

ENECHANGE

Driving smoothly toward London Bridge

FY23 1st Quarter

Financial Results

ENECHANGE Ltd.
May 12, 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

Driving smoothly toward London Bridge

Last year, the “London Bridge” melody provided the backdrop for our debut commercials for the EV Charging business. Today, we are proceeding smoothly toward “London Bridge” with an optimistic outlook.

FY23 Q1 sales are approaching our previous record-high levels due to an improved environment in the Platform business. In the second half of this year, we anticipate the EV Charging business coming to the forefront as we start installations after approval of subsidies.

We will also begin announcing guidance for the next quarter.



FY23 Q1: Executive summary

FY23 Q1 Financial results

Both sales and ordinary profit progressed as planned.

- Sales: **1.06 billion JPY (-4% YoY)**
- Ordinary profit: **-0.42 billion JPY**

Platform business

Non-recurring revenue recovered and sales were in line with FY22 Q1. Operating profit reached a record high.

- Sales: **0.81 billion JPY (-0% YoY)**
- Operating profit: **0.16 billion JPY**

EV Charging business

Sales were limited as the subsidy application period was closed, resulting in a deficit due to continued investment.

- Sales: **0.01 billion JPY**
- Operating profit: **-0.47 billion JPY**

Data business

Although there were temporary factors affecting sales on a YoY basis, our recurring revenue reached a record high.

- Sales: **0.24 billion JPY (-17% YoY)**
- Operating profit: **0.06 billion JPY**

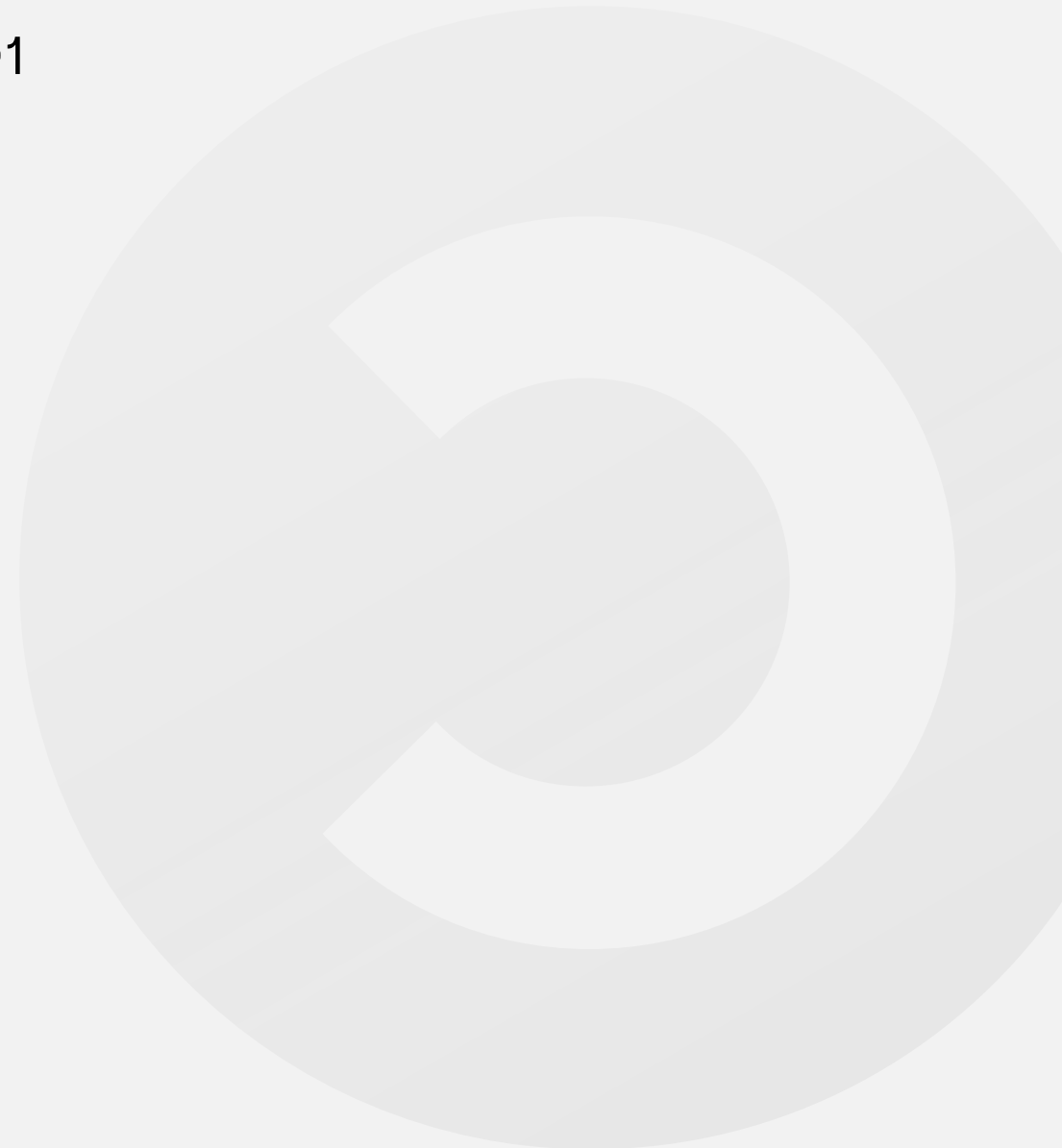
FY23 Full-year forecast

Full-year forecast remains unchanged; in H2, we are expecting an increase in sales and profitability.

- Sales: **5.25 billion JPY (Progress rate: 20%)**
- Ordinary profit: **-0.90 billion JPY**

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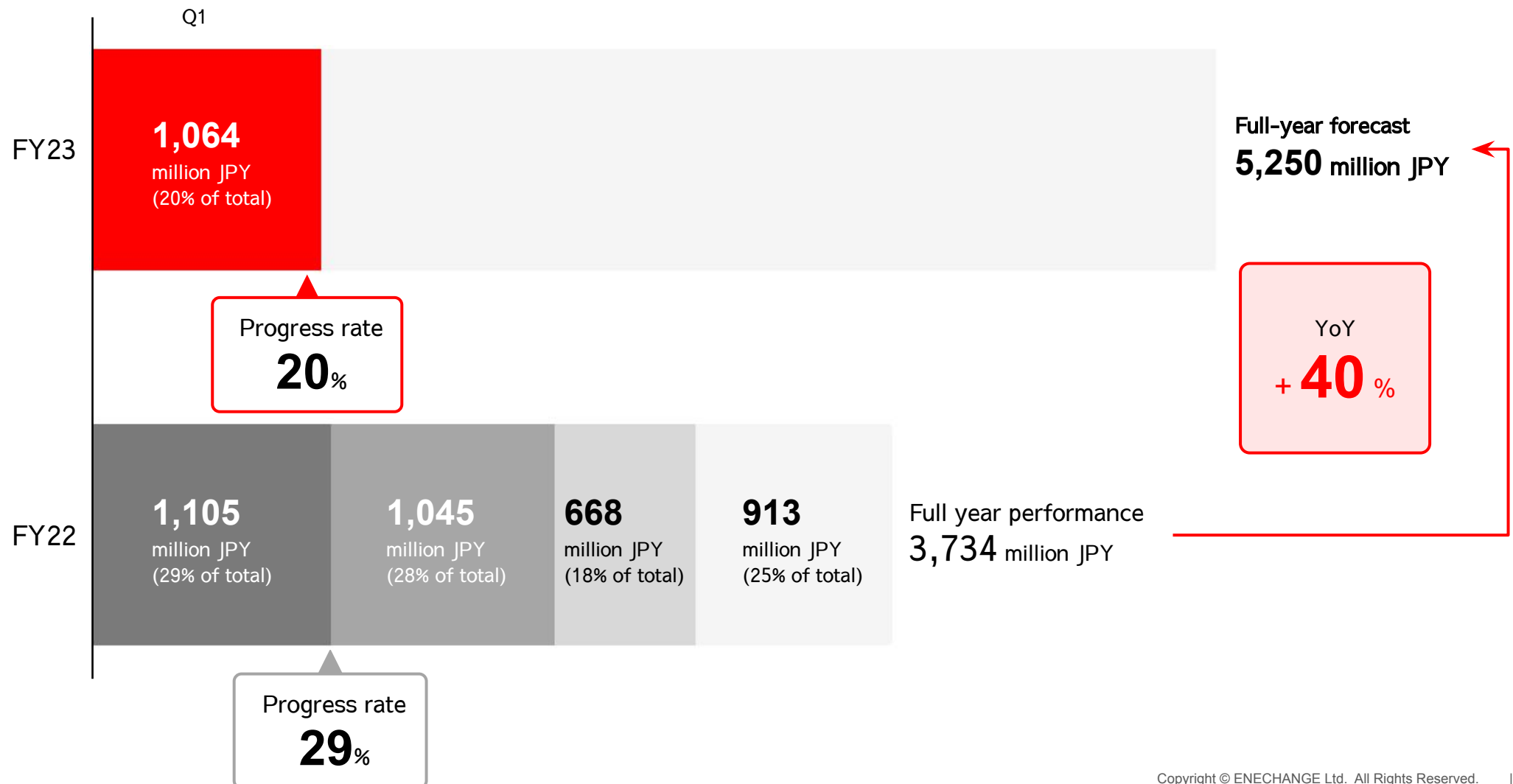
1

Financial results for FY23 Q1

Progress against sales forecast

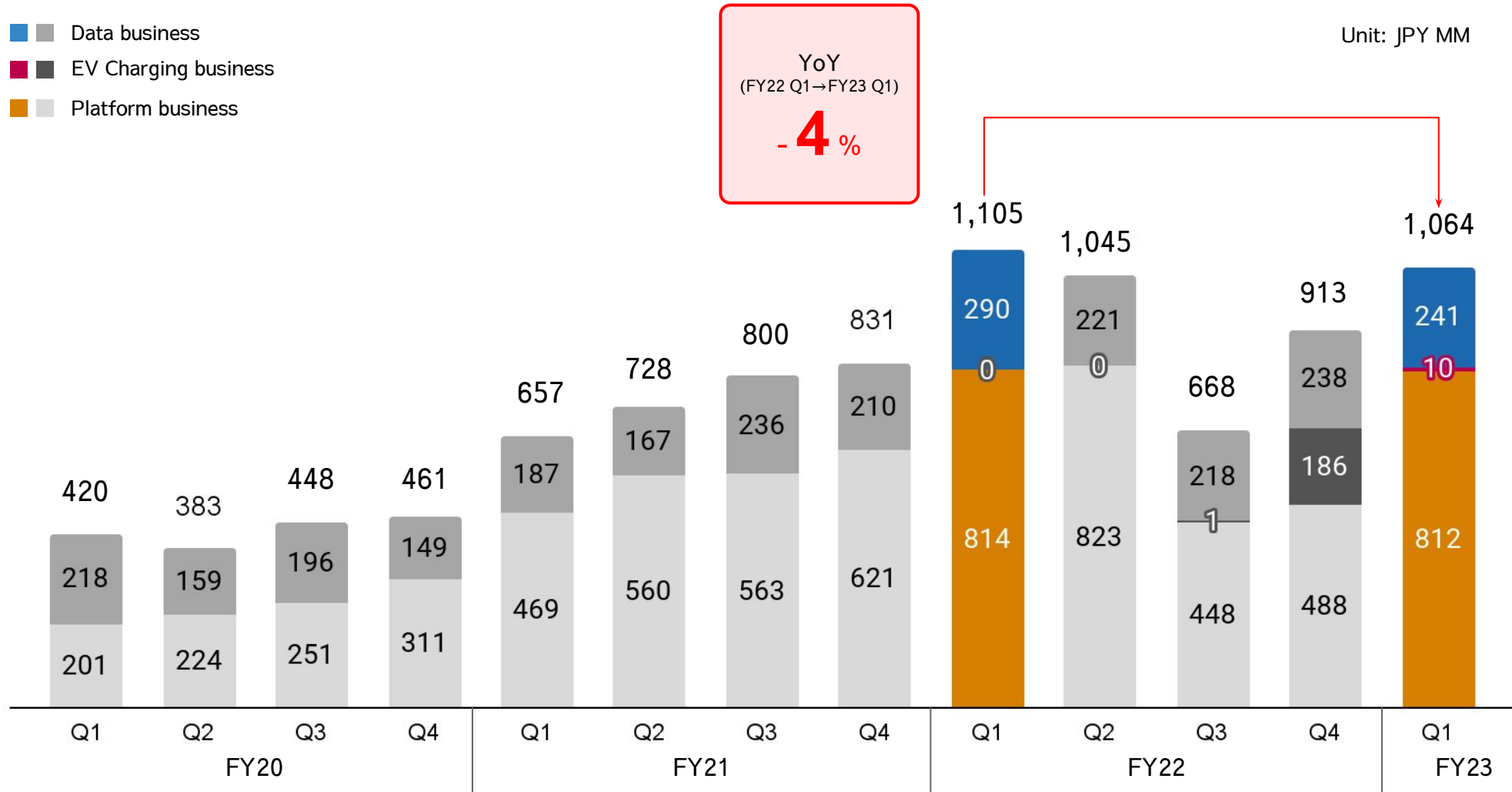
Sales were 1.06 billion JPY in FY23 Q1 against the full-year earnings forecast of 5.25 billion JPY, resulting in a progress rate of 20%. The sales composition for FY23 is expected to be skewed toward the second half of the year. Since the full-year earnings forecast is in line with our expectations, we maintain the current forecast.

■ Sales



Sales

Quarterly sales returned to their previous high level (-4% YoY and +17% QoQ) due to the recovery of non-recurring revenue in the Platform business, indicating an improving business environment.

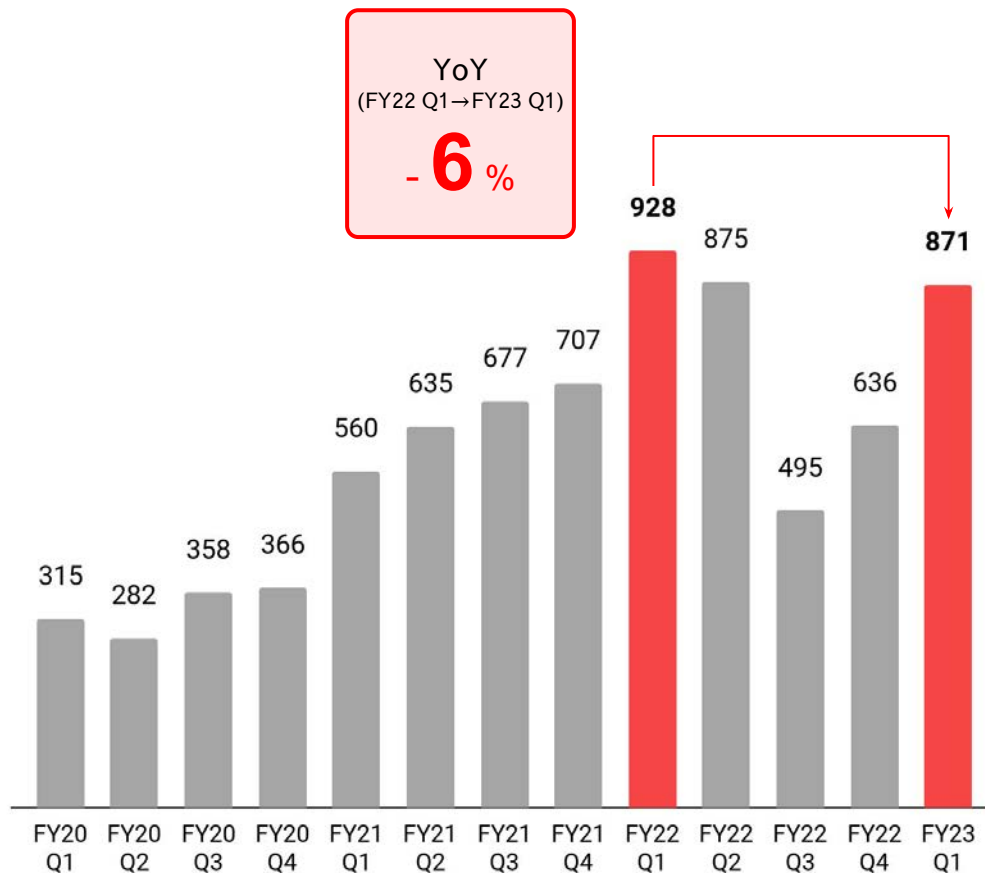


Gross profit and gross profit margin

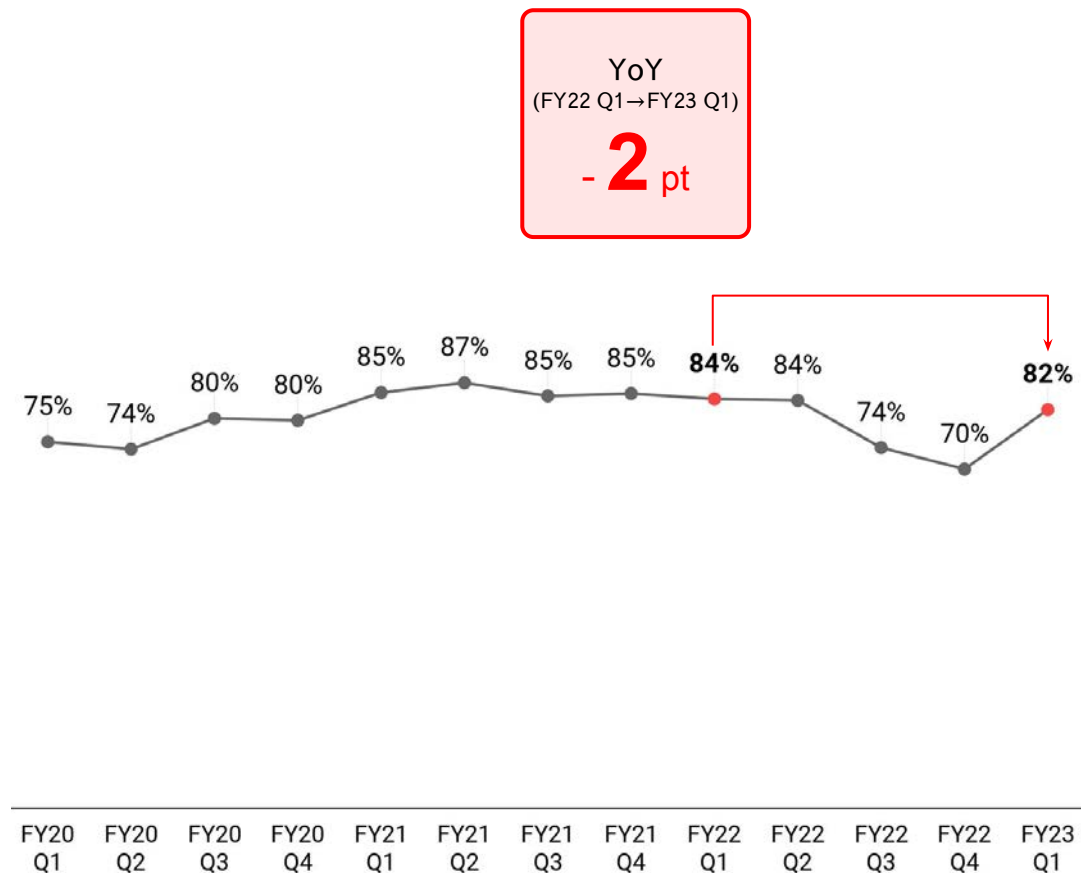
Quarterly gross profit was 871 million JPY (-6% YoY), while gross profit margin was 82% (-2 pt YoY). The QoQ increase was due to a recovery in non-recurring revenue in the Platform business.

