ENECHANGE Ltd.
Presentation for FY2020 Financial Results

February 15, 2021

Speakers
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ENECHANGE
CHANGING ENERGY FOR A BETTER WORLD

FY2020 Financial Results

ENECHANGE Ltd.
February 12, 2021
Tokyo Stock Exchange Mothers
Securities Code: 4169

Thank you very much for taking time out of your busy schedule today to join ENECHANGE Ltd. 's financial results briefing for the fiscal year ending December 2020.
Due to the coronavirus pandemic, this presentation is being held online.
I would like to begin with an explanation of today's materials.

Handling of these materials

These materials contain statements regarding future prospects. These statements have been prepared based on information 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.

The Company has no obligation to update or revise any information regarding the future contained in these materials in the event of new information or future events, etc.

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.

For today's agenda, we have prepared materials with seven points, but due to time constraints, I will explain six of these points.

Company Highlights

The world is moving towards decarbonization through clean energy technology

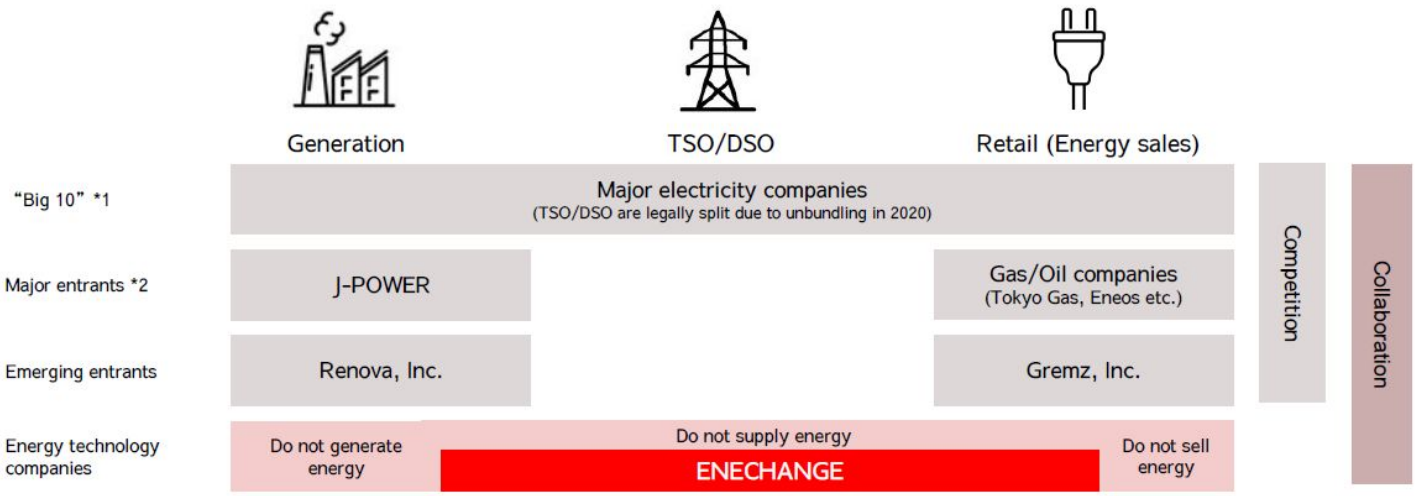
The world is rapidly moving towards decarbonization. In Japan, the Green Growth Strategy was announced following the formation of the Suga administration, and the United States is moving to rejoin the Paris Agreement under the Biden administration.
The United Kingdom and the nations of Europe are also in agreement with creating a carbon-free society by 2050, thus the energy industry around the world is faced with major changes.

*1 Image credits: Joe Biden (amana), Prime Minister Suga (ZUMA Press/amana), Prime Minister Boris Johnson (c Sipa USA/amana). These images are used in accordance with copyright law and may not be copied or reused without permission.

First of all, the company highlights.
Our company was just listed on the stock exchange in December 2020, so there may be many people who do not know about us. I will start by giving you a brief overview of our company.
The world is moving toward a decarbonized society. In Japan, the Suga administration has announced its Green Growth Strategy, and in the U.S., President Biden has signalled a return to the Paris Agreement.
The United Kingdom and the nations of Europe are also in agreement with creating a carbon-free society by 2050, so the energy industry around the world is faced with major changes.

An "energy-tech" company empowering a carbon-free society

A carbon-free society cannot be achieved by just building renewable energy plants. For unstable renewable energy to be accepted, we must have technology innovations along the entire energy value chain.
ENECHANGE is an "energy-tech" company that promotes innovation in the energy industry as a neutral technology provider.

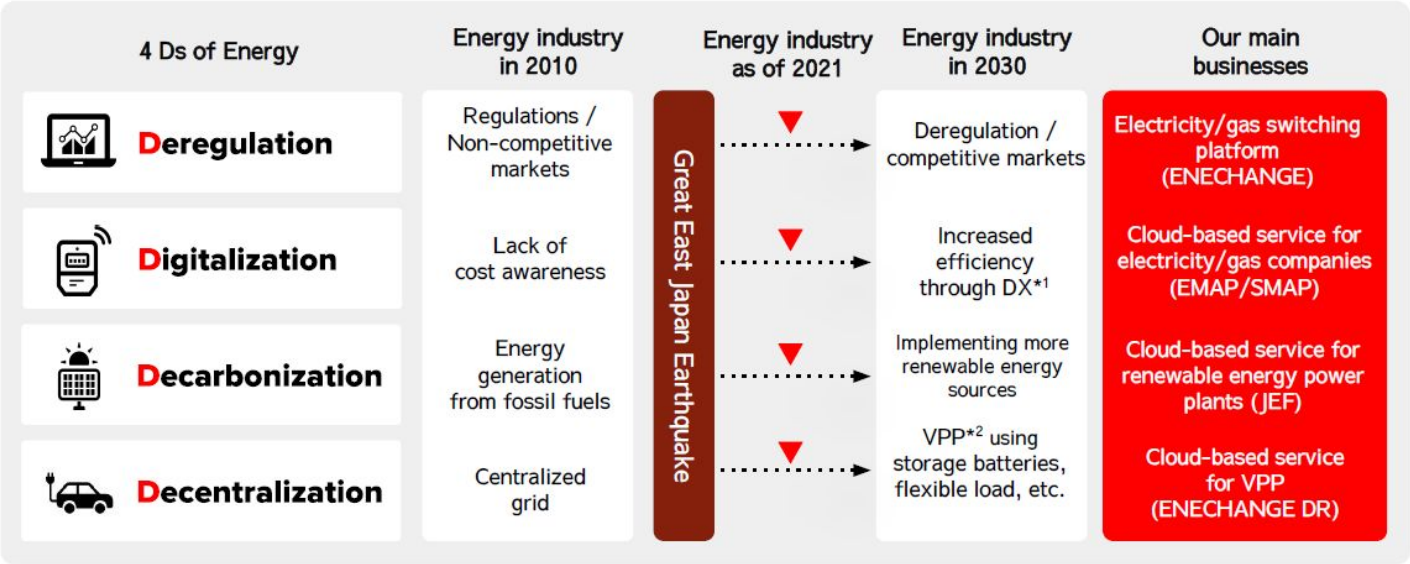


*1. Original regional electricity utilities prior to liberalization in 2016.
*2. Selected companies with the highest market capitalization from among companies newly listed on the Tokyo Stock Exchange in the 2010s.

We believe that energy tech companies like ours are necessary to create a carbon-free society, and we are aiming to become a leader in the field.
A carbon-free society cannot be achieved by just building renewable energy plants. For renewable energy to be accepted, we must have technology innovations along the entire energy value chain.
The energy companies that typically come to mind are the big electric power, gas, and oil companies, and startups like Renova and Gremz, all of which are competing with each other in the power generation or retail businesses.
In contrast, as an energy tech company, we are not directly involved in power generation or retailing, but rather we provide technology services to all of these energy companies on a neutral basis. In other words we are in cooperative relationships with these companies.
We are the first listed company in this new energy tech category.

SaaS businesses specialized in the "4 Ds of Energy" innovation

Japan's energy industry has been innovating in four fields, the "4 Ds of Energy", in order to achieve a carbon-free society by 2050. ENECHANGE was established in 2015 to meet the business opportunity of "Deregulation" in Japan, and offers vertical SaaS businesses specialized in the energy industry.



*1. DX = Digital Transformation
*2. 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.

I would like to explain a bit about our business domain.
In order to achieve a carbon-free society by 2050, Japan's energy industry must undergo a transformation called the "4 D's of energy".
The "4 Ds of energy" stand for deregulation, digitization, decarbonization, and decentralization.
ENECHANGE was established in 2015 to meet the business opportunity of "Deregulation" in Japan, and offers vertical SaaS businesses specialized in the energy industry.

Our Business Segments: we provide businesses for (1) consumers and (2) electricity and gas companies

We provide electricity/gas switching services for consumers (Energy Platform business, called "Platform business") and cloud-based DX services for electricity/gas companies (Energy Data business, called "Data business").
Both businesses use B2B2C SaaS as their business models.

Platform business 58% of sales*1	Data business 42% of sales*1
We run ENECHANGE and ENECHANGE BIZ, the leading online electricity/gas switching service for consumers.	We offer a cloud-based DX service for energy companies. At present, we offer three services: EMAP, SMAP, and JEF.

*1. Comparison based on financial results in FY2020.

Our company is involved in the following two business segments.
First is the energy platform business, providing electricity and gas switching services for consumers, and the second is the energy data business, developing cloud-based DX services for energy and gas companies.
The platform business accounts for about 60% of sales, and the data business for about 40%. Both are developing into important businesses that sustain our company.
I will explain the details of the businesses later on, but both are B2B2C SaaS businesses with a recurring revenue model based on the number of end users.

We aim to maximize our free cash flow in the long term

Our management policy is to maximize free cash flow over the long term, with an emphasis on sales growth in the medium term.
To achieve this, we have defined two KPIs (number of users/customers and ARPU*), and will continually make strategic investments with the aim of maximizing these KPIs.

Long-term Policy	Maximize free cash flow in the long term			
Medium-term Policy	Continue strong sales growth (Maximize sources of free cash flow)			
Key KPIs		No. of customers		ARPU
	Platform business	Number of users eligible for recurring revenue	×	Annual sales per users
	Data business	Number of customers	×	Annual sales per customer

*ARPU: Average Revenue Per User

In addition, our management policy is to maximize free cash flow in the long term, with an emphasis on sales growth in the medium term.
To achieve this, we have defined two KPIs (number of users/customers and ARPU*), and will continually make strategic investments with the aim of maximizing these KPIs.
In this manner, we continue to provide transparent disclosure to investors.

Executive Summary

Executive Summary

Consolidated Financial Results (FY2020)	Maintaining a high sales growth rate, we recorded sales of 1,713 million yen (+41% YoY*1). Our operating profit was 53 million yen, which exceeded our forecast.
Macro Trends	The Suga administration's Green Growth Strategy supports our business growth. We will focus on demand-side technology services that utilize our relationship with consumers.
Platform Business	For FY2020, our sales growth rate was +58%, and the number of users eligible for recurring revenue was approx. 240,000 (+48% YoY). We have solid competitive advantages, and we will maintain our high growth rate through continuous active investment.
Data Business	For FY2020, the sales growth rate was +24% YoY. The number of customers increased steadily (+28% YoY). Key energy policy reforms related to the data business are expected for 2021 to 2024, therefore we will prioritize product developments for the medium term.
Growth Strategies and Forecast for FY2021	As a target for continued high sales growth rates, we aim to add at least 30% to our sales annually, reaching 10 billion yen in sales by 2026-27. We expect sales for FY2021 to be 2.3 billion yen (+34% YoY) with positive operating profit.

