

ENECHANGE

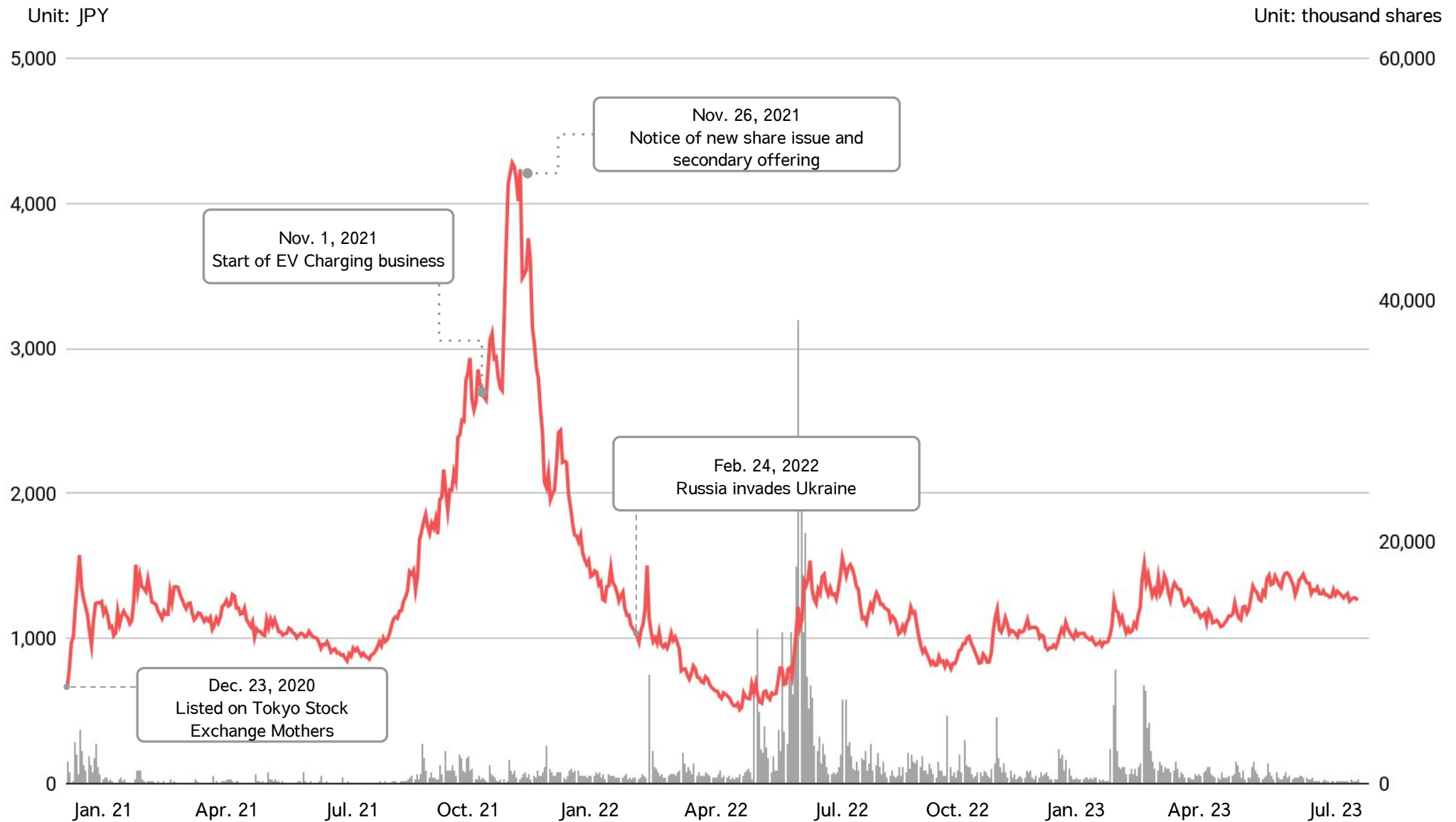
Steady but muted progress, London Bridge in sight

FY23 2nd Quarter Financial Results

ENECHANGE Ltd.
August 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

Steady but muted progress, London Bridge in sight

Although Q2 was expected to be the lowest of FY23, progress was in line with predictions.

In the Platform business, the resumption of user acquisition caused a temporary loss. However, the business is expected to return to profitability in the second half of the year.

In the EV Charging business, the number of orders received reached a record high. Preparations are underway to realize sales and turn a profit from the second half of the year.

We are approaching full-fledged EV charging-driven growth and profitability (London Bridge).



FY23 Q2: Executive summary

FY23 Q2 Financial results

Both sales and ordinary profit dipped in Q2, but progressed as planned.

- Sales: **1.02 billion JPY (-2% YoY)**
- Ordinary profit: **-0.72 billion JPY**

Platform business

Steady recovery of non-recurring revenue, with improved business environment; temporary operating loss due to resumption of user acquisition.

- Sales: **0.77 billion JPY (-6% YoY)**
- Operating profit: **-0.01 billion JPY**

EV Charging business

Accelerated number of orders, with a total of 6,482 charging ports. No hardware sales were recorded, with operating loss due to continued investment.

- Sales: **0.01 billion JPY**
- Operating profit: **-0.52 billion JPY**

Data business

Record number of customers, stable sales and operating profit.

- Sales: **0.23 billion JPY (+8% YoY)**
- Operating profit: **0.04 billion JPY**

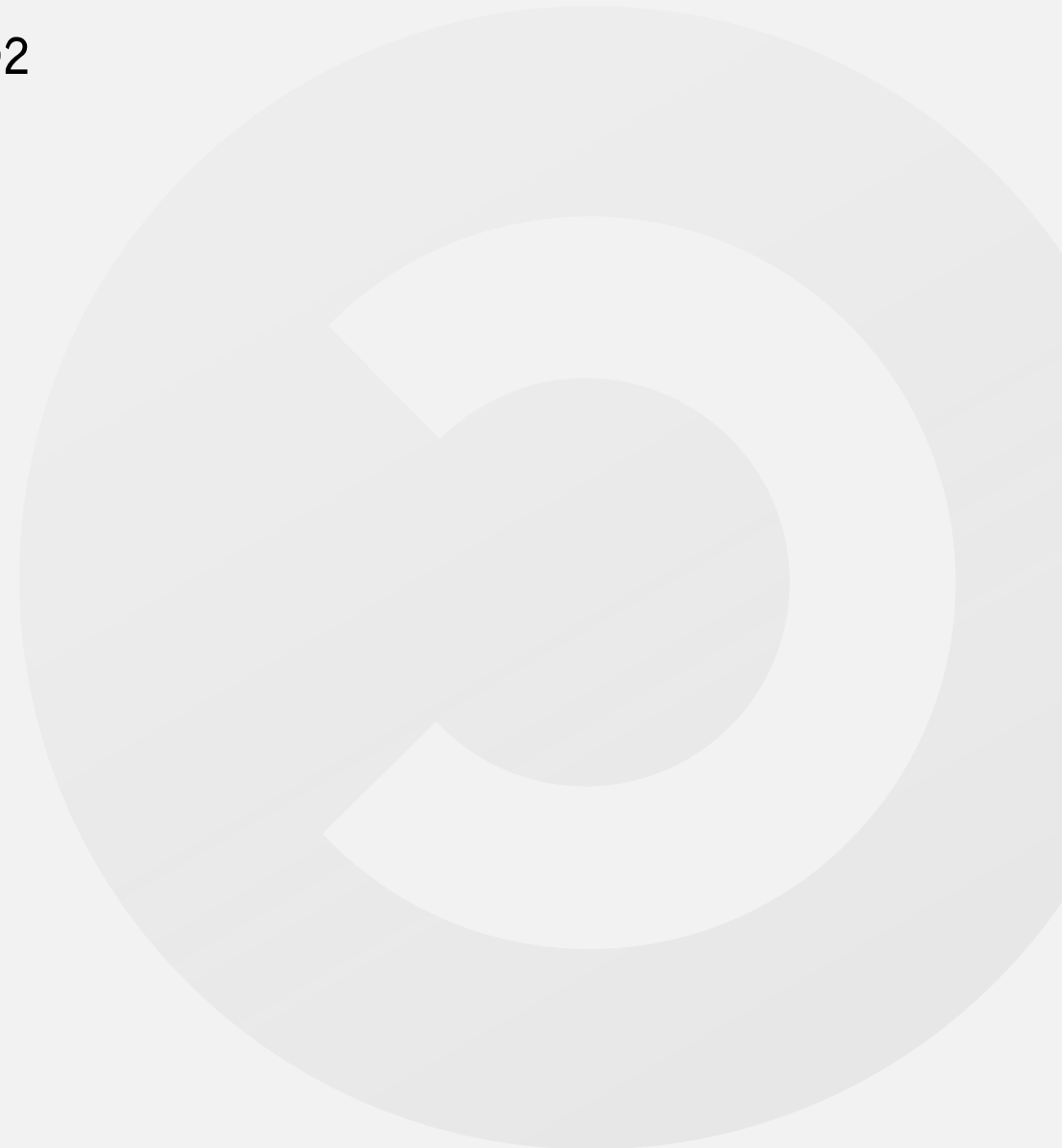
FY23 Full-year forecast

Full-year forecast remains unchanged; in H2, we expect an increase in sales and return to profitability.

- Sales: **5.25 billion JPY (Progress rate: 40%)**
- Ordinary profit: **-0.90 billion JPY**

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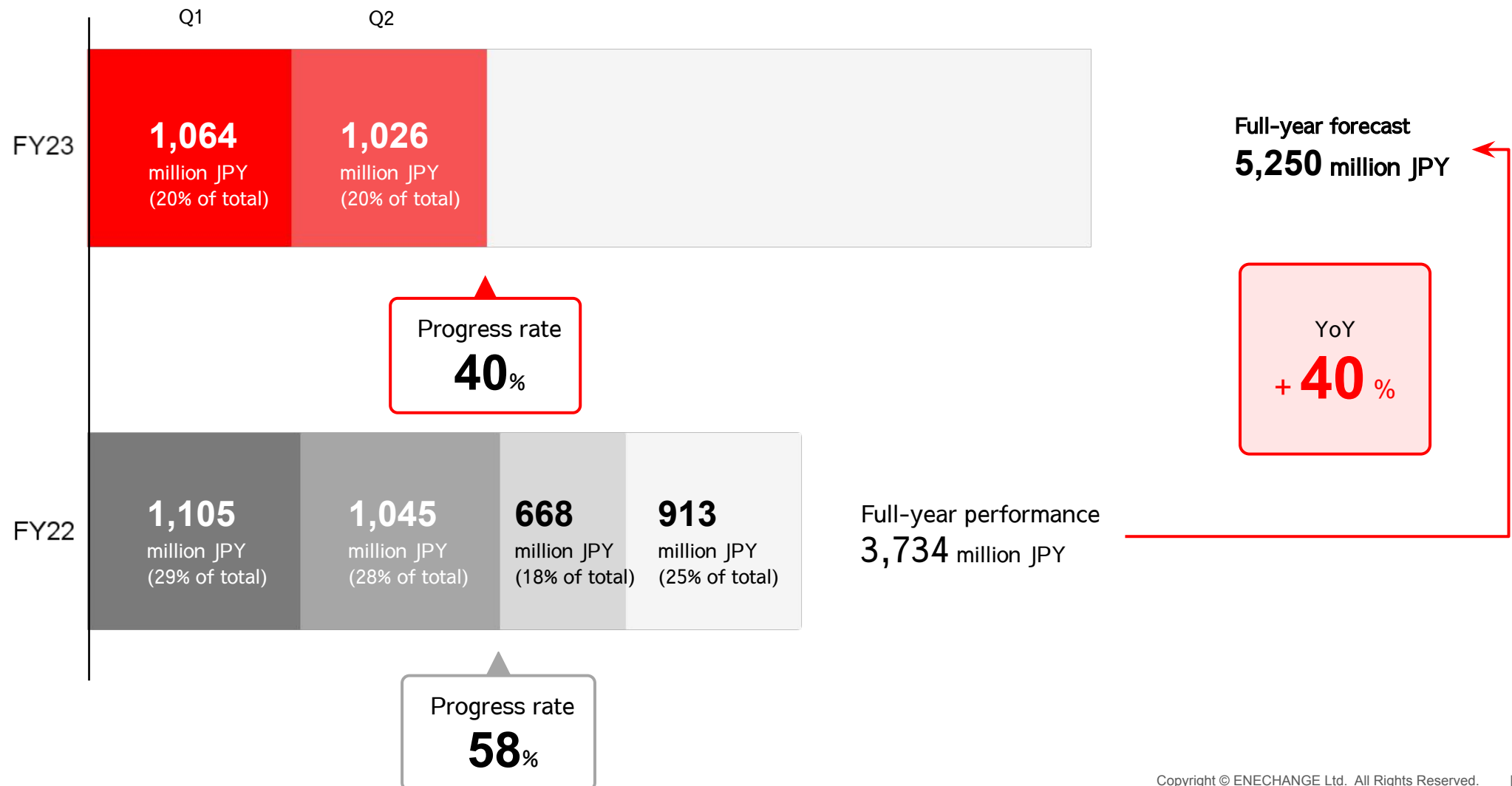
1

Financial results for FY23 Q2

Progress against sales forecast

Sales reached 2.09 billion JPY in the first half of the year, against a full-year forecast of 5.25 billion JPY (progress rate: 40%). The sales composition for FY23 was expected to be weighted towards the second half of the year. Hence, progress is in line with expectations, so the current forecast will be maintained.

■ Sales



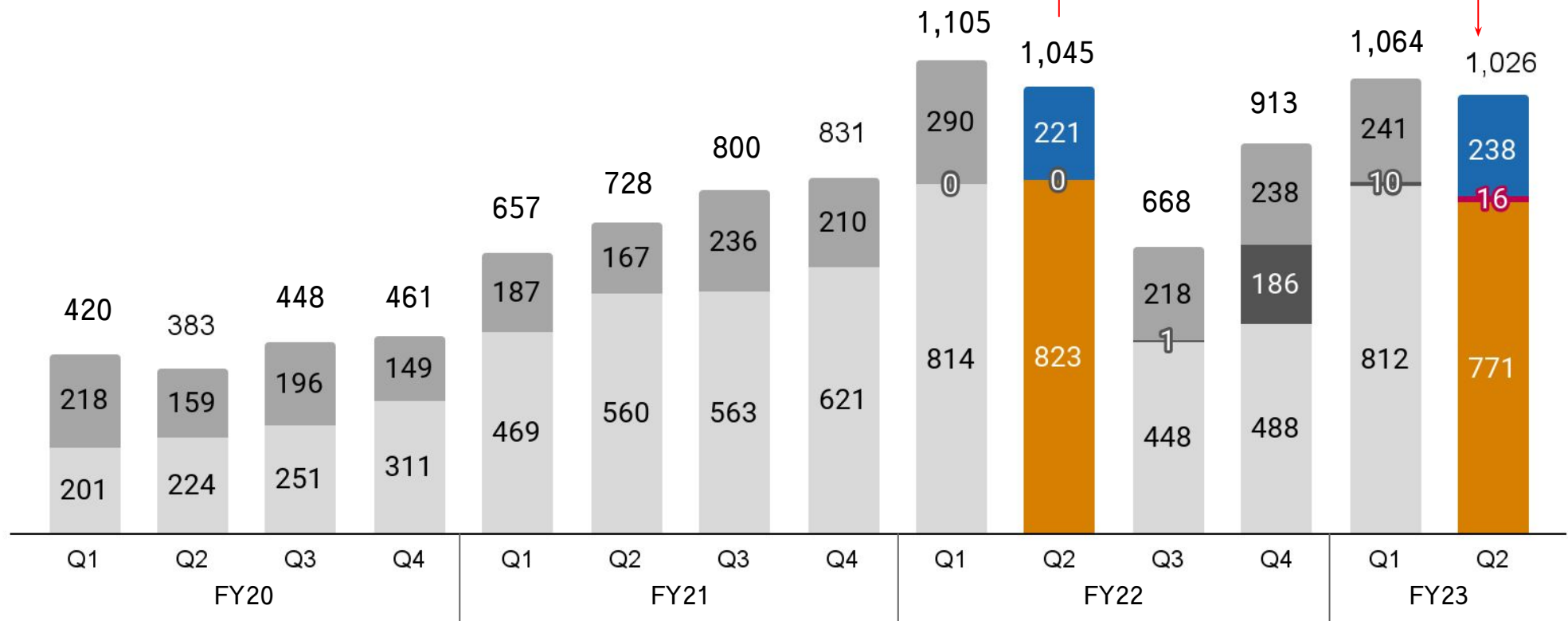
Sales

Quarterly sales were recovering at -2% YoY, on par with the record high. FY23 Q2 sales were expected to be the lowest of FY23, and we anticipate further growth in H2 of this year.

