

ENECHANGE

FY23 marks the first year of "restarting with a full charge"

FY22

Financial Results

ENECHANGE Ltd.
February 10, 2023
Tokyo Stock Exchange Growth
Securities Code: 4169



Stock price trends



Note: 1:2 stock splits were carried out with effect on April 1, 2021, and January 1, 2022, respectively. The impact of these splits has been reflected in the stock prices shown here.

Key message

FY23 marks the first year of "restarting with a full charge"

While FY22 was marked by a long tunnel of subpar performance over a difficult year, we were able to transform our business to facilitate strong growth and increase resilience.

FY23 will be the first year of "restarting with a full charge."

The EV Charging business is expected to be the driver of our sales growth as we scale installation and increase usage.

The Platform and Data businesses are expected to show improved performance alongside the recovery of the energy market.



FY22: Executive Summary

FY22 Financial results

Sales steadily increased despite the difficult business environment in the energy industry.

- Sales: **3.7 billion JPY (+24% YoY)**
- Operating profit: **-1.1 billion JPY**

Platform business

Greatly affected by the drop in non-recurring revenue in the second half.

- Sales: **2.5 billion JPY (+16% YoY)**
- Operating profit: **0.2 billion JPY**

EV Charging business

Results showed a loss as planned due to strategic investment with growth expected to start from FY23.

- Sales: **0.1 billion JPY**
- Operating profit: **-0.7 billion JPY**

Data business

Sales showed steady growth of existing services.

- Sales: **0.9 billion JPY (+20% YoY)**
- Operating profit: **0.1 billion JPY**

FY23 Full-year forecast

The Platform and Data businesses will continue to recover, and the contribution of the EV Charging business will accelerate growth. An increase in sales is expected to lead to profitability in the second half of the year.

- Sales: **5.25 billion JPY (+40% YoY)**
- Ordinary profit: **-0.9 billion JPY**

Contents

- 1 Financial results for FY22
- 2 Forecast for FY23
- 3 Platform business
- 4 EV Charging business
- 5 Data business
- 6 Mid-term strategy
- 7 Appendix





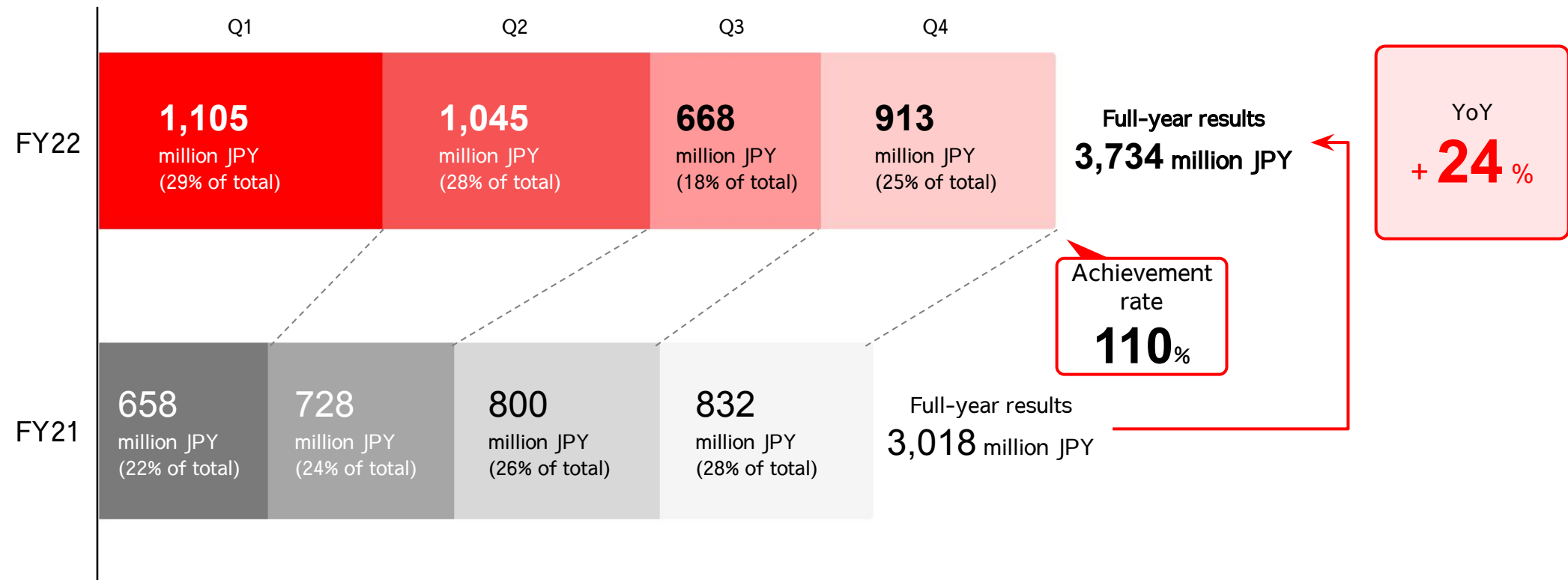
1

Financial results for FY22

Achievement against sales forecast

Full-year sales totaled 3.7 billion JPY, while the forecast* was 3.4 billion JPY (110% achievement rate). This is a +24% YoY increase and demonstrates strong sales growth.

■ Sales



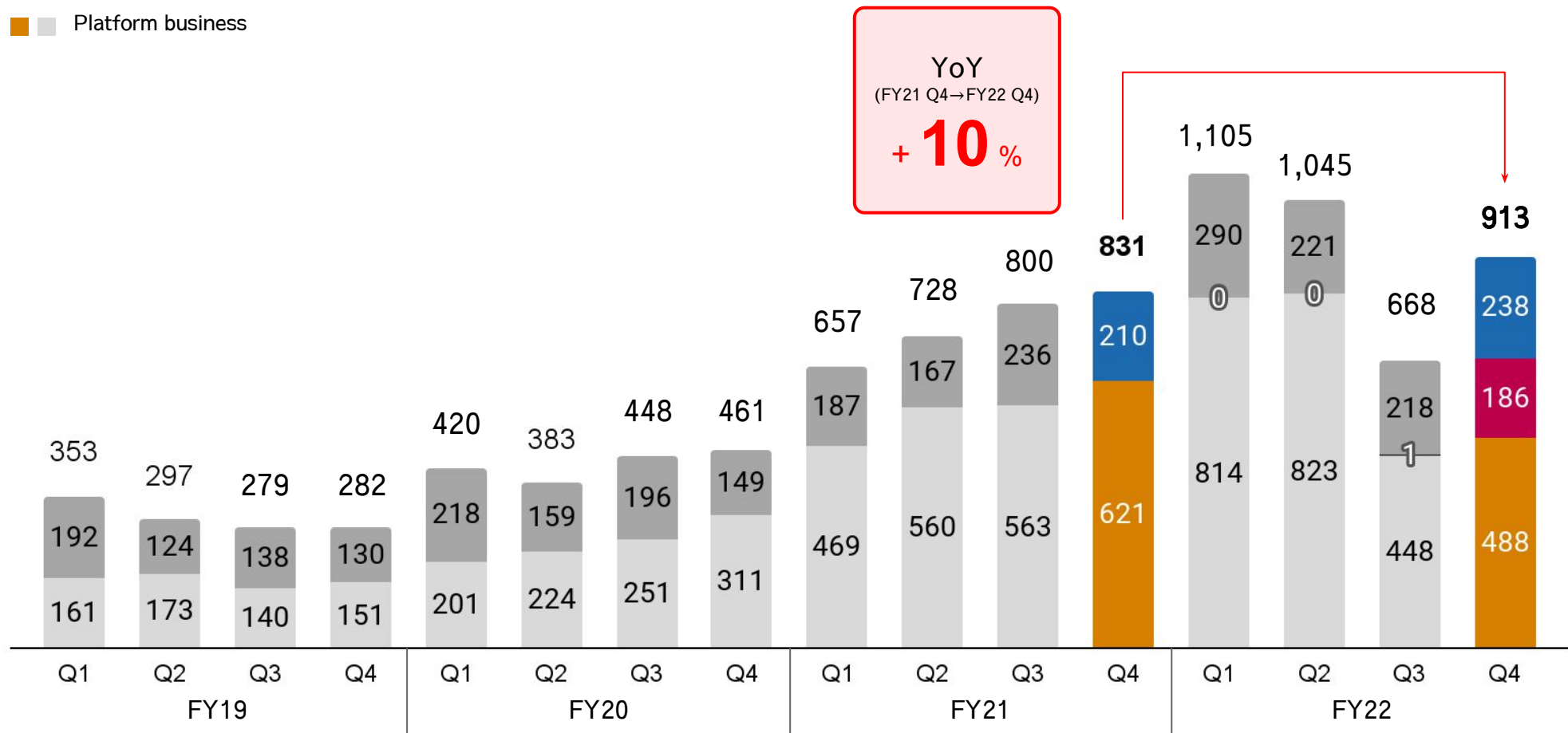
* Amended in May 2022

Sales

Quarterly sales were up +10% YoY due to additional sales in the EV Charging business. Compared to FY22 Q3, when the energy market hit its lowest point, this is an increase of +37% QoQ.

- Data business
- EV Charging business
- Platform business

Unit: JPY MM

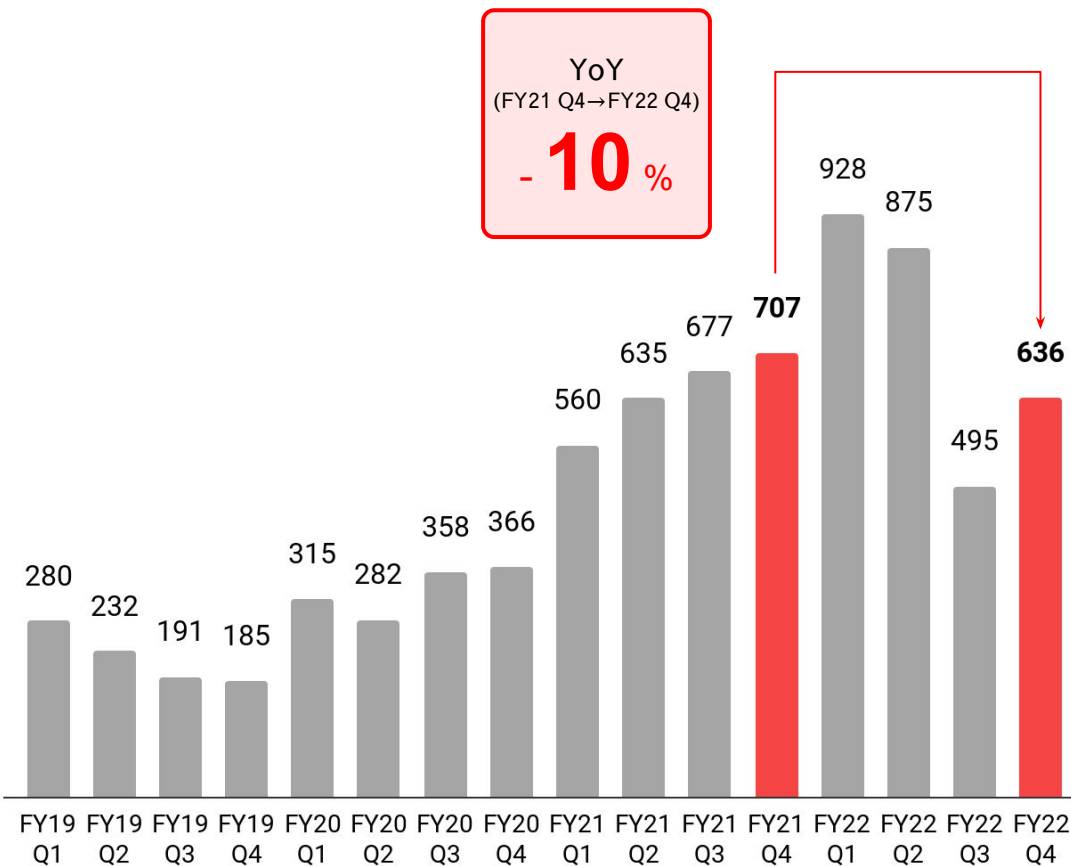


Gross profit and gross profit margin

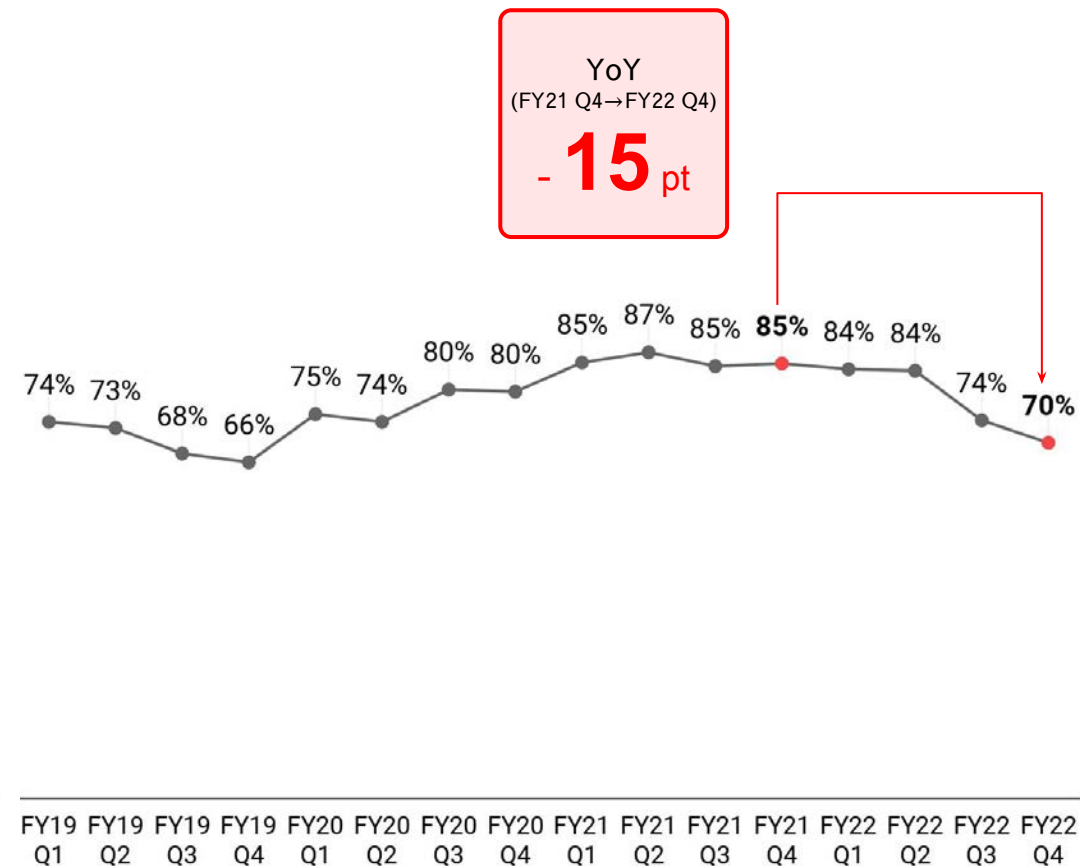
Quarterly gross profit was 636 million JPY (-10% YoY), and gross profit margin was 70% (-15 pt YoY). This was due to the start of hardware sales from FY22 Q4, which have a relatively low margin, in the EV Charging business and lower non-recurring revenue in the Platform business from FY22 Q3.

Quarterly gross profit

Unit: JPY MM



Quarterly gross profit margin

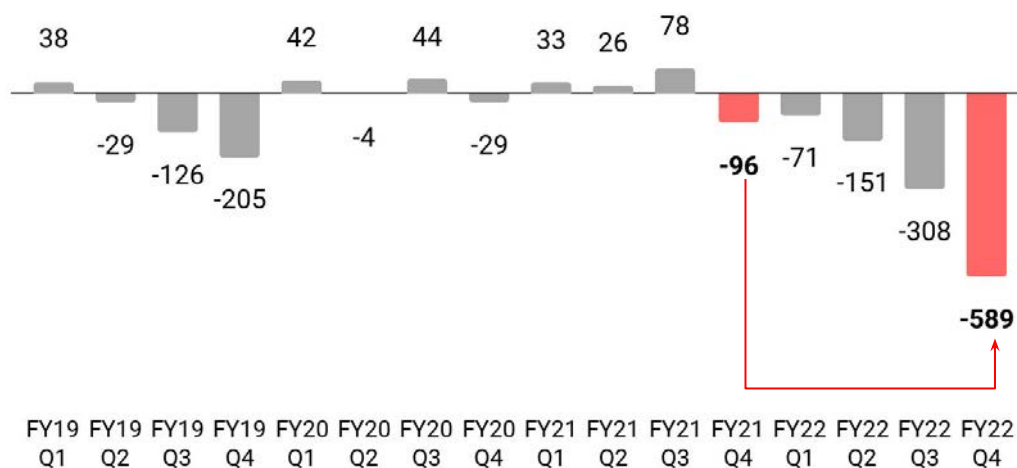


Operating profit

Operating profit was -589 million JPY (from -96 million JPY in FY21 Q4) due to investment in the EV Charging business. Operating profit (excluding advertising) was -52 million JPY (from 364 million JPY in FY21 Q4) due to increased personnel expenses in the EV Charging business.

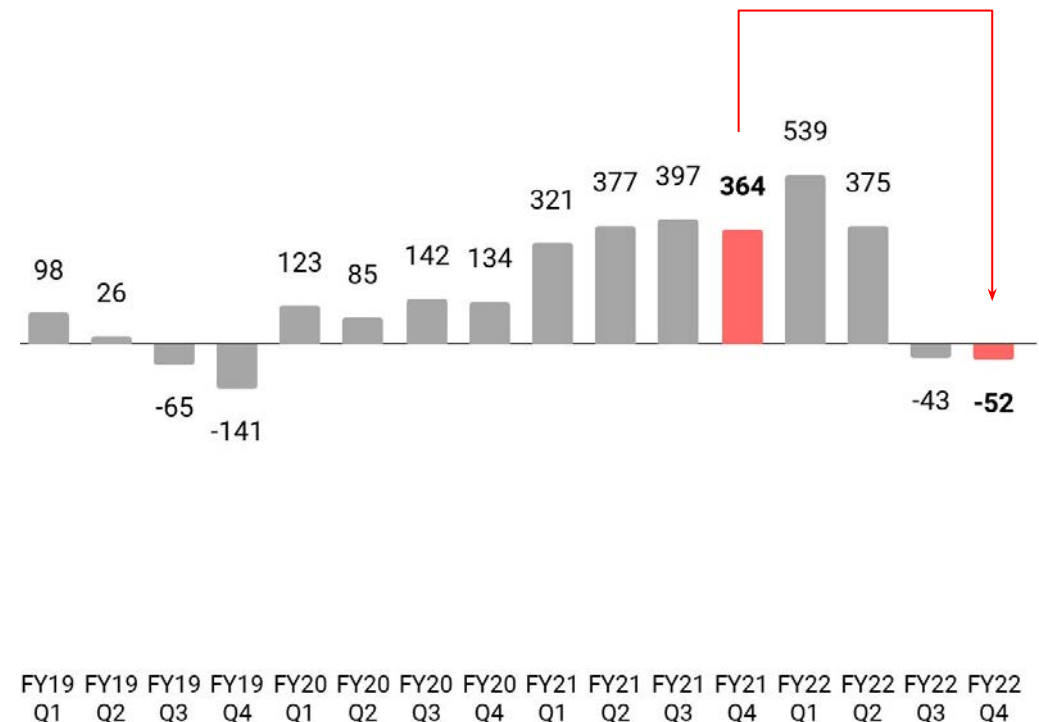
Operating profit

Unit: JPY MM



Operating profit (excluding advertising etc*)

Unit: JPY MM



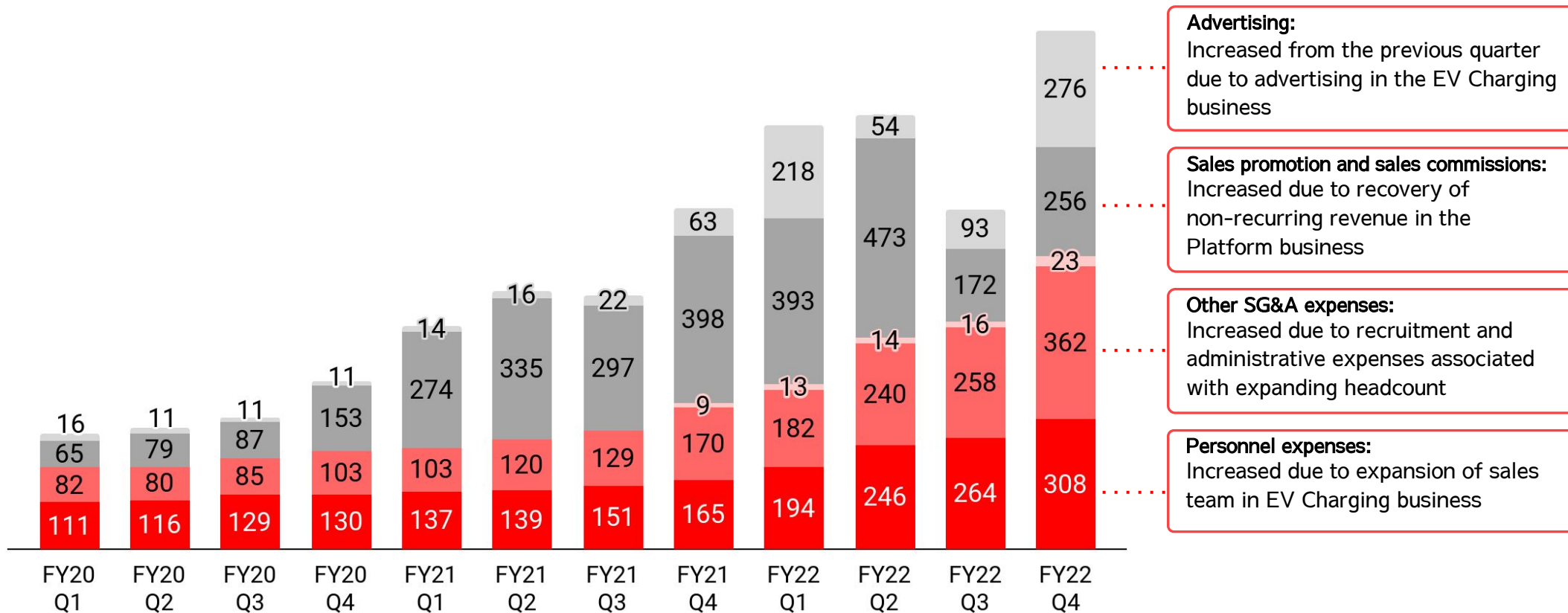
* Excluding advertising expense, sales commissions and sales promotion expenses. In previous quarters, we reported adjusted operating profit, which subtracted advertising expenses, sales commissions (expenses paid directly to partners as a result of switching), sales promotion expenses (expenses paid directly to users as a result of switching), amortization of goodwill, one-time fees, and costs related to the EV Charging business.