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

The executive summary of this financial statement materials covers 5 points.
The first point concerns the status of consolidated financial results for the fiscal year ending December 2020. Net sales were 1.71 billion yen, up 41% from the previous fiscal year, and operating profit was 53 million yen, returning to profitability and meeting the full-year forecast.
The second point is about macro trends. The Suga administration has announced its "Green Growth Strategy" for 2050. Our company will use this macro trend to our advantage by providing demand-side technology services that make the most of our contact with consumers.
The third point concerns the status of the platform business. The sales growth rate was 58%, and the number of users eligible for recurring revenue was approximately 240,000, up 48% from the previous fiscal year. Since we have a strong competitive edge, we plan to maintain high growth through aggressive investment.
The fourth point concerns the status of the data business. Sales growth was 24%, and the number of customers increased 28% from the previous period. We have important system revisions related to the data business scheduled from April 2021 to 2024, and for now, our policy is to prioritize upfront investment in the development and demonstration of services.
The fifth and final point covers our growth strategy and full-year forecast for the fiscal year ending December 2021. As a guide for sales growth, we aim to grow sales by 30% or more annually in order to reach sales of 10 billion yen in 2026-27. For the fiscal year ending December 2021, we expect net sales of 2.30 billion yen, up 34% from the previous fiscal year, and we expect operating profit and profitability at each stage
I will explain the details in the presentation to follow.

Consolidated Financial Results for FY2020

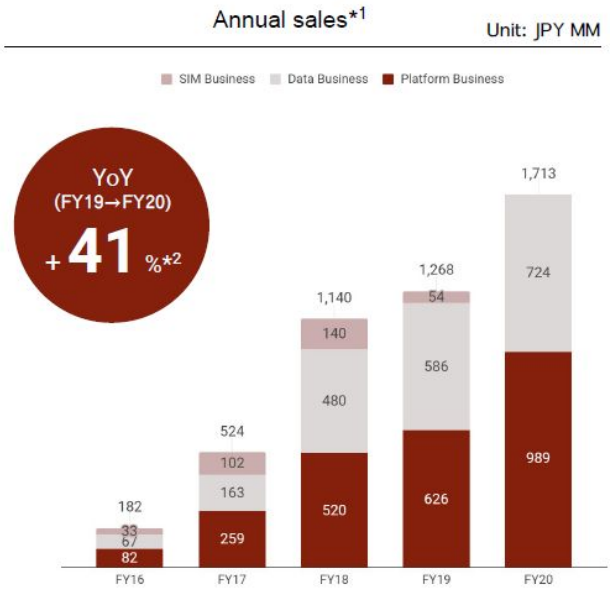
Consolidated Financial Results Summary for FY2020

(Unit: JPY MM)	FY2019	FY2020			
		Actual	YoY	Forecast (Announced on Jan. 22, 2021)	Change from forecast
Sales	1,268	1,713	+35.1%	1,713	-
Gross profit	878	1,323	+50.7%	Not disclosed	-
Gross profit margin	*69.3%*	*77.3%*	*+8.0pt*	-	-
SG&A expenses	1,201	1,270	+5.8%	Not disclosed	-
Operating profit	(322)	53	-	53	-
Operating profit margin	-	*3.1%*	-	-	-
Ordinary profit	(304)	6	-	6	-
Net profit attributable to owners of parent	(238)	(16)	-	(16)	-

Next, is a summary of our consolidated financial results.
We were able to meet our forecasts for both sales and profitability at each stage. I would like to thank all of our stakeholders for their support.
Consolidated sales increased 35% year-on-year to 1.71 billion yen, gross profit was up 50% year on year to 1.32 billion yen, and achieving operating profit of 53 million yen.
I will explain the various factors behind these results in the slides that follow.

Sales have maintained a high growth rate

Annual sales growth was +41%*2, and Q4 quarterly sales growth was +64%.



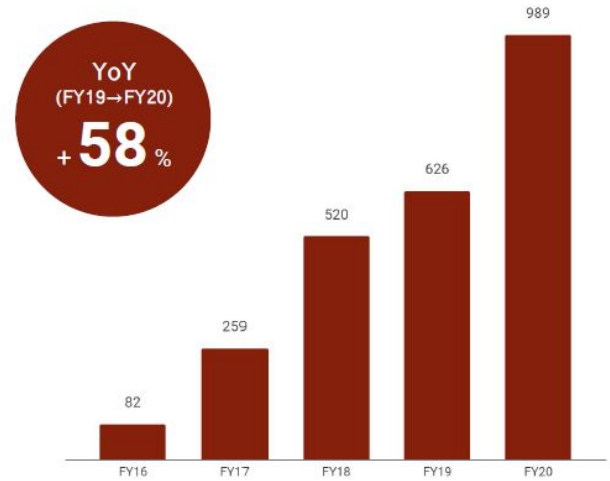
*1. Our SIM business (SIM Change, our cheap SIM/smartphone comparison diagnosis service for home use) was transferred on July 31, 2019.
*2. Sales growth rate, excluding SIM business

Excluding the impact of the SIM business, which was transferred during the previous period, net sales grew 41% year-on-year.
On a quarterly basis, they grew by 64% year-on-year.

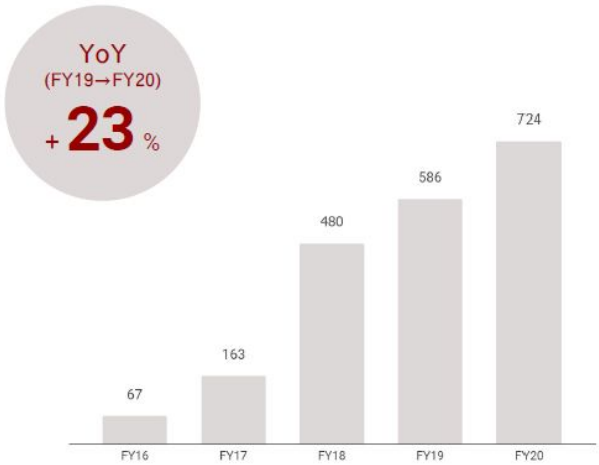
The Platform business is the driver of sales growth in sales by segment

The Platform business has seen +58% growth YoY, due to the increase in demand for switching and the raise of ARPU.
The Data business achieved growth of 23% YoY, as a result of the introduction of our main products to new entrants.

Platform business sales*1 Unit: JPY MM



Data business sales Unit: JPY MM

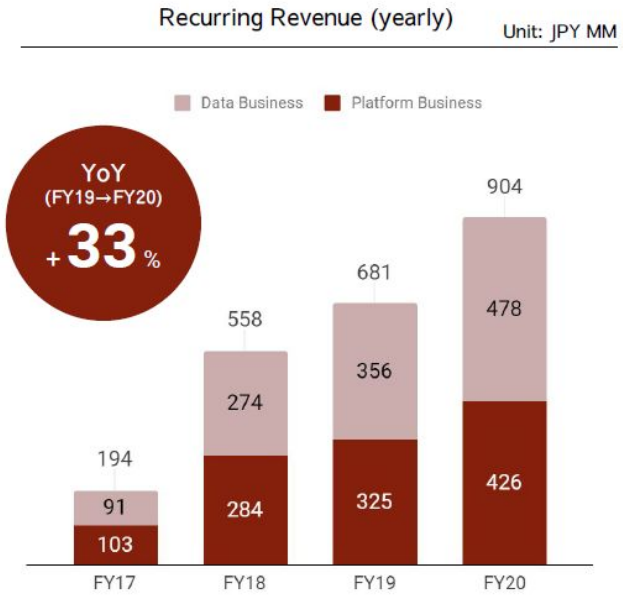


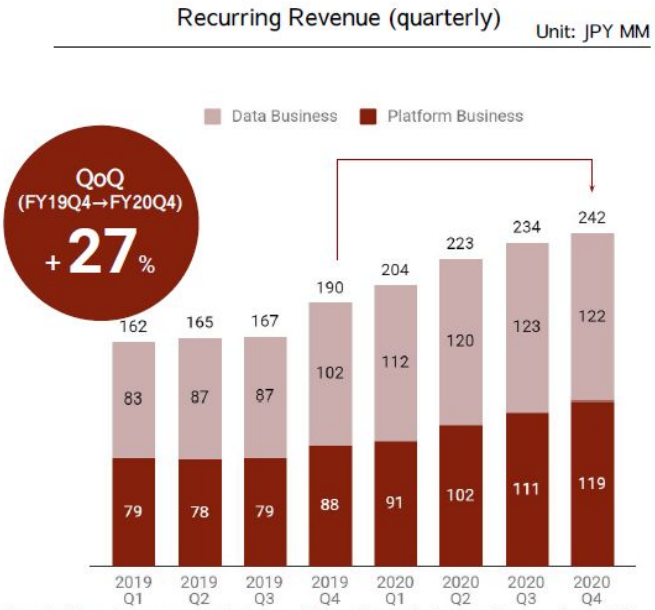
*1. The SIM business that we transferred on July 31, 2019, was included in the Energy Platform business, but has been excluded from this graph.

Here are the sales by segment.
The platform business performed well, growing sales by 58% year-on-year.
On the other hand, sales in the data business grew 23% year-on-year thanks to the introduction of our main products to major electric power companies and new entrant electric power companies.

Enhanced profitability through increased recurring revenue

Recurring Revenue*1 increased +33% YoY and +27% QoQ (Q4).
Profitability is improving due to the accumulation of recurring revenue, which is the source of medium- to long-term profits.





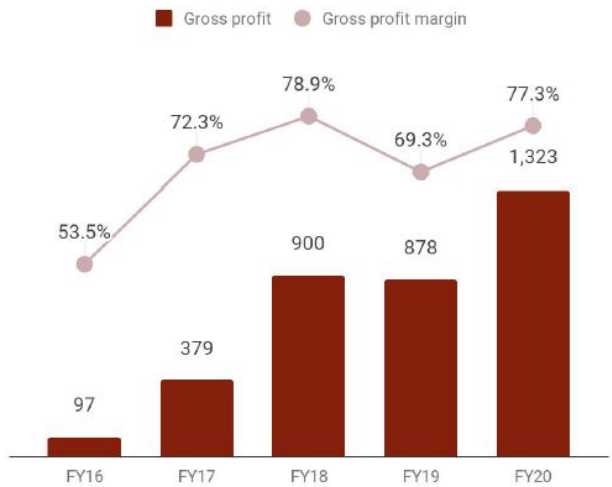
*1. Recurring Revenue is the total of ongoing and recurring remuneration and software license fees, etc. each quarter through the company's business activities. Along with changing the name from ARR to Recurring Revenue as of these materials, some of the one-off payment-style Revenue that was included in FY19 have been excluded.

Here is the state of our recurring revenue.
Our annual recurring revenue grew 33% year-on-year and Q4 recurring revenue grew 27% year-on-year.
Profitability is improving due to the accumulation of recurring revenue, which is the driver of medium- to long-term profits.

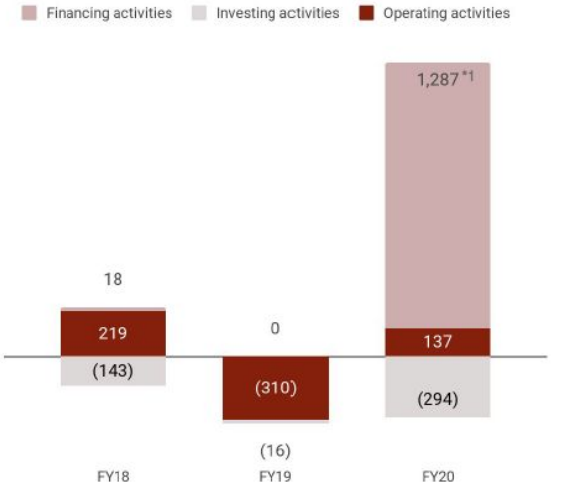
Maintained high gross profit margin, with a positive cash flow

Gross profit margin remains high at 77.3%, and cash flow from operating activities is positive.

Gross profit Unit: JPY MM



Cash Flow Unit: JPY MM



*1. The major contents are 750 JPY MM revenue through long-term loans and 495 JPY MM through withdrawal of restricted-use deposits (those arising from the restrictions on the use of proceeds on convertible bonds with stock acquisition rights issued in 2019, which were converted into ordinary shares in 2020 and the restriction on the use of proceeds removed).

