' s demand response strengths

Track record with major suppliers



Aiming for 1 million DR participants as soon as possible

Smart device DR technology

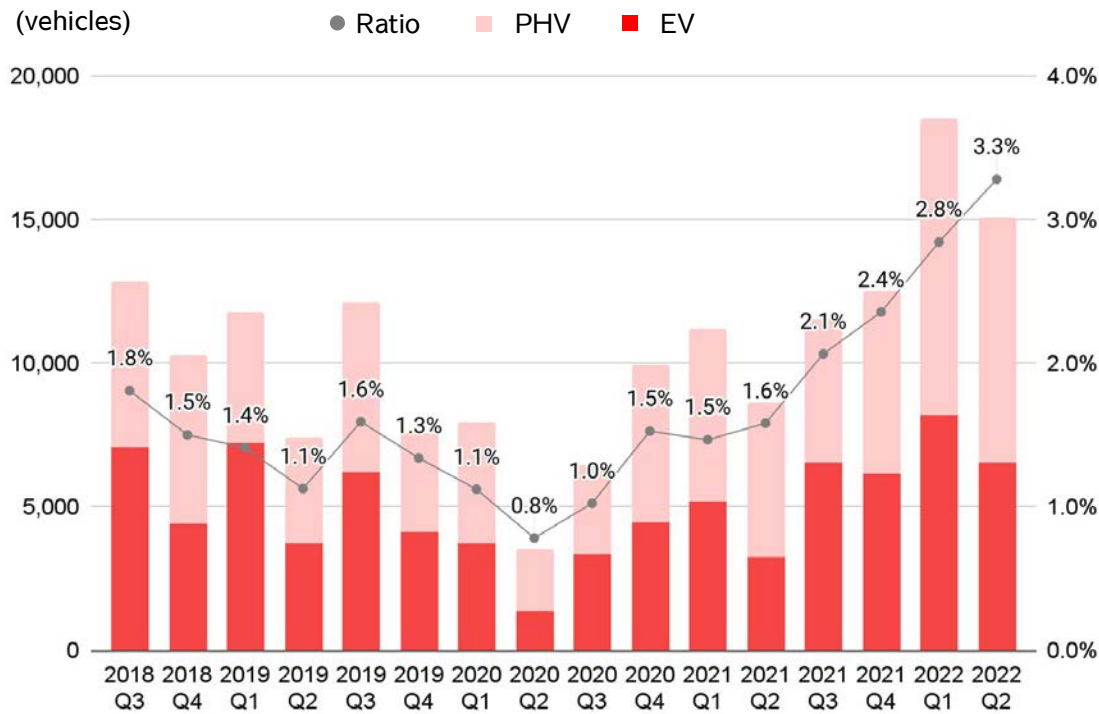


\* Agency for Natural Resources and Energy, "To promote Demand Response" (June 30, 2022)

# Sales percentage of new EVs/PHVs in Japan hitting a new record high

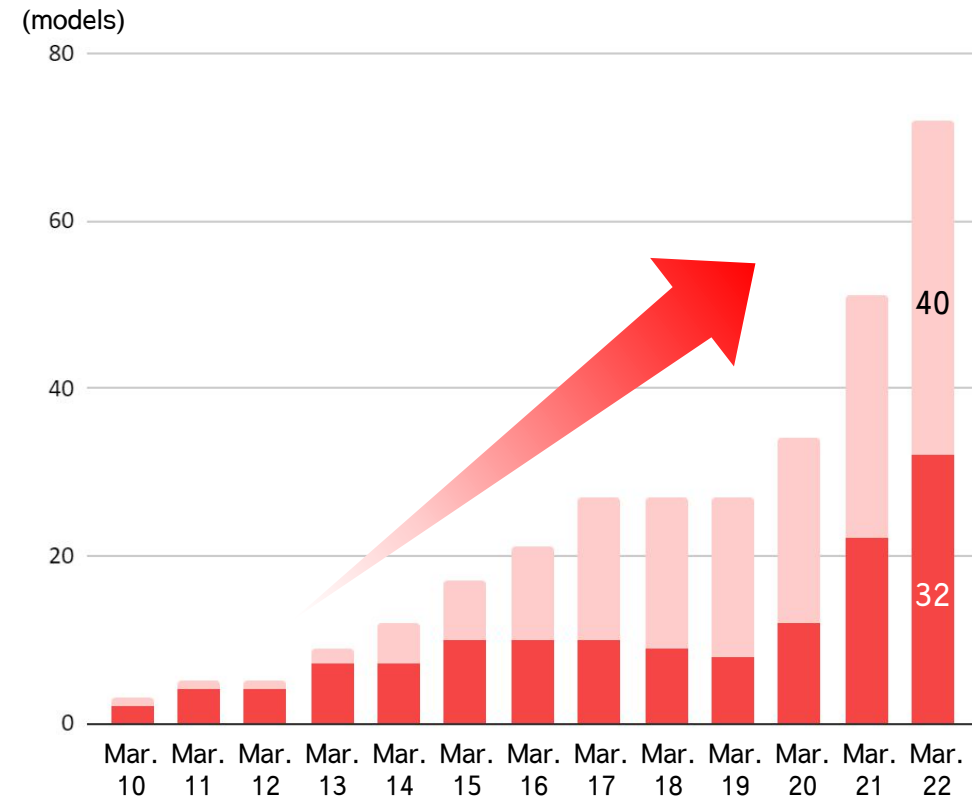
Domestic sales percentage of new EVs/PHVs in FY22 Q2 recorded their highest level at 3.3%. The number of EV models eligible for subsidies continues to increase, with 32 EVs and 40 PHVs, and further growth in EV sales is expected with the launch of a new electric kei car.

## Changes in sales ratio of new EV/PHV in Japan (passenger cars)\*1



## Expansion of car models eligible for subsidies\*2

32 EV models / 40 PHV models (as of March 2022)



\*1 Created by ENECHANGE based on Japan Automobile Dealers Association, "Numbers of Sold Vehicles by Fuel Type (Passenger Vehicles)"

\*2 From public materials published by the Next Generation Vehicle Promotion Center

## Rebranded as ENECHANGE EV Charge, introduced subsidy-eligible charger model

We rebranded our ENECHANGE EV Charging Service as ENECHANGE EV Charge and brought in our new "Model 2" charger. Model 2 is eligible for government subsidies\*, which further reduces the burden on site hosts installing EV chargers.

### ■ Introduction of new EV charger

# ENECHANGE EV CHARGE

■ Supports output of **6kW**,  
**double-speed charging**

■ Remote control through **4G**

■ Eligible for **subsidies**

### Model 2

Subsidy eligible

- 200V/6.0kW Output
- Double-speed charging, 4G communication
- Width 290mm x Length 410mm x Depth 120mm
- Height approx. 2,400mm
- Cable length: 5m



\* In the Project to Subsidize the Installation of Charging Infrastructure in the 2021 supplementary budget, the maximum amount available for charging equipment is ¥150,000 (up to 50% of the purchase price), and the maximum amount for construction cost is ¥1,350,000 (up to 100% of the construction costs).



## Strategy to reach 30,000 ports by investing 30 billion JPY

We announced an investment campaign of up to 30 billion JPY, using subsidies and financing, with the goal of having 30,000 ports installed by 2027. We launched a Free Installation Campaign that adds our own financial support on top of the subsidy. We are also expanding our sales network through our partner program, to achieve our target as soon as possible.

### ■ Free Installation Campaign

### ■ Started partner program



ENECHANGE  
EV CHARGE

補助金に加え、エネチェンジが独自に導入支援金を拠出！

今なら  
EV充電設備を **0** 円で導入可能！

エネチェンジEVチャージ 導入支援キャンペーン  
2022年6月30日から受付開始！

“Available now: you can install EV charging equipment for free!”



ENECHANGE  
EV CHARGE

EV充電設備の導入サービス  
「エネチェンジEVチャージ」の  
法人パートナーを募集

電気自動車の普及拡大に伴い、ニーズ、マーケットが拡大中  
「エネチェンジEVチャージ」のパートナーとして  
お取り組みを始めてみませんか？

 三菱オートリース株式会社

 SUMASAPO

 HW ELECTRO

## EV charging companies attracting attention from investors

Many overseas EV charge point operator (CPO) companies\*<sup>1</sup> have been listed on the market since 2021, and all EV CPO companies have prioritized sales growth even if they show a deficit due to investment. Blink's (No. 4 in terms of Level 2 charger port numbers\*<sup>2</sup>) M&A of SemaConnect (No.2) for approximately 200 million USD\*<sup>3</sup> has increased the importance of corporate strength as competition intensifies.

Company name (Ticker symbol)	IPO Date	Market cap* <sup>4</sup>	Sales* <sup>4</sup> (TTM)	EBITDA* <sup>4</sup>	PSR* <sup>5</sup>	Stock Exchange	Main sales market	No. of Level 2 chargers* <sup>2</sup>	No. of DC fast chargers* <sup>2</sup>
Tesla (TSLA)	Jun. 2010	\$931 B	\$67.17 B	\$9,625 M	13.9x	NASDAQ	Global	14,442	14,601
ChargePoint (CHPT)	Mar. 2021	\$5.09 B	\$282 M	\$-117 M	18.0x	NYSE	USA Europe	49,484	1,828
EVgo (EVGO)	Jun. 2021	\$2.38 B	\$25.8 M	\$-31.9 M	92.1x	NASDAQ	USA	410	2,114
Blink (BLNK)	Feb. 2018	\$1.06 B	\$28.5 M	\$-52.9 M	37.3x	NASDAQ	USA	10,445	78
Allego (ALLG)	Mar. 2022	\$1.04 B	\$49.5 M	\$-23.1 M	21.0x	NYSE	Europe	N/A	N/A
Fastned (FAST)	Jun. 2019	\$0.49 B	\$12.8M	\$-12.6 M	38.4x	Euronext Amsterdam	Europe	N/A	N/A
Volta (VLTA)	Aug. 2021	\$0.31 B	\$36.0 M	\$-259 M	8.6x	NYSE	USA	2,877	82

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

\*2. 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 August 1, 2022. The Blink numbers include SemaConnect's SemaCharge chargers, as SemaConnect was acquired by Blink in June 2022.

\*3. From Blink press release

\*4. From Yahoo Finance (as of July 31, 2022), €1=\$1.026

\*5. Price to Sales Ratio. Calculated as market cap divided by sales (TTM)





**4**

**Forecast for FY22**

## Revised forecast for FY22

While sales have progressed well to 63% of the revised forecast of 3.4 billion JPY in Q2, in the Platform business, sales are expected to decrease significantly in FY22 H2, from approximately 1.6 billion JPY in H1. Therefore, the forecast remains unchanged.