- Data business
- EV Charging business
- Platform business

YoY
(FY22 Q2→FY23 Q2)
- 2 %

Unit: JPY MM

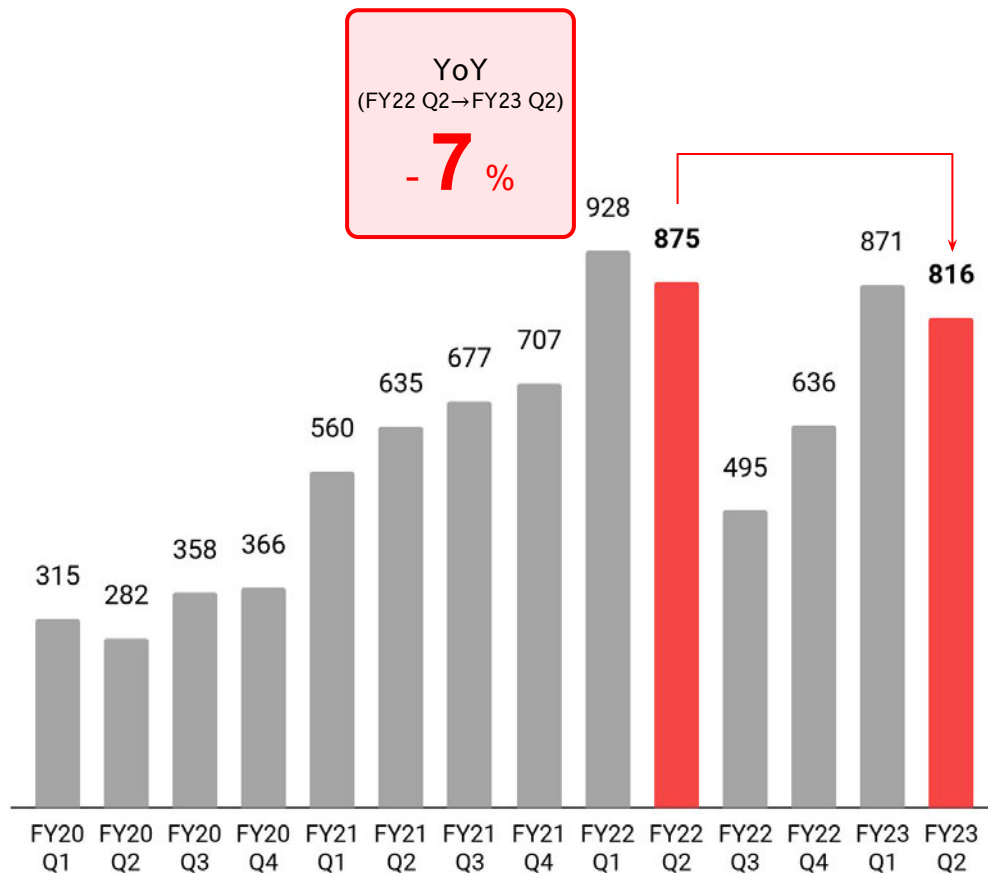


Gross profit and gross profit margin

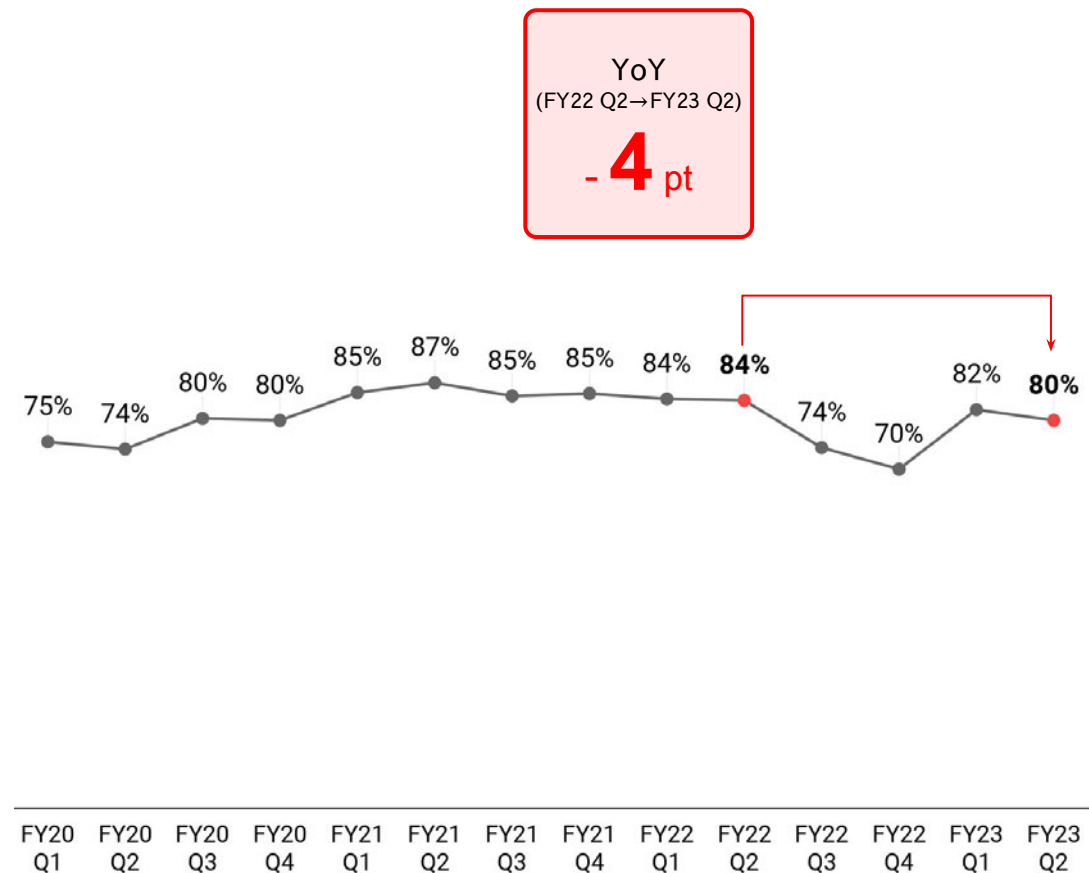
Quarterly gross profit was 816 million JPY (-7% YoY) due to a decline QoQ in recurring revenue in the Platform business, and the gross profit margin was 80% (-4 pt YoY).

Quarterly gross profit

Unit: JPY MM



Quarterly gross profit margin

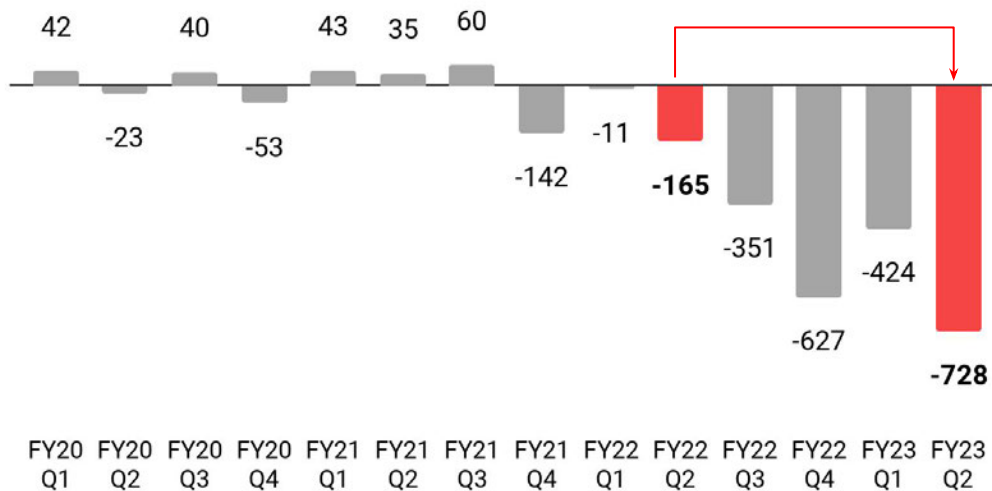


Ordinary profit

Ordinary profit*¹ was -728 million JPY (from -165 million JPY in FY22 Q2) due to the resumption of user acquisition activities in the Platform business and investment in the EV Charging business. Excluding advertising and promotion costs, ordinary profit was -4 million JPY (from 361 million JPY in FY22 Q2).

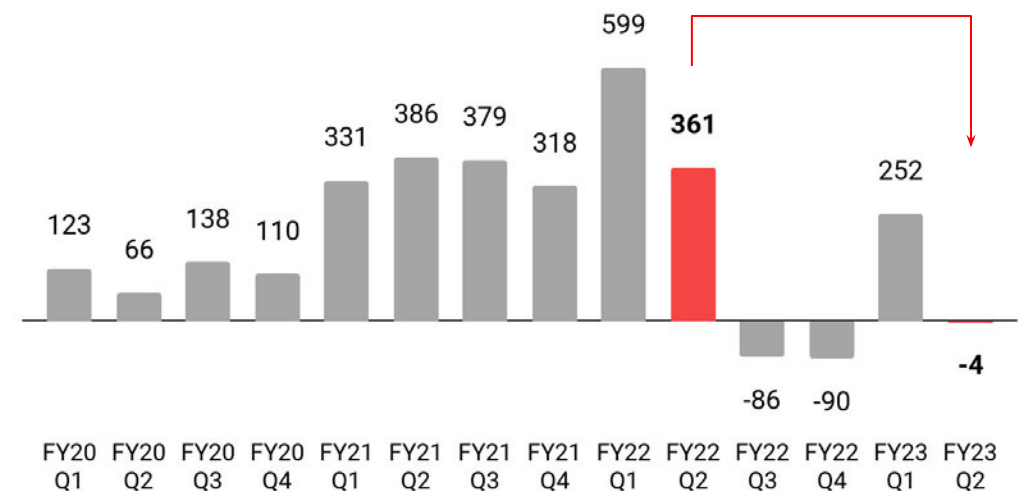
■ Ordinary profit

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.

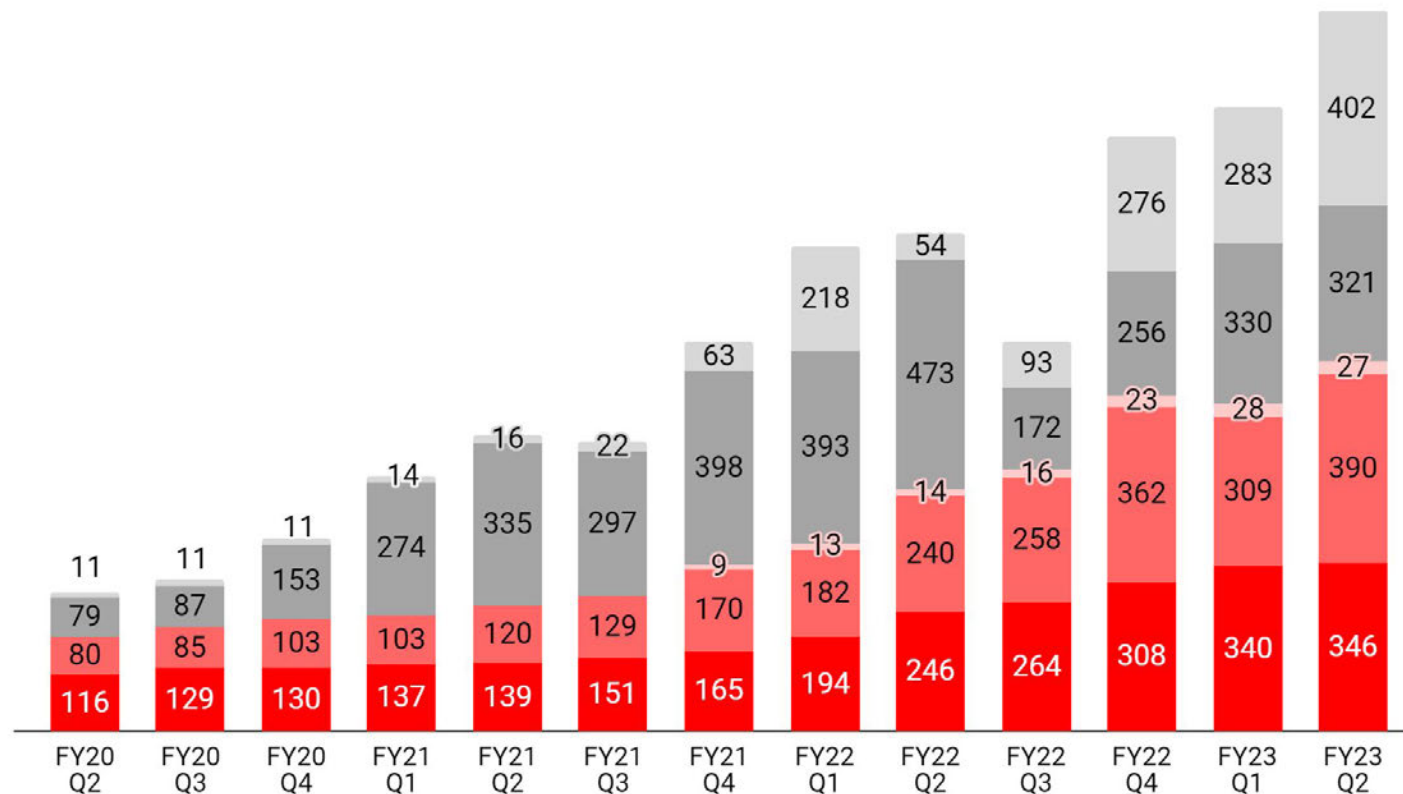
*2. The figure after deducting advertising expenses, sales commissions, and sales promotion costs from ordinary profit.

SG&A expenses

In the Platform business, advertising, and other SG&A expenses (e.g. call center costs) increased QoQ due to the resumption of user acquisition activities.

Unit: JPY MM

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



Advertising:
Increased due to more active user acquisition in the Platform business

Sales promotion and sales commissions:
Increase in sales commissions due to recovery of non-recurring revenue in the Platform business

Other SG&A expenses:
Increased due to call center costs associated with more active user acquisition in the Platform business

Personnel expenses:
Increased due to expansion of EV Charging business



2

Platform business

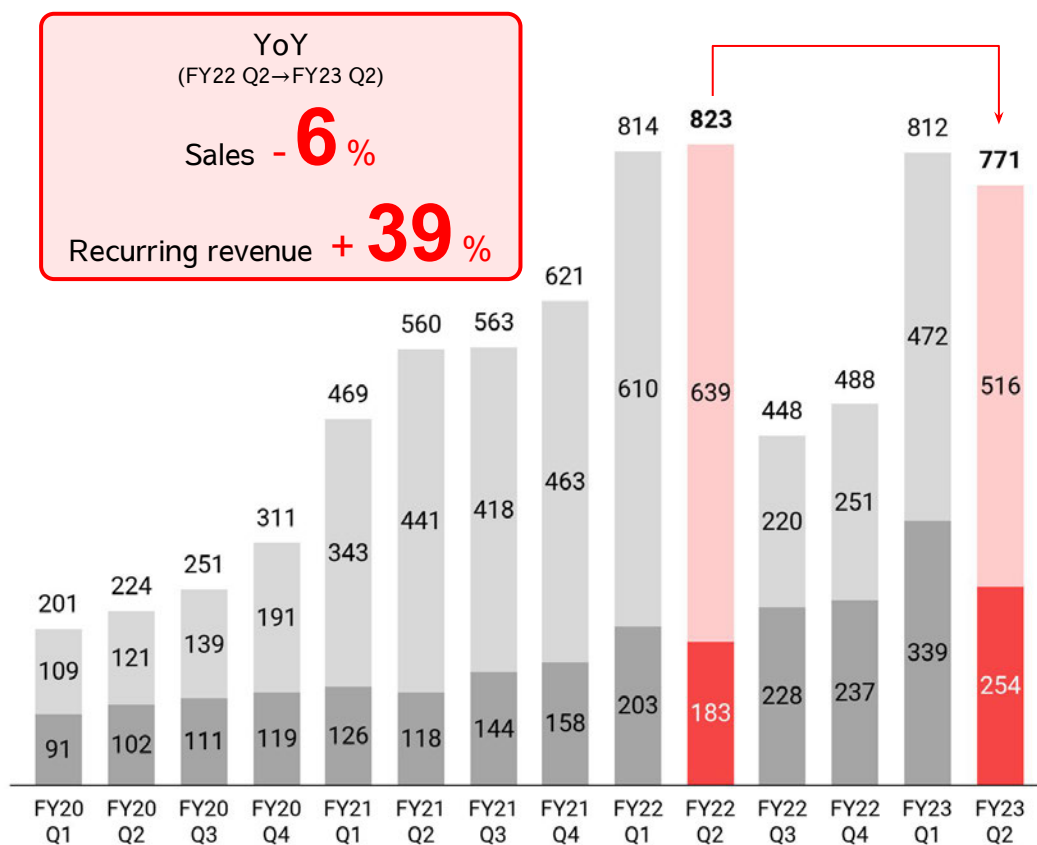
Sales and operating profit

Recurring revenue fell QoQ due to lower energy prices and seasonal factors leading to lower energy usage, but rose to 254 million JPY (+39% YoY) due to an increase in the number of users. Non-recurring revenue continued to recover QoQ to 516 million JPY. With the improvement in the business environment, user acquisition activities have resumed; although this quarter sees a temporary operating loss, we expect a profit in H2.