Quarterly gross profit

Unit: JPY MM



Quarterly gross profit margin

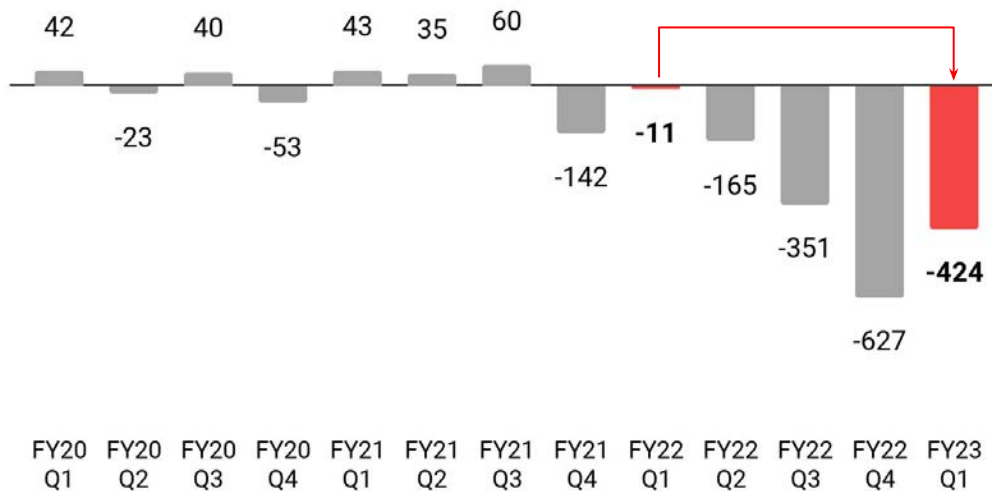


Ordinary profit

Ordinary profit*¹ was -424 million JPY (from -11 million JPY in FY22 Q1) due to investment in the EV Charging business, although it grew QoQ following the revenue improvement of the Platform business. Ordinary profit (excluding advertising, etc.) was 252 million JPY (from 599 million JPY in FY22 Q1).

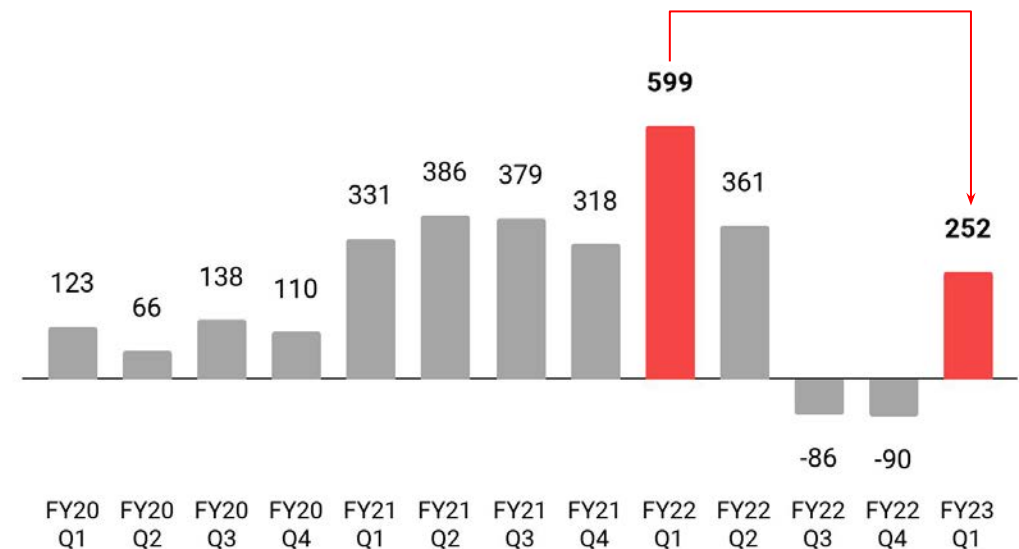
■ Ordinary profit

Unit: JPY MM



■ Ordinary profit (excluding advertising, etc.)*²

Unit: JPY MM

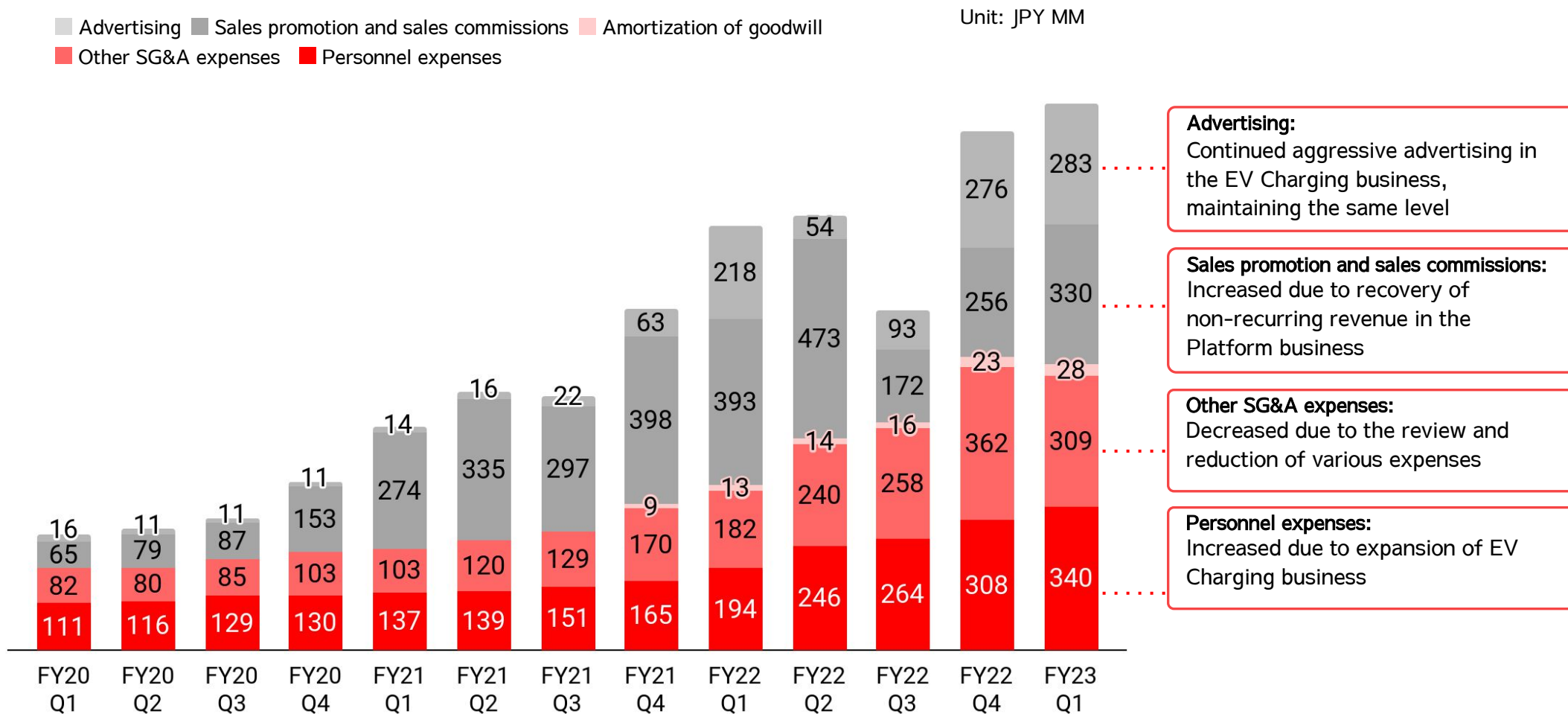


*1. Ordinary profit adopted as preferred KPI in FY23; previous reports featured operating profit.

*2. The figure after deducting advertising expenses, sales commissions, and sales promotion costs from ordinary profit.

SG&A expenses

In the Platform business, user 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.





2

Platform business

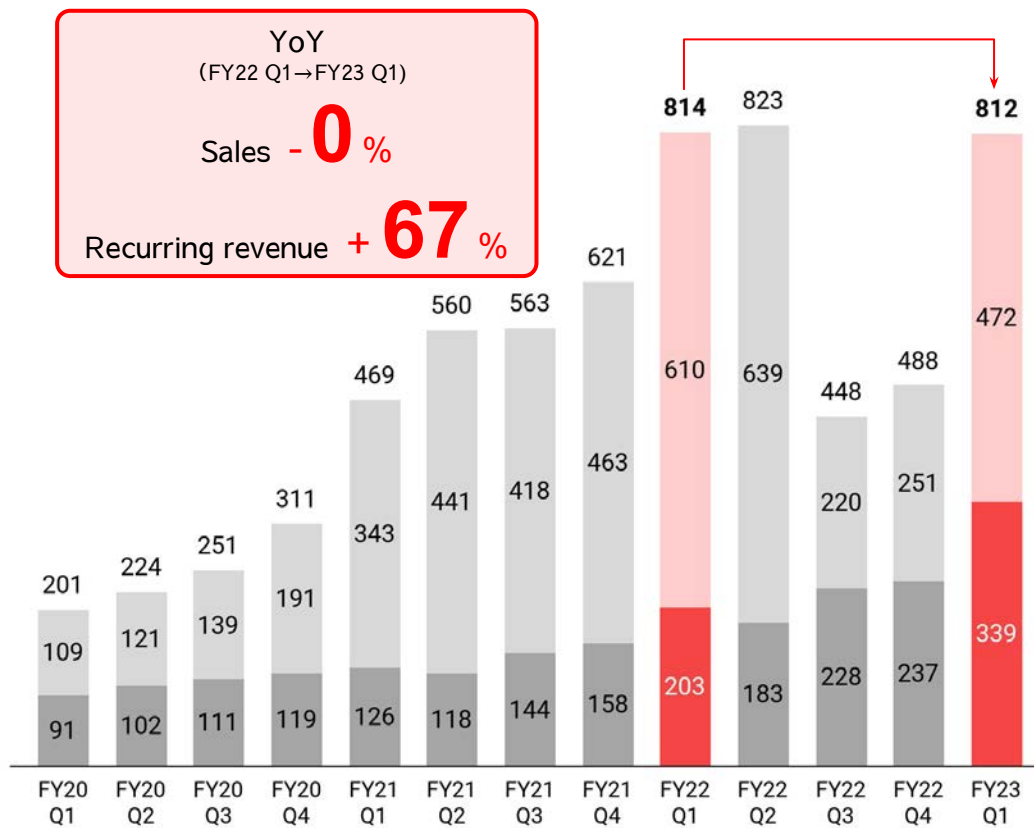
Sales and operating profit

Sales rebounded to 812 million JPY (-0% YoY) due to the recovery of non-recurring revenue. Recurring revenue increased to 339 million JPY (+67% YoY) due to growing user numbers and higher energy bills. Operating loss in the previous quarter returned to a profit of 160 million JPY (+122% YoY), which was a new record high for the segment.

Sales

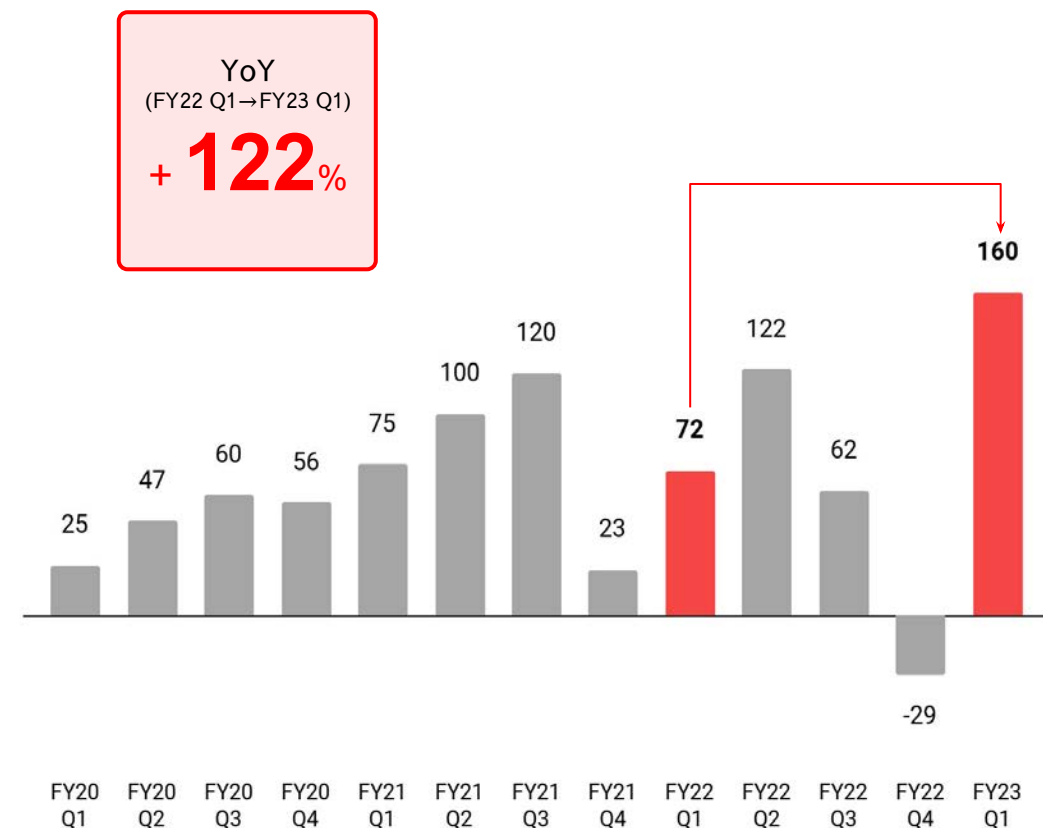
Unit: JPY MM

■ Non-recurring revenue ■ Recurring revenue



Operating profit

Unit: JPY MM



KPIs

The number of users (+16% YoY) reached a record high due to sustained growth for both corporates and households. ARPU declined -14% 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.

