ENECHANGE

CHANGING ENERGY FOR A BETTER WORLD

FY2021 2nd Quarter Financial Results

ENECHANGE Ltd.
August 13, 2021
Tokyo Stock Exchange Mothers
Securities Code: 4169

Handling of these materials

These materials contain statements regarding future prospects. These statements have been prepared based on information available at the time they were prepared. These statements are not guarantees of future results, and contain risks and uncertainties. Please note that actual results may differ greatly from the outlook due to changes in the environment, etc.
Factors affecting actual results include, but are not limited to, domestic and international economic conditions and trends in industries connected to the Company.
In addition, information contained in these materials from outside our company has been quoted from publicly-available information, etc. We have not verified the accuracy, appropriateness, etc. of such information in any way, and make no guarantees regarding it.

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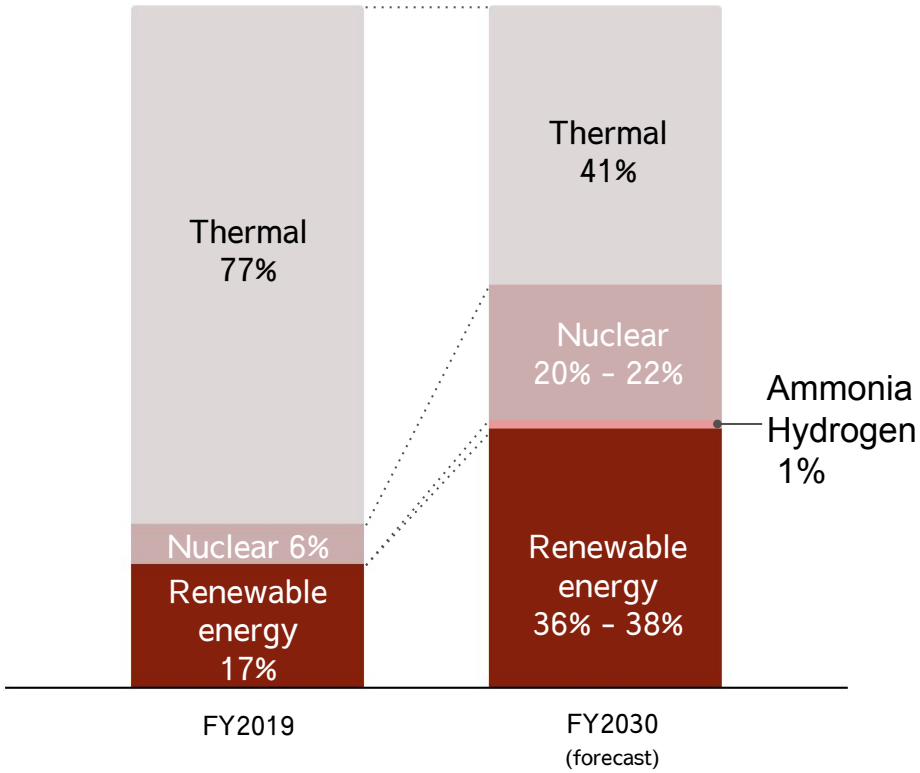
Company Highlights

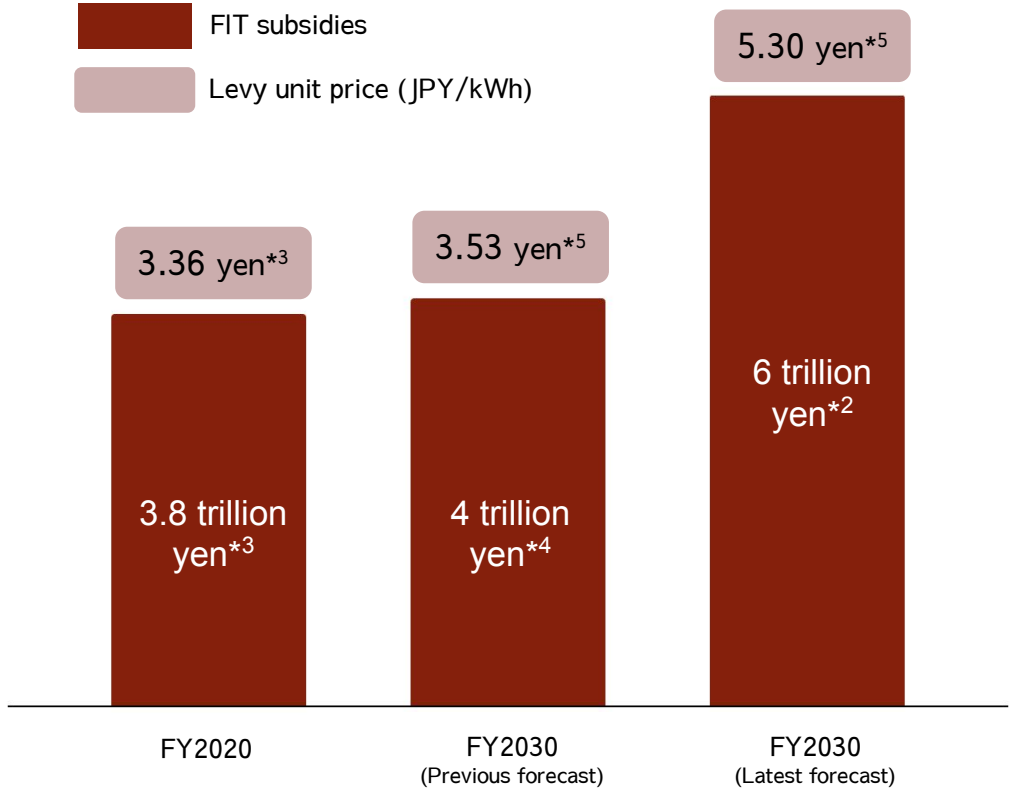
Promoting decarbonization has given our business a boost

International agreements to reach net zero by 2050 mean the energy industry, which accounts for 93%*1 of Japan's total CO_2 emissions, is in need of major reforms. The government's ambitious renewable energy targets require subsidies (e.g. FIT) to grow to 6 trillion yen from the current 3.8 trillion yen, fuelled by a rise in renewable energy levies on energy bills. Thus, there will be more demand for switching electricity contracts, energy-saving and VPP services.

Changes in energy mix*2



Changes in renewable energy levies



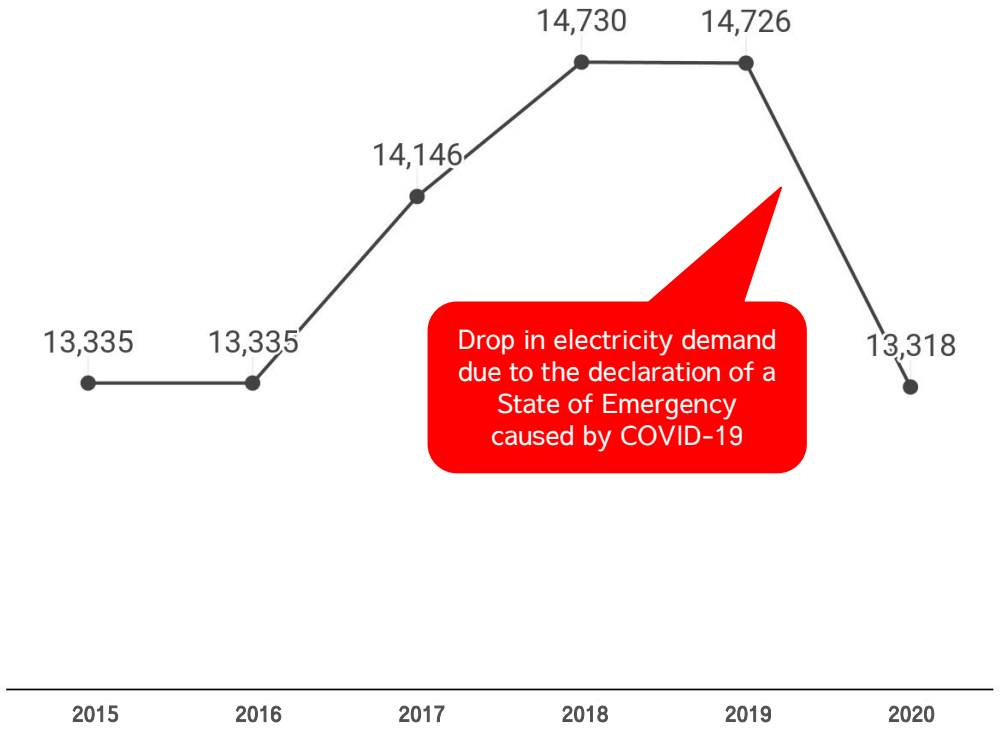
*1. Prepared by ENECHANGE based on National Institute for Environmental Studies, "Greenhouse Gas Inventory" and "Greenhouse Gas Emissions Data for Japan".
*2. Prepared by ENECHANGE based on Agency for Natural Resources and Energy, "Outline of Basic Energy Policy (Draft)" (July 21, 2021).
*3. METI website, "Determination of Purchase Price and Levy Unit, etc. for FY2021 Under FIT System". (March 24, 2021)
*4. Agency for Natural Resources and Energy website, "Considering Renewable Energy Costs" (September 14, 2017).
*5. Calculated by multiplying the FY2020 levy unit price by the rate of increase in FIT purchase expenses.

Electrification expands electricity market to 18 trillion yen

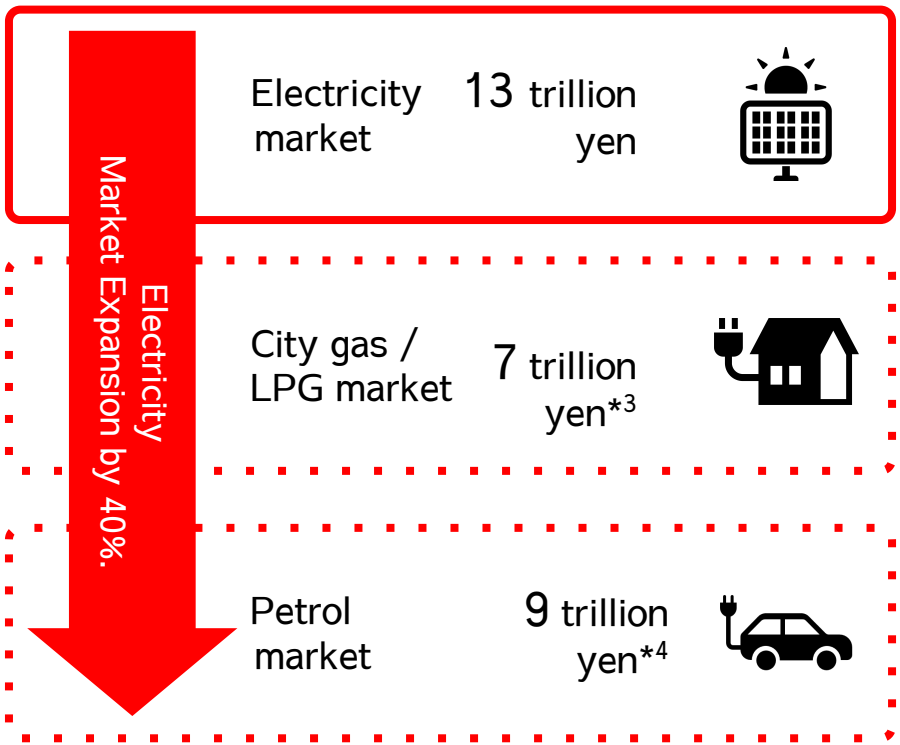
The trend towards decarbonization is encouraging the spread of fully electrified homes and electric vehicles. The electricity market is expected to grow from its current level of 13 trillion yen to 18 trillion yen (+40%*1) by 2050.

Electricity Market (Base Market)*2

Unit: JPY BN



18 trillion yen market through electrification



*1. Source: METI, "Green Growth Strategy towards 2050 Carbon Neutrality". Figures from the previous materials have been amended.
*2. Based on the electricity sales amount in Electricity and Gas Market Surveillance Commission, "Electricity Trading Report Results" Figures for 2015 are not listed so are assumed to be the same as for 2016.
*3. Calculated based on city gas sales amounts in Electricity and Gas Market Surveillance Commission, "Results of Gas Transactions" and the Japan LP Gas Association sales volume data.
*4. Source: Teikoku Databank, "Total Sales of Service Station Management Companies" (2017)

A category leader in the energy technology sector

ENECHANGE is an energy tech company that promotes innovation in the energy industry as a neutral technology provider.
As we head towards a carbon-free society, our role is to empower the transformation of the entire energy industry by providing the latest technology services to energy companies.

	Generation	TSO/DSO	Retail
Default suppliers	Big 10 electricity companies (TSO/DSO are legally split due to unbundling in 2020)		
Major entrants	J-POWER		Major new entrants (Major gas/oil etc.)
Emerging entrants*1	Renova, Inc.		Gremz, Inc.

Energy SaaS provider

Energy technology companies	Do not generate energy	Do not supply energy	Do not sell energy
ENECHANGE			

*1. Selected companies with the highest market capitalization amongst companies newly listed on the Tokyo Stock Exchange in the 2010s.

Energy SaaS specialized in the 4Ds of Energy

Japan's energy industry needs to innovate in the four areas covered by the 4Ds of Energy. ENECHANGE was established in 2015 to meet the Deregulation aim in Japan, and is expanding to the other 3Ds.
Deregulation falls under our Platform business, while the other 3Ds fall under our Data business.

4Ds of Energy	Energy industry in 2010		As of 2021	Energy industry in 2030	ENECHANGE Segment
Deregulation	Regulations / Non-competitive markets	Great East Japan Earthquake	▼	Competitive markets through liberalization	Platform business
Digitalization	Lack of cost awareness		▼	Smart technology through DX promotion	Data business
Decarbonization	Mass consumption of fossil fuel		▼	More renewable energy sources	
Decentralization	Centralized electricity provision		▼	Distributed through electric vehicles / VPPs*1	

*1. VPP = Virtual Power Plant: the owner or a third party of a power generation or storage facility directly connected to the electricity grid controls its energy resources to provide the same functionality as a power plant.

2 stages of growth in line with energy policy reforms

Japan's energy policy reform is in a nine-year transitional period set between 2016 and 2024. The Platform business, where policy reforms have been completed, is in the sale expansion phase. However, as policy reforms related to the Data business will not be completed until 2024, product development is currently being prioritized.

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Energy Policies	●2016 Electricity retail fully liberalized	●2017 Gas retail fully liberalized			●2020 Generation and transmission unbundling	●2021 Balancing market (Replacement Reserve for FIT)	**●2022 Open access of smart meter data ●2022 Balancing market (Replacement Reserve)**	●2023 Smart meter installation completed	●2024 Capacity market, Balancing market (FCR, S-FRR, FRR)*

Completion of deregulation reforms

Platform business

In the midst of reforms related to 3Ds

Data business

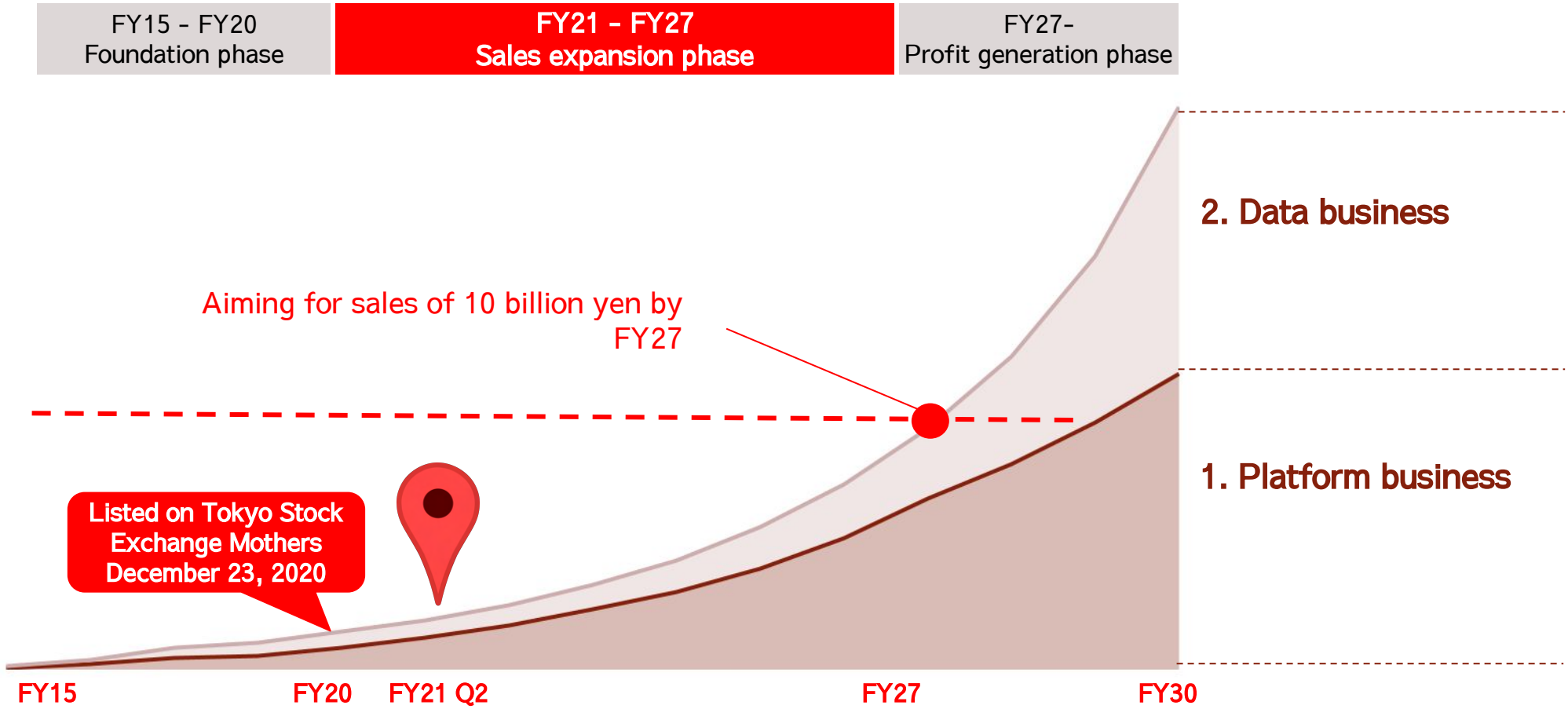
Current management policy	Maximize sales growth	Product development
Sales growth targets	Growth at 30% or more	2021-2023: Growth at 10-20% 2024-: 30% or more

Company-wide
Growth at 30% or more

* FCR: Frequency Containment Reserve, (S-FRR): Synchronized Frequency Restoration Reserve, FRR: Restoration Reserve

Prioritizing sales growth to achieve 10 billion yen sales by FY2027

We are targeting an annual sales growth of at least 30%, aiming for sales of 10 billion yen by FY2027.
We also aim to achieve this goal ahead of schedule through the use of the capital market.



CHANGING ENERGY FOR A BETTER WORLD

The ENECHANGE story began around 10 years ago, with the Great East Japan Earthquake.

I first became aware of the importance of energy issues when visiting the disaster area as a volunteer.
I thought, “I want to devote my life to this problem.”
That led me to taking up a PhD in engineering at the University of Cambridge, UK.
Behind this decision, which might seem like taking the long way around,
was my belief that accumulating knowledge in Europe, with its advanced energy systems,
would allow me to contribute to reforms in Japan's energy industry.
Using the results of my research into energy data at Cambridge,
I founded ENECHANGE.

The name ENECHANGE comes from my desire to CHANGE ENERGY.
The company brings together people from around the world who share this mission of
“CHANGING ENERGY FOR A BETTER WORLD"

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

- Yohei Kiguchi, CEO

Executive Summary

FY2021 Q2: Executive Summary

Consolidated Financial Results (FY2021 Q2)	New **record quarterly sales of 728 million yen (+90% YoY)** Operating income was **positive for Q1 and Q2 despite a negative forecast**
Platform business	**Record high users (+33%)** eligible for recurring revenue **Record high ARPU (+88%)** and **record high sales (+150%)**
Data business	**Record high customers (+45%)** brings **record for recurring revenue (+14%)** Started services related to Demand Response and EV for future development
Full-year earnings forecast for FY2021	**Revised upwards on May (2.3 billion yen in sales → 2.6 billion yen)** Achieved **53.3% sales progress** against the revised sales forecast Actively invest in Q3 while maintaining profitability for the full year.

Numbers as a vertical SaaS[*1] company in energy industry

Quarterly sales (2021 Q2 YoY)

728 million yen

+90 %

Quarterly recurring revenue (2021 Q2 YoY)

256 million yen

+15 %

Target market[*3]

Platform business **45.7** billion yen

Data business **45.3** billion yen

Quarterly gross profit margin (2021 Q2)

87 %

Average monthly churn rate[*2] (FY 2020)

Platform business **1.1** %

Data business **1.0** %

Target market share[*3]

Platform business **2.0** %

Data business **1.5** %

*1 Industry-specialized SaaS (Software as a Service) that provides functions specialized to each industry.
*2 Churn rates are as of the end of Dec. 2020. Platform business: The churn number is calculated for household and business users by the formula: *number of contracts for the previous month + number of supply starts for this month - number of contracts for this month*. The churn rate is calculated during the relevant period as: *churn number / number of users eligible for recurring revenue*. Average monthly churn rate is calculated as: *average monthly churn in the past 12 months / average monthly number of users eligible for recurring revenue in the past 12 months*. Data business: The churn number is calculated by the formula: *number of customers at the end of the previous month + number of new customers acquired in this month - number of customers at the end of this month*. Average monthly churn rate is calculated as: *average churn number in the past 12 months / average number of customers in the past 12 months*.
*3. The target market is calculated based on the figures for 2019 as 2020 was greatly affected by the coronavirus. Details are provided on page 60 for the Platform business and page 71 for the Data business.

Consolidated results for FY2021 Q2

Consolidated financial results for FY2021 Q2

(Unit: JPY MM)	Q2（Apr-Jun）			YTD progress（Jan-Jun）		
	FY2020	FY2021	YoY	FY2020	FY2021	YoY
Sales	383	728	+90%	803	1,386	+72%
Gross Profit	282	635	+125%	598	1,196	+100%
Gross Profit Margin	73.7%	87.3%	+13.6pt	74.5%	86.4%	+11.9pt
SG&A expenses	286	609	+112%	560	1,137	+103%
Operating Profit	(4)	26	-	37	59	+57%
Operating Profit Margin	(1.1%)	3.6%	+4.7pt	4.7%	4.3%	(0.4)pt
Ordinary profit	(23)	35	-	19	79	+313%
Net Profit attributable to owners of parent	(40)	2	-	0	16	-

Progress rate for full-year sales forecast

Sales forecast was revised upwards on May 24, 2021. The progress rate for Q2 was 53.3%, which is a higher rate of progress compared YoY.