### ■ Financial results forecast for FY22

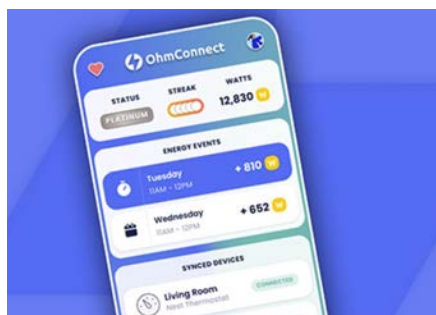
Unit: JPY MM

	FY21 full-year results	FY22 full-year forecast	FY22 revised forecast (Announced May 13)	YoY	FY22 Q2 results	Progress rate
Sales	3,018	4,000	3,400	+13%	2,151	63%
Operating income	40	(1,500)	(1,000)	-	(221)	-

## Investment in venture companies through our climate tech fund

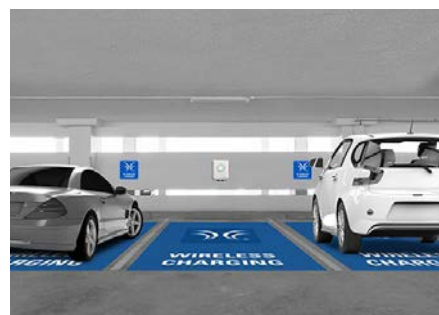
The Japan Energy Fund, where we are both an investor and active partner, has been making investments specifically in overseas climate tech ventures. We plan to collaborate with venture companies in the investment portfolio, particularly in the fields of demand response and EV charging.

### ■ Investments under consideration for collaboration



**OhmConnect**  
Demand response service

Collaboration with Data  
business under  
discussion



**WiTricity**  
EV wireless charging  
technology

Collaboration with EV  
Charging business under  
discussion

### ■ Other Investments



Digital Twin offshore wind  
farm



Nickel-zinc batteries



Energy market access  
platform



Applications for  
next-generation smart meters

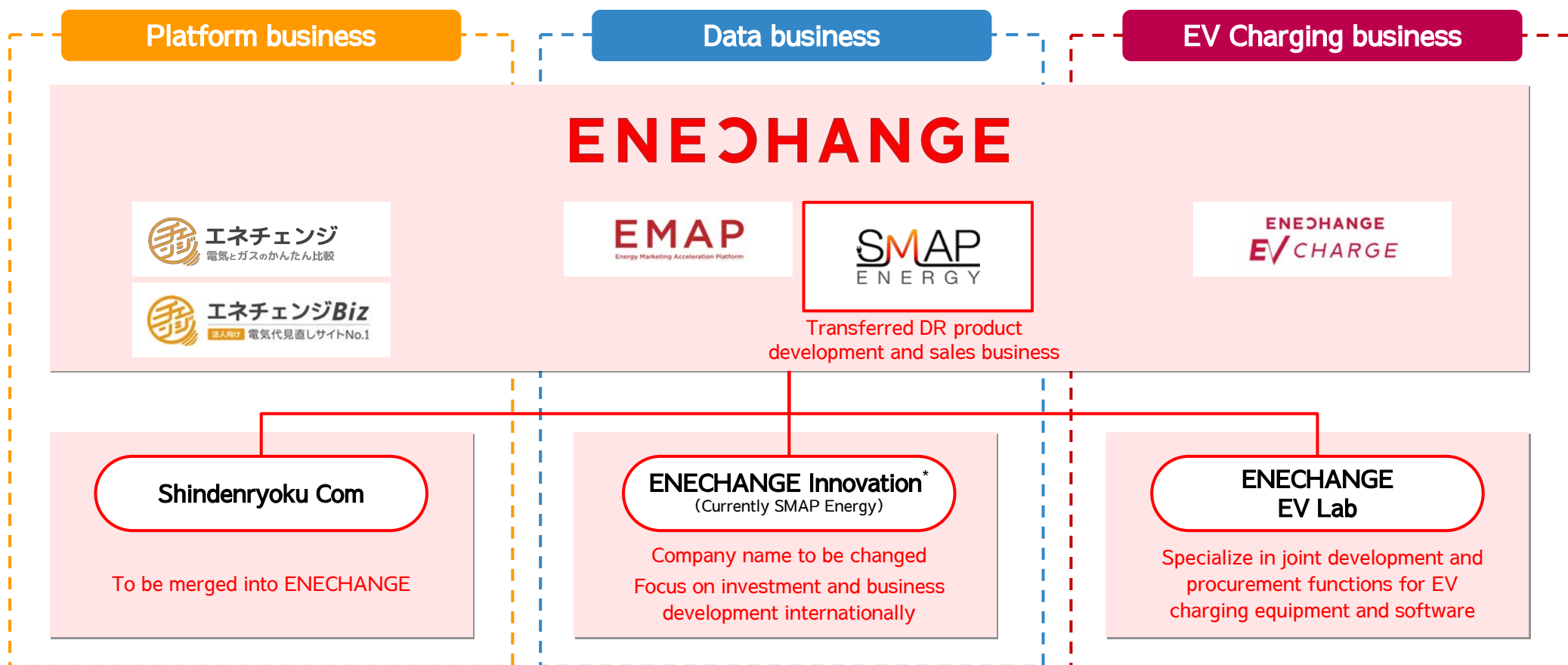


Stationary liquid metal™  
batteries

## Group reorganization streamlines operations

We will establish ENECHANGE EV Lab, a subsidiary specializing in the development and procurement of EV charging equipment and its software, in order to operate the business more efficiently. In addition, the DR product SMAP DR will transfer to ENECHANGE. Our subsidiary SMAP Energy will be renamed as ENECHANGE Innovation, and will focus on investment and business development internationally.

### ■ Image of the Group after the reorganization



\* Plans to change the company name from SMAP Energy Limited around October 2022, subject to final approval

# ENECHARGE

Heading into a "tunnel" but exit is in sight

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**5**

# **Appendix**

# Company outline

Company name	ENECHANGE Ltd. 4169, Tokyo Stock Exchange Growth
Address	14F, WeWork Tokyo Square Garden, 3-1-1 Kyobashi, Chuo-ku, Tokyo, Japan
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**

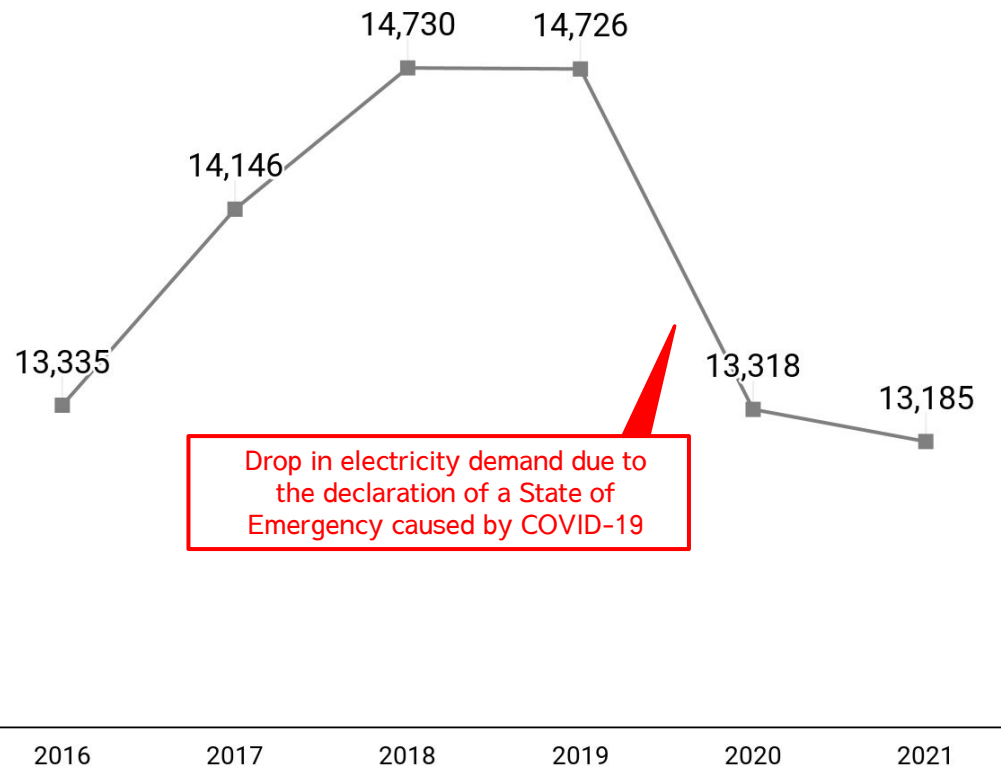


# Electrification will expand electricity market to 18 trillion JPY

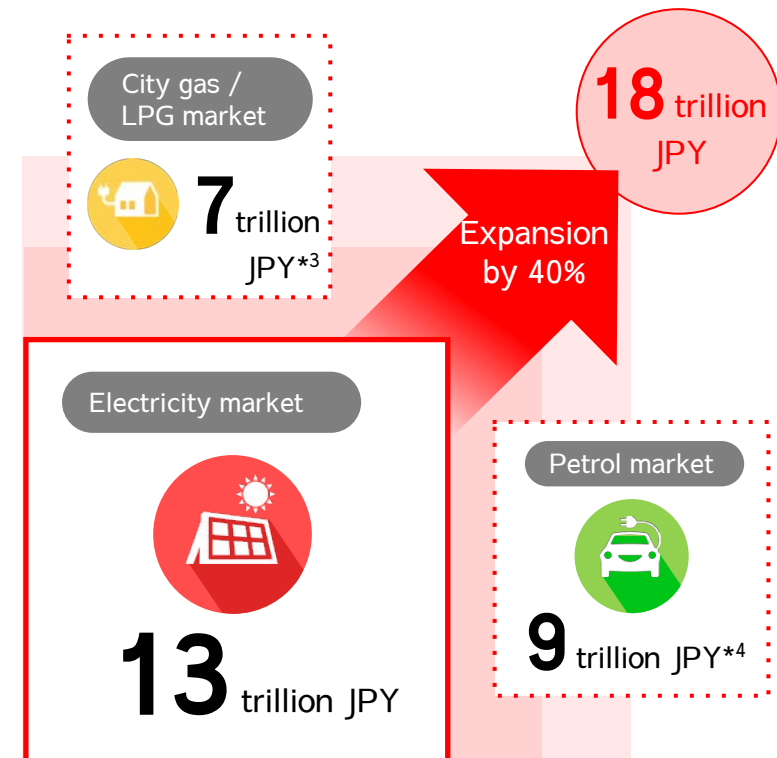
The move towards decarbonization is encouraging the spread of fully electrified homes and electric vehicles. As a result, the electricity market is expected to grow from its current level of 13 trillion JPY to 18 trillion JPY (+40%\*1) by 2050.