SG&A expenses

In the Platform business, customer acquisition expenses (sales promotion and sales commissions) increased from the previous quarter due to a recovery in non-recurring revenue. In the EV Charging business, advertising expenses grew following increased activity, and personnel expenses increased due to expanding the sales team.

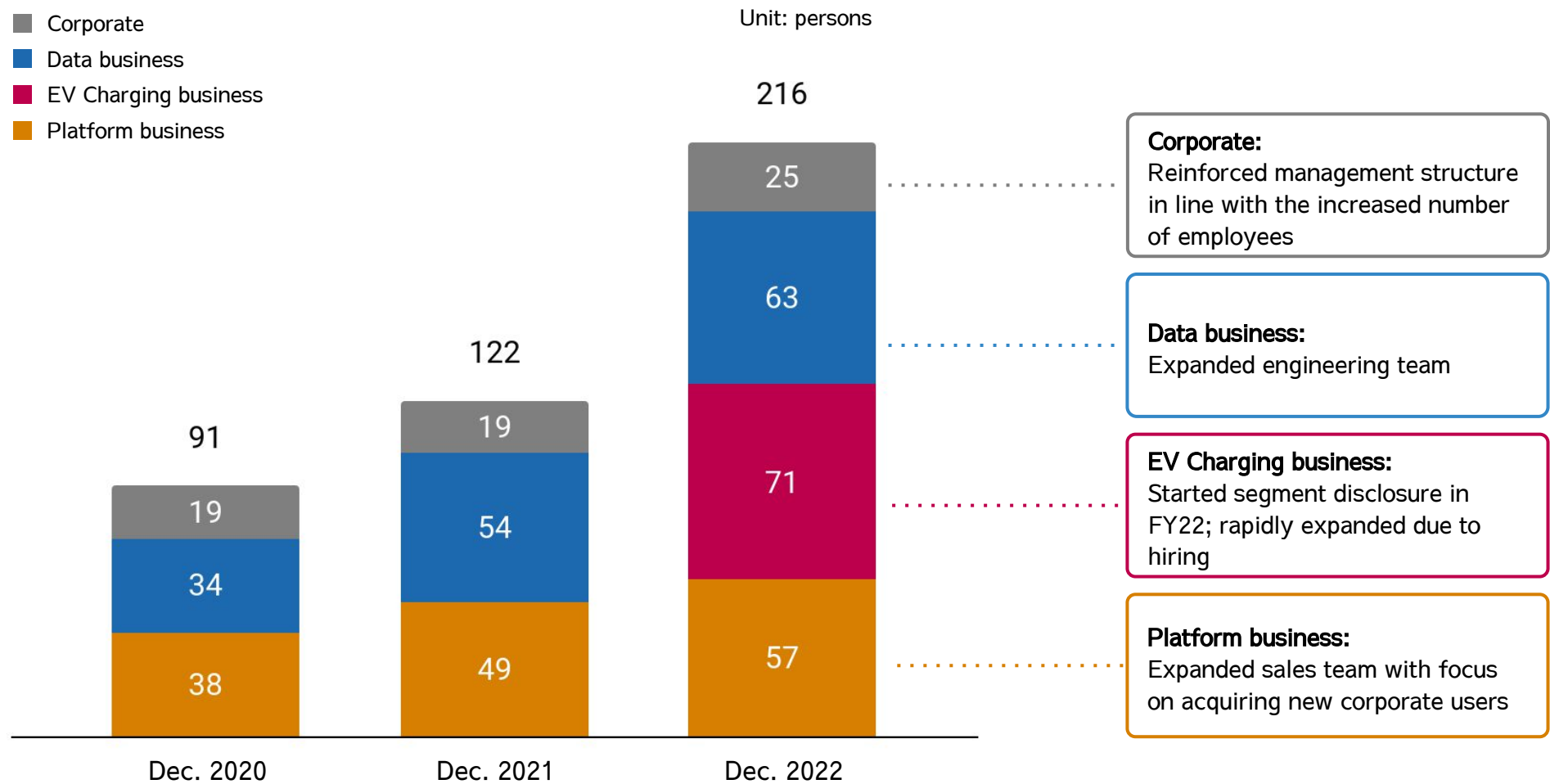
Unit: JPY MM

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



Number of employees

The number of employees* has grown rapidly, increasing +77% YoY primarily due to hiring in the EV Charging business. We are continuing to expand our sales and engineering teams across all segments.



* The number of employees is the number of engaged workers (excluding those seconded from the Group to outside the Group; including those seconded to the Group from outside the Group). Temporary employees (including part-time employees, contractors, and seasonal workers) are omitted as the average number of such employees is less than one-tenth of the total number of employees.

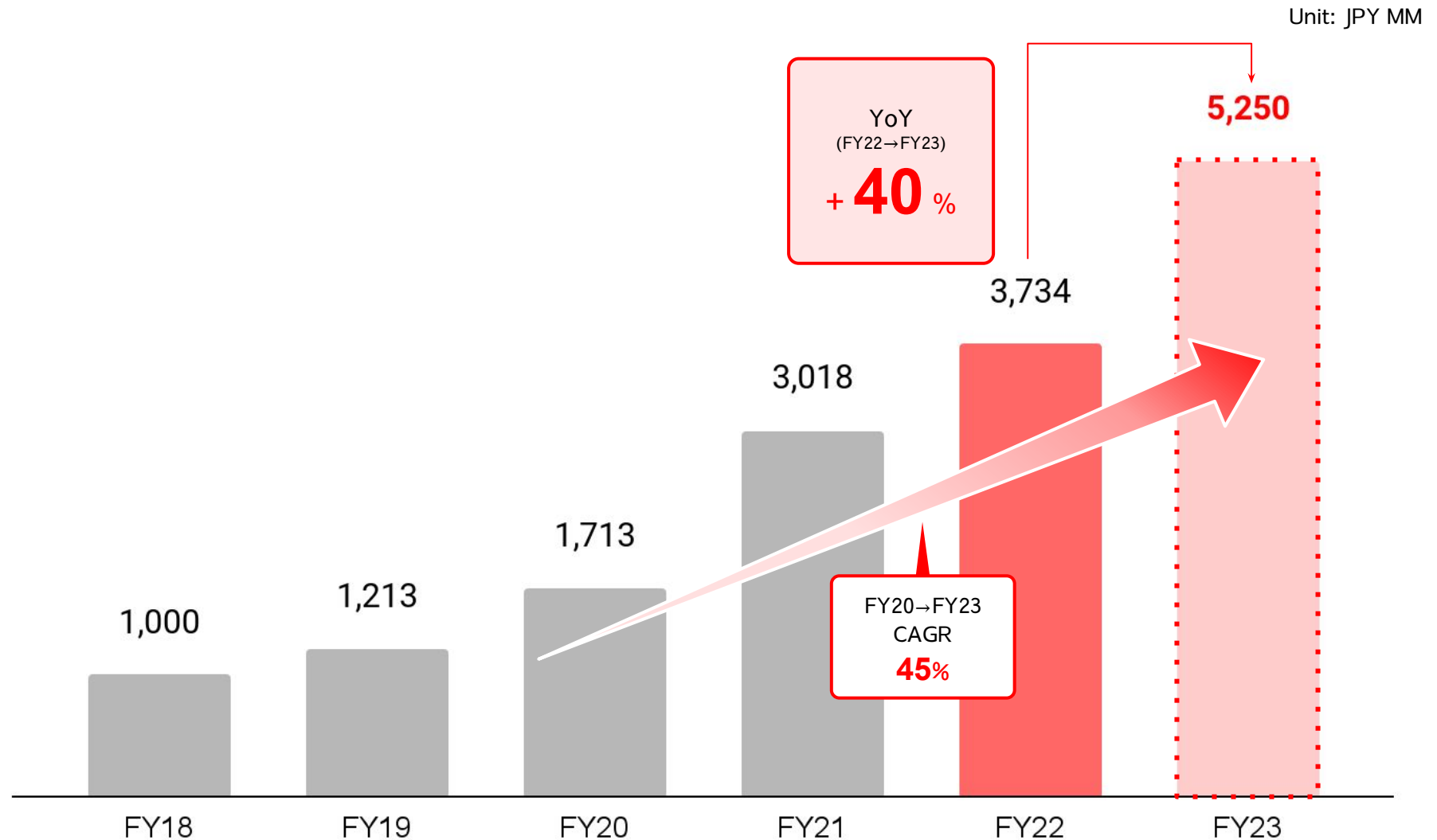


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Forecast for FY23

Sales forecast

Sales* for FY23 are projected to reach 5.25 billion JPY (+40% YoY) due to the contributions of the EV Charging business from the second half of the year. The average annual sales growth rate from FY20 to FY23 is expected to reach 45%, exceeding the 30% target.






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

Financial results forecast

In FY23, to properly reflect non-operating income, such as subsidies in the EV Charging business, the financial results forecast will change from operating profit to ordinary profit. Using a disciplined investment plan focused on reaching profitability quickly, we expect to achieve this from the second half of FY23.

Unit: JPY MM

	FY22 results	FY23 forecast	YoY	Strategy
Sales	3,734	5,250	+40%	Aim for a significant increase in sales driven by EV Charging business.
Platform business	2,575	-		Expect sales to grow due to increase in number of users, but ARPU recovery is expected to take longer.
EV Charging business	189	-		Expect full-scale sales growth and profitability to improve in the second half of the year with the installation and usage of charging ports.
Data business	969	-		Conservative sales forecast due to worsening business environment caused by IT budget cuts by energy companies.
Ordinary profit	(1,156)	(900)	-	Expect a loss in the first half, and profitability from the second half of FY23.



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Platform business

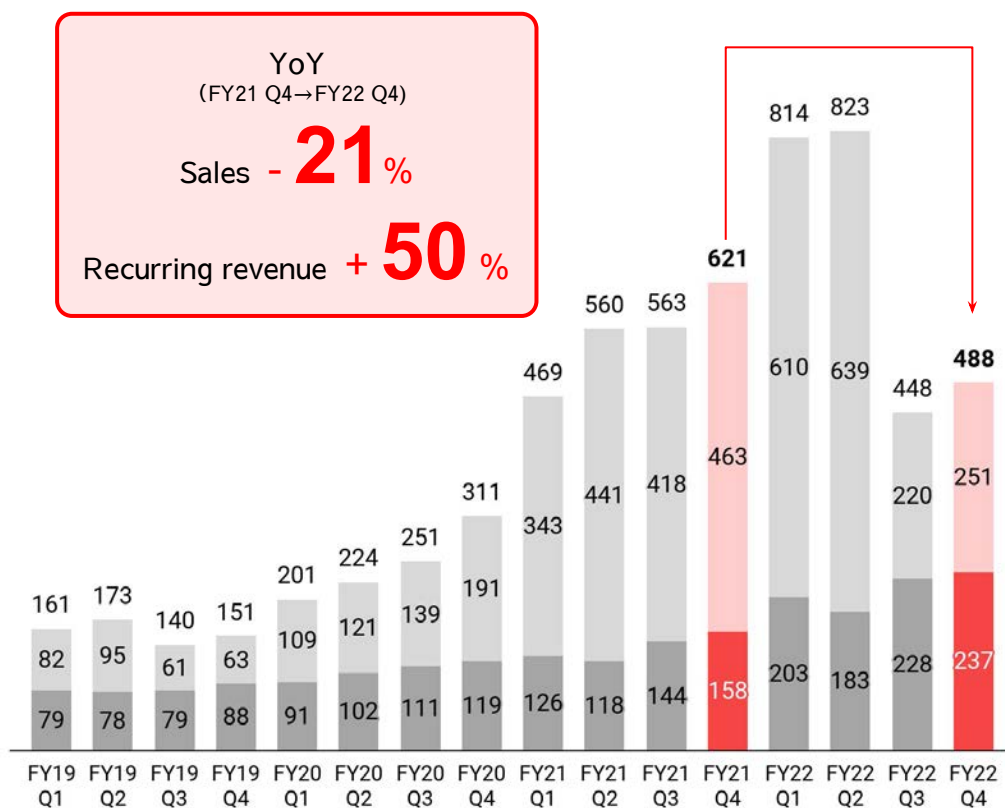
Sales and operating profit

Sales declined -21% YoY due to reduced customer acquisition by energy companies. However, recurring revenue grew +50% YoY due to increased user numbers and higher energy bills. Despite an operating loss for FY22 Q4 due to increased expenses related to sales commissions, the segment remained profitable for the full year.

Sales

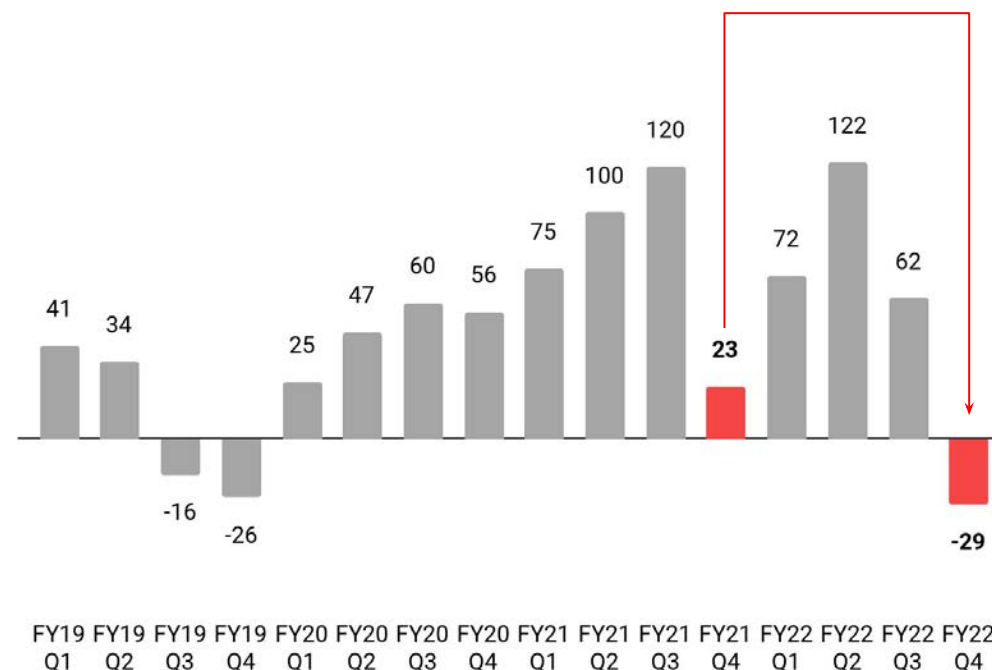
Unit: JPY MM

■ Non-recurring revenue ■ Recurring revenue



Operating profit

Unit: JPY MM



KPIs

The number of users (+19% YoY) reached a record high due to sustained growth for both corporates and households. ARPU declined -34% YoY due to the decrease in non-recurring revenue, although elevated energy bills produced higher recurring revenue. The QoQ increase in ARPU was largely due to the recovery of non-recurring revenue.

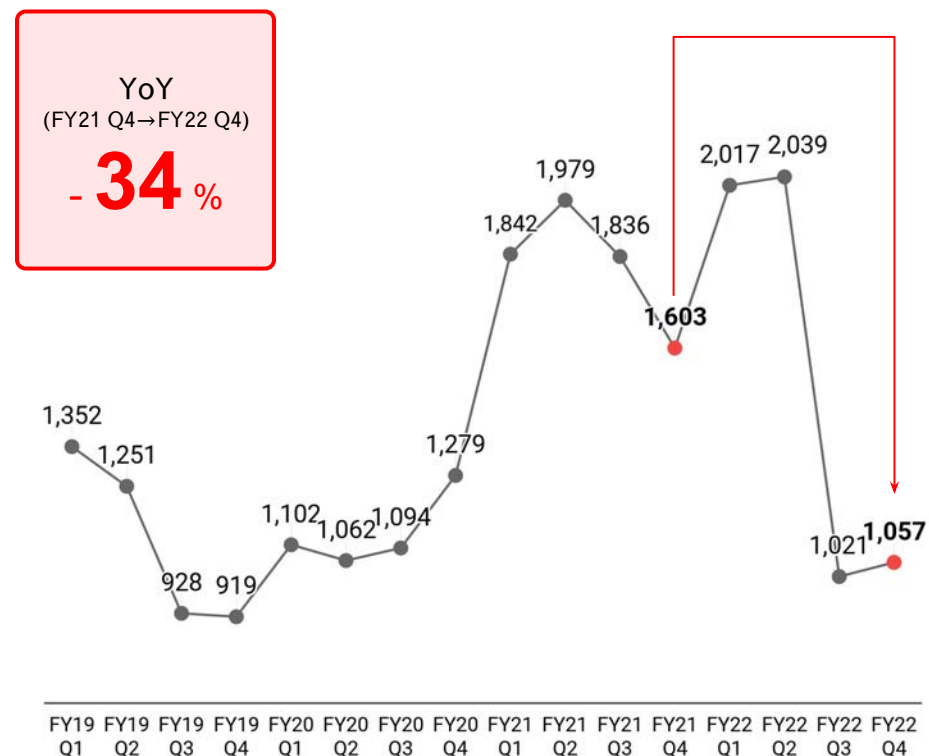
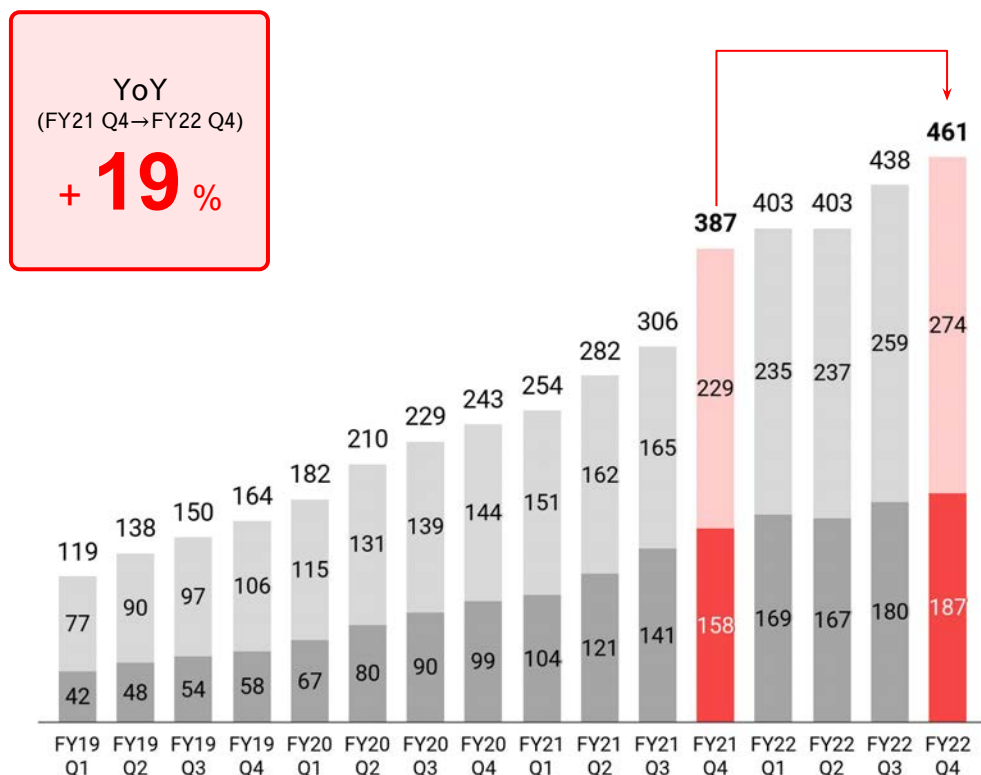
■ Number of users (converted on a general household basis)*1