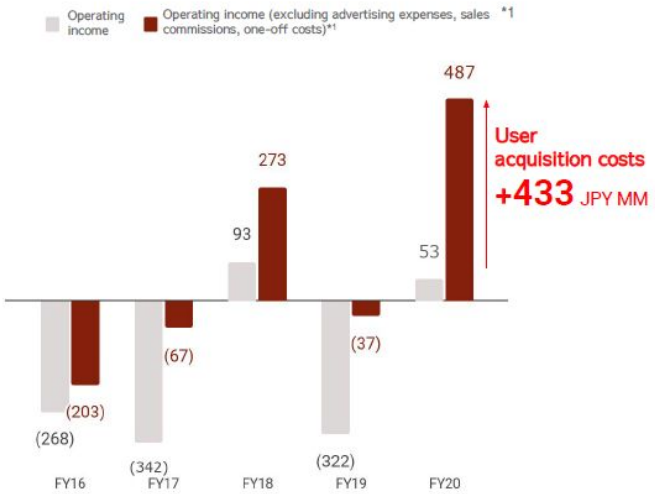
Here are the changes in gross profit and cash flow.
Gross profit rate continues to be high at 77% for the current period. In addition, operating cash flow is now positive.

Positive operating income

FY2020 recorded positive operating income due to steady sales growth, while we actively invested in user acquisition (such as advertising and sales commissions) for the Platform business.

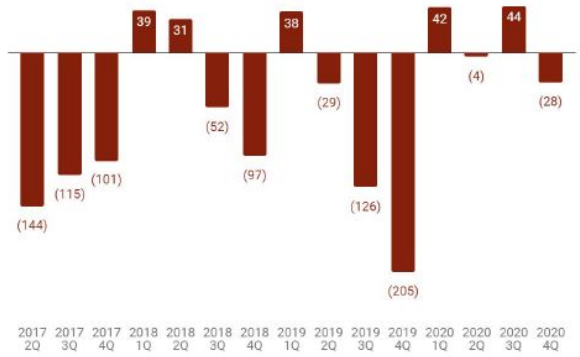
Annual operating income

Unit: JPY MM



Quarterly operating income

Unit: JPY MM



4Q 2020 includes the addition of 62 JPY MM in provision for sales promotion expenses due to increases in transactions related to providing gift tokens to new users.

*1. Advertising expenses are expenses associated with activities not directly linked to acquiring customers, such as listing ads; sales commissions are the costs directly incurred by the user or partner when switching (including provision of reserves for giving gift tokens); one-off costs are costs for extra expenses related to employee recruitment and specialist expenses such as for the lawyers needed when starting a new business.

Here is the status of operating income and losses.
In the platform business, we are actively investing in user acquisition. In fiscal 2020, although we made total cost investments of about 430 million yen, we achieved an operating profit.

Cost Structure by Segment*1

(Unit: JPY MM)	FY2019				FY2020			
	Company-wide	Platform Business	Data Business	Company-wide costs	Company-wide	Platform Business	Data Business	Company--wide costs
Sales	**1,268**	**681**	**587**	**-**	**1,713**	**989**	**724**	**-**
Cost of sales	**389**	**52**	**338**	**-**	**389**	**46**	**343**	**-**
Gross profit	**878**	**629**	**249**	**-**	**1,323**	**943**	**381**	**-**
Gross Profit Margin	*69.3%*	*92.3%*	*42.4%*	-	*77.3%*	*95.3%*	*52.6%*	-
Sales costs & general administration costs	**1,201**	**598**	**229**	**373**	**1,270**	**752**	**167**	**351**
Advertising expenses	144	136	8	0	49	48	1	0
Sales commissions, sales promotion expenses	112	112	0	0	384	384	0	0
Personnel expenses	455	202	107	145	492	193	119	180
Outsourcing expenses	224	106	43	75	176	96	28	52
Other	266	42	72	152	169	30	20	119
Operating profit*2	**(322)**	**32**	**19**	**(373)**	**53**	**190**	**214**	**(351)**
Operating Profit Margin	-	*4.7%*	*3.3%*	-	*3.1%*	*19.5%*	*26.3%*	-

*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.

Here is our cost structure by segment.
The platform business has a gross profit margin of 95%, and most of the expenses are for user acquisition, such as advertising and sales commissions.
The data business has a gross profit margin of 52% due to fixed costs for software development, etc. However, with almost no advertising activities, its main cost is personnel expenses for engineers.
Both businesses are profitable on a segment basis, and the structure covers the approximately 350 million yen in company-wide expenses.

Change in the disclosure method of KPI (number of users and ARPU) in the Platform business

We changed to disclosing the number of users eligible for recurring revenue, instead of the cumulative total users as it did not incorporate cancellations and non-recurring contracts.
Note that as we have been using recurring revenue in principle for all switching as of 2018, therefore at present all new contracts are eligible for recurring revenue.

	Previous disclosure (FY2020)	Current disclosure (FY2020)
No. of users	Cumulative total of users*1 **347,110**	Number of users eligible for recurring revenue*1 **243,215**
	✖	✖
ARPU*2	Annual sales per user JPY **2,850**	Annual sales per user JPY **4,067**
	=	=
Platform business segment sales	**989** JPY MM	

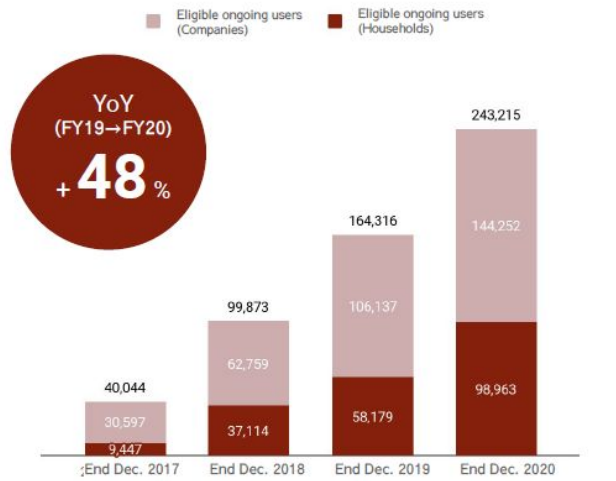
*1. Calculation for general households by corporations is based on the rebates from the total obtained capacity using the capacity of a general household as 4 kW.
*2. Average Revenue Per User: Dividing the annual segment sales by the number of customers for the fiscal year.

I will now explain our key performance indicators.
First of all, I will explain the changes to the method for disclosing KPIs for the platform business.
We have decided to change the definition of the number of customers, starting with the materials disclosed on December 23rd, 2020. In the past, we disclosed the cumulative number of switches, but this method was inaccurate in terms of our future profitability because it did not take into account cancellations, and included customers who were not eligible for recurring revenue. Therefore, from this time, we have changed the disclosure to the current number of active clients subject to recurring revenue.
As a result, the ARPU figure has also changed.

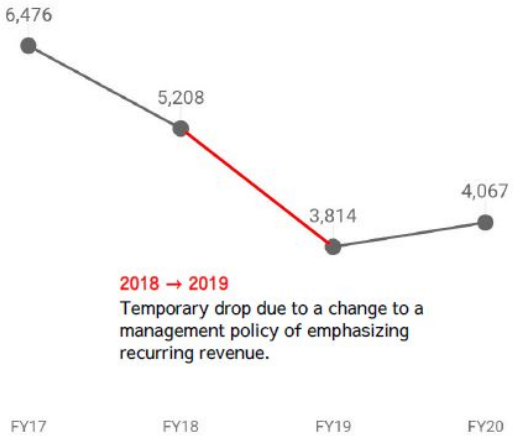
Platform business: Changes in key KPIs

The number of users eligible for recurring revenue is over 250,000 (monthly churn rate of 1.1%*1), a growth of +47% YoY, and we expect to expand through strengthening marketing investment and partner channels in the future.
ARPU is expected to continue to grow as well, due to the increased one-time payments, etc.

Number of users eligible for recurring revenue (converted on a household basis)*2 Unit: switching



ARPU*3 Unit: JPY



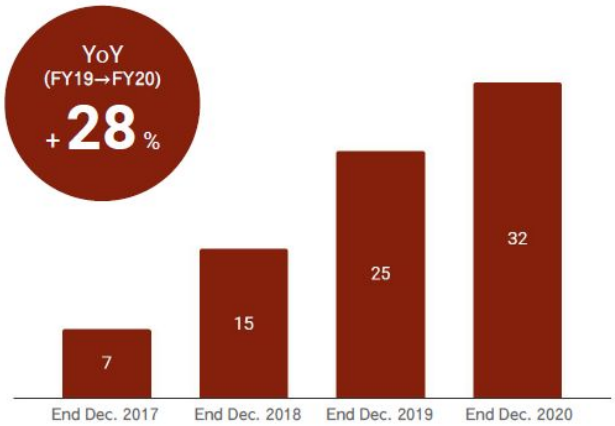
*1. The churn number is calculated by the formula (the number of contracts for the previous month + the number of supply starts for this month - the number of contracts for this month) for household and corporate users. The churn rate is calculated by the ratio of the number of churns to the number of contracts which incur a renewal fee for home/corporate users (monthly average of last 12 months).
*2. 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.
*3. Average Revenue Per User: dividing the annual segment sales by the number of eligible ongoing users for the fiscal year.

Regarding KPIs for the platform business, the number of users subject to recurring revenue reached 240,000, up 48% from the previous fiscal year. The monthly churn rate is 1.1%, and we expect to expand through strengthening marketing investment and partner channels in the future.
ARPU has been on an upward trend due to an increase in one-time fees, and we expect it to continue to increase.

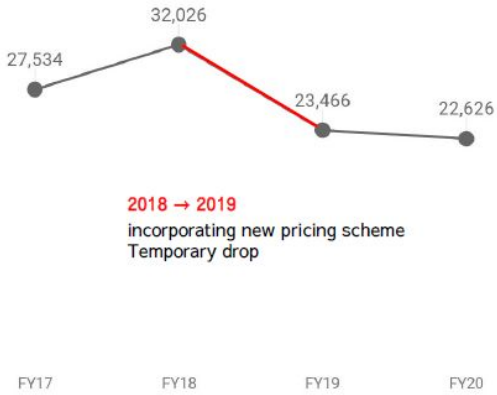
Data business: Changes in key KPIs

Our number of customers is steadily growing (monthly churn rate of 1.0%[*1]), driven by our main products sales.
For ARPU, while increasing for existing customers, we expect to remain at the same level due to introducing several new low-priced products. We expect an increase in APRU driven by new demands because of the policy changes after 2024 (VPP market and open access of smart meter data, etc.).

Number of customers*2 Unit: No. of companies



ARPU*3 Unit: 1,000 JPY



*1. Churn rate = number of churns in the fiscal year (including churns during the period) / Number of continuous products at the end of the previous fiscal year + Number of new products in the fiscal year (including churns during the period)
*2. Counting number of customers as of the end of the period
*3. Average Revenue Per User: dividing the annual segment sales by the number of customers for the fiscal year.

Here is the status of KPI for the data business.
The number of customers increased by 28% over the previous fiscal year, thanks to the adoption of our main products by major energy companies and new entrant energy companies.
For ARPU, while increasing for existing customers, we expect to remain at the same level due to introducing several new low-priced products. We expect an increase in APRU driven by new demands because of the policy changes after 2024 (VPP market and open access of smart meter data, etc.).

Macro Trends

Government Trends Towards Achieving a Carbon-free Society

Since the Suga administration was established, the Japanese government has been accelerating its move towards achieving a carbon-free society. The announcement of the Green Growth Strategy on December 25, 2020, made clear the path to that goal. ENECHANGE is using these macro environments as support to expand our businesses.