## ■ 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"

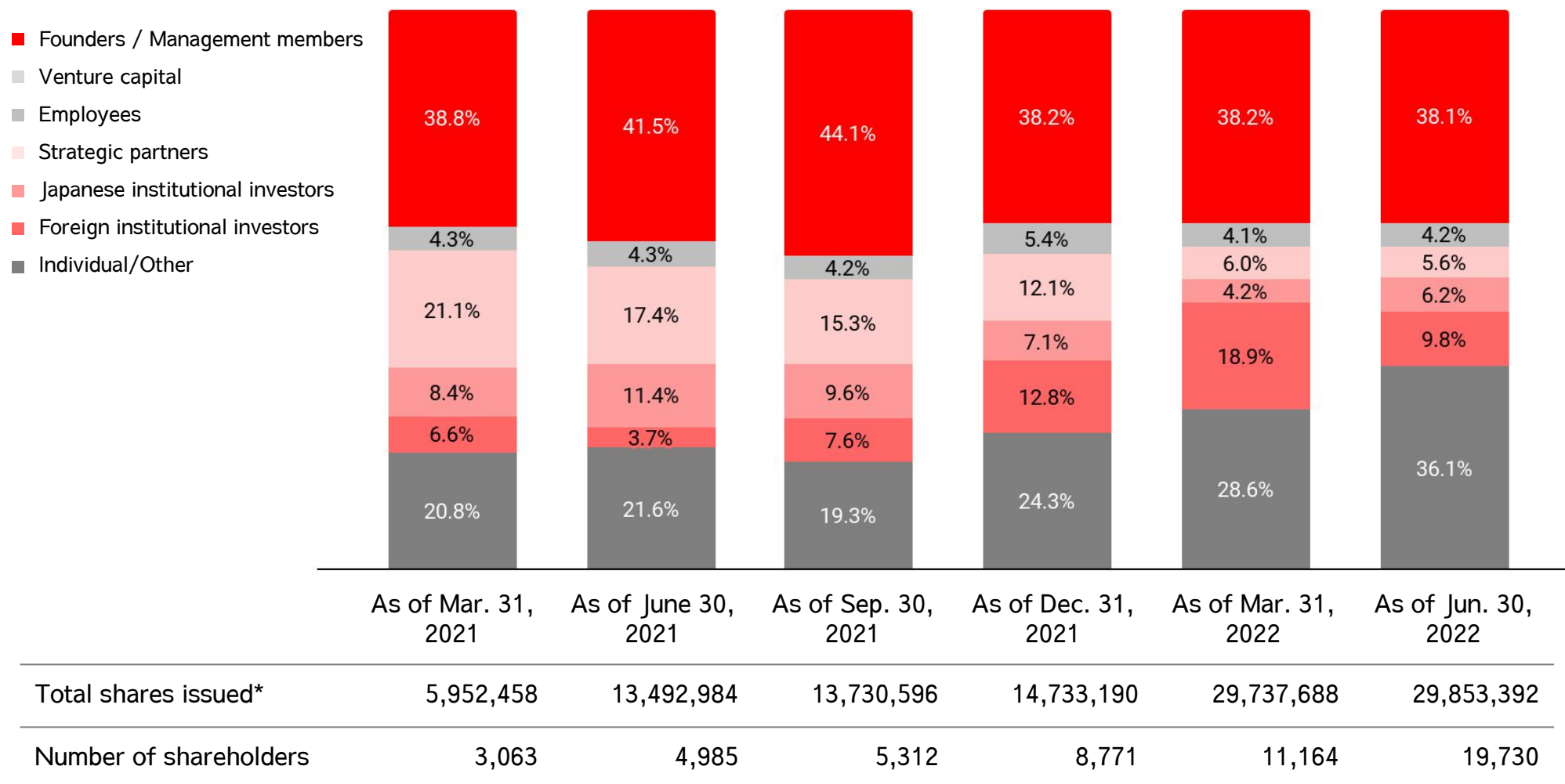
To bring about a carbon-free society, we must reform the energy industry through the 4Ds. ENECHANGE uses the technological capacity, global knowledge, and networks we fostered at Cambridge to encourage reform in Japan's energy industry.

- Yohei Kiguchi, PhD  
Founder & CEO



# Shareholder information

Between FY22 Q1 and FY22 Q2, the number of shareholders increased significantly as the individual investor base has expanded.



\* 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 ★

Graduated from Waseda University with a Bachelor of Commerce and an MBA (Professional) from Kyoto University. After working as a certified public accountant at KPMG, he worked at Goldman Sachs in M&A, corporate investment, and fundraising. CFO at Renova since 2015. Executive Officer in charge of Finance Division at Recruit Holdings Co., Ltd. from 2022 and Director at Recruit Co., Ltd.



**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 strategic 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
	<b>Yohei Kiguchi, PhD</b> Representative Director and CEO	University of Cambridge, Doctoral researcher	○	✓	✓	✓		✓		
	<b>Ippei Arita</b> Representative Director and COO	JP Morgan, Engineer		✓	✓				✓	
	<b>Tatsuya Sogano</b> Director and CMO	P&G, Marketing		✓	✓					✓
	<b>Minoru Takeda</b> Independent Outside Director	Showa Shell, Chairman Royal Dutch Shell Japan, CEO	○ Committee Chair	✓		✓	✓			
	<b>Aki Mori</b> Independent Outside Director	Recruit Holdings, Executive Officer Renova, CFO Goldman Sachs, IBD	○	✓			✓	✓		
	<b>Kenichi Fujita</b> Independent Outside Director	Siemens Japan, CEO and Chairman		✓	✓	✓	✓			
	<b>Shinichiro Yoshihara</b> Independent Outside Director	EPCO, Representative Director and CFO, CPA		✓			✓	✓	✓	
	<b>Kana Bogaki</b> 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 / CO<sub>2</sub> emission

	FY2021
SCOPE1 (kg-CO <sub>2</sub> )	0
SCOPE2 (kg-CO <sub>2</sub> )	13,444
SCOPE1,2 total (kg-CO <sub>2</sub> )	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 Q2

In the FY22 YTD progress, sales were 2.1 billion JPY (+55.2% YoY) and gross profit was 1.8 billion JPY (+50.8% YoY), reaching a record high. Operating loss was -222 million JPY due to the planned upfront investment in the EV Charging business. Ordinary loss is -176 million JPY due to an approximately 40 million JPY investment gain. Net loss is -270 million JPY, mainly due to an impairment loss of 60 million JPY resulting from a review of the software sales plan.

(Unit: JPY MM)	Q2 (Apr-Jun)			YTD progress (Jan-Jun)		
	FY21	FY22	YoY	FY21	FY22	YoY
Sales	728	1,045	+43.6%	1,386	2,151	+55.2%
Gross Profit	635	875	+37.7%	1,196	1,804	+50.8%
<i>Gross Profit Margin</i>	87.3%	83.7%	(3.6)pt	86.4%	83.9%	(2.5)pt
<i>SG&amp;A expenses</i>	609	1,026	+68.5%	1,137	2,027	+78.3%
Operating Profit	26	(151)	-	59	(222)	-
<i>Operating Profit Margin</i>	3.6%	(14.5)%	(18.1)pt	3.6%	(10.3)%	(13.9)pt
Ordinary Profit	35	(165)	-	79	(176)	-
Net Profit attributable to owners of parent	2	(258)	-	16	(270)	-

## Consolidated financial results for FY22 Q2 by segment

In the FY22 YTD progress, sales were 1.6 billion JPY (+58.9% YoY) for the Platform business and 0.5 billion JPY (+43.9% YoY) for the Data business. Both businesses remained profitable in terms of operating income, but we posted an operating loss due to upfront investments in the EV Charging business, an increase in headcount and head office expenses associated with business expansion.

(Unit: JPY MM)		Q2 (Apr-Jun)			YTD progress (Jan-Jun)		
		FY21	FY22	YoY	FY21	FY22	YoY
Consolidated		728	1,045	+43.6%	1,386	2,151	+55.2%
Sales	Platform business	560	823	+46.8%	1,030	1,637	+58.9%
	Data business*1	167	221	+32.1%	355	511	+43.9%
	EV Charging business	-	0	-	-	1	-
	Consolidated	26	(151)	-	59	(222)	-
Operating profit	Platform business	100	122	+28.0%	175	194	+10.9%
	Data business	32	21	(34.4)%	93	103	+10.8%
	EV Charging business	-	(118)	-	-	(208)	-
	Adjustment amount*2	(106)	(176)	-	(209)	(312)	-

\*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.

\*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, investment in advertising has been curtailed since March, while sales commissions and sales promotion expenses increased as user acquisition increased due to rising demand for switching following the withdrawal of energy retailers. In the Data business, we invested in team expansion 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 Q2					FY22 Q2				
	Company-wide	Platform business	Data business	EV Charging business	Company-wide costs	Company-wide	Platform business	Data business	EV Charging business	Company-wide costs
<b>Sales</b>	<b>1,385</b>	<b>1,030</b>	<b>356</b>	-	<b>0</b>	<b>2,151</b>	<b>1,637</b>	<b>511</b>	<b>1</b>	<b>0</b>
<b>Cost of sales</b>	<b>189</b>	<b>28</b>	<b>162</b>	-	<b>0</b>	<b>346</b>	<b>40</b>	<b>254</b>	<b>51</b>	<b>0</b>
<b>Gross profit</b>	<b>1,196</b>	<b>1,002</b>	<b>194</b>	-	<b>0</b>	<b>1,804</b>	<b>1,597</b>	<b>257</b>	<b>(49)</b>	<b>0</b>
<i>Gross Profit Margin</i>	<i>86.3%</i>	<i>97.2%</i>	<i>54.5%</i>	-	-	<i>83.9%</i>	<i>97.6%</i>	<i>50.3%</i>	-	-
<b>Sales costs &amp; general administration costs</b>	<b>1,136</b>	<b>826</b>	<b>100</b>	-	<b>209</b>	<b>2,027</b>	<b>1,402</b>	<b>153</b>	<b>158</b>	<b>312</b>
Advertising expenses	47	43	0	-	3	272	228	0	41	1
Sales commissions, sales promotion expenses	609	609	0	-	0	866	866	0	0	0
Personnel expenses	276	103	79	-	95	440	139	92	94	113
Outsourcing expenses	120	64	6	-	50	237	107	44	12	73
Other	85	8	15	-	61	210	61	16	9	123
<b>Operating profit*2</b>	<b>59</b>	<b>175</b>	<b>93</b>	-	<b>(209)</b>	<b>(222)</b>	<b>194</b>	<b>103</b>	<b>(208)</b>	<b>(312)</b>
<i>Operating Profit Margin</i>	<i>4.3%</i>	<i>17.0%</i>	<i>26.1%</i>	-	-	<i>-10.3%</i>	<i>11.9%</i>	<i>20.2%</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 cash equivalents decreased by 1.2 billion JPY due to a 507 million JPY increase in fixed assets from venture capital investments etc, a 251 million JPY loss before income taxes, a 128 million JPY payment of income taxes, and a 320 million JPY payment related to working capital such as cashback related to other user incentives.