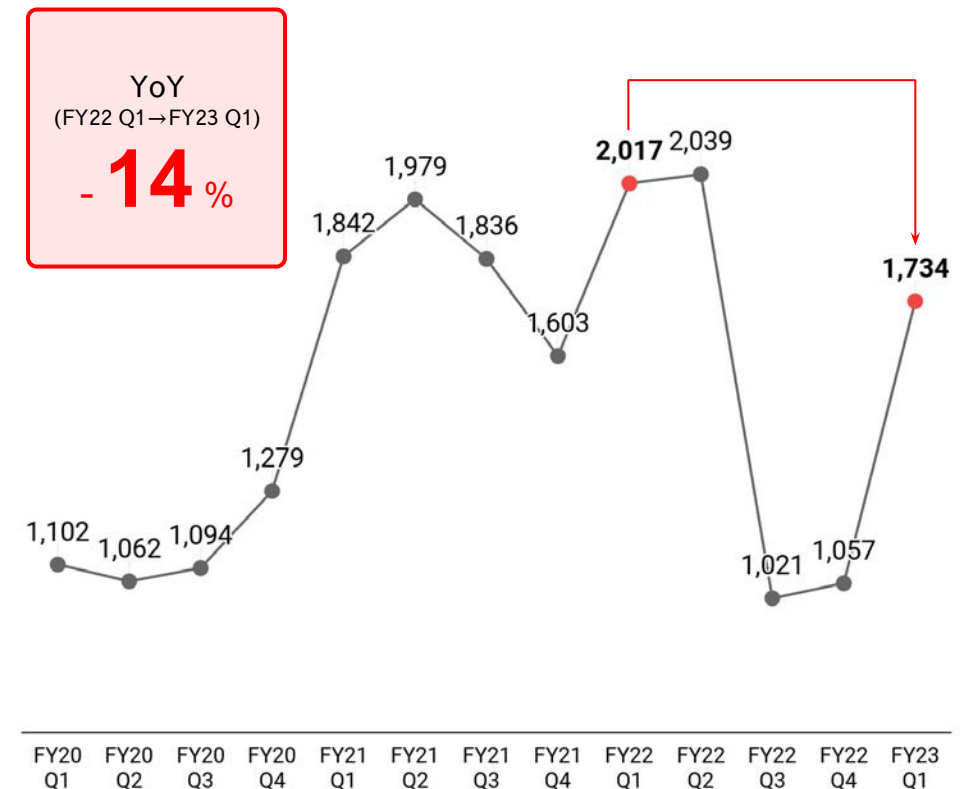
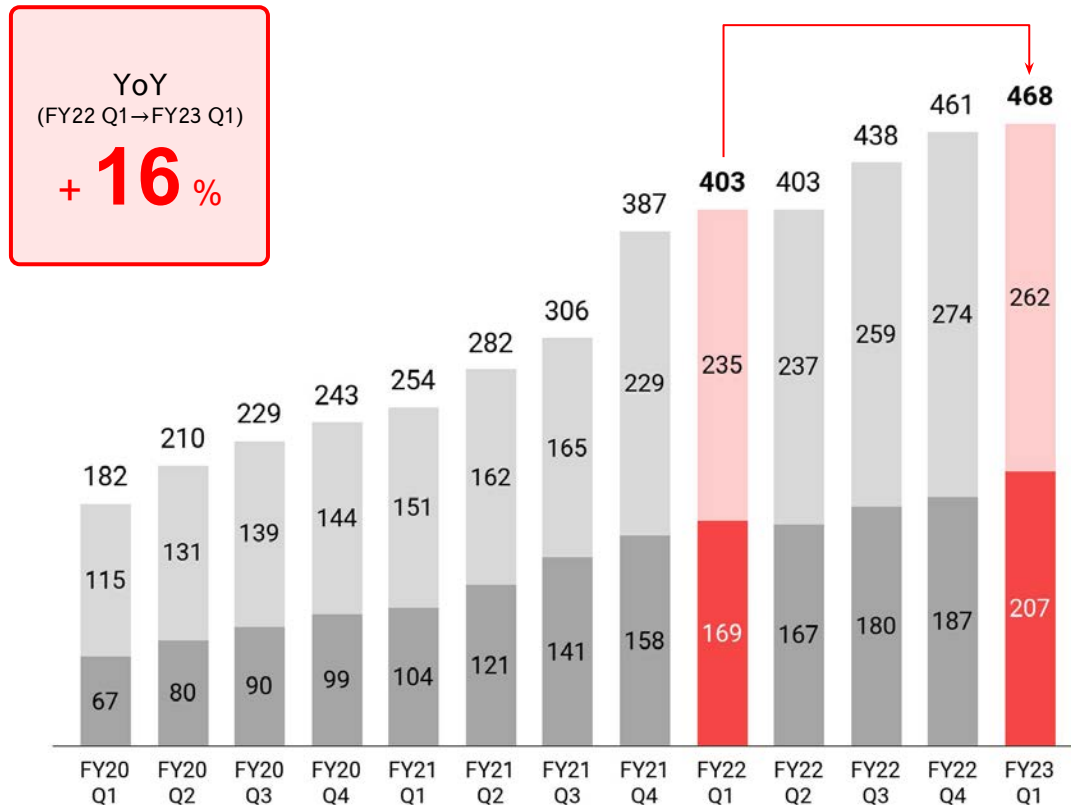
■ Number of users (converted on a general household basis)*1

■ ARPU*2

- For corporates
- For households

Unit: 1,000 users

Unit: JPY



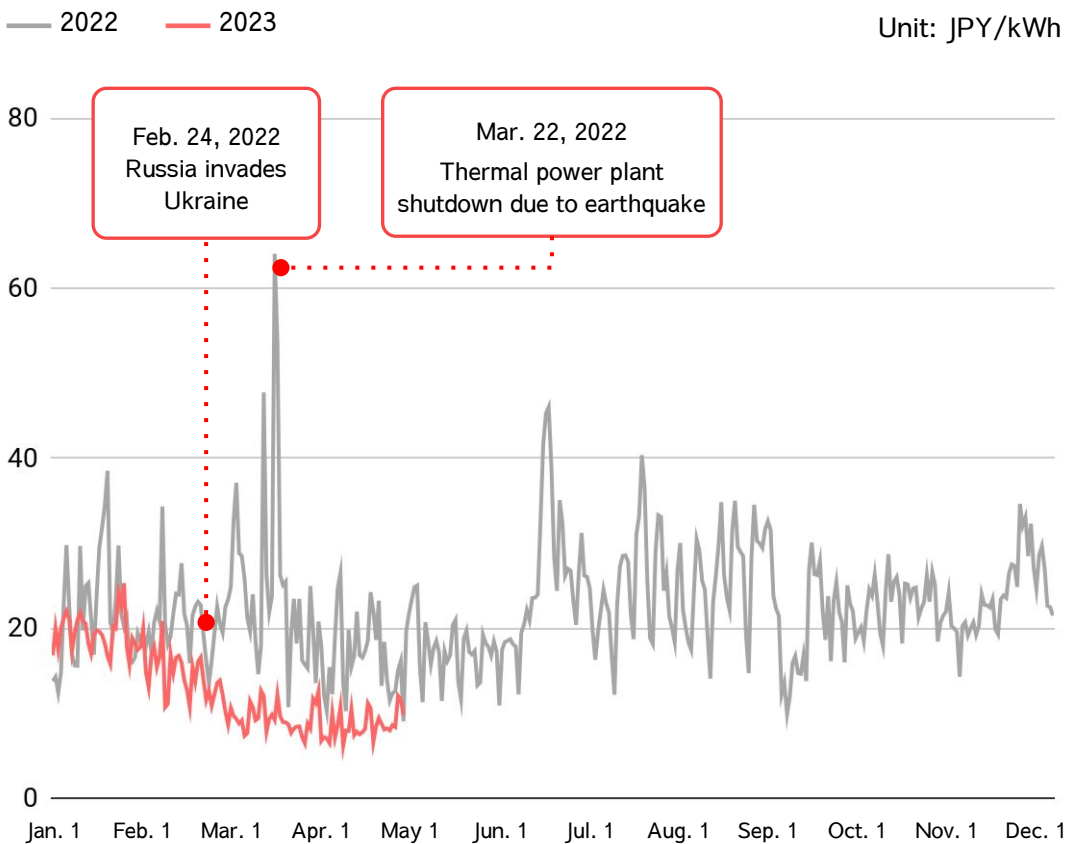
*1. To accurately compare the impact of corporate and household switches, switches are calculated for corporates using an equivalent rate and converted based on the rebates from the total obtained capacity using the capacity of a general household as 4kW.

*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.

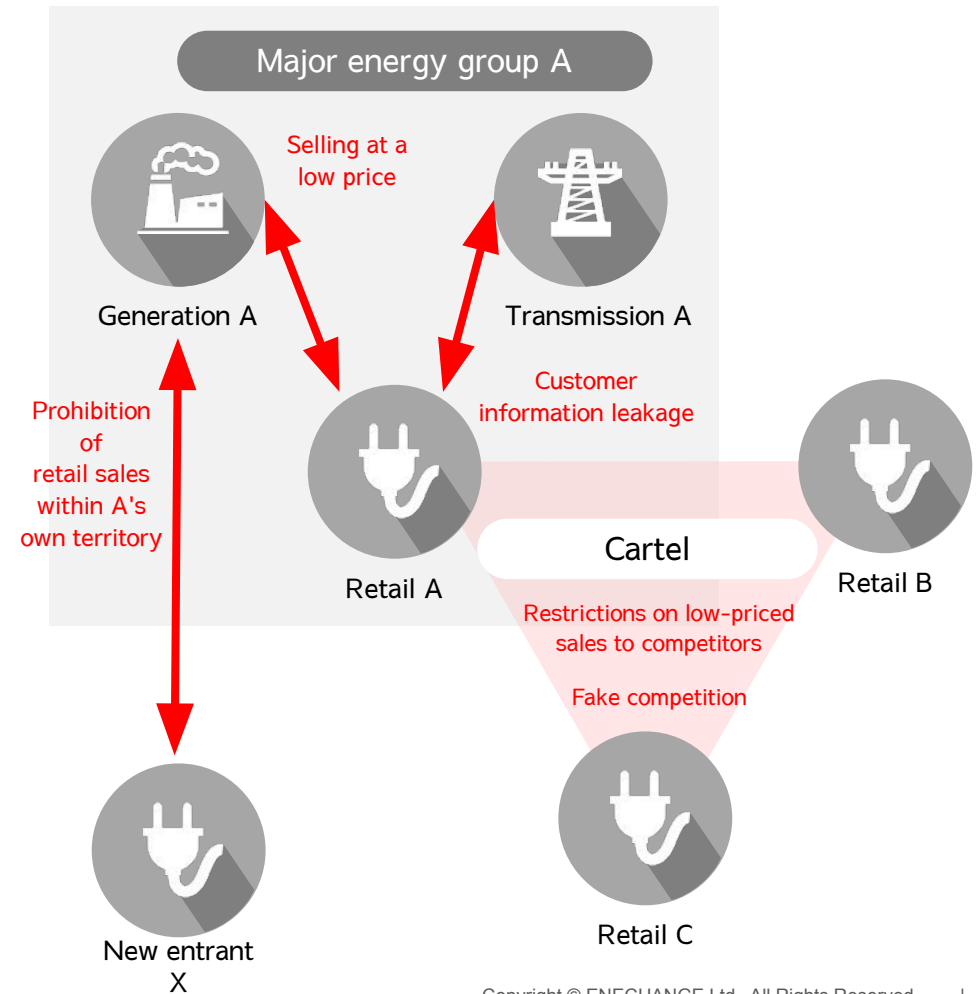
Business environment update

Wholesale electricity market (JEPX) prices have stabilized, mainly due to lower fuel prices. Meanwhile, regulatory changes are being made to ensure a healthier competitive environment, in response to multiple fraudulent practices by major energy companies.

Changes in JEPX prices*



Multiple fraudulent practices were uncovered at major energy companies



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

Trends in energy switching demand

For residential users, we expect to be able to gradually resume cashback as several new entrants have restarted user acquisition. However there have been delays in the improvement of the industry environment, such as the postponement of regulated tariff increases by major energy companies.

■ Resumption of cashback offers by new entrants



The screenshot shows the HTB Energy website for the 'Basic Plan (Tokyo)'. It highlights a 20,553 JPY discount for the first year and a special offer of 10,000 JPY cashback + 1,000 JPY gift card, which is exclusive to ENECHANGE. The offer is highlighted with a red box.

Offer exclusive to ENECHANGE
 “Receive 10,000 JPY cashback + 1,000 JPY gift card”

■ Major energy companies delay increasing regulated tariffs

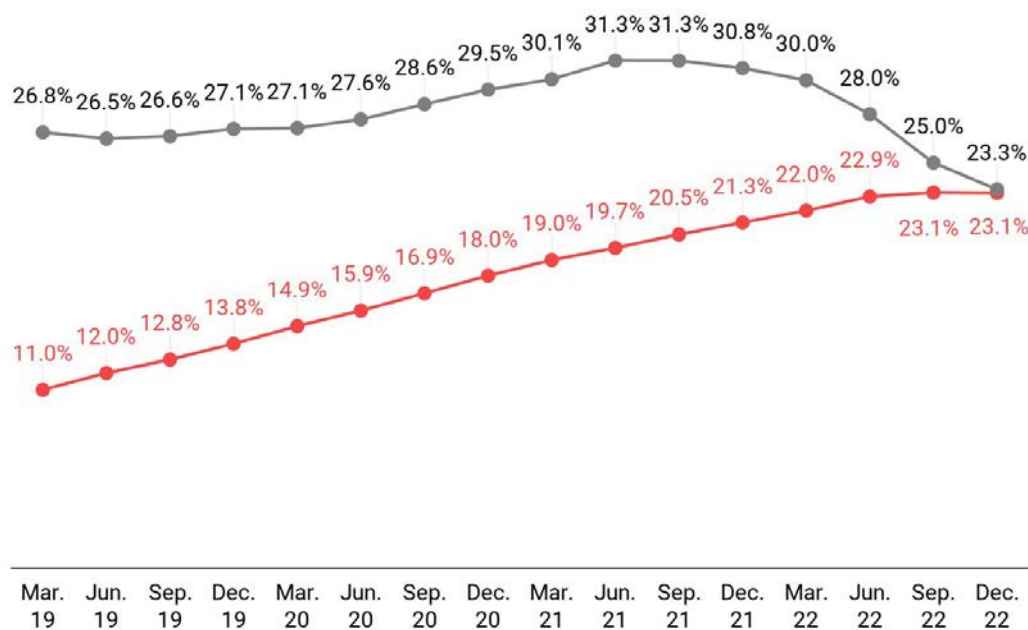
	Date of implementation
Hokkaido	Jun. 2023
Tohoku	Apr. 2023 → Changed to Jun. 2023
Tokyo	Jun. 2023
Chubu	Not applying for the time being
Hokuriku	Apr. 2023 → Changed to Jun. 2023
Kansai	Not applying for the time being
Chugoku	Apr. 2023 → Changed to Jun. 2023
Shikoku	Apr. 2023 → Changed to Jun. 2023
Kyushu	Not applying for the time being

Market share

While the new entrant market share for corporate customers has been declining, we have steadily increased our position. Our market share for both household and corporate customers with a new entrant reached record highs. As the industry environment continues to improve, we expect the new entrants' share to recover.

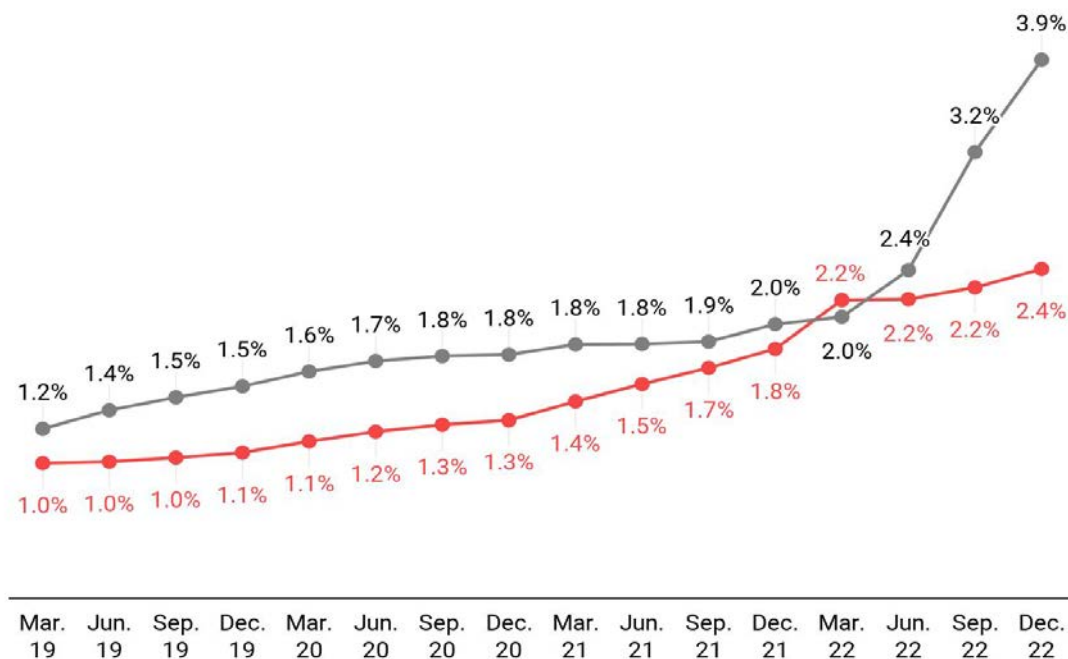
■ Market share of customers using new entrants*

- For households
- For corporates



■ Our market share of customers with a new entrant*

- 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).



3

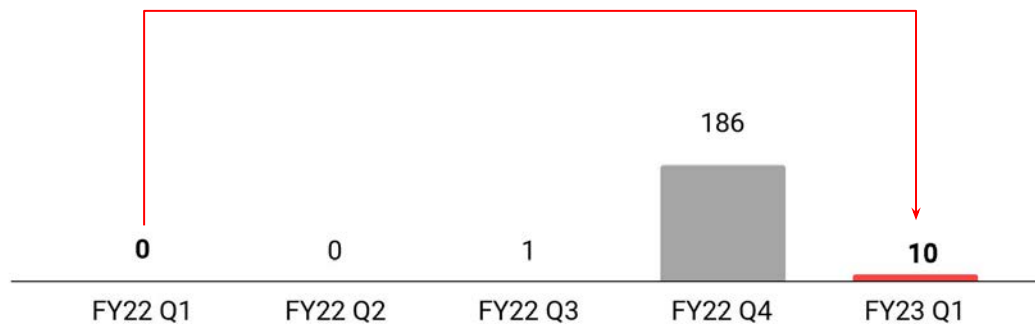
EV Charging business

Sales and operating profit

Sales are expected to be fully recorded from FY23 Q3 as hardware sales and installation will be initiated after the subsidies are approved. Operating profit was negative due to investment in personnel and advertising. Detailed sales breakdowns are not being disclosed for competitive reasons.

