ENECHANGE

Briefing Materials Related to Growth Potential

ENECHANGE Ltd.
December 2020
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 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.
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A world moving towards decarbonization through clean energy technology

The world is rapidly moving towards decarbonization. In Japan, Prime Minister Suga announced that Japan would aim to become carbon-neutral by 2050 ※1, and with the election of President Biden, the United States is also expected to rejoin 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.

*1 Source: Genera Po cy Speech by Suga on October 26, 2020.
*2 Image cred ts: Joe B den (amana), Pr me M n ster Suga (ZUMA Press/amana), Pr me M n ster Bor s Johnson (c S pa USA/amana). These mages are used n accordance w th copyr ght aw and may not be cop ed or reused w thout perm ss on.

An "energy-tech" company to bring about a carbon-free society

Becoming a carbon-free society cannot be achieved by just building renewable energy plants. To allow unstable renewable energy to be accepted, we must have clean energy technology innovations at both the power suppliers and the retailers. ENECHANGE is an "energy-tech" company that promotes innovation in the energy industry from a neutral perspective, as we neither generate nor sell energy.

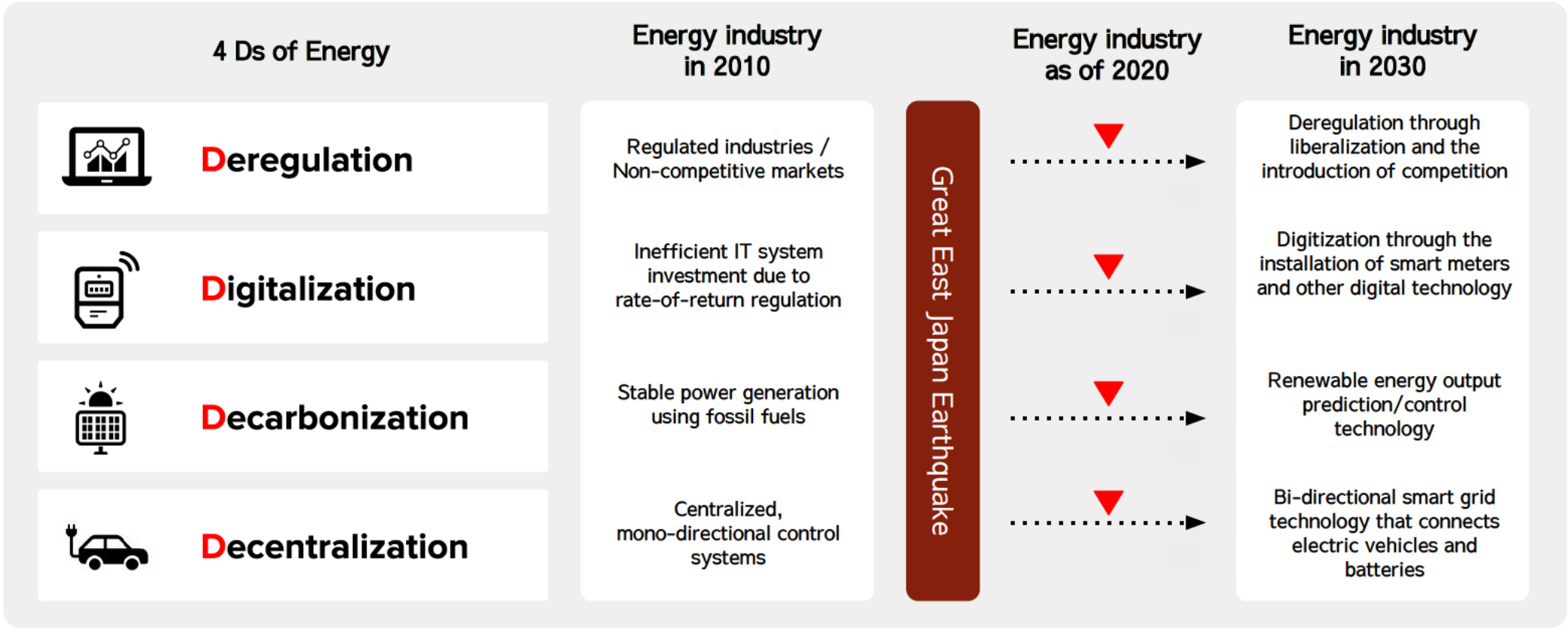


	Generation	Supplied	Retail (power sales)		
Major energy power companies	Major energy power companies (The power sending departments have been legally split off since 2020 reforms that required the separation of power generation and supply)			Competition	Collaboration
	J-POWER		Major new power companies (Major gas/oil businesses, etc.)		
Major new power companies*	Renova		EREX		
Energy technology companies	Do not generate power	Do not supply power	Do not sell power		
		ENECHANGE			
	[JEF] Renewable energy power plant analysis SaaS, etc.	[SMAP] Smart meter data utilization SaaS, etc.	[ENECHANGE] Power switching platform [EMAP] Energy marketing SaaS		

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

The "4 Ds of Energy" innovation

Japan's energy industry has been forced to undergo structural reforms due to changes in energy policies following the Great East Japan Earthquake. Innovation in four fields is covered by the "4 Ds of energy": (1) deregulation through liberalization and the introduction of the principle of competition; (2) digitization through the installation of smart meters; (3) decarbonization through technology that predicts and controls intermittent renewable energy output; and (4) decentralization through the use of smart grid technology that connects electric vehicles and batteries.



1. Company Outline

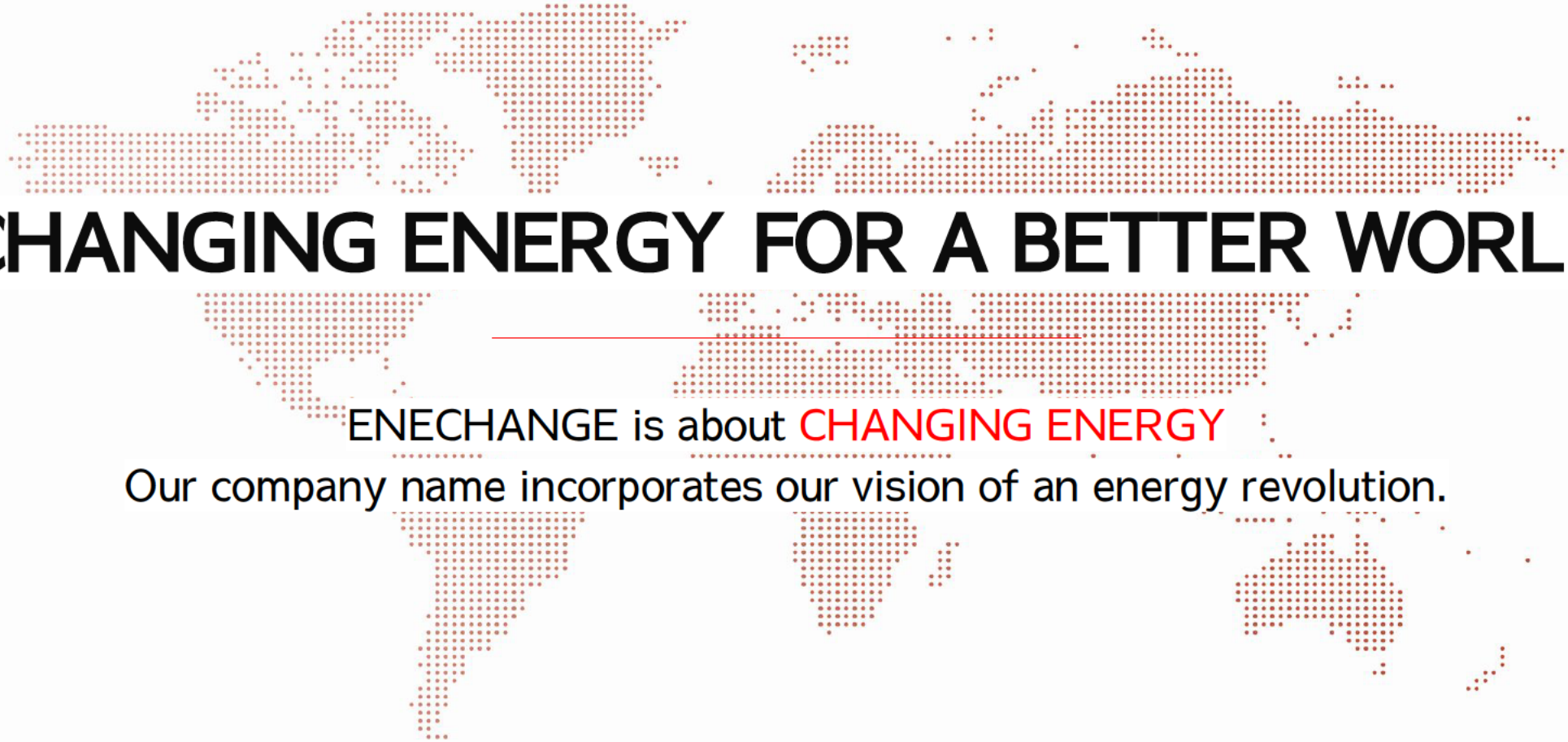
2. Financial Highlights

3. Business Outline

4. Future Growth Potential

Appendix

Company Outline



CHANGING ENERGY FOR A BETTER WORLD

ENECHANGE is about CHANGING ENERGY

Our company name incorporates our vision of an energy revolution.