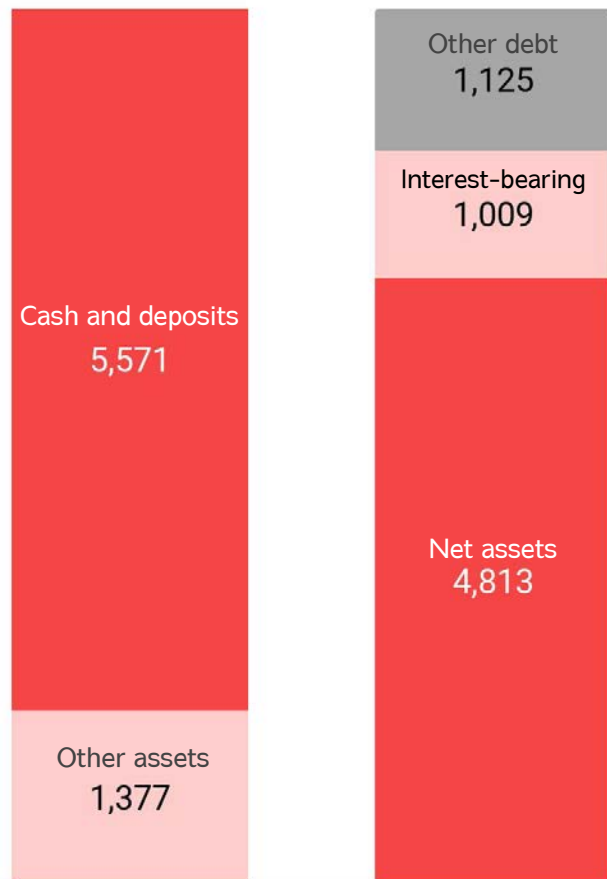
(Unit: JPY MM)	End of FY21	End of FY22 Q2	
		Actual	QoQ
<b>Current Assets</b>	<b>6,076</b>	<b>5,019</b>	<b>(1,057)</b>
Cash and Deposits	5,571	4,365	(1,206)
<b>Fixed Assets</b>	<b>872</b>	<b>1,379</b>	<b>+507</b>
<b>Total Assets</b>	<b>6,949</b>	<b>6,398</b>	<b>(551)</b>
<b>Current Liabilities</b>	<b>1,184</b>	<b>1,046</b>	<b>(138)</b>
Interest-bearing Debts	59	59	-
<b>Fixed Liabilities</b>	<b>950</b>	<b>925</b>	<b>(25)</b>
Interest-bearing Debts	950	925	(25)
<b>Net Assets</b>	<b>4,813</b>	<b>4,426</b>	<b>(387)</b>

# Financial base

Since the public offering in December 2021, the D/E ratio has remained healthy at 0.22x.

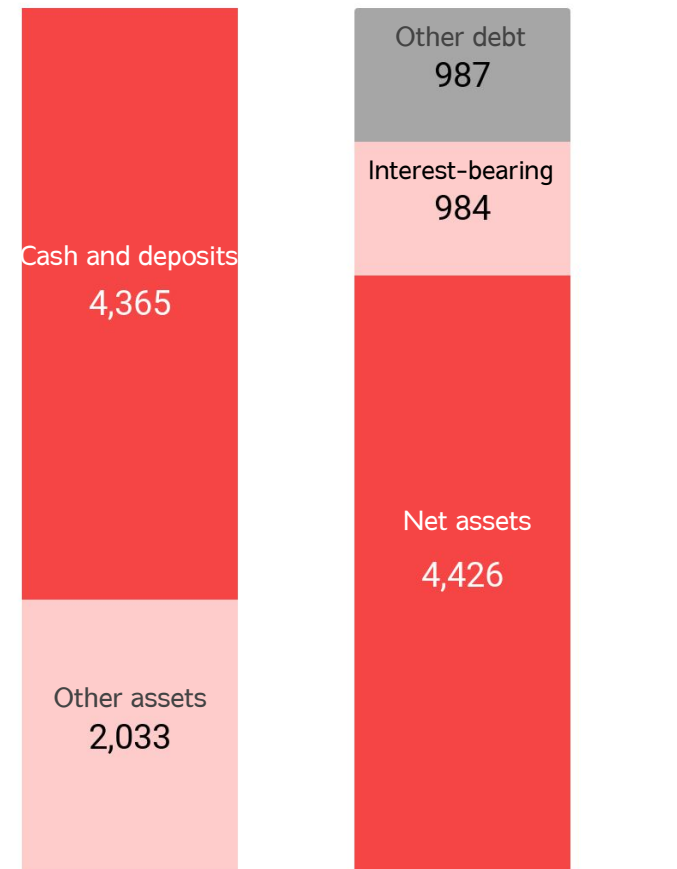
■ Consolidated Balance Sheet as of end Dec. 2021

Unit: JPY MM



■ Consolidated Balance Sheet as of end Jun. 2022

Unit: JPY MM

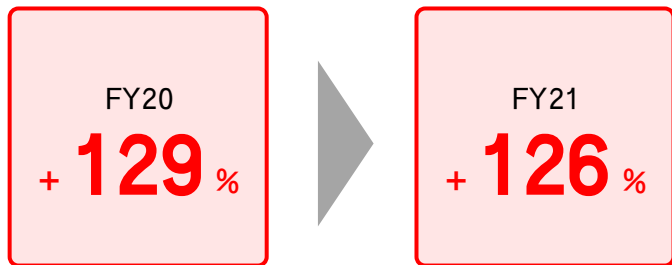


**D/E ratio**  
0.22x

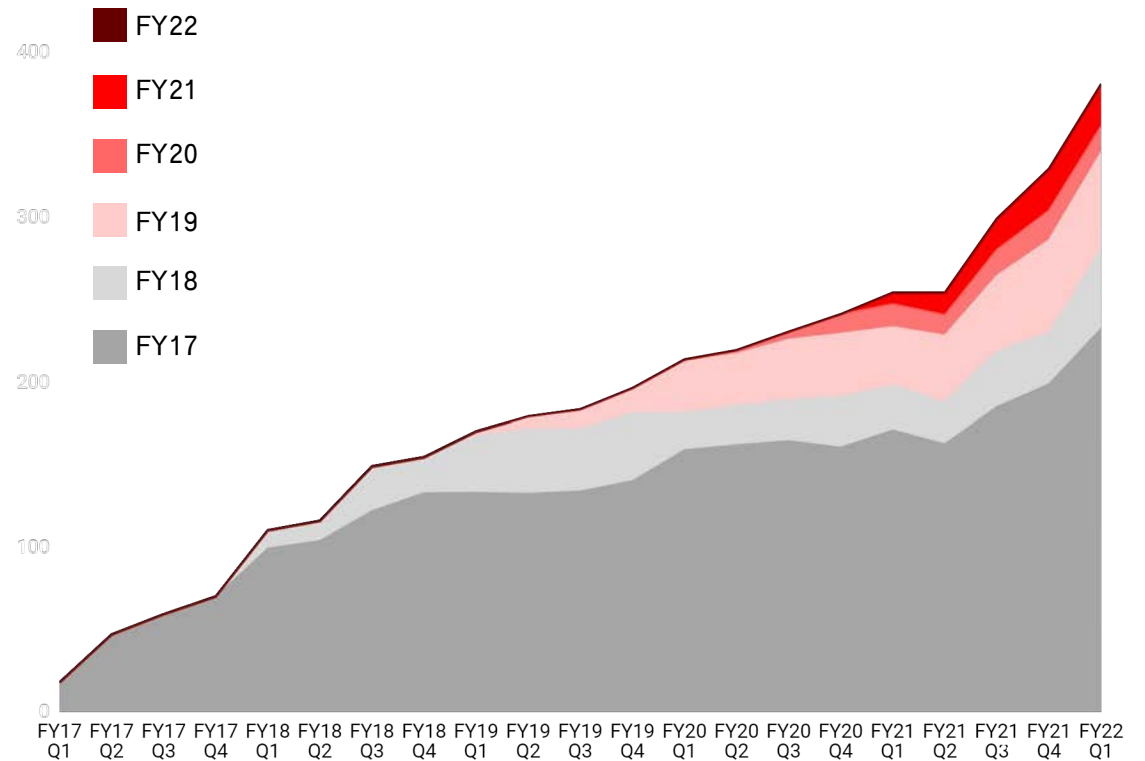
# Maintaining positive NRR as an energy SaaS

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%.

## NRR



## Changes in recurring revenue by start of service



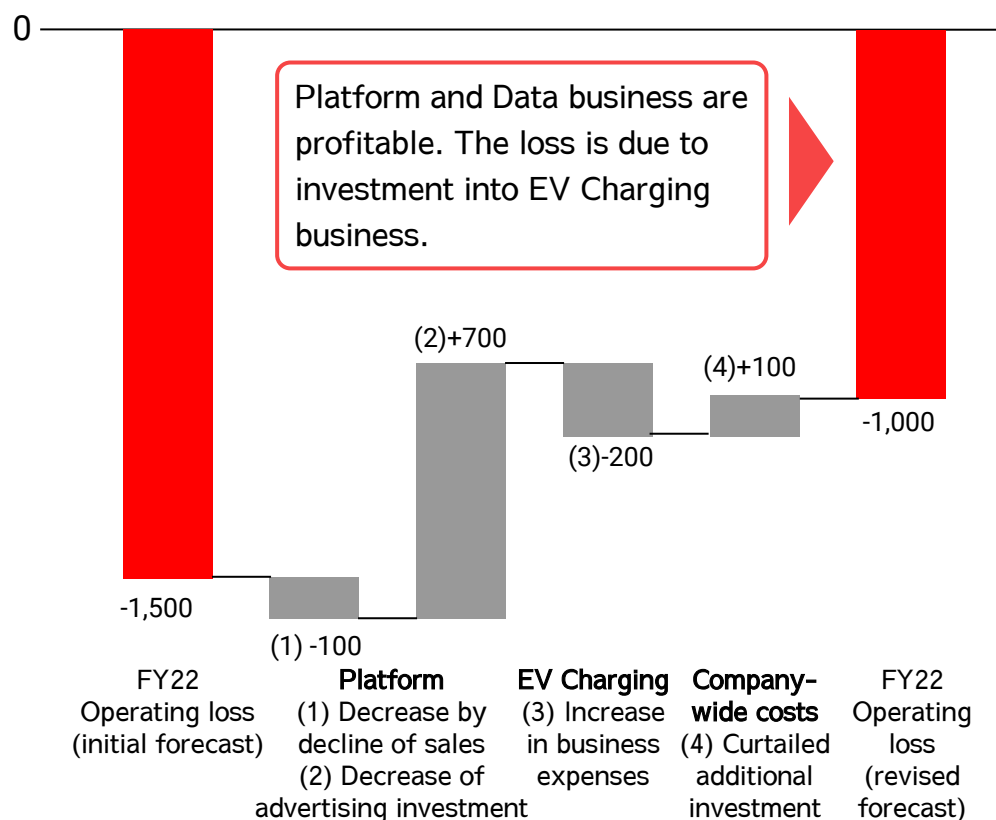
\* The net revenue retention is calculated by dividing recurring revenue at the end of fiscal period N from customers at the end of fiscal period N-1 by the recurring revenue at the end of fiscal period N-1.

# Revised investment planning assumptions (revised forecast for May 2022)

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 the company-wide level.