Sales

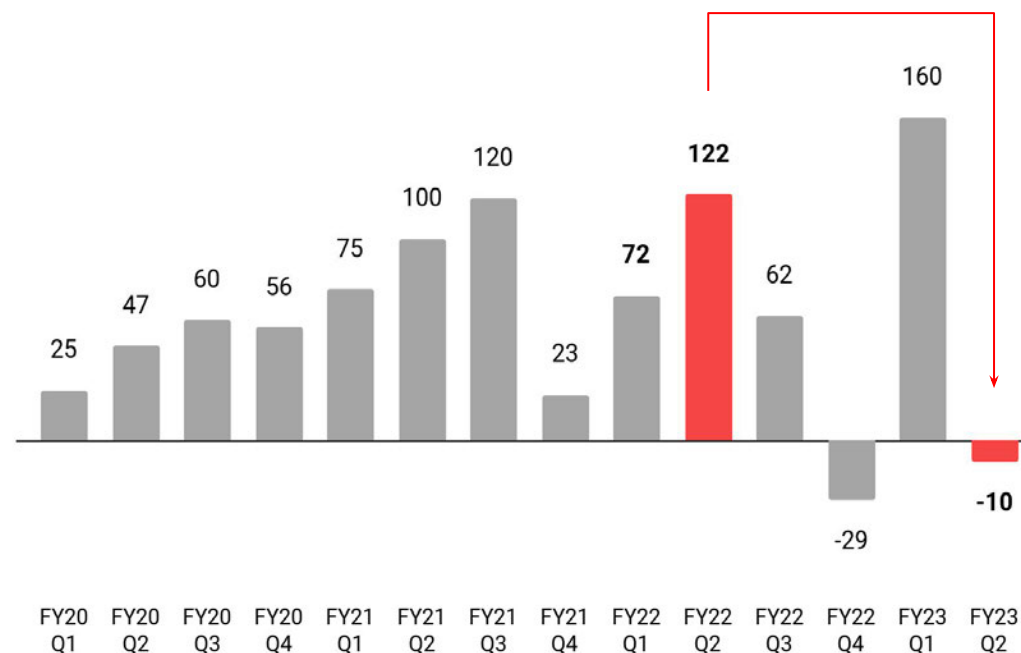
Unit: JPY MM

■ Non-recurring revenue ■ Recurring revenue



Operating profit

Unit: JPY MM

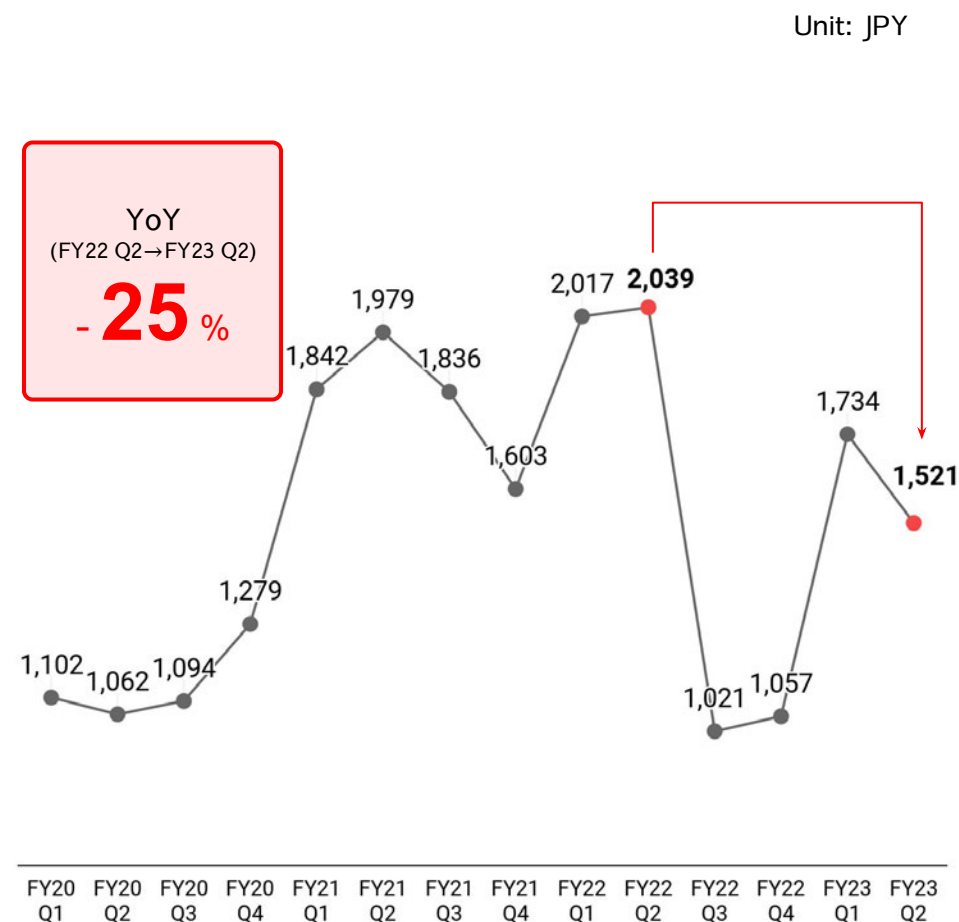
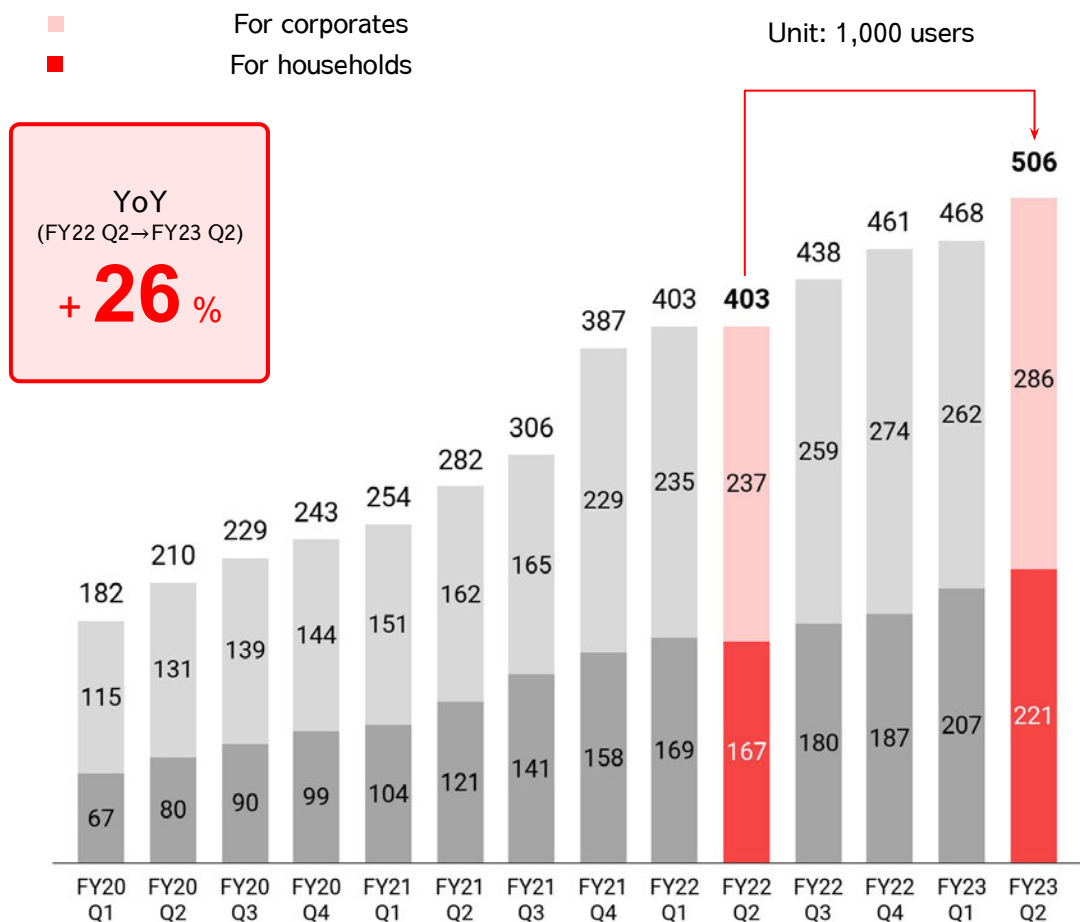


KPIs

The number of users (+26% YoY) reached a record high for both corporate and household users. Despite a continued recovery in non-recurring revenue from the previous quarter, ARPU (-25% YoY) declined QoQ due to a fall in recurring revenue as electricity prices stabilized.

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

■ ARPU*2



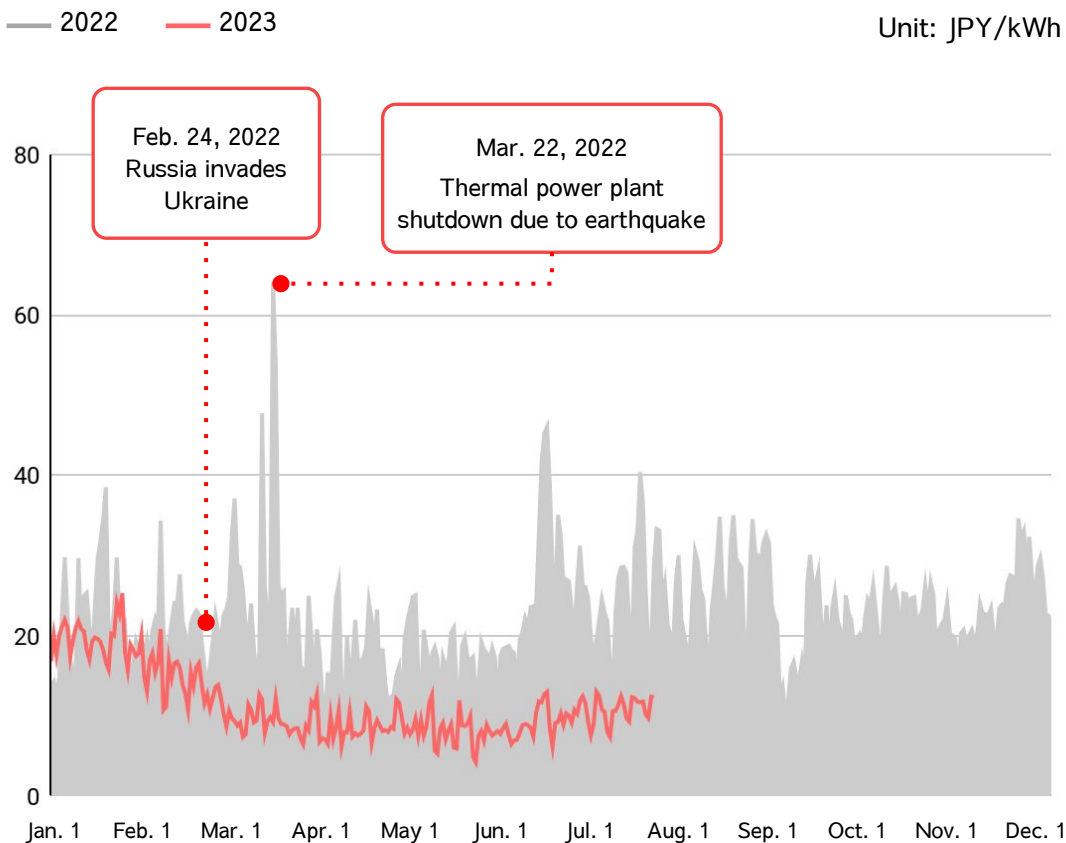
*1. To accurately compare the impact of corporate and household switches, switches are calculated for corporates using an equivalent rate and converted based on the rebates from the total obtained capacity using the capacity of a general household as 4kW.

*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.

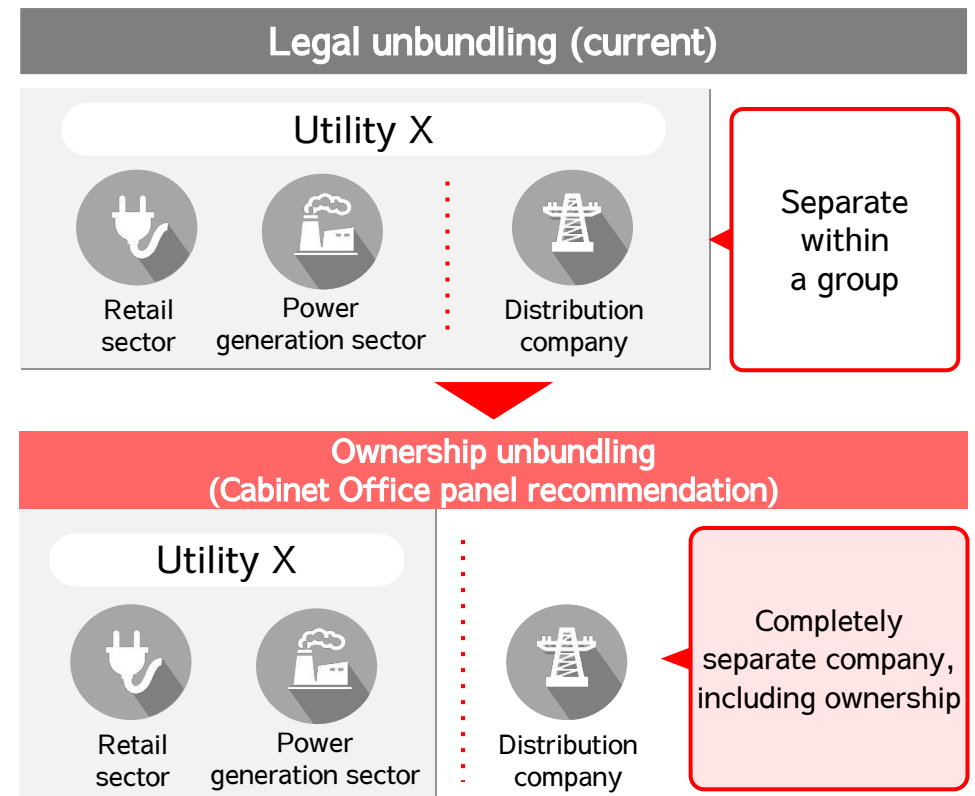
Business environment update

Wholesale electricity market (JEPX) prices have stabilized, mainly due to lower fuel prices. In response to the unauthorized sharing of customer information by major energy companies which inhibited competition, METI*1 is considering separating ownership of transmission and distribution within major energy groups.*2 This is part of government efforts to improve competition in the sector.

Changes in JEPX prices*3



Proposal for separation of ownership of electricity transmission and distribution*4



*1. The Ministry of Economy, Trade and Industry

*2. Decision expected by end of FY23

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

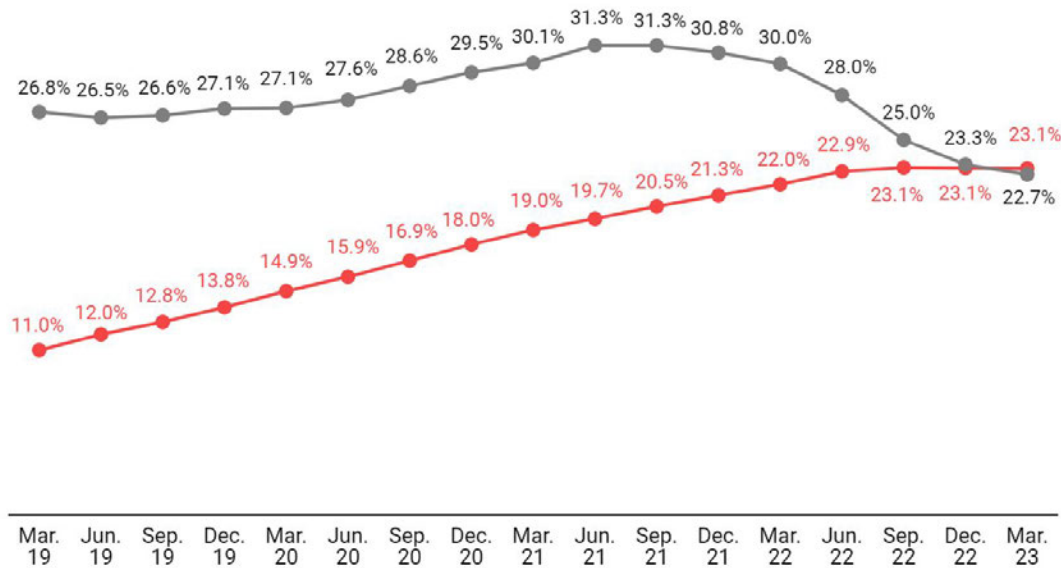
*4. Prepared with reference to Asahi Shimbun Digital, "[Expert panel proposes 'separation of ownership' of major power transmission and distribution divisions in response to fraud](#)".