Company Outline

Company name	ENECHANGE Ltd.
Address	3F, Nihon Building, 2-6-2 Otemachi, Chiyoda-ku, Tokyo, Japan
Founded	April 2015
Businesses	Energy Platform Energy Data
Representatives	Yohei Kiguchi, Representative Director and CEO Ippei Arita, Representative Director and COO
Employees	90 (as of October 31, 2020; consolidated basis) *Approx. 50% are engineers*[1]
Headquarters	Tokyo, Japan
Subsidiary	SMAP Energy Limited (UK)

Head Office: Tokyo

Group business: London

*1. Calculated from the number of employees on a consolidated basis as of the end of October 2020.

Executive Summary

Market opportunities

1 The system reform happening in the world's largest*1 liberalized energy market

With a liberalized energy market of 22 trillion yen *2, a TAM of 340 billion yen*3, and a target market of 80 billion yen*4, a range of system reforms, including enhanced data accessibility and the debut of the flexibility and capacity markets, are expected.

Business fields

2 A category leader in energy tech fields

A track record of generating income from businesses related to the 4 Ds of energy through utilizing the technological abilities fostered at the University of Cambridge since our founding in 2015.

Competitiveness

3 A management team thoroughly versed in the global energy industry

Our CEO is a serial entrepreneur who founded our company while pursuing a Ph.D. in engineering at the University of Cambridge. Our professional management team and our outside directors bring a wealth of management experience from the energy industry.

Business Model

4 High growth rate based around recurring earnings

Sales CAGR of 55%*6, ARR CAGR of 91%*6, average monthly churn rate of about 1%*7, and a customer base centered on major companies in the energy industry

*1. "The Wor d Factbook," Centra Inte gence Agency (as of February 2020) Japan s e ectr c ty demand ranks f fth after Ch na, the Un ted States, Ind a, and Russ a. On y a se ect number of states n the Un ted States are bera zed, and the other countr es are not bera zed, wh ch means that Japan s e ectr c ty market s the argest bera zed market n the wor d.
2. Tota for both e ectr c ty and gas (c ty gas, LPG). Ca cu ated based on the sa es amount for January-December 2019 n "E ectr c ty Trad ng Report Resu ts" and "Gas Trad ng Report Resu ts" by the E ectr c ty and Gas Market Surve ance Comm ss on. LPG s ca cu ated based on surveys by Japan LP Gas Assoc at on for the per od January-December 2019.
*3. Based on the same bas s as * 2, ca cu ated by mu t p y ng the advert s ng expenses rat o to sa es of 0.5% per N kke Advert s ng Research Inst tute s "Advert s ng Expenses for Lead ng Compan es, 2019 Ed t on" (pub shed October 2019) and the 1.05% (FY2019) of the IT budget among sa es of the energy ndustry (soc a nfrastructure) from the Japan Users Assoc at on of Informat on Systems "Corporate IT Trends Survey 2020 (FY19 Survey) (May 2020).
*4. The market sca e at wh ch our Group s serv ces or products can current y approach TAM. See the Append x for deta s of the ca cu at on method.
*5. The un vers ty at wh ch Yohe K guch , our Representat ve D rector and CEO, researched energy data. He s current y on eave to concentrate on runn ng the bus ness.
*6. Sa es are the average annua growth rate from FY2017 to FY2020 (forecast), and ARR s the average annua growth rate from FY2017 to FY2019.
*7. The number of churns s ca cu ated by the number of househo d/company users (the number of contracts n the prev ous month + the number of supp y starts th s month - the number of contracts th s month). The churn rate s ca cu ated by the rat o of the number of churns to the number of contracts wh ch ncur a renewa fee for househo d/company users (month y average from January 2018 to June 2020).

Our Two Representative Directors: Company Outline

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

Spurred by the Great East Japan Earthquake, Yohei developed a deeper interest in energy problems and decided to study overseas at Cambridge University in the UK, a nation at the forefront of energy and electric power system innovation. He started a masters and doctoral program in engineering and energy data AI analysis, which overlaps with his own specialist fields of statistics and data analysis (*currently on leave to focus on business affairs).
During his time at Cambridge, he founded Cambridge Energy Data Lab, an industry-academia partnership research organisation focussing on electricity data. Building on his research results, he went on to found our company and SMAP ENERGY LIMITED (a UK subsidiary). He was the first Japanese person selected for the Forbes 30 Under 30 Europe list, and with a proud track record of receiving awards and giving lectures overseas, his strength is his expertise in advanced global trends in the energy field.
As CEO of our company and SMAP ENERGY LIMITED, he is responsible for the entire groups business strategies and overseas partnerships.

Ippei Arita COO / Co-Founder

After conducting research on AI & machine learning for natural language processing and completing a masters program at Waseda University, Ippei has played a key role in developing interest rate market analysis systems and risk management systems at JPMorgan Securities Japan. He has also worked to develop online gaming services at GREE, Inc.
He joined Cambridge Energy Data Lab as chief engineer in 2013, where he played a leading role in facilitating the practical use of research results.
Ippei was 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: Company Outline

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 d rector

Board Members

Minoru Takeda ☆
Board Member

- 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 Ditch Shell), and involved in M&A.
- In 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.

Aki Mori ☆
Board Member

- 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

Shinichiro Yoshihara, CPA
Board Member

- 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. Now, as Representative Director and CFO, he oversaw the company changing its listing from JASDAQ (TSE) to the Second Section, then in 2019, become listed on the First Section of the TSE.

Key Executives / Subsidiary Officers

Takuya Sugimoto, CPA
CFO (Chief Financial Officer)

He 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 rolling out the energy data business in Europe.

Masayuki Tanaka
CTO (Chief Technology Officer)

He 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

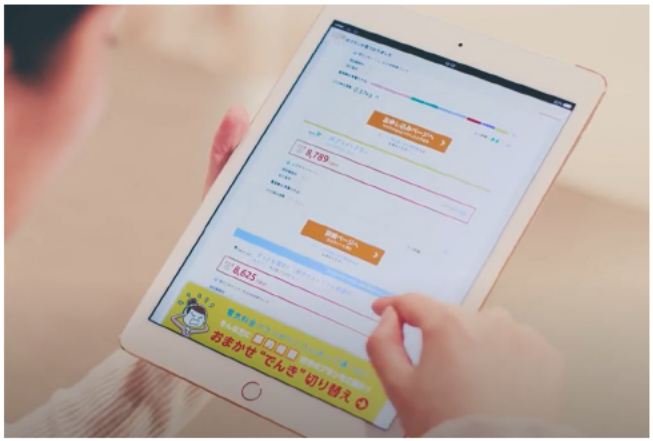
He was appointed the executive officer for the energy data business in July 2020. After graduating from the School of Commerce at Waseda University, he worked on smart meters, electric vehicles, and more at TEPCO and Mitsubishi Electric Corporation.

We provide businesses for (1) consumers and (2) electricity and gas companies.

We provide electricity/gas switching services for consumers (Energy Platform business) and cloud-based DX services for electricity/gas companies (Energy Data business).

Energy Platform business
56% of sales*1

We run Enechange and Enechange Biz, our electricity/gas switching service for consumers,



Energy Data business
44% of sales*1

We offer a cloud-based DX service for energy companies. At present, we offer three services: EMAP, SMAP, and JEF.

*1. Compar son based on bus ness forecast for FY2020.

Financial Highlights

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, and carry out growth investments with the aim of maximizing our number of customers and ARPU.*

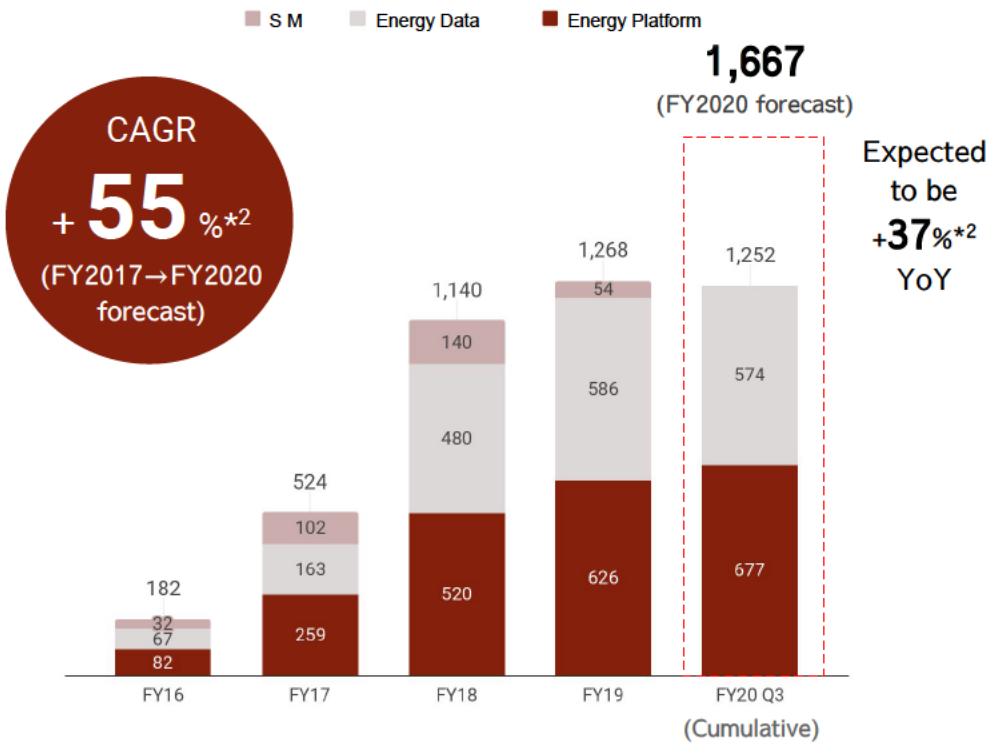
Long-term Policy	Maximize free cash flow in the long term		
Medium-term Policy	Continue strong sales growth (Maximize sources of free cash flow)		
Key KPIs		No. of customers	ARPU
	Energy Platform business	Cumulative number of electricity/gas switches ×	Sales per switching contract
	Energy Data business	Number of customers ×	Sales per customer