September 16, 2020 — **Suga Cabinet formed**

October 26, 2020 — **Prime Minister Suga announces in his general policy speech that Japan will aim to achieve a carbon-free society and be carbon-neutral by 2050**

December 25, 2020 — **Formulation and announcement of the "Green Growth Strategy towards 2050 Carbon Neutrality"**
- Ambitious goals have been set for each of the 14 key fields, with current issues and future initiatives laid out.
- Reference figures for 2050 use an energy mix to achieve carbon neutrality assuming an increase in energy demands of 30-50% over current levels.

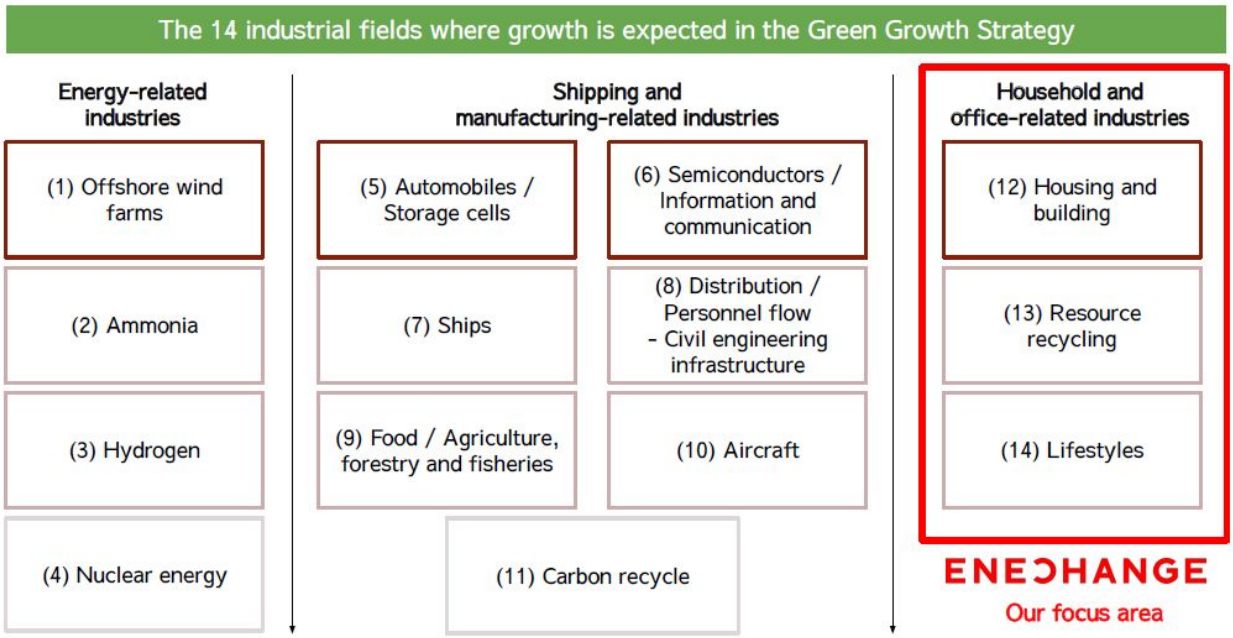
January 18, 2021 — **Prime Minister Suga discusses the Green Growth Strategy in his policy statement at the 204th Ordinary Session of the Diet**
- He states that by 2050, Japan can expect to see economic effects of 190 trillion yen annually and considerable employment created through achieving the Green Growth Strategy.

The core of the Green Growth Strategy is the electricity industry.
Major policy reforms, the promotion of investments, and increased competition are expected in the future.

Next, I will explain the macro trends surrounding the company.
Since the Suga administration came to power, the Japanese government has been accelerating its efforts to decarbonize the economy, setting the course with the announcement of the "Green Growth Strategy" on December 25 of last year.
Electrical power is at the core of the Green Growth Strategy, so we expect a continuation of major structural reforms, the encouragement of investment and the fostering of a competitive environment.
We will use this macro trend to our advantage to drive business expansion.

ENECHANGE's Focus Towards the 14 Growth Fields in the Green Growth Strategy

Achieving a carbon-free society will require not just technological innovation in the field of energy generation such as offshore wind farms, but innovations throughout the entire energy value chain.
ENECHANGE will contribute to achieving a carbon-free society by focusing on demand-side technology services that utilize our relationship with consumers.



As is specified in the Green Growth Strategy's 14 areas for growth, the realization of a carbon-free society requires not only technological innovation in the field of power generation, such as offshore wind power, but also innovation throughout the electricity value chain.
Our company will continue to contribute to the realization of a carbon-free society by providing demand-side technology services that make the most of our contact with consumers in the "household and office-related industry".

Effects of the Green Growth Strategy on ENECHANGE

The Green Growth Strategy is likely to have numerous positive effects on ENECHANGE, including expanding electrification, promoting competition, the growth of renewable energy demand, and acceleration of energy DX.

	Green Growth Strategy	Effects on ENECHANGE
Electrification	Electricity demands will increase 30-50% due to the electrification of the industry, transportation, and household sectors.	Base market increases (electricity market: 14 trillion yen*1)
Promoting competitive markets	The industrial policy for creating a virtuous cycle for the economy and the environment (the Green Growth Strategy) is expected to achieve economic effects of 90 trillion yen annually by 2030 and 190 trillion yen annually by 2050.	A competitive environment will be promoted in the energy market.
Increases in demand to switch to green electricity	Promoting private-sector investment (creating financial market rules such as information disclosure and assessment)	Increased needs for switching to green electricity, especially among companies
Acceleration of energy DX	Clarified importance of "energy tech" The Green Growth Strategy will be supported by strong digital infrastructure	Increased DX needs in energy businesses

*1. Electricity sales amount calculated for 2019 based on Electricity and Gas Market Surveillance Commission, "Electricity Trading Report Results"

I will explain four points regarding the impact of the Green Growth Strategy on our company.
First, the electricity market, which is our company's base market, is expected to grow by 30-50% due to the electrification of the industry, transportation, and household sectors.
Second, we expect that the deregulated market will develop in a healthy way, maintaining an appropriate competitive environment.
Third, in response to requests for information disclosure from the financial markets, there is a growing need to switch to green energy, particularly among listed companies.
Fourth, the importance of "energy tech" has been clearly stated, and we expect energy companies' DX needs to increase.
As mentioned, we believe that this will have a positive impact on our business.

ENECHANGE's Initiatives in the Green Growth Strategy

We are actively working on "12. Housing" and "14. Lifestyles" in the Green Growth Strategy.
We shall continue to actively work on related initiatives such as demand response (DR) services for consumers and support for switching to green electricity.

"12. Housing": Control & Energy Management Systems = Demand response (DR) platform

Working with Looop, Inc., we have started an emergency demand response program for 22,370 households nationwide for when energy demands spike (announced on January 20, 2021).
We intend to expand our demand response services to incorporate technology for controlling batteries, HVAC, EVs, and more.

"14. Lifestyles": Behavior Changes = Support for switching to green electricity

Through a partnership with Right Staff Co., Ltd. (the company which operates the Mod's Hair salon chain), we have started a business to support selecting green electricity at 370,000 barbers and beauty salons around the country. (Announced on January 18, 2021)
We intend to further support businesses and individuals who want to go carbon-free.

Lastly, I would like to explain our specific initiatives related to the Green Growth Strategy.
Regarding "Item 12, Housing" under the Green Growth Strategy, our business is engaged in initiatives such as demand response for households.
Regarding "Item 14, Lifestyle", we have also announced support for the conversion of 370,000 barber shops and beauty salons nationwide to green energy.
By using strategies such as these that take advantage of our contact with consumers, we continue to actively work on related initiatives in line with the Green Growth Strategy.

Business Explanation

Energy Platform

"The leading online energy switching platform in Japan"

Japan's largest electricity/gas switching platform

Through operation of a platform that has 2.2 million unique monthly visitors and 52 affiliated electric electricity/gas companies*, we can handle everything from electricity/gas price comparisons to switch processing all at once. The service was launched in response to the liberalization of electricity in 2016 and gas in 2017, and continues to grow due to the maturing of the liberalized market and the promotion of telework 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

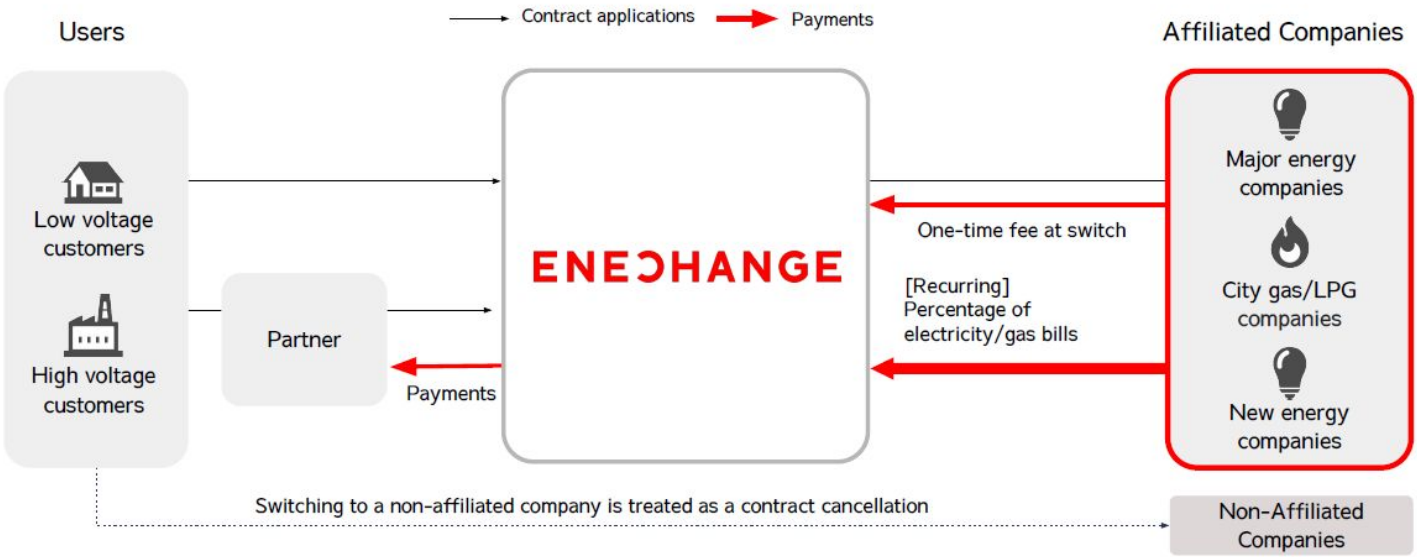
Deregulation × Decarbonization

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

Next, I will explain our business.
I will start with an explanation of our platform business, which is aimed at consumers.
We operate one of Japan's largest electricity and gas switching platforms, providing "Enechange" for households and "Enechange Biz" for companies.
The service was launched in response to the liberalization of the electricity market in 2016 and gas in 2017, and continues to grow rapidly, due in part to the penetration of liberalization of the energy market and the increase in remote work due the coronavirus pandemic.

Recurring Revenue for electricity/gas usage charges

After switching an electricity or gas contract, we receive a one-time fee from the affiliated company as well as recurring revenue linked to electricity/gas bills (recurring revenue ratio: 43%). From the viewpoint of the affiliated company, our service is considered as a customer acquisition SaaS.