Market share

At the end of March 2023, the share of customers using new entrants was 22.7% for corporate customers and 23.1% for households. While the share of corporate customers using new entrants has been declining, we have made steady progress in user acquisition and our share of both residential and corporate customers has reached a record high.

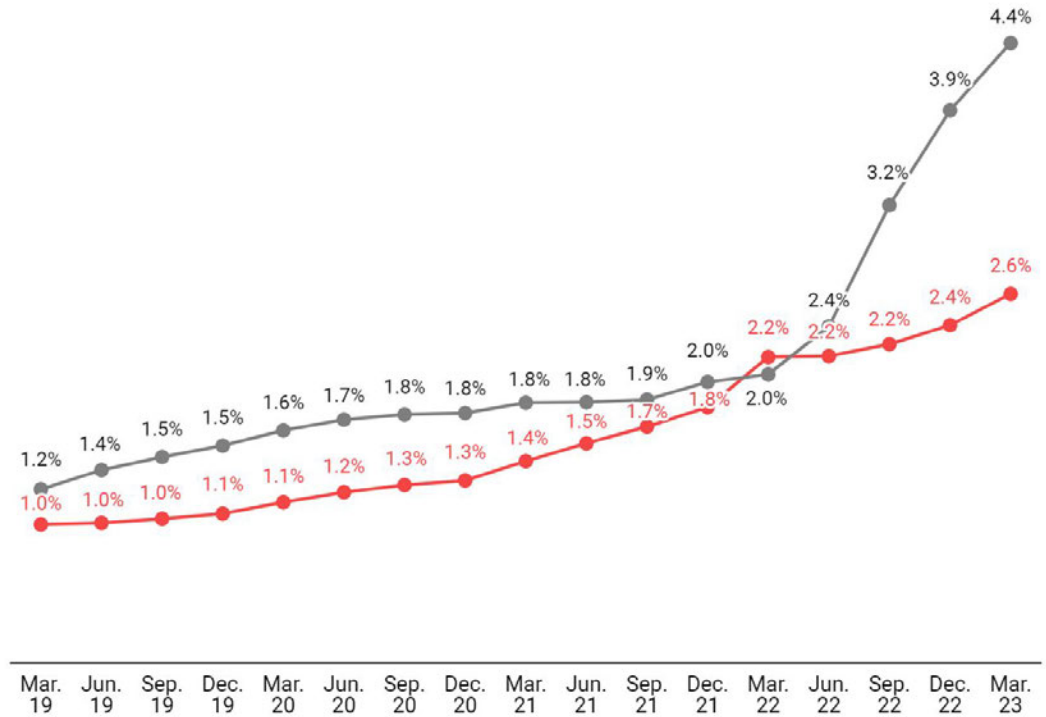
■ Market share of customers using new entrants*

- 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

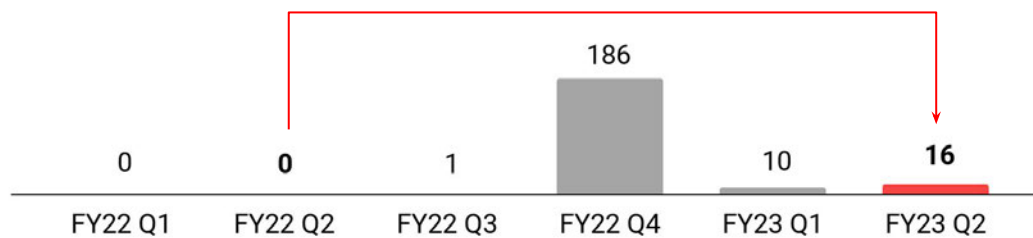
EV Charging business

Sales and operating profit

Sales are expected to be fully realized from FY23 Q3 as hardware sales and installation will be completed after subsidies are approved. Operating profit is currently negative due to investment in personnel and advertising, but is expected to turn positive in H2. Detailed sales breakdowns are not being disclosed for competitive reasons.

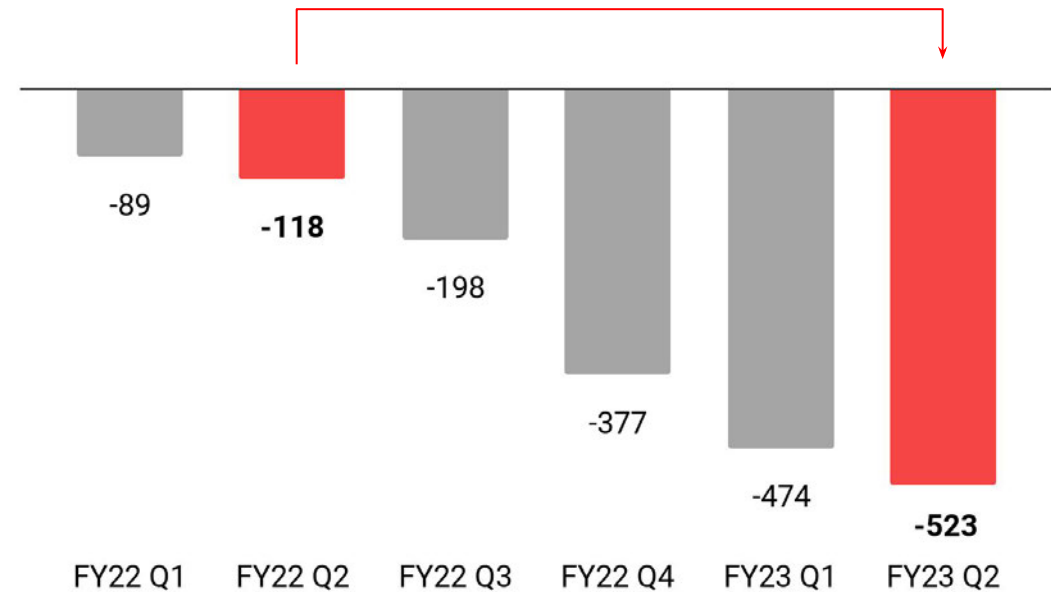
■ Sales

Unit: JPY MM



■ Operating profit

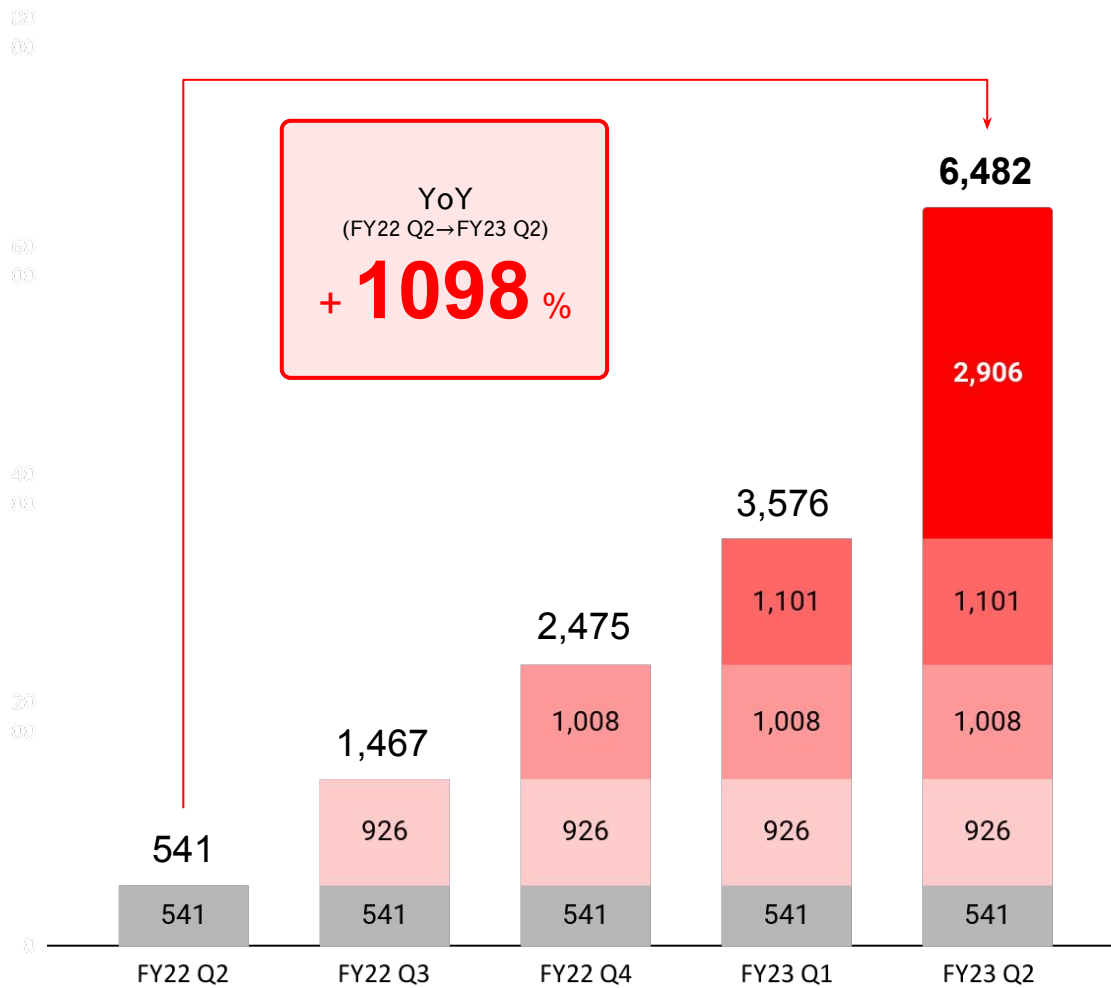
Unit: JPY MM



KPIs

In FY23 Q2, the number of orders received accelerated with 2,906 orders, bringing the cumulative orders of charging ports to 6,482. We are targeting increased orders through initiatives including a business alliance with a major insurance company, Tokio Marine & Nichido, and collaborations with the City of Yokohama and others.

Cumulative orders of EV charging ports*



Examples of orders received

Yamanashi · Hotel

Gunma · Hospital

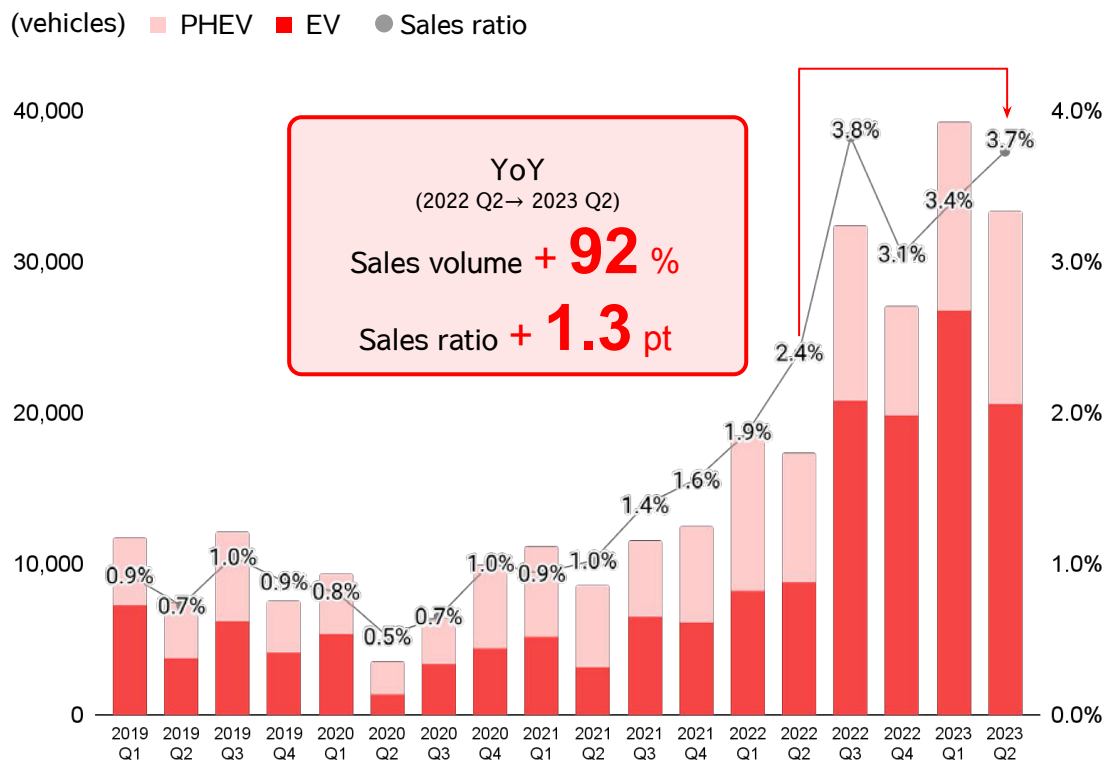
Kanagawa · Clothing shop

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

Business environment update

Sales of EVs/PHEVs in 2023 Q2 were close to a record high; sales volume was +92% YoY and sales ratio was +1.3pt YoY. The primary budget for this year's EV charging infrastructure subsidies was fully allocated by July due to a high number of applications. A decision on the secondary allocation is expected to be made in October.

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



Nov. 1, 2021
Launch of EV Charging business

Status of EV-related subsidies*2

	14.5 billion JPY Primary budget allocation (Applications closed)	3 billion JPY Secondary allocation
Fast charging ports	9 billion JPY	0.5 billion JPY
Level 2 charging ports (home charging)	3 billion JPY	0.6 billion JPY
Level 2 charging ports (destination charging)	2.5 billion JPY	1.9 billion JPY

Subsidy decision by early Oct. 2023

*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.

Rule changes regarding subsidies

In the new guidelines*¹ published by the METI on 4 August 2023 regarding subsidy applications, the following conditions were set: (i) a limitation on eligible sites; (ii) the re-establishment of installation limits on number of ports; and (iii) changing the method of grant decision-making.

■ Key points of the new rules

Limitations on eligible sites

Fast charging:

Highways, public roads, road stations

Level 2 (home charging):

Existing apartment complexes only

Limitation on number of ports

Level 2 (home charging):

Up to 10% of total parking capacity and 10 ports total

Level 2 (destination charging):

Up to 2 ports per site

Changes to the method of grant decision-making

Rather than being processed in order of application date, applications will now be reviewed through a bidding system based on set criteria* and accepted within a set time period.

*Criteria are set based on the following:
Fast charging: site category and output;
Fast and Level 2 charging: subsidy application amount per kW

The impact of this change is limited, as our order practice was already in compliance with new regulations.

*1. "Charging Infrastructure Subsidy "Outline of Reserve Program"", METI, 4 August 2023 (in Japanese), www.cev-pc.or.jp/notice/pdf/20230804_jyuden_oshirase.pdf
Note: Limitations on the volume of applications for budgeted projects in the coming year and beyond will be considered based on the execution of the secondary allocation of 3 billion JPY.



4

Data business

Sales and operating profit

Sales increased +8% YoY due to an increase in recurring revenue despite a tough business environment over the year. The segment continues to maintain a stable profit.