■ ARPU*2

- For corporates
- For households

Unit: 1,000 users

Unit: JPY



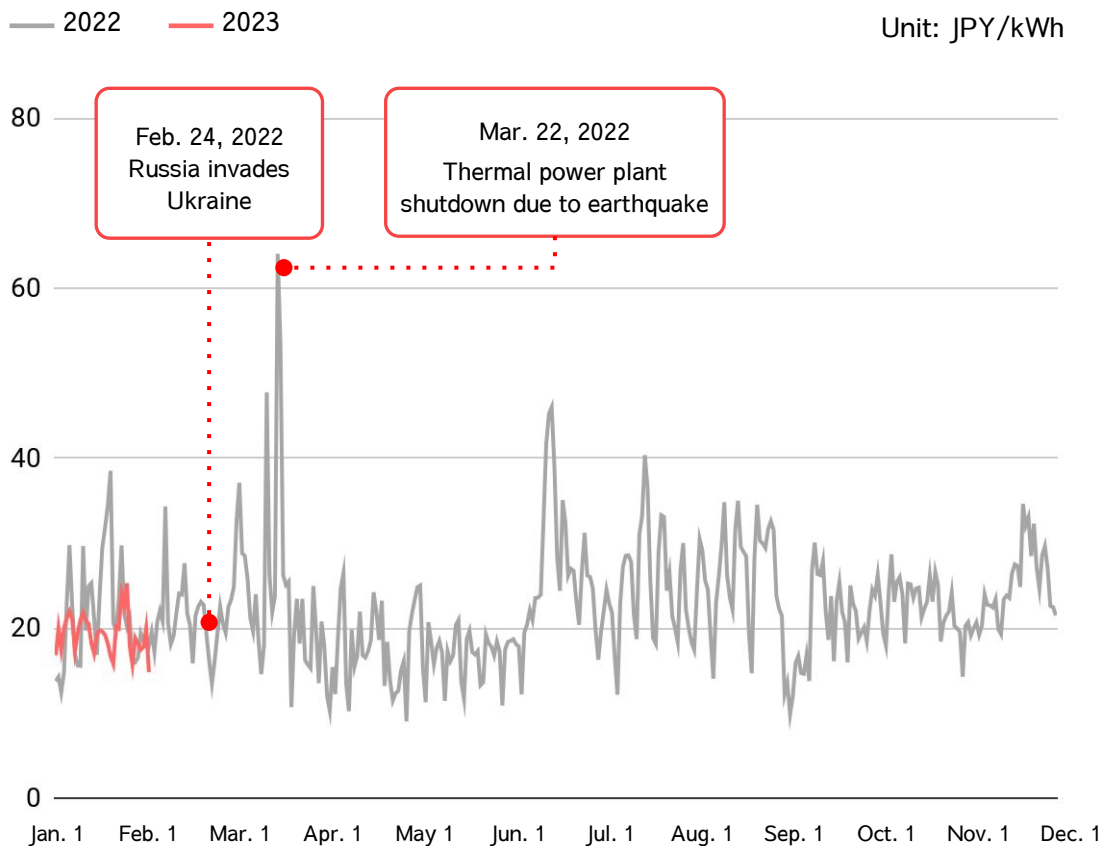
*1. To accurately compare the impact of corporate and household switches, switches are calculated for corporates using an equivalent rate and converted based on the rebates from the total obtained capacity using the capacity of a general household as 4 kW.

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

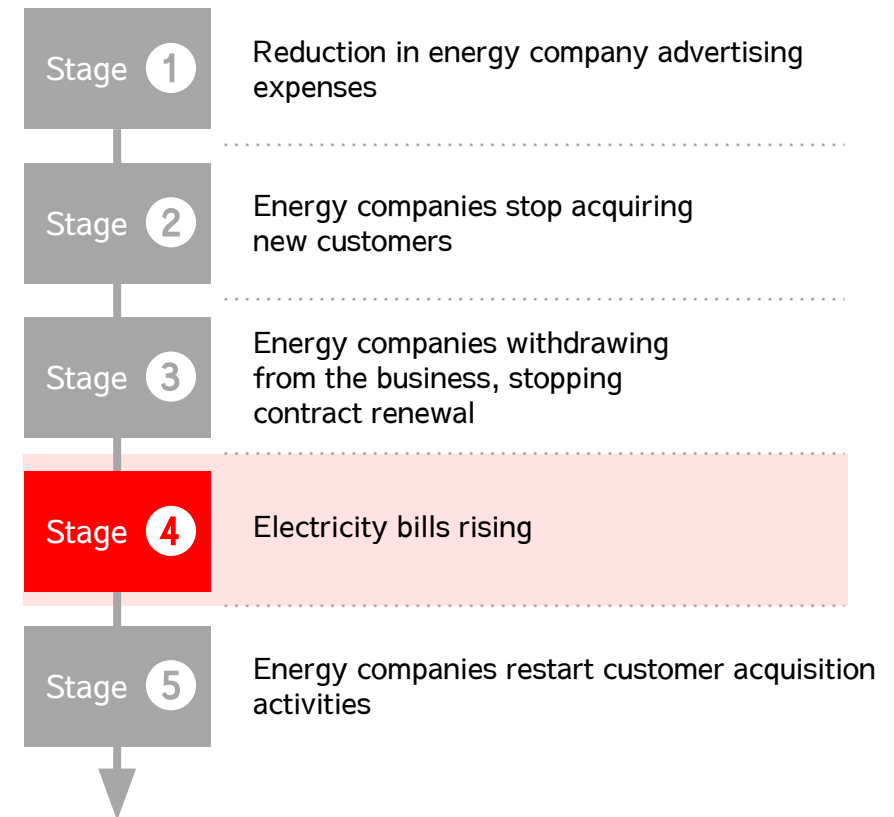
Business environment update

The wholesale electricity market (JEPX) price stabilized due to lower fuel prices, decreased pressure on supply and demand as nuclear power plants restarted, and other factors. Planned energy tariff increases are expected to lead to a gradual recovery of energy company customer acquisition activities (stage 5).

Changes in JEPX prices*



Impacts of JEPX price increases



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

Competitive advantage

We provide a platform that offers value in all phases of energy switching. With high-quality services in each phase, we have built a competitive advantage and have steadily grown the number of users. For users, it is a convenient tool related to their daily lives, and for energy companies, it is a powerful means of attracting customers.

1. Finding

Leading electricity and gas comparison and switching service



Feature

2. Switching

Easily compare complex energy tariffs and complete switch online



3. Using

Utilizing electricity data support for energy efficiency recommendations



Best in online and offline customer attraction*1

Highest*2 number of affiliated energy companies

University of Cambridge-derived data analysis technology

Advantage

*1. Displaying survey results by ENECHANGE based on Google searches. Calculated by adding the number of first-place results for 41 keywords in Japanese.

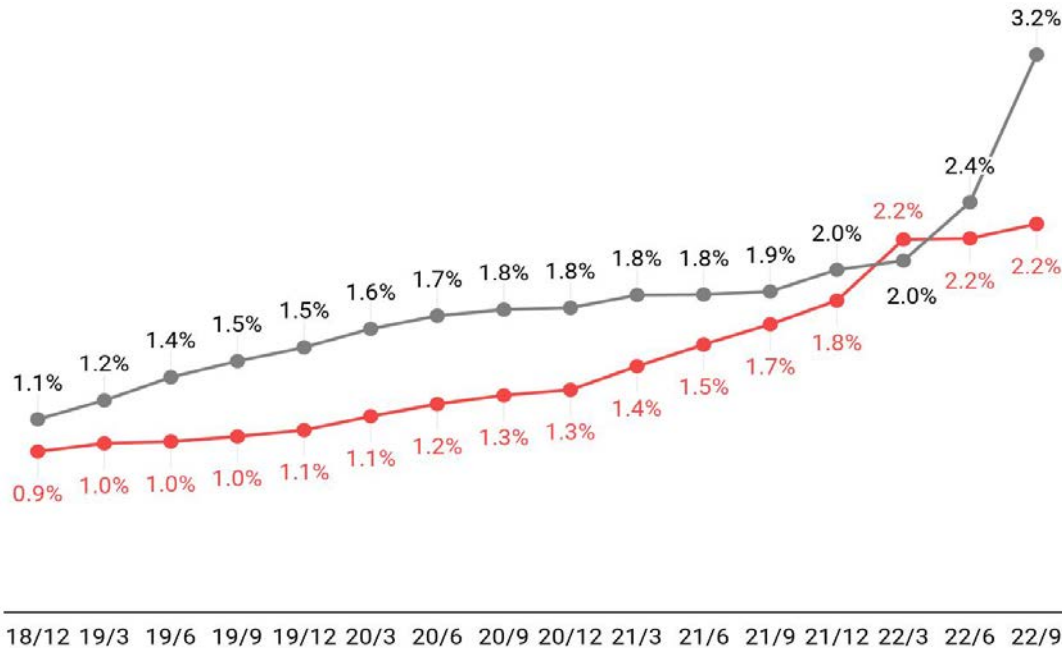
*2. Our survey of the number of energy companies listed on other online comparison sites as of the end of January 2023.

Business strategy

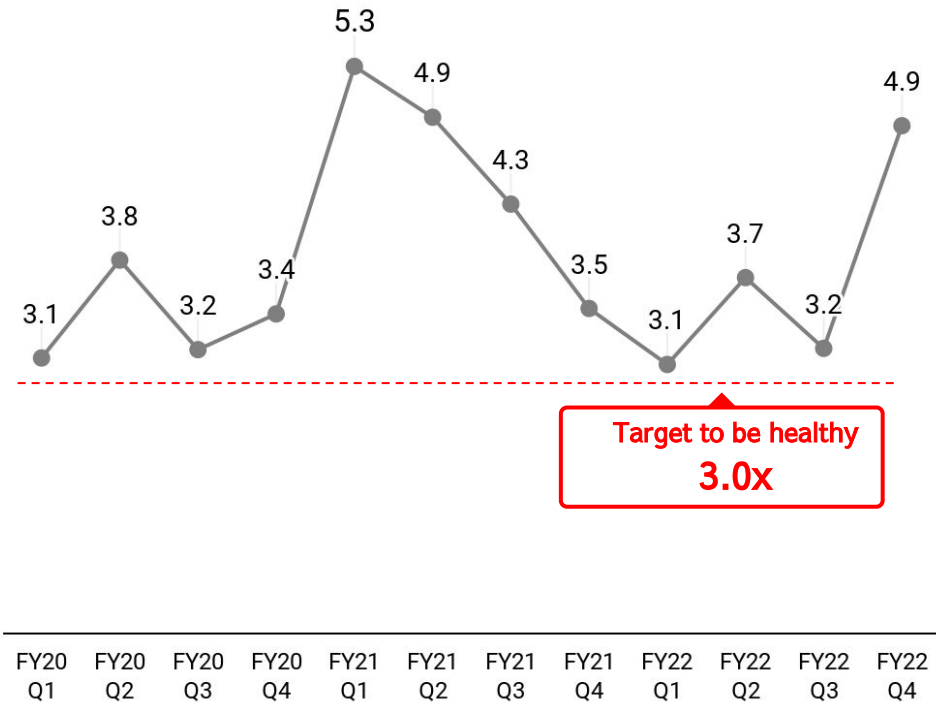
In response to soaring energy prices, we are uniquely positioned to help users compare and switch tariffs. Our share of users with a new entrant continues to grow, reaching 2.2% for households and 3.2% for corporates with a large increase in corporate users due to M&A*¹. LTV/CAC remained at a healthy level of 4.9x as we focus on profitable growth.

■ Our market share of users with a new entrant*²

- For households
- For corporates



■ LTV/CAC*³



*1. In the FY22 Q3 financial results presentation, M&A was mentioned as a factor for the increase in our corporate user market share as of June 2022, but this was an error. The actual effect of this M&A began in September 2022.

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

*3. LTV: Lifetime Value, CAC: Customer Acquisition Cost.



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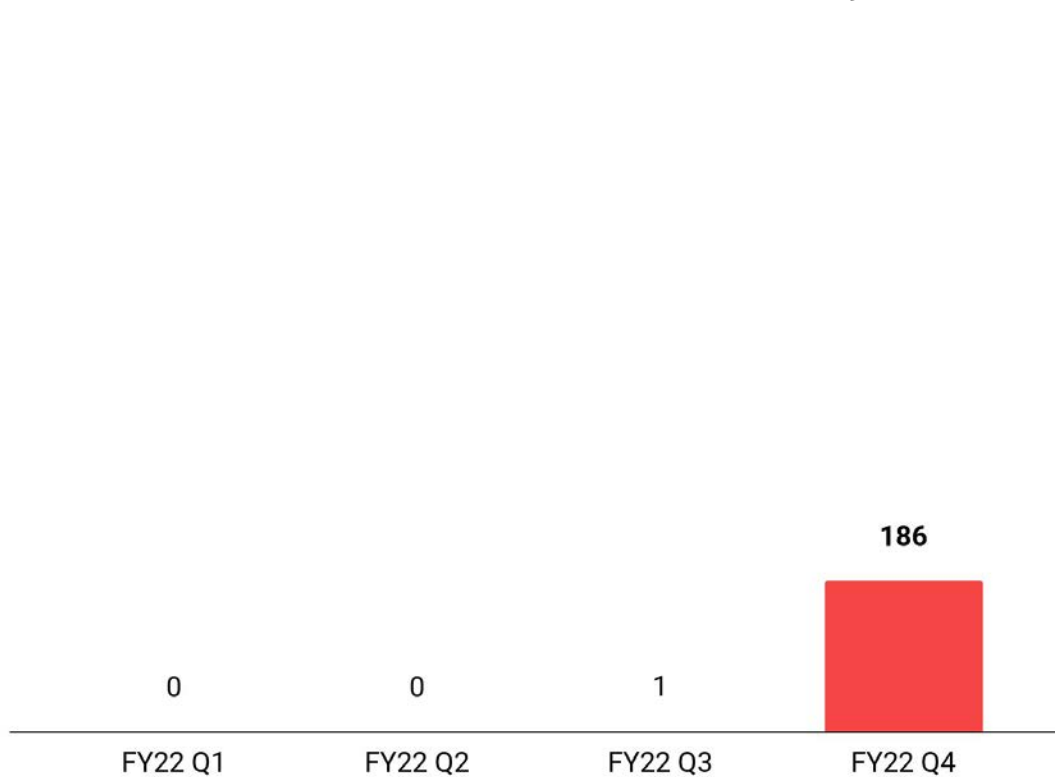
EV Charging business

Sales and operating profit

The installation of charging ports began and hardware sales were recorded in FY22 Q4. Operating profit was negative due to investments such as personnel and advertising expenses. Detailed sales breakdowns are not being disclosed for competitive reasons.