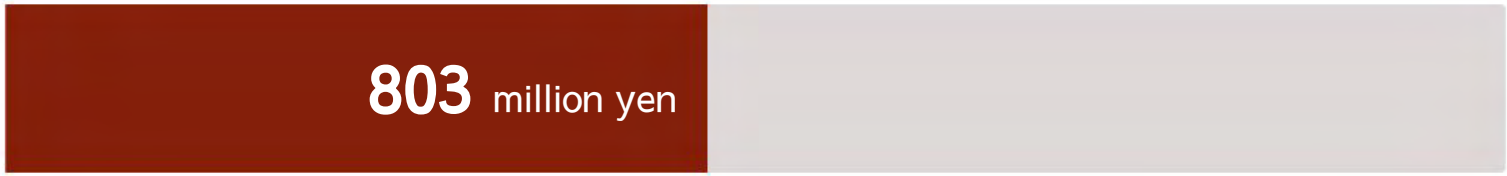
May 24, 2021
Upward revision from initial forecast of 2.3 billion yen

FY2021 Q2 Sales

FY2021 full-year forecast
2,600 million yen

Progress rate: **53.3%**

FY2020 Q2 Sales



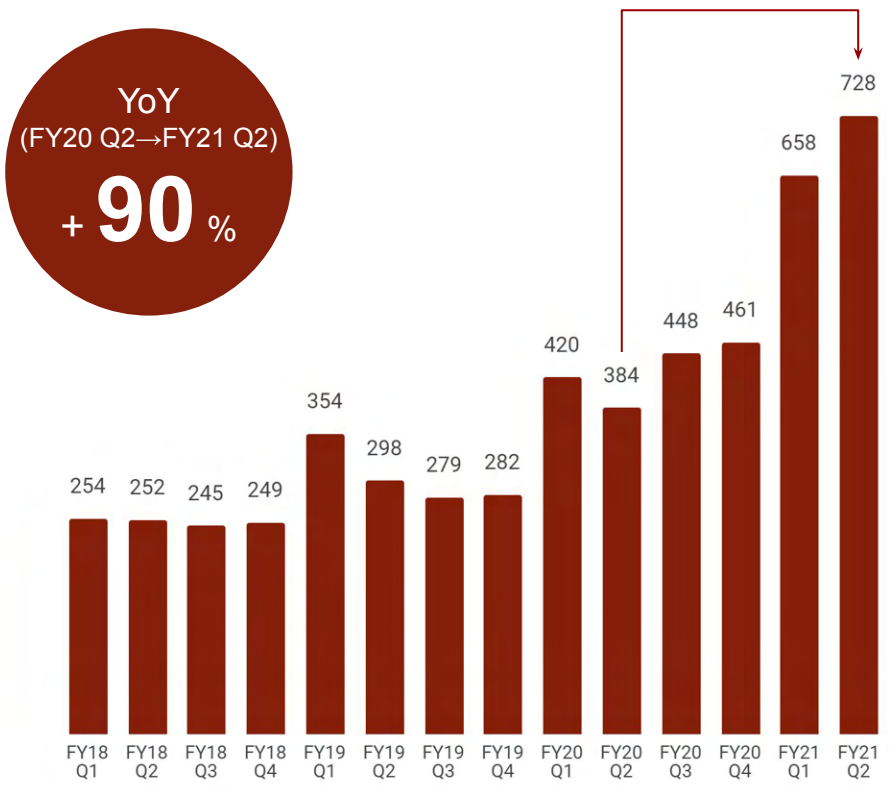
FY2020 full-year performance
1,713 million yen

Progress rate: **46.9%**

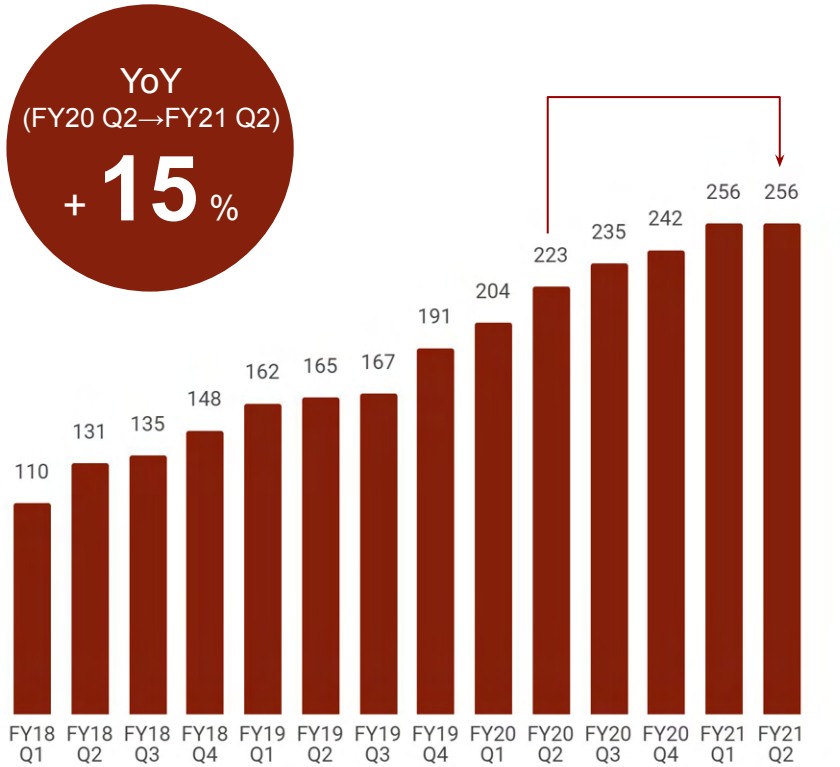
Record historical high sales

Quarterly sales reached a record high of + 90% YoY while recurring revenue is up +15%.
Recurring revenue growth has temporarily slowed down due to the impact of the decline in electricity demand as a result of the COVID-19 pandemic (see page 20 for details).

Quarterly sales*1 Unit: JPY MM



Quarterly recurring revenue Unit: JPY MM



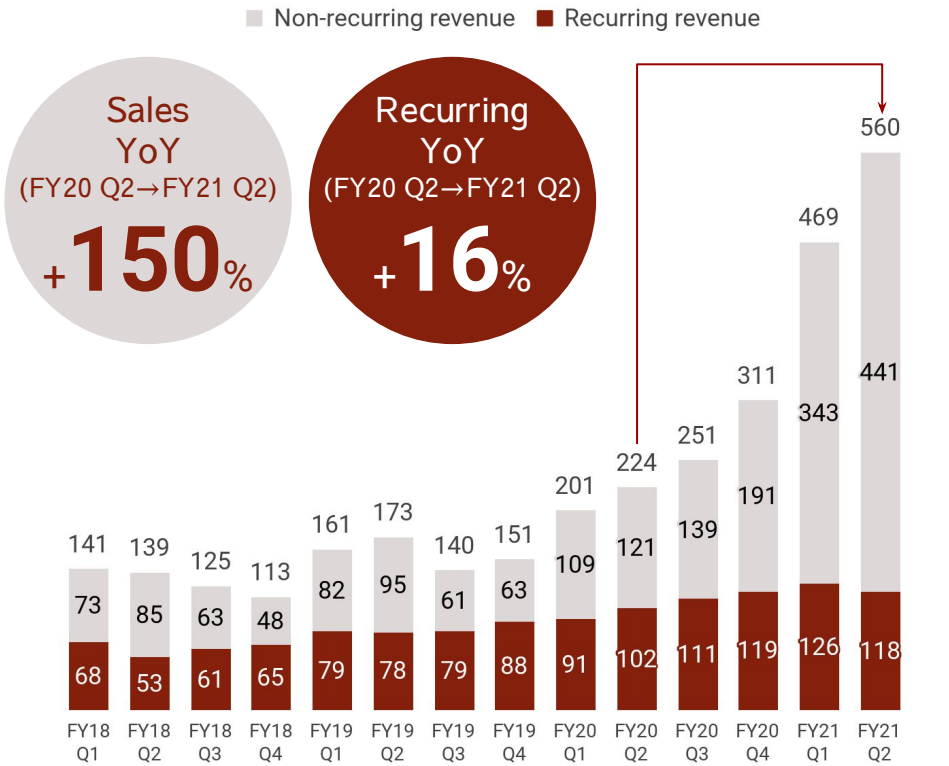
*1. Lists sales excluding our SIM business (SIM Change, our SIM/smartphone comparison service for home use) that was transferred on July 31, 2019.

Our Platform business is the driver of sales growth

Alongside an increase in our one-time fee and demand for electricity switching, our Platform business has achieved record high sales YoY of +150%. Recurring revenue has increased +16% YoY (*more details on next page).
Our recurring revenue from the Data business grew by +14% YoY (record high). The planned reduction of non-recurring revenue has been covered by an increase in recurring revenue, so sales were up +5% YoY.

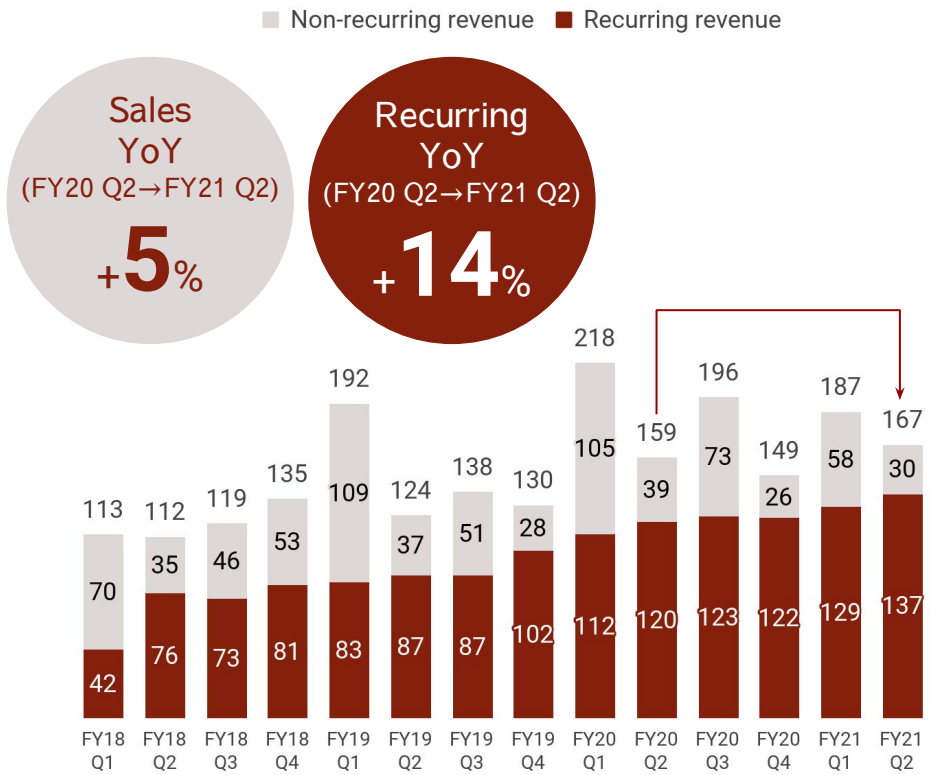
Platform business quarterly sales*1

Unit: JPY MM



Data business quarterly sales

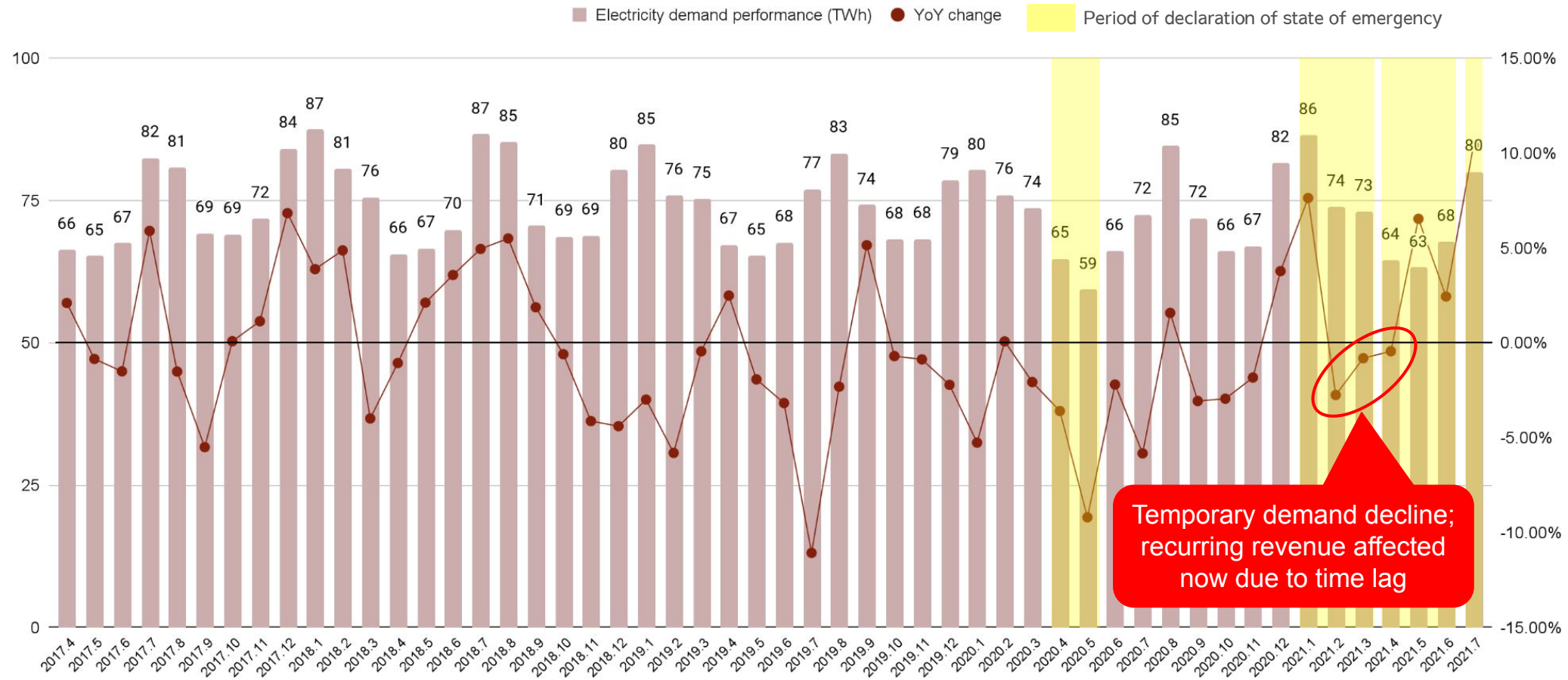
Unit: JPY MM



*1. Lists sales excluding our SIM business that was transferred on July 31, 2019.

Temporary decline in electricity demand impacts Platform recurring revenue

Due to the declaration of the state of emergency, electricity demand was lower February-April 2021 than in the same months last year. As there is a time lag of about two months before our recurring revenue is recorded, the growth of recurring revenue in our Platform business has temporarily slowed down to 16%, while the number of users has risen by 33%. We expect recurring revenue to increase after Q3 due to the recent increase in electricity demand.



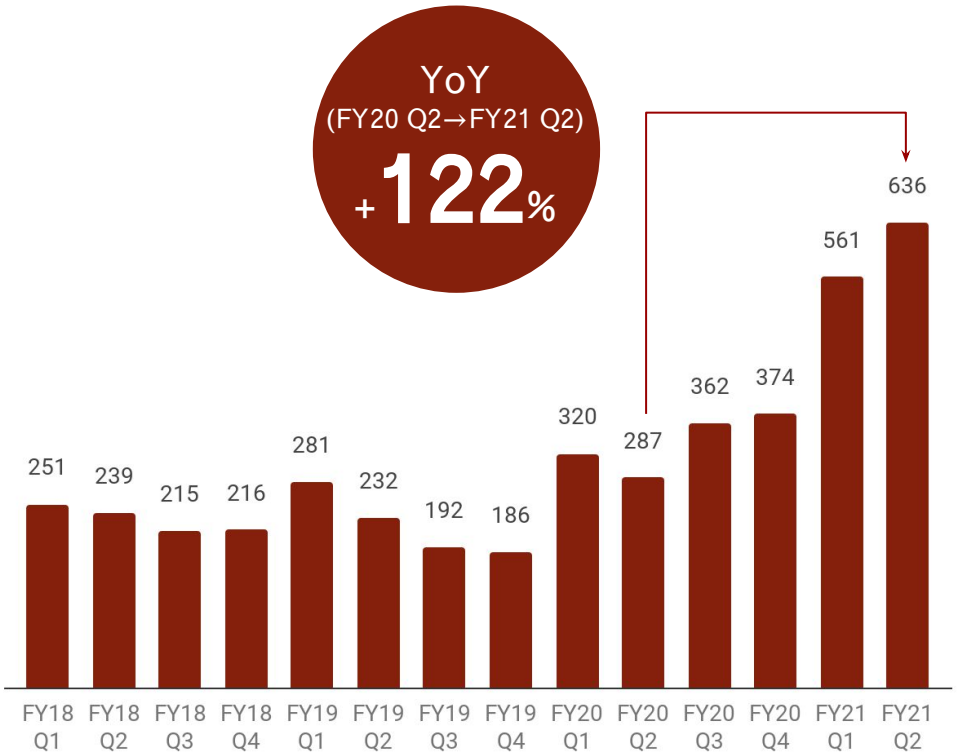
*1. Prepared by ENECHANGE based on METI, "Results of Electricity Transactions".

Record high gross profit and gross profit margin

With the increase in sales of the Platform business, with its high gross profit margin, second quarter gross profit was 636 million yen (122% increase YoY) with a gross profit margin of 87% (12 pt increase YoY). Both are our highest ever.

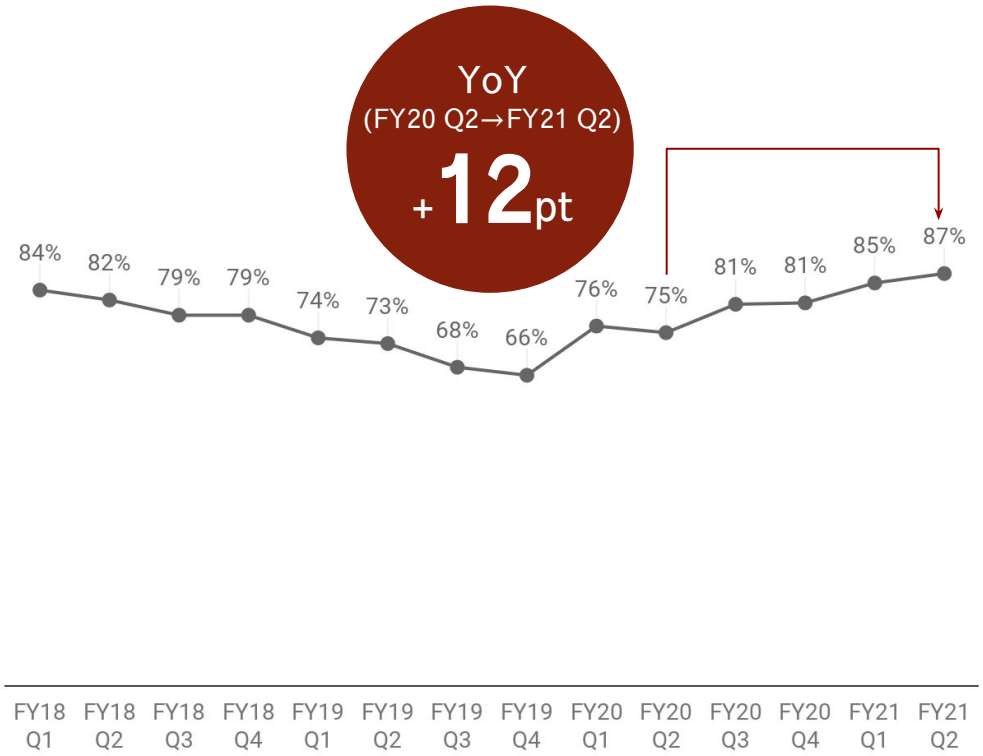
Gross profit

Unit: JPY MM



Gross profit margin

Unit: %

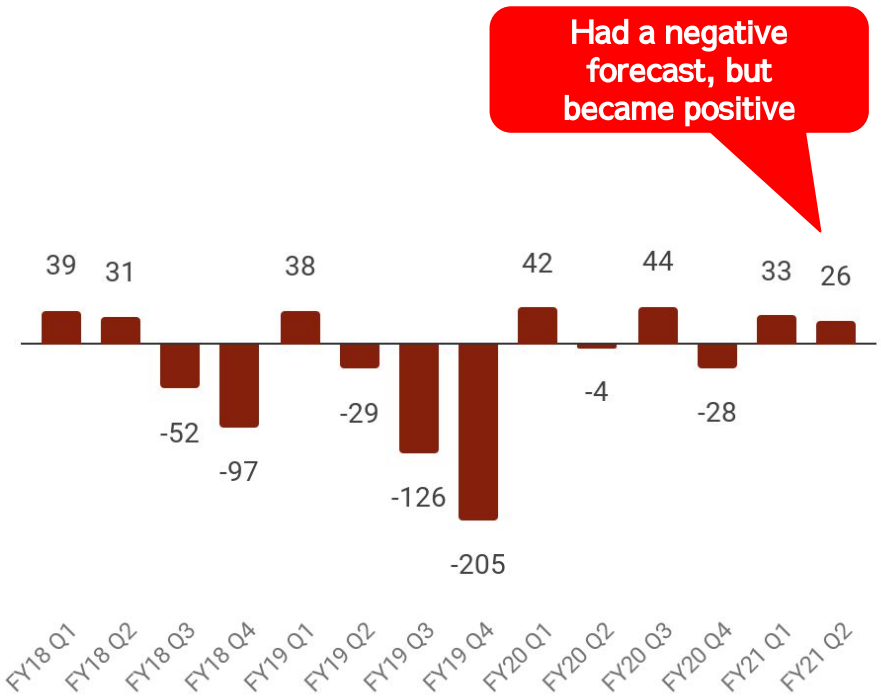


Adjusted operating profit is the highest ever

Despite a forecast of negative operating income for Q1 and Q2, we recorded positive operating income due to sales growth. We are continuing to actively invest in sales promotion (in-house channels) and sales commissions (partner channels). Adjusted operating profit*1 reached 376 million yen (+338% YoY) to hit record high levels.

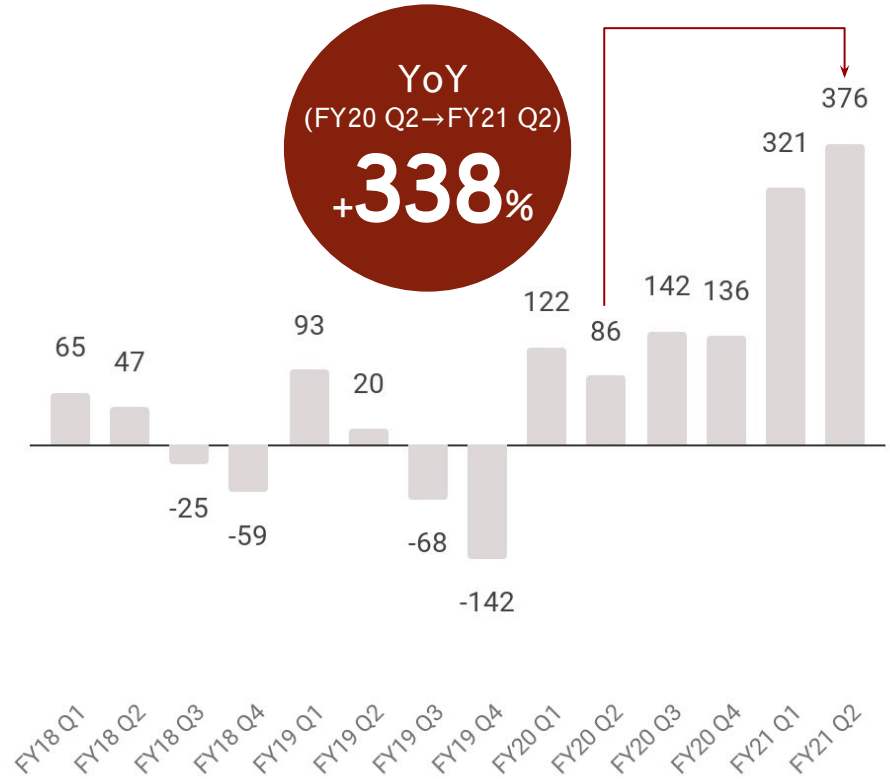
Operating profit (quarterly)

Unit: JPY MM



Adjusted operating profit*1 (quarterly)

Unit: JPY MM

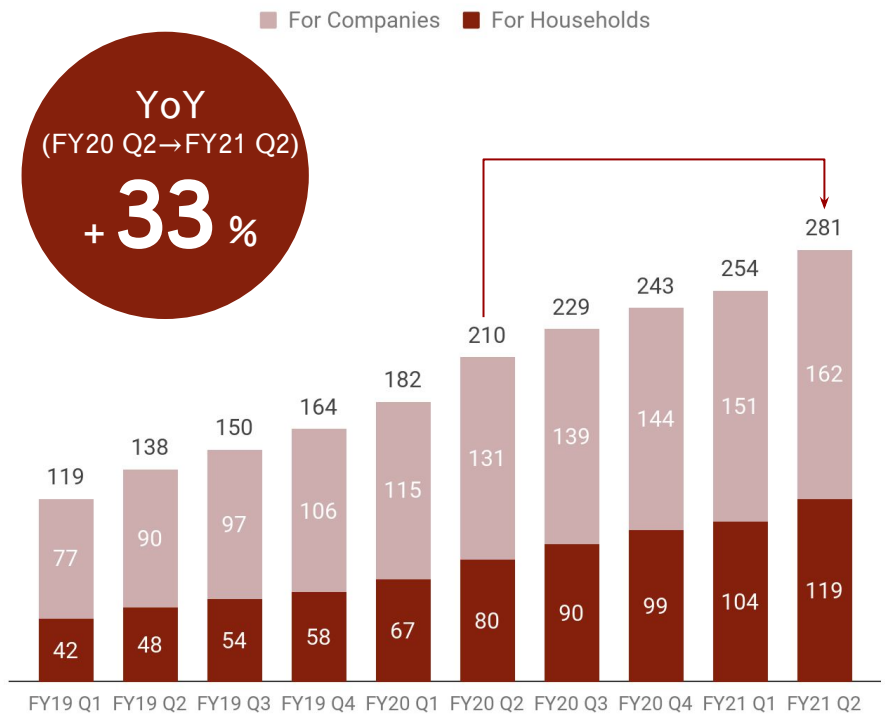


*1 Adjusted operating profit is calculated by subtracting user acquisition expenses from operating profit. User acquisition expenses is the total of advertising expenses (expenses associated with activities not directly related to customer acquisition, such as listings and advertisements) and sales commissions (expenses borne directly by users or partners as a result of switching).