Sales*

Unit: JPY MM

■ Non-recurring revenue ■ Recurring revenue

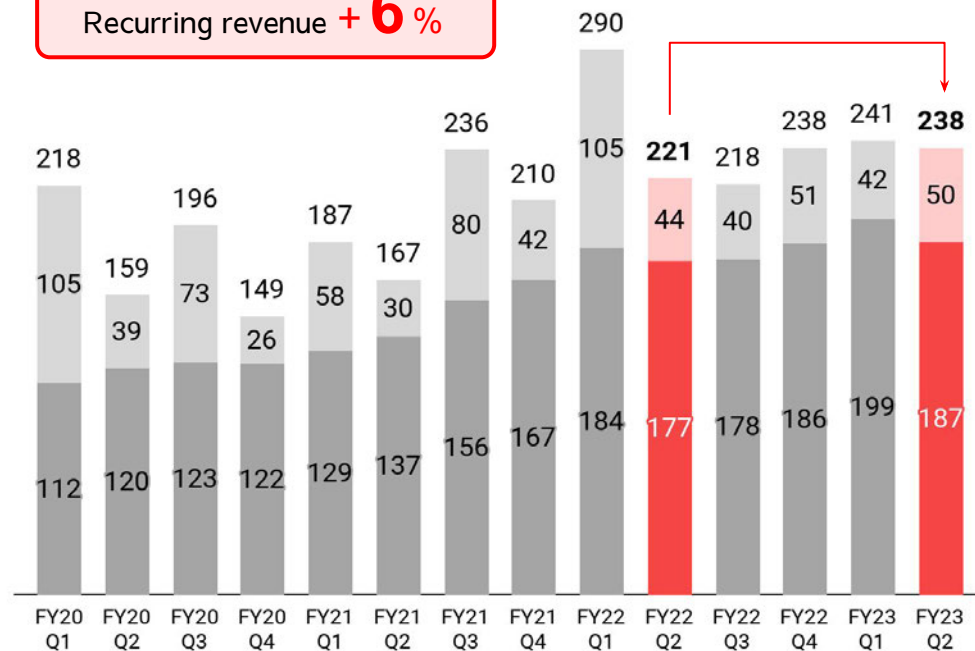
Operating profit

Unit: JPY MM

YoY
(FY22 Q2→FY23 Q2)

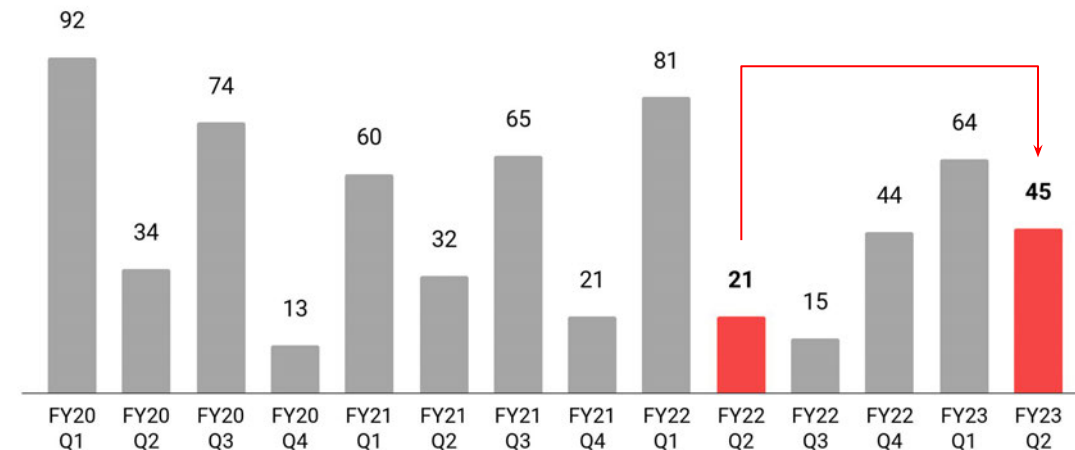
Sales + **8%**

Recurring revenue + **6%**



YoY
(FY22 Q2→FY23 Q2)

+ **114%**



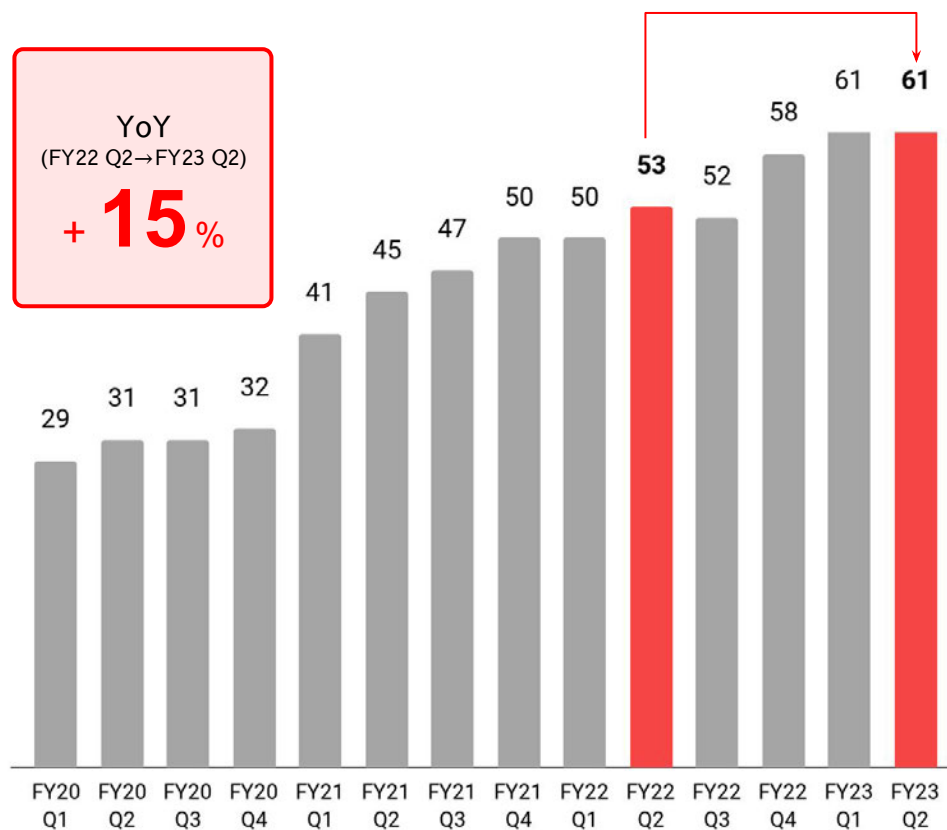
* From FY22, due to the new revenue recognition standard, the accounting method for non-recurring revenue, such as initial and additional development for the Data business, has been changed from bulk accounting at acceptance inspection to accounting proportionally over the contract period.

KPIs

The number of customers increased by +15% YoY. ARPU decreased slightly by -6% YoY, but remained stable.

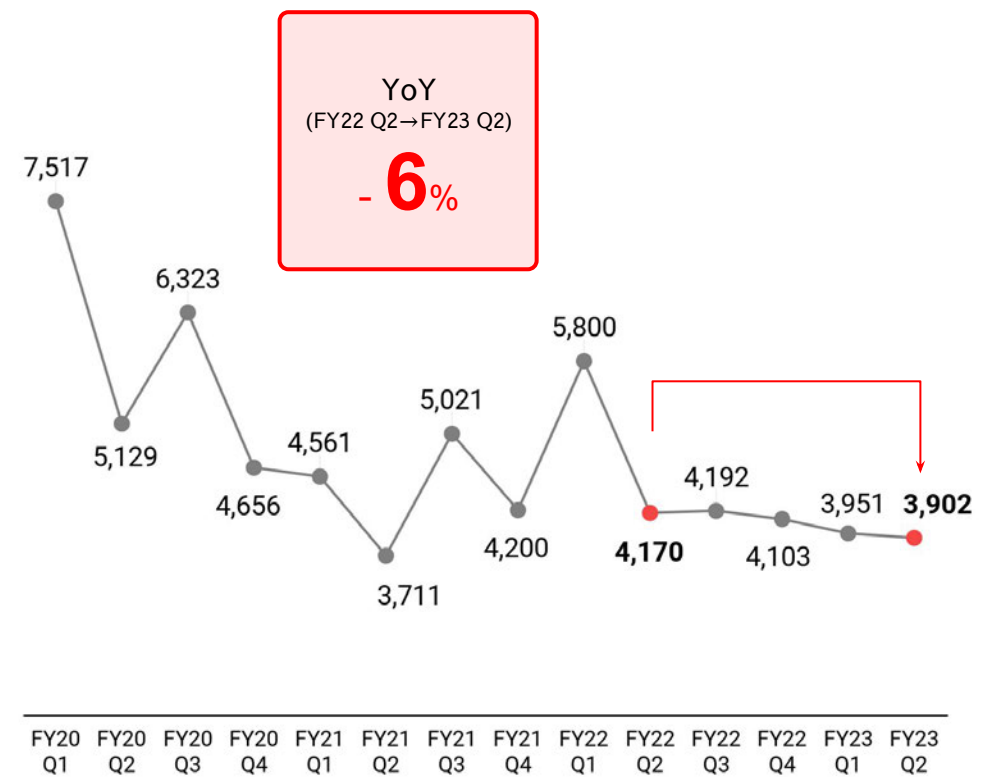
■ Number of customers*1

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 H1, we achieved 2.09 billion JPY in sales, and ordinary profit/loss was -1.15 billion JPY in the first half of the year. The annual forecast remains unchanged, in line with the initial predictions of a loss in H1 and a profit in H2, mainly from the timing of hardware sales from the EV Charging business.

Unit: JPY MM

	FY22 results	FY23 forecast	YoY	FY23 H1 results	Progress rate	Strategy
Sales	3,734	5,250	+40%	2,091	40%	Aiming for a significant sales increase in FY23 H2, driven by the EV Charging business.
Platform business	2,575	-		1,583	-	ARPU recovered better than expected and is expected to continue recovery in FY23 H2, leading to profitability.
EV Charging business	189	-		27	-	Full-scale sales growth and profitability expected from FY23 H2 as charging ports are installed and use begins.
Data business	969	-		479	-	No change from initial assumptions, full-year sales are expected to remain flat.
Ordinary profit	(1,156)	(900)	-	(1,152)	-	No change from initial projections - a loss in FY23 H1 and profit expected in H2.

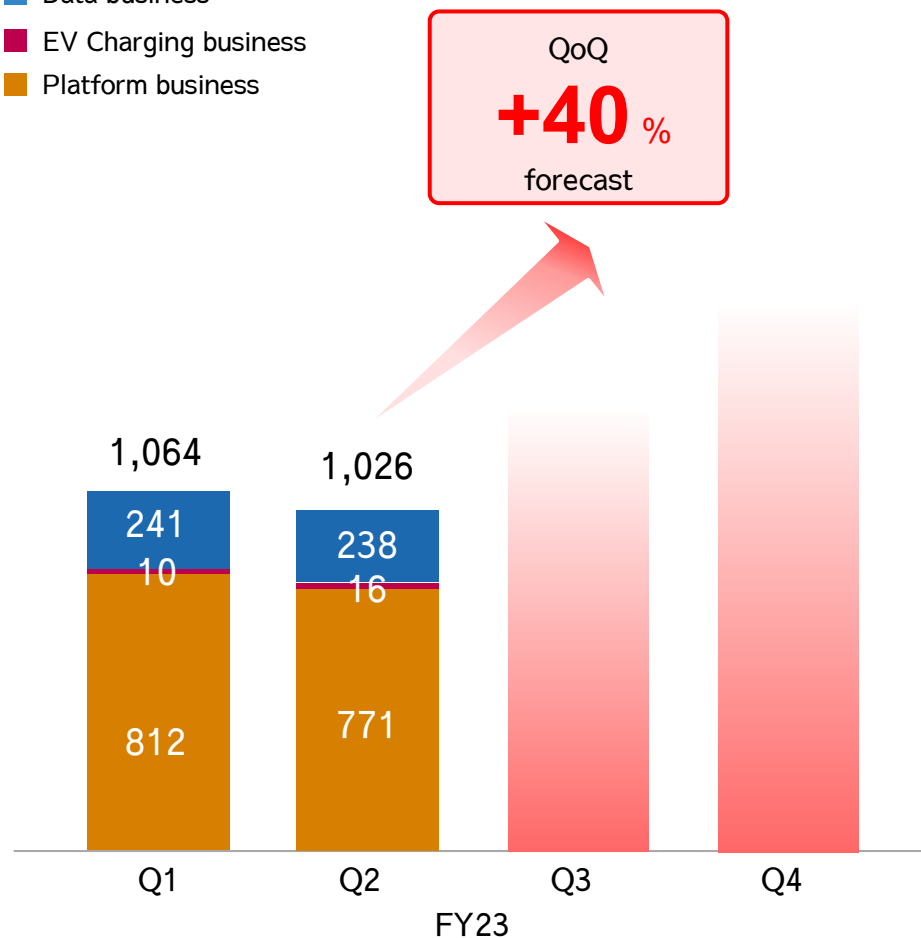
Quarterly sales guidance for FY23

Q3 sales are expected to increase by more than 40% compared to Q2, as hardware sales will start to be realized in the EV Charging business due to installation of charging ports in accordance with the subsidy application process.

Expected timing of quarterly sales

Unit: JPY MM

- Data business
- EV Charging business
- Platform business



Timing of hardware sales recognition

	FY22	FY23				FY24
	Q4	Q1	Q2	Q3	Q4	Q1
Order intake						
Subsidy application						
Installation (recording of sales)						

Sales recognition starts in Q3

CEO Yohei Kiguchi appointed secretary of the Japan Association of New Economy

As of 19 July 2023, CEO Yohei Kiguchi has been appointed secretary of the Japan Association of New Economy (JANE). Kiguchi is vice-chair of the Carbon Neutral Working Group (established in 2022). As a listed company in the energy tech sector, we will continue to be actively involved in this working group and make policy proposals to reach net zero.



■ Example of activities

Held July 3, 2023: JX Live! 2023

Round Table 03: Green Transformation
Reviving Japan through Green Transformation (GX)
 -GX as Japan's new growth strategy

Presenters:

Ms Miki Yamada (Deputy Minister of the Environment)
 Mr Masahiko Shibayama (Member of the House of Representatives / LDP)
 Ms Mari Yoshitaka (The University of Tokyo / Keio University)
 Mr Koichiro Yoshida (Director, JANE / President and CEO, CrowdWorks, Inc.)
 Yohei Kiguchi, PhD (Representative Director and CEO of the Company)



Steady but muted progress, London Bridge in sight





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Appendix

Company outline

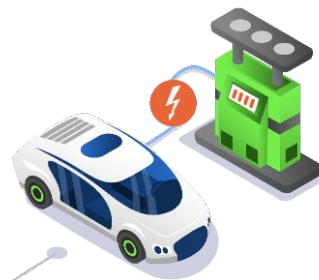
Company name	ENECHANGE Ltd. (4169, Tokyo Stock Exchange Growth)
Address	14F WeWork Tokyo Square Garden, 3-1-1 Kyobashi, Chuo-ku, Tokyo, Japan
Founded	April 2015
Businesses	Platform business, EV Charging business, Data business
Representatives	Yohei Kiguchi, PhD, Representative Director and CEO
Employees	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