## ■ 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 million JPY 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

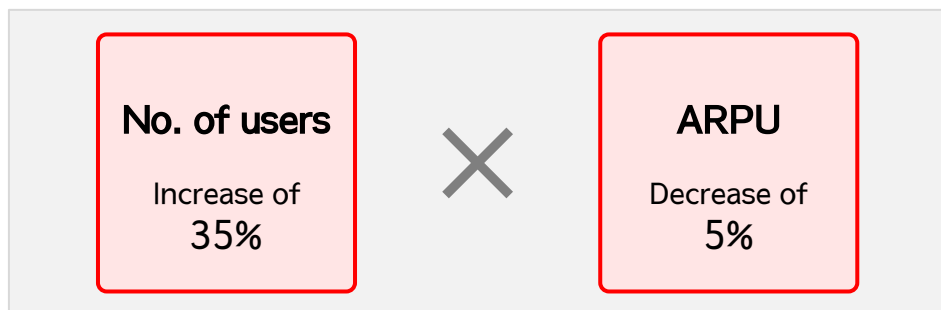
\* Total of in-house channel expenses (advertising expenses for digital marketing) and partner channel expenses (sales promotion expenses borne by the Company)

## Revised assumptions for sales forecast (revised forecast for May 2022)

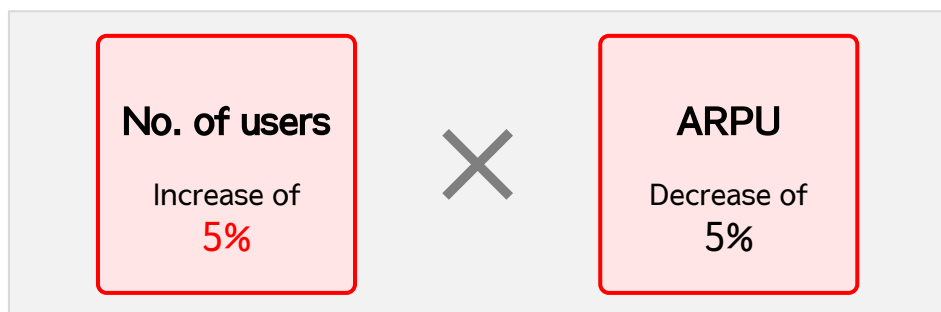
The number of users is expected to decline from the initial projection (drop from 35% to 5% growth) due to the suspension of new user acquisition by electricity companies. ARPU is expected to keep the initial forecast, offsetting the decline from May onward with the increase until April.

### ■ 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



■ **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

×

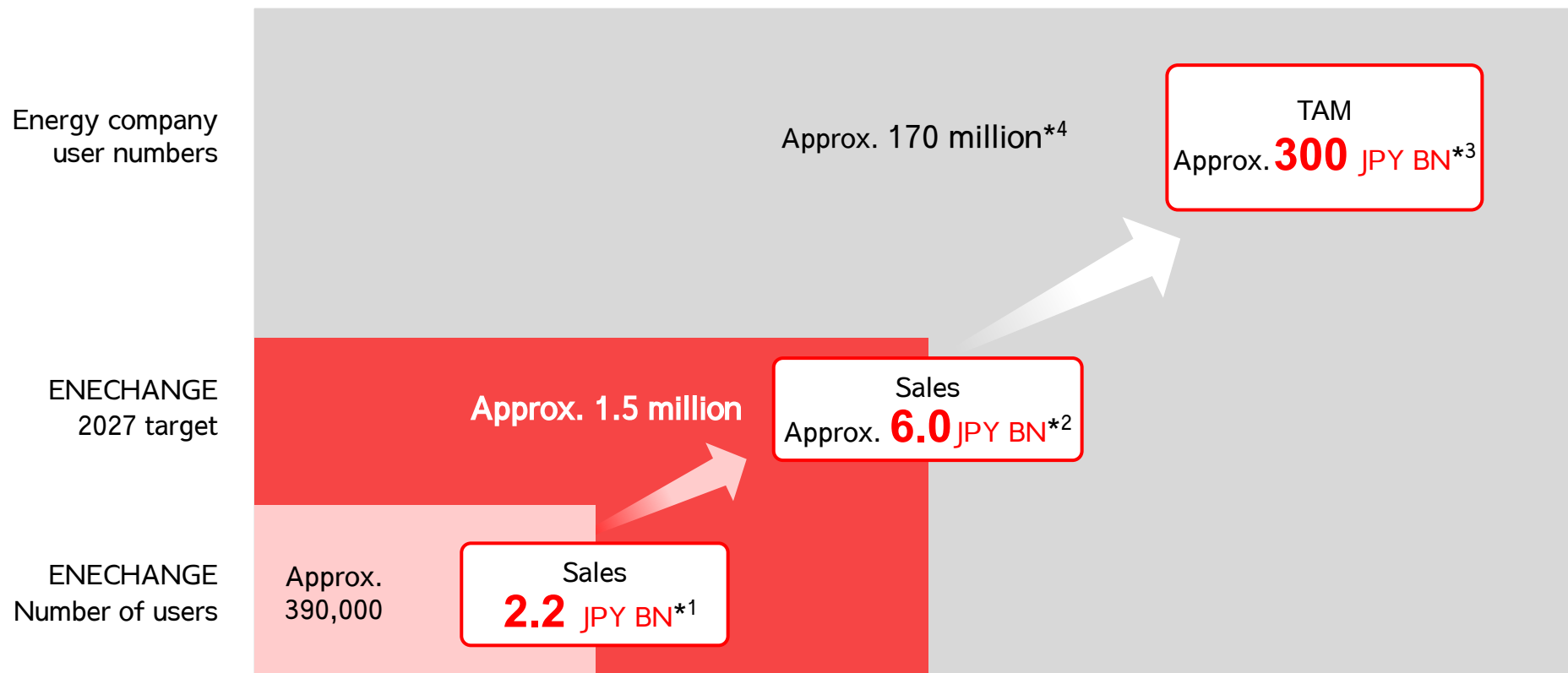
Decarbonization

\* 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.

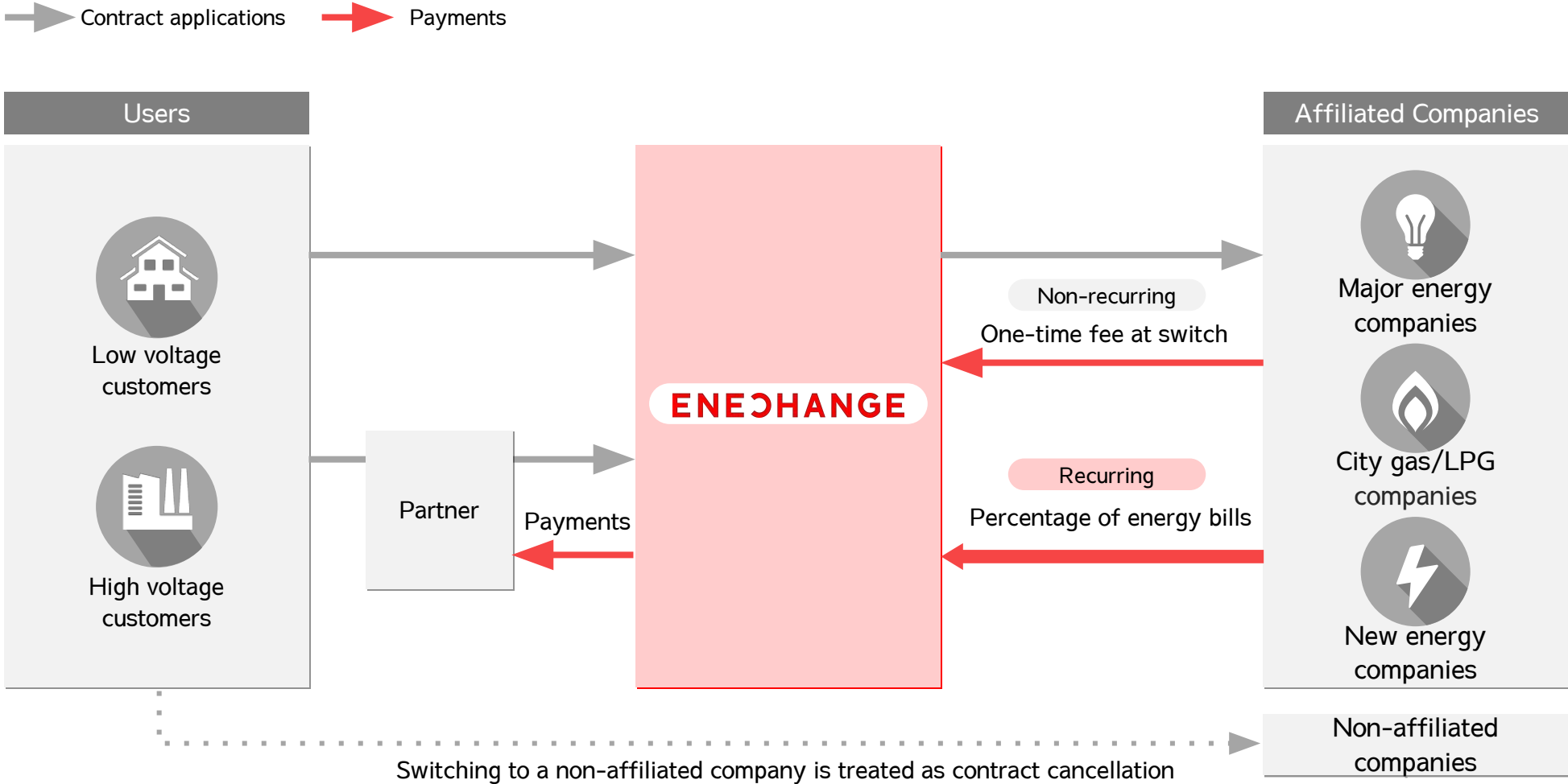
\*2. Targeted growth at an average annual growth rate of 30% from actual Platform business sales of 980 million JPY in FY20, the starting point for the long-term target. Non-recurring revenue is calculated based on the assumption that approximately 350,000 users will be switched per year by 2027; this 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

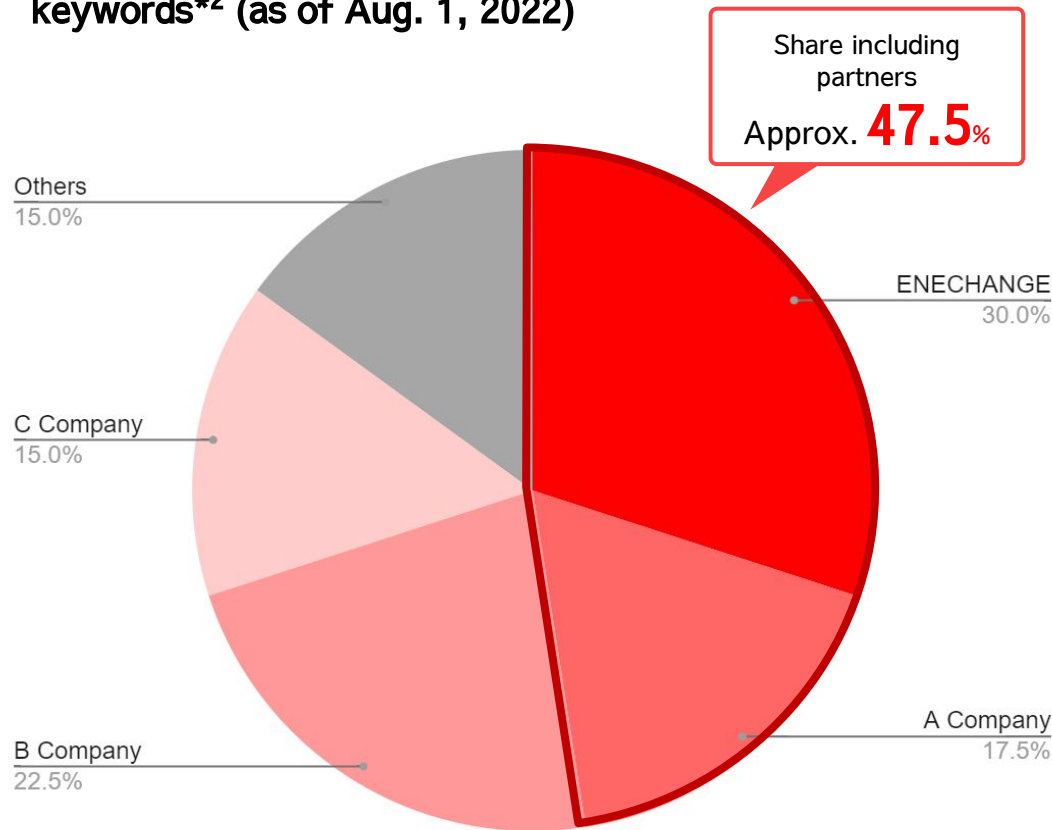
After switching an electricity or gas contract, we receive a one-time fee from the affiliated company as well as recurring revenue linked to energy bills. We have partnerships with many companies, and switching to non-affiliated companies (cancellation) is limited. From the viewpoint of the affiliated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