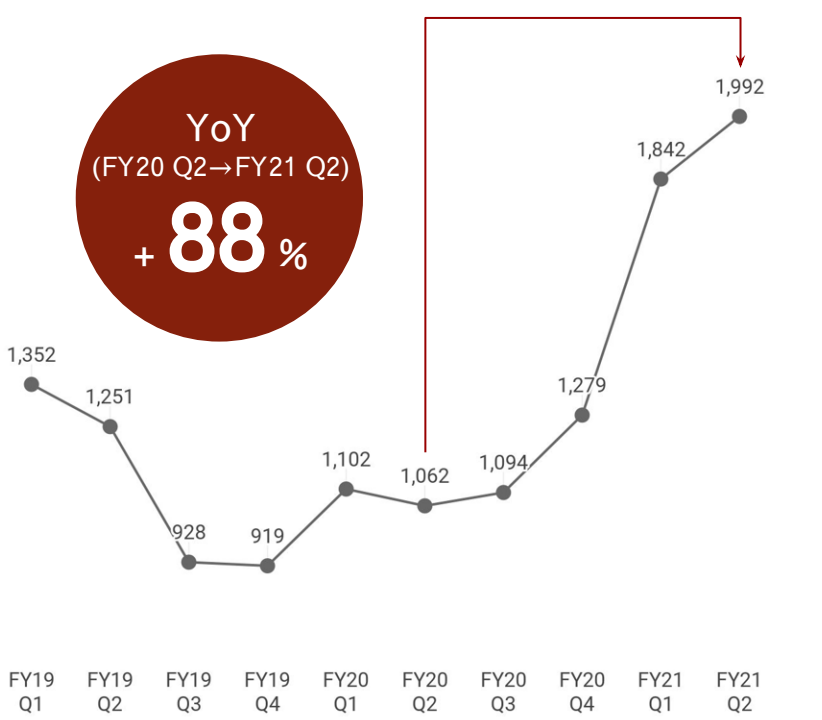
The number of users (+33%) and ARPU (+88%) hit record high

Due to an increase in online switching demand and the expansion of our partner channels, there was +33% growth in user acquisition. ARPU has also increased +88% YoY, enhanced by the rise in one-time fees due to increased market competition.

Number of users eligible for recurring revenue (converted on a general household basis)*1 Unit: 1,000 people



ARPU*2 Unit: JPY



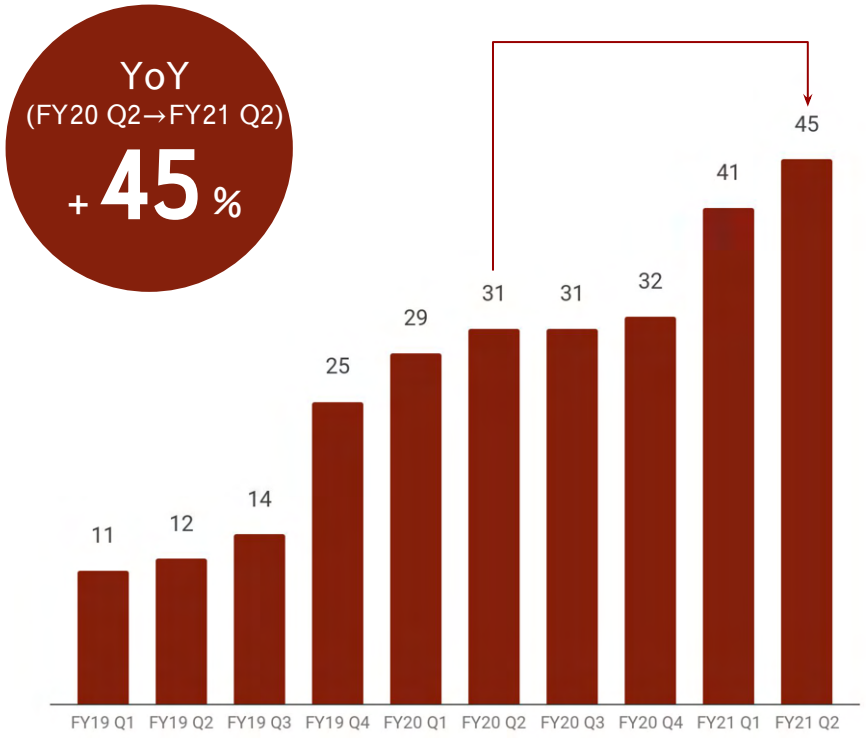
*1. To accurately compare the impact of company and household switches, switches are calculated for companies using an equivalent rate and converted based on the rebates from the total obtained capacity using the capacity of a general household as 4 kW.
*2. Average Revenue Per User: Calculated after dividing the quarterly segment sales by the number of users eligible for recurring revenue at the end of the quarter.

The number of customers hits record high(+45%) while ARPU remains steady

Due to the sales of our core products (EMAP and SMAP), the number of customers grew +45% YoY (a new record high). ARPU decreased -28% YoY due to the planned decrease in non-recurring revenue and due to the introduction of lower priced products but we expect ARPU to remain steady due to cross-selling and up-selling to customers over the medium term.

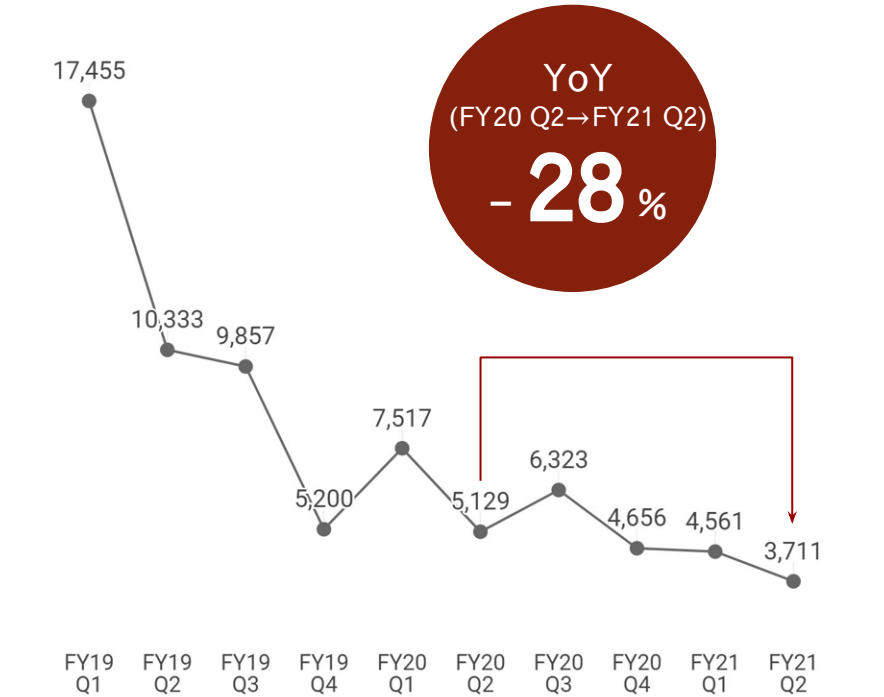
Numbers of customers*1

Unit: No. of companies



ARPU*2

Unit: 1,000 JPY



*1. Counting number of customers as of the end of the period
*2. Average Revenue Per User: Calculated after dividing the quarterly segment sales by the number of customers at the end of the quarter

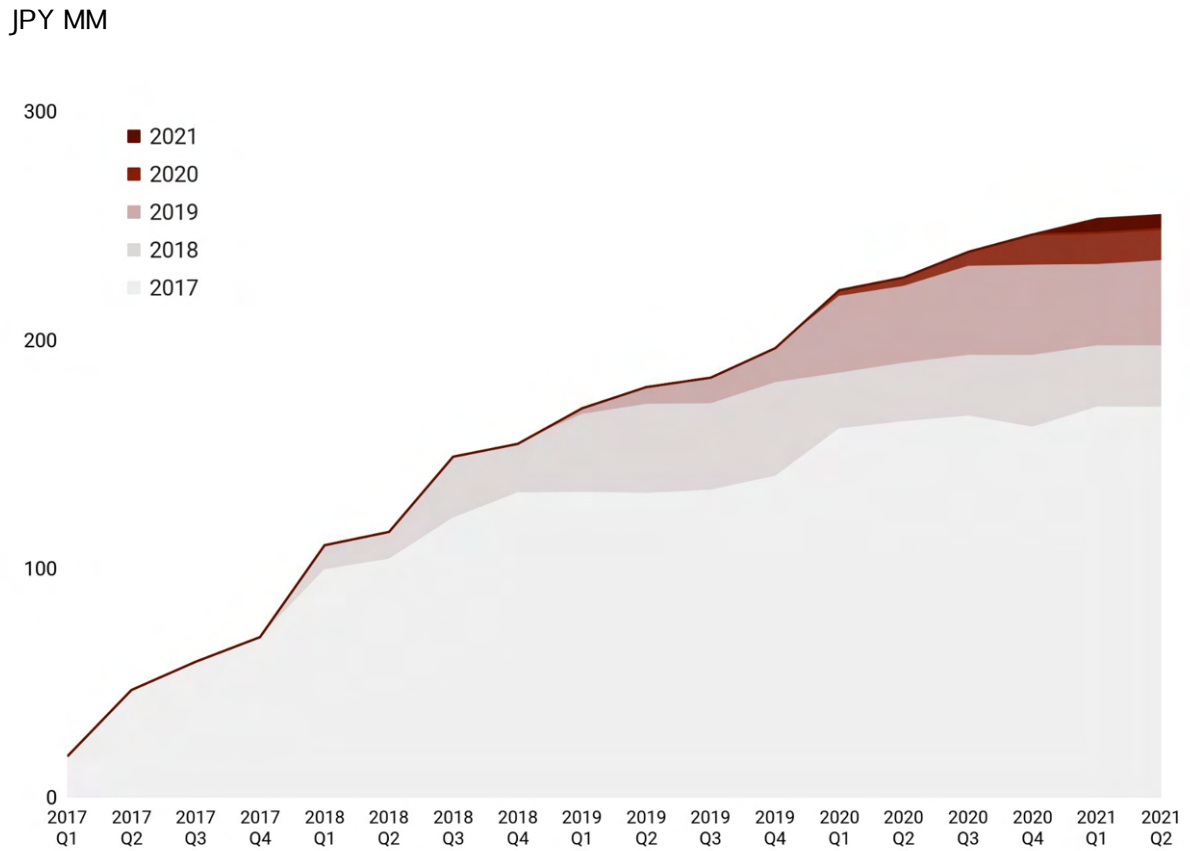
Achieving negative churn as an energy SaaS

Due to cross-selling multiple services to our clients (electricity/gas companies, etc.), we have seen steady growth in recurring revenue from existing customers, and our NRR (Net Revenue Retention)*1 is over 120%.

NRR

FY2019 **128%** → FY2020 **129%**

Changes in recurring revenue by start of service

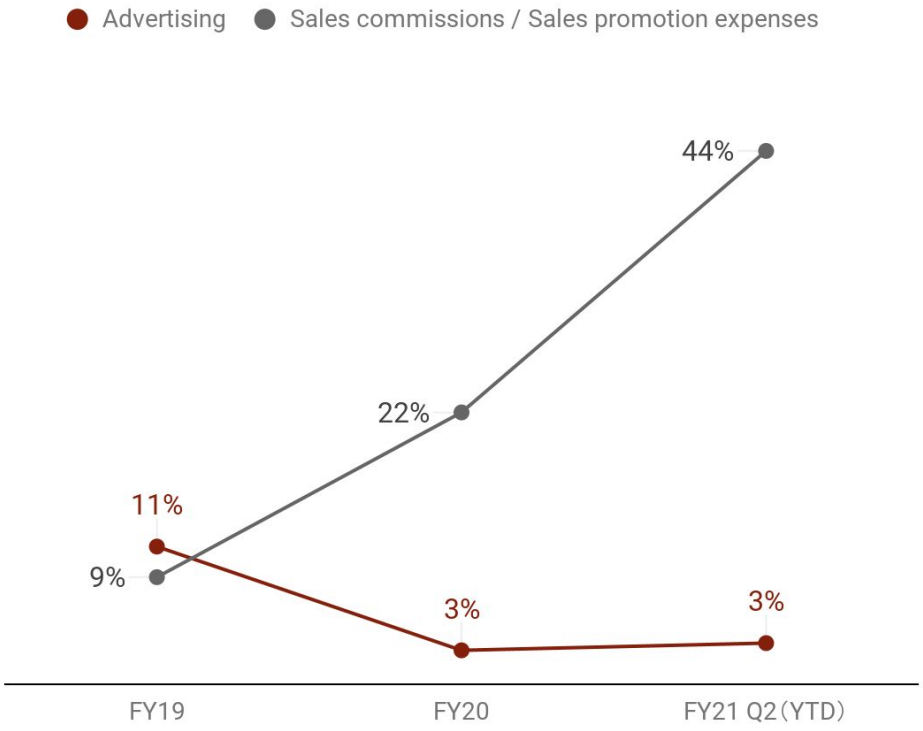


*1 The net revenue retention is calculated by dividing recurring revenue at the end of fiscal period N from customers at the end of fiscal period N-1 by the recurring revenue at the end of fiscal period N-1.

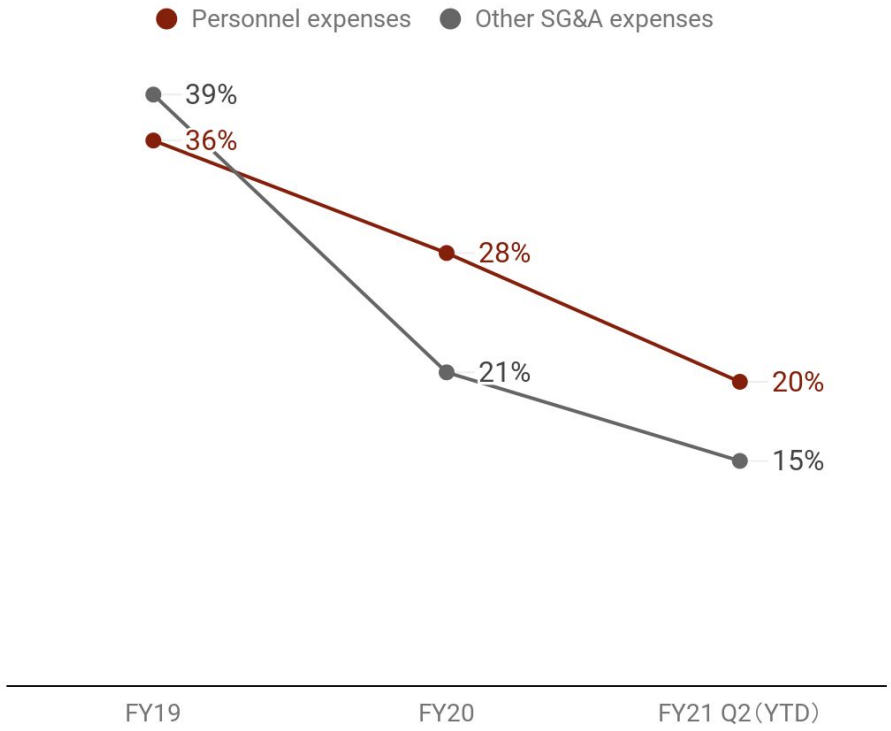
The ratio of SG&A expenses to net sales continued to decline

The percentage of sales commissions increased in line with the focus on customer acquisition via partner channels. The percentage of personnel expenses and other expenses continues to decline due to accumulating recurring revenue.

Advertising and sales commissions/sales promotion*1 expenses ratio



Personnel expenses*2 and other SG&A expenses*3 ratio



*1 Advertising (costs associated with activities not directly related to customer acquisition, such as listing ads), sales promotion expenses (costs paid to users as a result of switching), and sales commissions expenses (costs paid to partners as a result of switching).
*2 Total of personnel expenses as a part of SG&A expenses for the entire company.
*3 Total of SG&A expenses excluding advertising, sales commissions/sales promotion expenses and personnel expenses.

Business Explanation

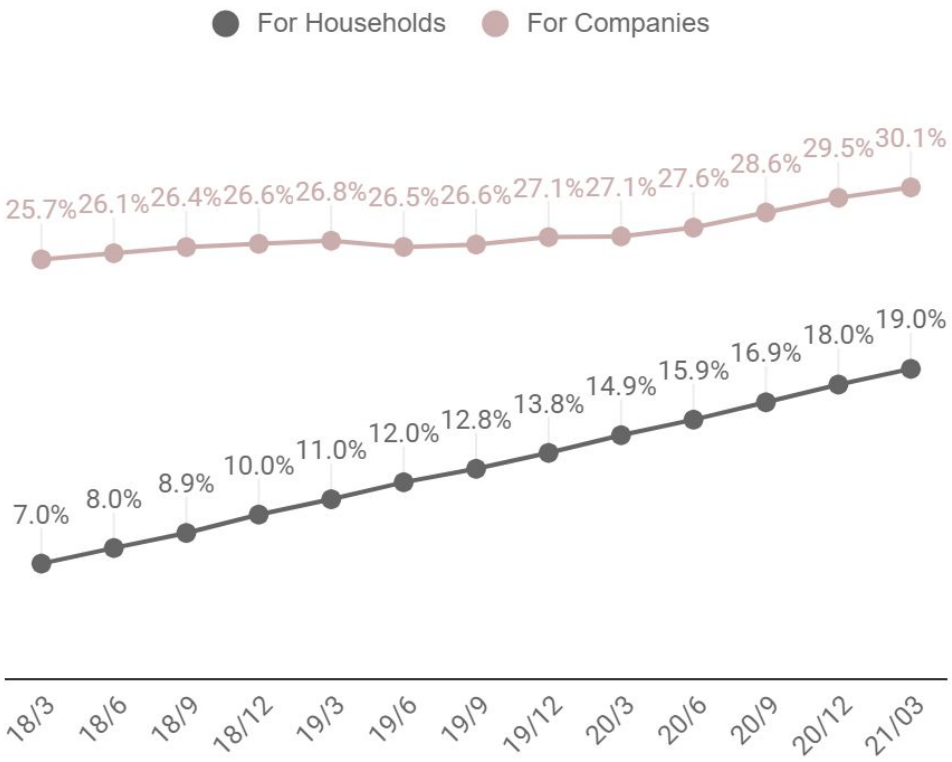
Platform business

The leading online energy switching platform in Japan

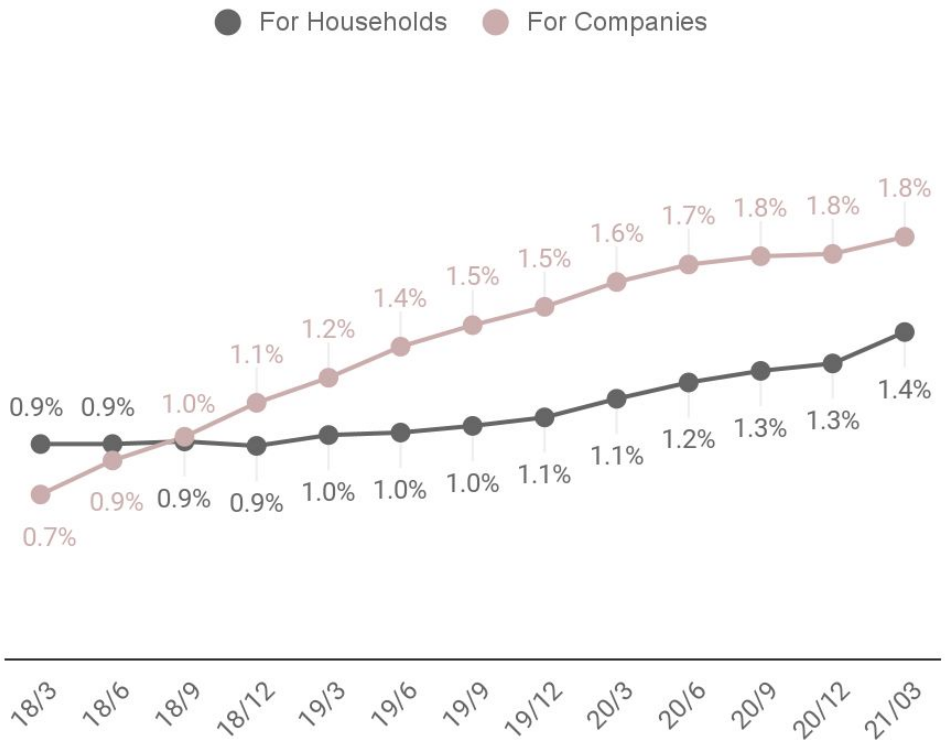
Our market share hits record high

The liberalization of the electricity retail market happened in 2005 for companies and in 2016 for households.The share of new entrants (based on the number of contracts) is 30.1% for companies and 19.0% for households.
Our market share of customers using a new entrant supplier*1 (on a contract number basis) is 1.8% for companies and 1.4% for households, with the household share in particular showing rapid expansion.

Customer shares of new entrant suppliers*2



Our market share of customers using a new entrant supplier*2



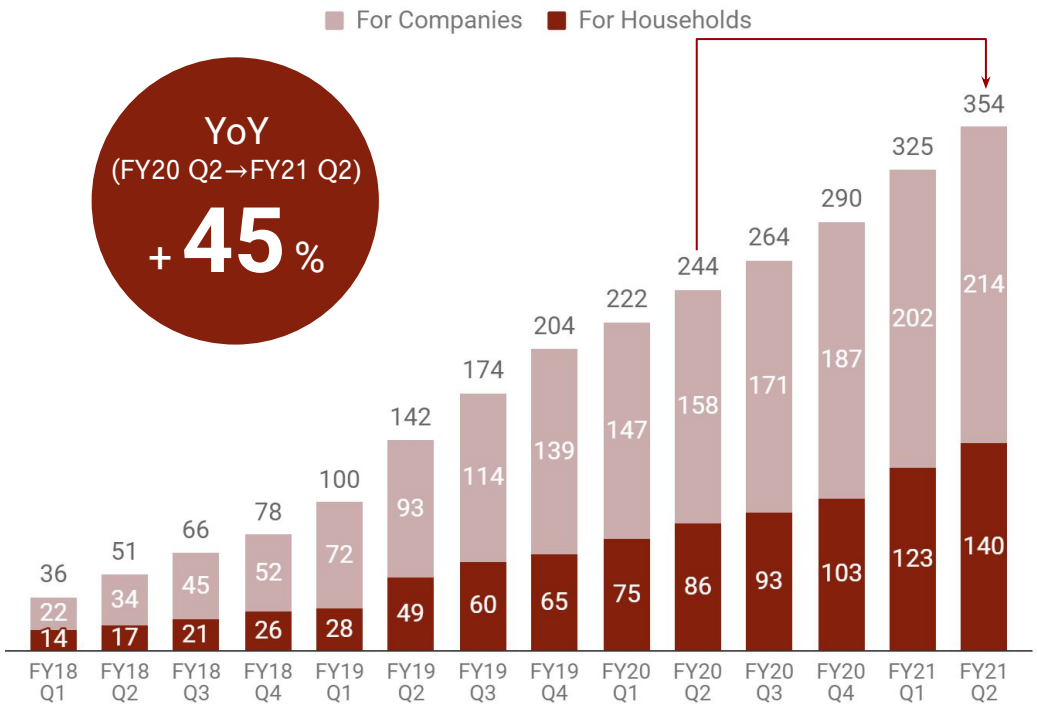
*1. We define a “new entrant supplier” as a supplier that was not a default regional supplier prior to liberalizat
*2. Created based on the number of contracts in the Electricity Trading Report by the Electricity and Gas Market Surveillance Commission (Left) and our share based on the sales amount (kWh) of (Right).

The number of partners and acquisitions via partner channels hit record high

To strengthen offline channels, we emphasize our partnership strategy that provides our electricity/gas switching platform system to real estate companies, financial institutions, and so on.
We have 354 partner companies (+45% YoY), and the number of customers via partners increased +40% YoY.