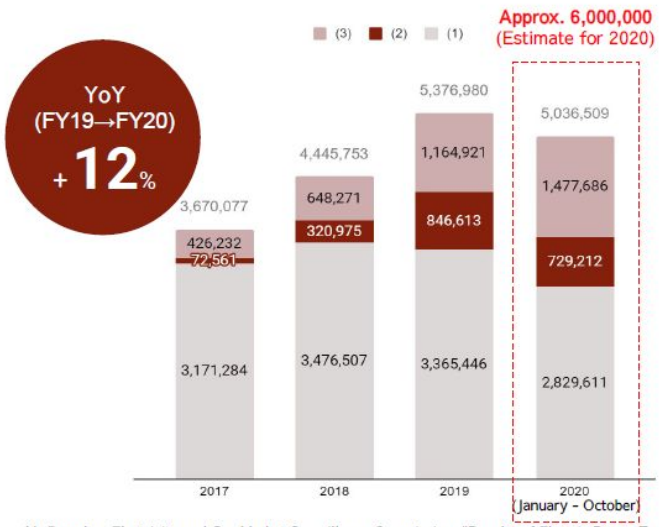


The profit model is based on recurring revenue.
When a user switches electricity or gas companies through us, we first receive a one-time fee from the electricity or gas company. After that, we are paid a certain percentage of the electricity and gas bills for an indefinite period, for as long as the contract continues. This is recurring revenue, which accounts for 43% of our sales.
The reason why this type of recurring revenue model has come about is that the electricity market is a zero-sum game. Unlike other industries, the number of electricity consumers is not expected to increase, so it is important not only to acquire new customers, but also to retain them.
Our model is based not only on acquiring new customers, but also on providing ongoing support to earn recurring revenue, and our churn rate has been maintained at a low level of 1.1%.
Since electricity and gas make up part of the infrastructure that supports our daily lives, and we will continue to use them for five to ten years, this recurring revenue will continue to accumulate. I think that when you consider the overall size of the Japanese electricity market, you will understand the strength of our recurring revenue business model.

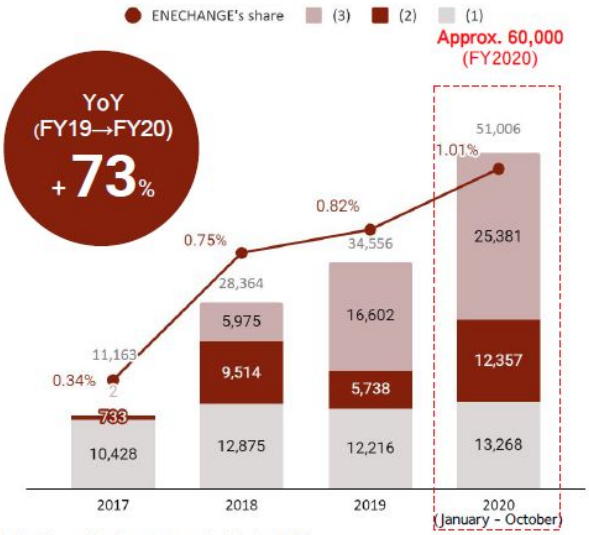
Numbers of switches and our switching share (Households)

The number of switches is approx. 6 million in 2020 with 12% YoY growth.
Switches include switching (1) from "big 10" energy suppliers, (2) from a new entrant supplier, and (3) new contracts to new entrants due to relocation, etc. Our shares of each segment are estimated at (1) 0.5% (2) 1.7% (3) 1.7% respectively, and 1.0% overall.

Number of switches to new entrants*1



Number of switches at ENECHANGE*2



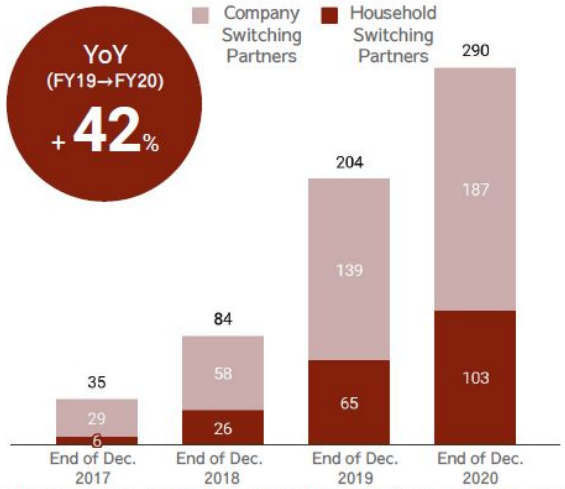
*1. Based on Electricity and Gas Market Surveillance Commission, "Results of Electric Power Transactions".Total for the 10 months from January to October 2020
*2. Total for the 10 months from January to October 2020.

Next, I will explain the number of new electric power supplier (or new entrant) contracts and our market share.
There are three categories of contract with new entrants. The first involves switching from a major electric power company (or Big 10) to a new entrant; the second is switching from one new entrant to another, and the third is a new contract with a new entrant due to changing residence, etc. In total, we expect to see about 6 million cases of switching for the year, a 12% increase over the previous year.
The number of electricity contracts going through our company is expected to grow to 60,000, giving us a share of around 1% of the total switches.
Our share is increasing in the second and third categories in particular, and I will explain the details of our efforts there in the following slide.

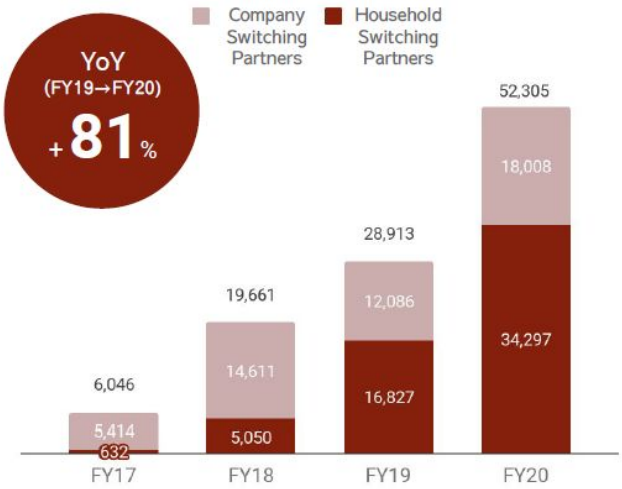
Numbers of partners and switches via partners (Household and Companies)

We also emphasize our partner strategy that provides the electricity/gas switching platform system we have developed through our own channels to strategic partners.
The number of partners increased to 290, up 42% YoY, and the number of switches through partners increased 81% YoY.

Number of partners



No. of users eligible for recurring revenue via partner (converted on a household basis)*1



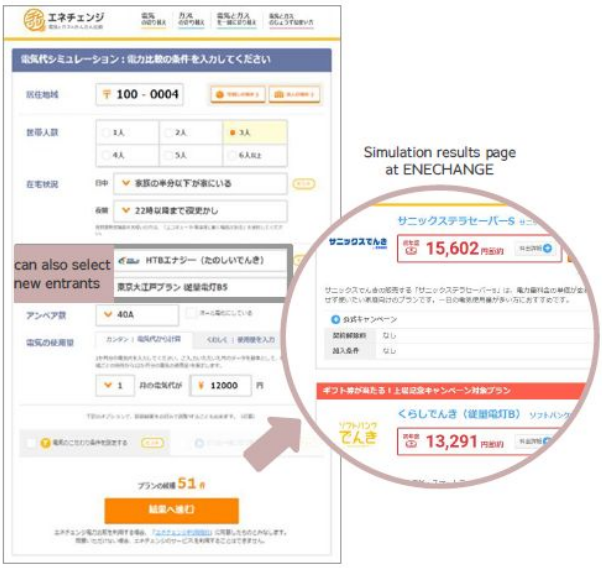
*1. To accurately compare the impact of company and household switches, switches are calculated for companies using an equivalent rate and converted based on the rebates from the total obtained capacity using the capacity of a general household as 4 kW.

Next, I will explain the partner numbers and partner channels.
We are also emphasizing a partnership strategy to provide the electric power and gas switching platform system we have developed through our own channels to other companies.
We have partnerships with a combined total of 290 companies for household and corporate customers, and the number of applications for switching through partners increased by 81% from the previous fiscal year.
We will continue to focus on acquisition through partners.

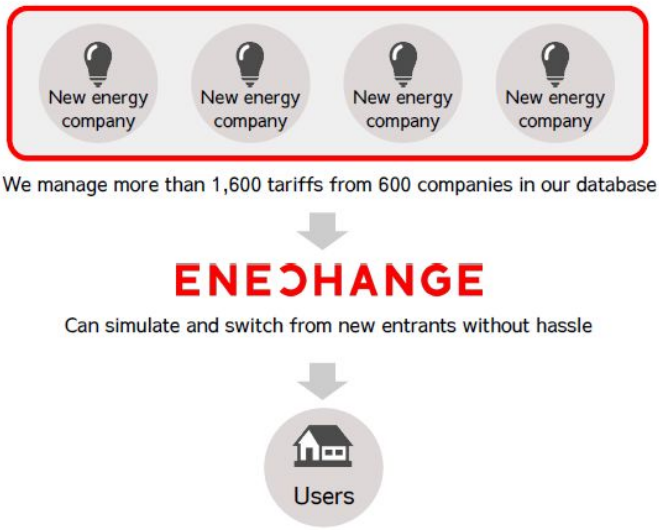
Achievement: Initiatives for increasing share of switches from new entrants

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

ENECHANGE simulator



Our unique strengths



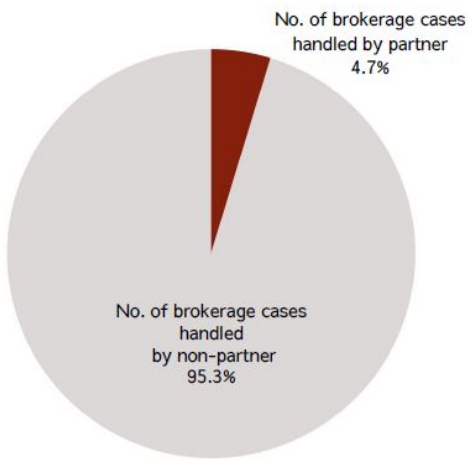
I would now like to explain two major achievements for fiscal 2020.
First, I would like to tell you about our efforts to increase our market share in the second category, "switching from one new entrant to another new entrant".
As the effects of liberalization on the energy market mature, there has been an increase in the number of people who have switched to a new entrant and are now considering switching again. However, problems can arise, such as difficulty in calculating the effect of switching again compared to the first switch, and the complexity of the switching process.
Our company facilitates switching from one new entrant to another by providing fee simulations based on a database of information on 600 new entrants and over 1600 plans, and by providing switching services.

Achievement: Initiatives for 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.

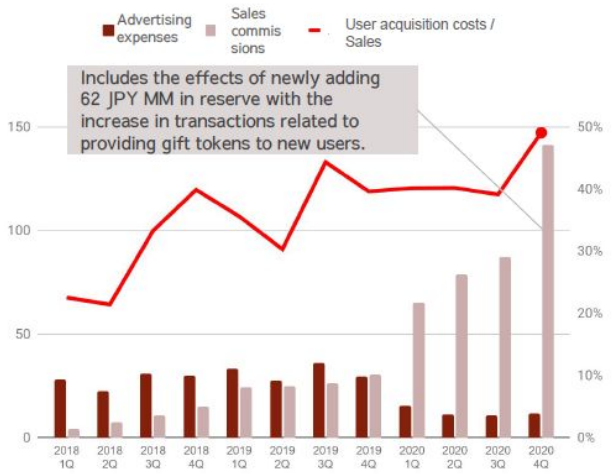
The second point relates to our efforts to increase our share of new electric power and new contracts in the third channel, changing residence.
Since the liberalization of the energy market, it has become impossible to connect electricity to a new home without an electricity contract, and there have been occasional problems at the time of moving in.
We are partnering with real estate companies to provide the "Enechange Electricity Start Up Service" which ensures prompt access to electricity when moving into a new home.
We are forming partnerships with real estate management agencies throughout Japan. Our share is currently around 4.7%, but this is still an undeveloped area, so we will work on further expansion.

User acquisition costs and LTV/CAC

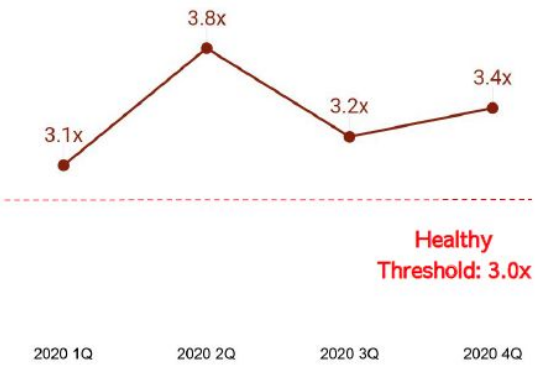
User acquisition costs account for less than 50% of segment sales. We prioritize sales commissions (cashback incentives in our own channels, partner payments) as their cost-effectiveness is easily seen.
In other metrics, LTV/CAC is kept at a healthy level of 3.4x.