# Number one online switching platform and expansion of offline partners

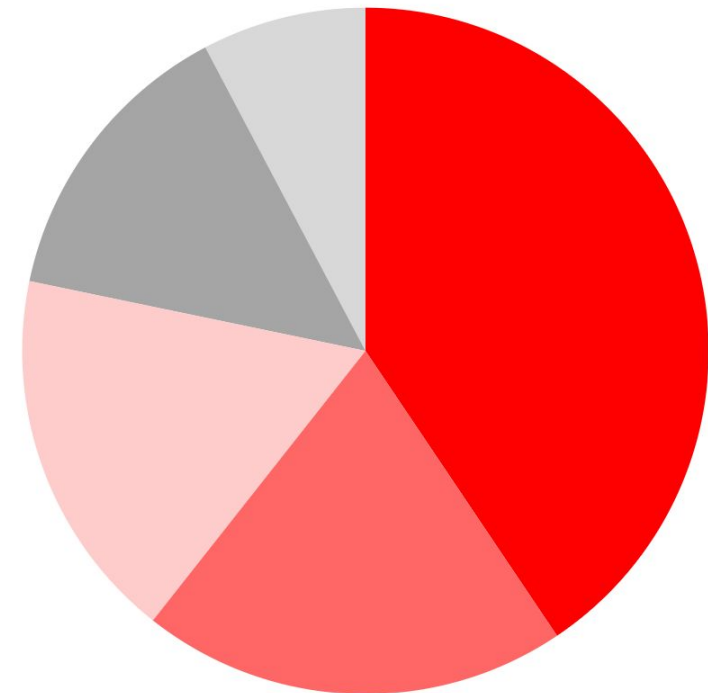
Our SEO measures enabled us to maintain our top share of 30.0% of search results for the 41 most important keywords\*<sup>1</sup>. We also partner with many companies, including the largest price comparison sites in Japan. For offline switching, we offer our systems to property management companies and financial institutions as partners, and the number of partners continues to reach record highs.

## ■ Percentage of top positions for the most important keywords\*<sup>2</sup> (as of Aug. 1, 2022)



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

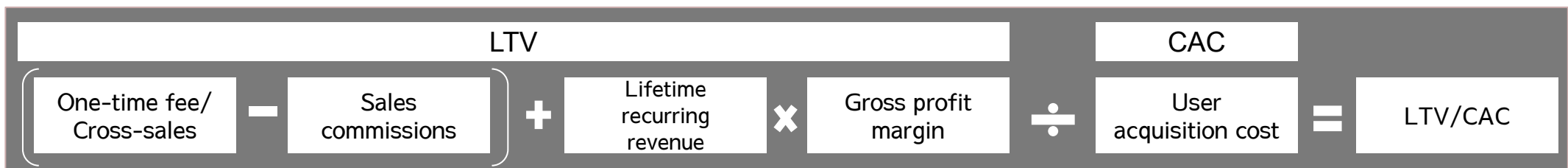
- Real Estate
- Energy-related companies (energy-saving equipment, etc.)
- Consulting
- Financial institutions, professional firms
- BPO



\*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 41 keywords in Japanese.

# LTV/CAC definitions and future policies



## Explanation of Terms

## Action Plan

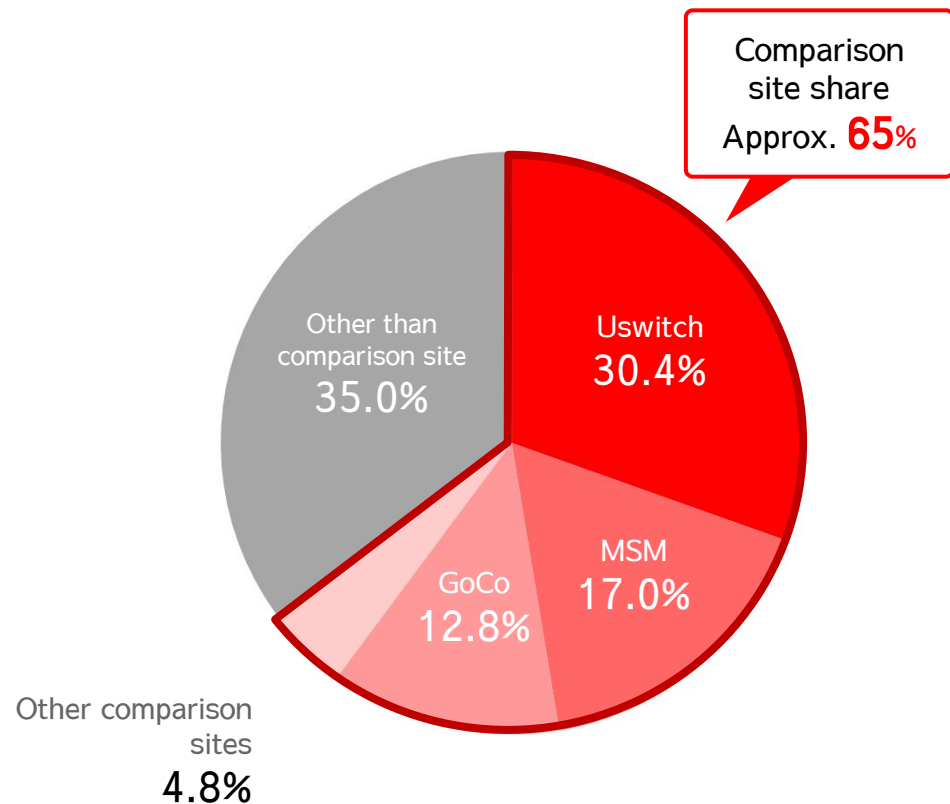
		Households	Corporates
One-time fee/ Cross-sales	<ul style="list-style-type: none"> <li>- One-time fees are payments received from partner companies when switching energy.</li> <li>- Cross-sales are sales obtained by selling products other than energy switching to users.</li> </ul>	One-time fee: Expected to decline after May 2022	Energy-saving product cross-sales
Sales commissions	<ul style="list-style-type: none"> <li>- Incentive fees from introducing customers from online/offline partners and fees related to issuing gift certificates to ENECHANGE users.</li> <li>- The strategy for both is to pay them within the scope of one-time fee.</li> </ul>	—	—
Lifetime recurring revenue	<ul style="list-style-type: none"> <li>- Total amount per user of recurring revenue received from partner companies who have received an energy switchover.</li> <li>- 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).</li> </ul>	Development of user-maintenance measures to improve churn rate	Maintain churn rate at low level
Gross profit rate	<ul style="list-style-type: none"> <li>- Gross profit rate for Platform business</li> </ul>	97% (FY21)	
User acquisition cost	<ul style="list-style-type: none"> <li>- 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).</li> <li>- Calculated by dividing the above by the number of new users.</li> </ul>	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.

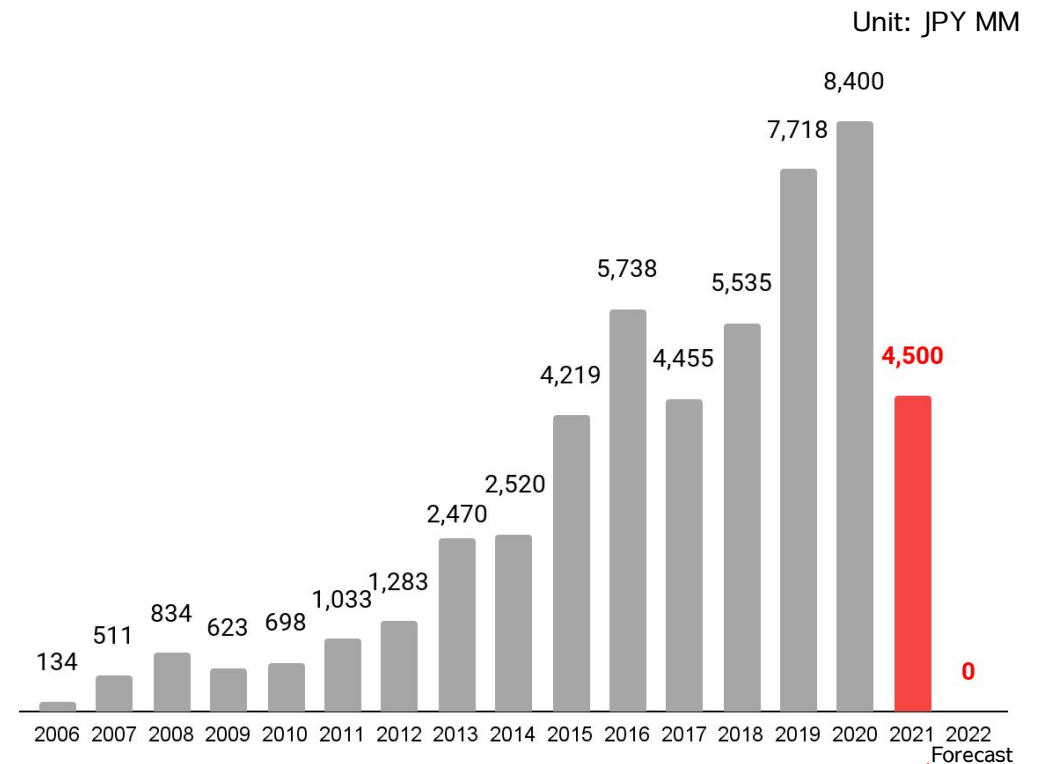
## Major UK switching company, MSM, forecasts zero energy sales for FY22

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\*<sup>1</sup> 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\*<sup>2</sup>



### ■ MSM sales\*<sup>3</sup> 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. Estimated share is the share of sales of the different companies calculated from GOV.UK, "Quarterly domestic energy switching statistics"

\*3. Estimated sales based on sales for the energy segment in the financial information converted at a rate of 150 JPY:1 GBP.