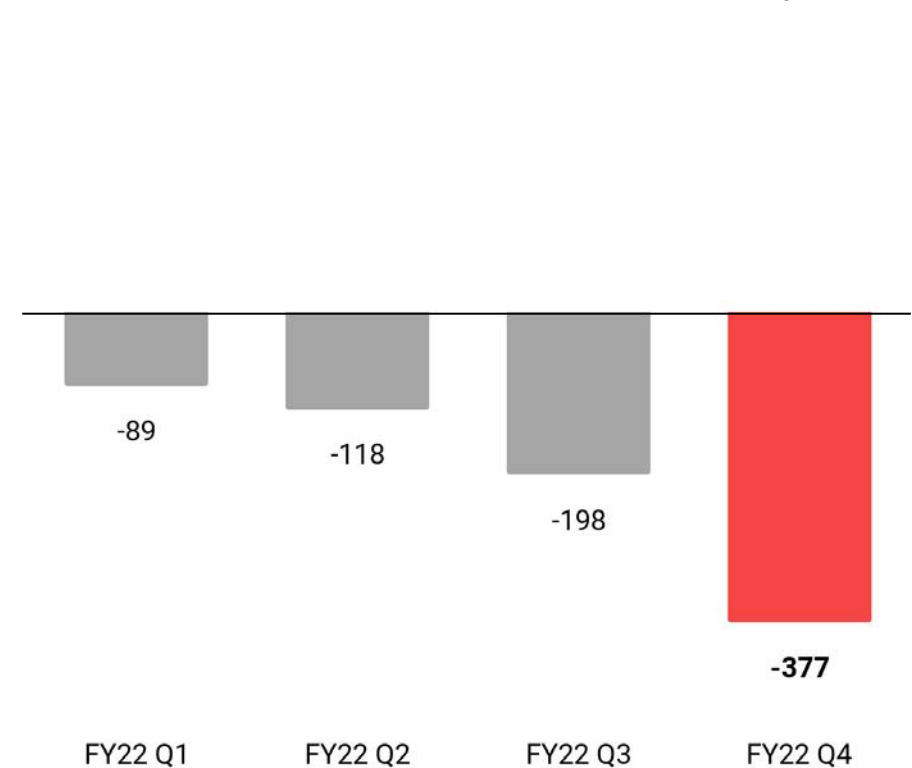
■ Sales

Unit: JPY MM



■ Operating profit

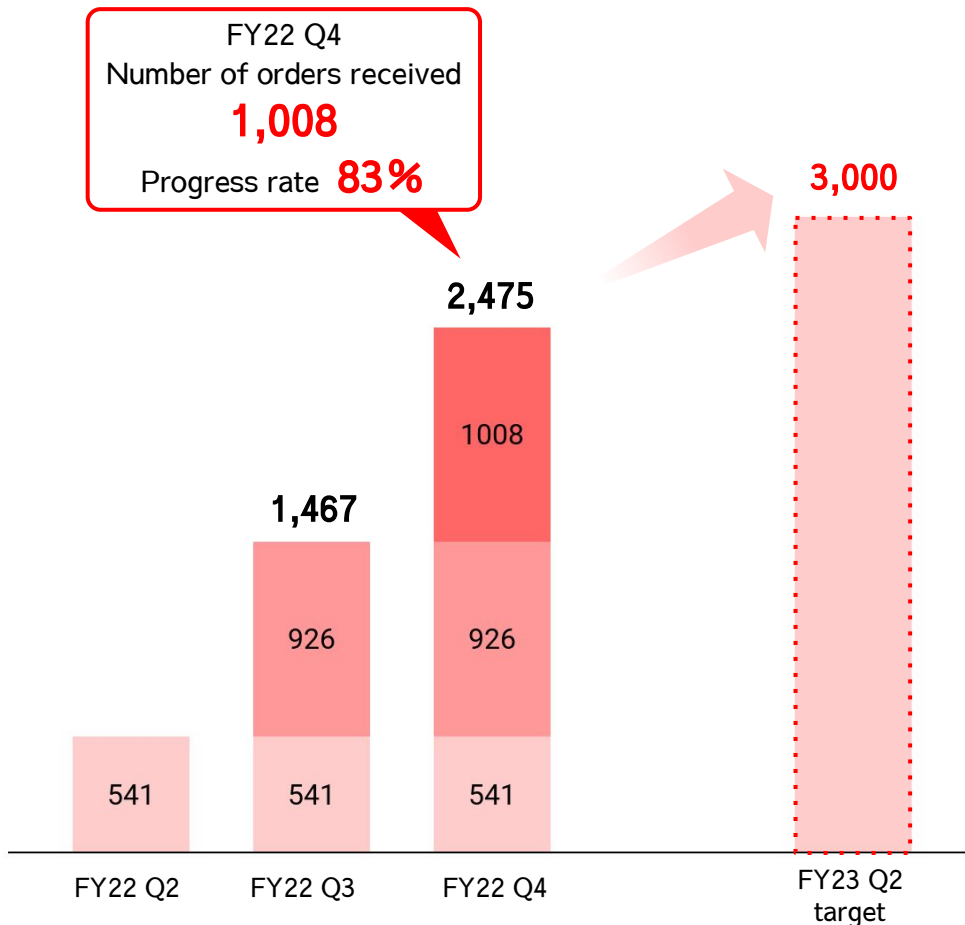
Unit: JPY MM



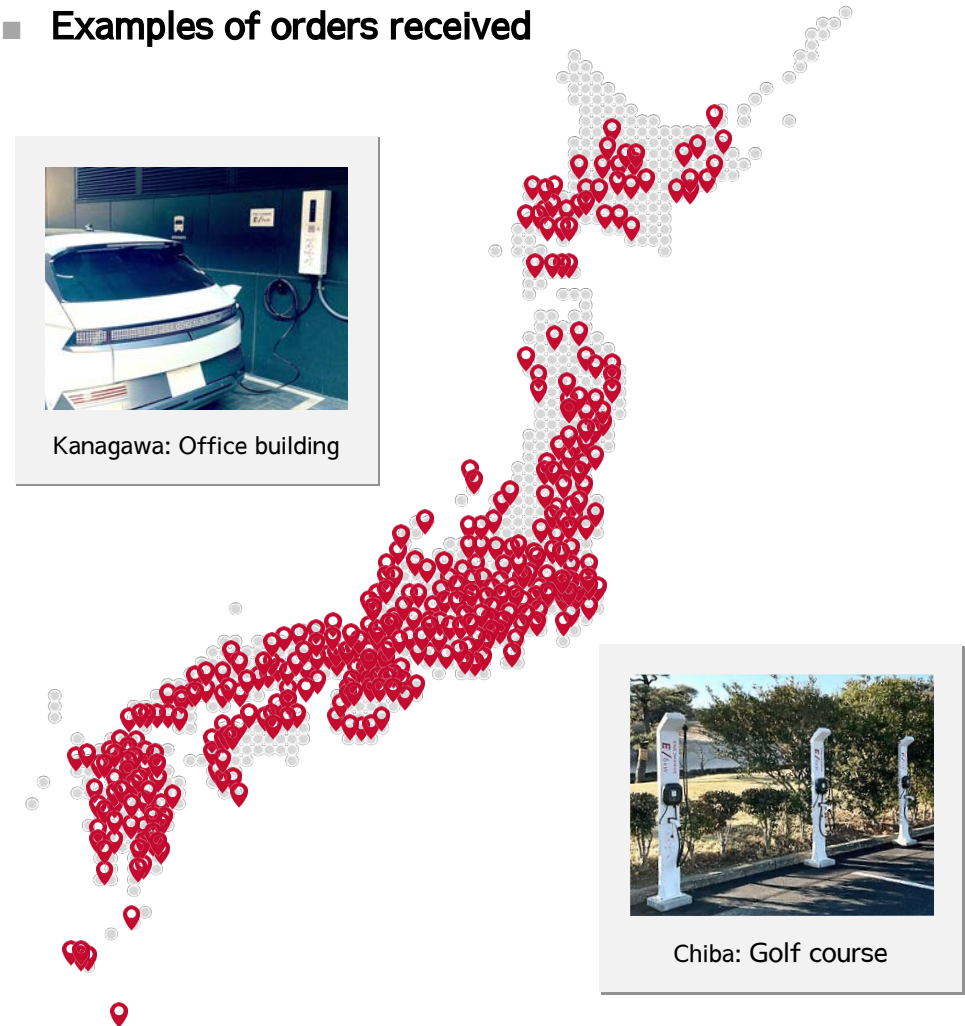
KPIs

We received orders for 1,008 charging ports in FY22 Q4, resulting in a cumulative total of 2,475. Progress toward the target of 3,000 by FY23 Q2 is 83%, and we expect to achieve the target early.

■ Cumulative orders of EV charging ports*



■ Examples of orders received

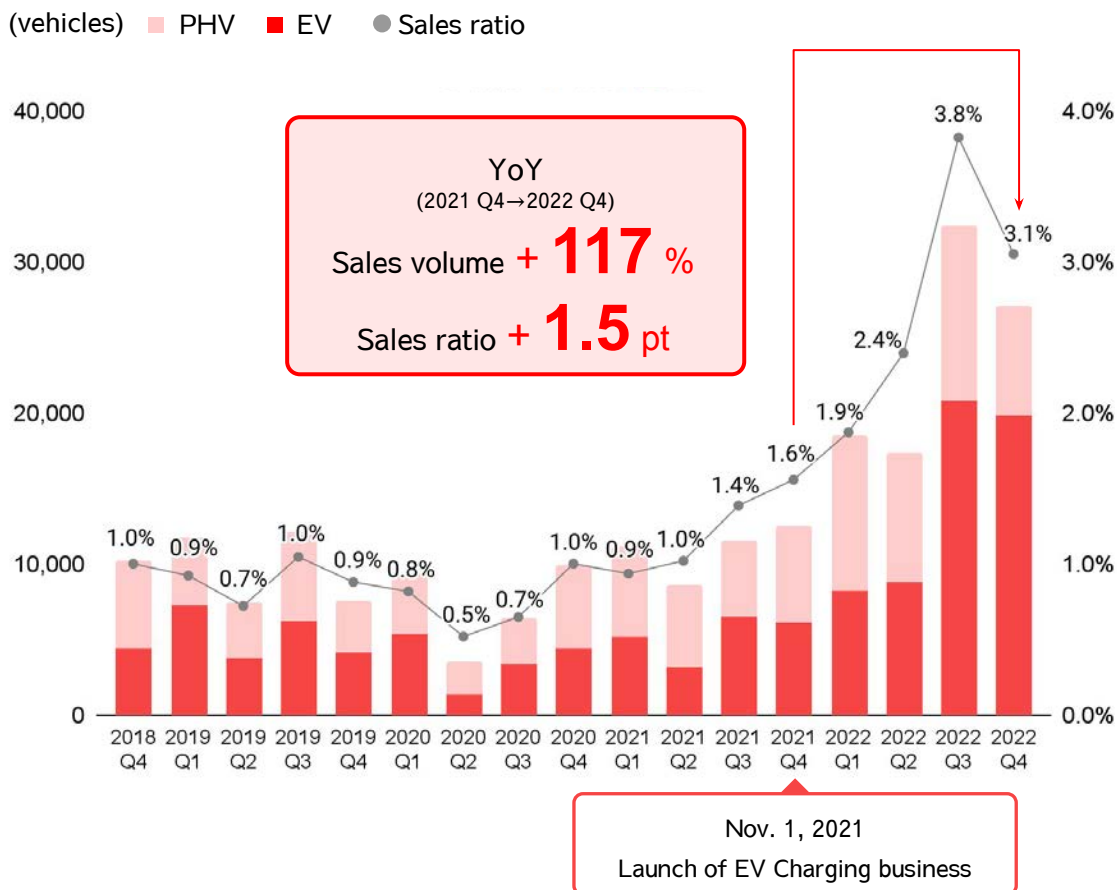


* Changes to the charging port order count are possible due to the results of on-site surveys, etc.

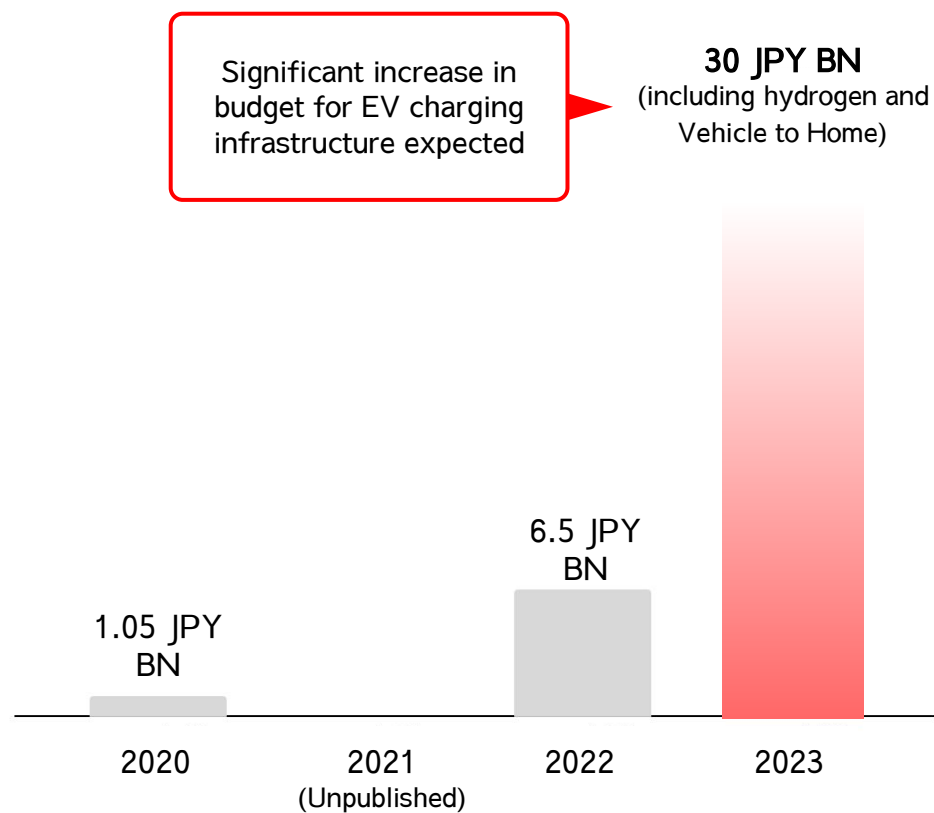
Business environment update

The sales ratio of EVs/PHVs for 2022 Q4 decreased to 3.1% as some manufacturers temporarily suspended EV sales due to semiconductor shortages. Nonetheless, sales volume increased +117% YoY and the sales ratio grew +1.5 percentage points YoY. In 2023, we expect to see further adoption due to greatly increased government subsidies.

■ Sales volume and ratio of new EVs/PHVs in Japan*1



■ Status of EV-related subsidies*2



*1. Prepared by ENECHANGE based on: Japan Automobile Dealers Association, "Numbers of Sold Vehicles by Fuel Type (Passenger Vehicles)"; Japan Light Motor Vehicle and Motorcycle Association, "Confirmed Report for New Vehicle Sales per Common Name for kei car".

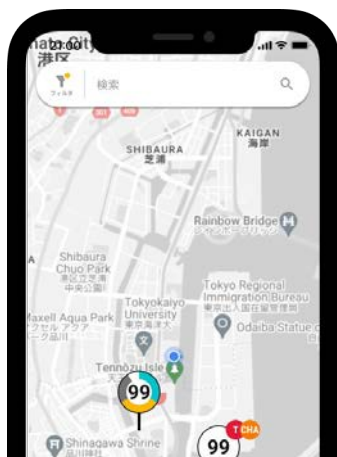
*2. The budget amount for 2021 related to EV charging infrastructure was not published; 2023 includes hydrogen refuelling infrastructure, as well as Vehicle to Home.

Competitive advantage

We provide convenient charging solutions for EV drivers, including our widely-used EV charging information app, the largest network of Level 2 charging ports, and a roaming partnership with e-Mobility Power. This competitive advantage will enable us to increase the number of installed charging ports and the utilization rate.

1. Searching

EV charging information app used by 90%*1 of domestic EV drivers



Feature

2. Charging

Faster, convenient 6kW charging



3. Payment

No monthly fee and no pre-registration required with app-based payment



Advantage

Works with Navitime, Google, Apple Maps, and car navigation systems

Largest Level 2 network*2 with subsidy-compliant charging ports

e-Mobility Power charging card linkage for access to roaming network

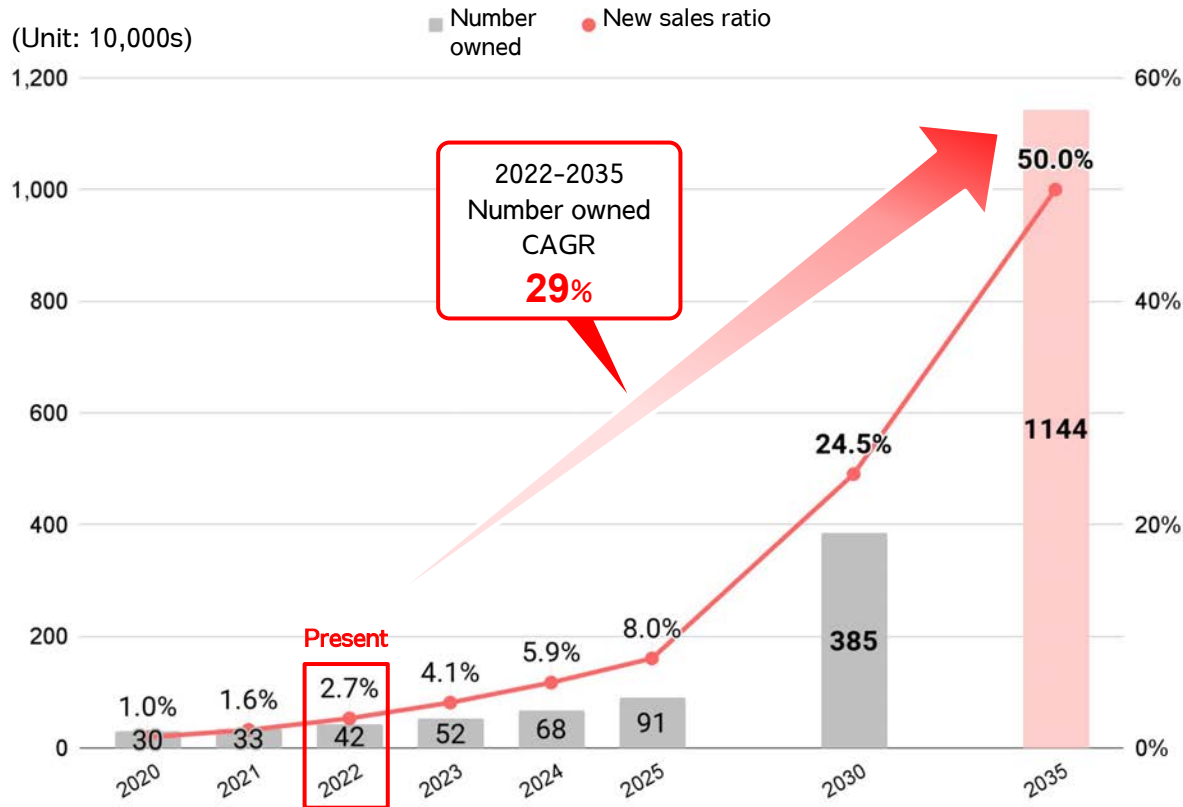
*1. The cumulative sales of EVs and PHVs (including Kei-car) in Japan from January 2018 to December 2022 is used as the denominator, and the total cumulative installations of ENECHANGE EV Charge and EVSmart apps is used as the numerator.

*2. Number of 6kW EV charging ports listed on GoGo EV that are compatible with smartphone authentication apps installed (January 2023)

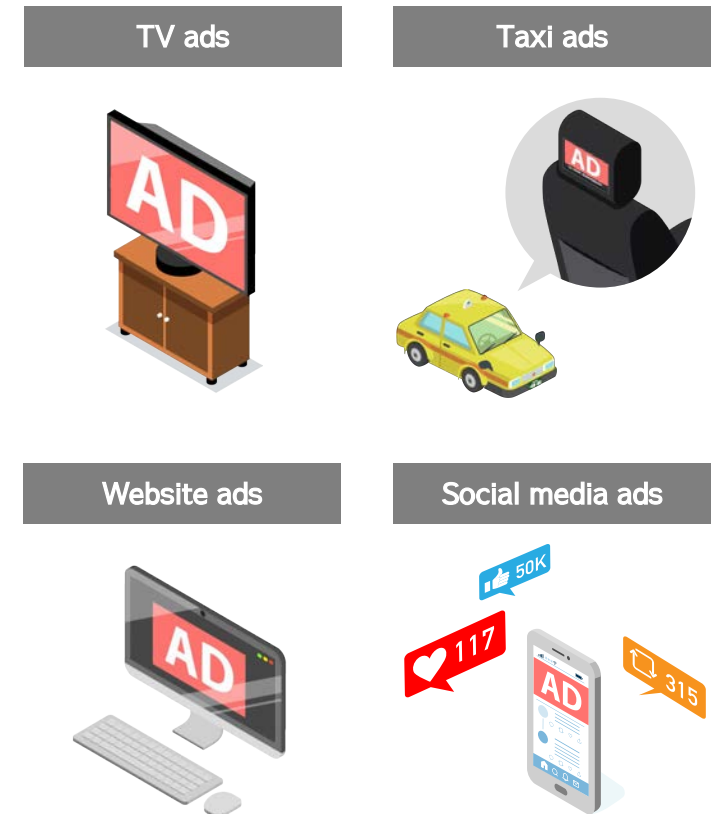
Business strategy

EV ownership is expected to grow, which will produce greater demand for EV charging infrastructure. We are prioritizing gaining market share through investment in the EV Charging business. By advertising our charging ports to site hosts in prime locations and utilizing subsidies to minimize costs, we expect to increase sales rapidly.

■ Projected ownership/sales ratio of EVs/PHVs*



■ Investment through advertisement

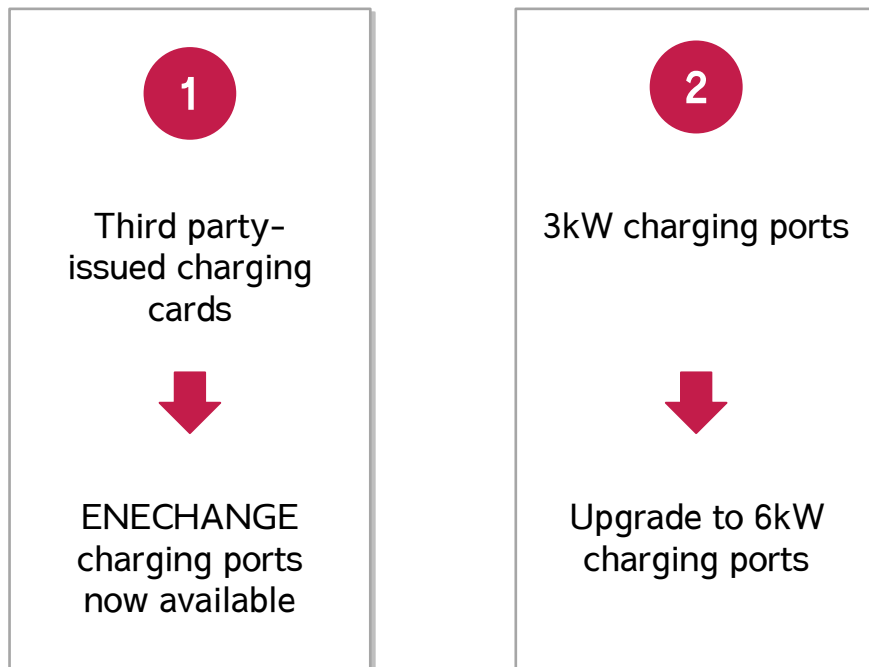


* Scenario based on ENECHANGE estimation. Based on a 100% low-emission vehicle ratio in new vehicle sales in 2035, we assume that the number of new vehicles sold in 2035 will reach 4.2 million and that the ratio of other vehicles to EVs/PHVs will be 1:1.