*ARPU: Average Revenue Per User

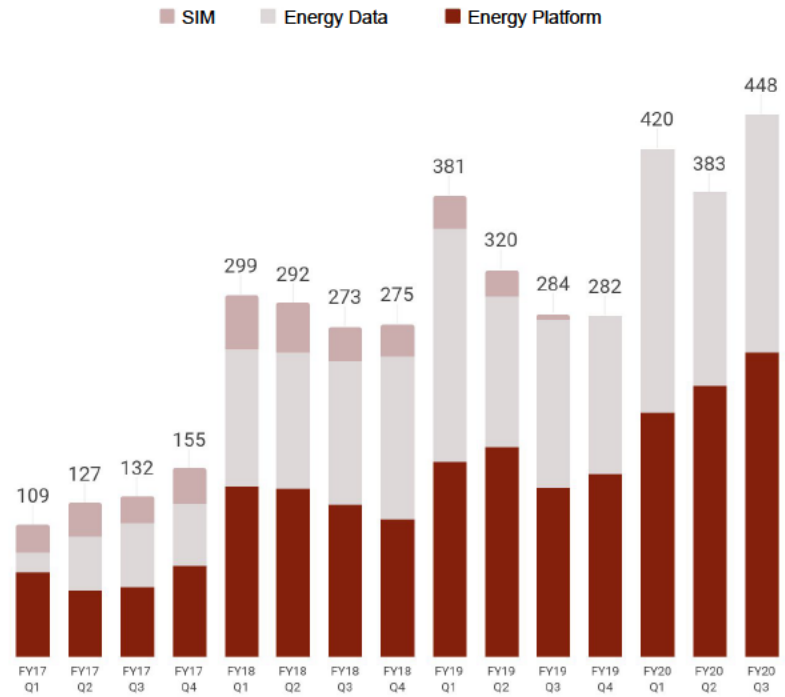
Sales expected to reach their highest level ever

Sales CAGR is expected to grow +55% (FY2017-FY2020 forecast)*2, and in FY2020 is expected to grow at +37%*2 year-on-year. Sales tend to be biased from Q1 to Q2 due to the seasonality, as many people move and there is increased power consumption over winter, but as ARR has increased, sales have leveled out.

Annual sales*1 in JPY MM



Quarterly sales*1 in JPY MM

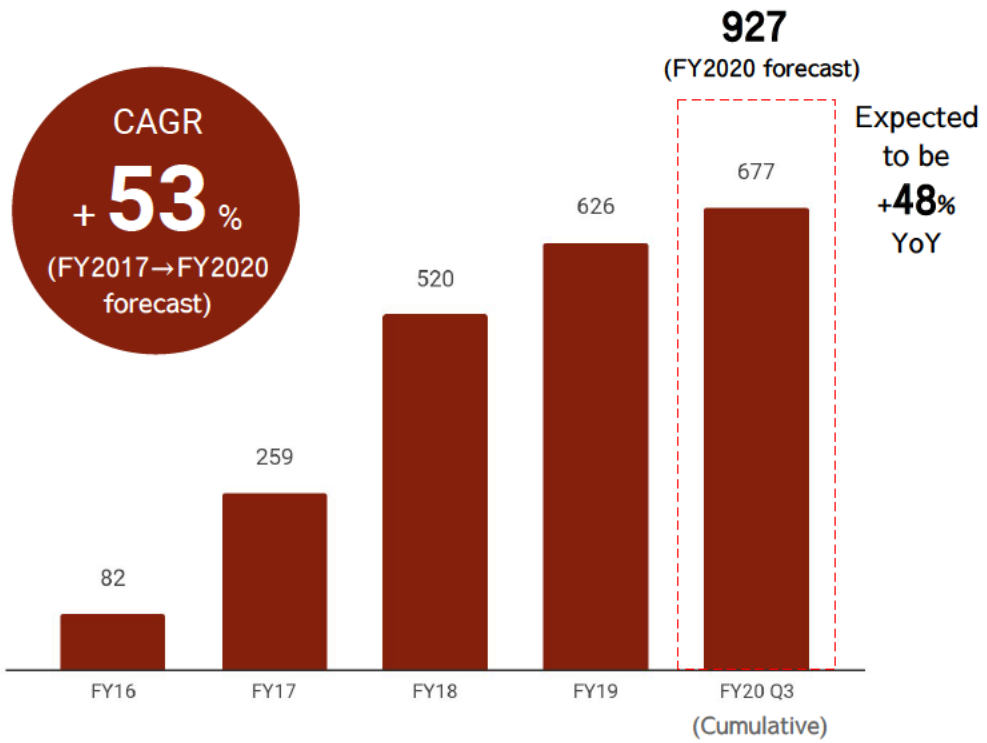


*1. Un ts shown for FY2017-2020, conso dated f gures from FY2018 on. Our SIM bus ness (SIM Change, our cheap SIM/smartphone compar son d agnos s serv ce for home use) was transferred on Ju y 31, 2019.
*2. Sa es growth rate, exc ud ng SIM bus ness

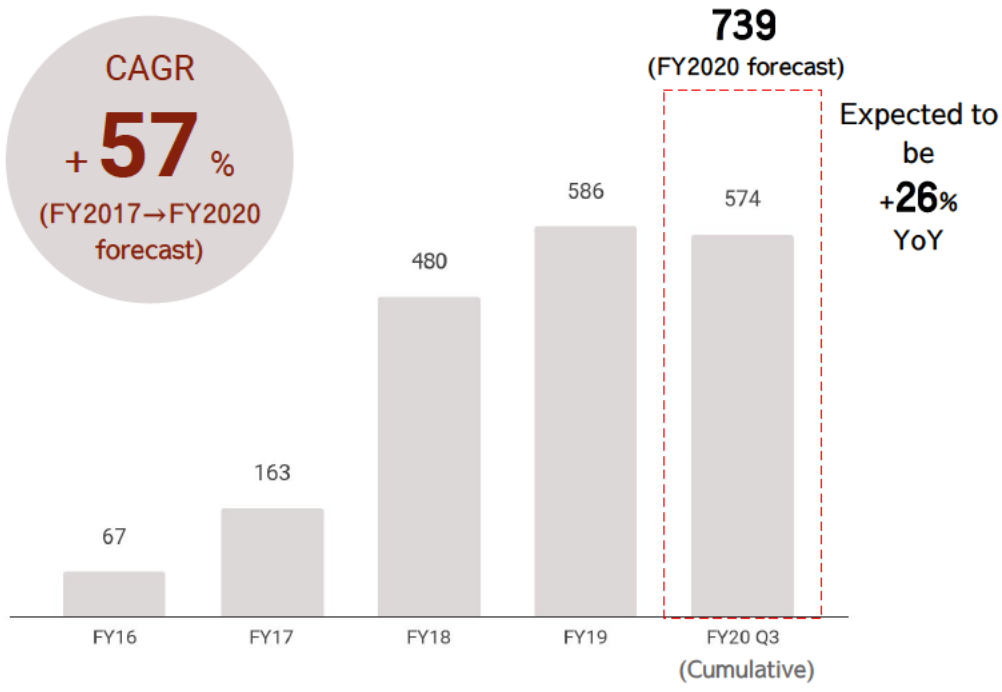
High growth through dual management structure of platformers & data

Both the Energy Platform business and the Energy Data business are growing steadily. EP is achieving high growth of +53%, while ED is achieving +57% growth (CAGR for FY2017-FY2020 forecast).

Energy Platform (EP) business sales*1 in JPY MM



Energy Data (ED) business sales in JPY MM



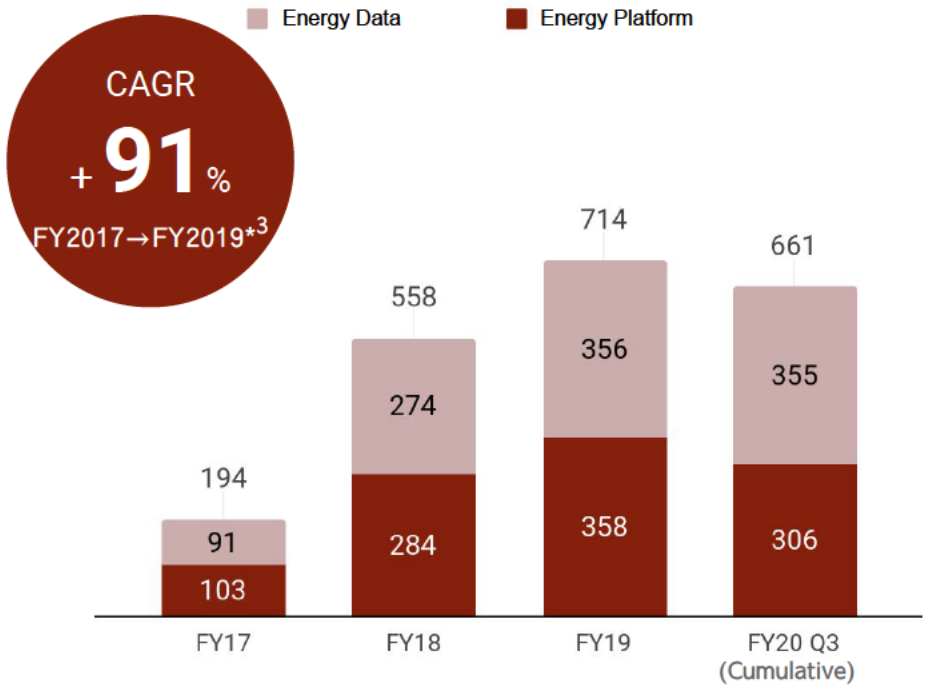
*1. The SIM bus ness that we transferred on Ju y 31, 2019, was nc uded n the Energy P atform bus ness, but has been exc uded from th s graph.