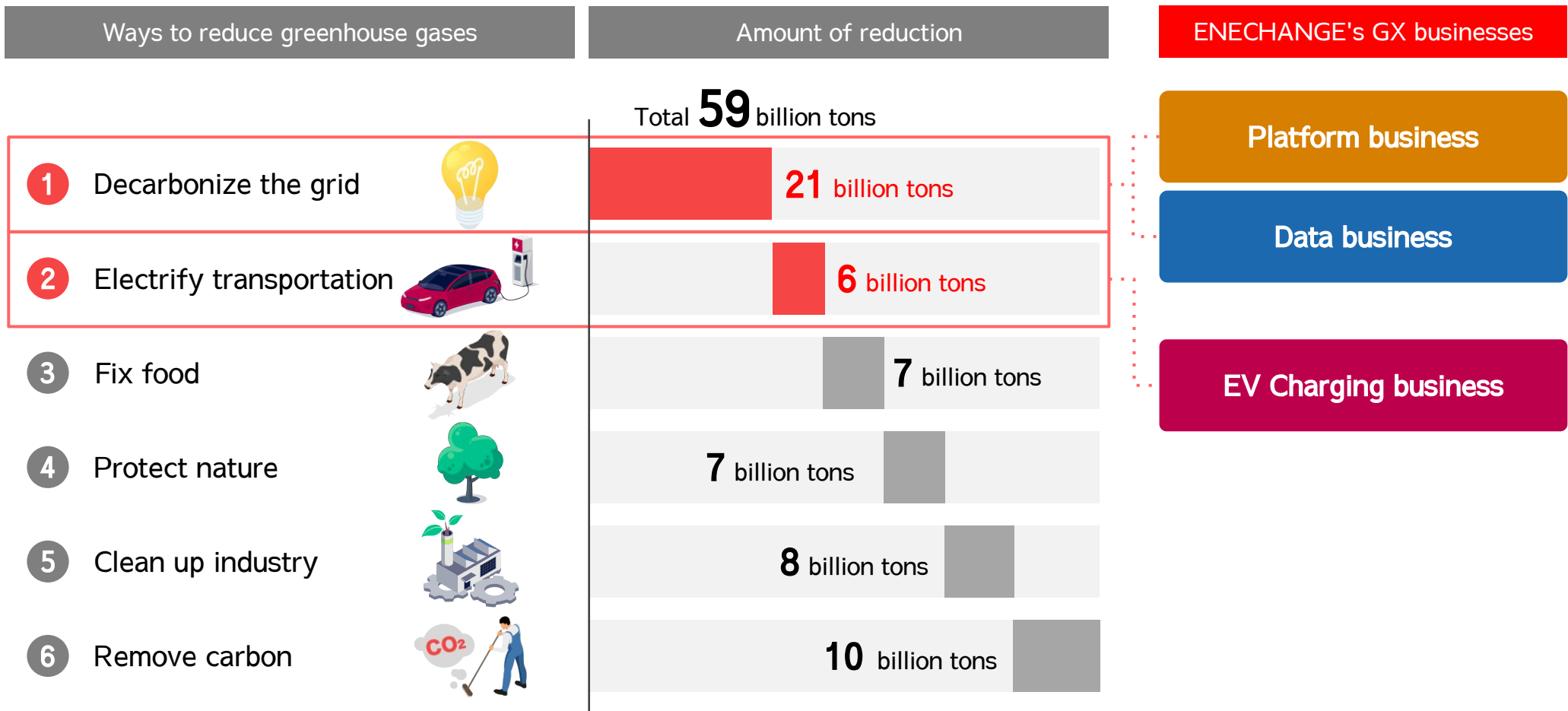


Electricity demand management services for energy companies

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

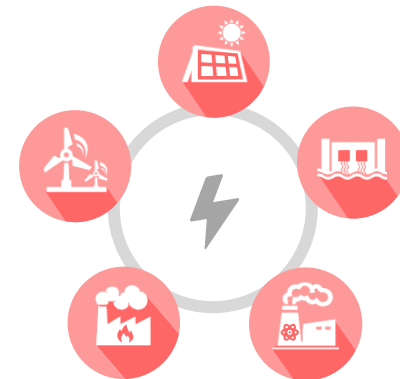


Global trends in decarbonization

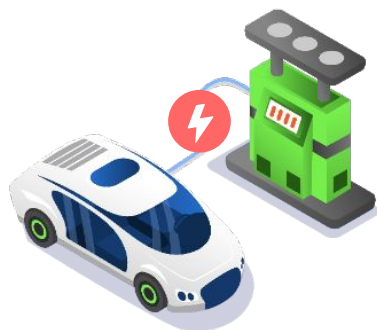
SUSTAINABLE DEVELOPMENT GOALS



Importance of energy security



Switch to EVs



Increase in ESG investment

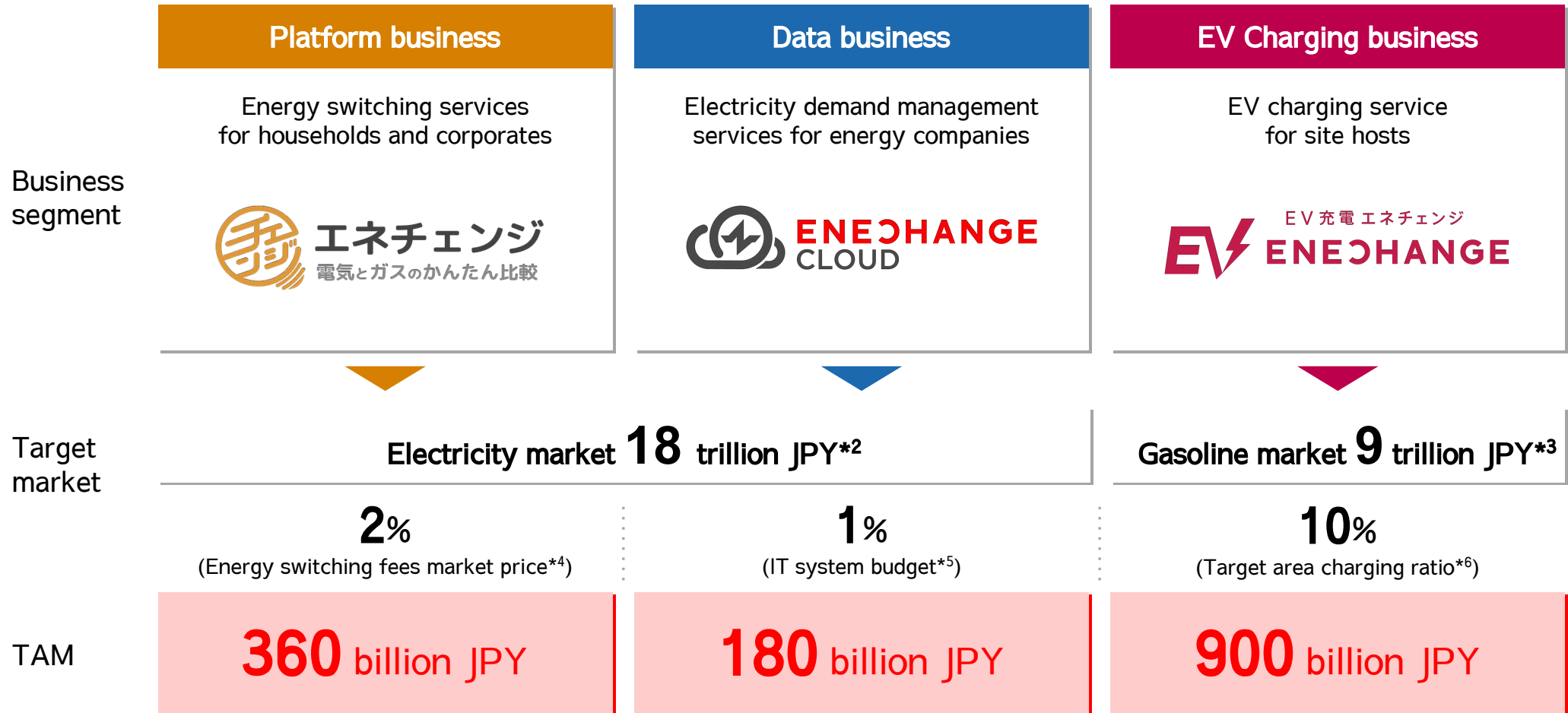


Increased interest in green jobs



Huge market size in GX

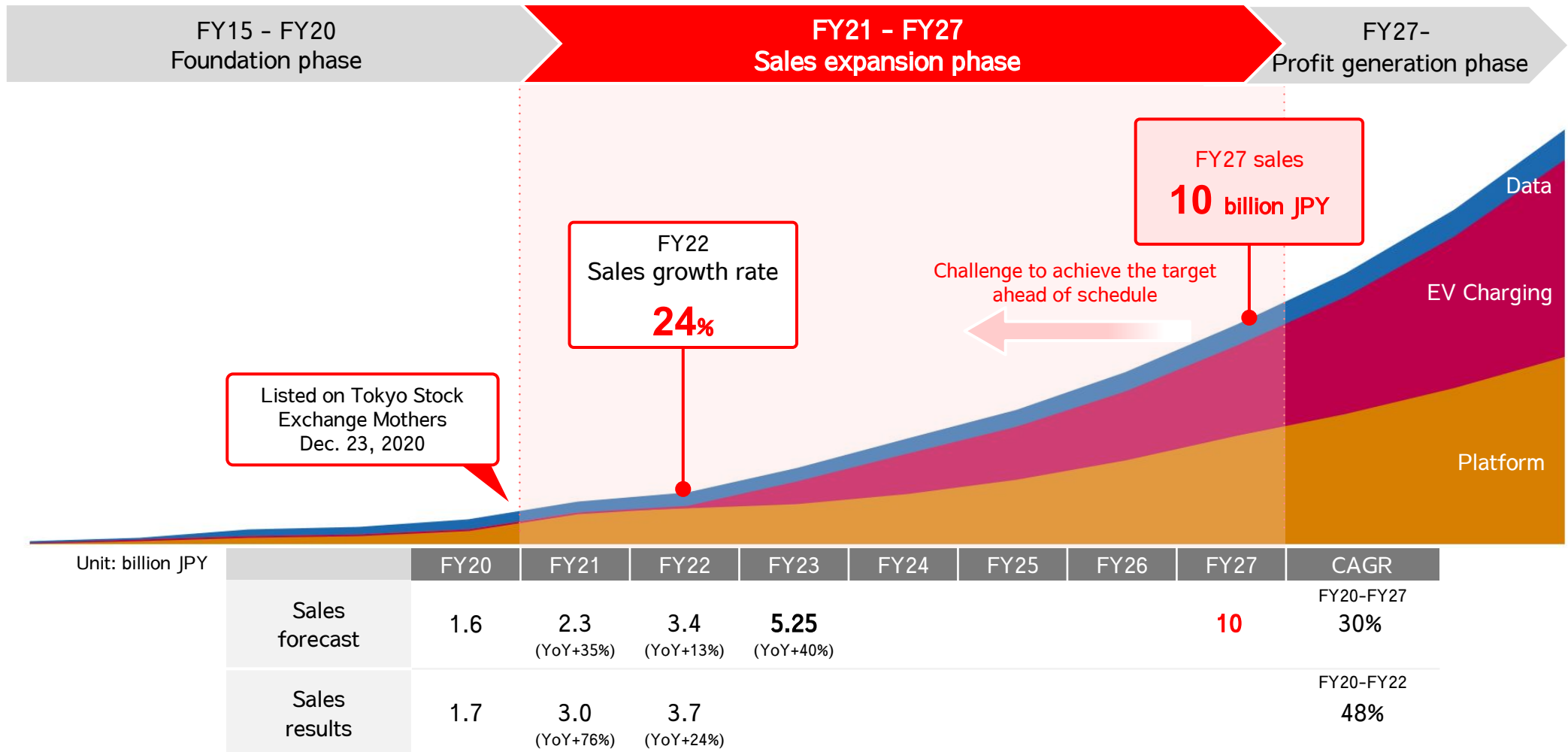
Our businesses have a combined TAM*1 in excess of 1.4 trillion JPY in Japan, and we aim to establish dominant positions in these segments.



*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)

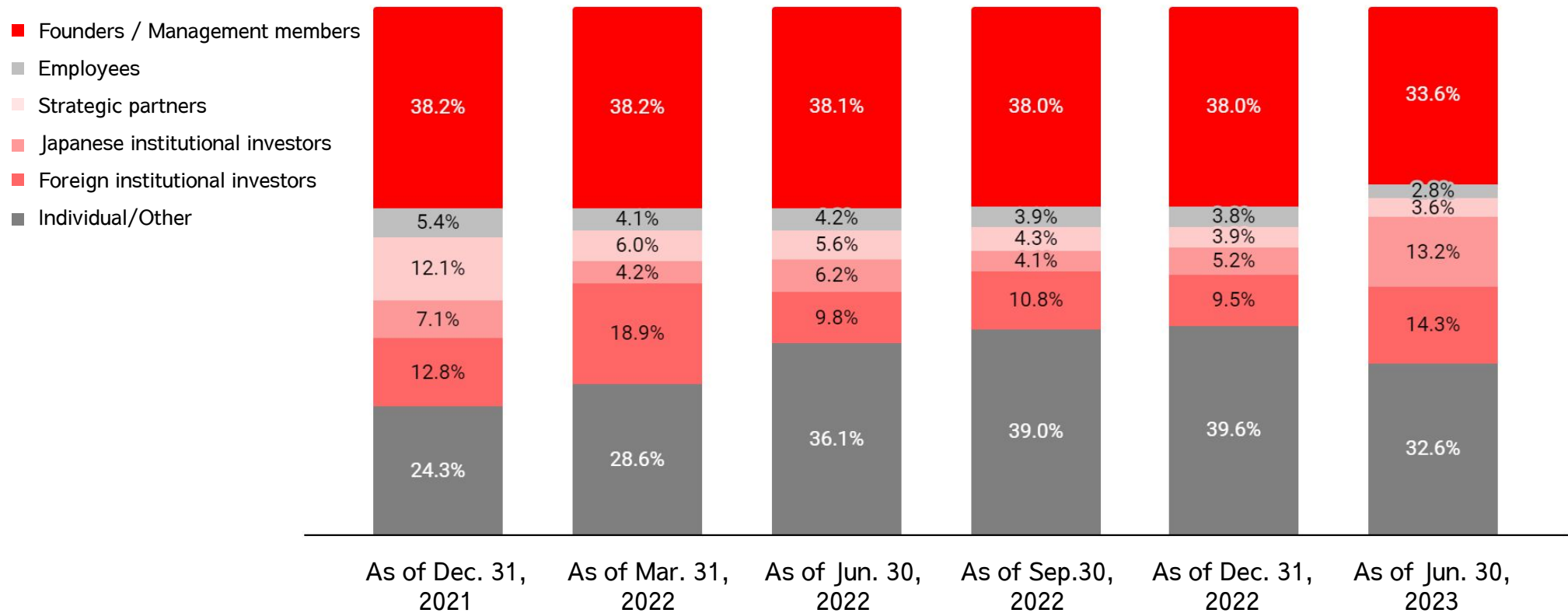
Sales roadmap

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 June 30, 2023, the ratio of founders/management members decreased as Ippei Arita sold some of his shares following his stepping down as representative director in March 2023. In addition, the ratio of individual investors decreased, while the ratio of domestic and foreign institutional investors increased.



Total shares issued*	14,733,190	29,737,688	29,853,392	30,038,848	30,076,640	30,311,012
Number of shareholders	8,771	11,164	19,730	19,680	18,957	15,602

* 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

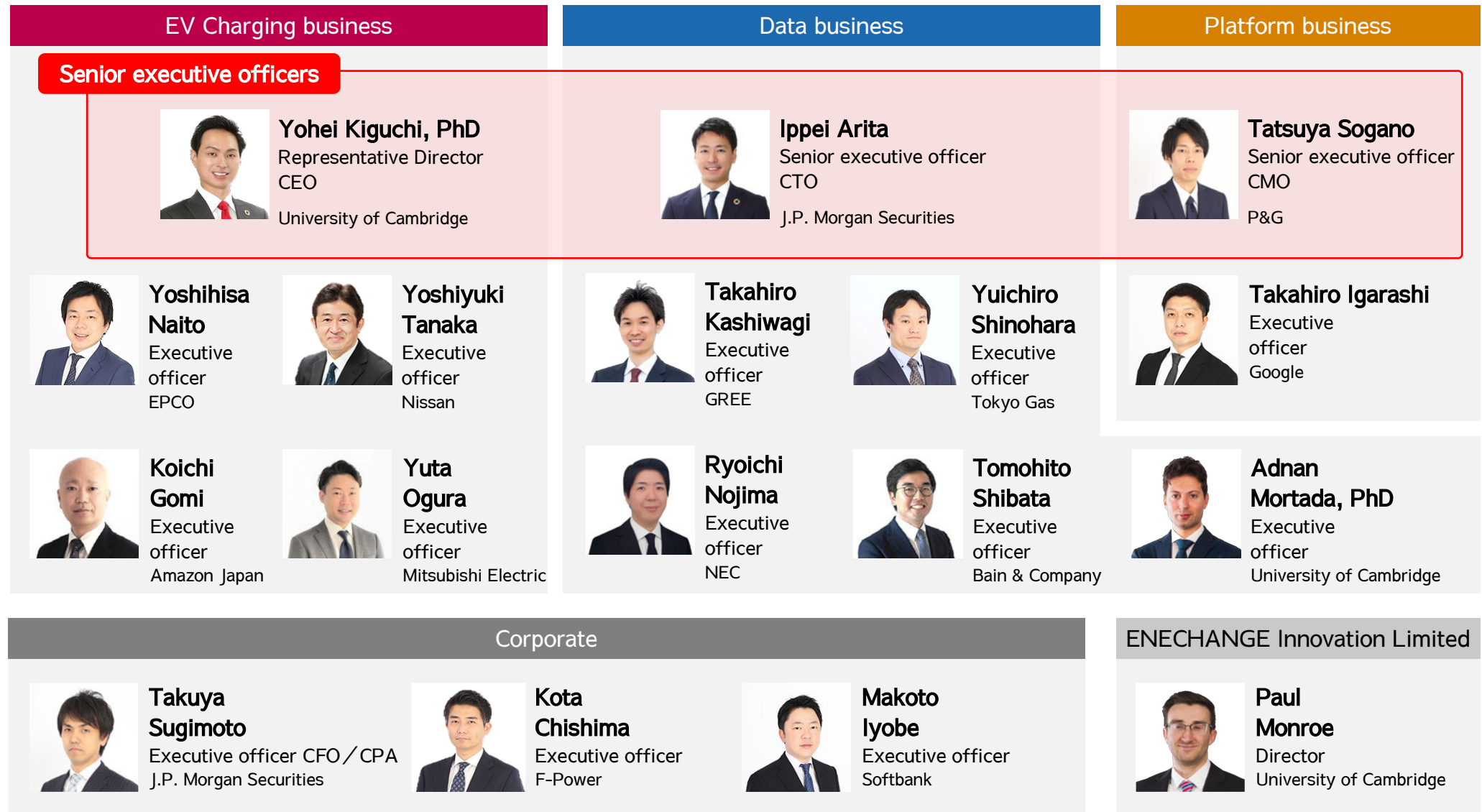
We have set up a team of directors who can balance high growth and corporate governance as an energy technology company. We promote the separation between board and management functions, and the ratio of outside directors is 80%.

	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 in order to clarify 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.