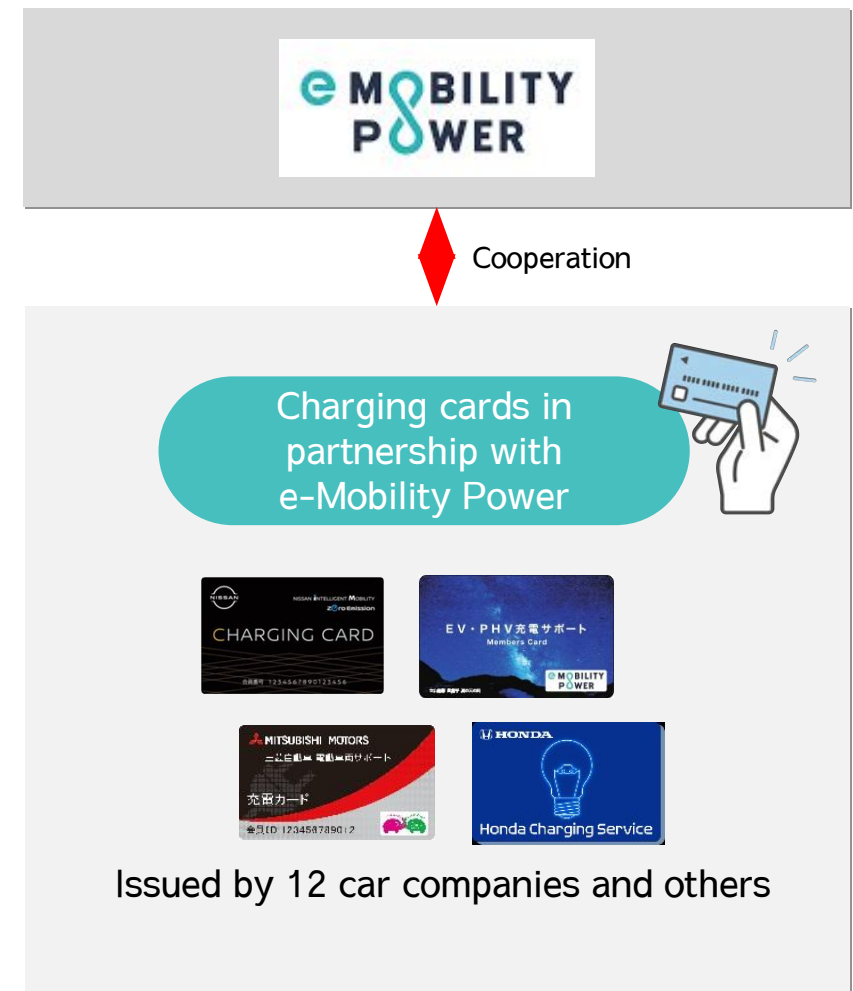
Partnership with e-Mobility Power

Our charging ports are now compatible with third party-issued charging cards in partnership with e-Mobility Power*. As a result, many EV drivers can use our charging ports with their subscription, hence we can expect improved utilization rates.

■ Outline of partnership



■ Compatible third party-issued charging cards



* Some charging ports do not accept charging cards.



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Data business

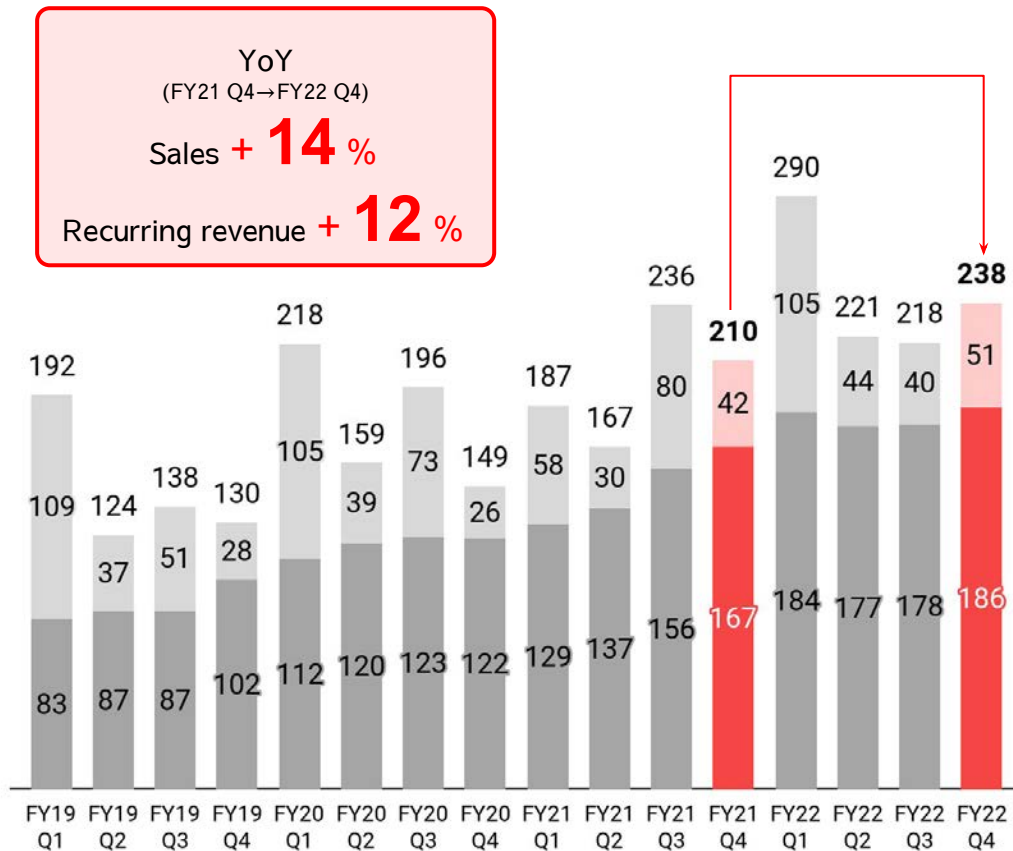
Sales and operating profit

Sales were up +14% YoY due to the introduction of demand response services and the acquisition of EVSmart's charging data business. Recurring revenue was up +12% YoY and operating profit remained stable as we continued to expand our engineering team.

Sales

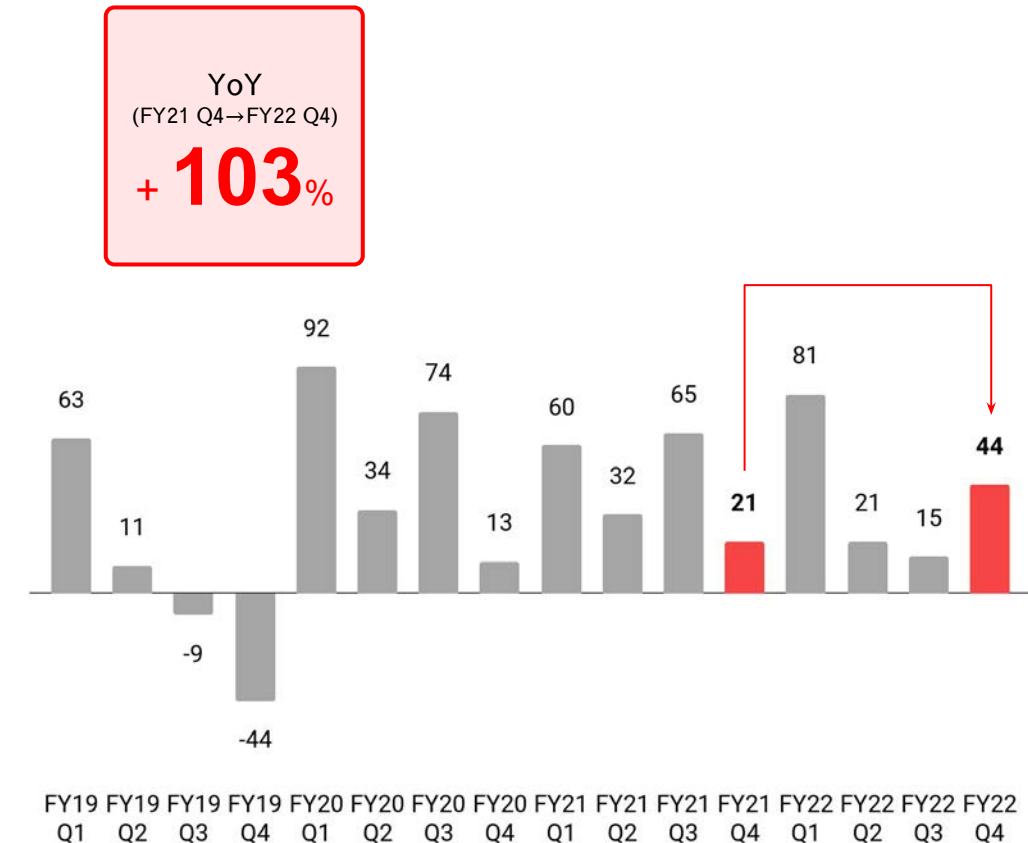
Unit: JPY MM

■ Non-recurring revenue ■ Recurring revenue



Operating profit

Unit: JPY MM



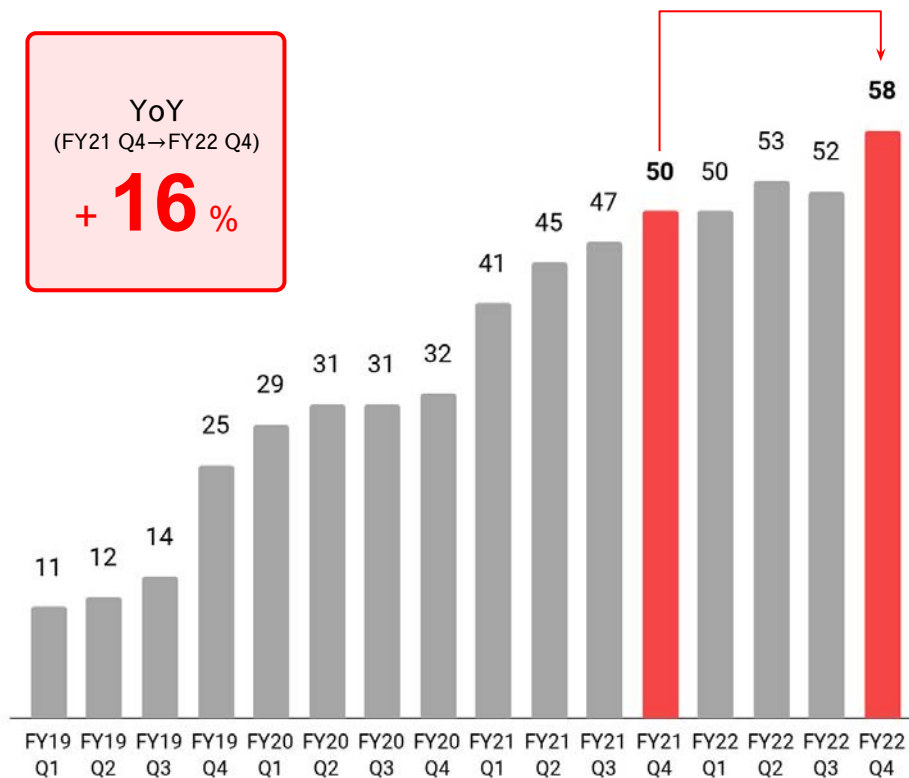
* From FY22, due to the new revenue recognition standard, the accounting method for non-recurring revenue, such as initial and additional development for the Data business, has been changed from bulk accounting at acceptance inspection to accounting proportionally over the contract period.

KPIs

The number of customers increased due to the acquisition of EVSmart's charging data business, growing +16% YoY. These new customers include automotive companies and mapping application providers, demonstrating the growing reach of our products. ARPU remained stable at -2% YoY.

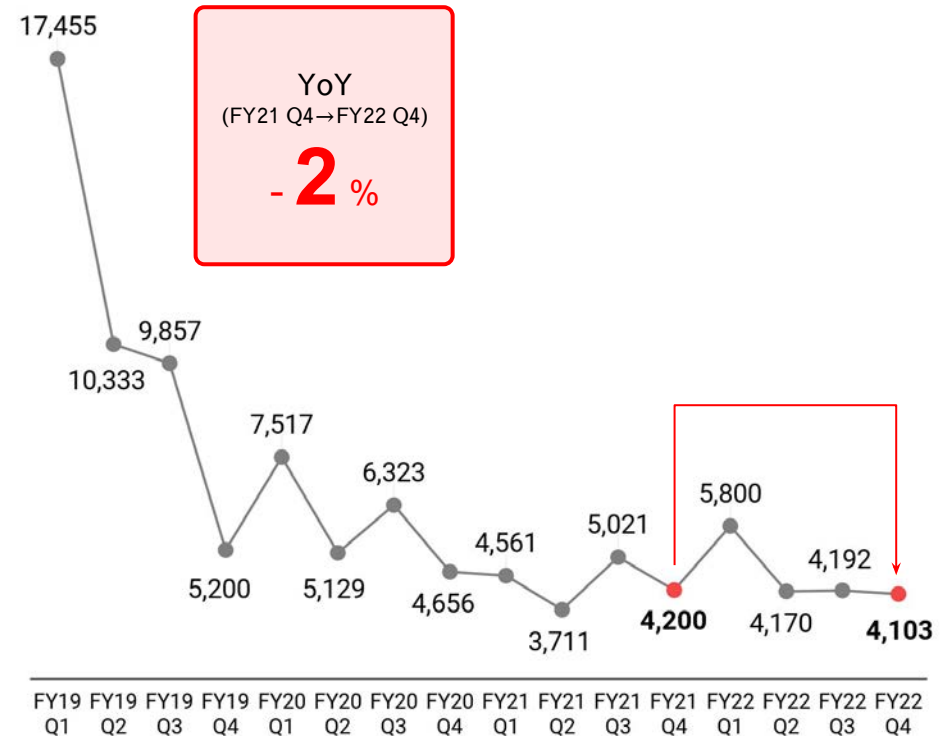
■ Number of customers*1

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 sales by the number of customers at the end of the quarter

Competitive advantage

We develop SaaS products using our extensive databases, proprietary software, and specialized engineering team. Given the complexity involved in the energy industry and the necessity for sector-specific knowledge, our offerings are uniquely differentiated and well-positioned.

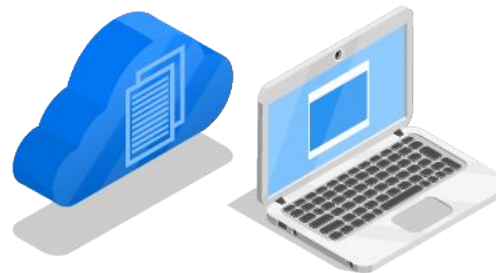
Databases

Energy databases built through in-house data aggregation



Software

High quality and competitively priced Cloud services



Engineers

Specialized team with energy industry expertise



Feature

Advantage

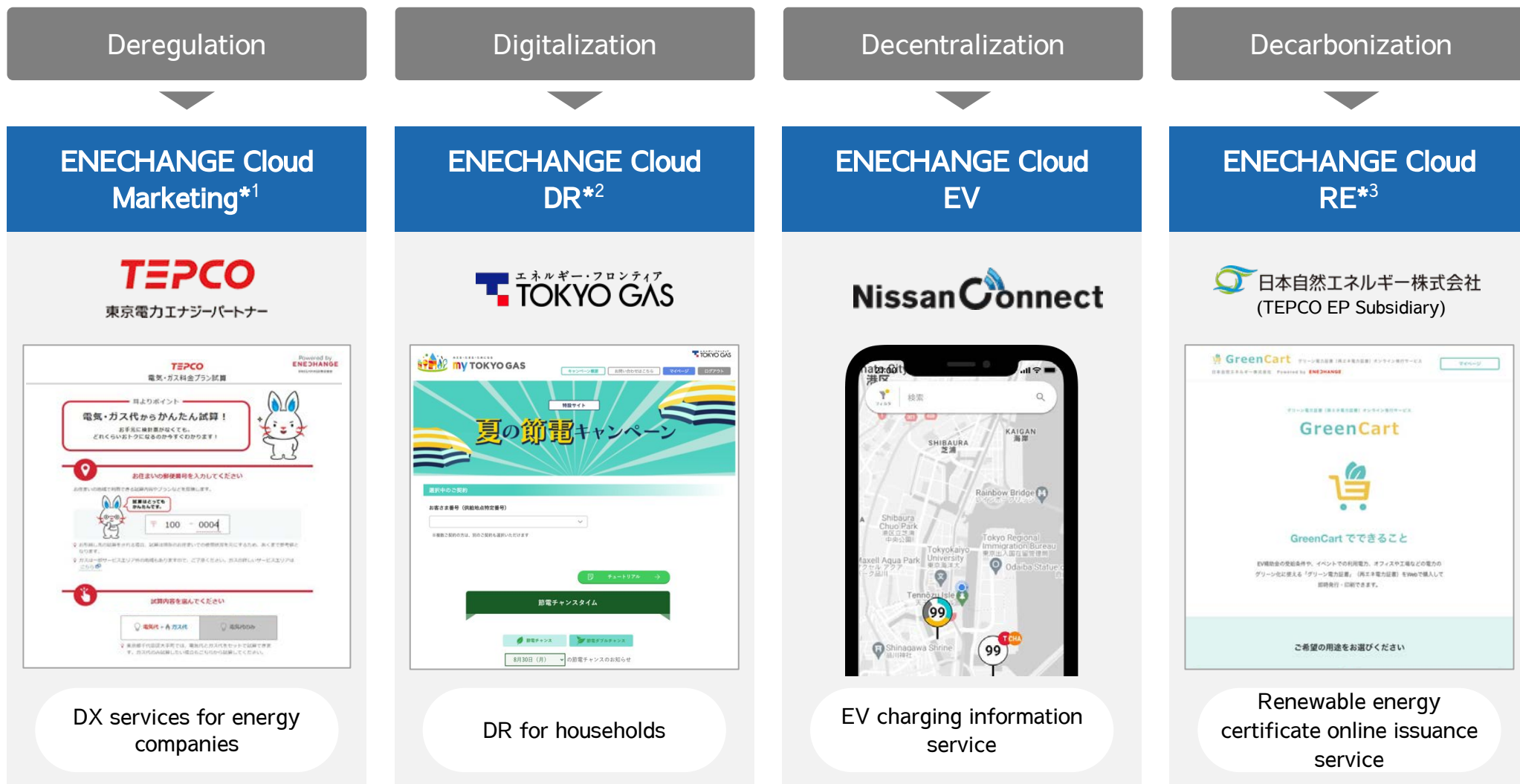
Neutral market position facilitates data sharing

Provides unique SaaS features using our databases

Trusted development partner for energy companies

Business strategy

We have built our product lineup around the 4Ds of energy, starting with responding to demand created by Deregulation, followed by Digitalization, Decentralization, and Decarbonization. By addressing the diverse and changing needs of energy companies, we aim to increase ARPU by upselling multiple products.



*1. Name changed from EMAP; DX: Digital Transformation

*2. Name changed from SMAP DR; DR: Demand Response

*3. RE: Renewable Energy



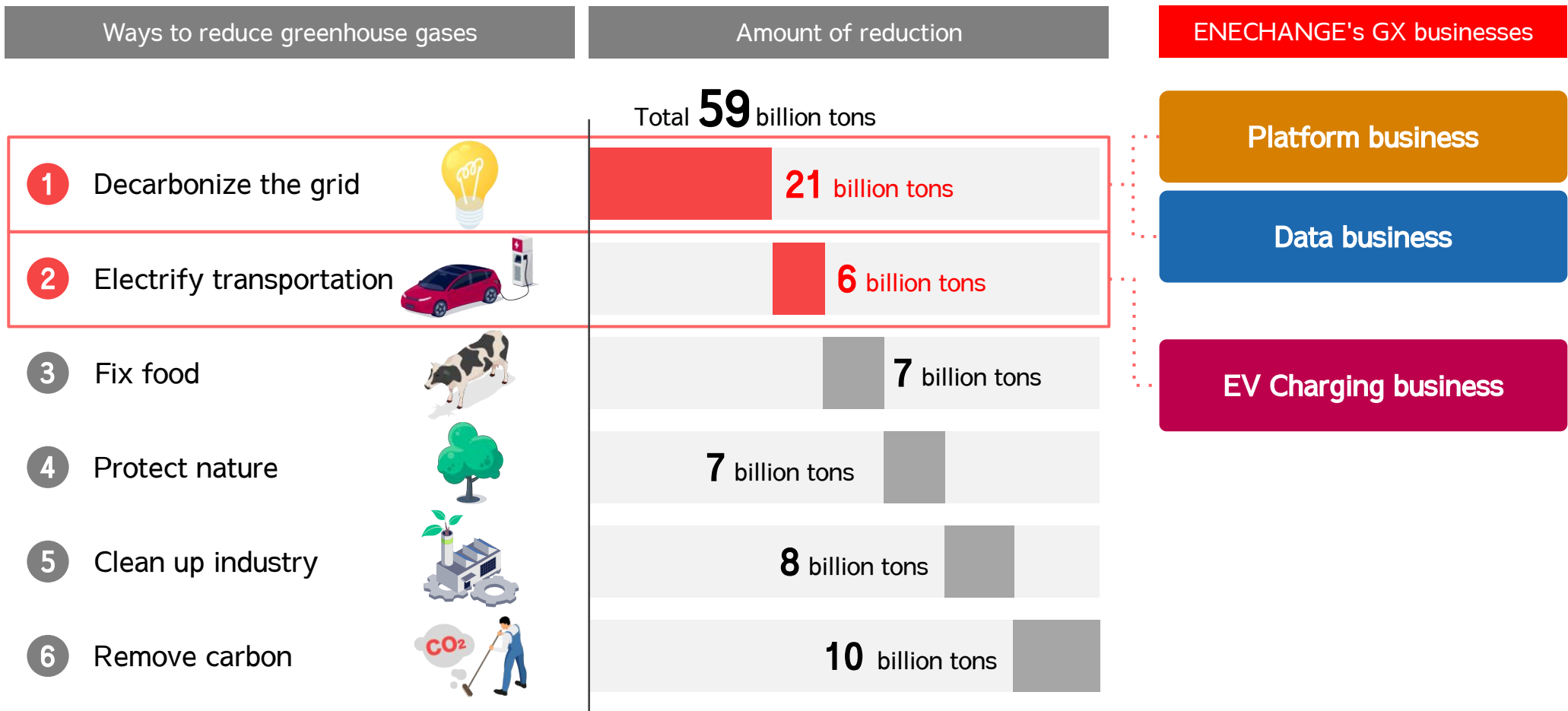
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Mid-term strategy

ENECHANGE is a GX (Green Transformation) company

Initiatives such as decarbonizing the grid and electrifying transportation can contribute greatly to achieving net zero. Our businesses address these initiatives and accelerate GX.