Increased profitability through increased recurring earnings

Our management has an emphasis on increasing the recurring revenue ratio, and the ARR*1 has reached a high CAGR (FY2017-2019)*2 of +91%. We are profitable when it comes to operating cash flow.

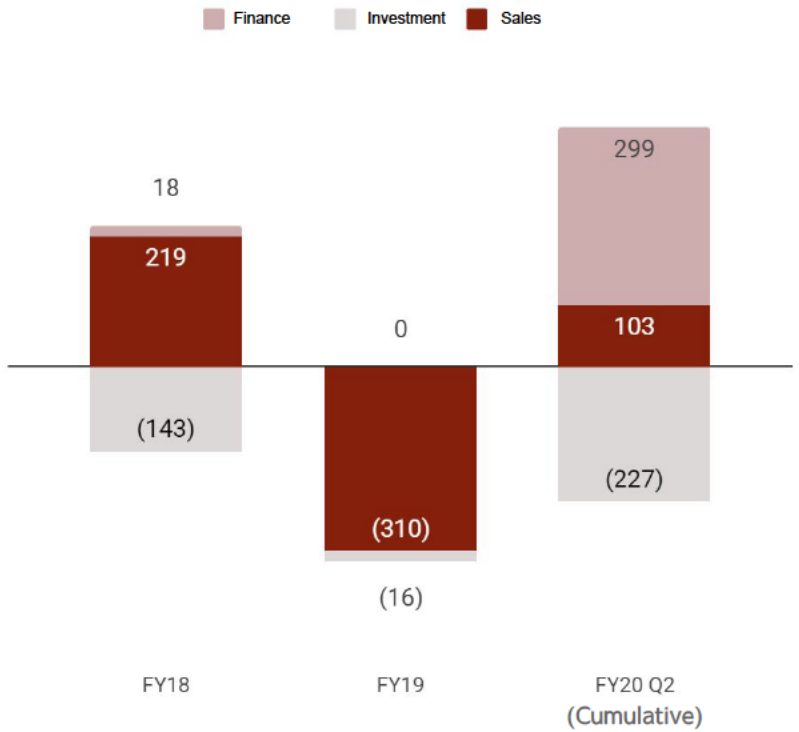
Yearly Recurring Earnings

in JPY MM



Cash Flow

in JPY MM



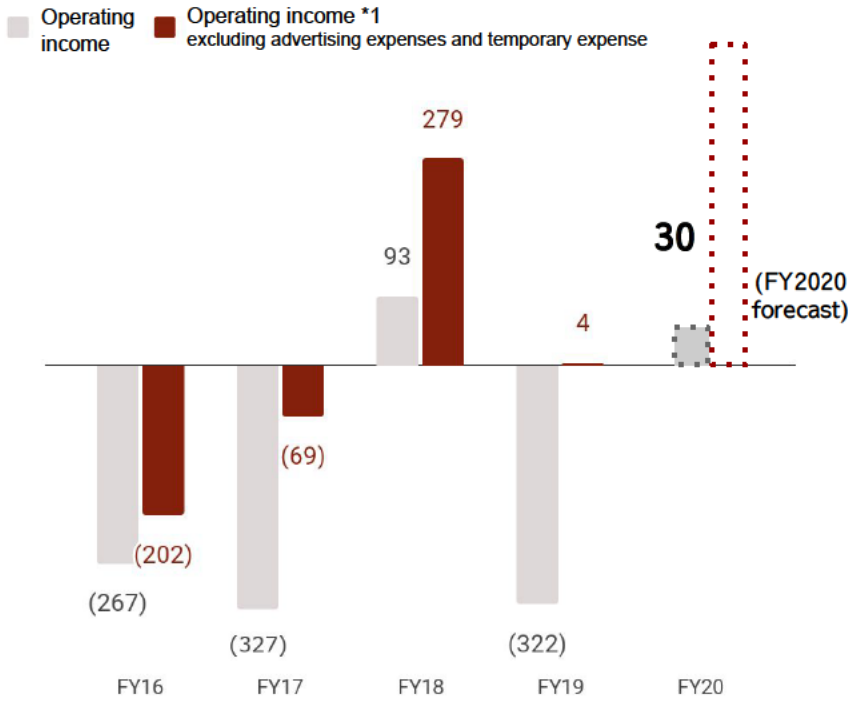
*1. ARR stands for Annua Recurr ng Revenue, and s recurr ng revenue that s generated rout ne y and repet t ve y every f sca term through the bus ness act v t es of a company, w th the sa es from recurr ng revenue dur ng sa d per od be ng tota ed. No ARR tota for FY2016.
*2. Growth rate n Recurr ng earn ngs exc ud ng the SIM bus ness

Building a stable, high-profit structure as Recurring earnings increases

As we expect to gain high LTV (lifetime value), we are continuing to actively invest in expenses such as advertising, but FY2020 is still expected to record positive operating income due to steady sales growth. We expect operating income to level off on a quarterly basis as recurring earnings continue to increase.

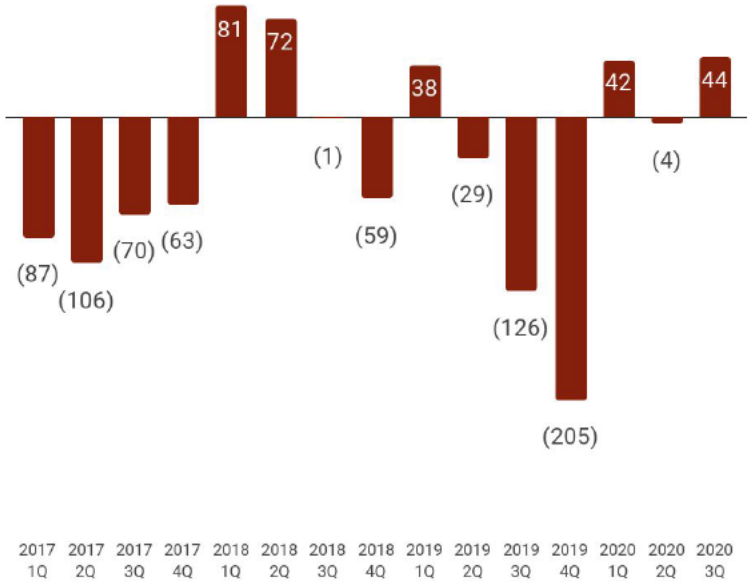
Annual operating income

in JPY MM



Quarterly operating income

in JPY MM



2Q of 2020 is in the red due to a drop in electricity consumption after the State of Emergency that was declared to combat the coronavirus

*1. Advert s ng costs are the sum of advert s ng costs and fees pa d to users and partner compan es. Temporary expenses nc ude extra expenses re ated to emp oyee recru tment and spec a st expenses such as for the awyers needed when start ng a new bus ness.

Business Outline

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 switching processing all at once. As more people are working from home in the pandemic, they are increasingly reviewing their energy costs and expanding the use of online channels, allowing us to continue to grow.

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

* Tota number of partner e ectr c ty/gas compan es as of the end of October 2020 (exc ud ng dup cates).

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 plan from the various price plans 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 annual electricity charge savings per household: 9,652 yen*

We chose environmentally-friendly power and saved 6,070 yen a year for a two-person household.

I chose a plan with a 0 yen basic charge and save 9,652 yen a year for a three-person household.

I don't use much power, but I still wanted it cheaper,and saved 3,916 yen a year.

Companies

Average electricity charge savings: 15%*2

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

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

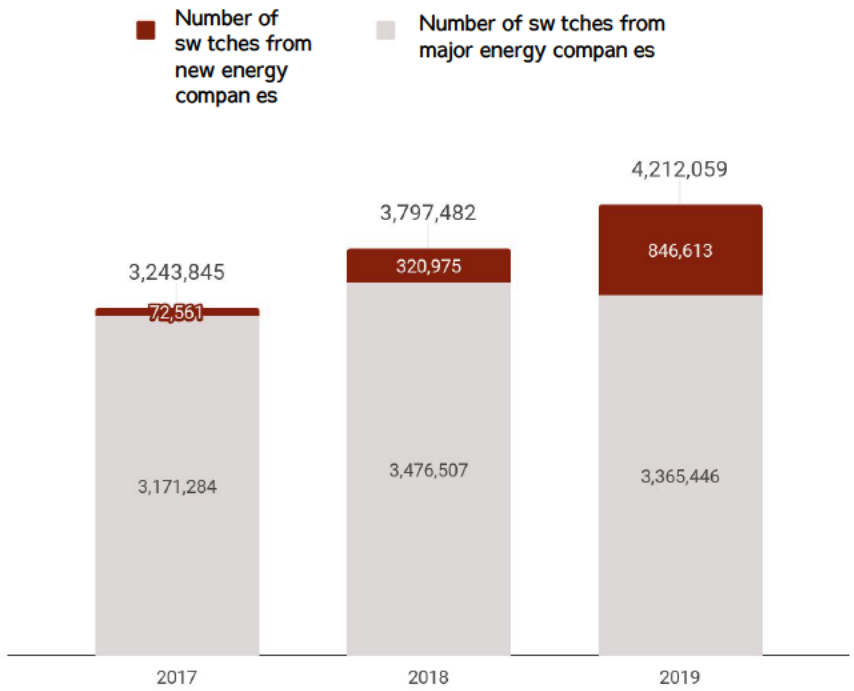
At our Tokyo office buildings, we save even more after our second switch, reducing our costs 7.2% at all three sites.