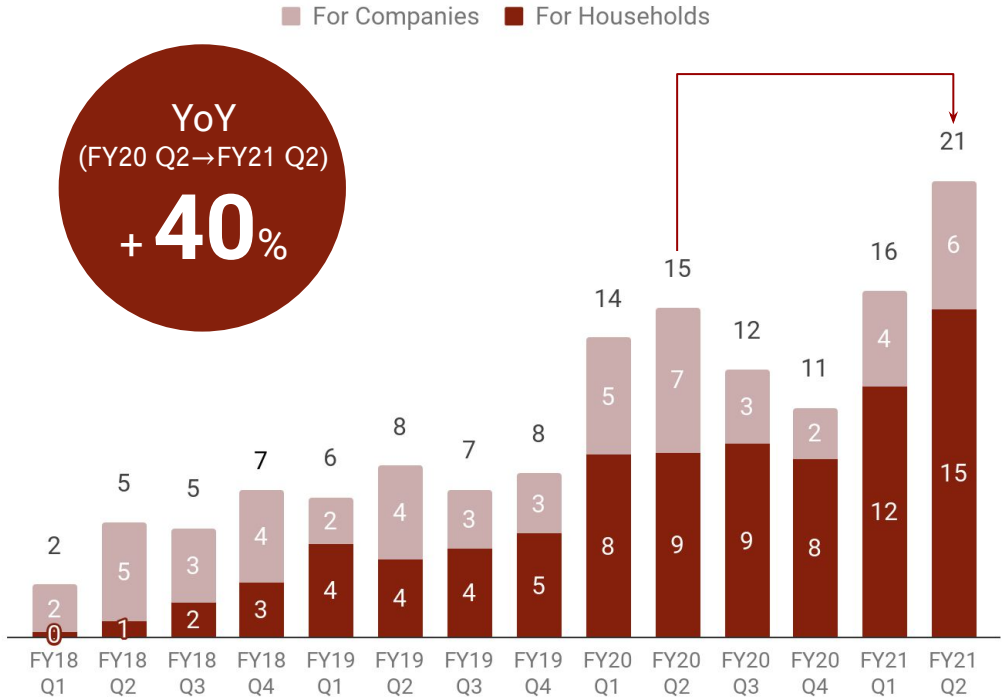
Number of partners

Unit: No. of companies



Number of new customers via partners (converted on a household basis)*

Unit: 1,000 customers

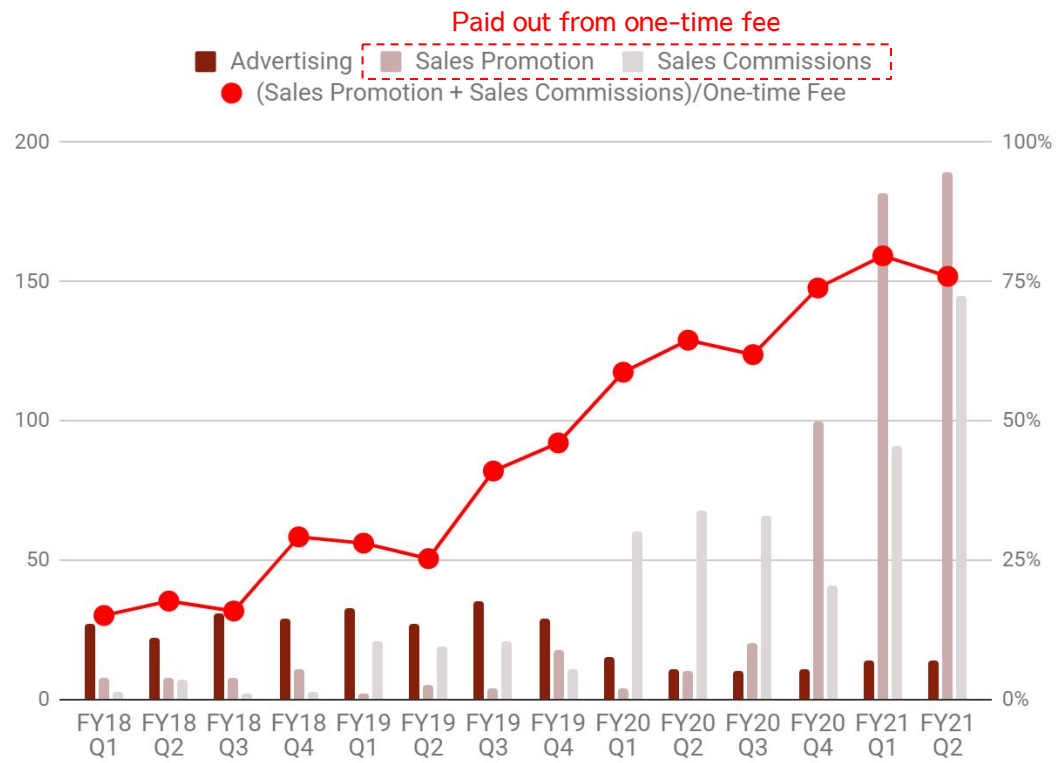


* To accurately compare the impact of company and household switches, switches are calculated for companies using an equivalent rate and converted based on the rebates from the total obtained capacity using the capacity of a general household as 4 kW.

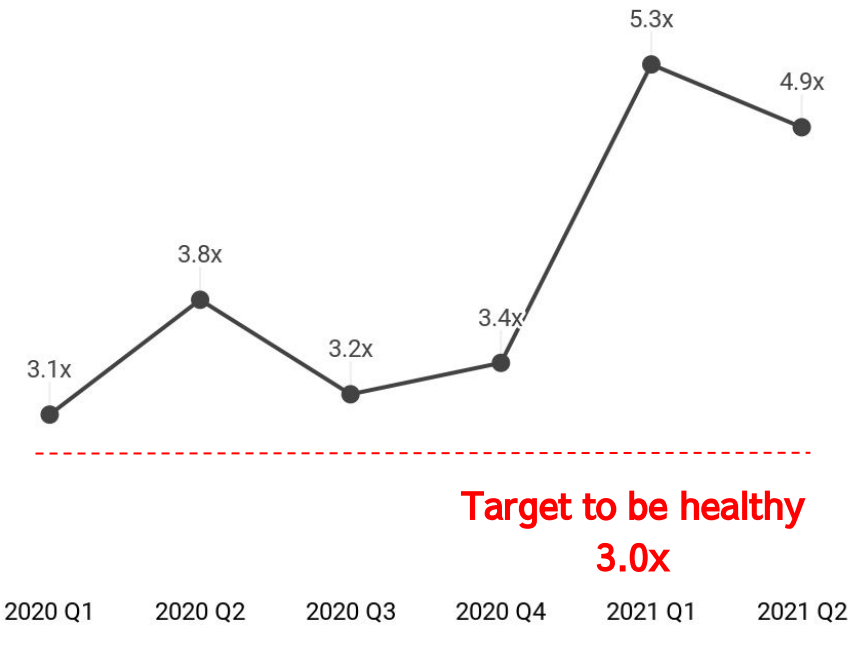
LTV/CAC is maintained at healthy levels of 4.9x

We are actively investing in user acquisition expenses through sales promotion (in-house channel) and sales commissions (partner channels) which are covered by a percentage of one-time fees from affiliated companies. While user acquisition is increasing, LTV/CAC is maintained at a healthy level of 4.9x. Given the LTV/CAC level, there is still room for investment, so we are considering advertising aggressively.

User acquisition costs*1



LTV/CAC※2



*1. The total of advertising expenses (expenses arising as a result of activities directly for the acquisition of customers such as listing advertisements), sales promotion expenses (expenses borne directly by users as a result of switching), and sales commissions (expenses borne directly by partners as a result of switching).
*2. Ratio of LTV (Lifetime Value; customer lifetime value) to CAC (Customer Acquisition Cost; unit price for acquiring customers). See the appendix for details.

Key news: Market stabilizes due to measures to prevent recurrence of JEPX price spikes

The spike in market prices in winter 2020 led to amendments to a ministerial ordinance coming into force on July 1, 2021 that introduced a ceiling on imbalance charges as a safety net for suppliers. For electricity retailers, increasing the predictability of market price risks will enable them to implement aggressive acquisition measures, which will promote a competitive environment and have a positive impact on our Platform business.

System price distribution per kWh during winter 2020*1

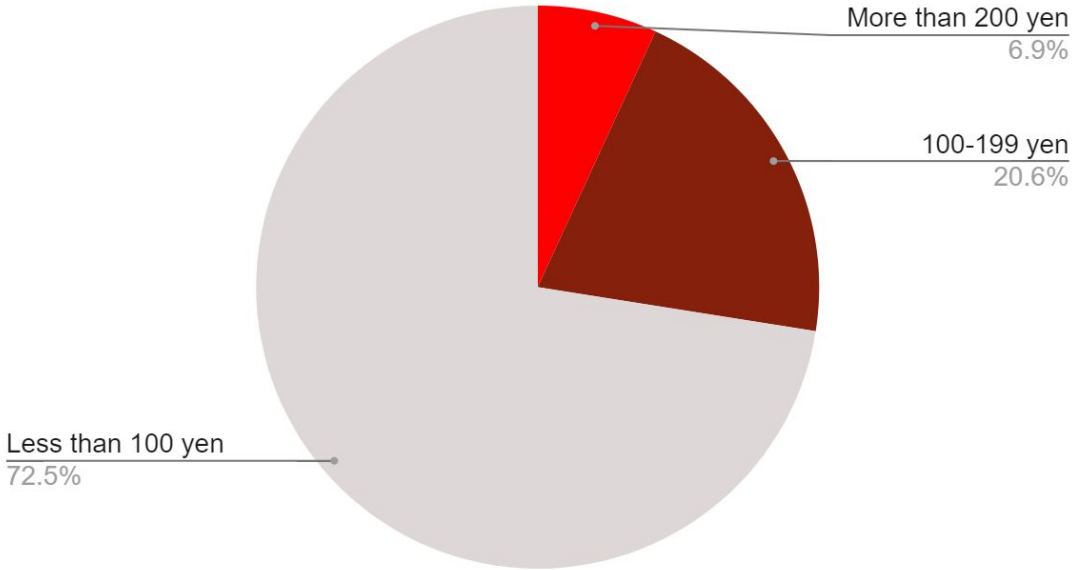
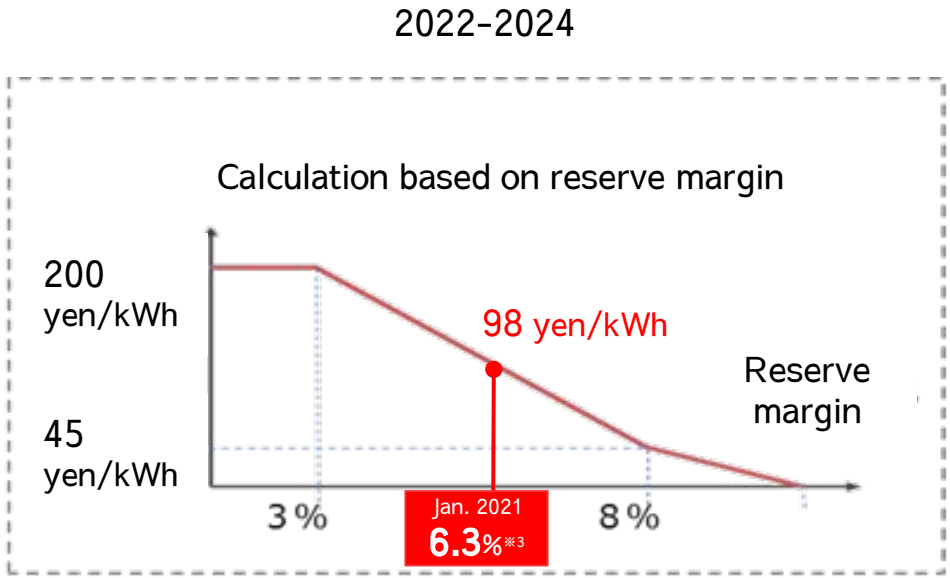


Illustration of calculation for imbalance charges*2

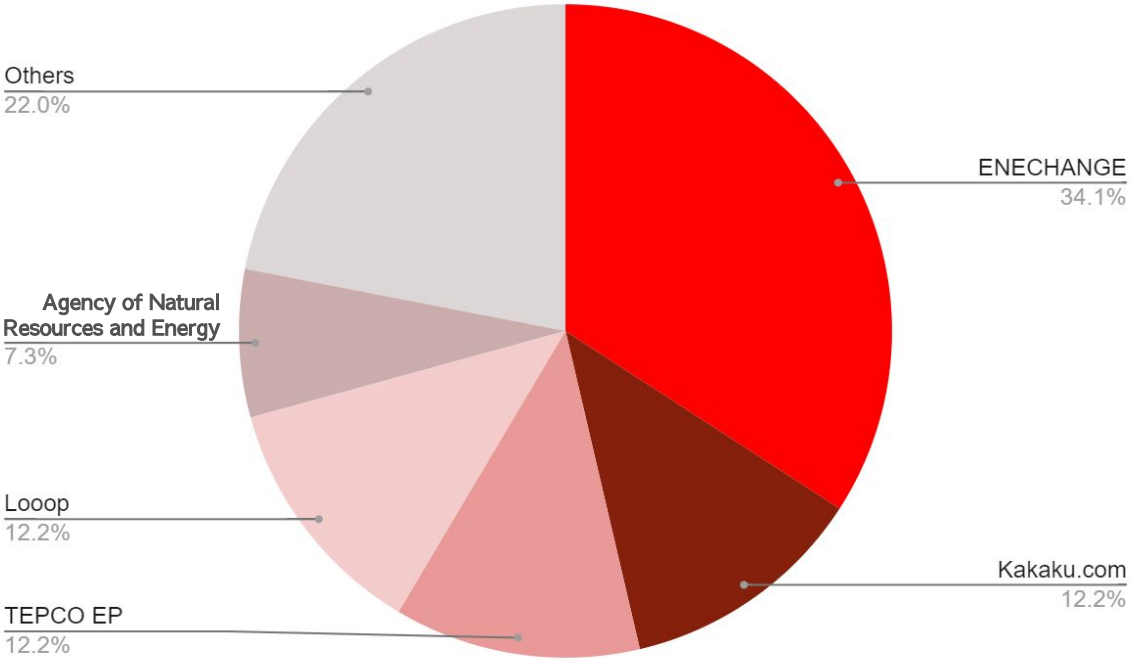


*1. Calculated by ENECHANGE, the percentage of system prices that would be considered abnormal (areas where the price was above 100 yen per kWh and above 200 yen per kWh) during the period from December 26, 2020, to the amount received on January 14, 2021, when then electricity market prices spiked.
*2. METI press release, "Amendment of the Ministerial Ordinance to introduce a two-tier maximum price for the balancing fee comes into force" (Dated July 1, 2021)
*3. Average reserve ratio of nine areas in Japan at peak demand in each area in winter FY2020, taken from Organization for Cross-regional Coordination of Transmission Operators, "Electricity Supply and Demand Verification Report" (May 2021).

Highlights (1): Maintained top share of search results through SEO measures

While there was a major change in Google's algorithm in June 2021, our SEO measures enabled us to maintain our top share of 34.1% of search results for the 41 most important key words*1.

Percentage of top positions for the most important keywords*2 (as of Jul. 14, 2021)



Examples of 41 most important key words*1

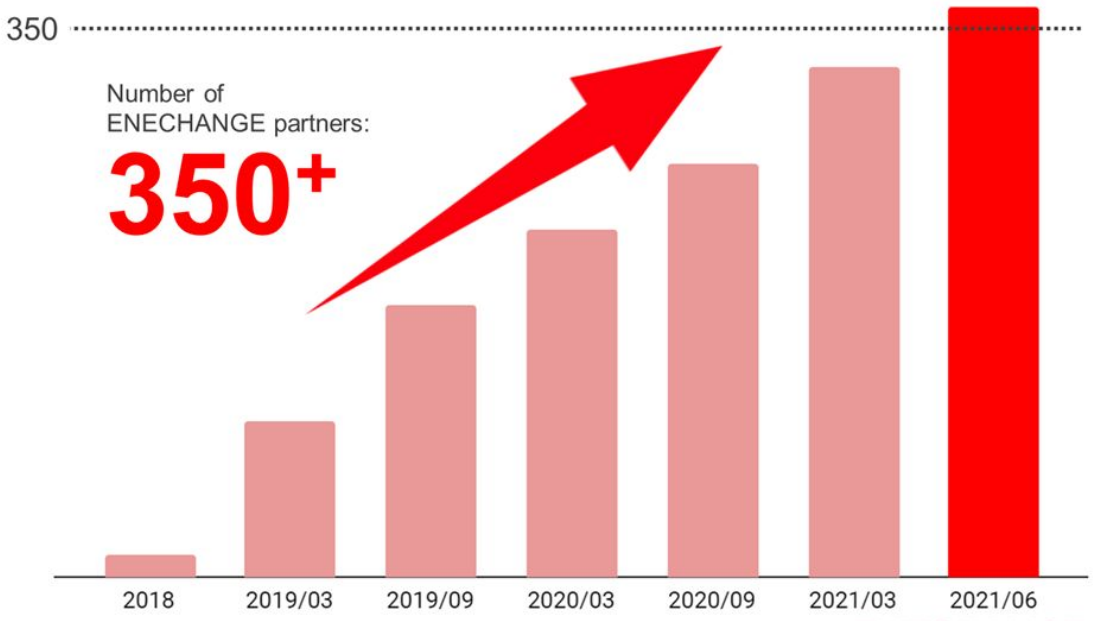
Electricity Bill	Electricity Charges
Energy Comparison	Electricity Charges Comparison
Energy Company Comparison	Electricity Bill Comparison
Energy Company	Electricity Recommendation
Electricity Relocation	Electricity Charges Savings

*1. Selected key words set independently by ENECHANGE from application rates, etc.
*2. Displaying survey results by ENECHANGE based on Google searches. Calculated by adding up the number of first-place results for the set 41 key words.

Highlights (2): Expanded offline channels by increasing number of partners

Our number of partners has increased by 250% to 350 companies last two years. We will expand our partners by targeting real estate companies as a way to target households, and with financial institutions and tax accountants as a way to target companies.

Number of partners increased 250% in two years



Comments from ENECHANGE partners

Planning manager, real estate business

Being able to propose money-saving electricity companies to residents and being able to deal directly with ENECHANGE for inquiries means I can suggest them to clients with peace of mind.

Sales manager, bank branch

With interest in decarbonization growing, I feel it is important to work together to help support our client's businesses in adapting to changes.

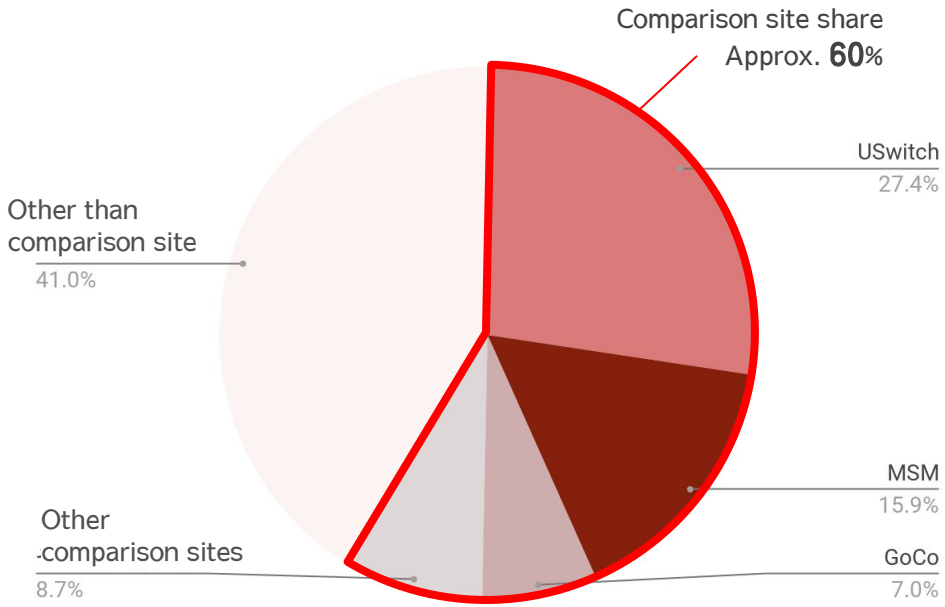
Tax accountant

My clients are very happy as they can save money and it's very easy to do the paperwork needed to switch.

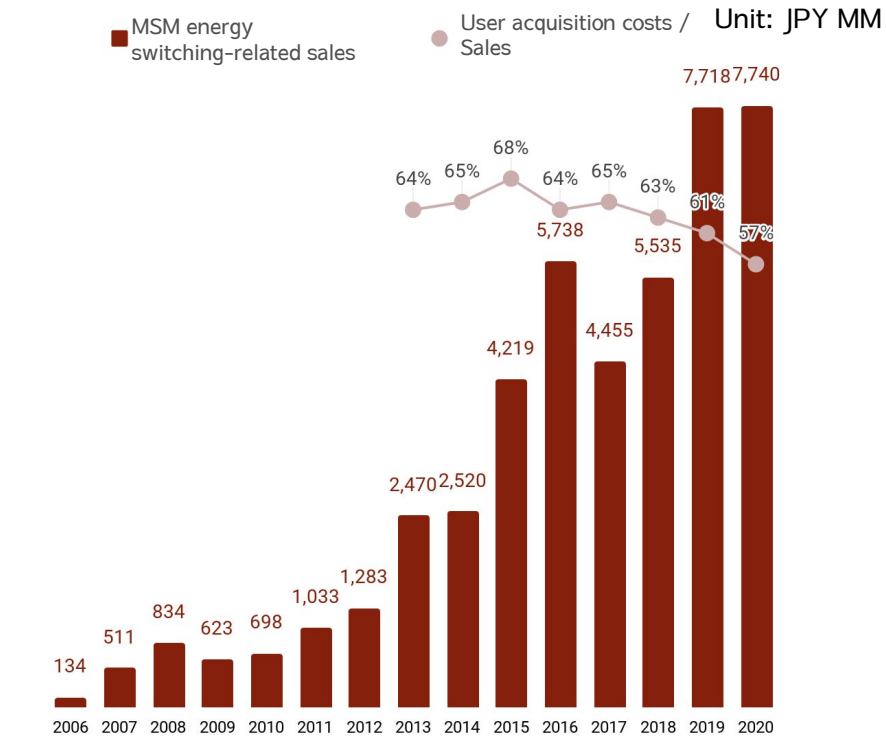
UK: Estimated market size of energy switching is 30 billion yen

The UK, where the electricity market has been liberalized since 1999, has seen about 60%*1 of users using online price comparison sites for energy. MoneySuperMarket (MSM), which has the second-largest switching share, has a CAGR of 36%*2 (2006-2020), achieved by aggressive advertising (approximately 60% of sales), partner expansion, and M&A. Its energy switching-related sales were 7.7 billion yen in 2020 (estimated total operating profit rate of 30%), with an estimated switching share of 15.9%.*3

Channel Share in UK Energy Switches



MSM Sales and Share of Energy Switches



*Energy-related sales (Unit: JPY MM, converted at a rate of 150 JPY:1 GBP)

*1. Calculated from Ofgem, "State of the Energy Market 2019".
*2. Sales based on sales for the energy segment in the financial information of each company (public bulletins if not publicly listed) and converted at a rate of 140 JPY:1 GBP.
*3. Share is the share of sales of the different companies calculated from GOV.UK, "Quarterly domestic energy switching statistics"

Data business

Greater efficiency through digitalization

Lessons from overseas markets where the 4Ds are advanced

The 4Ds of Energy are a global trend. We must use advanced markets as case studies to inform the Japanese market environment. The UK is leading in deregulation, but in terms of digitalization, decarbonization, and decentralization, each country has different conditions, so a more nuanced analysis is needed.

Advanced Cases

4Ds of Energy	UK	US	Japan
Deregulation	1999: Deregulation	Varies by state	2016: Deregulation
Digitalization	Smart meter penetration rate: 42%*1 Data liberalized	Smart meter penetration rate: 57%*2 Data liberalized	Smart meter penetration rate: 86%*3 Data liberalized (2022)
Decarbonization	Renewable energy ratio: 34%*4	Renewable energy ratio: 17%*4	Renewable energy ratio: 18%*4
Decentralization	VPP capacity: 4GW*5	VPP capacity: 22GW*6	VPP capacity: 4GW*7

*1. Department for Business, Energy & Industrial Strategy, "Smart Meter Statistics in Great Britain" (March 9, 2021)
*2. Federal Energy Regulatory Commission, "2020 Assessment of Demand Response and Advanced Metering"
*3. Estimated based on Agency for Natural Resources and Energy 27th Electricity and Gas Basic Policy Subcommittee Document 3, "Progress of full liberalization of electricity/gas retailing" (July 28, 2020)
*4. Agency for Natural Resources and Energy, "Energy of Japan (2020 Edition)"
*5. Ofgem, "Report on the Operation of the Capacity Market in 2018/2019" (March 31, 2020)
*6. Calculated from adoption of distributed flexible resources, in McKinsey & Company, "Less carbon means more flexibility: Recognizing the rise of the new resources in the electricity mix" (October 1, 2018)
*7. Ministry of Economy, Trade and Industry, "Japanese Energy Market- Optimum Use of Distributed Energy Resources for Demand-side Response" (April 22, 2021)

SaaS products for 3D are under development

The Data business is responsible for 3 of the 4Ds, and aims to establish a business foundation by catering to the varying needs of energy companies (acquiring new customers, customer engagement, supply and demand planning).
In addition to our current core products - EMAP and SMAP - some new products are under trial/development.