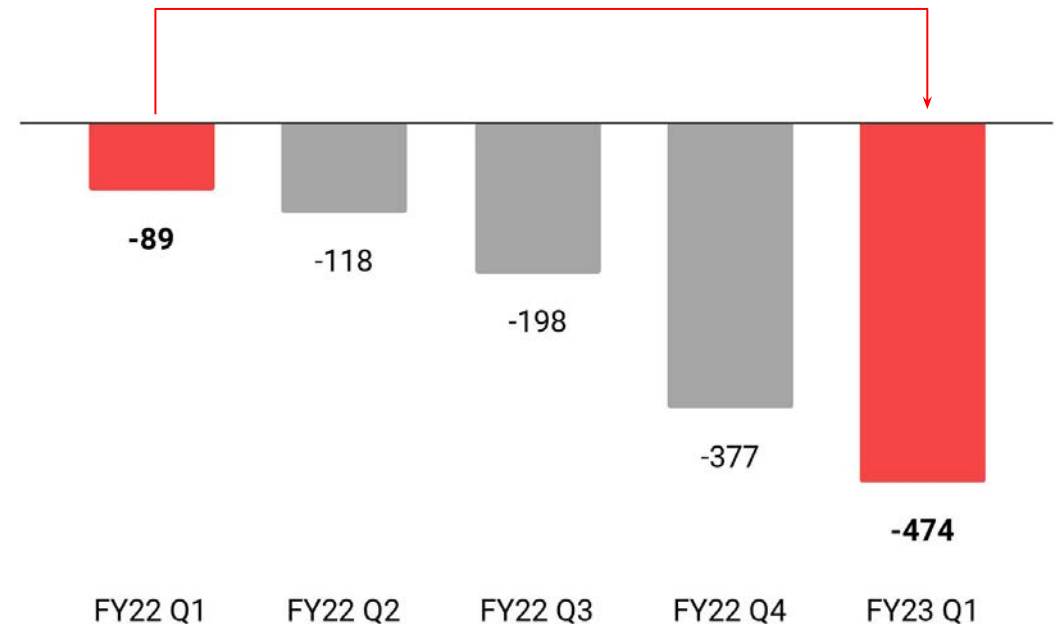
■ Sales

Unit: JPY MM



■ Operating profit

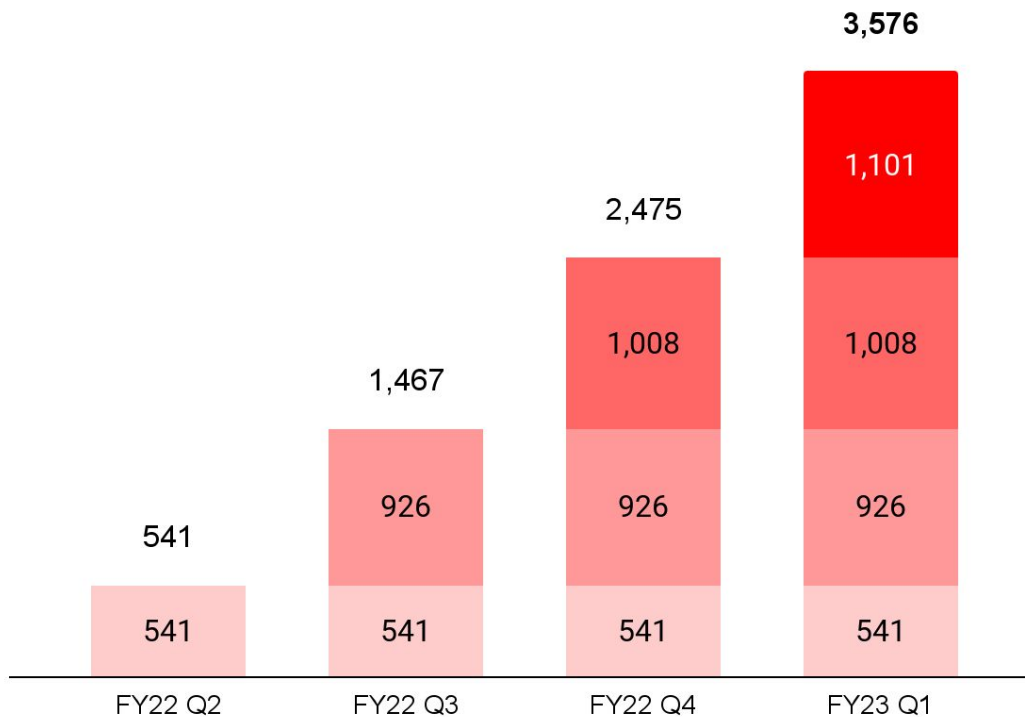
Unit: JPY MM



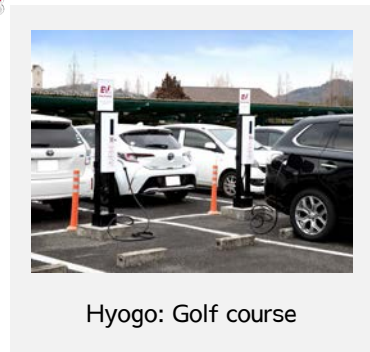
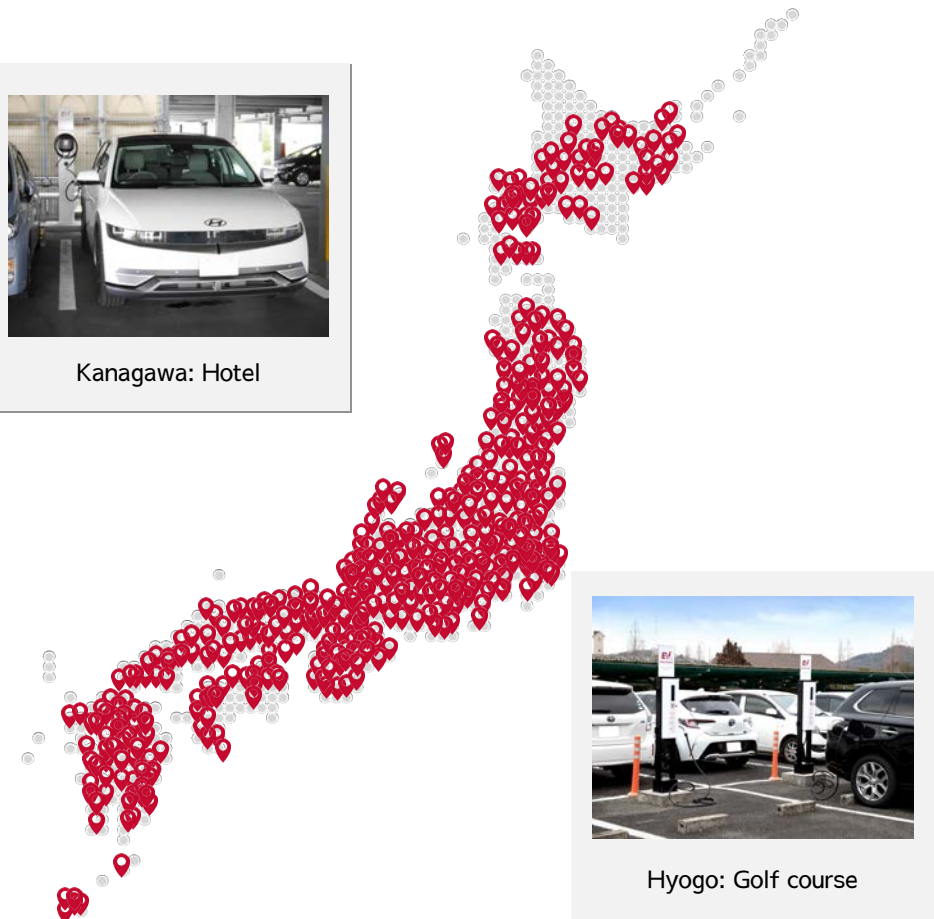
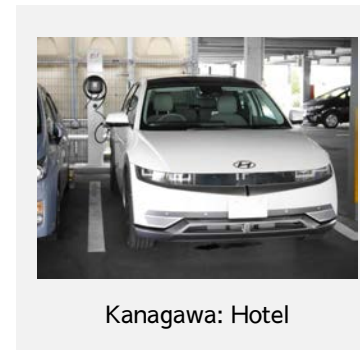
KPIs

In FY23 Q1, we received orders for 1,101 charging ports, bringing the cumulative total to 3,576, which is well ahead of the target of 3,000 received by FY23 Q2. Recently, this includes a large order from a major business hotel chain. We will continue to gather orders toward our target of 30,000 received by 2027.

■ Cumulative orders of EV charging ports*



■ Examples of orders received

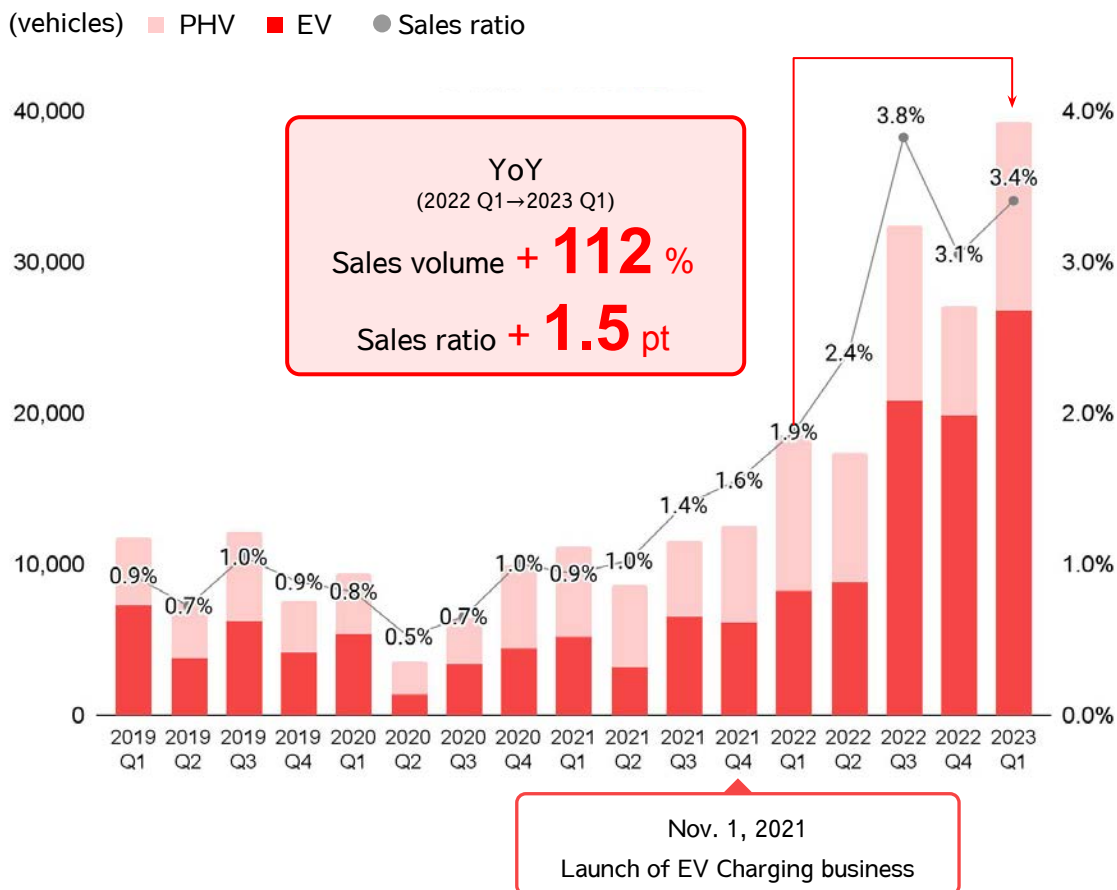


* Changes to the charging port order count are possible due to the results of on-site surveys, etc.

Business environment update

The sales ratio of EVs/PHVs in Japan in 2023 Q1 increased to 3.4%. Sales volume grew +112% YoY and sales ratio grew +1.5 percentage points YoY. Simultaneously, EV charging infrastructure is benefitting from significantly increased subsidies by both national and regional governments.

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



■ Status of EV-related subsidies

Subsidies	Summary
National: Introduction of EV charging infrastructure	Significant increase in budget for charging infrastructure Budget*2 17.5 billion JPY YoY Approx. 2.7x
Tokyo Metropolitan Government: For condominiums	EV charging ports fully subsidized in conjunction with national subsidies Budget*3 Approx. 4.0 billion JPY

*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”.

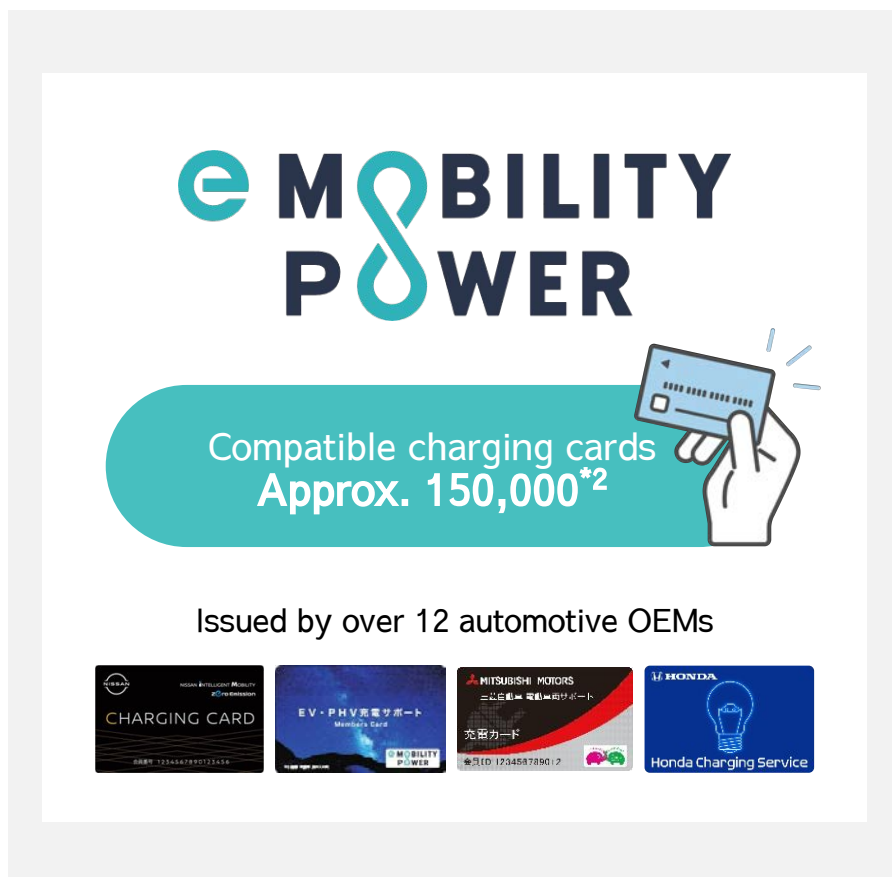
*2. The budget is the total of FY22 supplemental budget + FY23 budget.

*3. The budget is the total of FY23 budget + FY24 budget.

Compatibility with the e-Mobility Power card

From April 20, 2023, all charging cards compatible with e-Mobility Power (eMP) can be used at ENECHANGE EV Charge charging ports.*¹ Since the announcement of the partnership, we have received considerable feedback from EV users and utilization has increased significantly. As a result, we expect an increase in charging revenue.


■ Charging cards supported by EV drivers



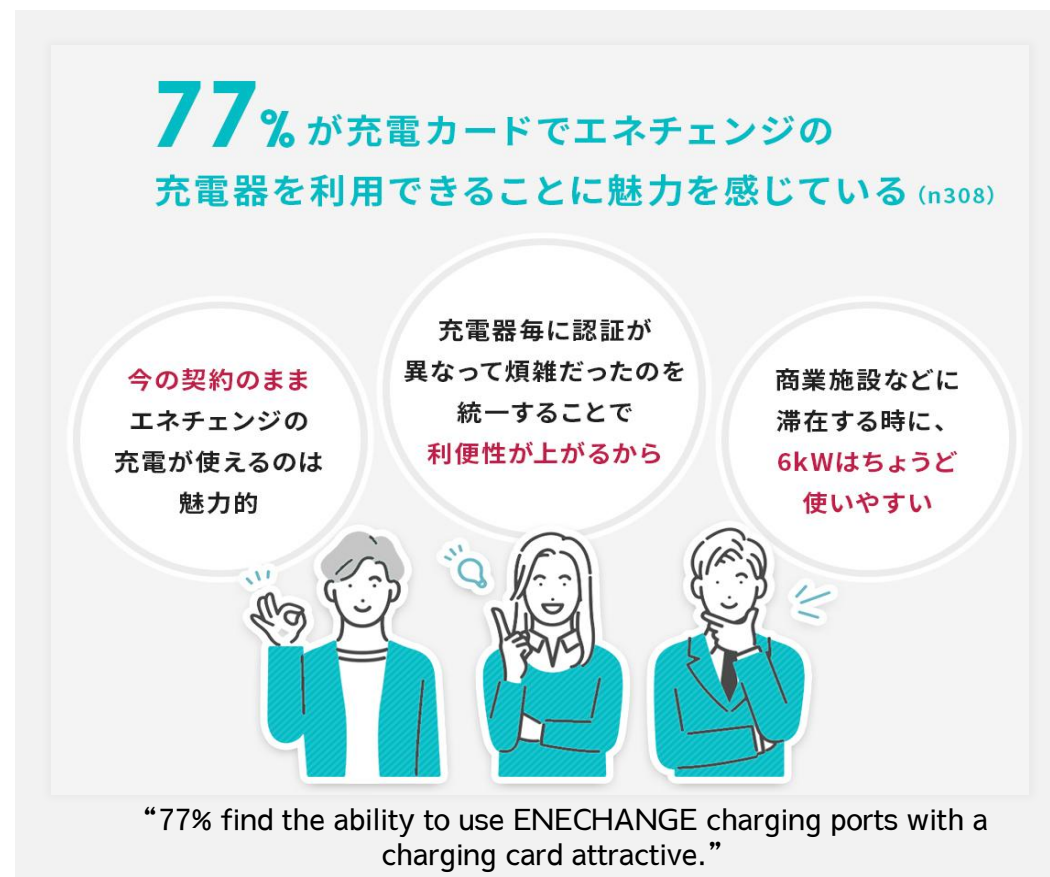
e MOBILITY POWER

Compatible charging cards
Approx. 150,000*²

Issued by over 12 automotive OEMs



■ eMP network card is a must-have for EV drivers



77%が充電カードでエネチェンジの充電器を利用できることに魅力を感じている (n308)

今の契約のままエネチェンジの充電が使えるのは魅力的

充電器毎に認証が異なって煩雑だったのを統一することで利便性が上がるから

商業施設などに滞在する時に、6kWはちょうど使いやすい

“77% find the ability to use ENECHANGE charging ports with a charging card attractive.”