*1. As accord ng to the M n stry of Hea th, Labour and We fare s "Comprehens ve Survey of L v ng Cond t ons" (pub shed Ju y 2020) the average number per househo d was 2.39 persons n FY2019, the annua average amount of e ectr c ty saved s based on the resu ts of a s mu at on that shows two- or three-person househo ds n top p ace.
*2. Ca cu ated the average reduct on rate of e ectr c ty b s from our track record n corporate sw tches.

Long-term growth through increasing the number of online switching

The number of switches is growing each year. Our share in households in about 1.8%, with many users switching due to channels directly run by the major power companies such as television commercials, shops, door-to-door sales, and so on. As awareness of online switching channels grows among users, we can expect our share to expand further in the future.

Annual change in number of energy contract switches*1



ENECHANGE's share

ENECHANGE's current share: approx. 1.8%

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ENECHANGE

Approx. 70,000 switches

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Number of energy contract switches annually (Households)

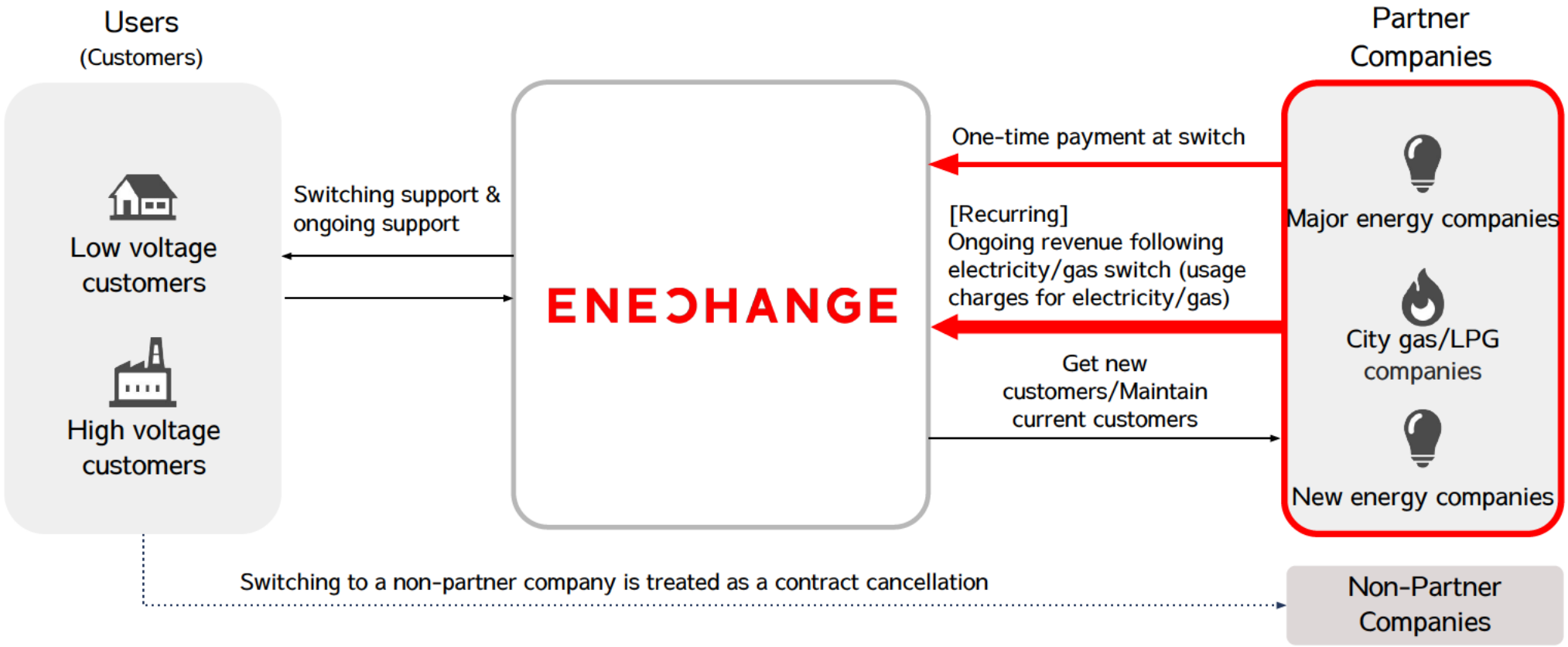
Approx. 4,000,000 switches*2

Energy Platform Business
Number of new switches in households
(October 2019 - September 2020)

*1. Number of contract changes from January 2017 to December 2019 according to "Electricity Trading Report Results" by the Electricity and Gas Market Surveillance Commission.
*2. Average of actual data on energy contract switches in *1 for FY2018 and FY2019.

Recurring revenue for electricity/gas usage charges

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 draw on the power of Japan's largest electricity/gas online switching platform to bring in customers and link with numerous companies.



Growth capacity of the Japanese market

In the UK, which has a similar business environment to Japan, the related sales of three of the main companies that provide similar services to our Energy Platform business have a combined total of about 30 billion yen and an operating profit rate of 30%*1. We consider that there is a lot of capacity for growth in Japan in comparison to the UK, and expect to expand our online channels further through strategic marketing policies.

Comparison with UK electricity/gas switching market

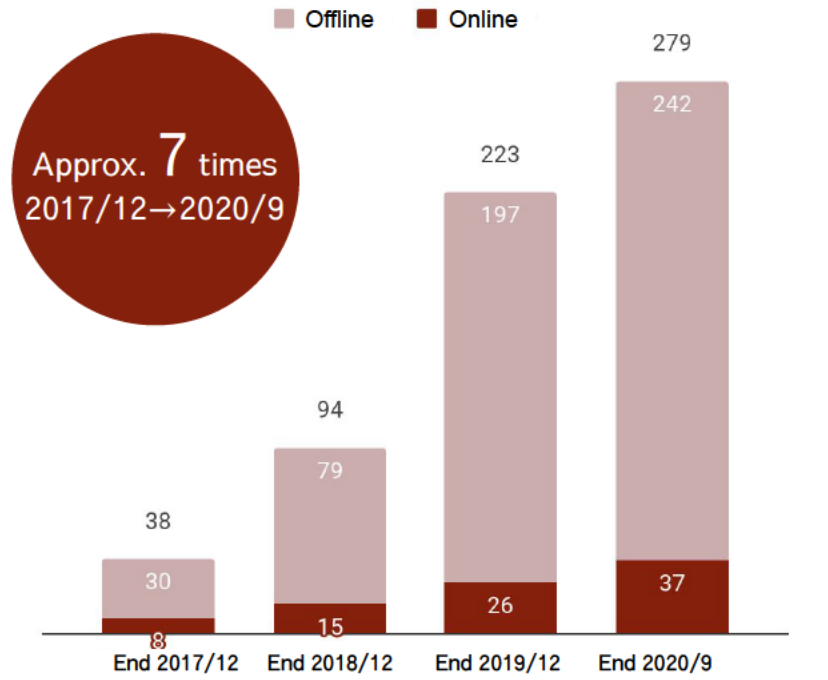
	Japan	UK
No. of years post-liberalization*2	4	21
Electricity consumption*3	933.6 bn kWh	301.6 bn kWh
Annual switching rate	5.8%*4	19%*5
Comparison site usage rate	No statistics	59%*5
Online platform sales(JPY)	0.9 bn (FY2020 forecast for our EP bus ness)	30 bn*3 (Tota comb ned sa es of three major compan es)

* Sa es of the energy segments n the f nanc a nformat on (or pub c bu et ns for non sted compan es) for GoCo Group (sted on London market), Money Supermarket (sted on London market), and Usw tch (not sted), prov s ona y ca cu ated operat ng prof t at 40 JPY to the GBP (For f sca years when segment sa es are not d sc osed, the rat o for the most recent year s used f segment prof t are not d sc osed, the company w de prof t marg n s used)
*2 Source: The Federat on of E ectr c Power Compan es, nformat on Re ated to Overseas E ectr ca Power: E ectr c ty Bus nesses n the Un ted K ngdom
*3 A compar son of the 933 6 b on kWh used by Japan and the 30 6 b on used by the UK accord ng to The Wor d Fact Book (20 6) g oba e ectr c ty consumpt on stat st cs
*4 Average of the annua sw tch ng rates (number of sw tches number of target househo ds) from 20 6 to 20 9 accord ng to the Organ zat on for Cross reg ona Coord nat on of Transm ss on Operators, Usage of Sw tch ng Support Systems
*5 Ca cu ated from Ofgem, State of the Energy Market 20 9

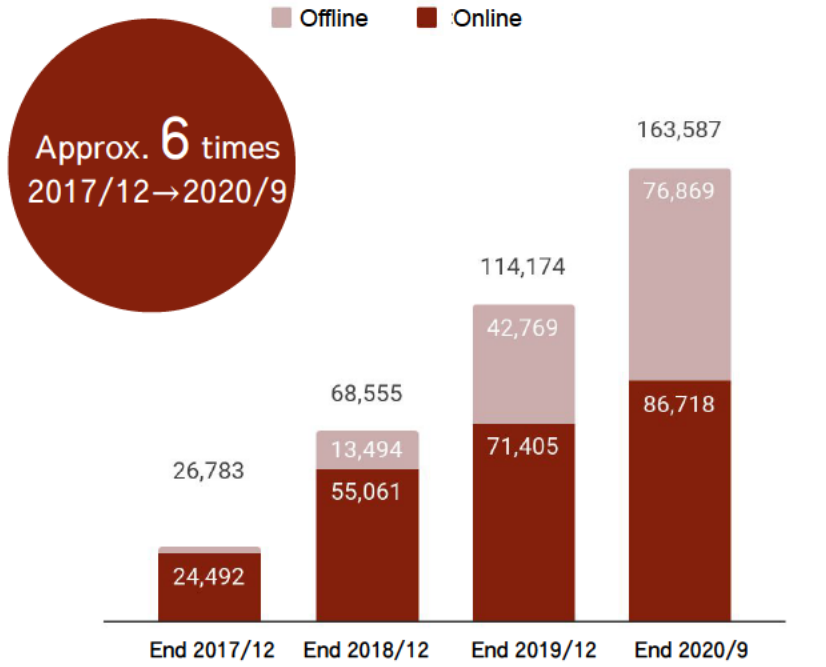
Expansion of partner channels

Drawing on our superior position as Japan's largest electricity/gas switching platform, we have been strengthening our partner channels, such as our online channel with kakaku.com and our offline channel using a collaboration with Mizuho Bank. Recently, we have seen positive trends in gaining electricity switches through our offline channels - for example, with real estate agents and financial institutions - and expect further expansion as we grow the number of partners.