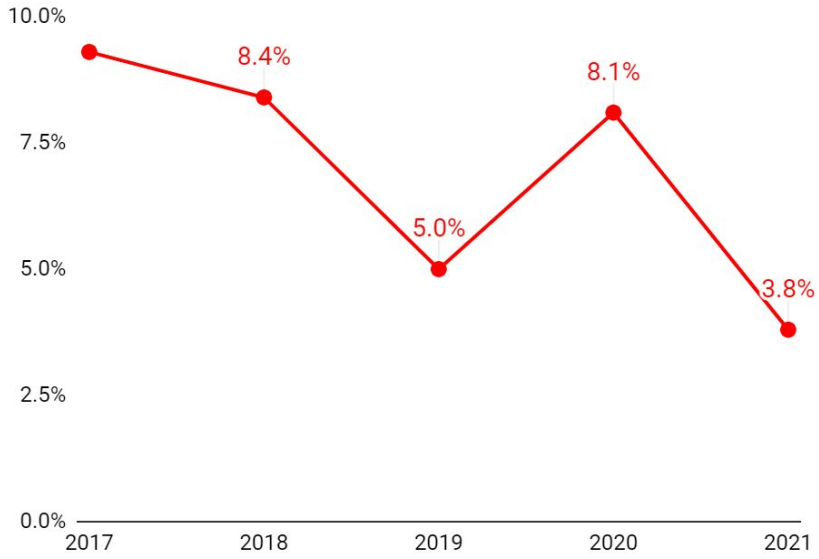
Expanding | Trial | Under development

4Ds of Energy	New customer acquisition	Customer engagement	Supply and demand planning
Deregulation	Platform Business: enechange / enechange Biz — Electricity/gas switching platform		
Digitalization	Data Business: EMAP — In-house website operation/Customer management/Behavior analysis		Insight — Energy market research/analysis
		SMAP — Load curve analysis/Demand response	
Decarbonization	GreenCart — Renewable electricity certification service	JEF — Renewable energy power plant analysis	Coming Soon — PPA Management
Decentralization	ENECHANGE DR — DR resource platform	ENECHANGE KIWI — DR/VPP resource management/control	
	Freewire — EV charging facilities/EV charging management		

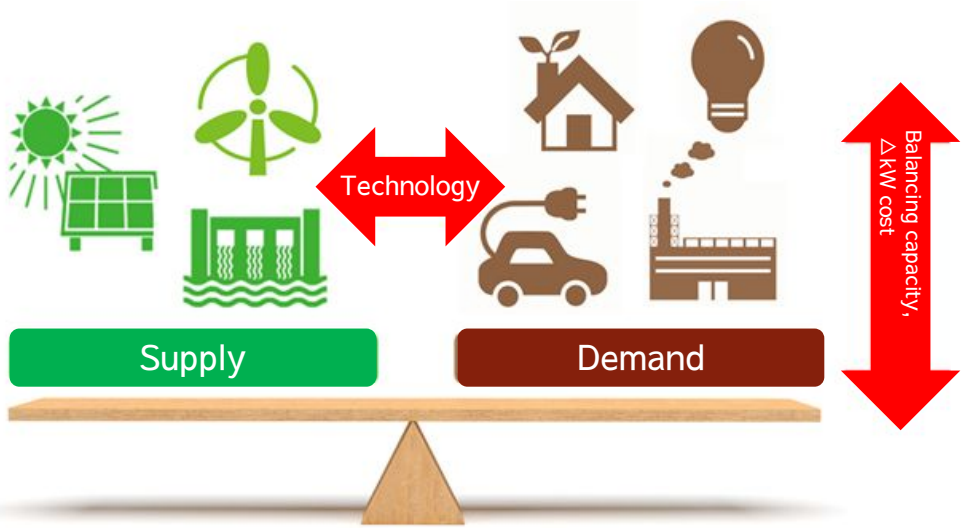
Key news: Demand response*1 is urged by the government

Net zero targets mean thermal electricity generation is being phased out. Hence, the reserve ratio (surplus electricity supply capacity) has dropped to the lowest levels ever and electricity supply stability has become a stark problem. In response, the government has asked for demand response for peak seasons. We see a need for our demand response service to accommodate this future.

Changes in summer electricity supply reserve ratio forecasts*2



Balancing the spread of renewable energy and demand response



*1. “DR” for short. This refers to changing energy demand patterns through the control of customer energy resources by their owner or a third party.
*2. Prepared using the mean of nine areas nationwide from the past changes in reserve rate at peak demand in Agency for Natural Resources and Energy, “Prospects and Measures for Electricity Demand in Summer and Winter FY2021” (May 26, 2021).

Highlights (1): Full-scale start of DR service for households

SMAP DR (demand response*1) is a service to encourage peak shifting of household electricity consumption by making use of smart meter data. We have started providing Tokyo Gas and Summit Energy with behavioral change DR, which encourages voluntary energy-saving, and smart device DR, which uses remote control of home appliances through a pre-connected smart device. This will allow us to become the Japan's largest DR platform.

Behavioral change DR

Users adopt their own methods for using air conditioners, washing machines, etc.

Smart device DR

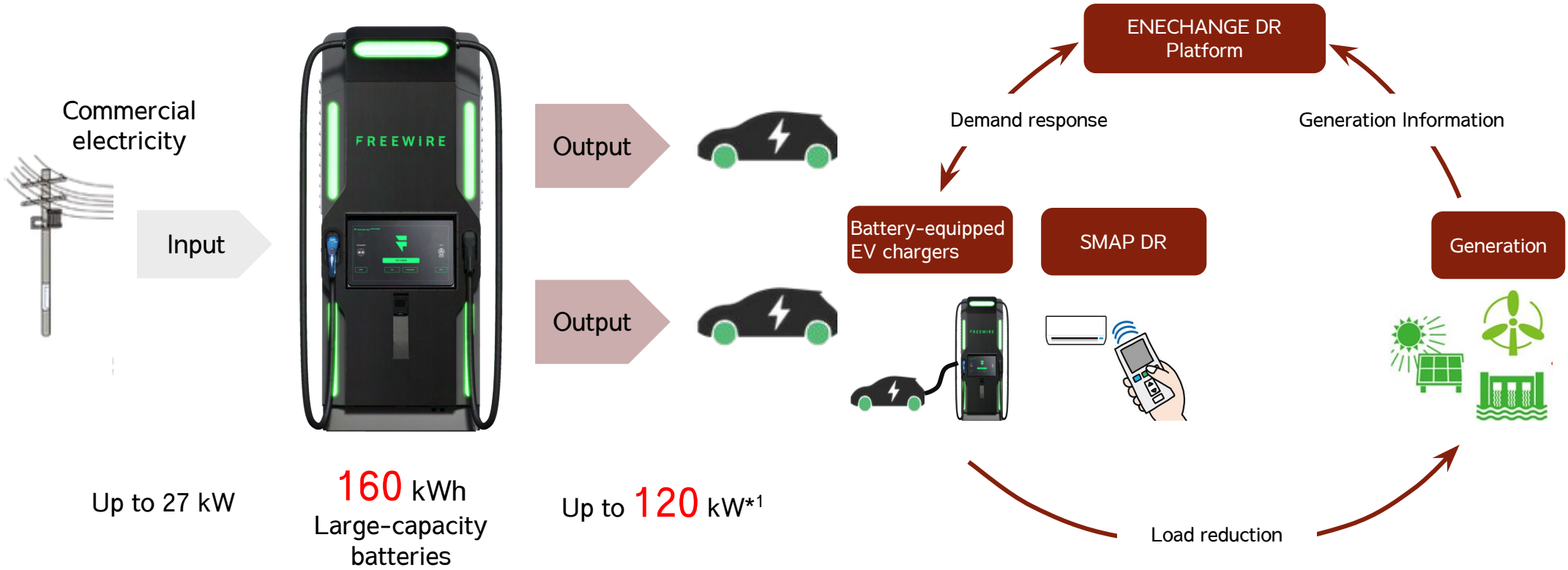
Remote control of home appliances through connected devices and smart plugs

*1. This refers to changing energy demand patterns through the control of demanded energy resources by their owner or a third party.

Highlights (2): Entered the EV charging market in partnership with an American company

We have started sales of the Boost Charger™ (rapid charger with internal battery) for electric vehicles (EV) and its related software services (payment, charging management etc) in partnership with FreeWire Technologies (USA). Entering the growing EV charging infrastructure market will strengthen our DR service offerings.

Rapid charging up to 120 kW



*1. Total output when two vehicles are charged simultaneously (max. 60 kW/vehicle). Maximum output for one vehicle is 100 kW.

Overseas cases: US is home to strong SaaS offerings aimed at energy companies

There are many SaaS companies aimed at energy companies similar to ourselves overseas, particularly in the US. This includes Oracle Utilities Opower (listed on the New York Stock Exchange in 2014, then acquired by Oracle Corporation for approximately 532M USD*[1]) and Uplight (an unlisted unicorn company with an estimated market capitalization of 1.5B USD*[2]).
Our strategy is to learn from overseas examples and use this knowledge to lead the Japanese market.

	Major market	Sales	No. of customers	New customer acquisition	Customer engagement	Supply and demand planning
ENECHANGE Data business	Japan	0.7 billion yen*[3]	32 companies	✔	✔	✔
Oracle Utilities Opower	North America	16 billion yen*[4]	100 companies*[1]		✔	✔
Uplight	North America	11 billion yen*[5]	80 companies*[2]	✔	✔	✔

*1. From Oracle's press release (May 2, 2016)
*2. From Uplight's press release (March 3, 2021)
*3. FY2020 Sales
*4. From Opower's financial results FY2015 ($148M USD, converted at a rate of 110 JPY:1 USD)
*5. From The AES Corporation Fourth Quarter & Full Year 2019 Financial Review, Prepared Remarks ($100M USD, converted at a rate of 110 JPY:1 USD)

Forecast for FY2021

Consolidated Financial Results Forecast for FY2021

The full-year forecast was revised upwards on May 24, 2021 (sales revised from 2.3 JPY BN to 2.6 JPY BN), and the sales progress rate for the second quarter was a strong 53.3%. Our policy is to further revise our forecasts as soon as we deem it necessary.

(Unit: JPY MM)	FY2020 results	FY2021 forecast	Change rate	FY2021 Q2 results	YTD Progress
Sales	1,713	2,600	+51.8%	1,386	+53.3%
Operating Profit	53	Positive	—	59	—
Ordinary profit	6	Positive	—	79	—
Net profit attributable to owners of parent	(16)	Positive	—	16	—

Assumptions for Consolidated Financial Results Forecast for FY2021

	Assumptions when our financial results forecast was published (May 24, 2021)	Updates from when our financial results forecast was published
Platform business	• Premise: aiming for growth of 70% or more. • No. of users: assumes the number of users gained at equal or greater ratio to previous year. • ARPU: increase driven by one-time payments. • Segment expenses: increased user acquisition cost while maintaining LTV/CAC discipline. Other cost increases are generally due to personnel expenses.	↑ Customer acquisition on upswing from revision thanks to increased applications. → For ARPU, the rise in one-time fees contributed positively, and, as we expected, the higher prices remained steady post-revision. ↓ Segment expenses increased in line with the increase in one-time fees (sales). LTV/CAC discipline maintained.
Data business	• Premise: aiming for sales growth of 10% to 20%. • No. of customers: assumes the number of customers gained at equal or greater ratio to previous year. • ARPU: while increasing from existing customers, we expect similar levels due to the sales of low-cost products. • Segment expenses: assuming an increase mainly in terms of personnel expenses for medium-term product development	↑ Gained new orders sooner than expected for the number of customers. ↓ ARPU dropped slightly due to the introduction of low-priced products for new customers. → Segment expenses increased in line with initial expectations due to recruitment.
Company-wide Common Expenses	• Assuming increased company-wide common expenses due to increased recruitment, etc.	→ Personnel expenses increased due to increased recruitment, as expected. ↑ Expenses lower than expected due to events being canceled as a result of the Declaration of a State of Emergency.
Operating Profit	• A policy of maintaining profitability while investing in user acquisition for the Platform business in particular to ensure sales growth. • Recorded operating profit for the first quarter, and expect operating loss for the second quarter due to the boost of user acquisition cost.	↑ Initial forecasts were for negative operating profit, but strong gains in Platform business users meant our one-time fees increased more than expected, leaving us with a positive result. ↓ Business was profitable during the first half, so we intend to continue advertising, etc. within the scope where we can maintain this profitability throughout the full year.
Other	• Includes conservative considerations for the effects of the COVID-19 and the Declaration of a State of Emergency, etc. • No loss/gain provision for uncertain events such as unconfirmed new businesses, M&A, etc.	No updates

A team of directors who can balance both high growth and corporate governance as an energy tech company

Our board and executive management members have expertise in a range of fields, including the energy industry, engineering, and finance. The majority of our board are independent outside directors who have management experience in listed companies in the energy industry. The Nomination and Remuneration Committee was also established in May 2021.

	Name Post at ENECHANGE	Major Past Posts	Nomination and Remuneration Committee	Energy / Environment Business	Energy Tech	Energy Overseas Trends	Corporate Governance	Accounting & Finance / Capital Markets	Organizational Development / Personnel
	**Yohei Kiguchi** Representative Director and CEO	University of Cambridge, Doctoral researcher	○	✔	✔	✔			
	**Ippei Arita** Representative Director and COO	JP Morgan, Engineer		✔	✔				✔
	**Minoru Takeda** Independent Outside Director	Showa Shell, Chairman Royal Dutch Shell Japan, CEO	○ Committee Chair	✔		✔	✔		
	**Aki Mori** Independent Outside Director	Renova, CFO Goldman Sachs, IBD	○	✔			✔	✔	
	**Kenichi Fujita** Independent Outside Director	Siemens Japan CEO and Chairman		✔	✔	✔	✔		
	**Shinichiro Yoshihara** Independent Outside Director	EPCO Representative Director and CFO, CPA		✔			✔	✔	✔

* Checked boxes indicate at least 5 years of professional experience in the relevant business.

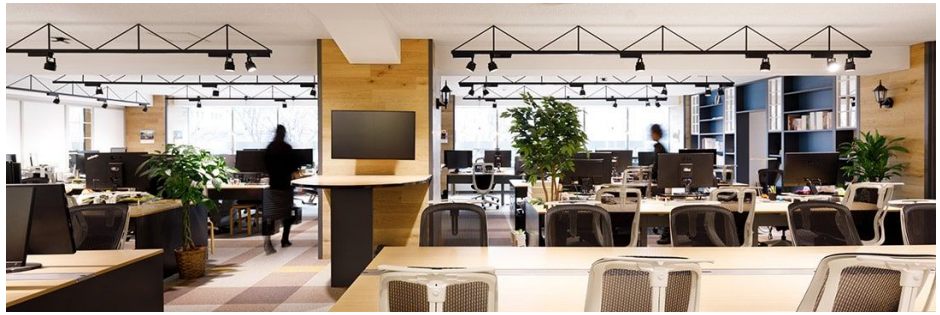
APPENDIX

Company Outline

Company Outline

Company name	ENECHANGE Ltd.
Address	3F, Nihon Building, 2-6-2 Otemachi, Chiyoda-ku, Tokyo, Japan
Founded	April 2015
Businesses	Platform (for deregulation) Data (for digitalization, decarbonization, and decentralization)
Representatives	Yohei Kiguchi, Representative Director and CEO Ippei Arita, Representative Director and COO
Employees	91 (as of December 31, 2020; consolidated basis)
Headquarters	Tokyo, Japan
Subsidiary	SMAP Energy Limited (UK)

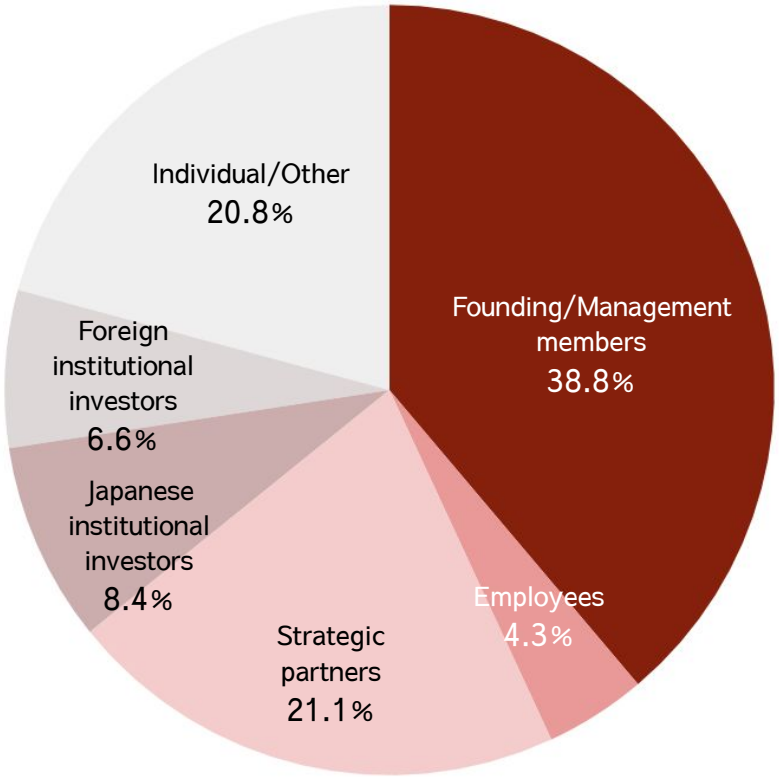
Head Office: Tokyo



Group business: London

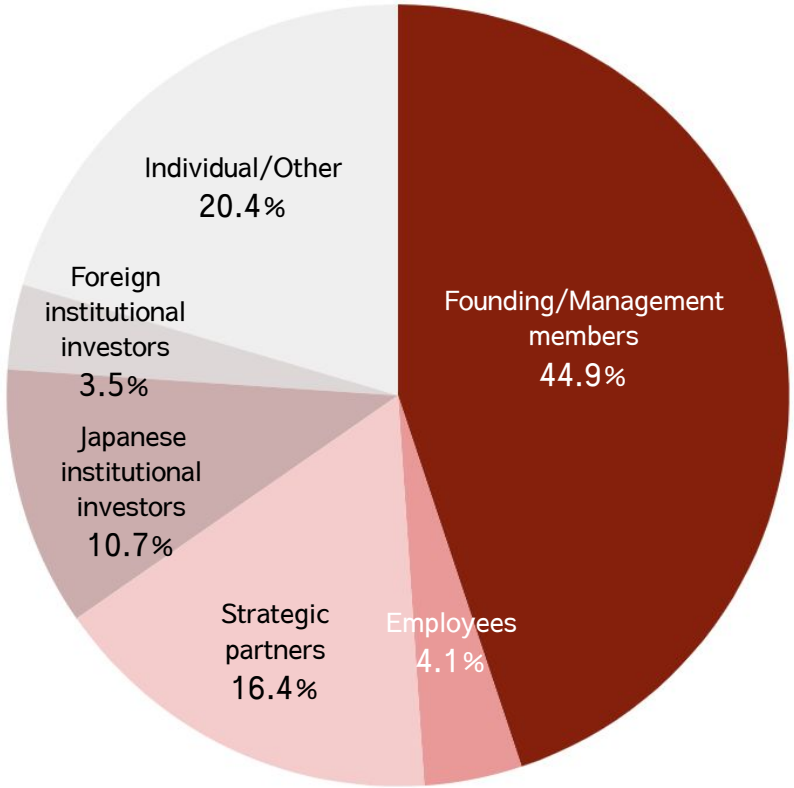
Stockholder Status: Appendix

As of March 31, 2021



Total shares issued: 5,952,458*1

As of June 30, 2021



Total shares issued: 13,492,984*1

*1 The company implemented a 2-for-1 stock split with March 31, 2021, as the date of record. The total number of issued shares is the number before the stock split.

CEO Yohei Kiguchi and COO Ippei Arita both have engineering experience, have both spent time overseas, and have contributed to the Group since its founding. With two representative directors, we can provide flexible business management both in Japan and overseas.

ENECHANGE

Yohei Kiguchi CEO / Co-Founder

After witnessing the impact of the Great East Japan Earthquake, Yohei developed a deeper interest in the problems facing the energy sector and decided to study overseas at Cambridge University in the UK. He pursued a masters and doctoral program in engineering and energy data AI analysis.

During his time at Cambridge, he founded ENECHANGE in 2015, and SMAP Energy Limited (now a UK subsidiary) in 2016.
He is also a current member of several committees in energy policy at the Japanese government.

Ippei Arita COO / Co-Founder

After completing a computer science masters program at Waseda University, Ippei worked at JPMorgan Securities Japan as an software engineer. He has also worked to develop online gaming services at GREE, Inc.

He joined Yohei in Cambridge as chief engineer in 2013. Ippei became a co-founder of ENECHANGE in 2015. His major strength is his technical background and management ability, and he leads ENECHANGE's domestic business operations.

Professional Management Team: Appendix

Our board members and management team have expertise in a range of fields that include the energy industry, engineering, and finance, as well as high-level governance from outside directors who have management experience in listed companies in the energy industry.

☆: Independent director

Board Members

Minoru Takeda ☆
Outside director

- Earned B.S. and M.S. from Keio University, Faculty of Science and Technology, and M.S. from MIT Sloan School of Management.
- Held numerous management positions in major oil companies (ExxonMobil & Royal Dutch Shell), and involved in M&A.
- At Royal Dutch Shell, was GM for Asia Pacific LNG Business and President of Shell Japan.
- During 2015-2018, served as Chairman of Showa Shell Sekiyu.

Shinichiro Yoshihara ☆
Outside director

- A graduate of the College of Business Administration, Yokohama National University, and a chartered accountant.
- He worked in auditing at Asahi & Co. (now KPMG AZSA LLC).
- In 2002, he joined EPCO, Ltd. and was appointed a director and manager of the business planning office. The same year, EPCO was listed on JASDAQ. As Representative Director and CFO, he oversaw the company changing its listing from JASDAQ (TSE) to the Second Section, and then its listing on the First Section of the TSE in 2019.

Aki Mori ☆
Outside director

- From 2015 to 2020, he was CFO at Renova, Inc., TSE1-listed renewable energy operator.
- Before joining Renova, he worked for Goldman Sachs as an investment banker both in Tokyo and New York for a decade.
- He earned a B.A. in Commerce with a focus on Finance and Accounting from Waseda University

Kenichi Fujita ☆
Outside director

- Served as head of international consulting departments for companies at places like UFJ Institute and a German company. where he was involved in areas such as global management strategies, overseas investment strategies, and cross-border M&A.
- After joining Siemens in 2006, he served as CEO of their automotive parts subsidiary, Director of the Energy Sector at the head office, and Executive Officer of the Energy Division, then as CEO and Chairman at Siemens Japan.

Key Executives / Subsidiary Officers

Takuya Sugimoto, CPA
CFO (Chief Financial Officer)
Joined in July 2019 as CFO.
After graduating from the School of Business Administration, Kobe University, he worked at Deloitte, J.P. Morgan, and Rakuten in financing and M&A.

Paul Monroe
SMAP Energy Limited (UK subsidiary) Officer
Has a master's degree from the University of Cambridge. After working at NASA and in a US-based consulting company, he helped found SMAP Energy. He is responsible for energy data business operations in Europe.

Masayuki Tanaka
CTO (Chief Technology Officer)
Joined in May 2015, and appointed CTO in January 2020. After getting master's degrees at the University of Tokyo, he joined ENECHANGE at its founding after working at GREE. Having previously created c3.js (JavaScript data visualization) library, he leads our community of engineers.

Kazumasa Ariga
SMAP Energy Limited (UK subsidiary) Japan Representative
Appointed the executive officer for the energy data business in July 2020. After graduating from the School of Commerce at Waseda University, he worked on smart meters, electric vehicles, and more at TEPCO and Mitsubishi Electric Corporation.

SDG Initiatives

To create a sustainable world, we are committed to promoting the energy transition as an energy technology company. ENECHANGE is actively working on ways to achieve the following six SDGs using our services through the 4Ds of Energy, and we disclose our commitment to the SDGs on our website (https://enechange.co.jp/en/sdgs/).