*1. Some charging ports do not accept charging cards.

*2. Estimates based on EV charging card ownership rates from EVsmart research and cumulative EV sales from January 2018 to December 2022.

Promoting plans for condominiums

In addition to our existing "Condominium (Shared Parking) Zero Plan", we began offering the "Condominium Private Parking Zero Plan" utilizing the subsidy provided by the Tokyo Metropolitan Government. We have accelerated order intake by launching specific advertising campaigns targeting condominiums.

■ Promoting Condominium Zero Plan



お住まいの集合住宅の駐車場にEV充電器を設置しませんか？

マンションにEV充電を導入するならば、今がベストタイミング!!

EV充電エネチェンジなら
既存の集合住宅(賃貸・分譲)の、専用・共用車室に
設置も月額も電気代も

オール0円でEV充電の導入可能!

集合住宅へのEV充電設置にともなう困りごとや課題などにも対応!

補助金の申請、工事の手配 住民の対応など 面倒な事が多そう...	EV充電器費用、 工事費、電気代など 料金はどのようになるの？	EV充電器待ち、 料金請求など、 住民トラブルが怖い...
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マンションへのEV充電設置の提案から導入までエネチェンジが推進をします! お気軽にご相談・お問合せください。

ENECHANGE TEL.050-1751-0484 受付時間: 9時~18時(年中無休) <https://ev-charge.enechange.jp/>

"It's possible to introduce EV charging for no cost!"

■ Strategic growth in condominiums



Kanagawa



Niigata



4

Data business

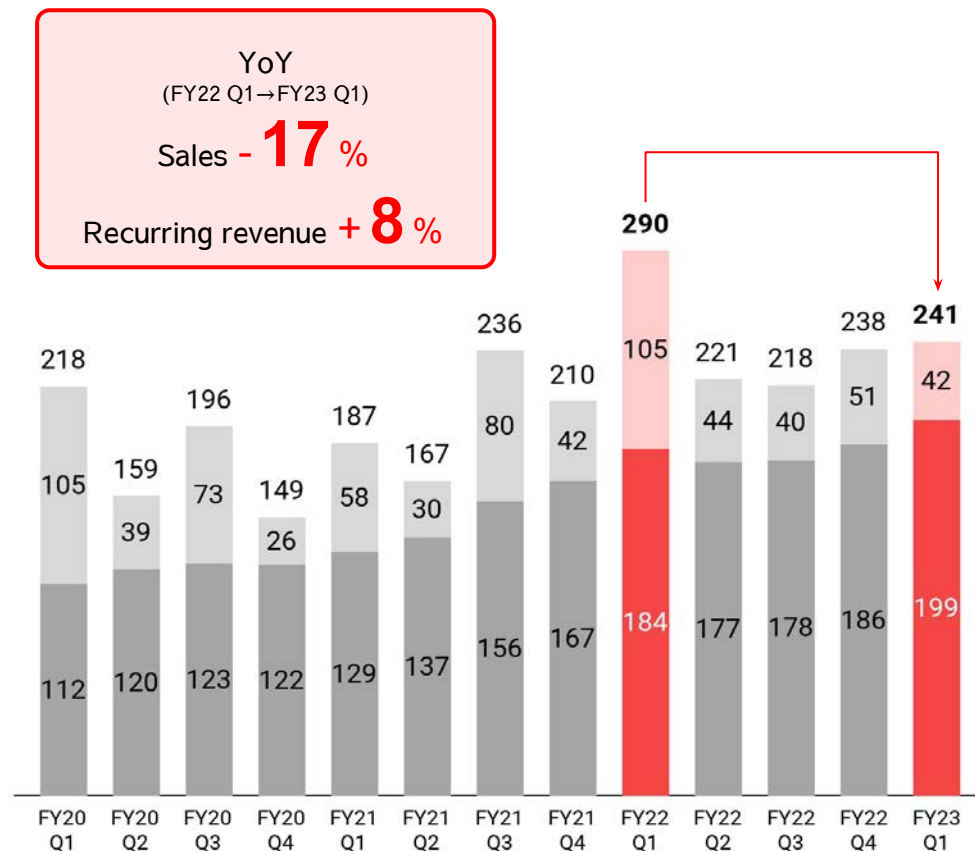
Sales and operating profit

Sales were down -17% YoY due to a large amount of non-recurring revenue in FY22 Q1. However, recurring revenue grew +8% YoY, reaching a record high following the introduction of demand response services. Operating profit remained stable as we continued to expand our engineering team.

Sales*

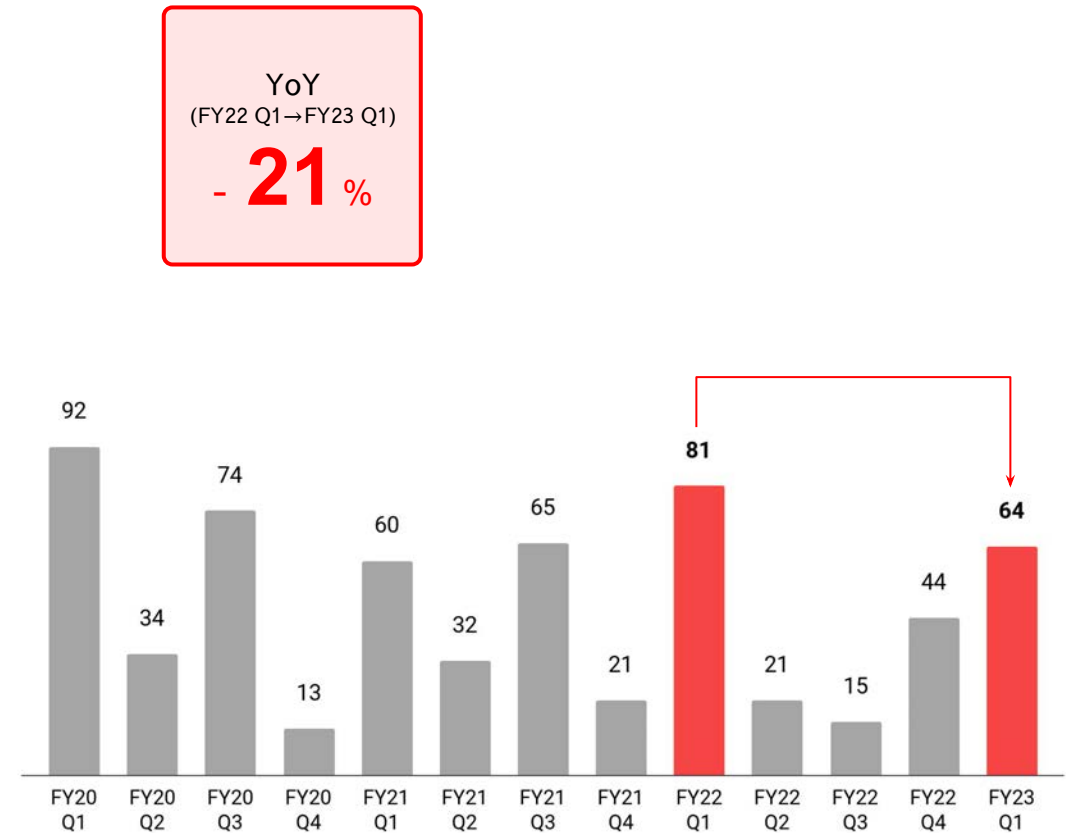
Unit: JPY MM

■ Non-recurring revenue ■ Recurring revenue



Operating profit

Unit: JPY MM



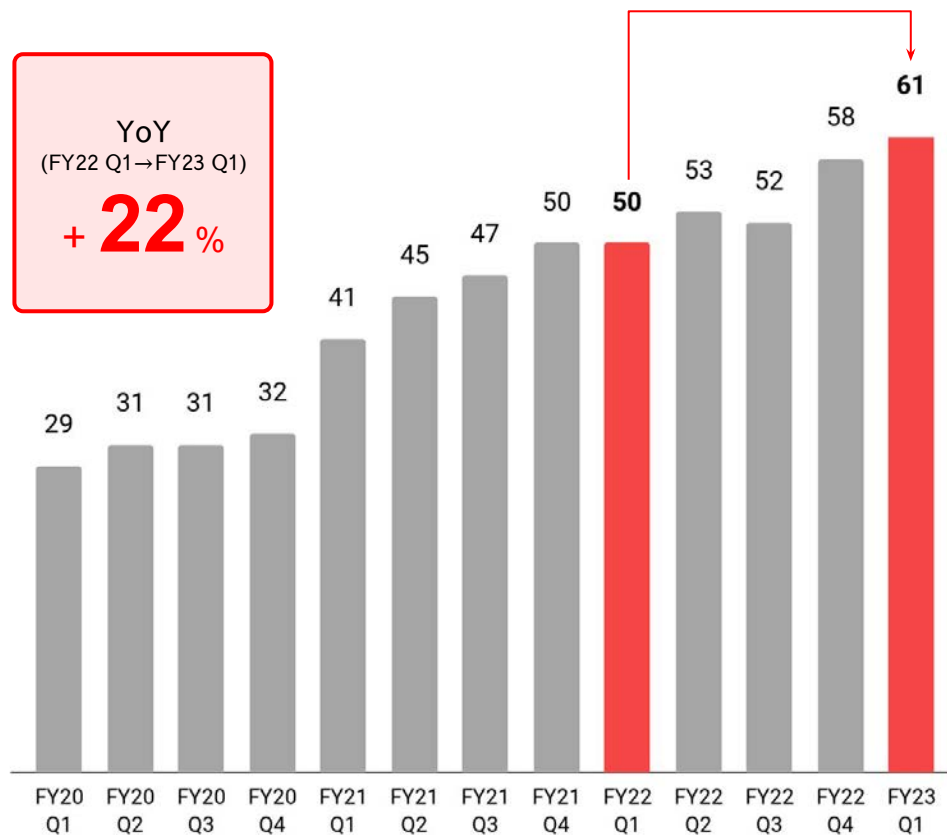
* From FY22, due to the new revenue recognition standard, the accounting method for non-recurring revenue, such as initial and additional development for the Data business, has been changed from bulk accounting at acceptance inspection to accounting proportionally over the contract period.

KPIs

The number of customers increased by +22% YoY. ARPU decreased -32% YoY due to temporary factors, but has remained within the stable range previously established in the past three quarters.

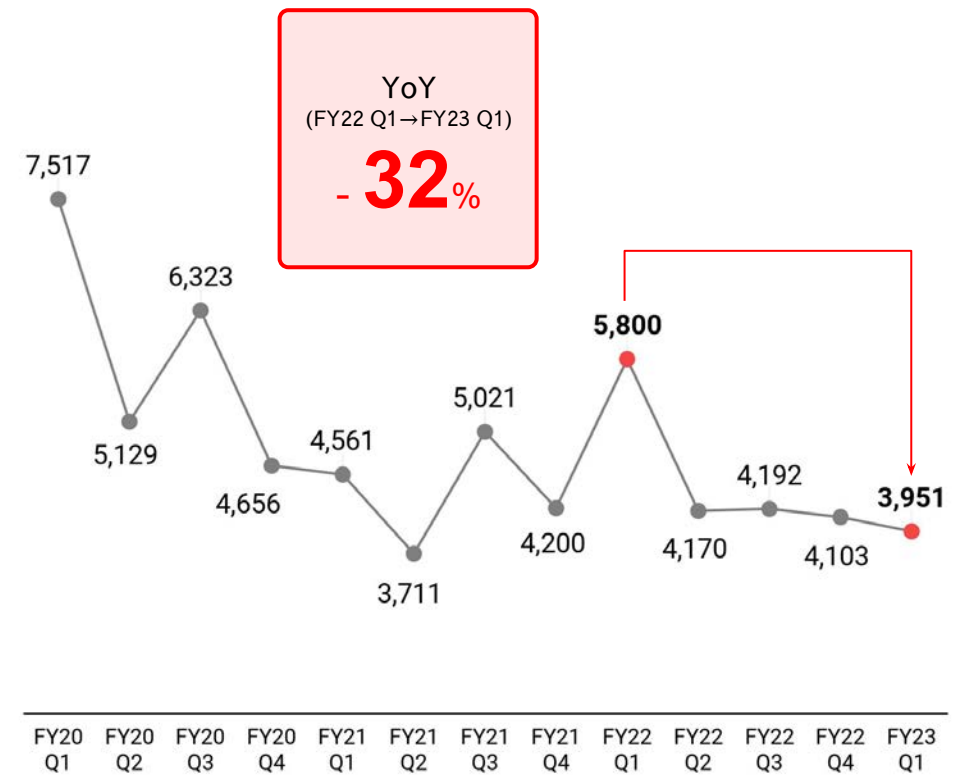
■ Number of customers*1

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






5

Forecast for FY23

Financial results forecast

In FY23 Q1, we achieved 20% of the annual sales forecast of 5.25 billion JPY. We expect to incur a deficit in H1, but anticipate turning profitable in H2 due to the recognition of hardware sales in our EV Charging business. We maintain our full-year forecasts of 5.25 billion JPY in sales and -0.90 billion JPY in ordinary profit.

Unit: JPY MM

	FY22 results	FY23 forecast	YoY	FY23 Q1 results	Progress rate	Strategy
Sales	3,734	5,250	+40%	1,064	20%	Aim for a significant increase in sales driven by EV Charging business.
Platform business	2,575	-		812	-	Expect sales to grow due to an increase in number of users, but ARPU recovery is expected to take longer.
EV Charging business	189	-		10	-	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	-		241	-	Conservative sales forecast due to worsening business environment caused by IT budget cuts by energy companies.
Ordinary profit	(1,156)	(900)	-	(424)	-	Expect a loss in the first half, and profitability from the second half of FY23.

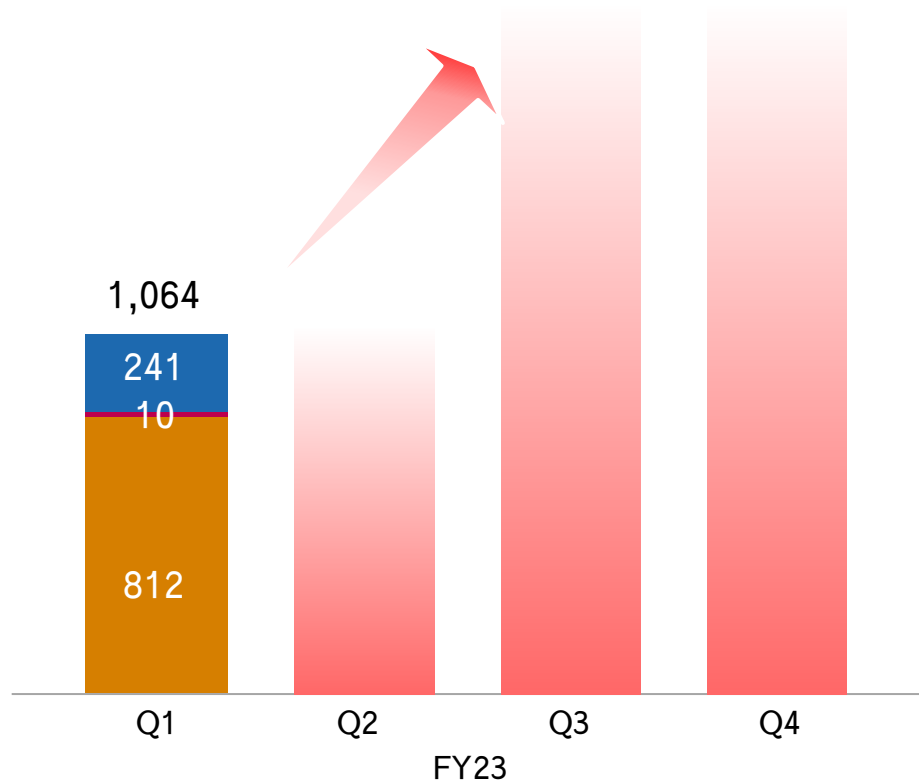
Quarterly sales guidance for FY23

We expect Q2 sales to remain flat compared to Q1. In the EV Charging business, most of the sales are planned to be recorded in Q3 and Q4 due to the timing of the subsidy approval process. As a result, FY23 sales are expected to be skewed toward the second half of the year.

Expected timing of quarterly sales

Unit: JPY MM

- Data business
- EV Charging business
- Platform business



Timing of hardware sales recognition

	FY22	FY23			
	Q4	Q1	Q2	Q3	Q4
Order intake	■	■	■		
Subsidy application			■	■	
Installation (recording of sales)				■	■

From Q3 to Q4: recognition of EV Charging business hardware sales

Policy recommendations for green transformation (GX) acceleration

We have joined the Japan Association of New Economy (JANE), and our CEO Yohei Kiguchi, PhD is the vice chair of the Carbon Neutrality Working Group. We presented the JANE Vision for Carbon Neutrality and made recommendations to promote GX in Japan.