Changes in partner numbers



Cumulative total of switches via partners*



Some of our partners

Kakaku.com

価格.com
「買ってよかった」をすべてのひとに。

MIZUHO
みずほ銀行
Mizuho Bank

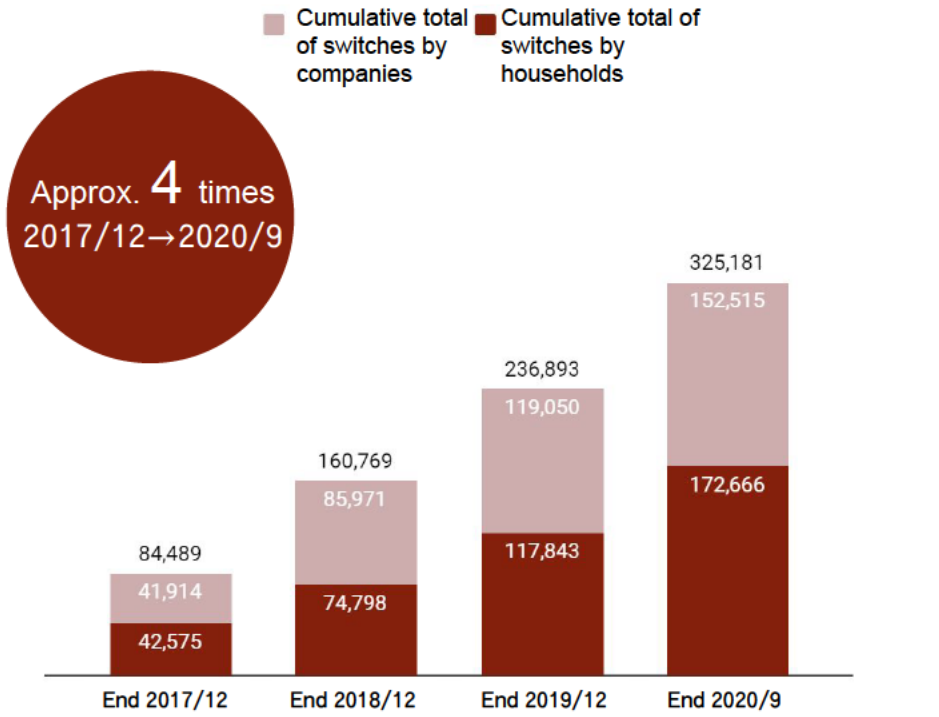
* Ca cu at on for genera household ds by corporat ons s based on the rebates from the tota obta ned capac ty us ng the capac ty of a genera household as 4kW.

Expecting steady expansion for both number of switches and ARPU

The number of household and company switches remains steady while having only a low churn rate (approx. 1%)*1. We expect expansion through strengthening offline channels and marketing policies. ARPU is expected to continue to grow as well, as it is on an upwards trend thanks to the implementation of various measures such as increased one-time fees, sales of dual fuels tariffs, services related to renewable energy, and more.

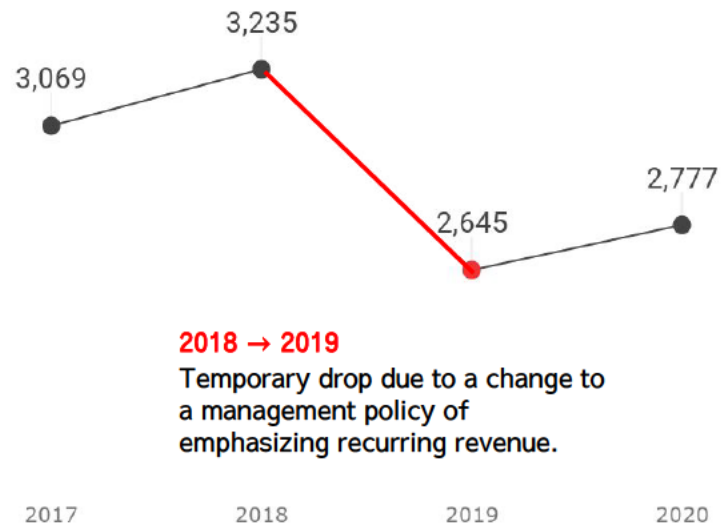
Cumulative total of switches*2

Unit: Switches



ARPU*3

Unit: JPY



*1The number of churns s ca cu ated by the number of househo d/company users (the number of contracts n the prev ous month + the number of supp y starts th s month - the number of contracts th s month). The churn rate s ca cu ated by the rat o of the number of churns to the number of contracts wh ch ncur a renewa fee for househo d/company users (month y average from January 2018 to June 2020).
*2. Ca cu at on for genera househo ds by compan es s based on the rebates from the tota obta ned capac ty us ng the capac ty of a genera househo d as 4kW.

*3. Average Revenue Per User: Ca cu ated after d v d ng the annua segment sa es by the cumu at ve tota of sw tches for the year. Note that for FY2020, d v d ng the segment sa es for the f rst 3 quarters by the cumu at ve tota of sw tches dur ng the same per od and convert ng the resu t on 12 month bas s.

Energy Data

"Greater efficiency through digitization"

Cloud-based digital transformation service for electricity/gas companies

We offer energy companies the new IT system through a cloud-based digital transformation service. At present, we offer three services and with ambitious plans to add more.