■ **Data business**

# SaaS products for 3Ds of energy

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

Data business

**D**IGITALIZATION

**D**ECARBONIZATION

**D**ECENTRALIZATION

**EMAP**

DX services for energy companies



**SMAP**

DR for households



**ENECHANGE KIWI**

DR for companies



**EIV**

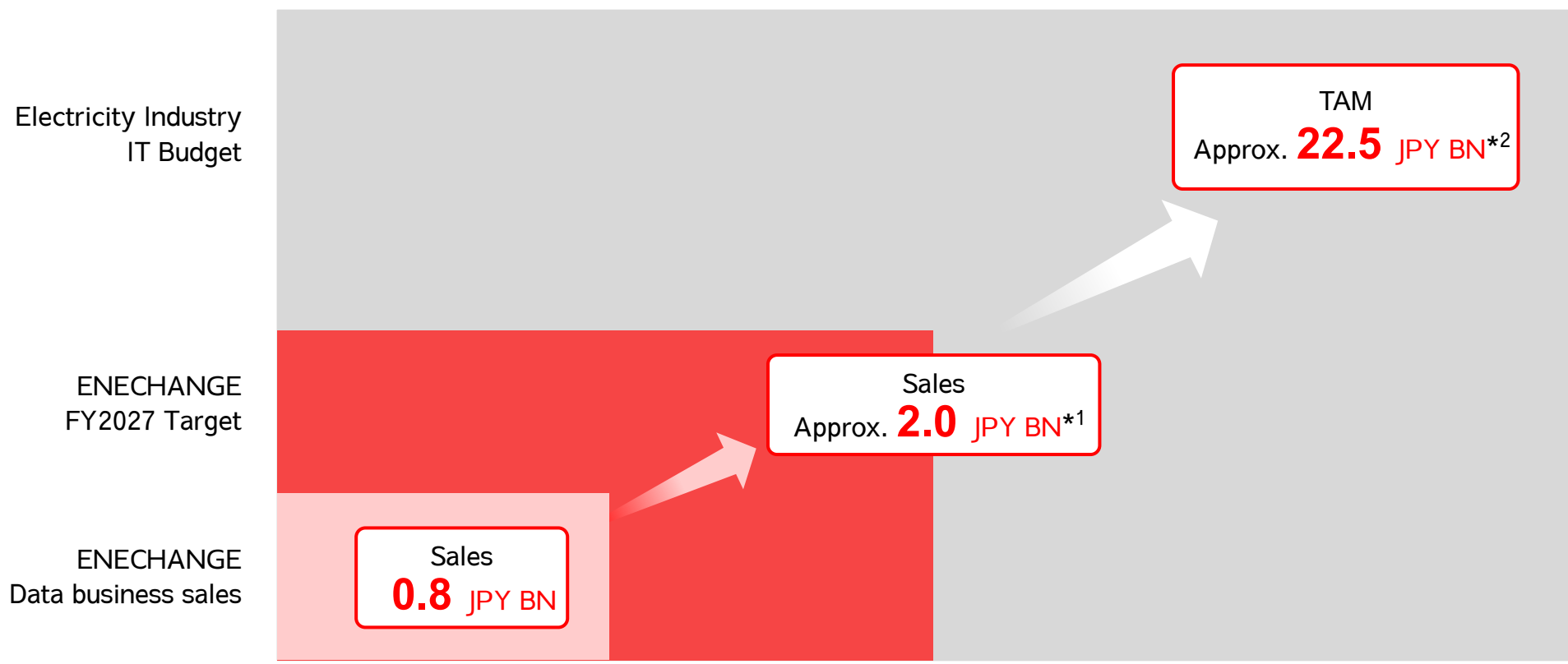
Overseas ventures acceleration program



\*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 to be 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.



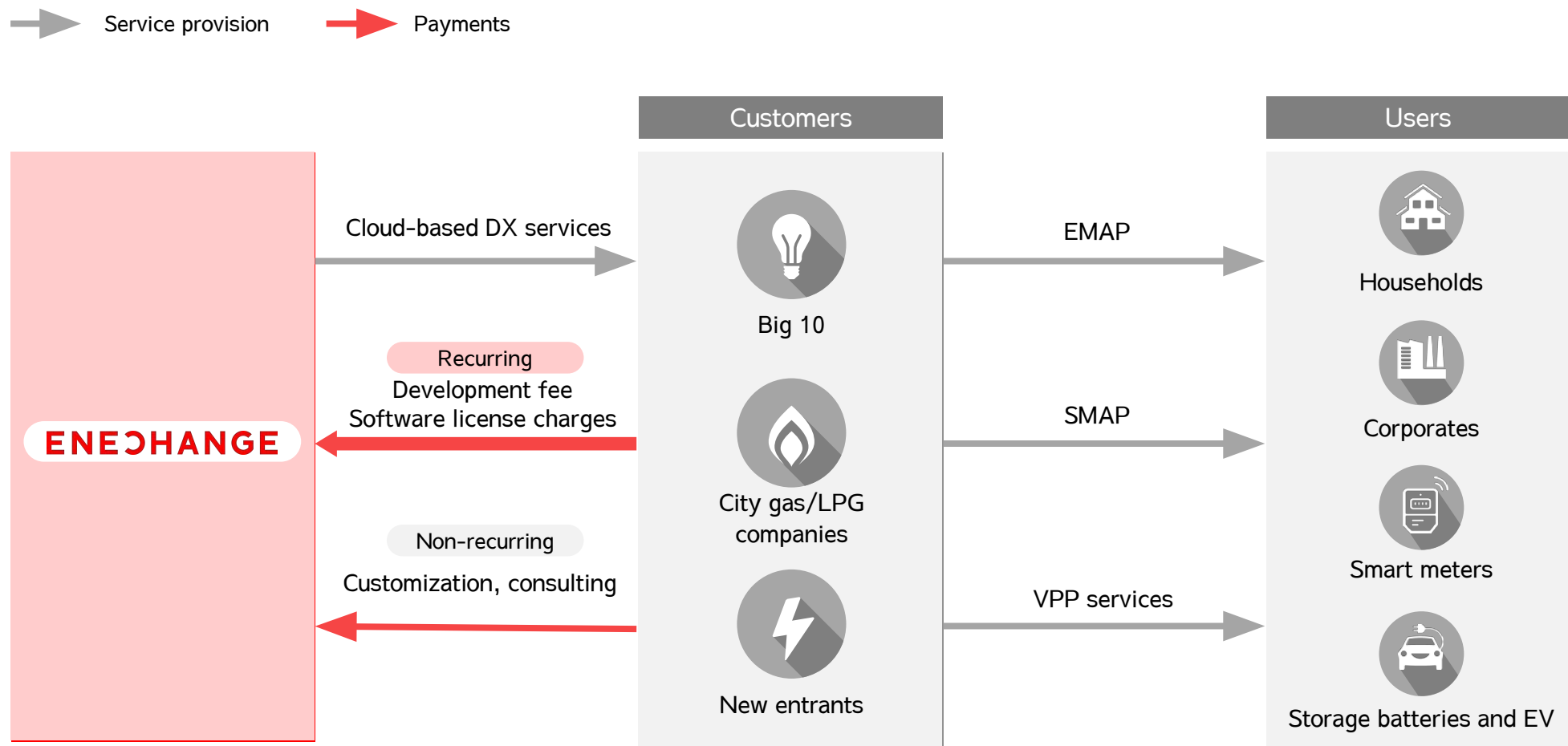
\*1. Targeted growth at an average annual growth rate of 15% from actual Data business sales of 720 million JPY in FY20, the starting point for the long-term goal.

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



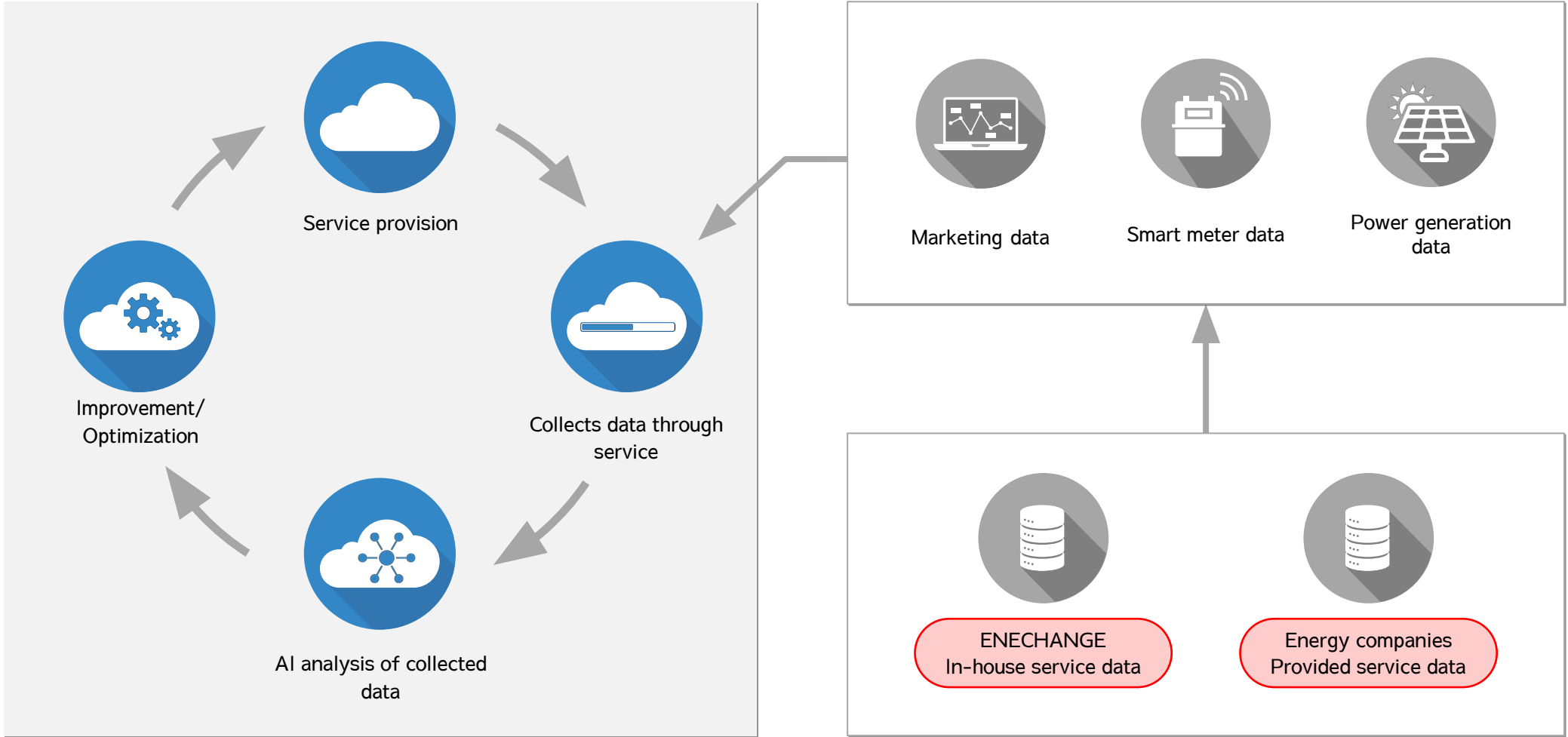
# Recurring revenue from monthly license charges