1 Promote market mechanisms to encourage the emergence of the GX industry

- 1-1. Review of subsidy programs that undermine progress in GX
- 1-2. Introduction of carbon pricing, etc. to match European and U.S. levels
- 1-3. Product-level carbon labelling

2 Effective financing of over 150 trillion JPY in GX investments

- 2-1. Selection of priority investment areas
- 2-2. Efficient support scheme with long-term commitments
- 2-3. Expansion of private investment through government debt guarantees, etc.

3 Creating a structure for advancing GX (rulemaking)

- 3-1. Additional electricity policy reforms
- 3-2. Training and reskilling of workforce for GX
- 3-3. Establishing supervisory authority by creating a new GX agency

Driving smoothly toward London Bridge





6

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	ENECHANGE Innovation 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

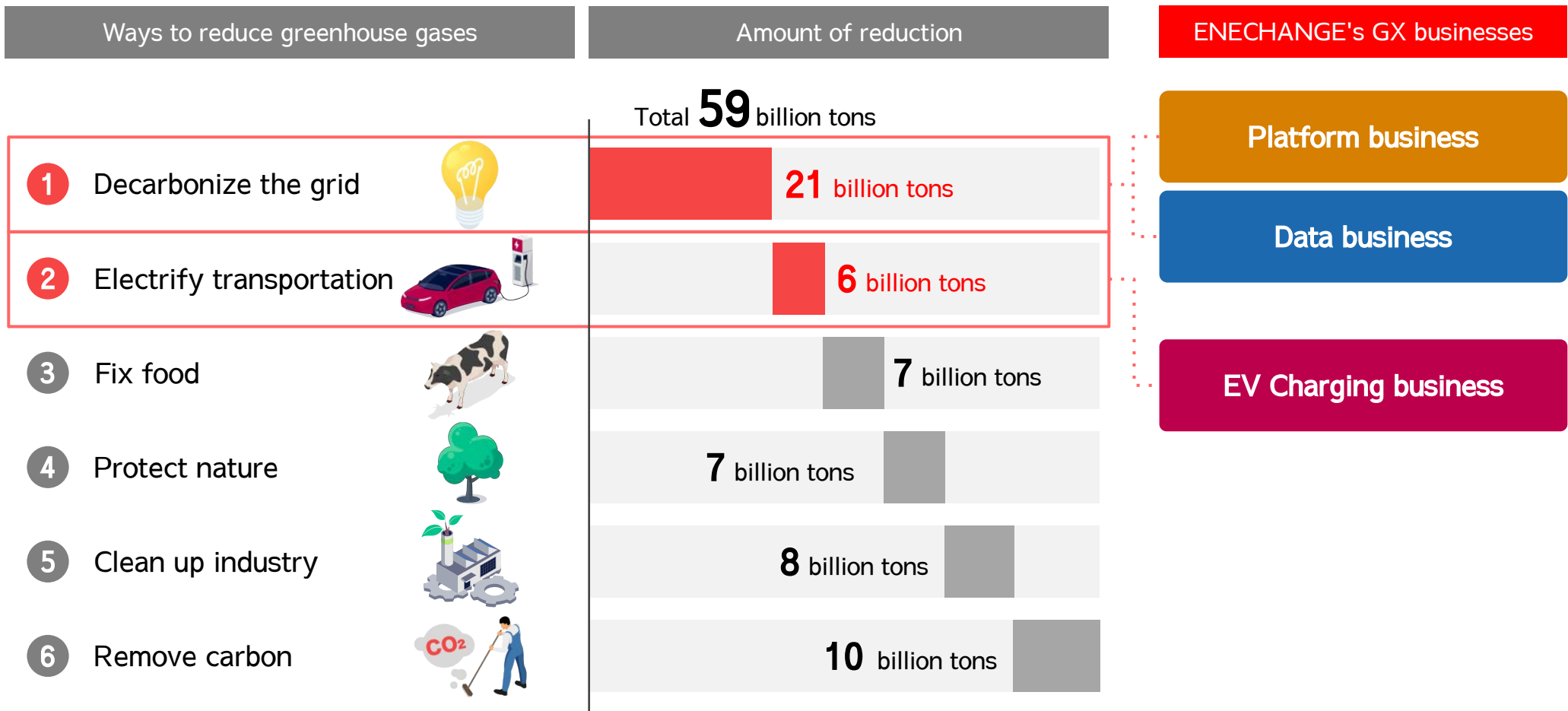


Electricity demand management services for energy companies

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 EVs, ESG investment, and green jobs are gaining attention.

Government promotion of GX

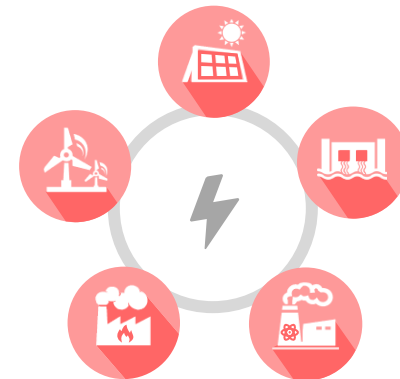


Global trends in decarbonization

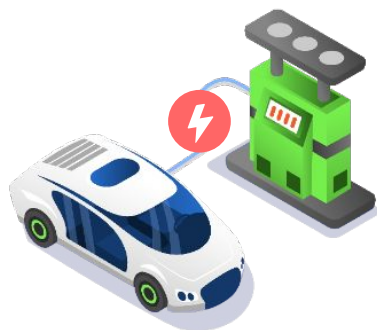
SUSTAINABLE DEVELOPMENT GOALS



Importance of energy security



Switch to EVs



Increase in ESG investment

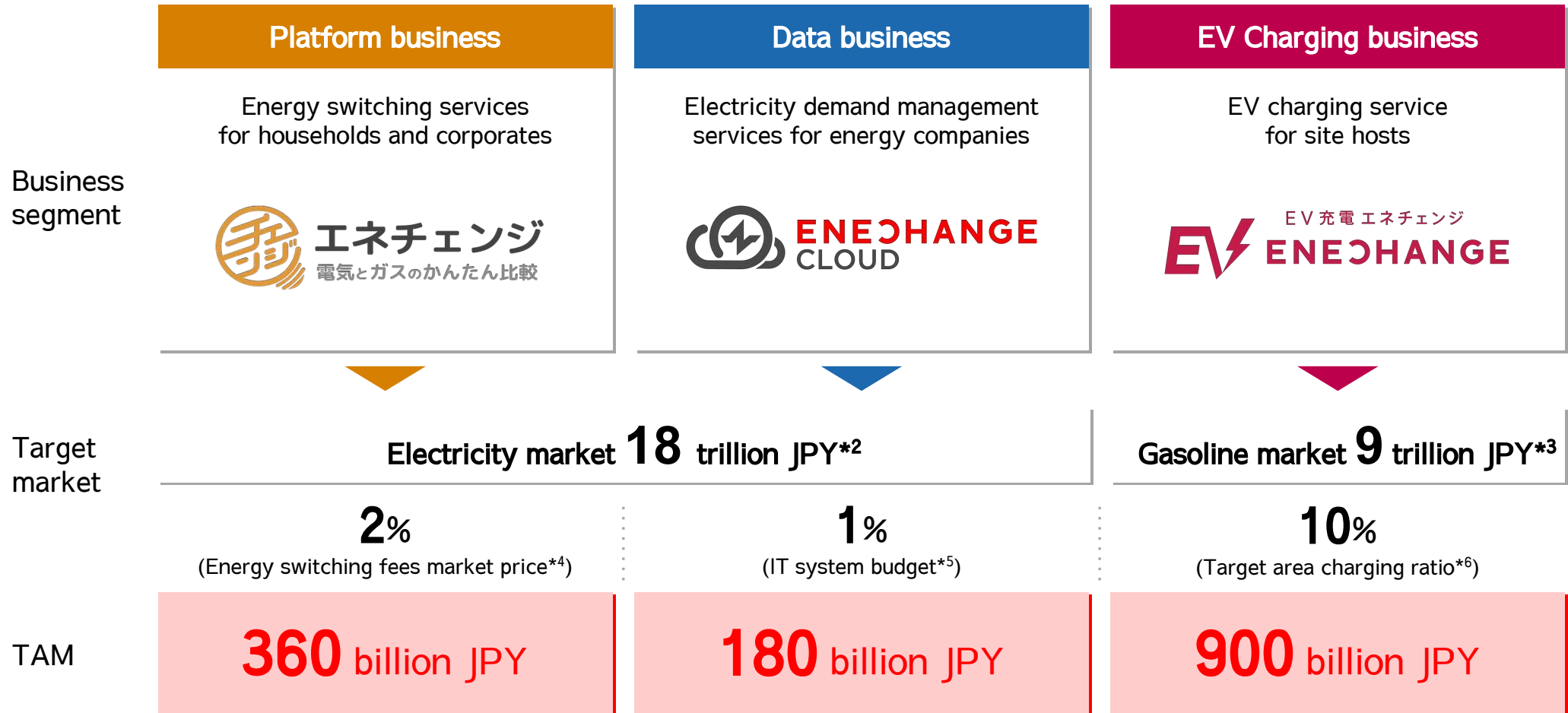


Increased interest in green jobs



Huge market size in GX

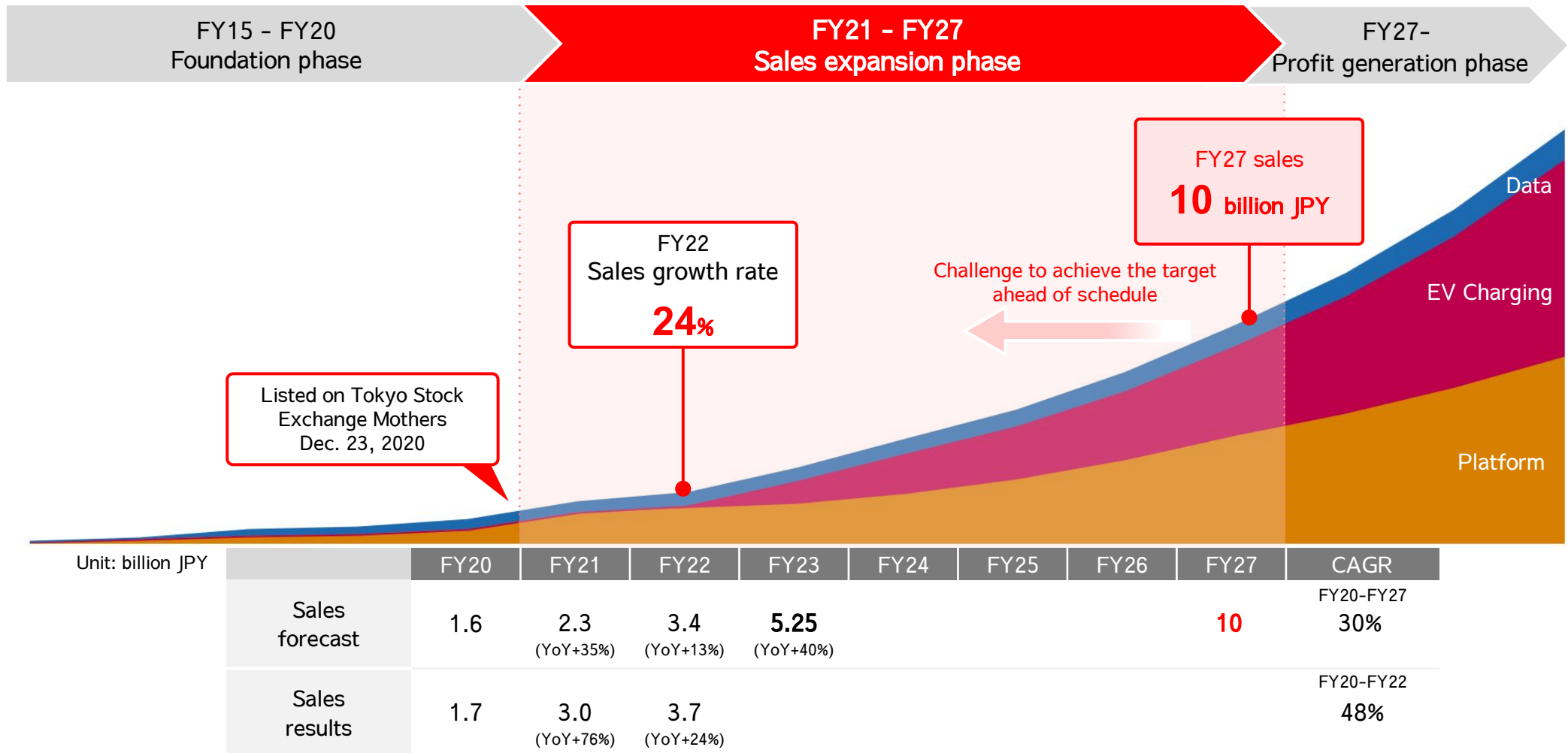
Our businesses have a combined TAM*1 in excess of 1.4 trillion JPY in Japan, and we aim to establish dominant positions in these segments.



*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 2022 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)

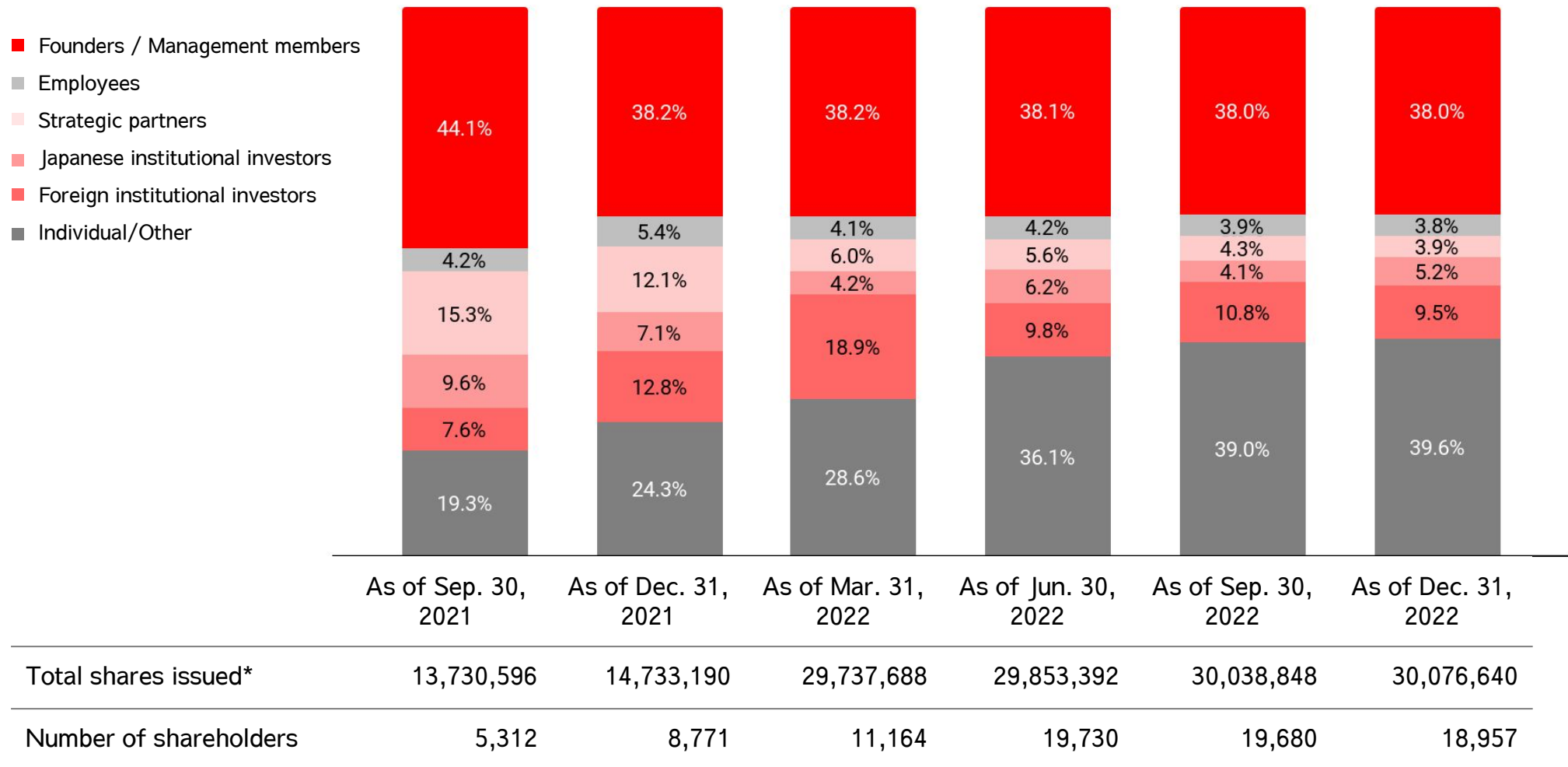
Sales roadmap

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. From 2023, it will be reviewed twice a year (end of June and end of December).