TEPCO 東京電力エナジーパートナー

Electricity/gas price comparison

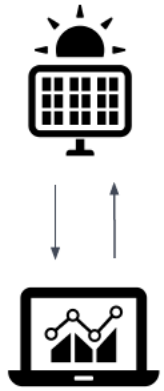
エネルギー・フロンティア TOKYO GAS

Electricity/gas switching application

Looopでんき

Smart meter-based demand response

北陸電力



Renewable energy efficiency optimization

EMAP
Energy marketing SaaS

Digitization × Deregulation

SMAP
Smart meter usage SaaS

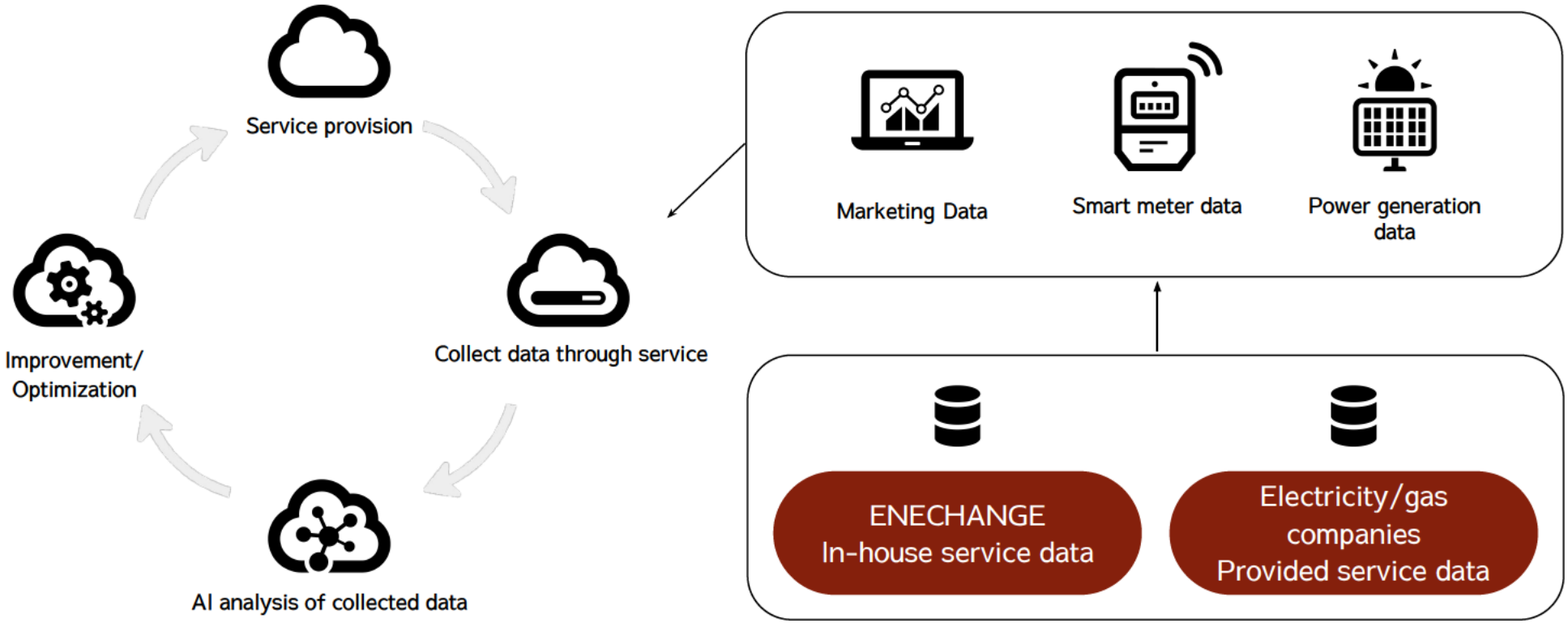
Digitization × Decentralization

JEF
Renewable energy power plant SaaS

Digitization × Decarbonization

Providing services based on big data analysis

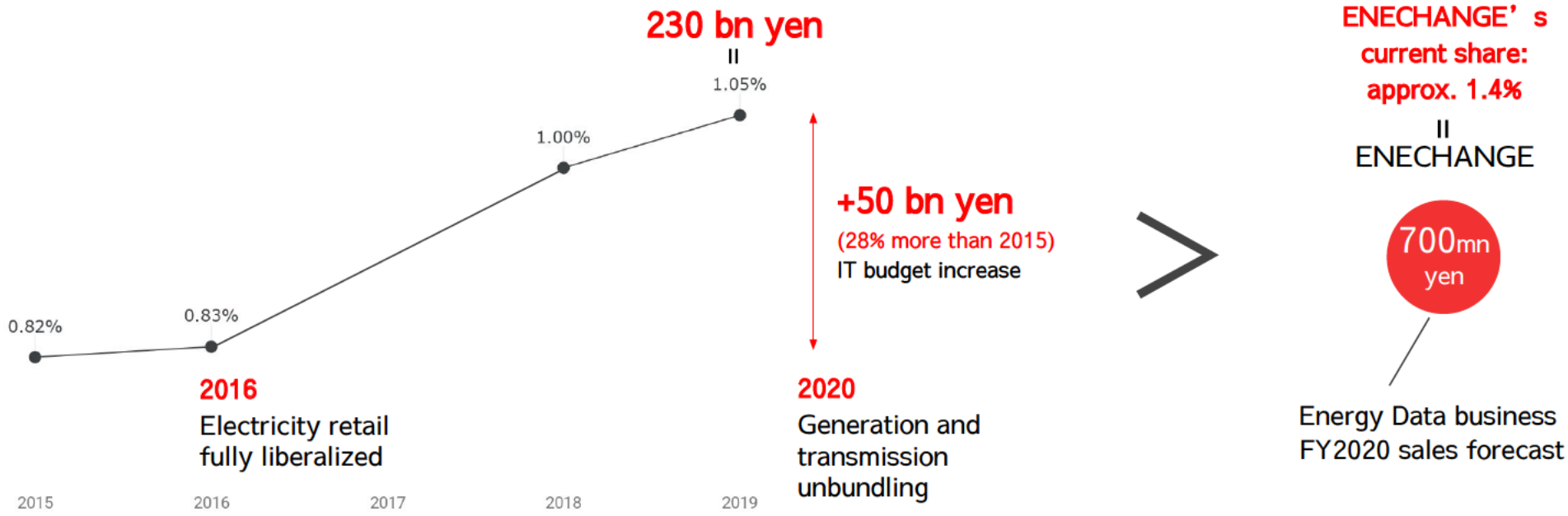
By transforming marketing data, smart meter data, power generation data and more with AI technology, we can provide more advanced services than any single company alone.



Long-term growth through expanding IT budgets in the energy industry

With the demand for investment in new systems, the revenue/IT budget ratio* has increased 28% over 2015 (approx. 50 billion yen). Our share is estimated at about 1.4%, and we expect it to expand further as we expand our services.

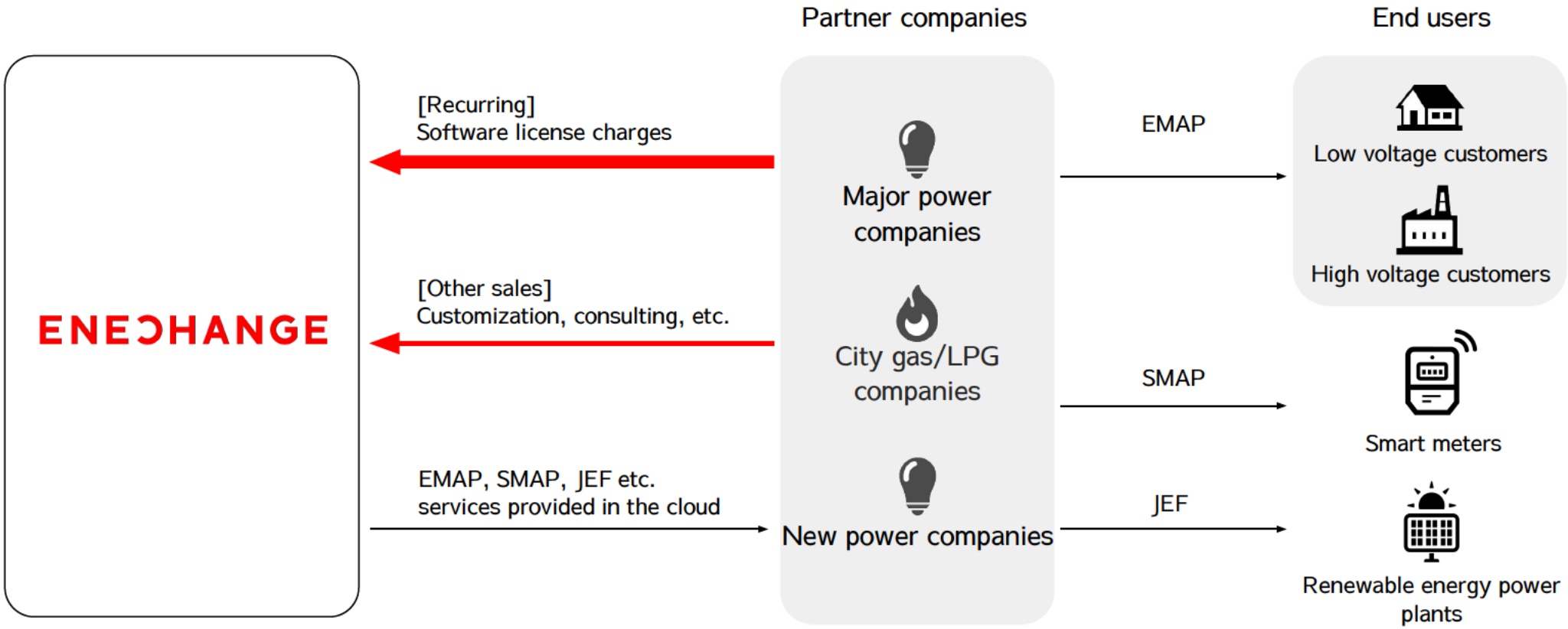
Revenue/IT budget ratio in the energy industry



* IT budget rat o n the energy ndustry (soc a nfrastructure) sa es n Japan Users Assoc at on of Informat on Systems, "Company IT Trends Survey" Budget rat o for 2017 not sted n th s survey.

Recurring revenue from monthly license charges

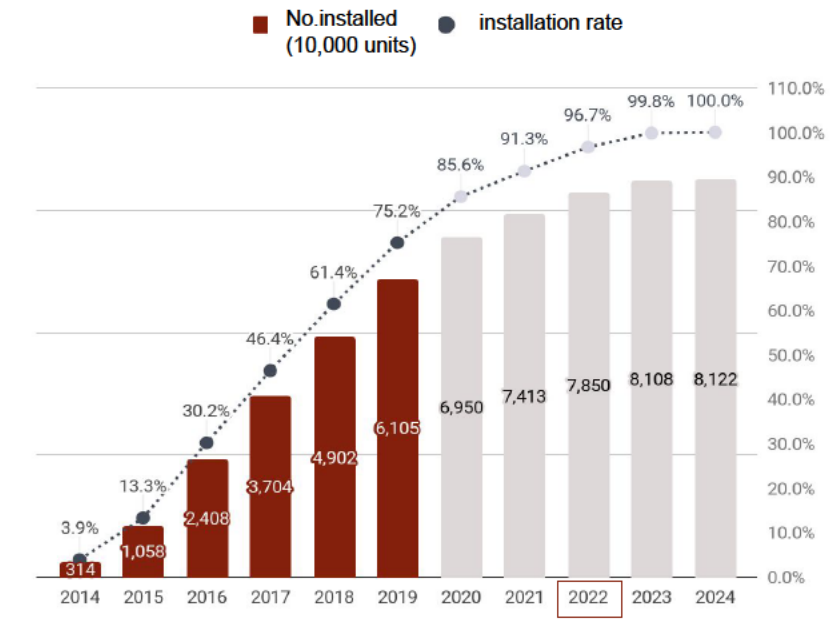
We provide our proprietary products as SaaS (B2B2C) to electricity/gas companies, and our revenue is based on recurring software licenses through usage charges linked to the number of end users (customers, smart meters, etc.). Other revenue comes from customization, etc.