How to reach net zero*



* Based on *Speed & Scale* (authored by John Doerr) and NewsPicks editorial material.

Opportune market environment

Global trends in the energy sector are adding tailwinds to our business. In addition to the push for global decarbonization, themes such as GX, energy security, the adoption of electric vehicles, ESG investment, and green jobs are gaining attention.

Government promotion of GX

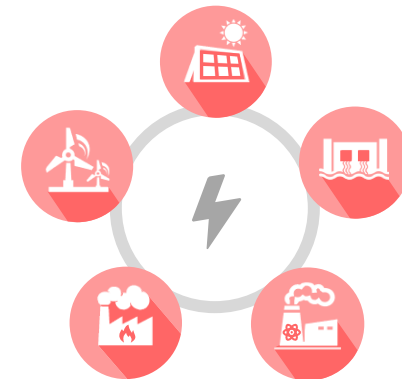


Global trends in decarbonization

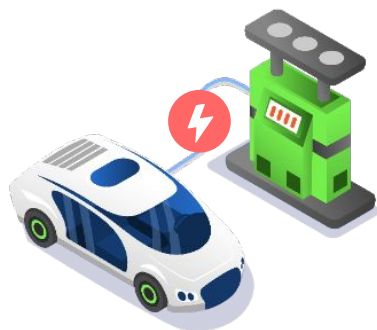
SUSTAINABLE DEVELOPMENT GOALS



Importance of energy security



Switch to EVs



Increase in ESG investment

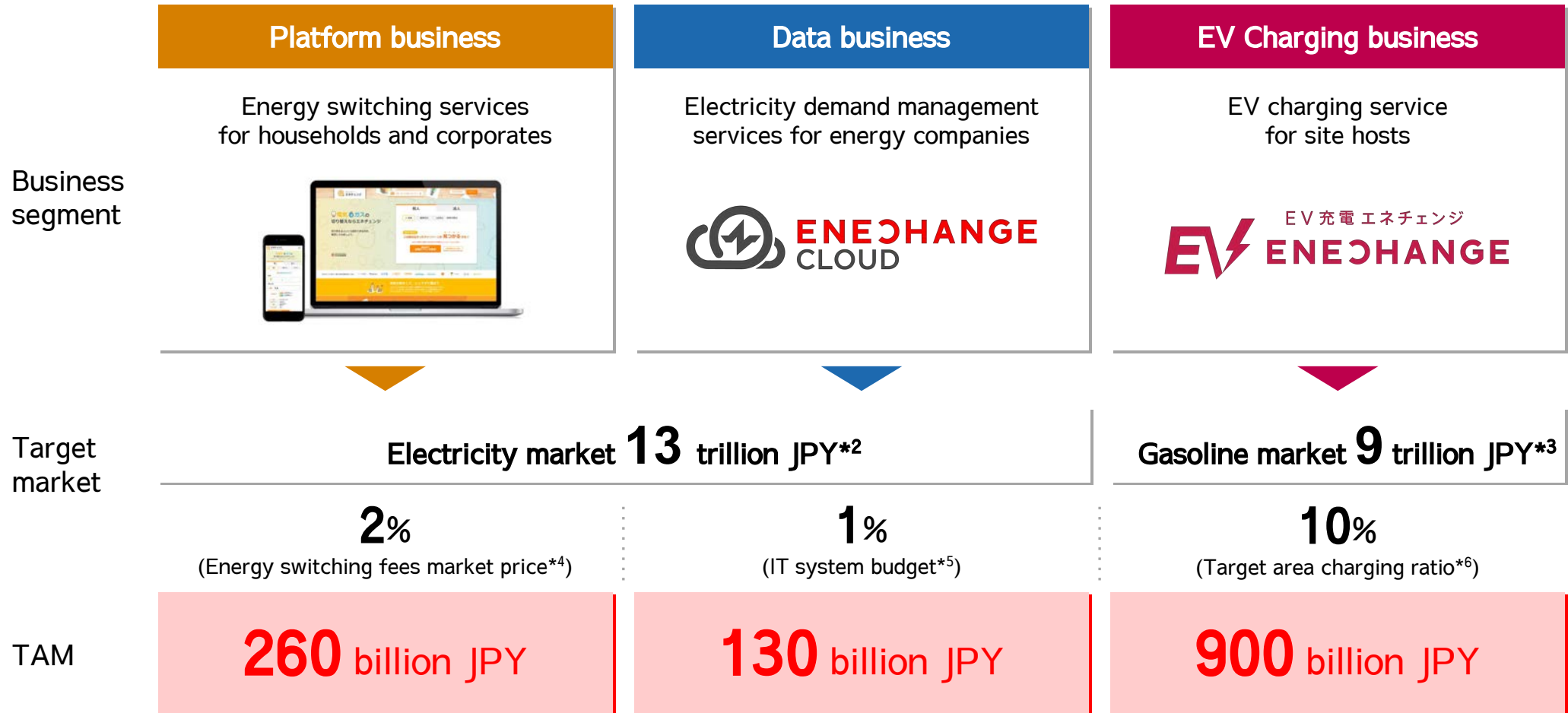


Increased interest in green jobs



Huge market size in GX

Our businesses have a combined TAM*1 in excess of 1.2 trillion JPY in Japan, and we aim to establish dominant positions in these segments.



*1. TAM: Total Addressable Market. This term refers to the estimated largest market size that the Group currently envisions. It is not calculated to show the obtainable market size of the businesses we are running.
 *2. Based on the electricity sales amount in Electricity and Gas Market Surveillance Commission, "Electricity Trading Report Results".
 *3. Source: Teikoku Databank, "Total Sales of Service Station Management Companies" (2017)
 *4. Recurring revenue rate for energy bills, according to the research by ENECHANGE
 *5. IT budget ratio in the energy industry (social infrastructure) according to "Corporate IT Trends Survey" by Japan Users Association of Information Systems
 *6. Our assumption based on McKinsey & Company, "Building the electric-vehicle charging infrastructure America needs" (April 18, 2022).

FY23 Board of directors structure

We intend to appoint Kenyu Adachi, a former vice-minister of the Ministry of Economy, Trade and Industry, as a new director. Outside directors make up 80% of our board, and we are working on increasing the separation between the board and management functions.

■ New Board of directors structure proposal

■ Introducing the upcoming director

Board of directors



Yohei Kiguchi, PhD
Representative Director and CEO
PhD, University of Cambridge



Kenichi Fujita
Independent Outside Director
Siemens Japan
Former Representative Director and CEO



Aki Mori
Independent Outside Director
Executive Officer of Recruit HD
Former CFO of Renova



Kana Bogaki
Independent Outside Director
Makuake
Co-founder / Director

New



Kenyu Adachi
Independent Outside Director
Former vice-minister of Economy, Trade and Industry



Kenyu Adachi
Independent Outside Director

He served as deputy vice-minister and as director-general of the Economic and Industrial Policy Bureau, and vice-minister of Economy, Trade and Industry at the Ministry of Economy, Trade and Industry (METI).

After leaving the METI in 2013, he served as an outside director for Asahi Kasei Corporation and Toyo Engineering Corporation, and as representative director of Shoko Chukin Bank, Ltd.

Today, he serves as chairman of Business Policy Forum, Japan, and outside director for Tsugami Corporation and Japan Alcohol Trading Co., Ltd.

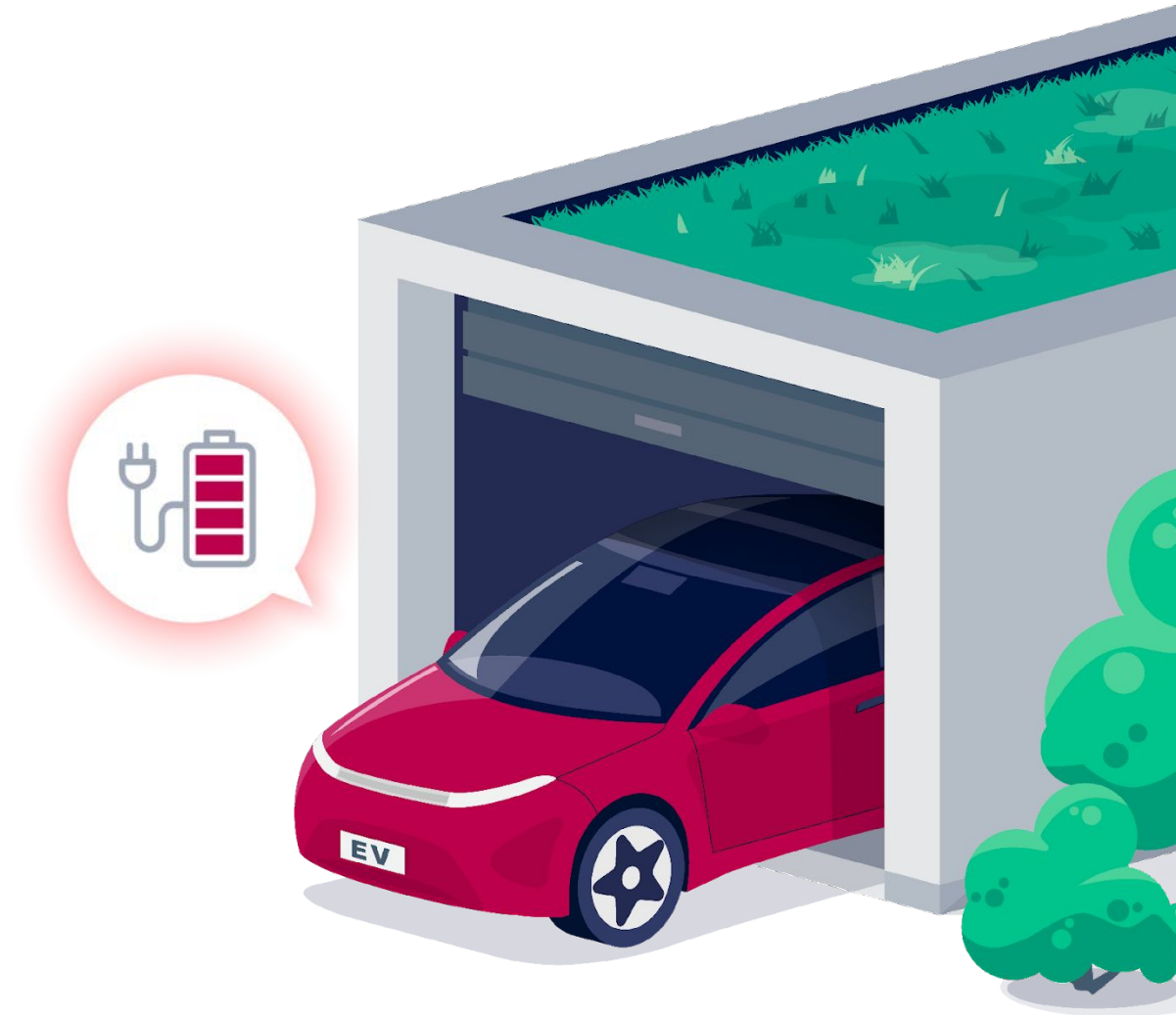
Along with being well-versed in economic and industrial policy, including energy, he has a wealth of experience as an outside director for private sector corporations.

FY23 management structure

We established a new level called senior executive officer, clarifying the hierarchy of the management system. To provide appropriate oversight of our expanding organization, we are creating a management system of people with specialist domain knowledge and experience.



FY23 marks the first year of "restarting with a full charge"





7

Appendix

Company outline

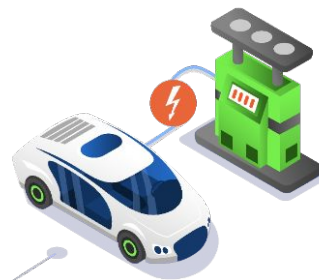
Company name	ENECHANGE Ltd. (4169, Tokyo Stock Exchange Growth)
Address	14F WeWork Tokyo Square Garden, 3-1-1 Kyobashi, Chuo-ku, Tokyo, Japan
Founded	April 2015
Businesses	Platform business, EV Charging business, Data business
Representatives	Yohei Kiguchi, PhD, Representative Director and CEO
Employees	216 (as of December 31, 2022; consolidated basis)
Headquarters	Tokyo, Japan
Subsidiaries	SMAP Energy Limited (UK), ENECHANGE EV Lab Ltd.

Platform business



Energy switching services for households and corporates

EV Charging business



EV charging service for site hosts

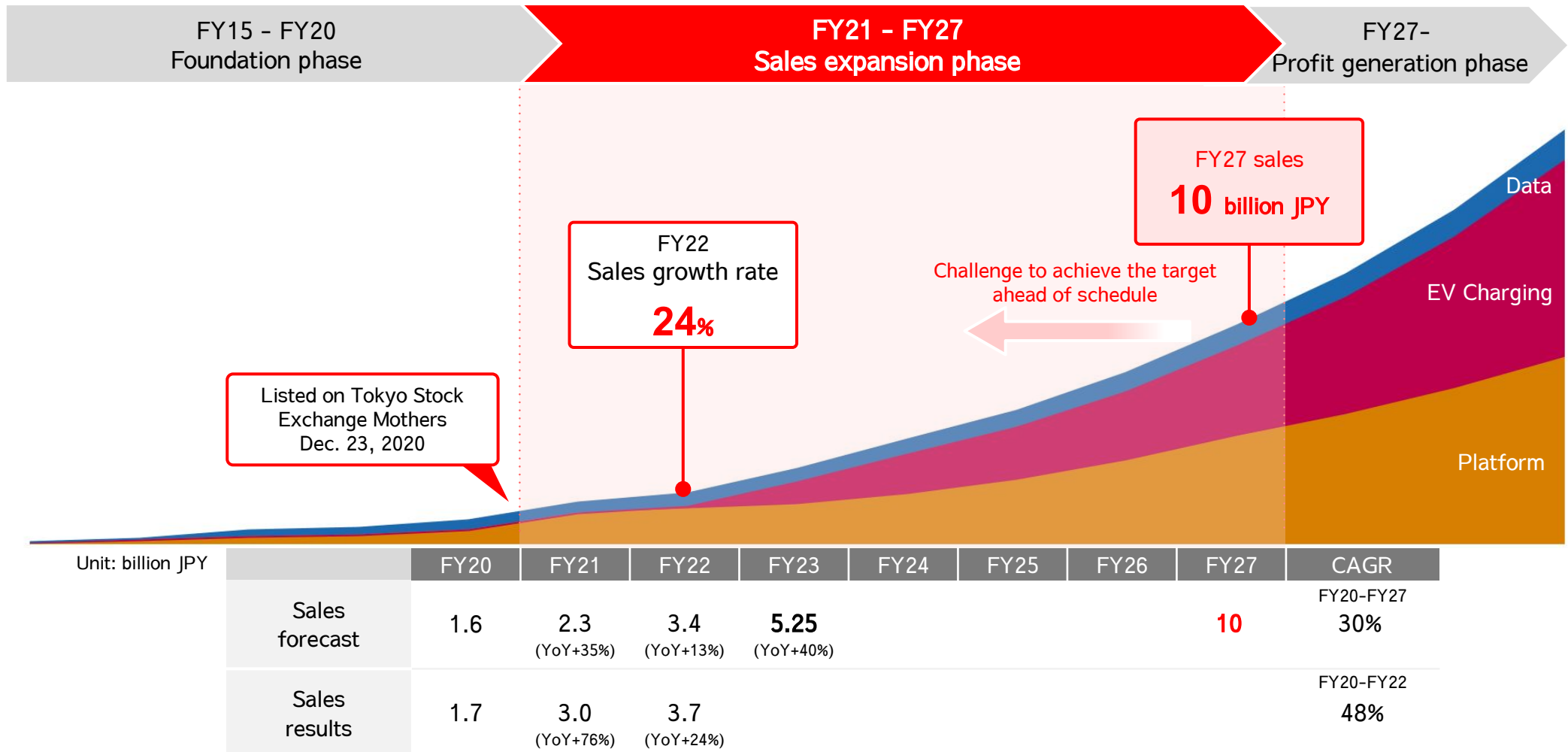
Data business



Electricity demand management services for energy companies

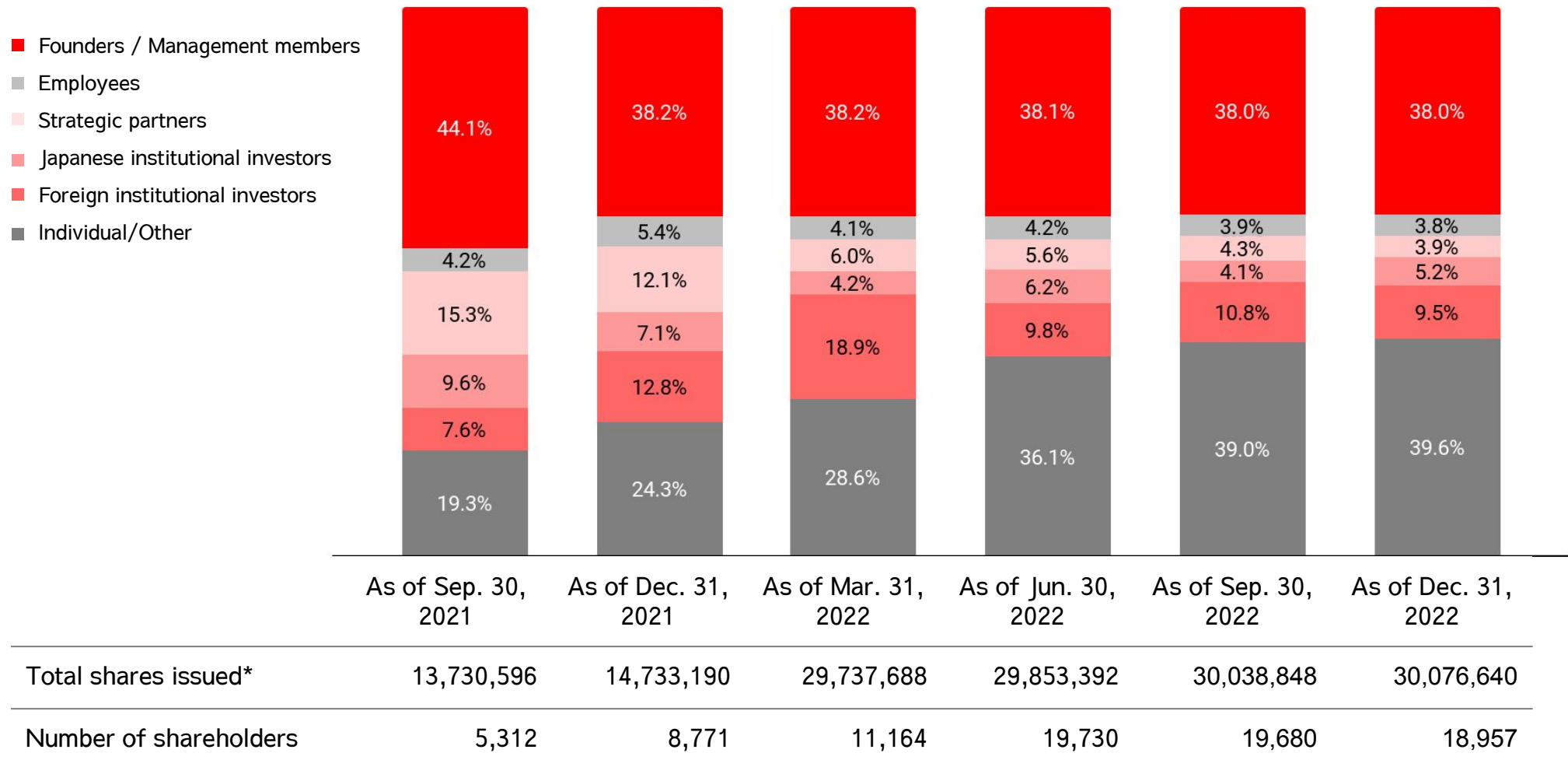
Sales roadmap

We are aiming for an average annual sales growth rate of 30% and intend to reach 10 billion JPY in sales in FY27. FY22 saw sales grow +24% YoY. While the Platform business experienced a temporary slowdown due to a global increase in energy prices, we expect the EV Charging business to grow going forward and are maintaining our long-term targets.