* 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 30 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 co-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

ENECHANGE Innovation Limited, Director
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

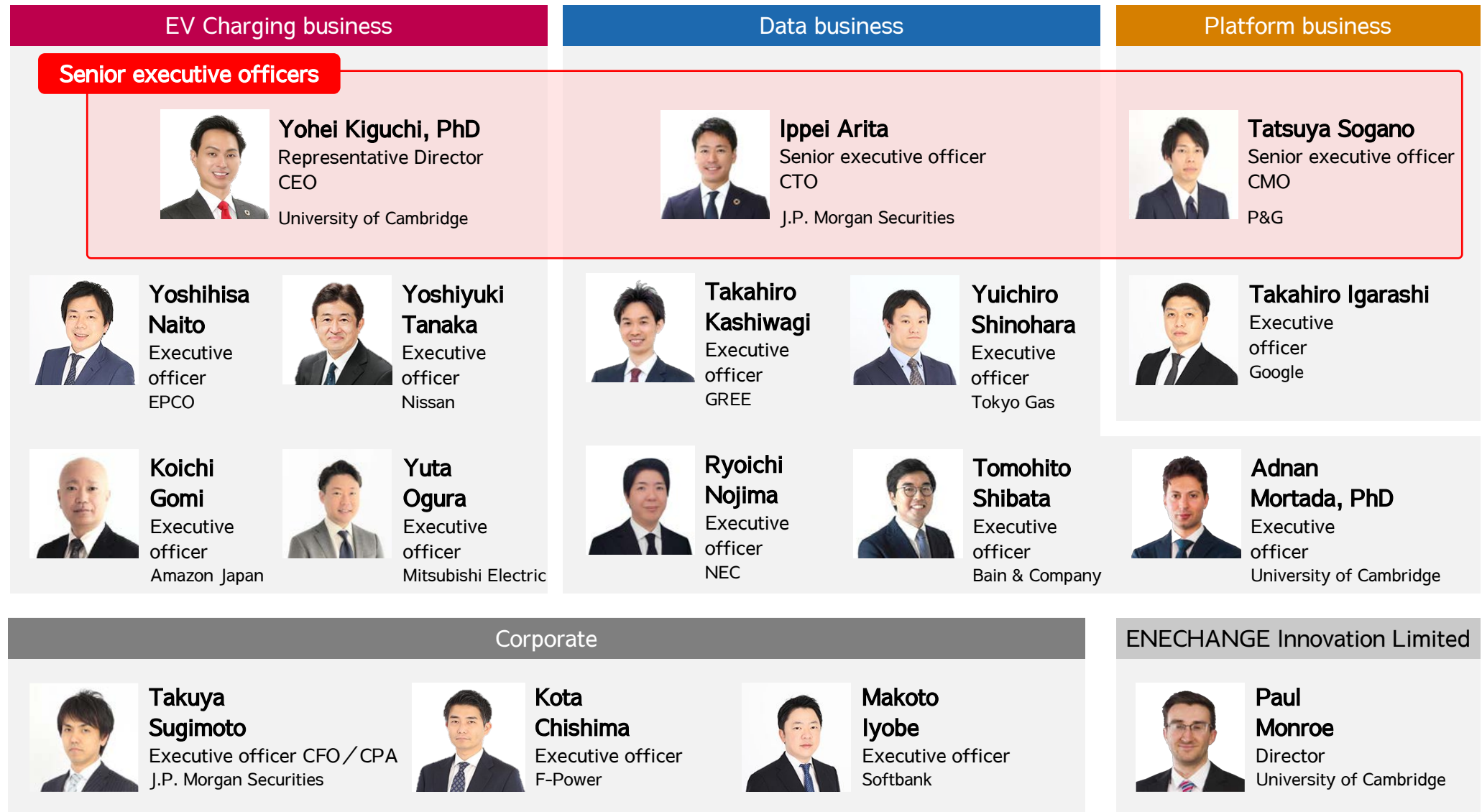
We have set up a team of directors who can balance high growth and corporate governance as an energy technology company. We promote the separation between board and management functions, and the ratio of outside directors is 80%.

	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.

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.



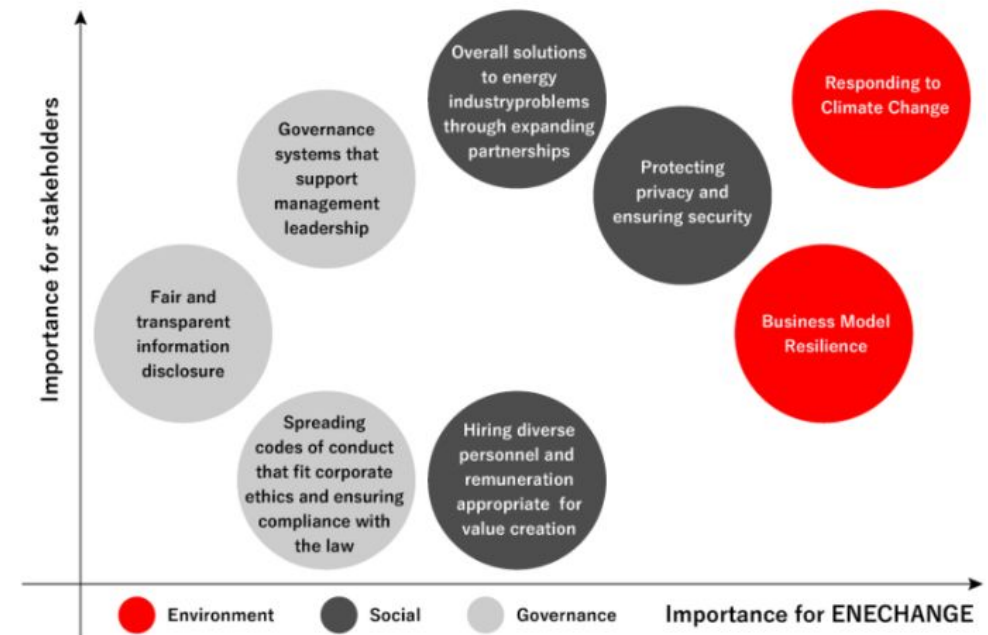
SDG initiatives

To create a sustainable world, ENECHANGE is actively working on ways to achieve the following six SDG goals. Our sustainability information is disclosed on our website, where we post information on our materiality and ESG initiatives.

■ Our focus areas regarding SDG goals



■ Disclosure of materiality on the website



Financial results for FY23 Q1

Sales were 1,064 million JPY (-3.7% YoY), on par with the record high of the same quarter of the previous year. Ordinary profit was -424 million JPY (-11 million JPY in the same period of the previous year) due to investment in the EV Charging business.

(Unit: JPY MM)	Q1 (Jan.- Mar.)		
	FY22	FY23	YoY
Sales	1,105	1,064	(3.7)%
Gross profit	928	871	(6.1)%
<i>Gross profit margin</i>	84.0%	81.9%	(2.1)pt
<i>SG&A expenses</i>	1,000	1,289	+28.9%
Operating profit	(71)	(418)	-
Ordinary profit	(11)	(424)	-
Net profit attributable to owners of parent	(12)	(425)	-

Financial results for FY23 Q1 by segment

Sales were 812 million JPY (-0.3% YoY) in the Platform business and 241 million JPY (-16.9% YoY) in the Data business. While the Platform business and Data business maintained profitability, we posted an operating loss due to investment in the EV Charging business and increased personnel expenses associated with business expansion.

(Unit: JPY MM)		Q1 (Jan.-Mar.)		
		FY22	FY23	YoY
Sales	Consolidated	1,105	1,064	(3.7)%
	Platform business	814	812	(0.3)%
	Data business* ¹	290	241	(16.9)%
	EV Charging business	0	10	+1,406.7%
Operating profit	Consolidated	(71)	(418)	-
	Platform business	72	160	+122.2%
	Data business	81	64	(21.0)%
	EV Charging business	(89)	(474)	-
	Adjustment amount* ²	(135)	(169)	-

*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

The Platform business continued to reduce advertising expenses, but recorded high levels of sales commissions and sales promotion expenses alongside an increase in non-recurring revenue. The EV Charging business continued to invest aggressively in advertising and hiring.

(Unit: JPY MM)	FY22 Q1					FY23 Q1				
	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	1,105	814	290	0	-	1,064	812	241	10	-
Cost of sales	176	19	132	24	-	193	26	99	67	-
Gross profit	928	795	157	(23)	-	871	785	142	(57)	-
<i>Gross profit margin</i>	<i>84.0%</i>	<i>97.7%</i>	<i>54.1%</i>	<i>-</i>	<i>-</i>	<i>81.9%</i>	<i>96.7%</i>	<i>58.9%</i>	<i>-</i>	<i>-</i>
SG&A*1	1,000	722	75	66	135	1,289	625	77	417	169
Advertising expenses	218	192	0	24	1	283	75	0	207	0
Sales commissions, sales promotion expenses	393	393	0	0	0	330	328	0	1	0
Personnel expenses	194	69	47	21	55	340	76	64	120	78
Outsourcing expenses	98	42	23	2	30	187	112	1	45	28
Other	96	25	4	17	48	148	30	11	44	61
Operating profit*2	(71)	72	81	(89)	(135)	(418)	160	64	(474)	(169)
<i>Operating profit margin</i>	<i>-</i>	<i>8.8%</i>	<i>27.9%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>19.7%</i>	<i>26.6%</i>	<i>-</i>	<i>-</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

Cash and deposits decreased by 945 million JPY due to a 418 million JPY operating loss, changes in working capital in the Platform business (a 210 million JPY increase in accounts receivable and a 130 million JPY decrease in the sales promotion reserve), tax payments, and payments related to the purchase of hardware for the EV Charging business. Funds are expected to be recovered from sales in the EV Charging business in the second half of the fiscal year.

(Unit: JPY MM)	End of FY22 Q4	End of FY23 Q1	
		Actual	QoQ
Current assets	4,527	3,700	(827)
Cash and deposits	3,067	2,122	(945)
Fixed assets	2,231	2,244	+13
Total assets	6,758	5,944	(814)
Current liabilities	2,083	1,845	(238)
Interest-bearing debts	819	756	(63)
Fixed liabilities	1,173	1,122	(51)
Interest-bearing debts	1,159	1,116	(43)
Net assets	3,502	2,976	(526)



- **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

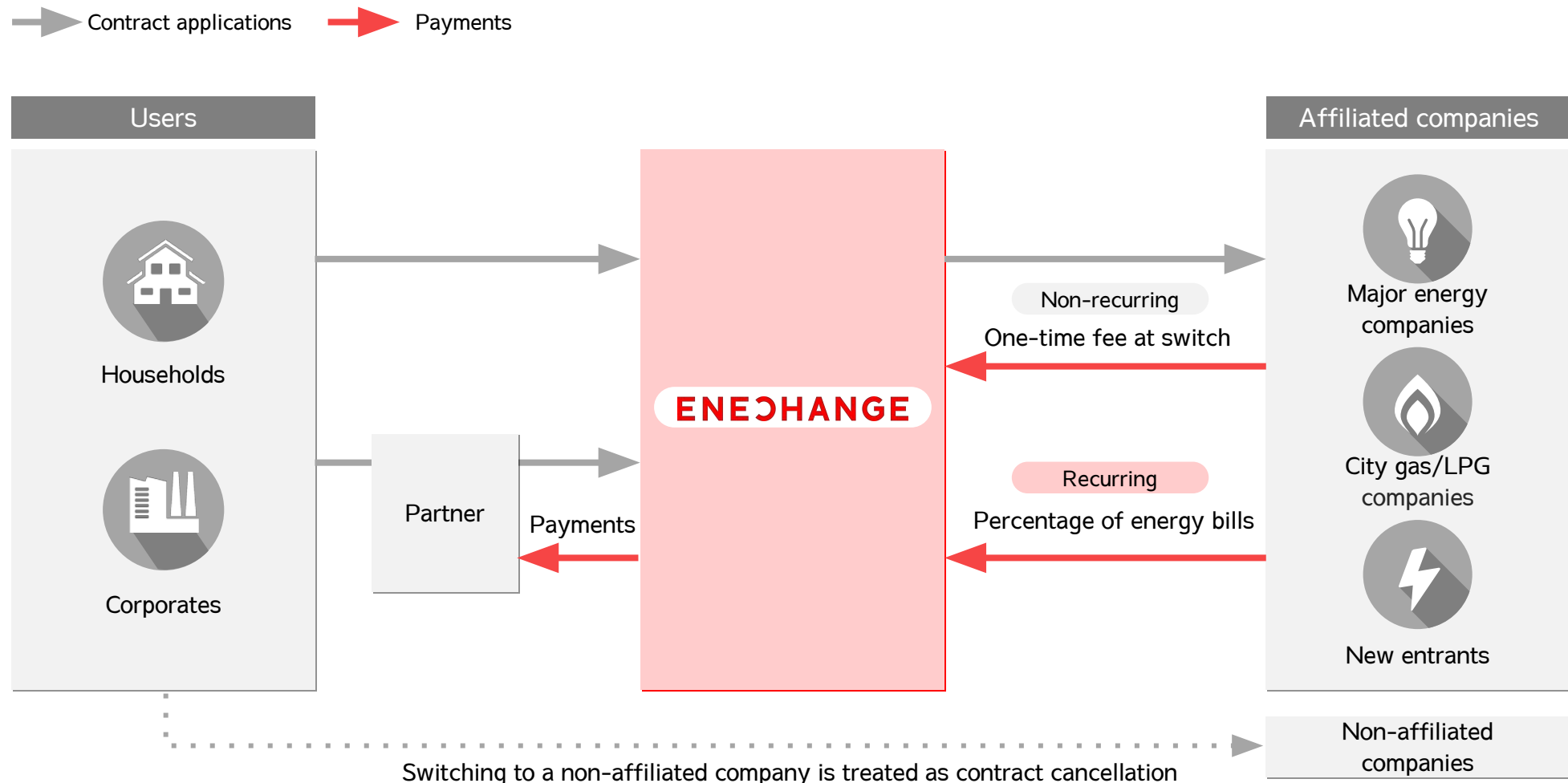


地球環境に配慮したプランを選びたい
CO2排出量を抑える自然エネルギー

"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.



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



Advantage

Best in online and offline customer attraction*1

Highest*2 number of affiliated energy companies

University of Cambridge-derived data analysis technology

*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.

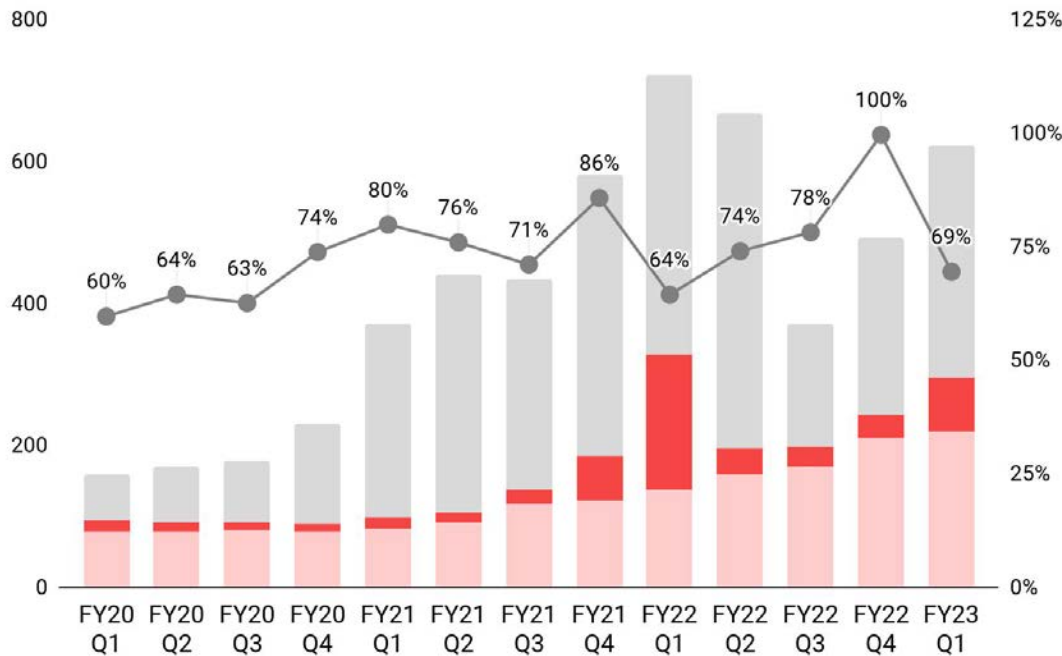
LTV/CAC

LTV/CAC is 6.4x, and we aim for profitable growth through appropriate cost control.

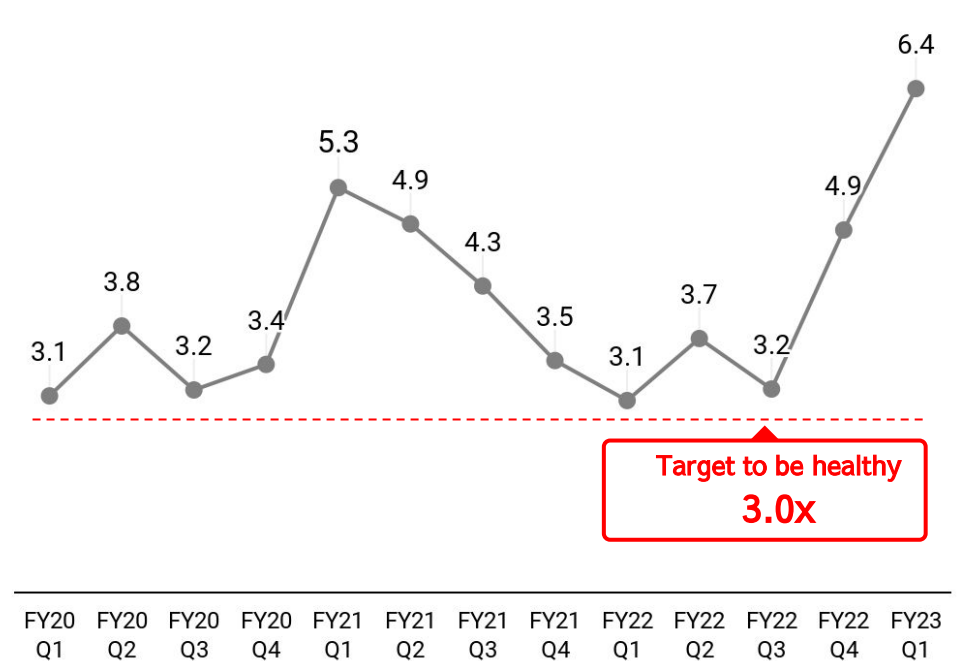
Changes in SG&A expenses in the Platform business*1

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

- Advertising
 - Personnel expenses, Other expenses
- Customer Acquisition Cost*2



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 users), 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.