Our focus areas regarding SDGs

Disclosure of our commitment on the website

The 4 Ds of energy and initiatives towards the SDGs in our businesses

Deregulation	Electricity/gas switching platform for households Electricity/gas switching platform for corporations	Improving quality of life and corporate value through freely switching energies
Digitalization	EMAP (Digital Marketing Support SaaS) SMAP (Smart Meter Data Utilization SaaS)	Achieving a society that uses energy data to supply energy stably
Decarbonization Decentralization	Japan Energy Fund (Renewable Energy Power Plant Analysis and Operation Management Services)	Achieving a carbon-free society and a society that utilises energy big data
Corporate		Changing Energy For A Better World

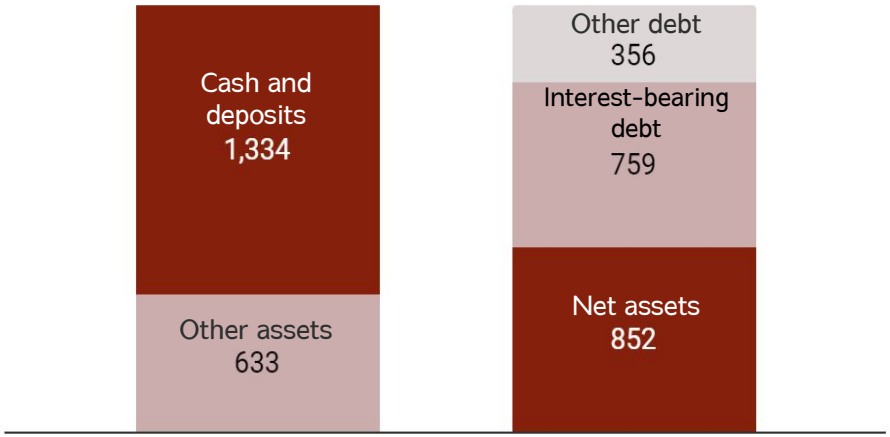
Consolidated balance sheet

(Unit: JPY MM)	End of December 2020	End of June 2021	
		Actual	QoQ
Current assets	1,638	2,016	+378
Cash and deposits	1,265	1,675	+410
Fixed Assets	434	546	+112
Total Assets	2,072	2,562	+490
Current Liabilities	534	808	+274
Interest-bearing debts	9	9	—
Fixed Debts	750	750	+0
Interest-bearing debts	750	750	—
Net Assets	787	1,004	+217

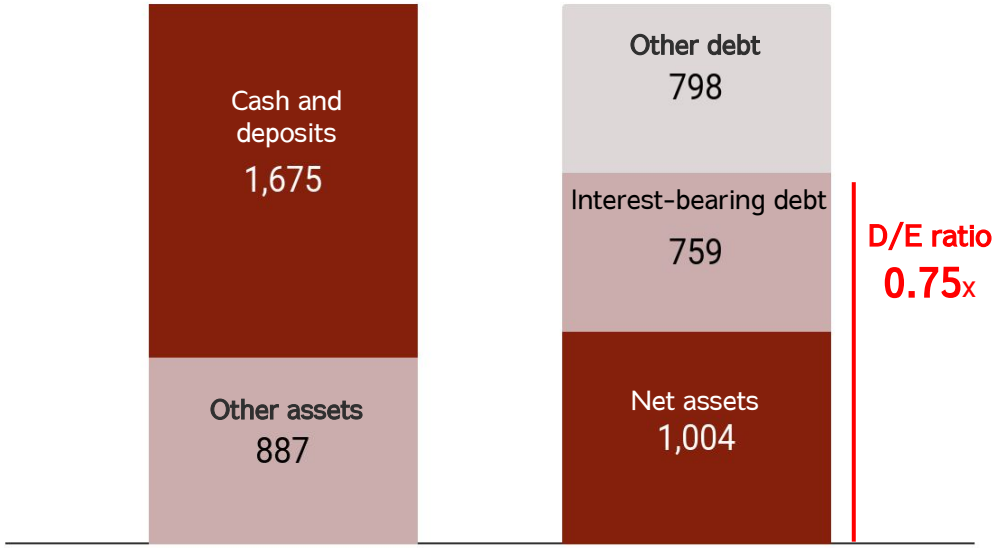
Financial base to support mid- to long-term growth

The aim is to utilize our interest-bearing debt with an awareness of capital costs (D/E ratio = 0.75x).
We will consider financing through interest-bearing debt and equity in order to accelerate growth.

Consolidated Balance Sheet
As of end Dec. 2020 Unit: JPY MM



Consolidated Balance Sheet
As of end Jun. 2021 Unit: JPY MM



Cost Structure by Segment*1

(Unit: JPY MM)	FY2020 Q2				FY2021 Q2			
	Company-wide	Platform Business	Data Business	Company-wide costs	Company-wide	Platform Business	Data Business	Company-wide costs
Sales	**803**	**426**	**378**	**0**	**1,386**	**1,030**	**356**	**0**
Cost of sales	**205**	**24**	**181**	**0**	**189**	**28**	**162**	**0**
Gross profit	**598**	**401**	**196**	**0**	**1,196**	**1,002**	**194**	**0**
Gross Profit Margin	*74.5%*	*94.1%*	*51.9%*	-	*86.3%*	*97.2%*	*54.5%*	-
Sales costs & general administration costs	**560**	**329**	**70**	**162**	**1,137**	**827**	**101**	**209**
Advertising expenses	**27**	27	0	0	**47**	43	0	3
Sales commissions, sales promotion expenses	**144**	144	0	0	**609**	609	0	0
Personnel expenses	**227**	99	51	77	**276**	103	79	95
Outsourcing expenses	**79**	46	10	24	**120**	64	6	50
Other	**83**	14	9	61	**85**	8	15	61
Operating profit*2	**37**	**72**	**127**	**▲162**	**59**	**175**	**93**	**▲209**
Operating Profit Margin	*4.6%*	*16.9%*	*33.6%*	-	*4.3%*	*17.0%*	*26.1%*	-

*1. The figures for the breakdown of sales costs & general administration costs are management accounting figures, and have not been audited or reviewed by KPMG AZSA LLC.
*2. The profits for each segment show the segment profits before distribution of company-wide costs.

Platform business

Japan's largest electricity/gas switching platform

Through operation of a platform that has 2.2 million unique monthly visitors and 52 affiliated electricity/gas companies*, we can handle everything from price comparisons to switch processing all at once. The service was launched in response to the liberalization of the electricity market in 2016, and continues to grow due to the maturing of the liberalized market and the promotion of remote work in the pandemic.

エネチェンジ
電気とガスのかんたん比較

For Households
Electricity/Gas switching platform

Deregulation × Decarbonization

エネチェンジBiz
法人向け 電気代見直しサイトNo.1

For Companies
Electricity/Gas switching platform

Deregulation × Decarbonization

* Total number of partner electricity/gas companies as of the end of December 2020 (excluding duplicates).

Support for choosing the optimal plan from many different suppliers

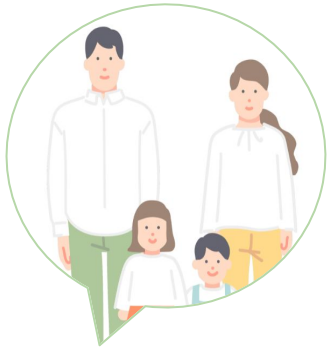
For both ENECHANGE (for households) and ENECHANGE Biz (for companies), users can select their optimal electricity or gas tariffs offered by affiliated companies and apply to change - all for free. We can cater to a range of cost-reduction needs, with users able to select based on what is important to them, such as tariff structure and CO2 emissions.

Households

Average first-year savings for a standard four-person household: 38,512 yen*2

We chose environmentally-friendly electricity and saved 13,729 yen in the first year for a two-person household.*3

I chose the most economical plan at ENECHANGE and saved 47,935 yen in the first year for a four-person household.*3



I don't use much electricity, but I still wanted it cheaper, and saved 14,927 yen in the first year.*3

Companies

Average electricity charge savings: 15%*2

Our Shizuoka Plant has multiple factories, and switching all of them saves us 10.8% off our electricity costs.

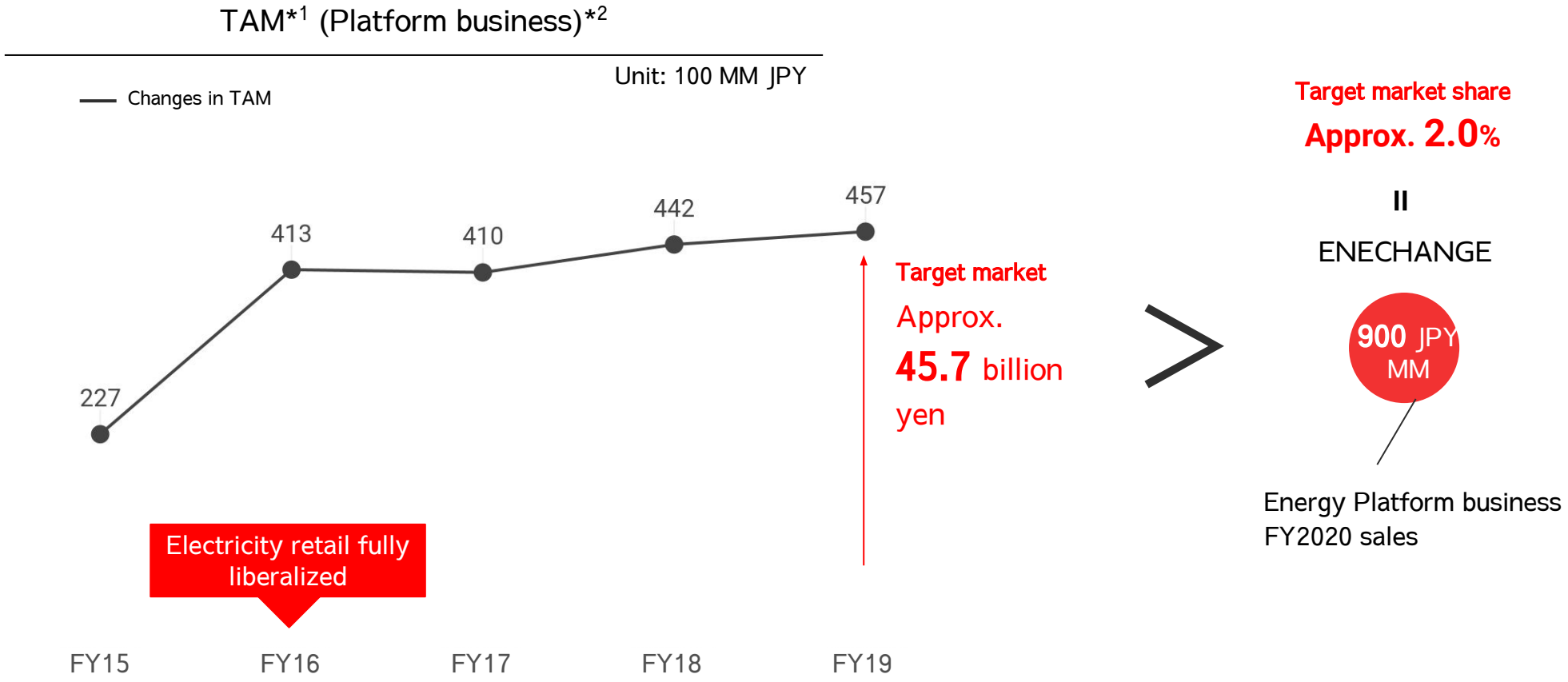
Our Shizuoka distillery switched to low-environmental impact electricity in accordance with our Corporate Mission, saving us 17.8%.

At our Tokyo office buildings, we save even more after our second switch, reducing our costs 7.2% at all three sites.

*1. According to the Ministry of Health, Labour and Welfare's "Comprehensive Survey of Living Conditions" (published July 2020) the average number per household was 2.39 persons in FY2019. Hence, the annual average amount of electricity saved is based on the results of a simulation that shows two- or three-person households in top place.
*2. Calculated the average reduction rate of electricity bills from our track record in corporate switches.
*3. First year savings including promotion campaigns.

Target market is advertising budget in electricity industry: 45.7 billion yen

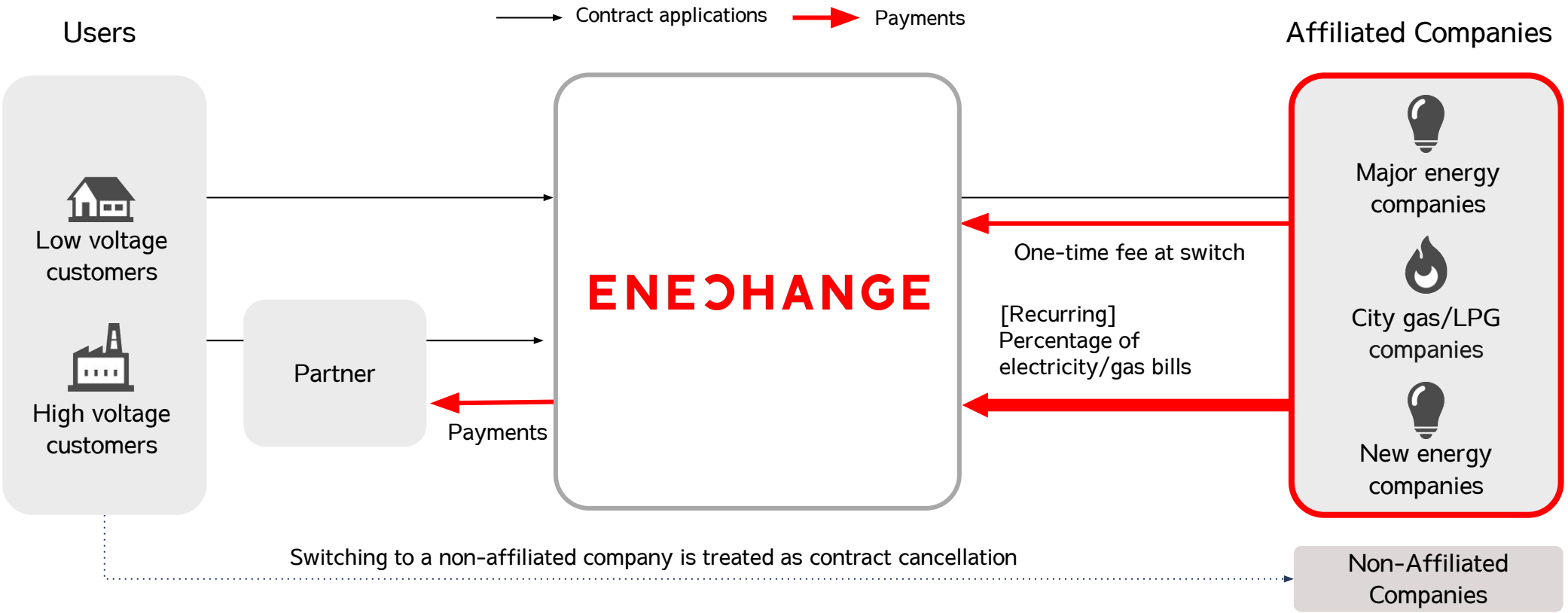
The complete deregulation of electricity retail in 2016 has meant expanding advertising budgets for the electricity industry. The advertising budget for the electricity industry, the target market of the energy platform business, is 45.7 billion yen, of which ENECHANGE's share is about 2.0%.



*1. TAM stands for Total Addressable Market. This term refers to the largest market size that the Group currently envisions. It is not calculated to show the objective market size of the businesses we are running as of the date of submission of this document, but includes estimated values as well.
*2. Calculated by multiplying the base market with the advertising-to-sales ratio of energy companies from Nikkei Advertising Research Institute, "Advertising Expenses of Leading Companies".

Recurring revenue for electricity/gas usage bills

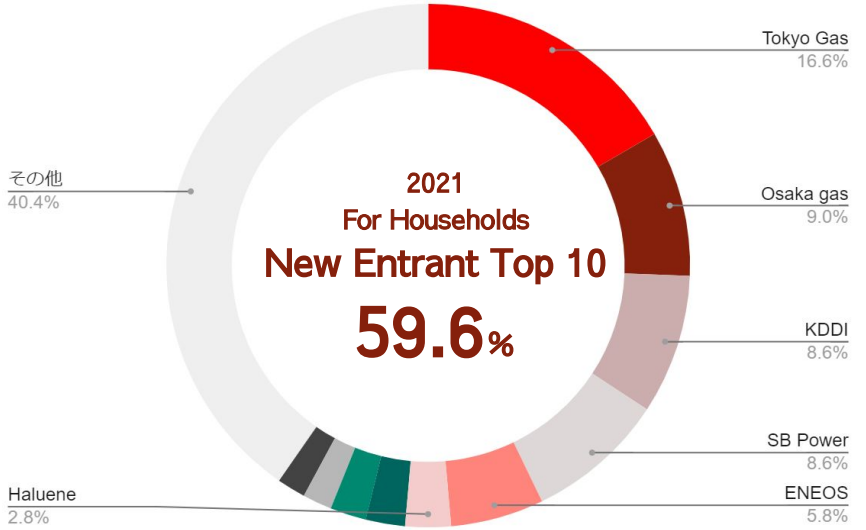
After switching an electricity or gas contract, we get a one-time fee from the affiliated company as well as recurring revenue linked to electricity/gas bills. We have partnerships with many companies, and switching to non-affiliated companies (cancellation) is limited. From the viewpoint of the affiliated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



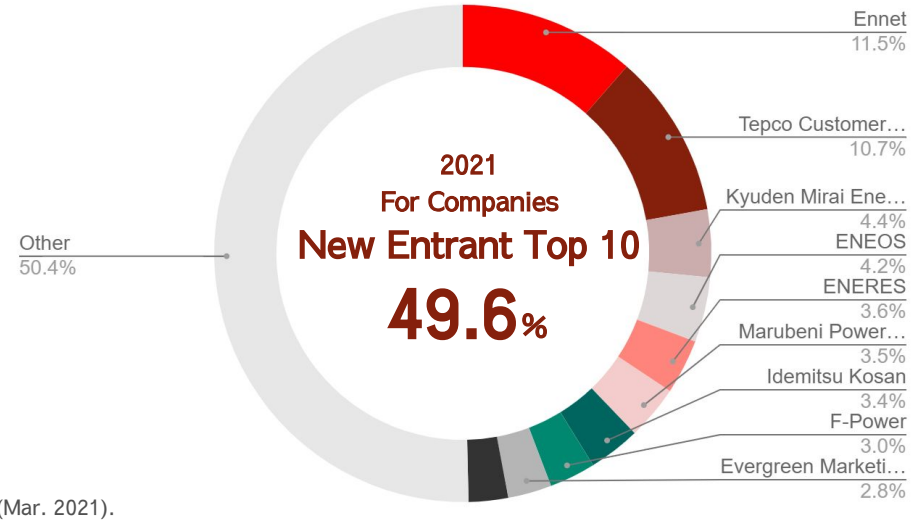
New entrants with strong offline channels dominate the top ranks

The top new entrant supplier rankings are occupied by major energy, oil, communication, trading companies.
We have contracts with most of them. However, the strong offline channels of each company (sales visits, stores, etc.) is the main source of customer acquisition.

For Households (as of March 2021)			
1	Tokyo Gas	Major gas company	16.6%
2	Osaka Gas	Major gas company	9.0%
3	KDDI	Major communications company	8.6%
4	SB Power	Major communications company (Softbank subsidiary)	8.6%
5	ENEOS	Major oil company	5.8%
6	Haluene	Major communications company (Hikari Tsushin affiliate)	2.8%
7	Toho Gas	Major gas company	2.4%
8	Rakuten Mobile	Major communications company (Rakuten subsidiary)	2.2%
9	Looop	Independent energy company	1.8%
10	Daiwa House	Major housing manufacturer	1.8%



For Companies (as of March 2021)			
1	Ennet	Joint venture of NTT Group, Tokyo Gas, Osaka Gas	11.5%
2	Tepco Customer Service	TEPCO subsidiary	10.7%
3	Kyuden Mirai Energy	Kyushu Electric Power subsidiary	4.4%
4	ENEOS	Major oil company	4.2%
5	ENERES	Major communications company (KDDI) subsidiary	3.6%
6	Marubeni Power Retail	Major trading company subsidiary	3.5%
7	Idemitsu Kosan	Major oil company	3.4%
8	F-Power	Independent energy company	3.0%
9	Evergreen Marketing	TEPCO affiliated company	2.8%
10	Orix	Major financial services company	2.6%



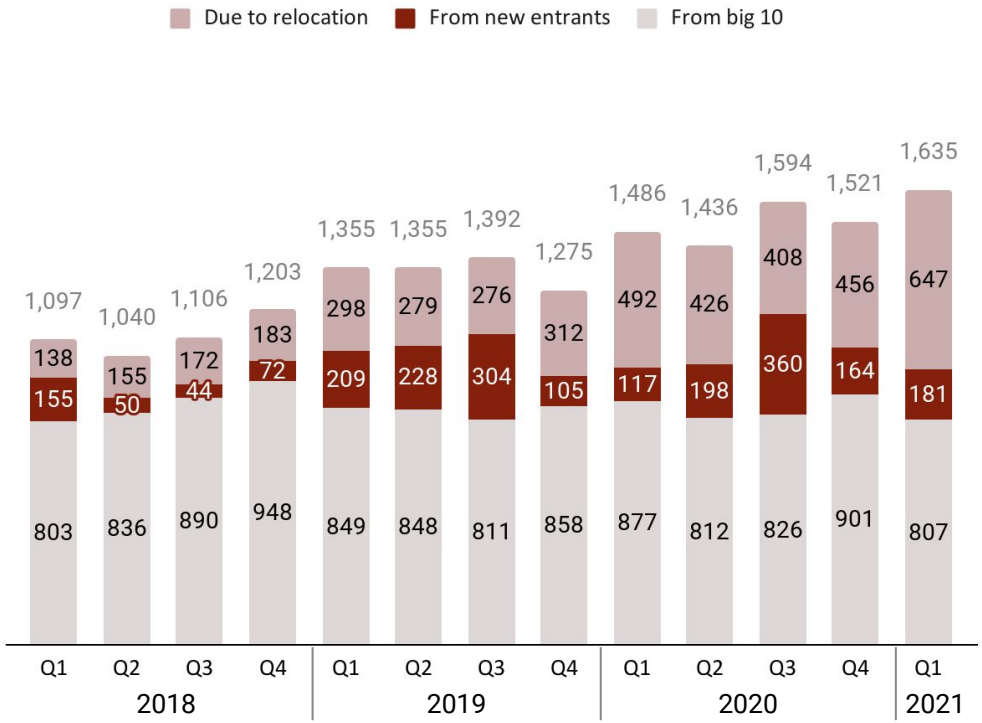
*Created based on the sales volume (kWh) in Agency for Natural Resources and Energy "Electricity Demand Performance" (Mar. 2021).

Numbers of switches and our switching share (Households)

Switches include switching (1) from Big 10 energy suppliers, (2) from a new entrant supplier, and (3) new contracts due to relocation. Our FY2021 Q1 shares of each segment are estimated at (1) 0.5%, (2) 3.9%, and (3) 1.6% respectively, and 1.3% overall.