Shareholder information

At the end of December 31, 2022, the percentage of the domestic institutional and individual investors increased.



* The Company conducted a 2-for-1 stock split effective 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 mission

CHANGING ENERGY FOR A BETTER WORLD

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 create a net zero society, innovation in the energy industry is essential.
ENECHANGE uses the technological capacity, global knowledge,
and networks we fostered at Cambridge to encourage reform in Japan's energy industry.

Yohei Kiguchi, PhD CEO / Co-founder

After graduating from the University of Tokyo, Kiguchi obtained a doctorate in engineering in energy data AI analysis from the University of Cambridge. Based on his research, he founded ENECHANGE in 2015, which listed on the Tokyo Stock Exchange Mothers in 2020.

Kiguchi was the first Japanese person listed in Forbes Under 30 Europe, has won many awards including the JX Awards (Japan Association of New Economies), and is well versed in the state of the world's energy industry.

He is also a current member of several Japanese governmental energy policy committees, as well as the Japan Association of Corporate Executives and Japan Association of New Economies.



Directors and key executives

Our management team is made up of professional executive officers and outside directors with a wealth of experience.

Outside directors



Kenichi Fujita Outside director

Served as head of international consulting departments for companies including UFJ Institute, where he was involved in 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.



Aki Mori Outside director

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



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.



Kenyu Adachi Outside director

In his time at the Ministry of Economy, Trade and Industry, he served as deputy vice-minister, director-general of the Economic and Industrial Policy Bureau, and vice-minister of Economy, Trade and Industry. After leaving the Ministry in 2013, he served as an outside director for Asahi Kasei Corporation and Toyo Engineering Corporation. Today, he serves as outside director for Tsugami Corporation and Japan Alcohol Trading Co., Ltd.

Senior Executive Officers



Ippei Arita CTO

Previously worked at J.P. Morgan Securities Japan Co., Ltd. on system development and also worked to develop services aimed overseas at GREE, Inc. Later, as co-founder of Cambridge Energy Data Lab, he was responsible for algorithm development and software design. In April 2015, he founded ENECHANGE Ltd. and took office as representative director.



Tatsuya Sogano CMO

Previously worked at P&G, developing business strategies based on understanding consumers and markets. In June 2015, he sold his 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.

Key Executives / Subsidiary Officers



Takuya Sugimoto CFO / 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.








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.

Skill matrix

We have set up a team of directors who can balance high growth and corporate governance as an energy technology company. Promoting the separation between board and management functions, the ratio of outside directors will be 80%.

	Name Post at ENECHANGE	Major Past Posts	Nomination and Remuneration Committee	Energy / Environment Business	Energy Overseas Trends	Energy Policy Trends	Corporate Governance	Accounting & Finance / Capital Markets	Organizational Development / Personnel	Marketing
	Yohei Kiguchi, PhD Representative Director and CEO	University of Cambridge, Doctoral researcher	○	✓	✓	✓		✓		
	Kenichi Fujita Independent Outside Director	Siemens Japan, CEO and Chairman		✓	✓		✓			
	Aki Mori Independent Outside Director	Recruit Holdings, Executive Officer Renova, CFO Goldman Sachs, IBD	○ Committee Chair	✓			✓	✓		
	Kana Bogaki Independent Outside Director	Makuake, Co-founder/Director	○				✓		✓	✓
	Kenyu Adachi Independent Outside Director	Vice-Minister of Economy, Trade and Industry		✓		✓	✓			

Note: Checked boxes indicate at least 5 years of professional experience in the relevant business.
This director composition is scheduled to take office after approval at the General Meeting of Shareholders to be held in March 2023.

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 by converting 100% of the electricity used in our offices to renewable energy.

Learn more at: <https://enechange.co.jp/en/sustainability/>.

- Our focus areas regarding SDG goals

- Disclosure of our commitment on the website



– Environment

Electricity consumption / CO₂ emission

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

*Data covers ENECHANGE Ltd.

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

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

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

Financial results for FY22

Full-year sales were 3.7 billion JPY (+23.7% YoY), reaching a record high. Full-year operating loss was 1.1 billion JPY (from +40 million JPY in the previous year) due to investment in the EV Charging business.

(Unit: JPY MM)	Q4 (Oct.-Dec.)			Full-year (Jan.-Dec.)		
	FY21	FY22	YoY	FY21	FY22	YoY
Sales	831	913	+9.9%	3,018	3,734	+23.7%
Gross profit	707	636	(10.1)%	2,582	2,935	+13.7%
<i>Gross profit margin</i>	85.1%	69.6%	(15.5)pt	85.6%	78.6%	(7.0)pt
<i>SG&A expenses</i>	804	1,226	+52.4%	2,541	4,057	+59.7%
Operating profit	(96)	(589)	-	40	(1,121)	-
<i>Operating profit margin</i>	(11.6)%	(64.5)%	(52.9)pt	1.4%	(30.0)%	(31.4)pt
Ordinary profit	(142)	(627)	-	(2)	(1,156)	-
Net profit attributable to owners of parent	(147)	(691)	-	(85)	(1,315)	-

Financial results for FY22 by segment

Full-year sales increased in all segments. Although both the Platform and Data businesses remained profitable, there was an operating loss in the EV Charging business due to investments, including an increase in personnel expenses associated with business expansion.

(Unit: JPY MM)		Q4 (Oct.-Dec.)			Full-year (Jan.-Dec.)		
		FY21	FY22	YoY	FY21	FY22	YoY
Consolidated		831	913	+9.9%	3,018	3,734	+23.7%
Sales	Platform business	621	488	(21.4)%	2,215	2,575	+16.3%
	Data business*1	210	238	+13.6%	802	969	+20.8%
	EV Charging business	-	186	-	-	189	-
	Consolidated	(96)	(589)	-	40	(1,121)	-
Operating profit	Platform business	23	(29)	-	319	226	(29.1)%
	Data business	21	44	+102.3%	180	163	(9.5)%
	EV Charging business	-	(377)	-	-	(784)	-
	Adjustment amount*2	(142)	(226)	-	(459)	(727)	-

*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

In both the Platform and Data businesses, we invested in user acquisition and team expansion to the extent that segment operating profit was maintained. The EV Charging business continues to make investments in advertising and personnel.

(Unit: JPY MM)	FY21					FY22				
	Company total	Platform business	Data business	EV Charging business	Company-wide costs	Company total	Platform business	Data business	EV Charging business	Company-wide costs
Sales	3,018	2,215	802	-	-	3,734	2,575	969	189	-
Cost of sales	435	65	370	-	-	798	87	519	190	-
Gross profit	2,582	2,149	432	-	-	2,935	2,487	449	(1)	-
<i>Gross profit margin</i>	<i>85.6%</i>	<i>97.0%</i>	<i>53.9%</i>	-	-	<i>78.6%</i>	<i>96.6%</i>	<i>46.3%</i>	-	-
SG&A*1	2,541	1,830	251	-	459	4,057	2,261	285	782	727
Advertising expenses	115	109	2	-	3	642	291	0	348	2
Sales commissions, sales promotion expenses	1,304	1,304	0	-	-	1,295	1,289	0	5	-
Personnel expenses	592	225	172	-	195	1,012	287	187	285	252
Outsourcing expenses	249	127	14	-	107	540	264	57	43	174
Other	279	63	61	-	153	566	128	41	99	297
Operating profit*2	40	319	180	-	(459)	(1,121)	226	163	(784)	(727)
<i>Operating profit margin</i>	<i>1.3%</i>	<i>14.4%</i>	<i>22.4%</i>	-	-	<i>(30.0)%</i>	<i>8.8%</i>	<i>16.8%</i>	-	-

*1. The figures for the breakdown of SG&A 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.

Balance sheet

Fixed assets increased +650 million JPY due to the acquisition of EVSmart and investment in the Decarbonized Tech Fund. Interest-bearing debt increased +893 million JPY due to short-term borrowings, syndicated loans, and debt financing for M&A. Cash and deposits decreased -710 million JPY due to investments in the EV Charging business.

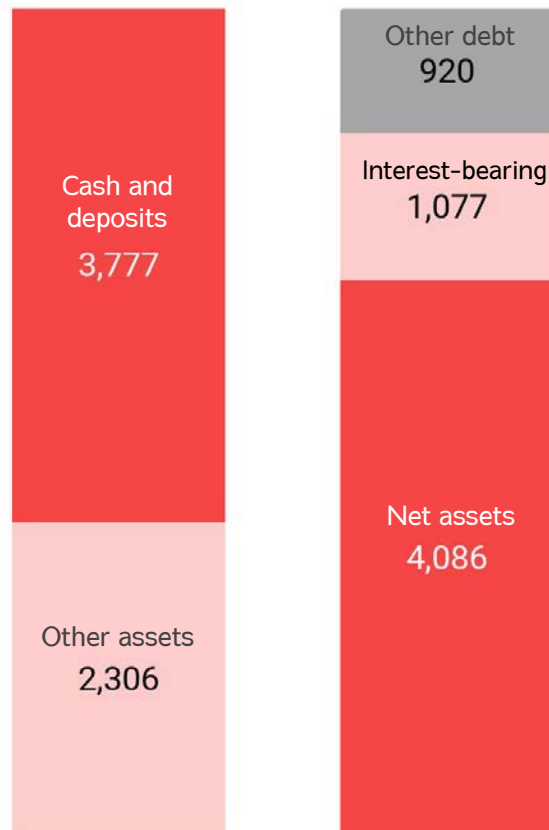
(Unit: JPY MM)	End of FY22 Q3	End of FY22 Q4	
		Actual	QoQ
Current assets	4,503	4,537	+34
Cash and deposits	3,777	3,067	(710)
Fixed assets	1,581	2,231	+650
Total assets	6,084	6,769	+685
Current liabilities	1,000	1,971	+971
Interest-bearing debts	77	742	+665
Fixed liabilities	997	1,248	+251
Interest-bearing debts	983	1,211	+228
Net assets	4,086	3,549	(537)

Financial base

Since the public offering in December 2021, the D/E ratio increased to 0.55x through strategically executed debt financings.

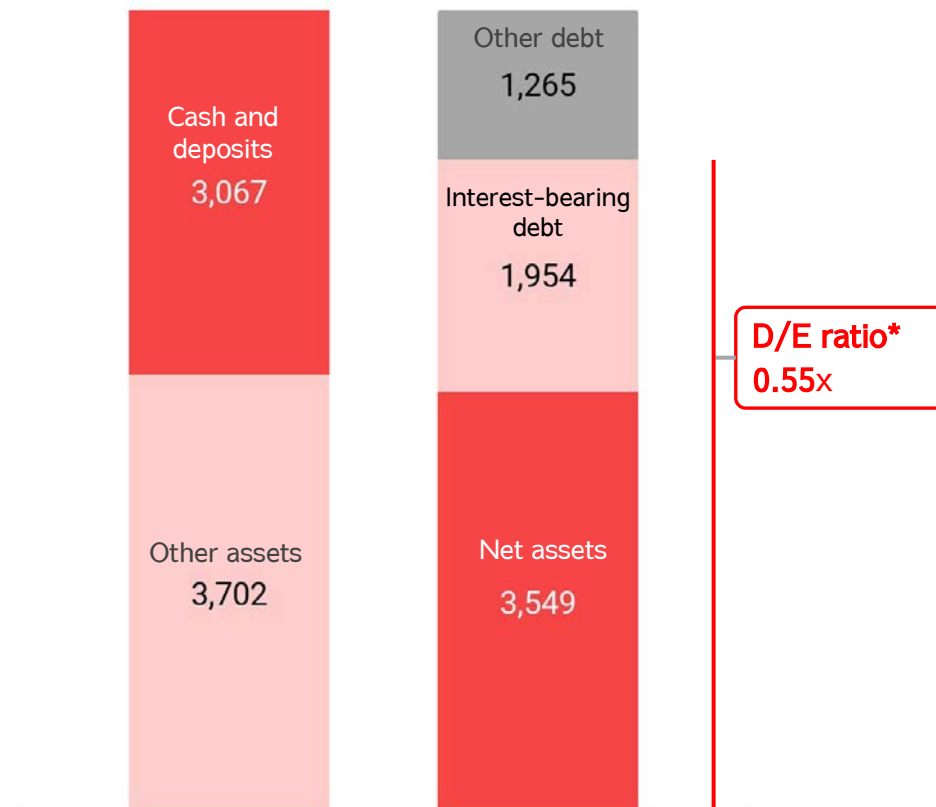
■ Balance sheet as of end Sep. 2022

Unit: JPY MM



■ Balance sheet as of end Dec. 2022

Unit: JPY MM



*Interest-bearing debt / Net assets

Cash flow

Cash flow by sales activities was -1.9 billion JPY due to investment in EV Charging business. Cash flow by investment activities was -1.5 billion JPY due to the acquisition of EVSmart and investment in the Decarbonized Tech Fund. Cash flow by finance activities was +0.9 billion JPY due to debt financing. As a result, cash and cash equivalents at the end of the period amounted to 3.0 billion JPY, down -2.5 billion JPY from the previous period.

Unit: JPY MM

	FY21	FY22	
		Actual	YoY
Cash flow by sales activities	481	(1,944)	(2,425)
Cash flow by investment activities	(552)	(1,595)	(1,043)
Cash flow by finance activities	4,302	994	(3,308)
Effect of exchange rate change on cash and cash equivalents	5	41	+36
Cash and cash equivalents at end of period	5,571	3,067	(2,504)



- **Platform business**

Business outline

Through the 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.

Energy switching platform for households



電気・ガスを切り替えて特典をもらおう



紹介者も Amazonギフト券
お友達も がもらえる!
キャンペーン詳細はこちら

"Switch electricity and gas and receive special offers!"

Energy switching platform for corporates

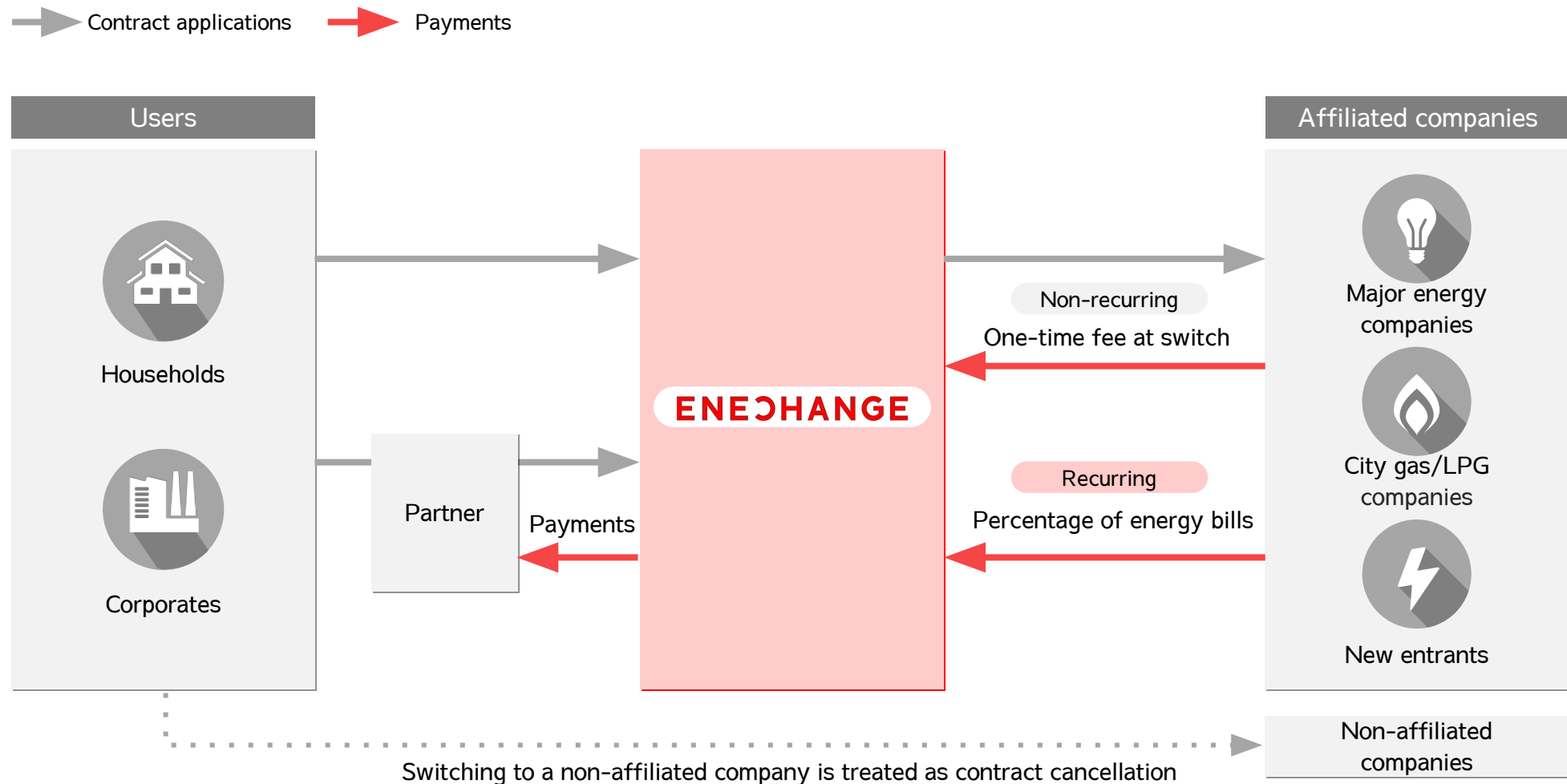


地球環境に配慮したプランを選びたい
CO2排出量を抑える自然エネルギー

"I want to choose an environmentally-friendly plan!"

Business model

After switching an electricity or gas contract, we receive a one-time fee from the affiliated energy company as well as recurring revenue linked to energy bills. We have many affiliated energy companies, and switching to non-affiliated companies (cancellation) is limited.



LTV/CAC definitions

$$\begin{array}{c}
 \text{LTV} \\
 \left(\text{One-time fee/} \right. \\
 \left. \text{Cross-sales} \right) - \text{Sales} \\
 \left. \text{commissions} \right) + \text{Lifetime} \\
 \text{recurring} \\
 \text{revenue} \times \text{Gross profit} \\
 \text{margin} \div \text{User} \\
 \text{acquisition cost} = \text{LTV/CAC}
 \end{array}$$

Explanation of Terms

One-time fee/ Cross-sales	<ul style="list-style-type: none"> - One-time fees are payments received from affiliated companies when a user switches energy. - Cross-sales are sales obtained by selling products other than energy switching to users.
Sales commissions	<ul style="list-style-type: none"> - Incentive fees from introducing users from online/offline affiliated companies and fees related to issuing gift certificates to ENECHANGE users. - The strategy for both is to pay them within the scope of the one-time fee.
Lifetime recurring revenue	<ul style="list-style-type: none"> - Total amount per user of recurring revenue received from affiliated companies who have received an energy switchover. - Calculated by multiplying the reciprocal of the churn rate (avg. per month for total Platform business*) to the figure that is the recurring revenue divided by the number of users eligible for recurring revenue (as of the end of the period).
Gross profit margin	<ul style="list-style-type: none"> - Gross profit margin for Platform business.
User acquisition cost	<ul style="list-style-type: none"> - Total of expenses shared across segments such as advertising expenses, personnel expenses, and call center and server expenses (added in the same way when we pay sales commissions that are one-time payments or more). - Calculated by dividing the above by the number of new users.

* 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 number in the past 12 months / average monthly number of users eligible for recurring revenue in the past 12 months.



- **EV Charging business**

Business outline

This business provides EV charging services to owners of facilities with parking lots. In addition to 6kW EV charging ports that are also subsidy-compliant, we also offer an EV charging information app with payment functions to promote the usage of EV charging infrastructure.