LTV/CAC definitions

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

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 (average 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

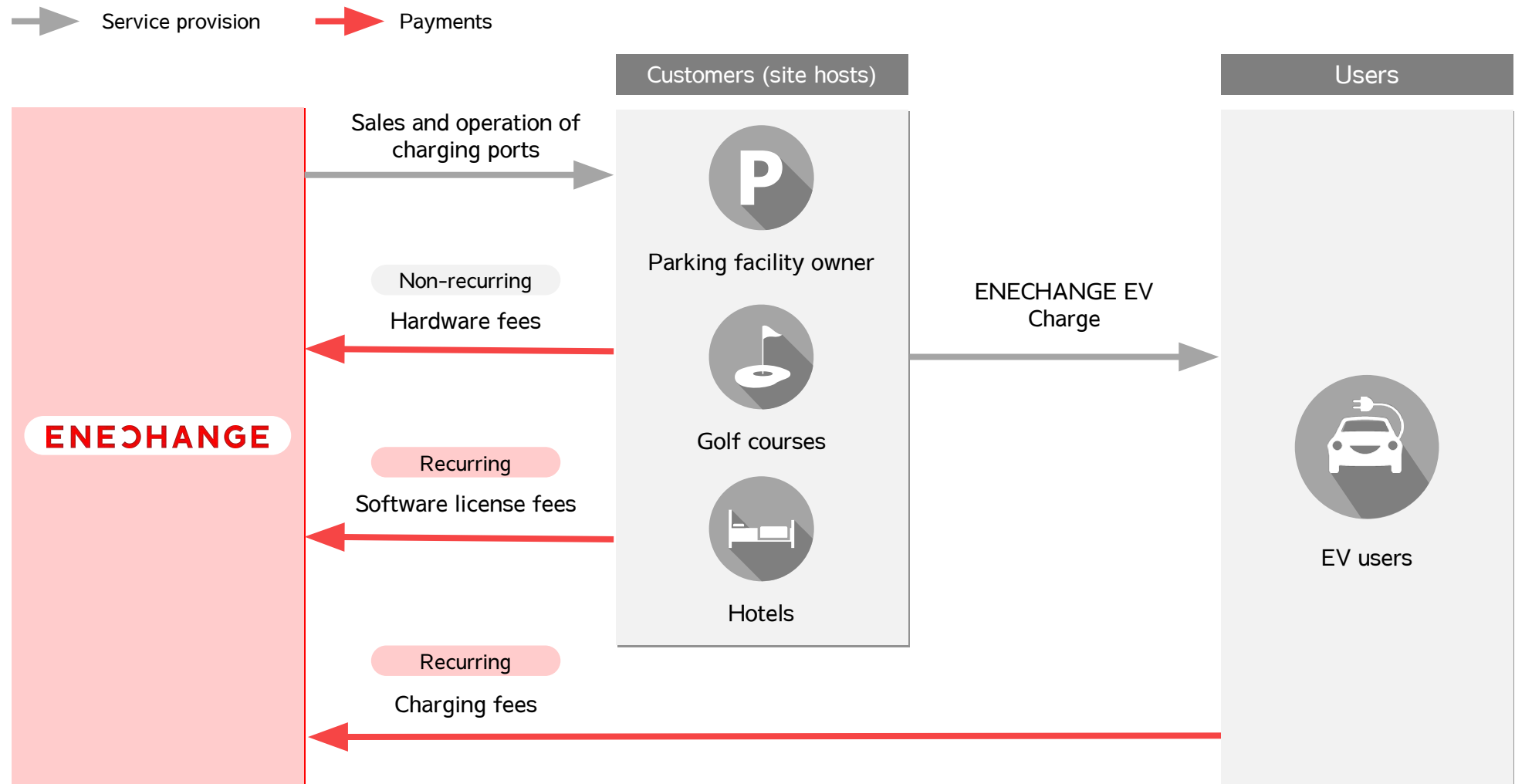
In-app payment



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.

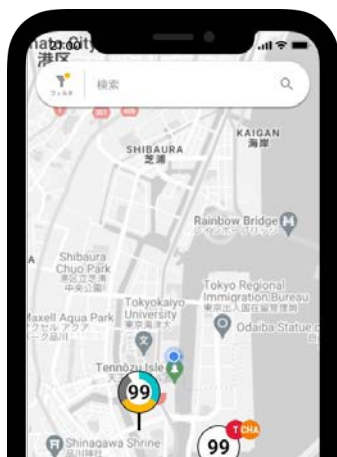


Competitive advantage

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



2. Charging

Faster, convenient 6kW charging



3. Payment

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



Feature

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)

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	\$520.8 B	\$81.5 B	\$17.7 B	6.4	NASDAQ	Global	12,851	18,900
 ChargePoint (CHPT)	Mar. 2021	\$3.0 B	\$468.1 M	-\$312.8 M	6.4	NYSE	USA Europe	56,942	2,280
 EVgo (EVGO)	Jul. 2021	\$1.6 B	\$54.6 M	-\$70.3 M	29.3	NASDAQ	USA	399	2,598
 Allego (ALLG)	Mar. 2022	\$684.2 M	\$39.9 M	-\$5.2 M	17.1	NYSE	Europe	N/A	N/A
 FASTNED  Fastned (FAST)	Jun. 2019	\$510.4 M	\$53.5 M	-\$138.1 M	9.5	Euronext Amsterdam	Europe	N/A	N/A
 blink (BLNK)	Feb. 2018	\$430.4 M	\$61.1 M	-\$79.7 M	7.0	NASDAQ	USA	11,887	85

*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 April 30, 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 April 28, 2023) , €1=US\$1.11)

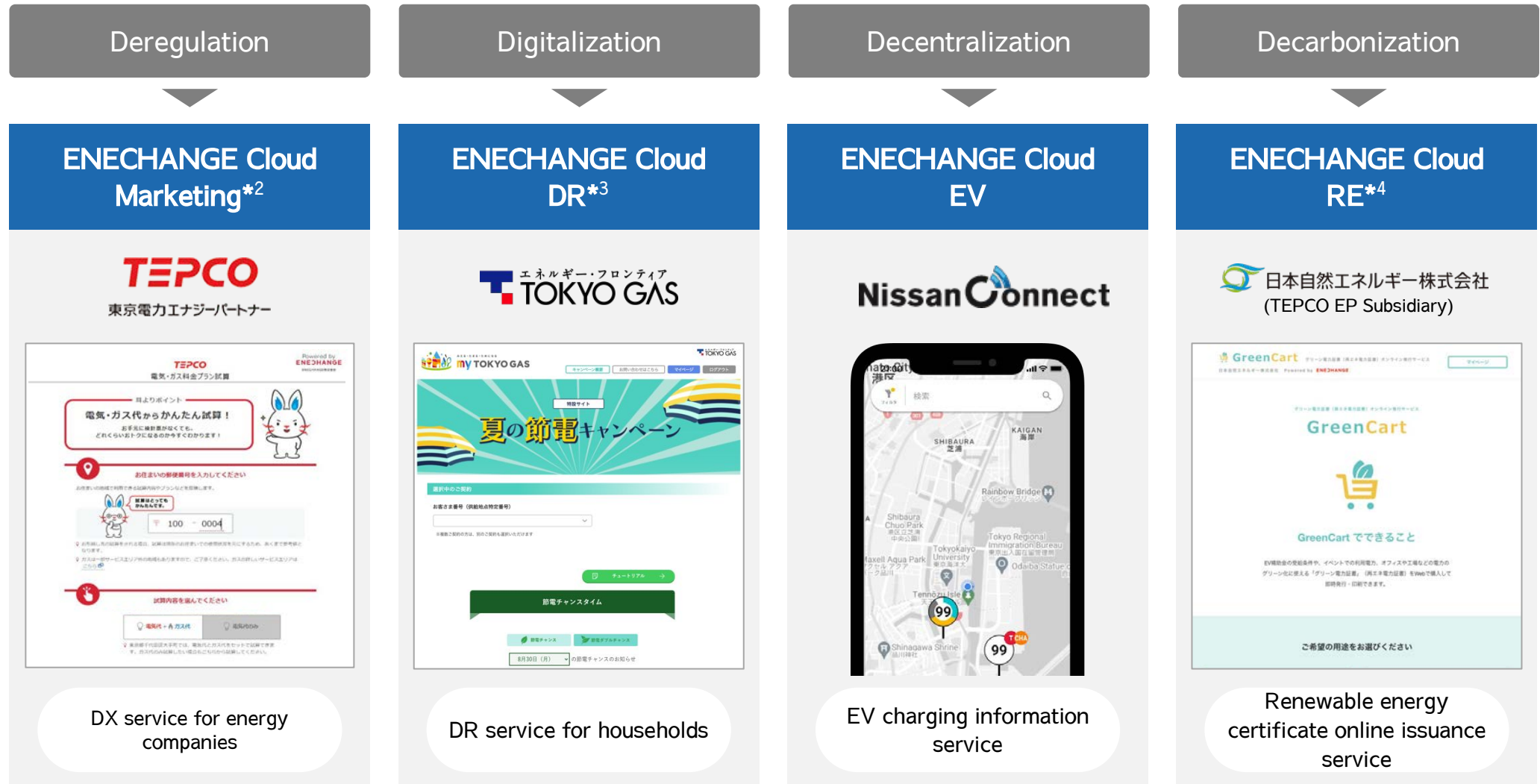
*4. Price to Sales Ratio, calculated as market cap divided by sales (TTM).



- **Data business**

Business outline

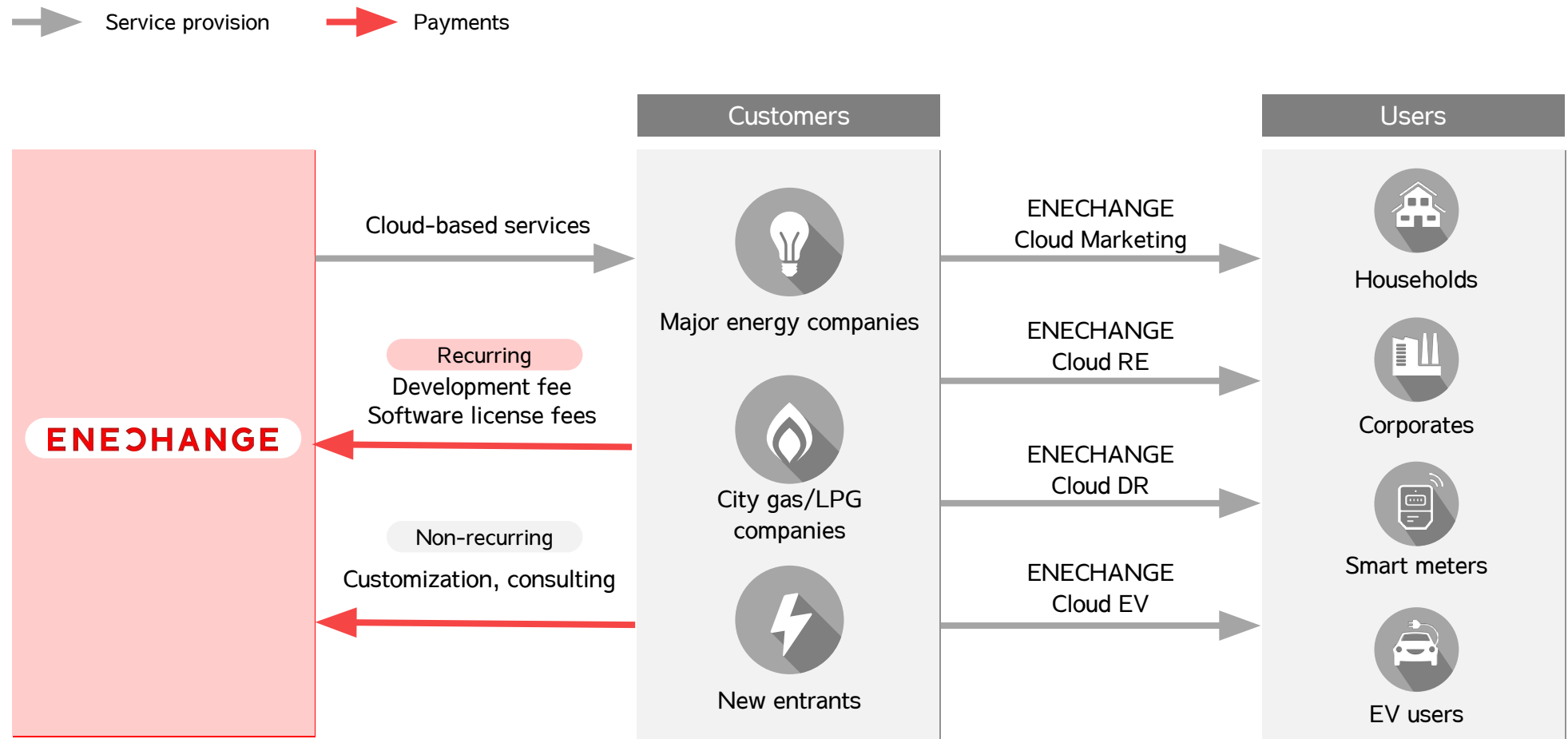
We have developed the ENECHANGE Cloud lineup, a series of SaaS-based DX*¹ services mainly for energy companies. We utilize databases, software, and engineering teams cultivated alongside our other businesses, and we are expanding our product lineup based on the 4Ds of energy.



*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.



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.

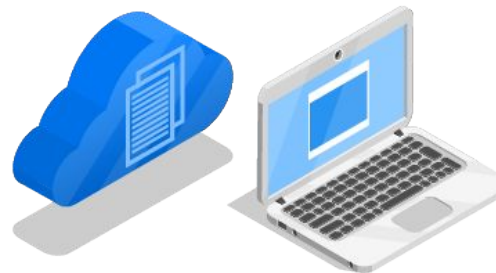
Databases

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



- **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: #f4a460; 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: #f4a460; 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: #d93025; 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: New business reporting	<div style="background-color: #d93025; 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: #d93025; 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: 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 environment: Changes in competitive landscape	<div style="background-color: #f4a460; padding: 2px; display: inline-block; margin-bottom: 2px;">Platform</div> <div style="background-color: #e91e63; color: white; padding: 2px; display: inline-block; margin-bottom: 2px;">EV Charging</div> <div style="background-color: #3498db; padding: 2px; display: inline-block;">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; display: inline-block;">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; display: inline-block; margin-bottom: 2px;">Platform</div> <div style="background-color: #e91e63; color: white; padding: 2px; display: inline-block;">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.	Low	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; display: inline-block; margin-bottom: 2px;">Data</div> <div style="background-color: #e91e63; color: white; padding: 2px; 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 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; display: inline-block; margin-bottom: 2px;">Platform</div> <div style="background-color: #e91e63; color: white; padding: 2px; display: inline-block; margin-bottom: 2px;">EV Charging</div> <div style="background-color: #3498db; padding: 2px; display: inline-block;">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.

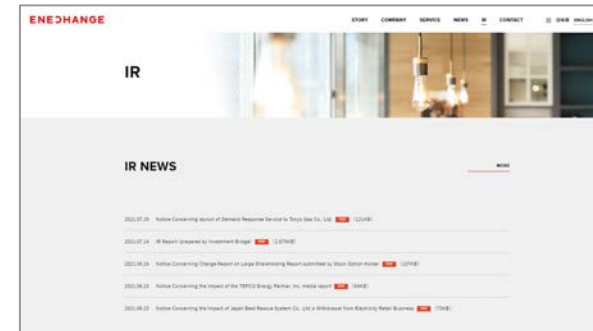
Note: The major risks influencing achieving growth and executing business plans have been excerpted from the contents listed in "Associated Business Risks" of the securities registration statement. Refer to "Associated Business Risks" of the securities registration statement for the other risks.

IR information desk

IR website

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

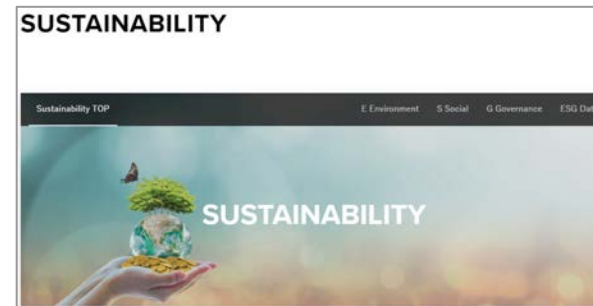
Includes financial summaries and presentation materials, as well as stock information and materials related to the General Meeting of Shareholders. We also have a page for individual investors.



Sustainability

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

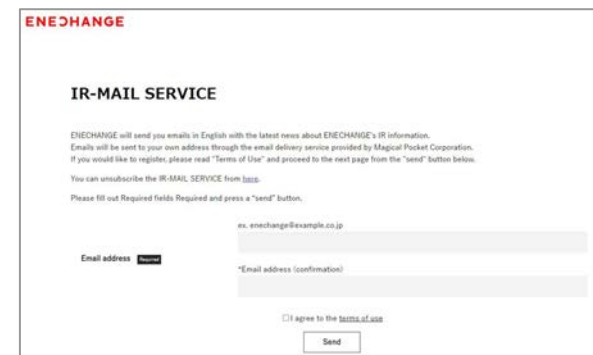
This page introduces our ESG materiality map and our environmental, social, and governance initiatives.



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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.