Platform Business: User acquisition cost*1

Unit: JPY MM



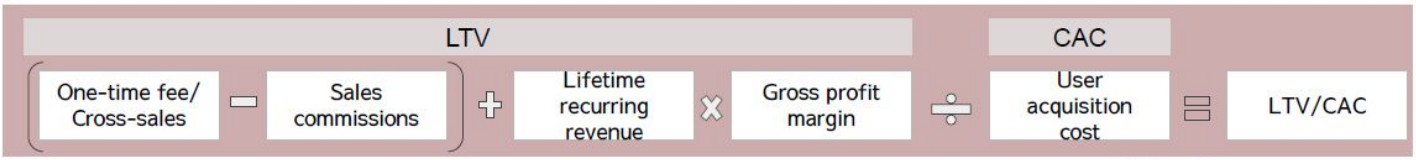
LTV/CAC*2



*1 Advertising expenses are expenses associated with activities not directly linked to acquiring customers, such as listing ads; sales commissions are the costs directly incurred by the user or partner when switching (including provision of reserves for giving gift tokens).
*2. Ratio of LTV (Lifetime Value; customer lifetime value) and CAC (Customer Acquisition Cost; unit price for acquiring customers) See the following page for details.

Next, I will explain the changes in user acquisition costs and the LTV/CAC ratio.
User acquisition costs account for less than 50% of segment sales. User acquisition costs can be broadly categorized into advertising and sales commissions. Advertising costs are mainly for distributing advertisements aimed at attracting customers to our channels, while sales commissions are mainly paid to our partners.
Currently, we are strengthening our partner channel, so investing in sales commissions is a priority.
Next, I would like to introduce the LTV/CAC ratio as an indicator of the soundness of our user acquisition costs. The LTV/CAC ratio is commonly used by SaaS companies to measure the soundness of their customer acquisition costs. LTV is the lifetime value of a customer, and CAC is the customer acquisition cost. Generally, an LTV of more than 3 times the CAC is a good indicator of soundness. Our company is currently maintaining a healthy ratio of 3.4.
The following page discloses details of LTV/CAC, but we will omit the explanations.

LTV/CAC definitions and future policies



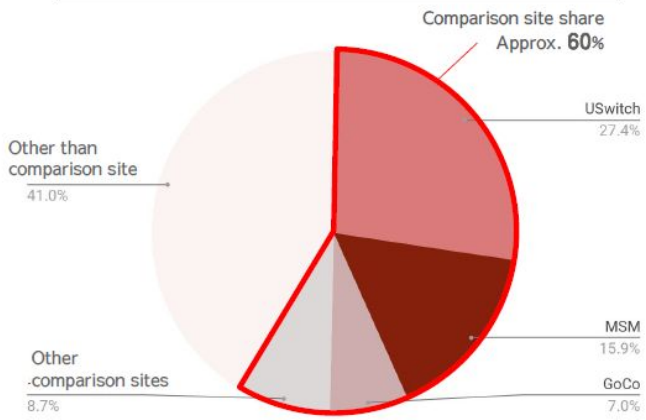
	Explanation of Terms	Action Plan (Highlighted areas are our focus areas)	
		Households	Companies
One-time fee/ Cross-sales	- One-time fee are payments received from partner companies when switching electricity/gas. - Cross-sales are sales obtained by selling products other than electricity/gas switching 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 given 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 (totaled 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).

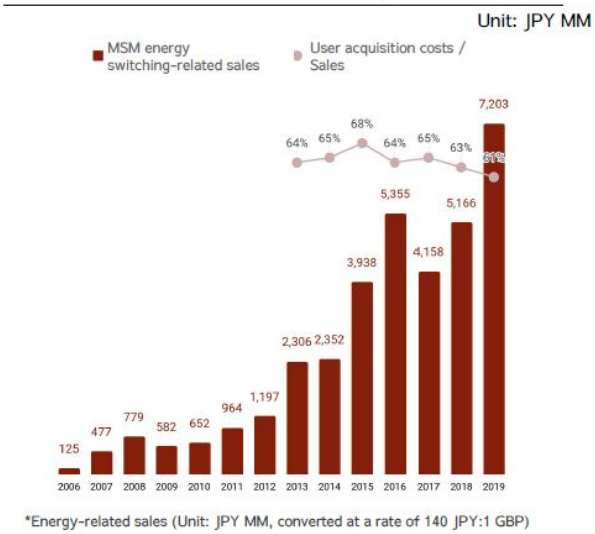
Online businesses increase CAGR 37% with penetration of electricity liberalization (UK figures)

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), a major British online price comparison site with the second-largest switching share, has business growth with a CAGR of approx. 37%*2 (2006-2019), by expanding the use of online channels, aggressive investment in advertising (approximately 60% of sales), partner expansion, and M&A. Its energy switching-related sales were 7.2 billion yen in 2019 (estimated total operating profit rate of 30%), and 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 140 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"

Finally, I would like to discuss the example from the UK we are referencing.
The UK, where the electricity market has been liberalized for some time and which has much in common with Japan, has seen about 60% of customers using online comparison sites for energy supply. MoneySuperMarket is a major British online price comparison site with the second-largest energy switching share. Since it went into electricity/gas switching in 2006, it has seen business growth thanks to actively investing in advertising, expanding its partners, and M&A, with a CAGR of approx. 37%. In FY2019, its energy switching-related sales were 7.2 billion yen with an estimated operating profit ratio of about 30%, with an estimated switching share of 15.9%.
Liberalization in Japan has just begun, and ENECHANGE's share is only about 1%. But we believe that ENECHANGE will also be able to expand its share as liberalization of the electricity market takes hold like the case in the UK .

Energy Data

"Greater efficiency through digitalization"

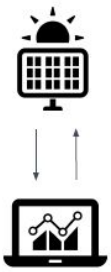
Cloud-based digital transformation service for electricity/gas companies

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

Electricity/gas price comparison

Electricity/gas switching application

Smart meter-based demand response



Renewable energy efficiency optimization

EMAP Energy marketing SaaS
Digitalization × Deregulation

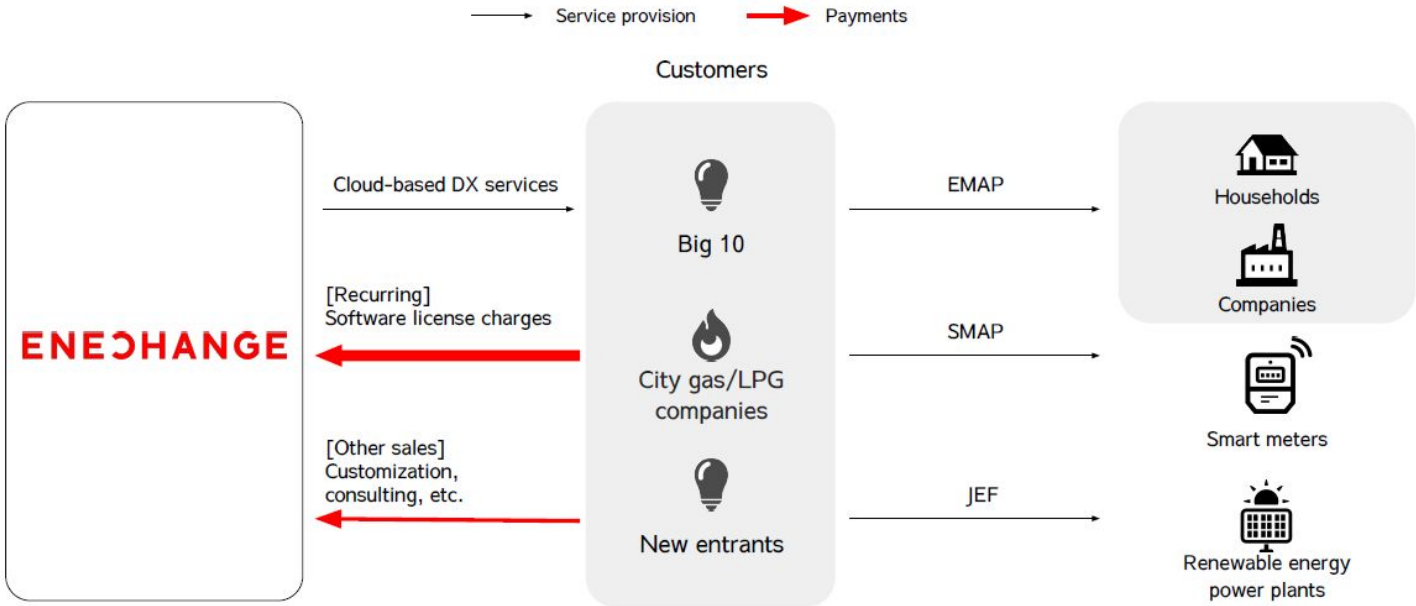
SMAP Smart meter usage SaaS
Digitalization × Decentralization

JEF Renewable energy power plant SaaS
Digitalization × Decarbonization

In this next part, I will provide you with an explanation of our Energy Data business.
We are currently rolling out three services (EMAP, SMAP, and JEF) and developing multiple new services such as VPP-related services.
EMAP has already been used by TEPCO, an industry giant, as well as Tokyo Gas, the biggest new power company, and we provide an application webpage for electricity/gas switching.
SMAP is being used by major new power suppliers such as Looop. We provide Japan's first demand response service for households that utilizesof smart meter data and consumer behaviour.
JEF is being used by companies such as Hokuriku Electric Power to manage the operation of renewable energy power plants and analyze their data.

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 comes from customization, etc.



Our business model is a B2B2C-style SaaS.
We provide cloud-based systems to electricity/gas suppliers and charge on a recurring basis according to the number of end users.
This license income forms a recurring revenue stream and accounts for 66% of segment sales. We also have customization charges and consulting charges.

Case Study (EMAP): 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 future 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.

Here, I will cover the major achievements for FY2020 in our Data business.
Hokuriku Electric Power started using EMAP, starting full-scale promotion of DX for procedures such as customers moving residence or changing contracts.
By providing services utilizing our operational track record at ENECHANGE as a SaaS, we can help improve customer satisfaction and reduce costs.
Five years have passed since the start of electricity liberalization in 2016, and we anticipate demand for system updates from major electricity/gas companies.

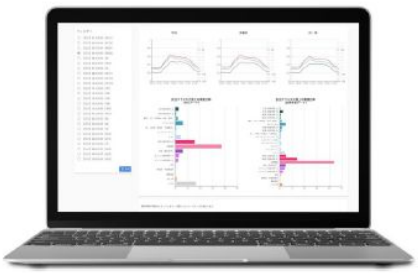
Case Study (SMAP): Expanding to new entrants through enhanced functionality

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 scale when studying new tariffs.

Manager

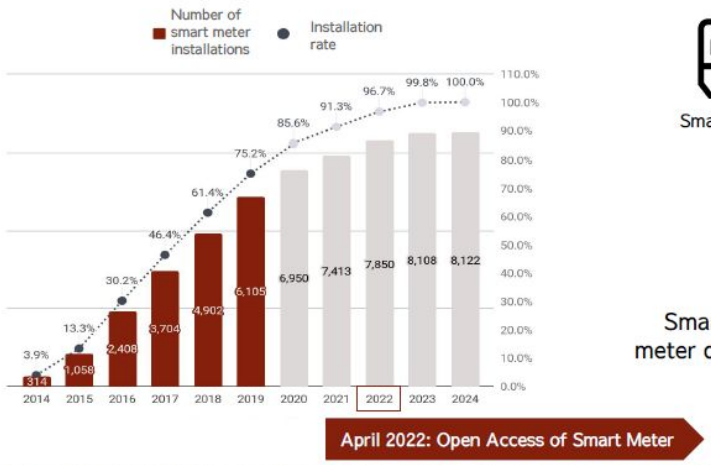
Thanks to automation of grid tariff optimization, we can reduce costs by several tens of millions of yen annually without any additional effort.