EV charging information app



Works with Navitime, Google, Apple Maps, and car navigation systems

Charging ports



6kW, subsidy-compliant charging ports

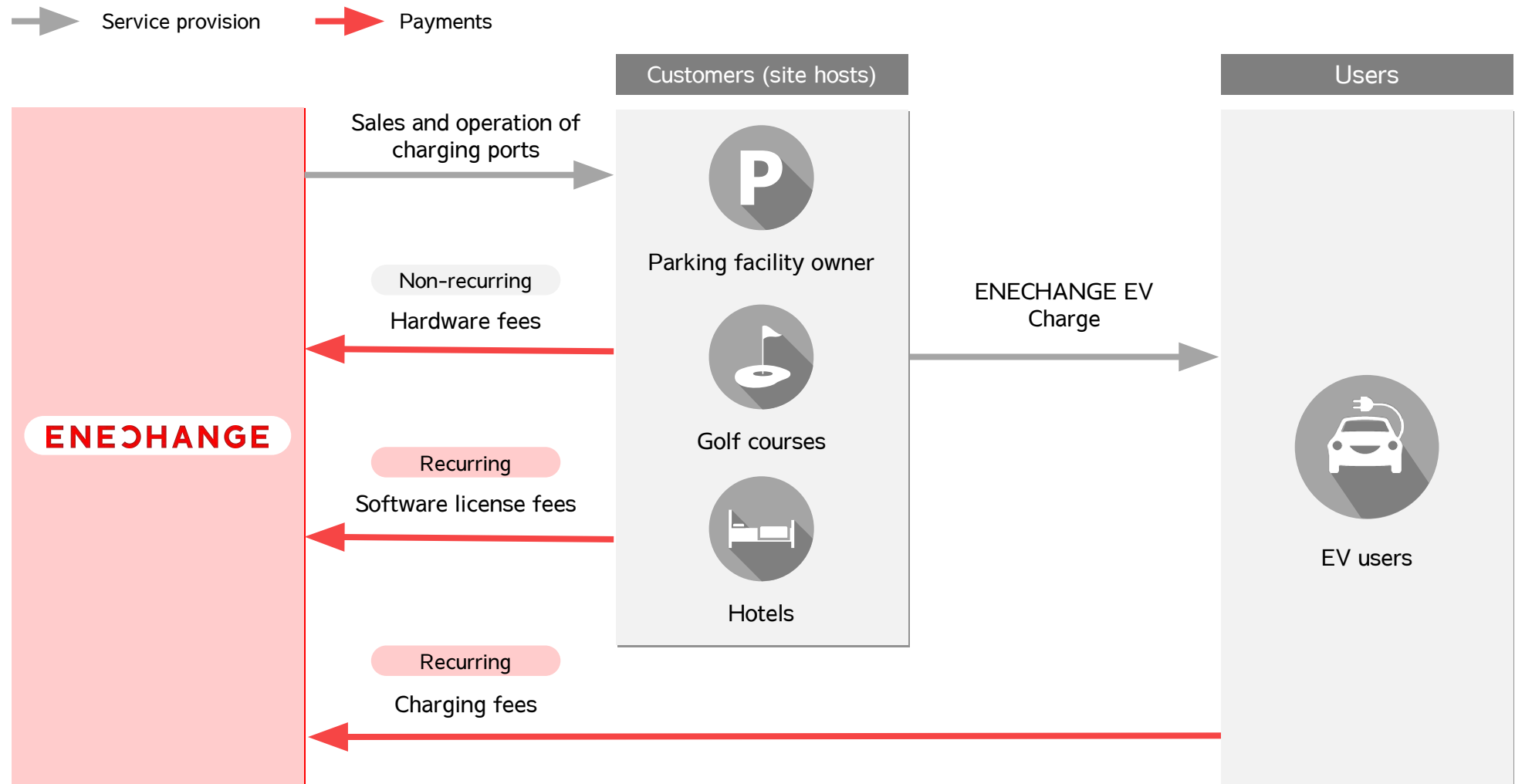
In-app payment



e-Mobility Power charging card linkage





Business model

We provide 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 revenue.



Overseas EV charge point operators

Many overseas EV charge point operator (CPO) companies*¹ have been publicly listed since 2021, and these EV CPO companies have prioritized sales growth even if they show a deficit due to investment. Amid a declining stock price environment, profitability is increasingly important to maintain corporate value.

Company name (Ticker symbol)	IPO Date	Market cap ^{*3}	Sales ^{*3} (TTM)	EBITDA ^{*3}	PSR ^{*4}	Stock Exchange	Main sales market	No. of Level 2 charging ports ^{*2}	No. of DC fast charging ports ^{*2}
 Tesla (TSLA)	Jun. 2010	\$526.3 B	\$74.9 B	\$16.2 B	7.0	NASDAQ	Global	12,740	17,408
 ChargePoint (CHPT)	Mar. 2021	\$4.0 B	\$394.6 M	-\$300.7 M	10.1	NYSE	USA Europe	54,648	2,119
 EVgo (EVGO)	Jul. 2021	\$1.6 B	\$34.4 M	-\$103.3 M	47.9	NASDAQ	USA	364	2,400
 Allego (ALLG)	Mar. 2022	\$1.2 B	\$52.1 M	-\$134.4M	22.7	NYSE	Europe	N/A	N/A
 FASTNED  Fastned (FAST)	Jun. 2019	\$686.6 M	\$22.2 M	-\$5.6 M	30.9	Euronext Amsterdam	Europe	N/A	N/A
 blink (BLNK)	Feb. 2018	\$676.5 M	\$46.5 M	-\$75.4 M	14.6	NASDAQ	USA	11,565	115

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

*2. Number of Level 2 charging ports and DC fast charging ports (including public, private, etc.) disclosed in US Department of Energy Alternative Fuels Data Center in the United States as of February 1, 2023. The Blink numbers include SemaConnect's SemaCharge charging ports, as SemaConnect was acquired by Blink in June 2022.

*3. From Yahoo Finance (as of US market close January 30, 2022) , €1=US\$1.08

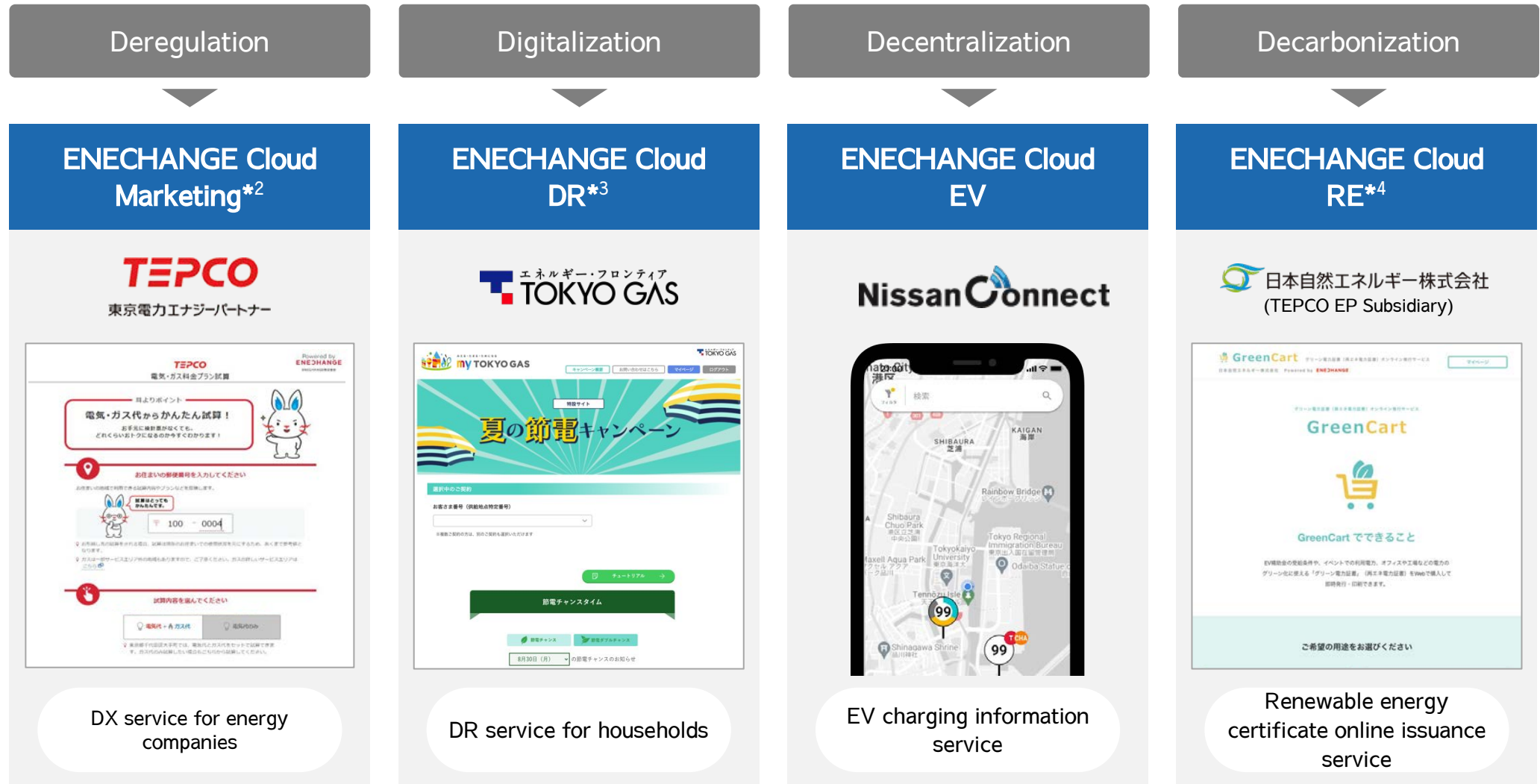
*4. Price to Sales Ratio, calculated as market cap divided by sales (TTM).



- **Data business**

Business outline

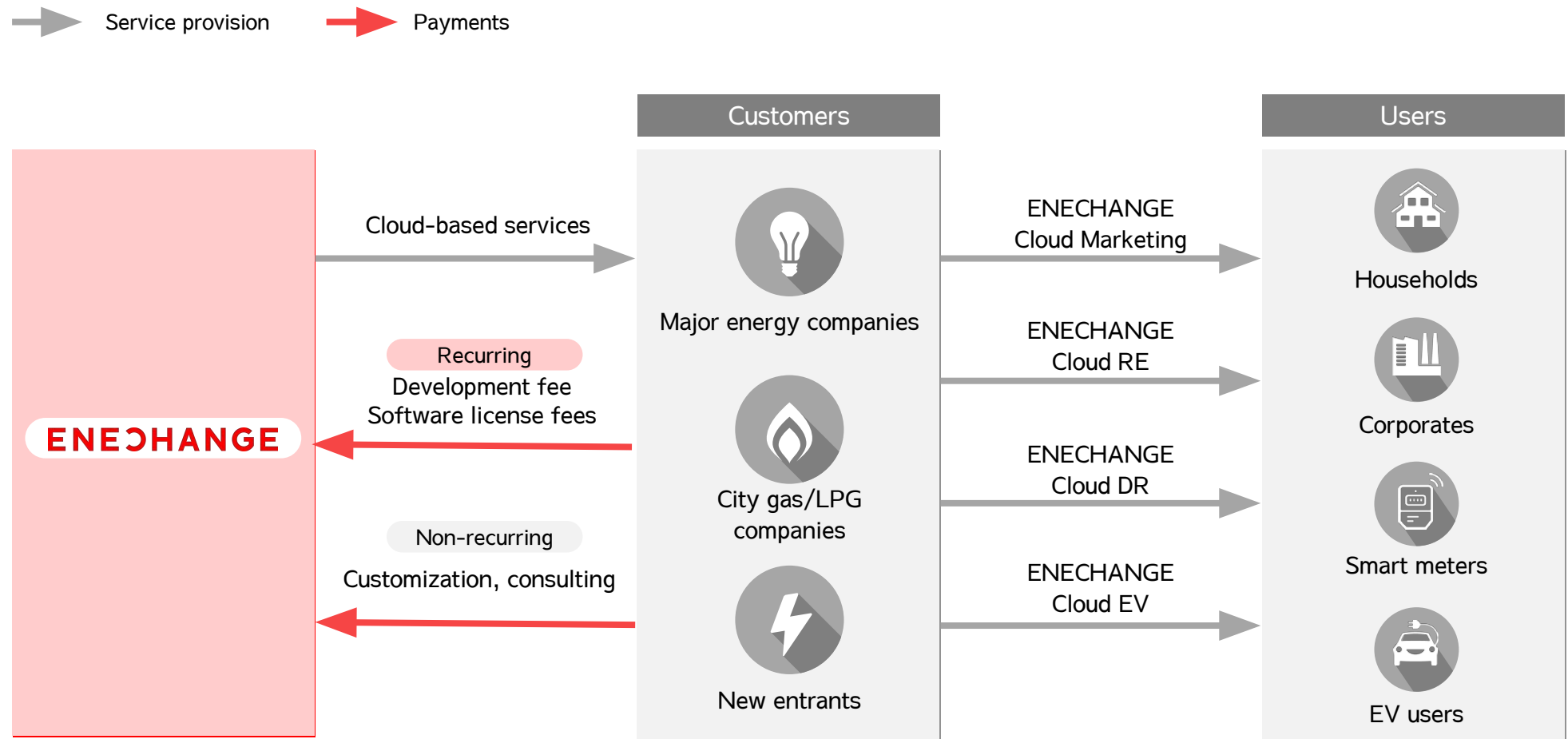
We have developed the ENECHANGE Cloud lineup, a series of SaaS-based DX*¹ services mainly for energy companies. We utilize databases, software, and engineering teams cultivated alongside our other businesses, and we are expanding our product lineup based on the 4Ds of energy.



*1. DX: Digital transformation *2. Name changed from EMAP *3. Name changed from SMAP DR; DR: Demand response *4. RE: Renewable energy

Business model

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





- **Risk information**

Known risks (1/2)

Item	Affected Segment	Main Risk	Potential of Manifestation	Impact	Risk Countermeasure
Business environment: Policy trends related to energy liberalization	<div style="background-color: #f9a825; padding: 2px 5px; border-radius: 3px; display: inline-block;">Platform</div> <div style="background-color: #2e75b6; color: white; padding: 2px 5px; border-radius: 3px; display: inline-block;">Data</div>	- The possibility that regulatory changes related to the energy market or other policy changes could affect the business performance of energy companies, which are our major customers.	Low	High	<ul style="list-style-type: none"> - Establish a diversified business that is not dependent on a specific area. - Monitor policy trends and make recommendations to regulatory agencies.
Business content/Provided services: Dependence on energy companies	<div style="background-color: #f9a825; padding: 2px 5px; border-radius: 3px; display: inline-block;">Platform</div> <div style="background-color: #2e75b6; color: white; padding: 2px 5px; border-radius: 3px; display: inline-block;">Data</div>	- The possibility that unexpected events such as a surge in energy prices, the price of electricity traded on the Japan Exchange for Wholesale Electricity ("JEPX"), natural disasters, and/or sudden phenomena could worsen the business environment for the energy companies we work with, leading to revisions of existing contract conditions, cancellations, suspension of new orders, and more.	High	High	<ul style="list-style-type: none"> - Diversify our customer base beyond solely energy companies. - Establish a diversified business that is not dependent on a specific area.
Business environment: Policy trends related to EVs and EV charging infrastructure	<div style="background-color: #e91e63; color: white; padding: 2px 5px; border-radius: 3px; display: inline-block;">EV Charging</div>	- The possibility that major policy changes in government subsidies for EVs and EV charging infrastructure could affect our number of received orders and installed charging ports in our EV Charging business.	Medium	High	<ul style="list-style-type: none"> - Monitor policy trends and make recommendations to regulatory agencies. - Improve or change business models in response to policy trends.
Financial performance: Accounting standards	<div style="background-color: #e91e63; color: white; padding: 2px 5px; border-radius: 3px; display: inline-block;">EV Charging</div>	- The possibility that changes in accounting standards or differences in interpretation of accounting procedures, such as the treatment of subsidies in the relatively new EV Charging business, may affect the way sales and profits are recorded.	Medium	High	<ul style="list-style-type: none"> - Consider appropriate treatment in accordance with accounting standards, including proactive dialogue with the auditor.
Business environment: Supply chain risks	<div style="background-color: #e91e63; color: white; padding: 2px 5px; border-radius: 3px; display: inline-block;">EV Charging</div>	- The possibility that suppliers may experience difficulties in manufacturing or shipping, affecting our business continuity.	Medium	High	<ul style="list-style-type: none"> - Reduce risk by diversifying suppliers.

Note: Details, including the above risks, will be included in the "Associated Business Risks" section of the securities registration statement to be submitted in March 2023.

Known risks (2/2)

Item	Affected Segment	Main Risk	Potential of Manifestation	Impact	Risk Countermeasure
Business environment: Changes in competitive landscape	<div style="background-color: #f4a460; padding: 2px 5px; border-radius: 3px;">Platform</div> <div style="background-color: #e91e63; color: white; padding: 2px 5px; border-radius: 3px;">EV Charging</div> <div style="background-color: #3498db; padding: 2px 5px; border-radius: 3px;">Data</div>	- The possibility that our growth will stagnate if competition intensifies in our business areas due to the entry of competitors, which causes user cancellations or a decline in unit price.	Medium	Medium	- Develop services and products that are superior to those of competitors.
Financial performance: Exchange rate fluctuations	<div style="background-color: #e91e63; color: white; padding: 2px 5px; border-radius: 3px;">EV Charging</div>	- The possibility that exchange rate fluctuations may affect the purchase price of EV charging ports imported from overseas, etc., which may affect our financial results.	Medium	Medium	- Appropriately reflect exchange rate fluctuations in business operations by observing trends among suppliers and competitors.
Business content/Provided services: Search engines	<div style="background-color: #f4a460; padding: 2px 5px; border-radius: 3px;">Platform</div> <div style="background-color: #e91e63; color: white; padding: 2px 5px; border-radius: 3px;">EV Charging</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	<ul style="list-style-type: none"> - Adjust SEO strategy. - Respond by acquiring users through channels that do not rely on the internet.
Business content/Provided services: Technological innovation, etc.	<div style="background-color: #3498db; padding: 2px 5px; border-radius: 3px;">Data</div> <div style="background-color: #e91e63; color: white; padding: 2px 5px; border-radius: 3px;">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 for product development 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: #f4a460; padding: 2px 5px; border-radius: 3px;">Platform</div> <div style="background-color: #e91e63; color: white; padding: 2px 5px; border-radius: 3px;">EV Charging</div> <div style="background-color: #3498db; padding: 2px 5px; border-radius: 3px;">Data</div>	- The possibility that natural or man-made disasters, terrorism, war, etc. could cause a system failure and hamper the provision of our services.	Low	High	- Respond by reducing risk to minimize reliance on external vendors such as cloud hosting, and formulating a business continuity plan to ensure preparation for a system failure in an external vendor.

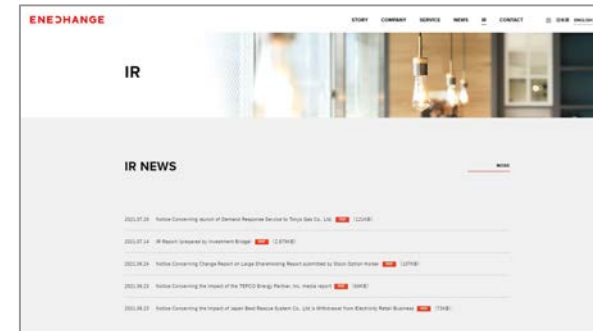
Note: Details, including the above risks, will be included in the "Associated Business Risks" section of the securities registration statement to be submitted in March 2023.

IR information desk

IR website

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

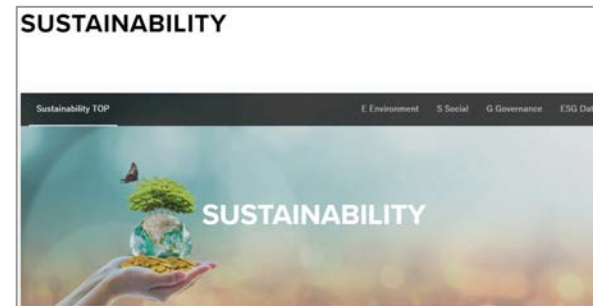
Includes financial summaries and presentation materials, as well as stock information and materials related to the General Meeting of Shareholders. We also have a page for individual investors.



Sustainability

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

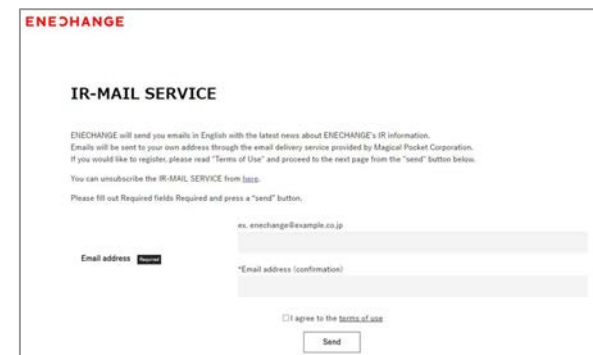
This page introduces our ESG materiality map and our environmental, social and governance initiatives.



IR e-mail distribution

Register [here](#)

Timely disclosure information and other information will be delivered to your registered e-mail address.



Contact

ENECHANGE Ltd. ir@enechange.co.jp

Disclaimer

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 business 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.