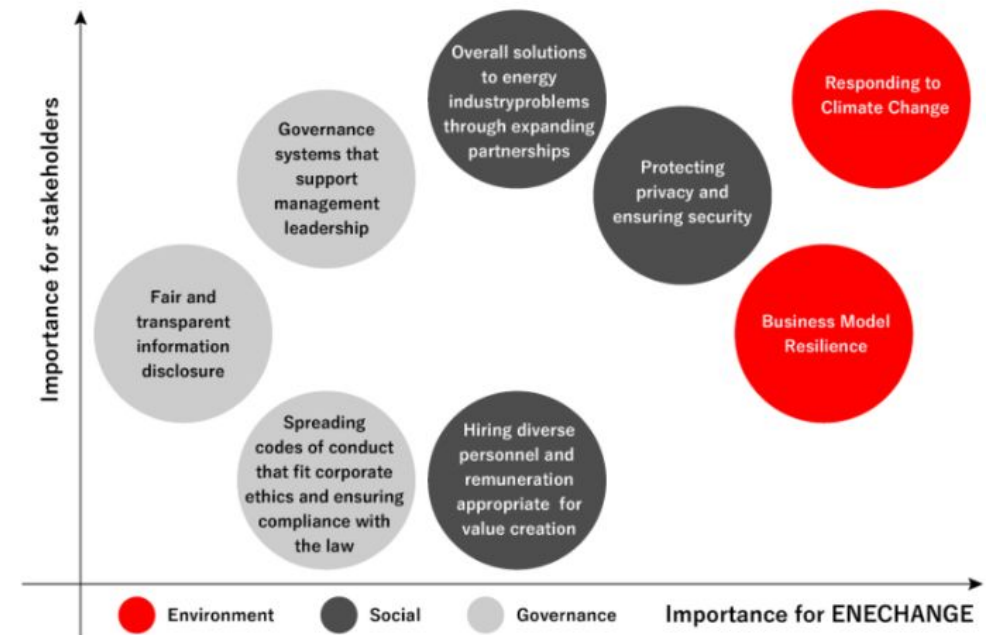
SDG initiatives

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 Q2

FY23 YTD sales were 2.09 billion JPY (-2.8% YoY), remaining at the same level as the previous year due to the gradual recovery of the Platform business. Ordinary profit was -1.15 billion JPY (-0.17 billion JPY in the same period last year) due to user acquisition activities in the Platform business and investment in the EV Charging business.

(Unit: JPY MM)	Q2 (Apr.-Jun.)			YTD progress (Jan.-Jun.)		
	FY22	FY23	YoY	FY22	FY23	YoY
Sales	1,045	1,026	(1.8)%	2,151	2,091	(2.8)%
Gross Profit	875	816	(6.7)%	1,804	1,688	(6.4)%
<i>Gross Profit Margin</i>	83.7%	79.5%	(4.2)pt	83.9%	80.7%	(3.2)pt
<i>SG&A expenses</i>	1,026	1,486	+44.8%	2,027	2,776	+37.0%
Operating Profit	(151)	(669)	-	(222)	(1,088)	-
Ordinary Profit	(165)	(728)	-	(176)	(1,152)	-
Net Profit Attributable to Owners of Parent	(258)	(727)	-	(270)	(1,153)	-

Financial results for FY23 Q2 by segment

FY23 YTD sales were 1.58 billion JPY (-3.3% YoY) in the Platform business and 479 million JPY (-6.3% YoY) in the Data business. On a YTD basis, the Platform business and Data business maintained segment profitability, while the EV Charging business recorded an operating loss due to investment in personnel costs and advertising costs.

(Unit: JPY MM)		Q2 (Apr.-Jun.)			YTD progress (Jan.-Jun.)		
		FY22	FY23	YoY	FY22	FY23	YoY
Sales	Consolidated	1,045	1,026	(1.8)%	2,151	2,091	(2.8)%
	Platform business	823	771	(6.3)%	1,637	1,583	(3.3)%
	Data business* ¹	221	238	+7.7%	511	479	(6.3)%
	EV Charging business	0	16	+1744.9%	1	27	+2600.0%
Operating profit	Consolidated	(151)	(669)	-	(222)	(1,088)	-
	Platform business	122	(10)	-	194	149	(23.2)%
	Data business	21	45	+114.3%	103	110	+6.8%
	EV Charging business	(118)	(523)	-	(208)	(997)	-
	Adjustment amount* ²	(176)	(181)	-	(312)	(350)	-

*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 resumed user acquisition activities as the business environment improved, but remained profitable in the year-to-date period. The EV Charging business continued to invest aggressively in advertising and recruitment.

(Unit: JPY MM)	FY22 YTD progress (Jan.-Jun.)					FY23 YTD progress (Jan.-Jun.)				
	Company-wide	Platform business	Data business	EV Charging business	Company-wide costs	Company-wide	Platform business	Data business	EV Charging business	Company-wide costs
Sales	2,151	1,637	511	1	0	2,091	1,583	479	27	-
Cost of sales	346	40	254	51	0	403	60	213	129	-
Gross profit	1,804	1,597	257	(49)	0	1,688	1,523	266	(101)	-
<i>Gross Profit Margin</i>	<i>83.9%</i>	<i>97.6%</i>	<i>50.3%</i>	<i>-</i>	<i>-</i>	<i>80.7%</i>	<i>96.2%</i>	<i>55.5%</i>	<i>-</i>	<i>-</i>
Sales costs & general administration costs	2,027	1,402	153	158	312	2,776	1,373	156	896	350
Advertising expenses	272	228	0	41	1	685	273	0	410	1
Sales commissions, sales promotion expenses	866	866	0	0	0	651	649	0	1	0
Personnel expenses	440	139	92	94	113	685	154	127	249	154
Outsourcing expenses	237	107	44	12	73	425	229	1	120	75
Other	210	61	16	9	123	328	67	27	114	119
Operating profit*2	(222)	194	103	(208)	(312)	(1,088)	149	110	(997)	(350)
<i>Operating Profit Margin</i>	<i>-</i>	<i>11.9%</i>	<i>20.2%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>9.4%</i>	<i>23.0%</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 1.31 billion JPY due to an operating loss of 1.10 billion JPY in H1, decreased working capital in the Platform business (-0.30 billion JPY due to cost of user acquisition), and other payments related to the purchase of hardware for the EV Charging business. Funds are expected to be recovered through the recording of sales in the EV Charging business in H2.

(Unit: JPY MM)	End of FY22 Q4	End of FY23 Q2	
		Actual	Change
Current assets	4,527	3,212	(1,315)
Cash and deposits	3,067	1,276	(1,791)
Fixed assets	2,231	2,406	+175
Total assets	6,758	5,618	(1,140)
Current liabilities	2,083	2,262	+179
Interest-bearing debts	819	827	+8
Fixed liabilities	1,173	1,069	(104)
Interest-bearing debts	1,159	1,060	(99)
Net assets	3,502	2,285	(1,217)



- **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



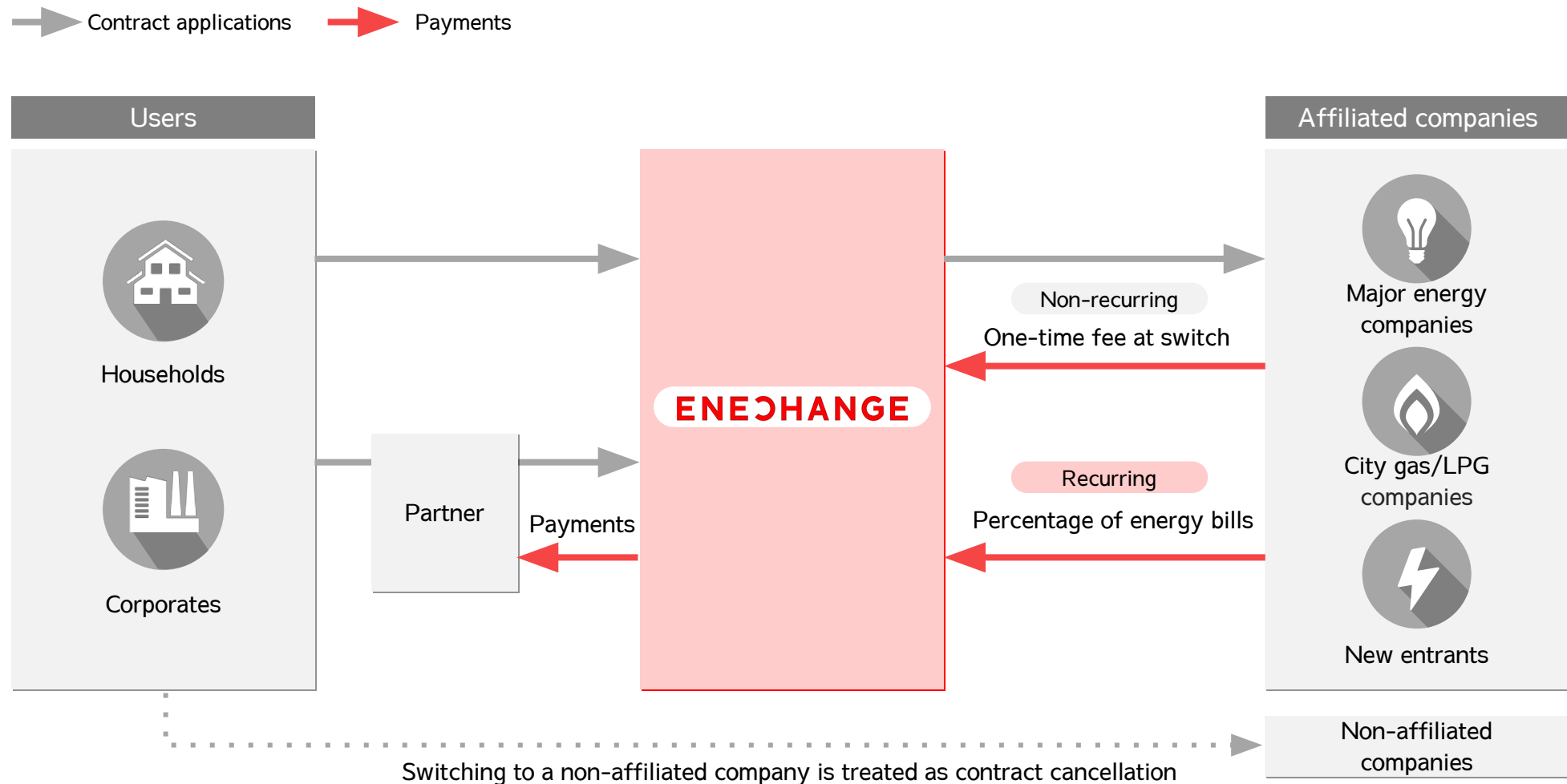
地球環境に配慮したプランを選びたい

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



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.

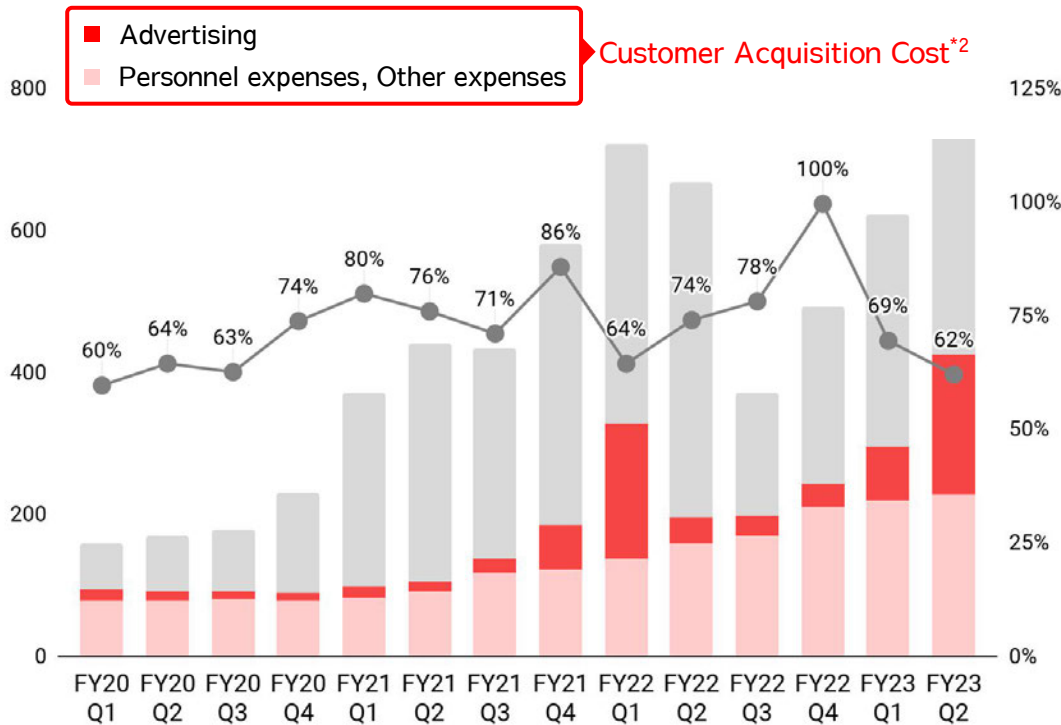
*2. Our survey of the number of energy companies listed on other online comparison sites as of the end of January 2023.

LTV/CAC

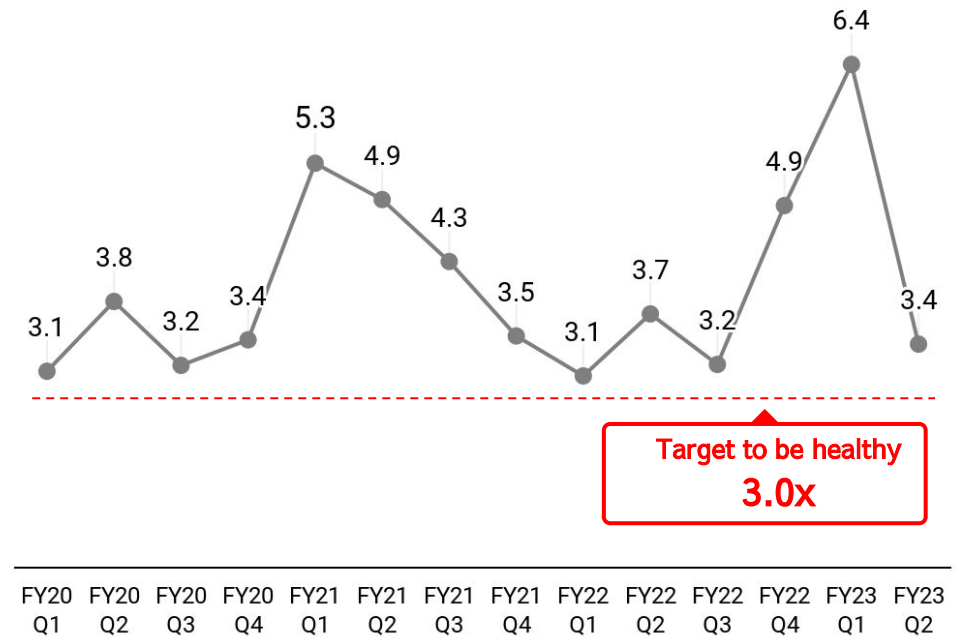
LTV/CAC fell to 3.4x, as we restarted user acquisition activities following improvements in the business environment.

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

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



■ LTV/CAC*2



*1. The total of advertising expenses (expenses arising as a result of activities such as posting advertisements, which are not directly for the acquisition of 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.