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

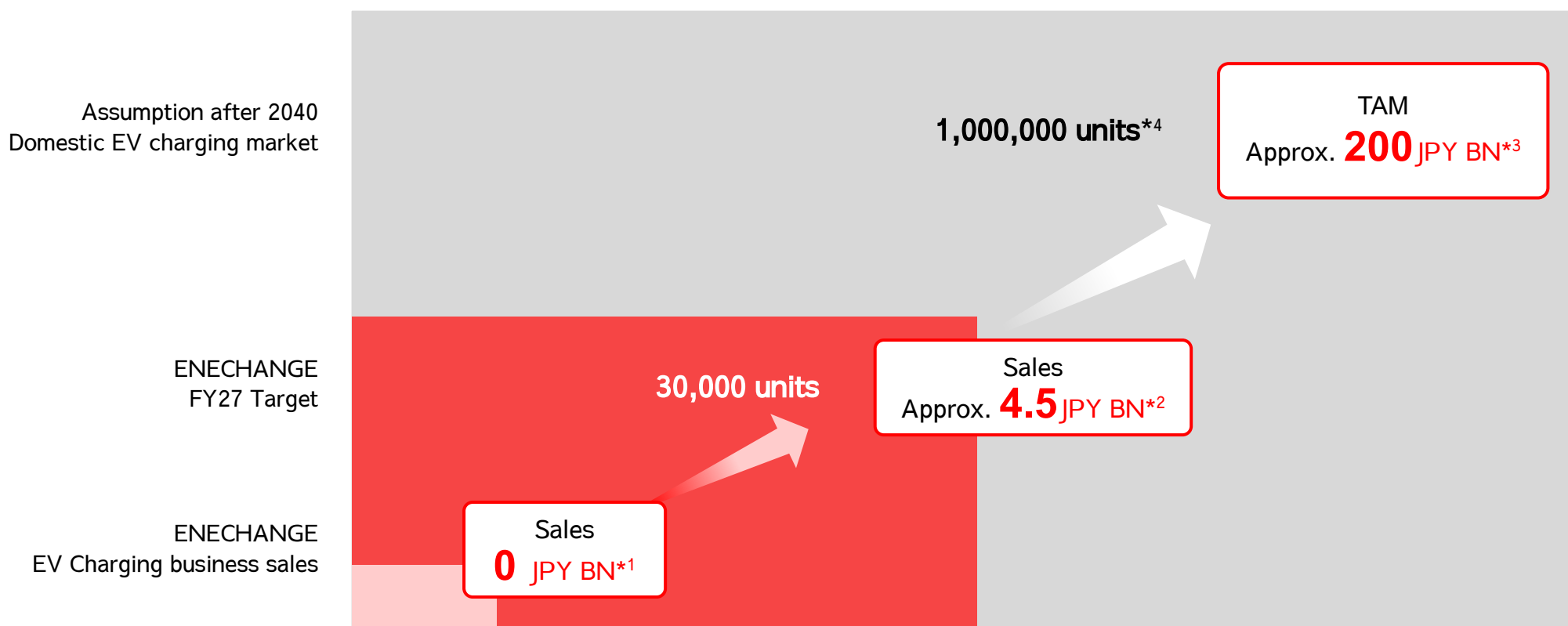
- EV charger billing management
- Confirmation of EV charger operation status

充電ステーションID	充電器ID	充電開始日時	充電終了日時	充電時間	充電電力量	決済番号	充電番号
10001	10001	2023/04/01 10:00	2023/04/01 10:30	00:30	4.5	0001	001
10002	10002	2023/04/01 11:00	2023/04/01 11:30	00:30	5.0	0002	002
10003	10003	2023/04/01 12:00	2023/04/01 12:30	00:30	4.8	0003	003
10004	10004	2023/04/01 13:00	2023/04/01 13:30	00:30	5.2	0004	004
10005	10005	2023/04/01 14:00	2023/04/01 14:30	00:30	4.9	0005	005
10006	10006	2023/04/01 15:00	2023/04/01 15:30	00:30	5.1	0006	006
10007	10007	2023/04/01 16:00	2023/04/01 16:30	00:30	4.7	0007	007
10008	10008	2023/04/01 17:00	2023/04/01 17:30	00:30	5.3	0008	008
10009	10009	2023/04/01 18:00	2023/04/01 18:30	00:30	4.6	0009	009
10010	10010	2023/04/01 19:00	2023/04/01 19:30	00:30	5.0	0010	010



## 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.

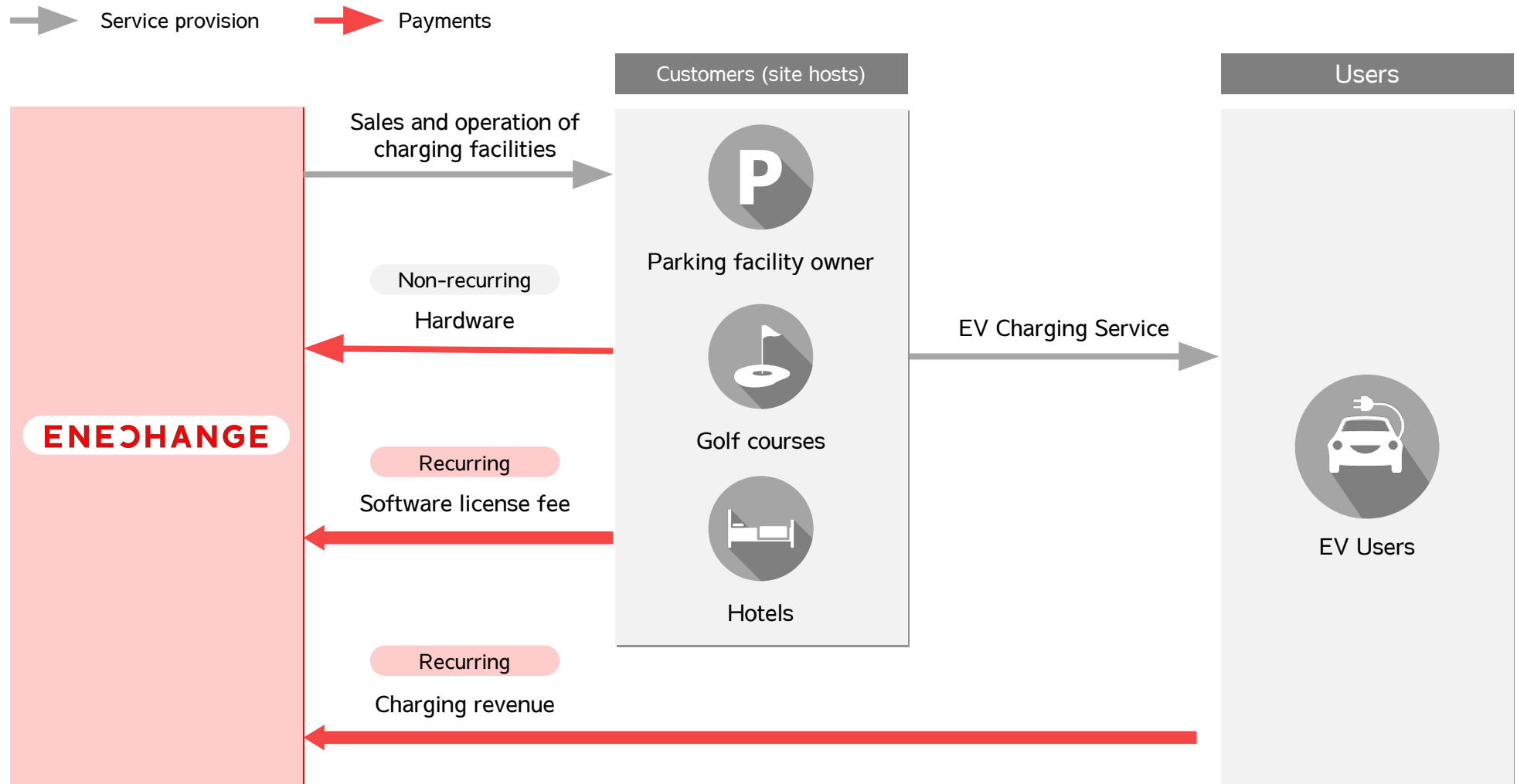
\*2. Recurring revenue consists of software usage fees and charging revenue (150,000 JPY per year) with a total revenue of approximately 3 billion JPY assuming installation of 30,000 units in 2027.

\*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: #FF9F00; padding: 2px 5px; border-radius: 3px; display: inline-block;">Platform</div> <div style="background-color: #0070C0; color: white; padding: 2px 5px; border-radius: 3px; 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: #FF9F00; padding: 2px 5px; border-radius: 3px; display: inline-block;">Platform</div> <div style="background-color: #0070C0; color: white; padding: 2px 5px; border-radius: 3px; display: inline-block;">Data</div> <div style="background-color: #800040; color: white; padding: 2px 5px; border-radius: 3px; 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: #FF9F00; padding: 2px 5px; border-radius: 3px; 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: #0070C0; color: white; padding: 2px 5px; border-radius: 3px; display: inline-block;">Data</div> <div style="background-color: #800040; color: white; padding: 2px 5px; border-radius: 3px; 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: #FF9F00; padding: 2px 5px; border-radius: 3px; display: inline-block;">Platform</div> <div style="background-color: #0070C0; color: white; padding: 2px 5px; border-radius: 3px; display: inline-block;">Data</div> <div style="background-color: #800040; color: white; padding: 2px 5px; border-radius: 3px; 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.

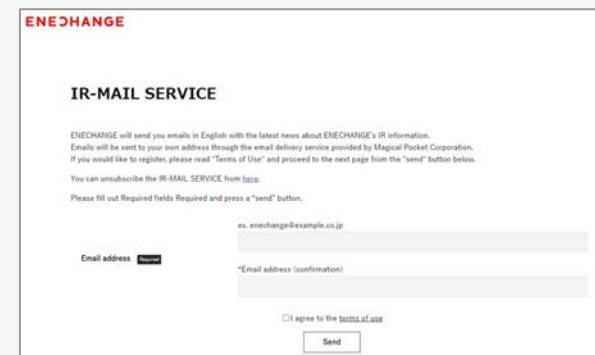
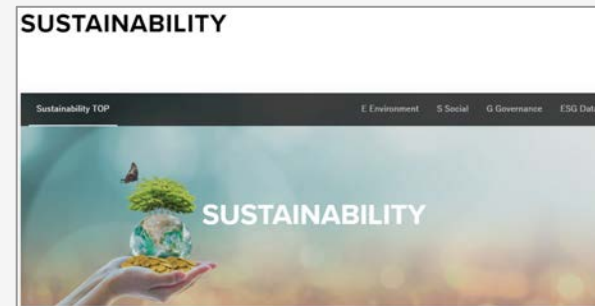
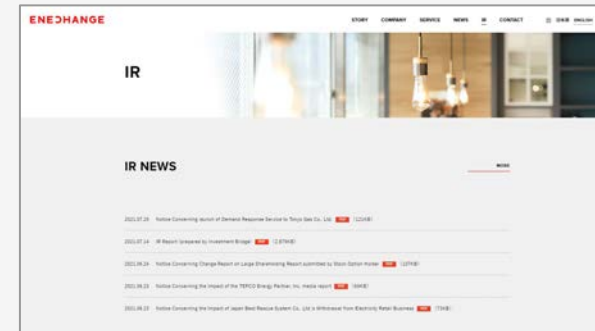
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## Contact

ENECHANGE Ltd. [ir@enechange.co.jp](mailto:ir@enechange.co.jp)



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

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