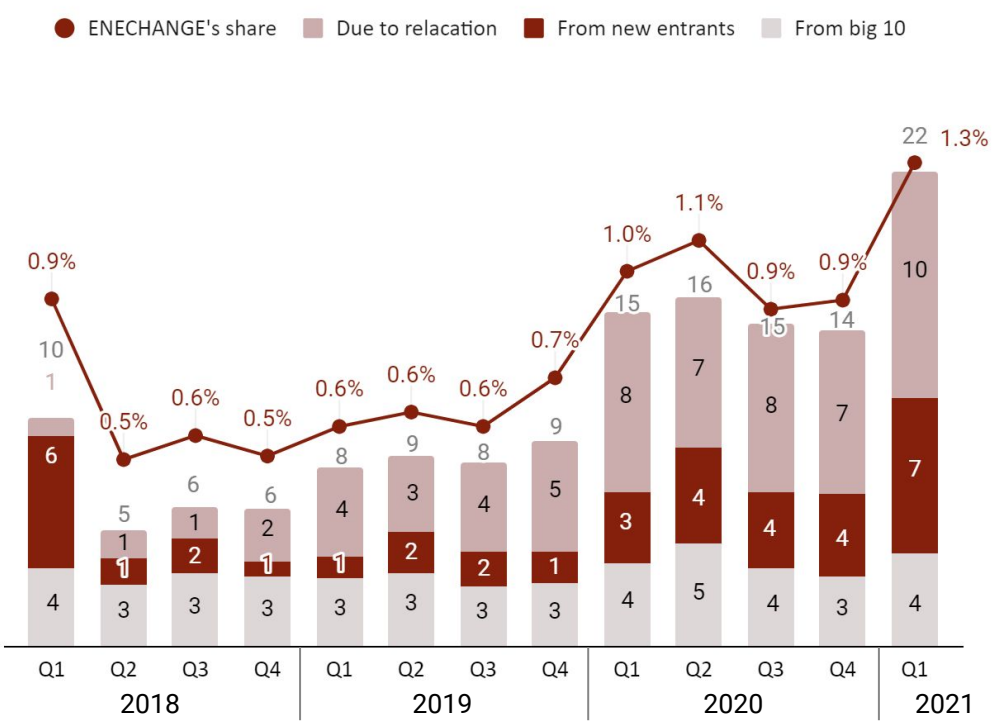
Number of switches to new entrants in Japan (quarterly)*1

Unit: Thousands of cases



Number of switches at ENECHANGE (households)*2

Unit: Thousands of cases

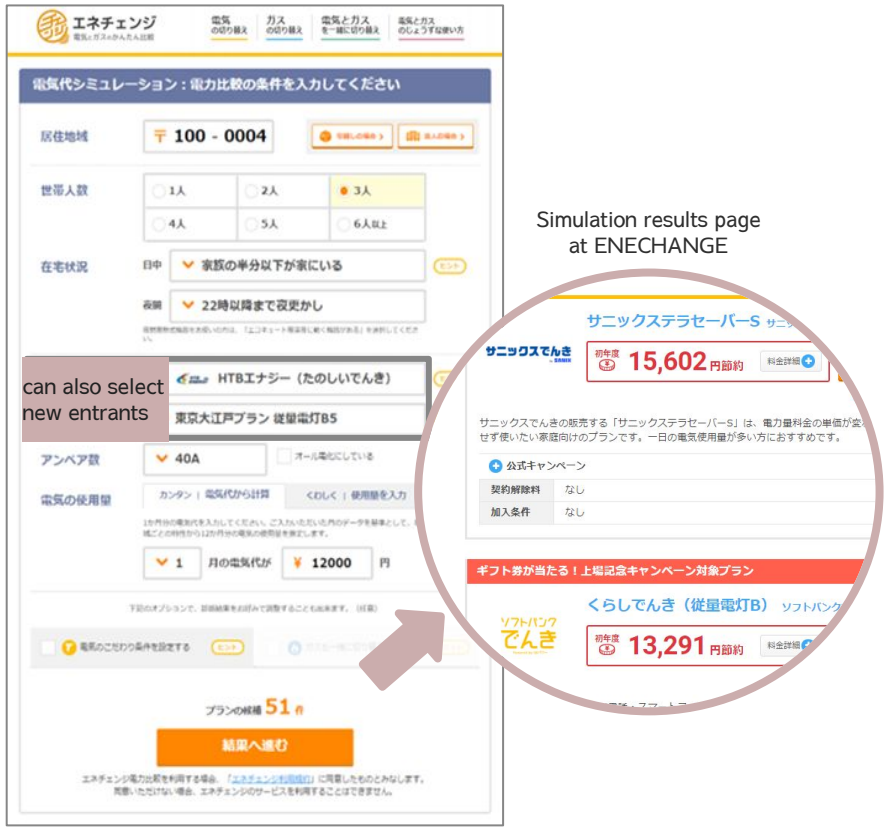


*1. Based on Electricity and Gas Market Surveillance Commission, "Results of Electric Power Transactions".
*2. The number of switches at ENECHANGE is only for households because the number of special high voltage and high voltage switches is not included in *1. Share is the percentage of our switches in *1.

FY2020 highlights: Increasing share of switches from new entrants

Number of switches from new entrants is increasing with the maturing effects of electricity liberalization. Compared to the first time switch, there were some issues such as "the bill saving is difficult to estimate" and "the database management is complicated", but we actively support switching from new entrants by managing a database of 600 companies and more than 1,600 tariffs.

ENECHANGE simulator



Our unique strengths

New energy company | New energy company | New energy company | New energy company

We manage more than 1,600 tariffs from 600 companies in our database

ENECHANGE

Can simulate and switch from new entrants without hassle

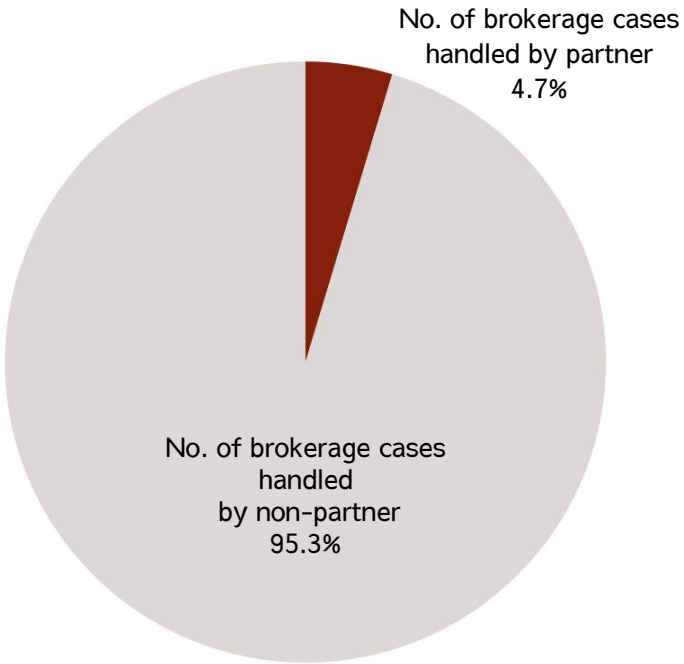
Users

FY2020 highlights: Increasing share of new entrants during relocation

Since liberalization, electricity is not provided unless you sign an electricity contract at the timing of relocation, and this often causes problems when moving in. In partnership with property agents, we offer "ENECHANGE for Relocation" to ensure smooth access to electricity when moving in.
Out of the property agents in Japan, approx. 4.7% cases are handled by our partner, and we expect even greater expansion.

Brochures of “ENECHANGE for Relocation”

Share of partnerships with property agents
(as of the end of Jan. 2021)

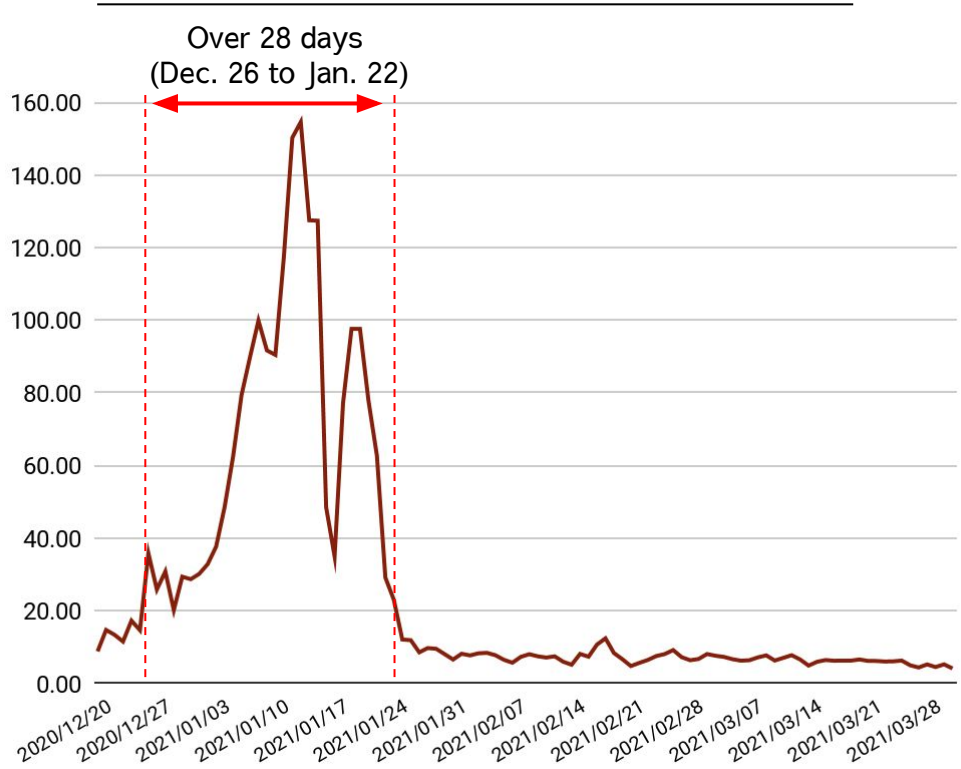


*1. No. of brokered cases: Forecast for 2020 from Yano Research Institute Ltd., Calculated using the number of brokers we handle, based on the number of brokers projected for 2020.

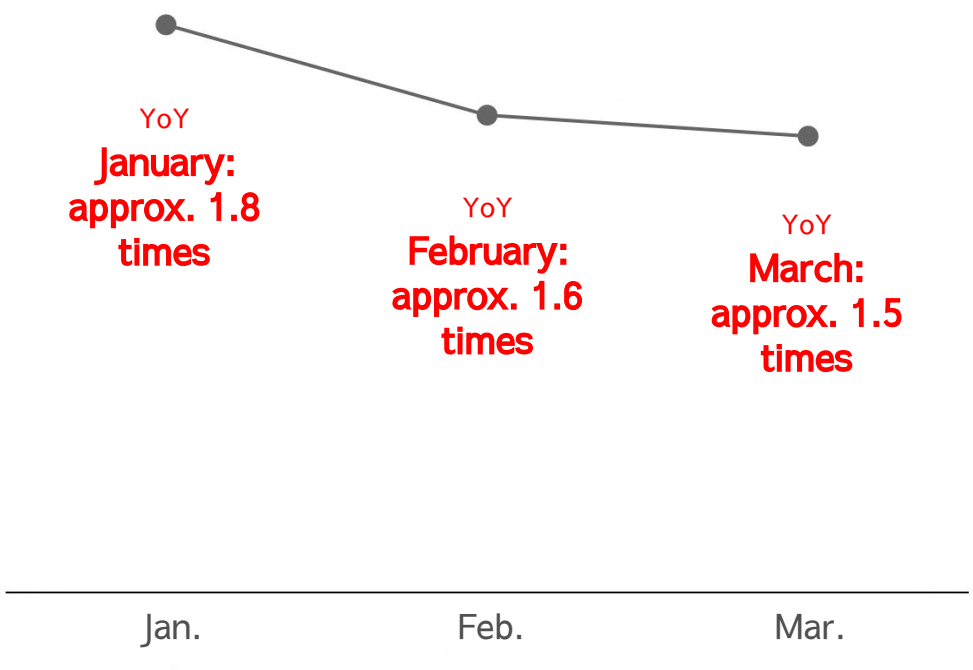
FY2021Q1 highlights: JEPX hike increases the number of applications

Electricity wholesale prices at Japan Electric Power Exchange (JEPX) spiked for a month during a cold snap etc. and have since reverted. Among the top 100 electric retailers, only one company (F-Power) went into administration, and there has been no impact on our customers.
Our prompt measures such as helplines resulted in a major increase in the number of applications.

JEPX prices*1



YoY ratio of application numbers (household)

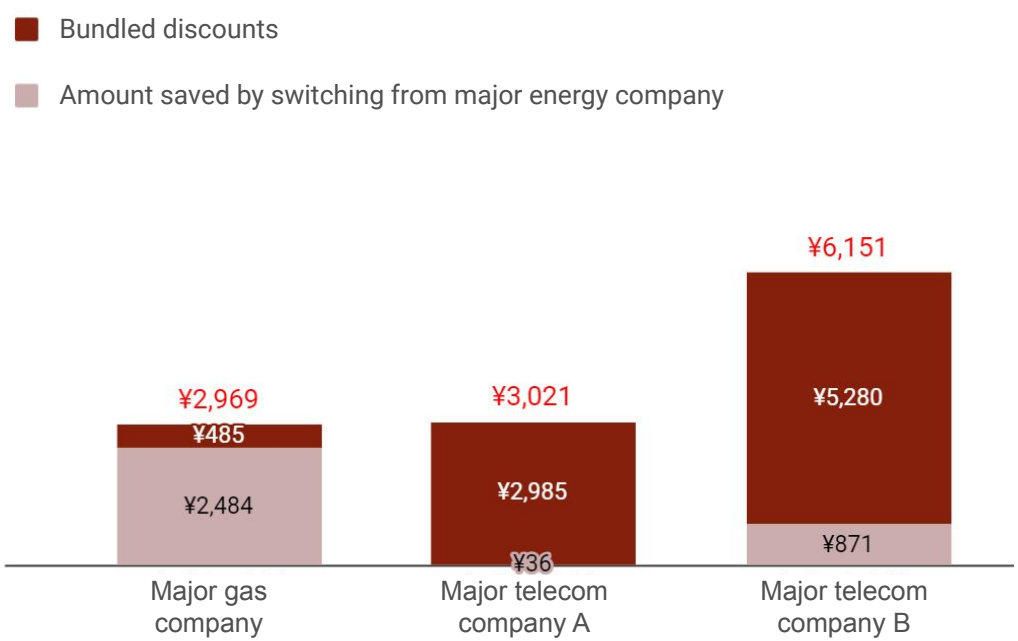


*1 Daily average of system prices as calculated from JEPX trading information

FY2021Q1 highlights: Increased applications due to ENECHANGE-only cashback program

Offline channels require expenses - such as for sales personnel - so the amount of savings that can be passed on is limited compared to online channels. Online channels therefore give customers higher savings, which gives them an incentive to switch online. Our ENECHANGE-exclusive cashback program that makes effective use of online channels has helped us increase applications and ARPU.

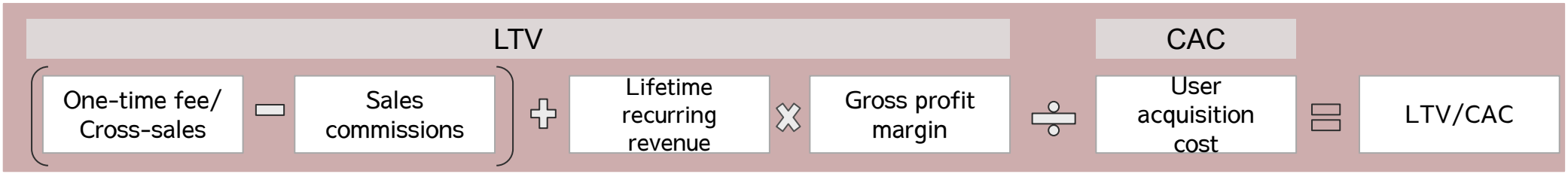
Amount saved when switching offline*1



Top displayed plans at ENECHANGE*2

*1 Annual savings for a standard four-person household (contracted amperage: 50A, average monthly usage: 300kWh) switching from Tepco Meter-Rate Lighting B to different new energy companies. Calculations are based on electricity bills only, not including fuel adjustment costs or renewable energy power generation promotion surcharges.
*2 A simulated results screen when changing from Tokyo Gas using the same conditions at the ENECHANGE electricity/gas switching website.

LTV/CAC definitions and future policies



	Explanation of Terms	Action Plan (Highlighted areas are our focus areas)	
		Households	Companies
One-time fee/ Cross-sales	- One-time fees are payments received from partner companies when switching electricity/gas. - Cross-sales are sales obtained by selling products other than electricity/gas switching to users.	Expectation of increase in one-time fee	Energy-saving product cross-sales
Sales commissions	- Incentive fees from introducing customers from online/offline partners and fees related to issuing gift certificates to ENECHANGE users. - The policy for both is to pay them within the scope of one-time fee.	—	—
Lifetime recurring revenue	- Total amount per user of recurring revenue received from partner companies who have received an electricity/gas switchover. - Calculated by multiplying the reciprocal of the churn rate (av. 1.10% for total EP business) to the figure that is the number of users eligible for recurring revenue (as of the end of the period) divided by the recurring revenue (recurring sales).	Development of user-maintenance measures to improve churn rate	Maintain churn rate at low level
Gross profit rate	- Gross profit rate for Platform business	95% (FY2020)	
User acquisition cost	- Total of expenses shared across segments such as advertising expenses, personnel expenses, and call center and server expenses (tallied up in the same way when we pay sales commissions that are one-time payments or more). - Calculated by dividing the above by the number of new users.	Policy for investing focused on advertising expenses while maintaining LTV/CAC at a healthy level	

*1. The number of contracts is churns by the (number of contracts for the previous month + the number of supply starts for this month - the number of cancellations for this month) for household and corporate users. The churn rate is calculated by the ratio of the number of churns to the number of contracts which incur a renewal fee for home/corporate users (monthly average of last 12 months).

Data business

Cloud-based digital transformation service for electricity/gas companies

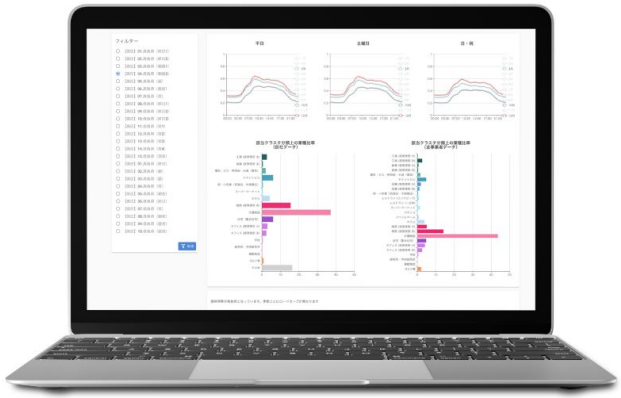
We offer cloud-based digital transformation (DX) services for energy companies.
We are currently rolling out three services (EMAP, SMAP) and are developing multiple new services.

TEPCO 東京電力エナジーパートナー

Electricity/gas price comparison

エネルギー・フロンティア TOKYO GAS

Electricity/gas switching application



Smart meter-based customer analysis

Looopでんき

Smart meter-based demand response

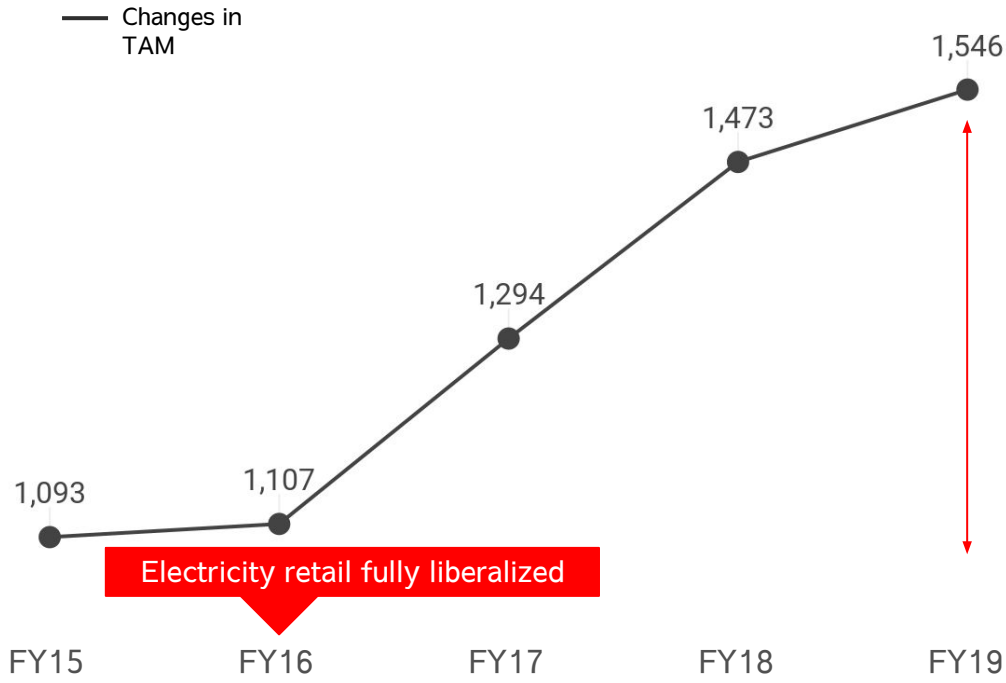
EMAP
Energy marketing SaaS

SMAP
Smart meter usage SaaS

Target market is new IT system budget in electricity industry: 45.3 billion yen

With the demand for investment in new systems related to the 4Ds of energy, the sales IT budget ratio of the electricity industry has increased. The increase from 2015, before energy liberalization, has been 45.3 billion yen. ENECHANGE considers this our target market, and our share is estimated at 1.5%. In addition, our main competitors are on-site businesses, so we can expect an expansion of our share through enhancing our SaaS products.

TAM (Data business)*1 Unit: 100 JPY MM



Target market
Approx.
45.3 billion yen

>

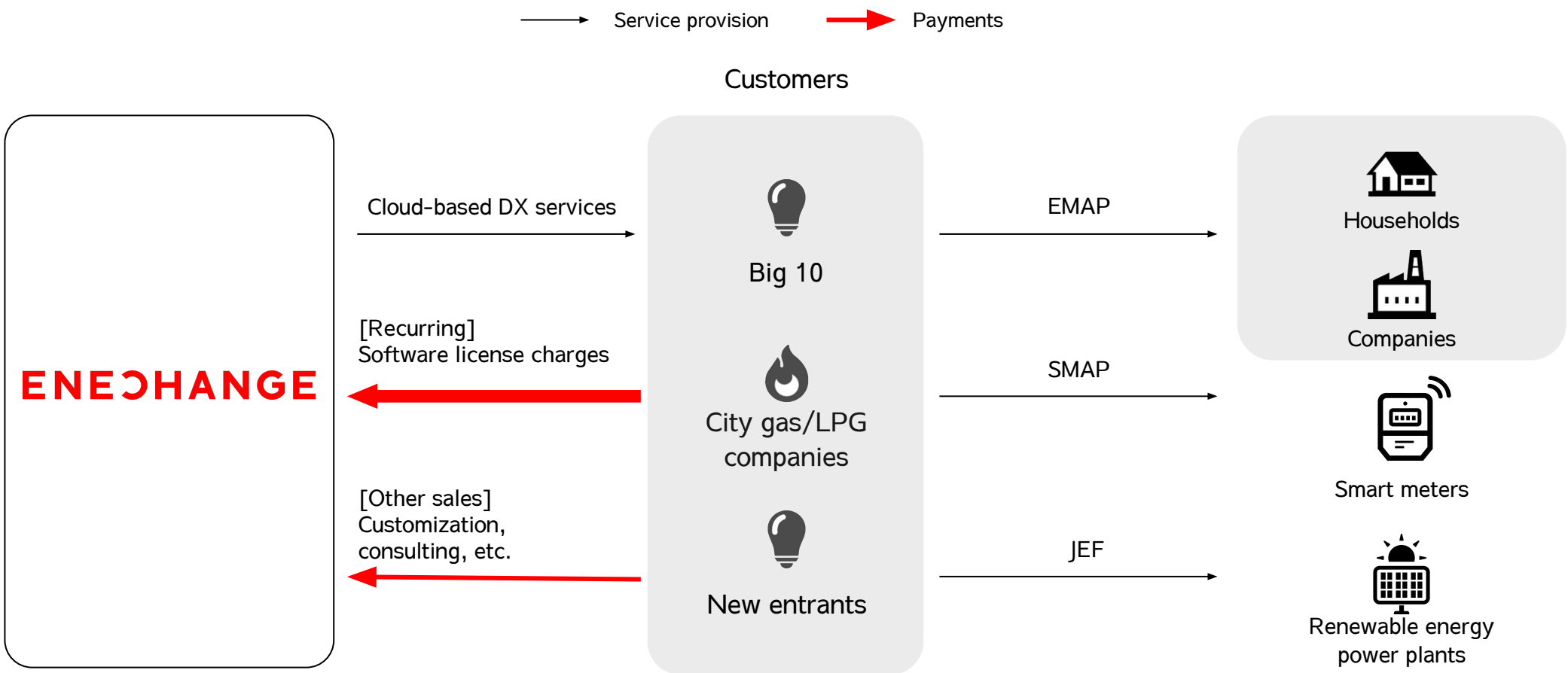
Target market share
Approx. 1.5%
II
ENECHANGE
700 million yen

Data business FY2020 sales

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

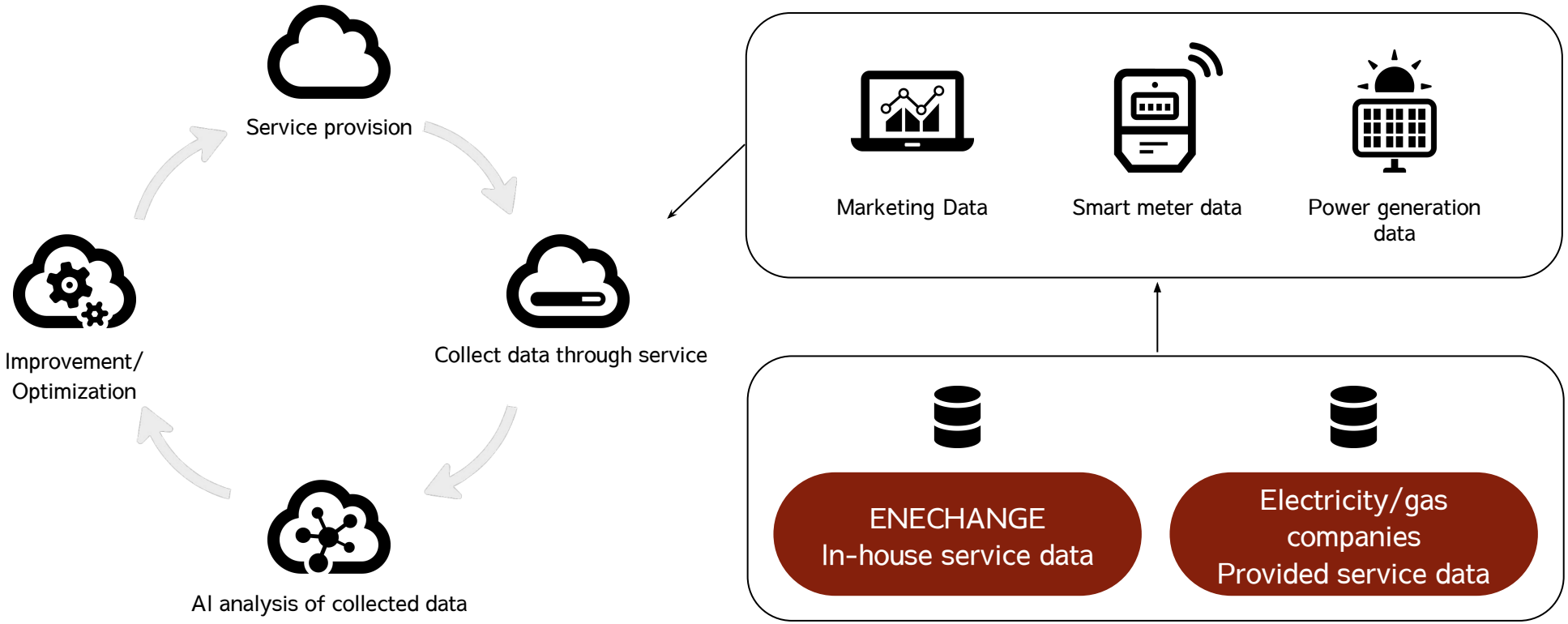
Recurring revenue from monthly license charges

We provide our proprietary products as SaaS (B2B2C) to electricity/gas companies, and our revenue is based on recurring software licenses (recurring revenue ratio: 66%) through usage charges linked to the number of households, companies, smart meters, etc. Other sales come from customization, etc.