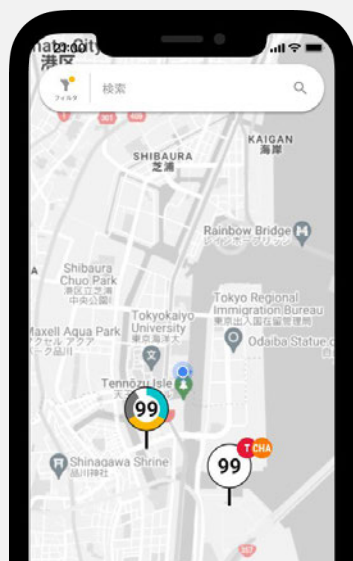
- **EV Charging business**

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

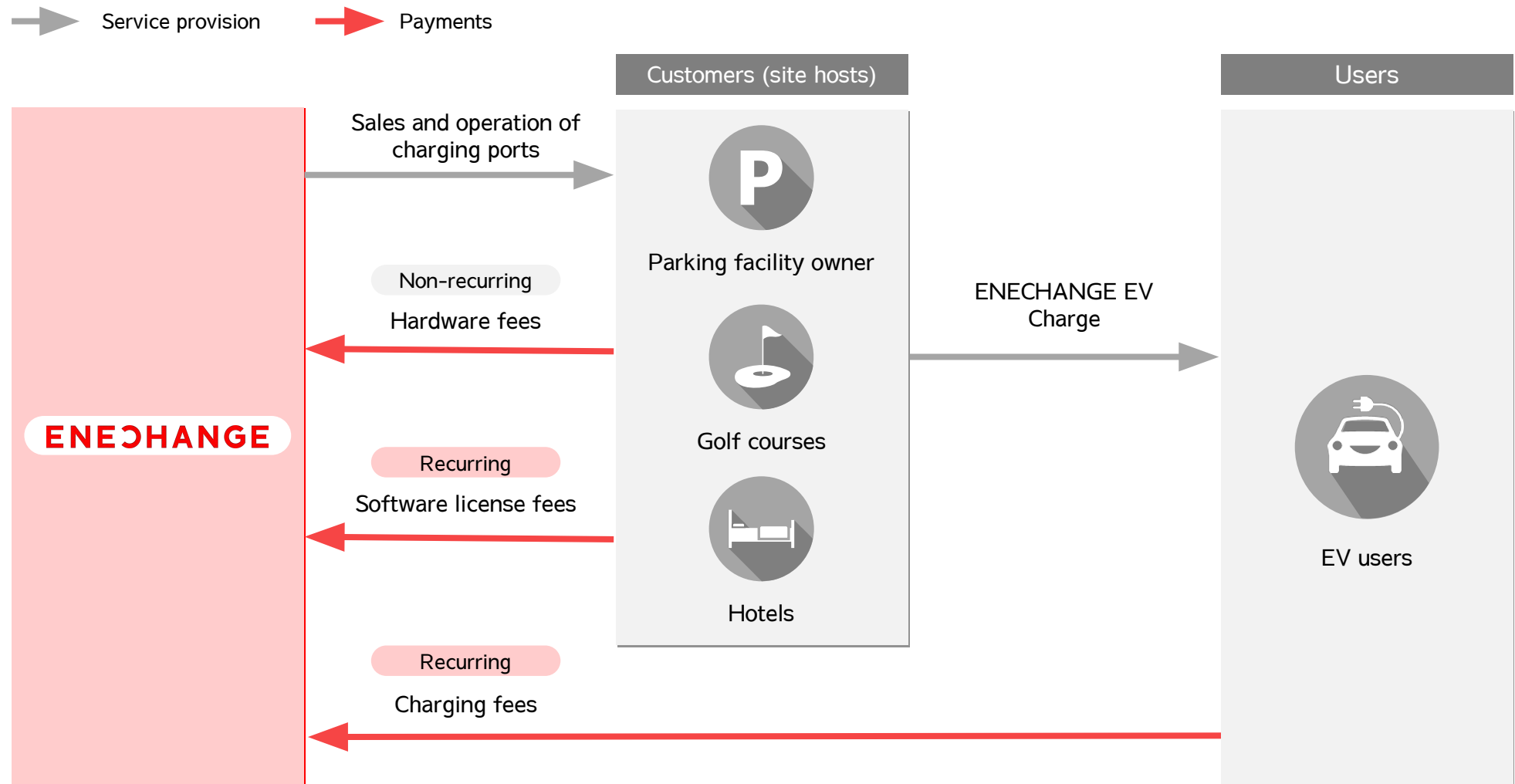
In-app payment



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.

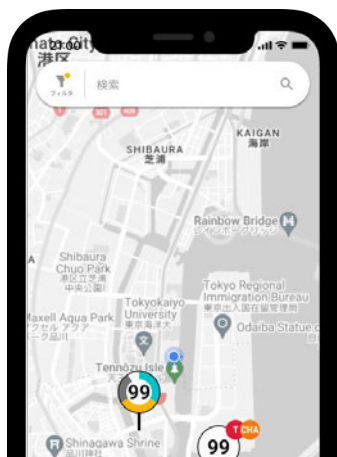


Competitive advantage

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



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 PHEVs (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)	Operating Profit/Loss (TTM) ^{*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	\$848.8 B	\$94.0 B	\$12.7 B	9.0	NASDAQ	Global	12,880	20,488
 ChargePoint (CHPT)	Mar. 2021	\$3.1 B	\$516.5 M	-\$331.9 M	5.9	NYSE	USA Europe	59,177	2,418
 EVgo (EVGO)	Jul. 2021	\$1.2 B	\$72.2 M	-\$162.2 M	16.3	NASDAQ	USA	363	2,765
 Allego (ALLG)	Mar. 2022	\$710.7 M	\$156.4 M	-\$95.5 M	4.5	NYSE	Europe	N/A	N/A
 FASTNED  Fastned (FAST)	Jun. 2019	\$637.3 M	\$48.0 M	-\$15.8 M ^{*5}	13.3	Euronext Amsterdam	Europe	N/A	N/A
 blink (BLNK)	Feb. 2018	\$391.5 M	\$73.0 M	-\$105.1 M	5.4	NASDAQ	USA	12,149	95

*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 August 8, 2023. The Blink numbers include SemaConnect's SemaCharge charging ports, as SemaConnect was acquired by Blink in June 2022.

*3. As of US market close July 31, 2023 (€1=US\$1.10). Market cap calculated from outstanding shares (details obtained from most recent quarterly company financial reports) multiplied by share price at market close July 31, 2023. Sales figures and Operating Profit/Loss calculated from 4 most recent quarterly financial statements.

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

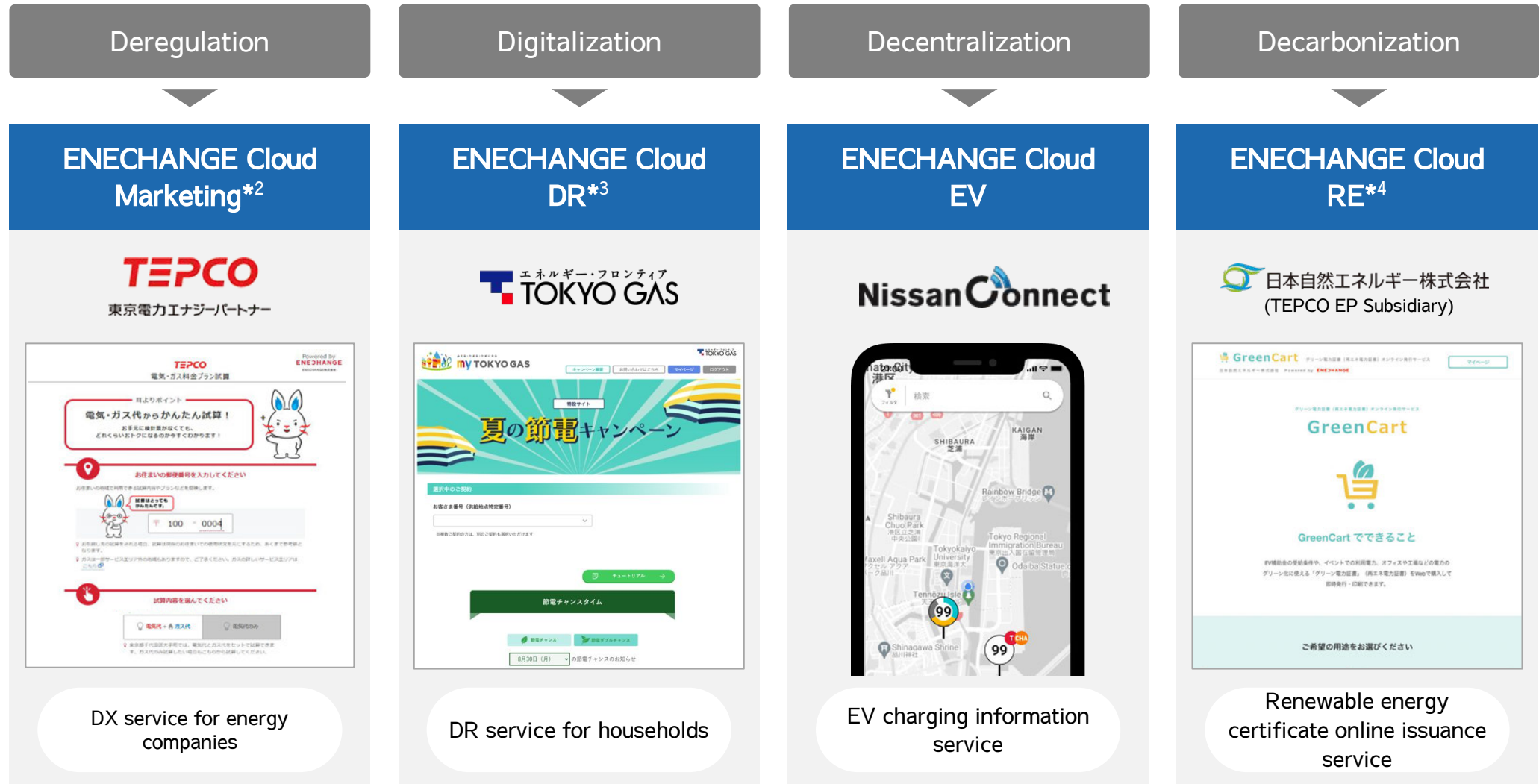
*5. Operating profit/loss from FY22 result is shown.



■ **Data business**

Business outline

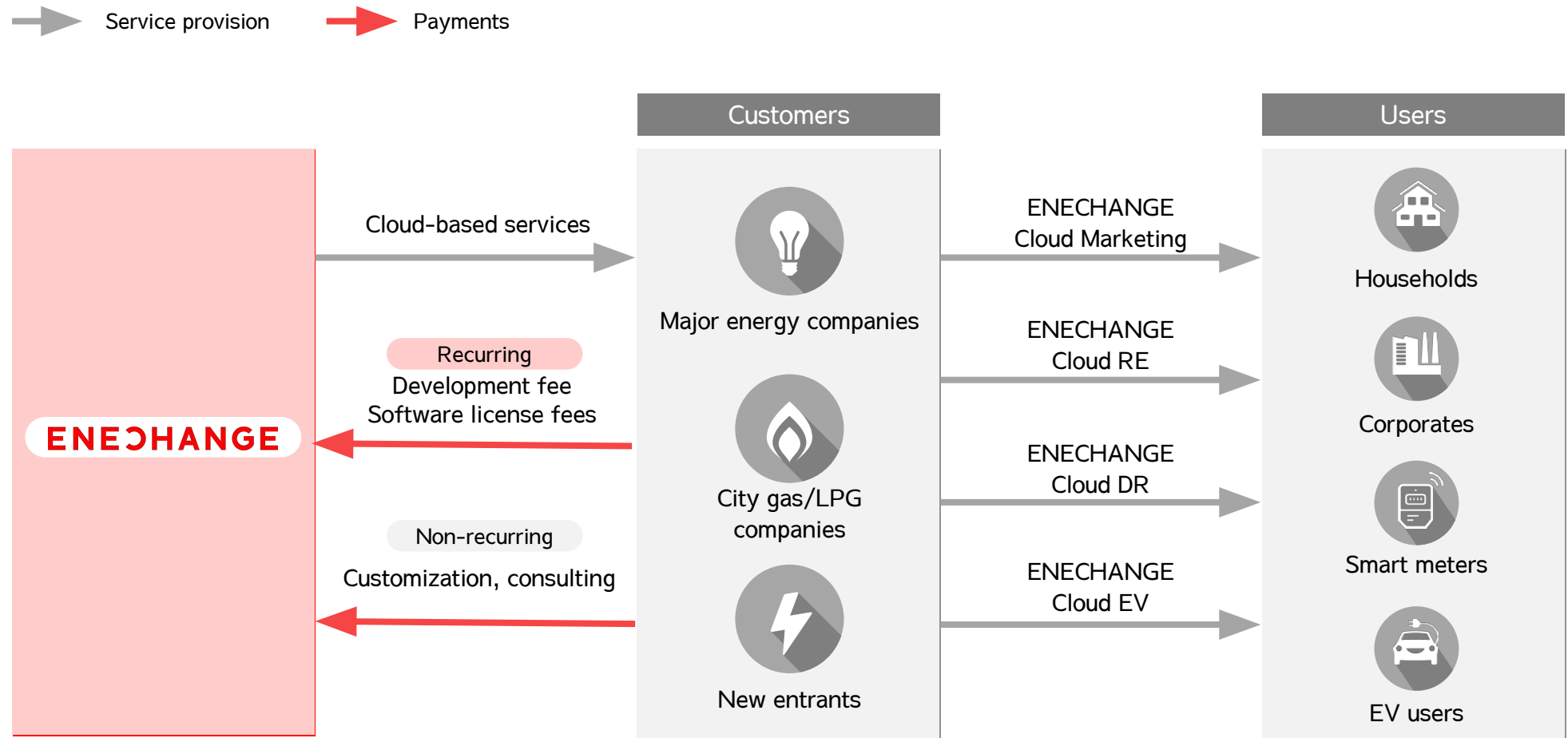
We have developed the ENECHANGE Cloud lineup, a series of SaaS-based DX*¹ services mainly for energy companies. We utilize databases, software, and engineering teams cultivated alongside our other businesses, and we are expanding our product lineup based on the 4Ds of energy.



*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: #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: Emerging segment risk deriving from business novelty	<div style="background-color: #e91e63; color: white; padding: 2px 5px; border-radius: 3px; display: inline-block;">EV Charging</div>	- The likelihood of new transactions and events, including the receipt of subsidies, occurring more frequently in the relatively new EV Charging business than in other segments. Additionally, in view of the increase in the number of other EV charging operators, increased competition for suppliers and customers and, in some cases, unexpected problems with customers, suppliers and other third parties, which may affect business performance.	Medium	High	<ul style="list-style-type: none"> - Establishment of a system to monitor business development appropriately at Board of Directors and other bodies.
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: The major risks influencing achieving growth and executing business plans have been disclosed in "Associated Business Risks" of the Japanese securities report. The risk information described in this material is solely a summary of such major risks.

For more comprehensive and detailed risk assessment, please refer to "Associated Business Risks" of the Japanese securities report.

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; margin-bottom: 2px;">Platform</div> <div style="background-color: #e91e63; color: white; padding: 2px; margin-bottom: 2px;">EV Charging</div> <div style="background-color: #3498db; padding: 2px;">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, decline in unit price, or the number of charging ports installed and their utilization rate struggle to grow.	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;">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; margin-bottom: 2px;">Platform</div> <div style="background-color: #e91e63; color: white; padding: 2px;">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; margin-bottom: 2px;">Data</div> <div style="background-color: #e91e63; color: white; padding: 2px;">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; margin-bottom: 2px;">Platform</div> <div style="background-color: #e91e63; color: white; padding: 2px; margin-bottom: 2px;">EV Charging</div> <div style="background-color: #3498db; padding: 2px;">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 disclosed in "Associated Business Risks" of the Japanese securities report. The risk information described in this material is solely a summary of such major risks.

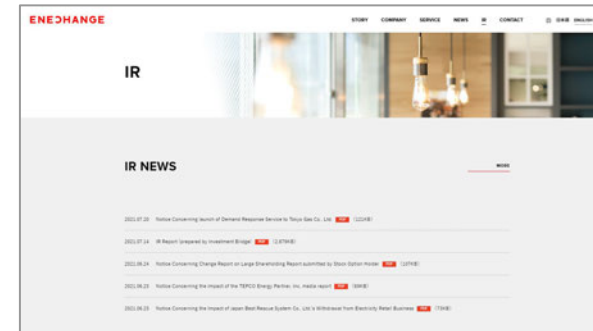
For more comprehensive and detailed risk assessment, please refer to "Associated Business Risks" of the Japanese securities report.

IR information desk

IR website

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

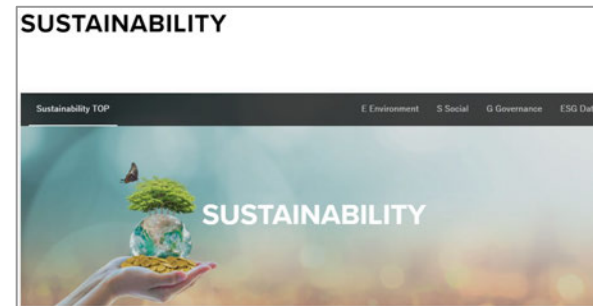
Includes financial summaries and presentation materials, as well as stock information and materials related to the General Meeting of Shareholders. We also have a page for individual investors.



Sustainability

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

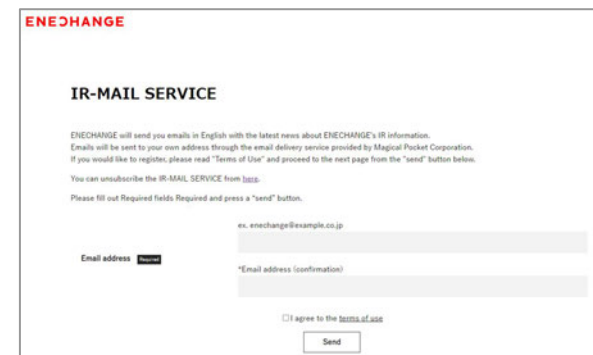
This page introduces our ESG materiality map and our environmental, social, and governance initiatives.



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.