The second point is our achievements with SMAP.
The spread of smart meters is increasing the need for data utilization by new power suppliers.
New SMAP functions are being used to start analysis services such as load curve analysis or using machine learning (AI) technology, proposing sales strategies, reducing costs, and more.

Open access to smart meter data in 2022

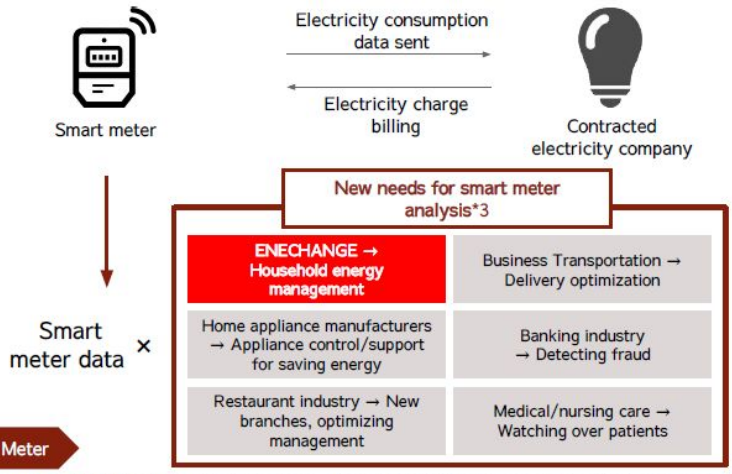
Smart meter data*1 is expected to be available through open access in April 2022, which will allow companies other than electricity/gas companies access to data obtained from more than 78 million smart meters.
The utilization of smart meter data is expected to expand. In addition to our own use (e.g. household energy management), we expect to expand our customers outside the energy industry.

Number of installed smart meters*2



April 2022: Open Access of Smart Meter

The future of smart meter data



*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 the 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).
*3. Taken from examples in the materials in the Agency for Natural Resources and Energy, "The Effective Utilization of Power Data" (March 19, 2020)

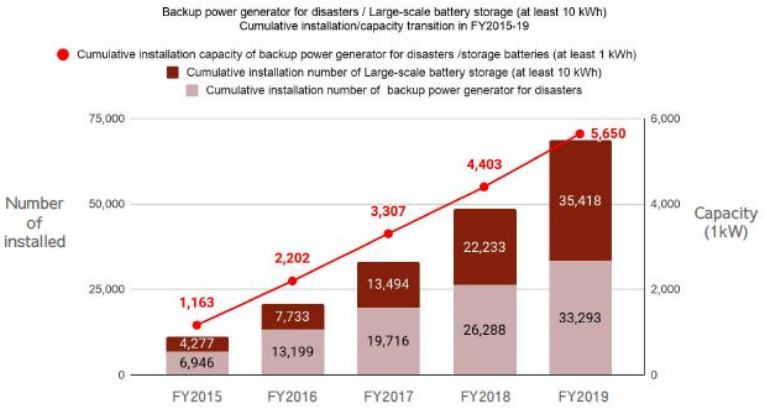
Next, we expect two key system reforms related to the data business, which I will explain now.
The first is the liberalization of smart meter data.
Smart meter data is expected to be available through open access next spring, which will allow third parties access to smart meter data obtained from more than 78 million smart meters.
In terms of fintech, APIs for banking and credit card information have been released to the public, and various uses have spread. We can expect the same thing to happen in the energy industry.
The use of smart meter data is expected to expand, and in addition to using this data at ENECHANGE services, we are working on expanding sales of services to future energy data utilization businesses.

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

We expect to see a VPP market (estimated scale: 100 billion yen) start in Japan with the launch of the balancing market in 2021*1 and the capacity market in 2024. Leveraging our access to Japan's largest energy platform and energy data utilization technology, we will enter into the VPP market.

VPP Market Scale in Japan

The amount of flexible resources such as batteries and backup power generation is 5.6GW,*2 and the market scale in Japan is expected to be 100 billion yen.
Overseas market size: UK: JPY 79 BN, Germany: JPY 85 BN*3



Launch of ENECHANGE DR Service

We announced our ENECHANGE DR (Demand Response) service, a matching platform for flexible resources (batteries, backup generators, etc.) aimed at aggregators entering the VPP market (February 9, 2021).
We aim to become the biggest DR resource matching platform in Japan.

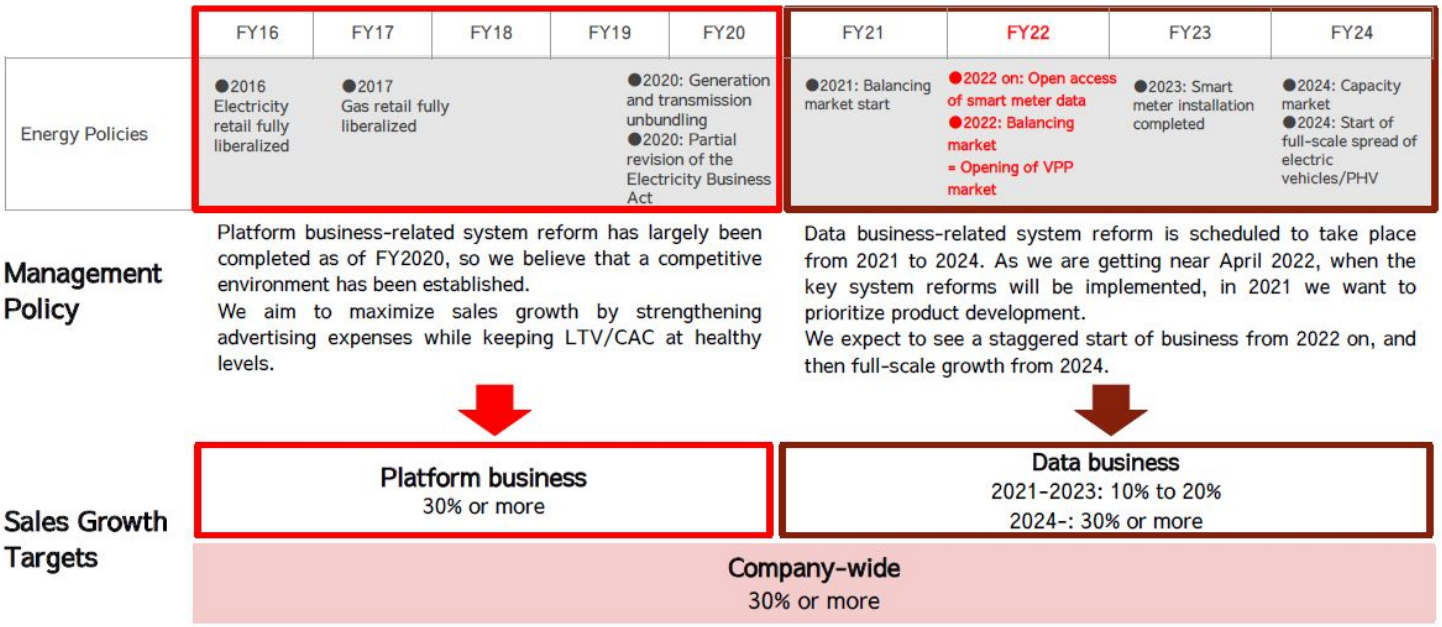
*1. Tertiary adjustment capacity refers to the adjustment capacity aimed at balancing supply and demand. Response time for (1) is 15 minutes and for (2) is 45 minutes. Continual use is 3 hours.
*2. Cumulative total of the number of new installations of backup power generators for disasters and large storage cells (at least 10 kWh) in FY2015-19. Sources: Backup power generators for disasters: Nippon Engine Generator Association / Large storage cells: Japan Electrical Manufacturers' Association independent statistics
*3. Created by ENECHANGE based on the final report (July 2018) of the "Survey of Supply and Demand Adjustment Markets in Western Nations" (converted at 1 EUR = 125 JPY / 1GBP = 140 JPY)

The second point is the staged start of the VPP market, which is estimated as 100 billion yen.
The balancing market will open in 2021, followed by the capacity market in 2024, and we expect to see a VPP market with a scale of 100 billion yen in Japan.
In Europe, where these practices are more advanced, 100 billion yen markets are already in operation.
In Japan, there are approximately 70,000 large storage batteries and private power generators installed in buildings, hospitals, and other facilities for disaster prevention purposes that have not been used during normal times since 2015, totaling 5.6 million kW, equivalent to six nuclear power plants.
As the use of renewable energy sources expands, the importance of flexible operation of these unused facilities is increasing.
Leveraging Japan's largest energy-related customer base and energy data utilization technology, we will make a full-scale entry into the VPP market.
As a first step, we have announced "Enechange DR" as a service to collect and utilize these underutilized power sources.

Growth Strategies and Forecast for FY2021

Different growth phases for the two businesses to match policy reforms

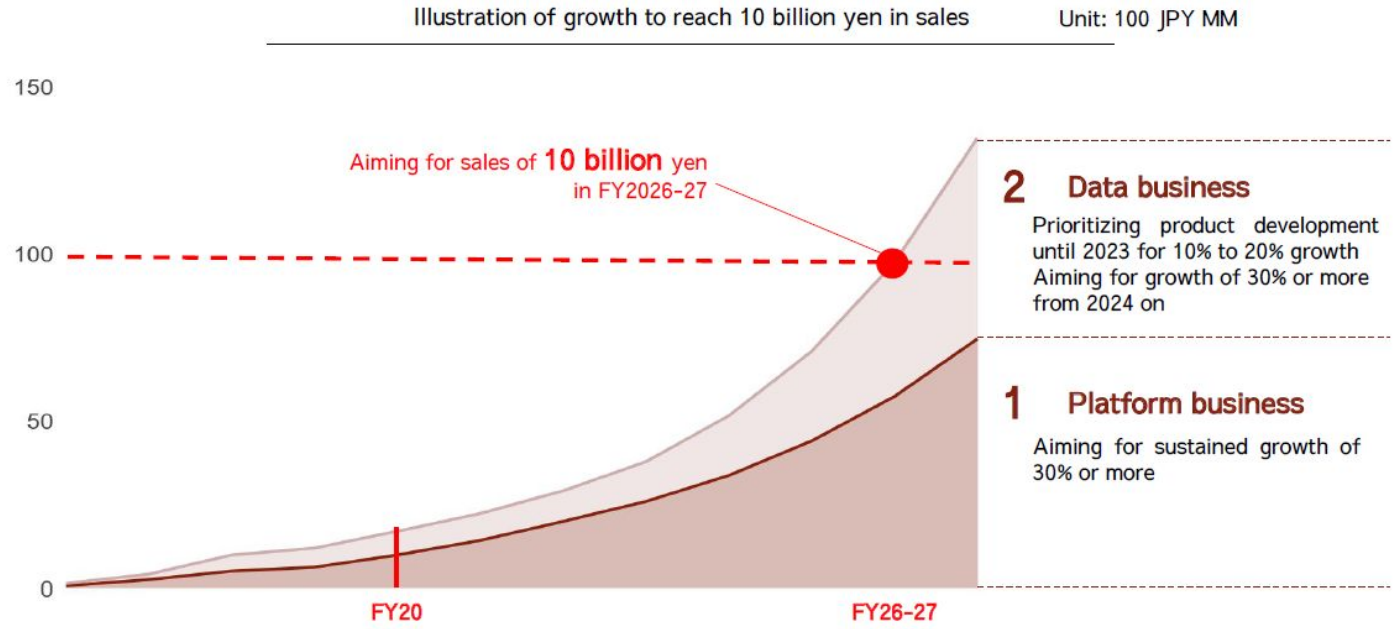
Japan's energy system reforms are in a nine-year transitional period between the start of electricity liberalization in 2016 to the start of the capacity market in 2024. Platform business-related system reforms has completed in the first half (up to 2020), so the Platform business is now in the sales expansion phase. However, Data business-related system reforms will take until 2024, so for the time being, we are prioritizing product developments.