Providing services based on big data analysis

By transforming marketing data, smart meter data, power generation data and more with AI technology, we can provide more advanced services than any single company alone.



FY2020 highlights: Launch with Hokuriku Electric Power Company, increasing customer satisfaction and reducing costs

Hokuriku Electric Power started using EMAP for relocation and customer support management.
EMAP leverages the accumulated experience at ENECHANGE, and we have improved user satisfaction and reduced costs.
Five years have passed since the start of electricity liberalization in 2016, and we anticipate more demand for EMAP.

EMAP for Hokuriku Electric Power

User Voices (Hokuriku Electric Power Company)

Customer support

Being able to complete procedures on the website has reduced the number of incoming calls, greatly relieving the load on the call center.

Living sales department

EMAP’s user-friendly UI improves customer satisfaction, prevents them canceling, and supports acquiring new contracts.

Systems department supervisor

Provision through SaaS means we don't need to manage infrastructure and can update flexibly, which keeps operation costs down.

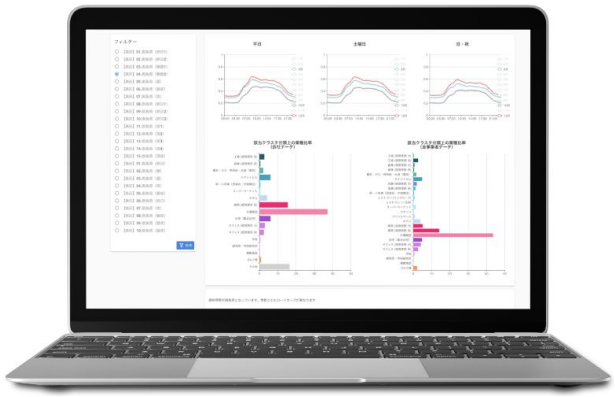
FY2020 highlights: Expanding to new entrants through enhanced functionality

The spread of smart meters is increasing the need for data utilization by new entrants.
New SMAP-enhanced functions use machine learning (AI) technology to analyze load curve and formulate sales policies, help reduce costs, and so on.

Key enhancements in 2020

1. Customer load curve analysis
   Providing a sales strategy support service by utilizing technologies such as load curve analysis and clustering.

2. Automation of grid tariff optimization
   Energy retailers can reduce cost by optimising grid tariff per customer. SMAP automates this optimization process by incorporating and analysing smart meter data.



User Voices (New energy companies)

Sales

By using load curve analysis we are able to easily select customers who use a lot of electricity during the daytime, and therefore suitable to solar panel sales.

Sales

We can conduct load curve analysis, so we are considering a campaign for specific clusters and estimating market size when studying new tariffs.

Manager

Thanks to automation of grid tariff optimization, we can reduce costs by several tens of millions of yen annually without any additional effort.

FY2021 Q1 highlights: Launch of online green electricity certificate platform GreenCart

As a product for Decarbonization, we have started GreenCart, a platform for issuing green electricity certificates jointly with Japan Natural Energy Company (a TEPCO subsidiary). This is the first online platform that provides immediate issue of green energy certificates. We have also secured our own certificates for 100% of the electricity we use as a company to demonstrate our commitment to green energy.

Issuing green electricity certificates through GreenCart

Certificate of Green Power (ENECHANGE, FY2021)

FY2021 Q1 highlights: Exclusive partnership with VPP SaaS provider Kiwi Power

As a product for Decentralization, we have announced an exclusive partnership with the British company Kiwi Power, one of the world's largest VPP SaaS companies which is backed by ENGIE. By merging Kiwi Power's rich experiences with our own knowledge and technology capacities, we will start providing ENECHANGE KIWI, a VPP SaaS, to resource owners (such as storage batteries or home generator owners), and VPP aggregators.

Outline of Kiwi Power

kiwipower

Achievements

Managed **1GW** resources

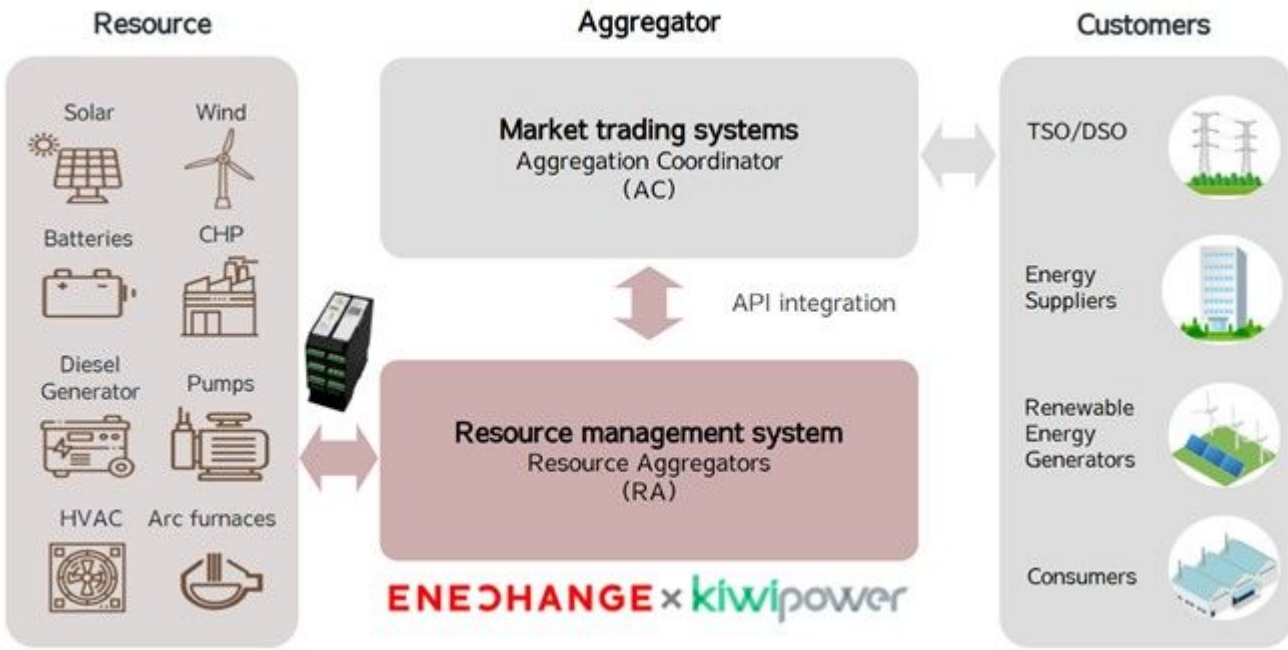
800+ locations

Active in over **10** countries

Over **10** years experience

Over **80** employees

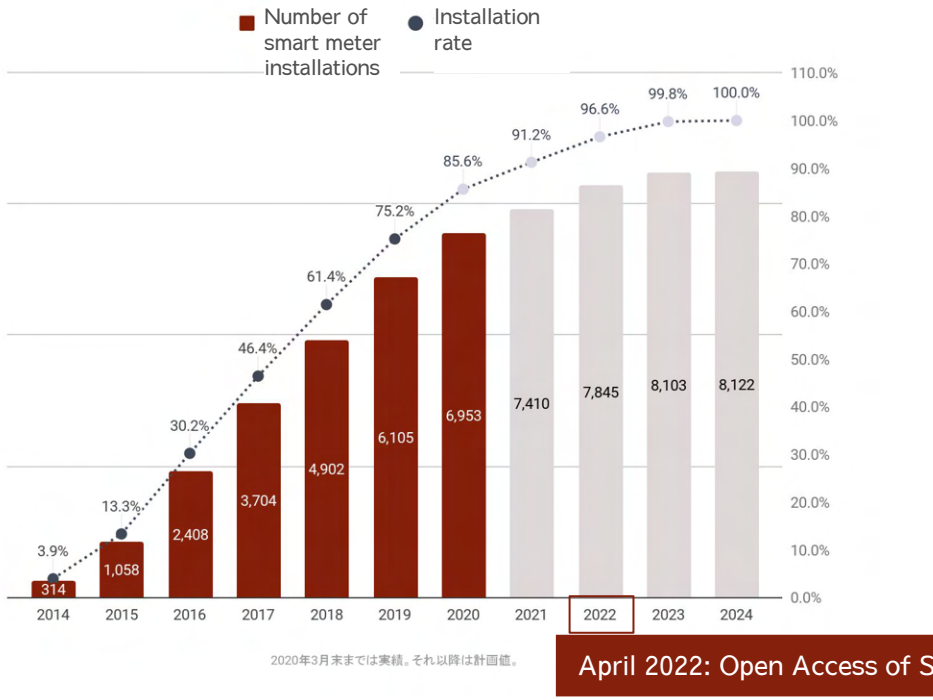
Service Flow in Japan



Open access to smart meter data in 2022

Smart meter data*1 is expected to be available through open API access in April 2022, which will allow companies other than electricity/gas companies access to data obtained from over 80 million smart meters.
The utilization of smart meter data is expected to expand, and we will aim to expand our smart meter-related businesses.

Number of installed smart meters*2



April 2022: Open Access of Smart Meter

The future of smart meter data

Smart meter

Electricity consumption data sent

Electricity charge billing

Contracted electricity company

Smart meter data ×

New needs for smart meter analysis*3

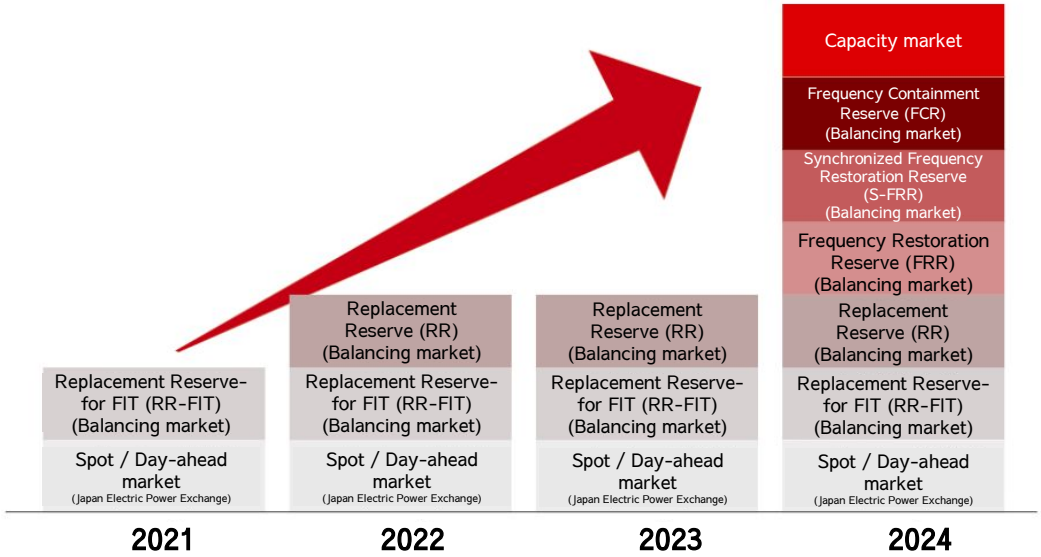
ENECHANGE → Household energy management	Business Transportation → Delivery optimization
Home appliance manufacturers → Appliance control/support for saving energy	Banking industry → Detecting fraud
Restaurant industry → New branches, optimizing management	Medical/nursing care → Watching over patients

*1. The "Revision of the Electricity Business Act and the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by electricity Utilities" to promote the utilization of smart meter data to expand the use of data obtained from smart meters was passed by the 201st Ordinary Session of the Diet and is scheduled to come into effect in 2022. Once the law comes into effect, smart meter data will become available for use by businesses other than electricity retailers, and the use of smart meter data by various businesses is expected to stimulate the market.
*2. Graph created based on the plans to introduce smart meters in the low-voltage section in Agency for Natural Resources and Energy, "Progress of full liberalization of electricity/gas retailing" (July 21, 2021).
*3. Taken from examples in the materials in the Agency for Natural Resources and Energy, "The Effective Utilization of Power Data" (March 19, 2020)

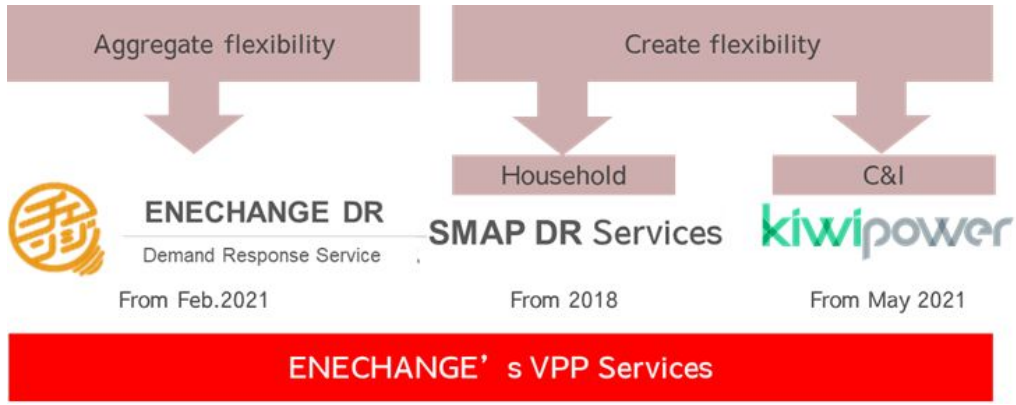
Entering a 100 Billion yen VPP (virtual power plant) market

The VPP market in Japan (estimated market size of 100 billion yen) is expected to be driven by the balancing market (Replacement Reserve-for FIT (RR-FIT) from 2021 and Replacement Reserve (RR) starting in 2022*1) and the capacity market (starting in 2024). (Overseas market size: UK: 79 billion yen, Germany: 85 billion yen*2)
Leveraging Japan's largest energy-related customer base and energy data utilization technology, we will make an entry into the VPP market.

VPP Market Size in Japan



Our VPP strategy



*1 Replacement Reserve refers to the flexibility (of a power system) for the purpose of adjusting the supply-demand balance. The response time for RR is 15 minutes and for RR-FIT is 45 minutes, with a duration of 3 hours
*2 Calculated by ENECHANGE based on the final report of the "Survey on the Balancing Market in Europe and the United States" (July 2018) by OCCTO (calculations based on €1 = 125 yen and £1 = 140 yen)

Strategic collaborations utilizing our overseas network

Through ENECHANGE Insight Ventures, we provide surveys, partnerships, and investment negotiations for Japanese companies for some 600 cutting-edge global energy companies each year. In addition, we will also create strategic capital and business alliances with promising ventures utilizing our investment participation fund.*1

ENECHANGE INSIGHT VENTURES

Research through ENECHANGE Insight

JAPAN ENERGY FUND

Japan Energy Fund No. 1*2 provides investment for capital alliance

ENECHANGE INSIGHT VENTURES

Surveys of 600 companies pa

ENECHANGE INSIGHT VENTURES

Interviews with 30 companies pa

JAPAN ENERGY FUND

Investments (scheduled) in 3 companies pa

*1 The Japan Energy Fund, an overseas-specialized decarbonization energy fund, is run by ENECHANGE and a Looop affiliate with the goal of reaching a grand total of about 100 billion yen in investment size.
*2 The No. 1 Fund aims for AUM of 100 million USD (11 billion yen). Its investors are Daiwa Energy & Infrastructure Co. Ltd. and the Hokuriku Electric Power Group.

Risk Information

About the COVID-19 lockdown

With the spread of COVID-19 and the Declaration of a State of Emergency by the government, we consider this to be an opportunity for expanded usage of online channels and increased demand for DX services. In addition, we will accelerate the recruitment of talent by encouraging remote working practices. At the same time, the lockdown has caused a temporary decrease in electricity demand, especially by the corporate sector, and this could decrease our recurring revenue in our Platform business.

	Societal changes due to COVID-19	Effects on ENECHANGE
Increased interest in energy bills	Increased interest in home energy bills as remote work becomes more common	↗ Increased number of switches in the Platform business
Increase in demand for DX	Offline activities are restricted, increasing demand for online services	↗ Increase in business opportunities for our Data business
Creation of employment opportunities	Reduced hiring environment caused by uncertainty over economic future	↗ Increased recruitment opportunities for skilled talent
Temporary decline in energy demand	Stagnation of social activities due to the Declaration of a State of Emergency and refraining from going out	↘ Decline in recurring revenue in the Platform business caused by a decline in energy demand from corporates

Known Risks* (1/2): Appendix

Item	Affected Business Segment	Main Risk	Potential of Manifestation	Impact	Risk Countermeasure
Business environment: Electricity retail market	Platform	- The possibility that growth of existing businesses will slow with switching rates declining, caused by events such as a decrease in interest of end users to switch as well as lowered competitiveness among new energy retailers.	Low	High	- Raise awareness of the Company and to educate users in order to increase their motivation to switch - Respond by developing businesses that do not depend on switching in business fields such as digitalization, decarbonization, and decentralization to combat concerns about slowed growth in the electricity retail market.
Business environment: Energy policy reform	Data	- The possibility that the development of new businesses could be affected if energy-related deregulation or systematic reforms in Japan do not proceed as planned, or there are unexpected changes in the laws or regulations.	Low	High	- Respond by monitoring system reform by setting up a government policy supervisor, submitting public comments, and participating in governance committees.
Other: Novel coronavirus infections	Platform Data	- The possibility that the energy usage of corporate users drops considerably due to repeat declarations of states of emergency and calls to refrain from going out as the COVID-19 pandemic becomes long-term, or that it affects the business performance of our Group customers more than expected.	Medium	High	- Diversify business offerings to mitigate adverse effects of coronavirus pandemic.

* 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): Appendix

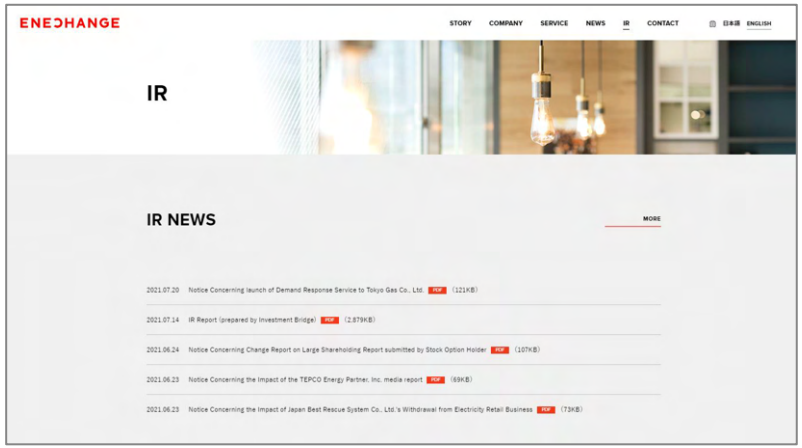
Item	Affected Business Segment	Main Risk	Potential of Manifestation	Impact	Risk Countermeasure
Business content/Provided services: Dependence on electricity/gas companies	Platform Data	- The possibility that unexpected events such as natural disasters and sudden phenomena could worsen the management conditions of the electricity/gas companies that are our business partners, leading to revisions of existing contract conditions, cancellations, suspension of new orders, and so on.	Low	High	- Respond by establishing a business foundation that does not depend on specific companies by expanding businesses in multiple directions.
Business content/Provided services: Status of competitors	Platform Data	- The possibility that the entry of competitors could cause greater competition in the Group's business fields, resulting in user cancellation, drops in unit prices contracted with electricity/gas companies, or a slowdown in taking up our services.	Low	Medium	- Respond by developing better services and products through healthy competition.
Business content/Provided services: Search engines	Platform	- The possibility that customer acquisition could be affected if changes to algorithm logic in internet searches affect the display rankings of search results or a new search engine becomes mainstream.	Medium	Medium	- Adjust SEO strategy. - Respond by attracting customers through channels that do not rely on the internet.
Business content/Provided services: Technological innovation, etc.	Data	- The possibility that we will be unable to respond quickly enough to changes in customer needs or technological innovations, or that it will require considerable funds such as system investment or personnel expenses to respond to these changes.	Low	Medium	- Facilitate horizontal information sharing between departments, mainly through the CTO Office, and by rolling out services that match customer needs.
Business content/Provided services: System failures, etc.	Platform Data	- The possibility that natural or man-made disasters, terrorism, war, etc. could cause a system failure and hamper the provision of our services.	Low	High	- Respond by reducing risk in system architecture to minimize reliance on external vendors such as servers, and formulating a backup plan that allows business continuance in the event of a system failure in an external vendor.

* 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/

Our IR website contains the latest financial information, including 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.



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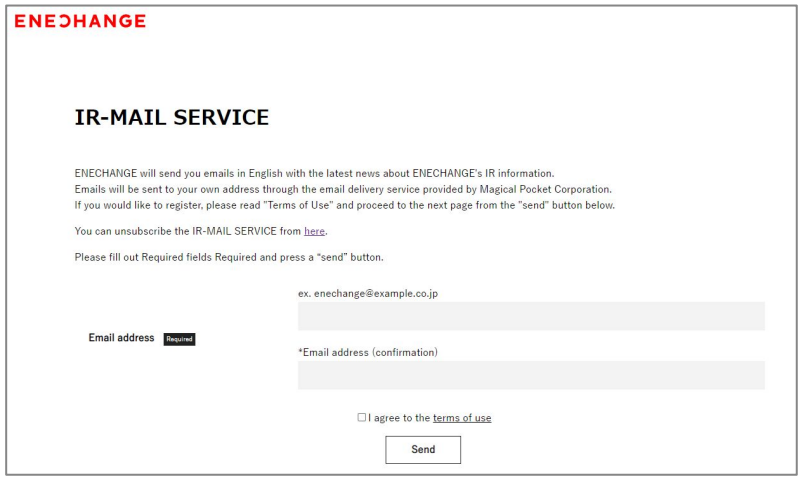

Contact: ENECHANGE Ltd. ir@enechange.co.jp