Finally, I want to explain our growth strategies and full-year earnings forecast for FY2021.
Reforms to Japan's energy systems are in a nine-year transitional period between the start of power liberalization in 2016 to the start of the capacity market in 2024. Platform business-related system reforms finished in the first half of this period (up to 2020), so the Platform business is now in the sales expansion phase. At the same time, as system reforms related to the Data business will take from 2021 to 2024, for the time being we shall prioritize prior investment for things like service development and verification.
This means that our Platform and Data businesses will have slightly different timelines for sales growth. We expect to see at least 30% sustained growth in our Platform business; for our Data business we expect between 10% and 20% annual growth until 2023, and between 30% from 2024 on.

Ideas for mid- to long-term growth

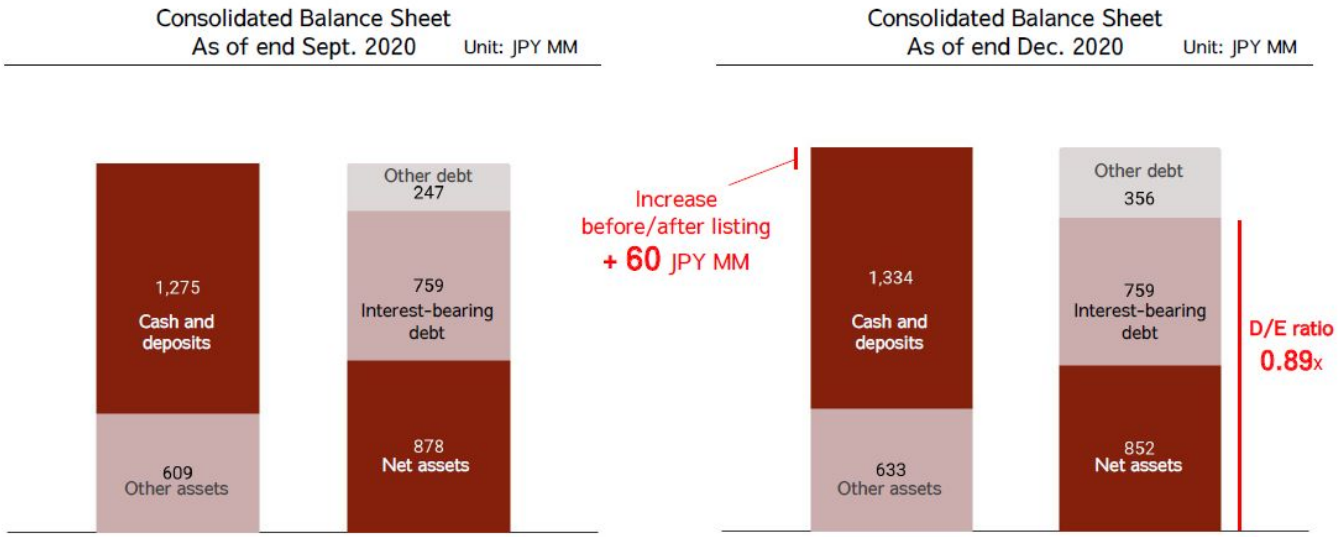
We aim to maintain annual sales growth by at least 30% and reach sales of 10 billion yen by 2026-27. Our goal is to be listed on the Prime Market (1st division) when we can expect 10 billion yen in sales in order to gain greater trust from all our stakeholders.



This slide is an image of the previous explanation.
As a target for maintaining our high growth rate, we aim to grow total sales by at least 30% annually and reach sales of 10 billion yen by 2026-27.
We intend to be listed on the prime market at about the point where we can expect 10 billion yen in sales in order to gain greater trust from all our stakeholders.

Financial base to support mid- to long-term growth

As our cash flow from operating activities is positive, we intend to actively invest in the business within the scope where our operating profit can remain positive, as well as utilize our interest-bearing debt with an awareness of capital costs (D/E ratio = 0.89x).
We shall consider financing through interest-bearing debt and equity in order to accelerate growth.



This explains our financial base.
As our operating cash flow is positive, we intend to actively invest in the business within the scope where we can maintain our operating profit, as well as utilize our interest-bearing debt with an awareness of capital costs.
We shall consider procuring funds through a mix of debt and equity in order to accelerate growth.

Assumptions for Consolidated Financial Results Forecast for period ending December 2021

Platform	• Assumed based on aiming for growth of 40% 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 costs shared among segments are assumed to mainly increase in terms of personnel expenses.
Data	• Assumed based on 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
Company-wide Common Expenses	• Assuming increased company-wide common expenses due to increased employment, etc.
Operating Profit	• A policy of maintaining profitability while investing in user acquisition for the Platform business in particular to ensure sales growth. • We expect operating loss for the first and second quarters due to our the boost of user acquisition cost.
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.

I will now explain about our assumptions about our consolidated results forecast for FY2021.
We assume that Platform business sales will grow by at least 40%. For segment expenses, we assume an increase in user acquisition expenses while maintaining healthy LTV/CAC, and also increased personnel expenses.
We assume that Data business sales will grow by at least 10% to 20%. We plan to continue to grow recurring revenue at a high pace and expect to increase by more than 30%. For segment expenses, we assume an increase mainly in terms of personnel expenses for medium-term development investment.
We also assume an increase in company-wide common expenses due to an increase in employment.
We plan to maintain our operating profit as we invest in user acquisition expenses for the Platform business in order to grow sales. We also expect sales to be negative for the first and second quarters due to our policy to acquire users in the first half of 2021.

Consolidated Financial Results Forecast for FY2021

We expect an increase of +34% in annual sales growth, maintaining positive profit, and maximising investment into user acquisition in Platform business and product development in Data business.

(Unit: JPY MM)	FY2020 results	FY2021 forecast	YoY	Change rate
Sales	1,713	2,300	+587	+34%
Operating profit	53	Positive	—	—
Ordinary profit	6	Positive	—	—
Net profit attributable to owners of parent	(16)	Positive	—	—

From the above results, we expect sales to be 2.3 billion yen, a 34% increase year-on-year. We intend to maintain operating profit and profitability at each stage.

Appointment (planned) of director Kenichi Fujita (former CEO and Chairman of Siemens Japan)

Kenichi Fujita is scheduled to be appointed as an independent outside director from March 30, 2021.
Mr. Fujita has long been in charge of the energy sector at the Siemens Group (German headquarters and Japanese subsidiary), and the secretary of the Japan Association of Corporate Executives. We look forward to his contribution to our Data business, using his international knowledge in the area of energy digitalization. The other directors are scheduled to be reappointed.

Kenichi Fujita Introduction

- As head of the International Consulting Division at a German company, the UFJ Research Institute, and others, he has been involved in global management strategy, overseas investment strategy, 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, CEO, and Chairman of the Energy Division at Siemens Japan.

Siemens' Initiatives in the Energy Sector

Energy Sector Overview

- Orders received: 33.7 billion euros (approx. 4.3 trillion yen)
- Sales: 28.8 billion euros (approx. 3.7 trillion yen)
- Number of employees: 91,000
  The above figures include Siemens Gamesa Renewable Energy, which is to be consolidated.

Energy Sector Business Domain

- Large-scale thermal and hydroelectric facilities, oil and gas, renewable energy, storage systems (battery and thermal storage)
- Energy transmission and distribution facilities, energy distribution equipment (energy transmission and distribution equipment, building technology)
- Long-term maintenance and remote monitoring services for the above businesses
- New energy (hydrogen water electrolyzers, methanolization, etc.)

Digital domain in the energy business

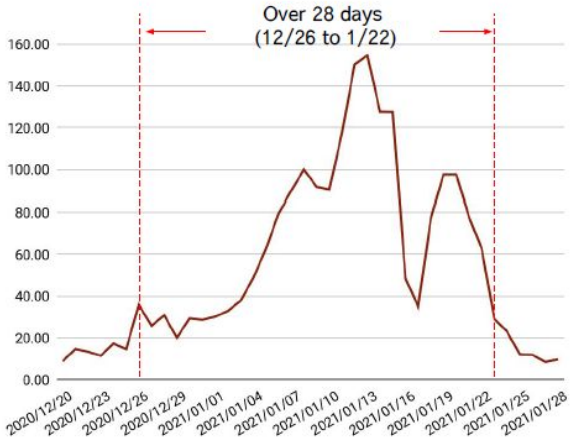
- Digital control of VPP, DEMS, etc., digital communication between base stations
- Distributed control systems (DCS) and remote controls related to energy generation
- Grid load simulation, smart meter DB
- Industrial OS and various applications
  Overall business excluding energy distribution and digital domain spun off in September 2020

In this section, I will discuss our officer personnel for FY2021.
We intend to appoint Kenichi Fujita as an independent outside director as of March 30, 2021. Mr. Fujita has long been responsible for the energy sector in the Siemens Group, and has served as both president and chairman of Siemens Japan. We expect he will contribute to our Data business through his international knowledge in the field of energy digitalization obtained through serving, for example, as Secretary of the Japan Association of Corporate Executives.
Other officers are expected to be reappointed.

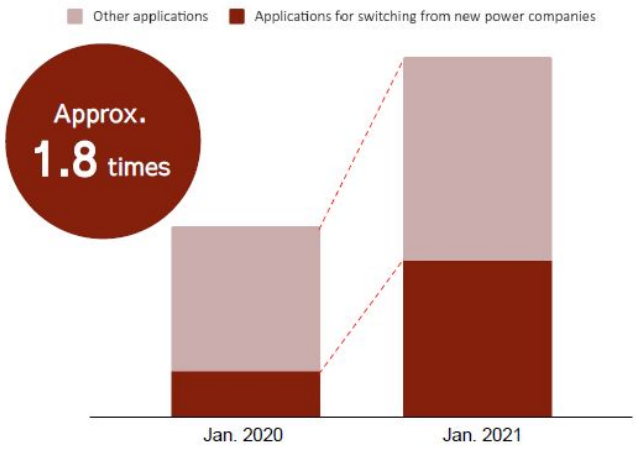
About the impact of JEPX price increases

The electricity wholesale prices (JEPX prices) of Japan Electric Power Exchange ("JEPX") have been soaring since late December 2020, but they have calmed down as of today. Government-led investigation are underway and remedies for suppliers are being implemented. Furthermore, the importance of VPP has been widely recognized.
There have been no serious effects on our affiliated companies nor our users, and the number of switches has increased by approximately 1.8 times compared to the same month of the previous year (3.4x switches from new entrants).

JEPX price movement *1



Number of switches (Household)



*1 Daily average system price calculated based on JEPX transaction data

Finally, I will cover related topics that could have an effect on our plans for FY2021.
The first point is the soaring prices of electricity trading in JPEX.
Prices for electricity trading in JPEX have been increasing rapidly since late December 2020. The government has deployed countermeasures, so at the present moment JPEX prices have calmed down from their temporary chaos.
The government is leading measures to prevent recurrence. There is also a widespread awareness of the importance of demand response.
None of our partner power suppliers have experienced loss of customers or businesses. Energy switching applications to ENECHANGE are about 1.8 times what they were year-on-year, and the number of switching applications from new entrants is 3.4 times what they were year-on-year. No adverse effects on our business have materialized.

Effects of 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 telework. 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 corporate

The second point is the effects of the Declaration of a State of Emergency due to the COVID-19 pandemic.
We consider the government’s Declaration of a State of Emergency to be an opportunity to increase DX service demand and the use of our online channels, so we are actively promoting sales.
In addition, we have already largely moved to a remote working system, so there have been no real effects on our business management and we are accelerating the hiring of top-class human resources.
At the same time, there is the possibility that recurring revenue will drop temporarily due to a drop in the amount of power used by corporate users of our Platform business.
Thus, we have conservatively incorporated the effects of the JPEX price hike and COVID-19 into our forecast for our results for FY2021.

I hope this has been of interest. Thank you for your attention.