Expand customer base through open access of Smart meter data in spring 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 smart meter data obtained from more than 78 million smart meters. We expect the usage of smart meter data to expand, and foresee an expansion of sales to future new sectors such as transportation, banks, home appliances, medical/nursing care, distribution/restaurant, local government, and so on.*2

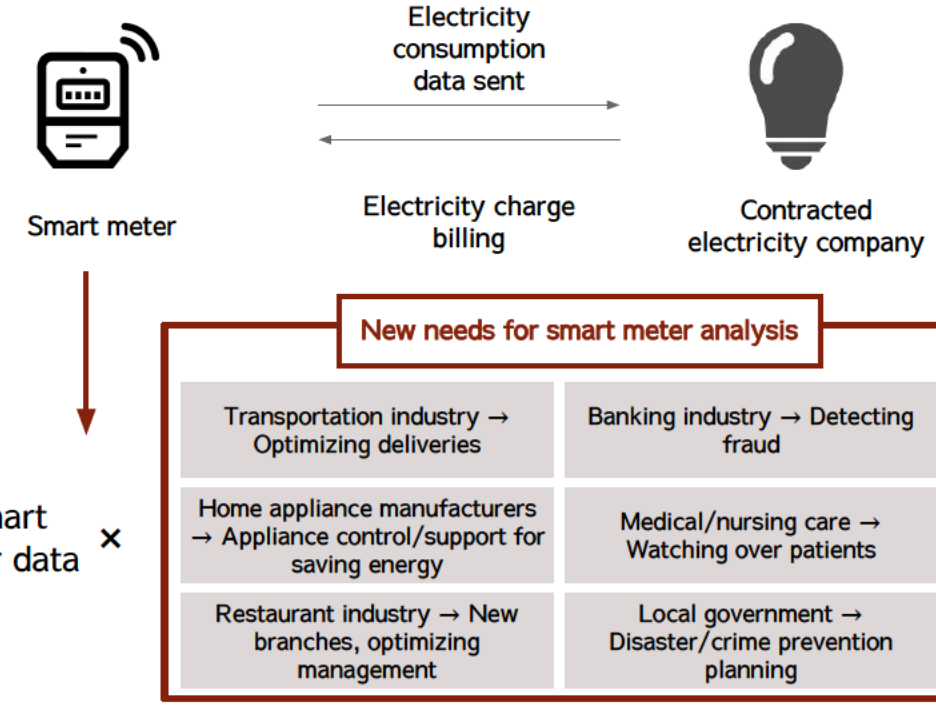
Number of installed smart meters*3



*Ac ua resu s un he end o March 2020 A er ha p anned gures

April 2022: Open Access of Smart Meter

The future of smart meter data



* The Rev s on of the E ectr c ty Bus ness Act and the Act on Spec a Measures Concern ng Procurement of E ectr c ty from Renewab e Energy Sources by E ectr c ty Ut t es to promote the ut zat on of smart meter data to expand the use of smart meter data obta ned from smart meters was passed by the 20 st Ord nary Sess on of the D et and s schedu ed to come nto effect n 2022 After t comes nto effect, even compan es that are not e ectr c ty reta ers w be ab e to ut ze smart meter data, wh ch s expected to create new markets through the use of smart meter data by a range of bus nesses

*2 Taken from examp es n the mater a s n the Agency for Natura Resources and Energy, The Effect ve Ut zat on of Power Data (March 9, 2020)

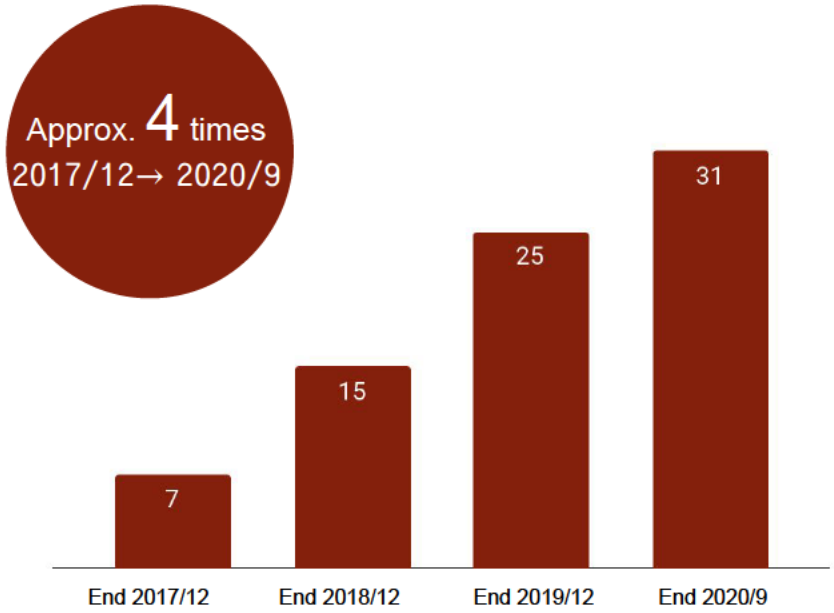
*3 Graph created based on the p ans to ntroduce smart meters n the ow vo tage sect on n the mater a s n the Agency for Natura Resources and Energy 27th E ectr c ty and Gas Bas c Po cy Subcomm ttee Document 3, Progress of fu bera zat on of e ectr c ty/gas reta ng (Ju y 28, 2020)

Expecting steady expansion for both number of customers and ARPU

Our number of customers is steadily growing (with a churn rate of about 1% a month*1) thanks to the development of low-priced products and efficient sales activities based around Energy Platform business clients, and we expect further expansion of customer numbers in the future. We also expect expansion for ARPU by introducing new products.

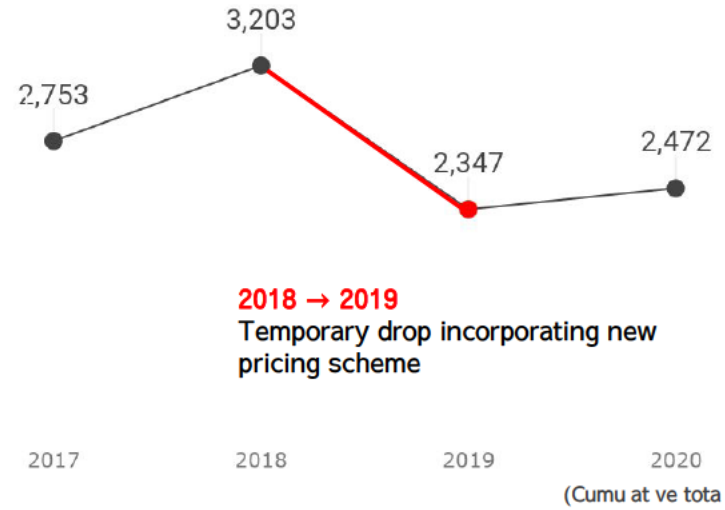
No. of customers*2

Unit: No. of companies



ARPU*3

Unit: 10,000 JPY



*1. Churn rate = Number of churns n the f sca year (nc ud ng churns dur ng the per od) / Number of cont nuous products at the end of the prev ous f sca year + Number of new products n the f sca year (nc ud ng churns dur ng the per od)
*2. Count ng the number of customers who have a record of transact ons for at east one month n the re evant f sca year.

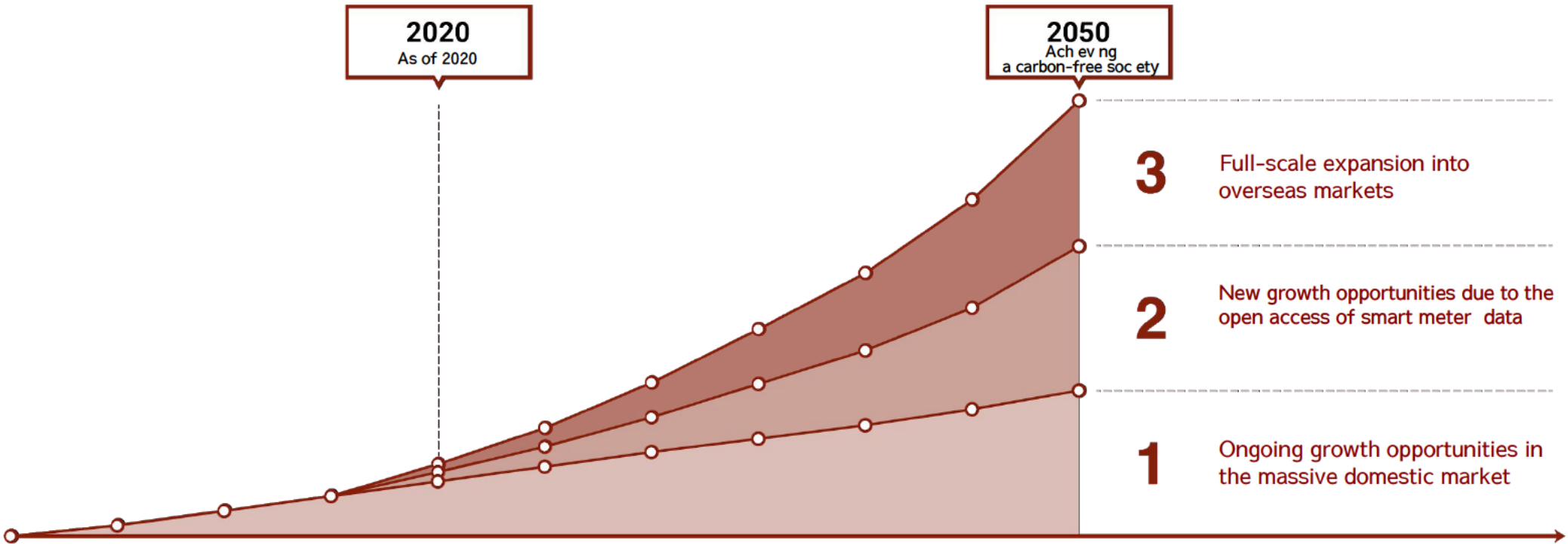
*2. Average Revenue Per User: D v d ng the annua segment sa es by the number of customers for the f sca year.
Note that for FY2020, d v d ng the segment sa es for the f rst 3 quarters by the number of the customers at the end of Q3 and convert ng the resu t on 12 months bas s.

Future Growth Potential

"Three growth opportunities"

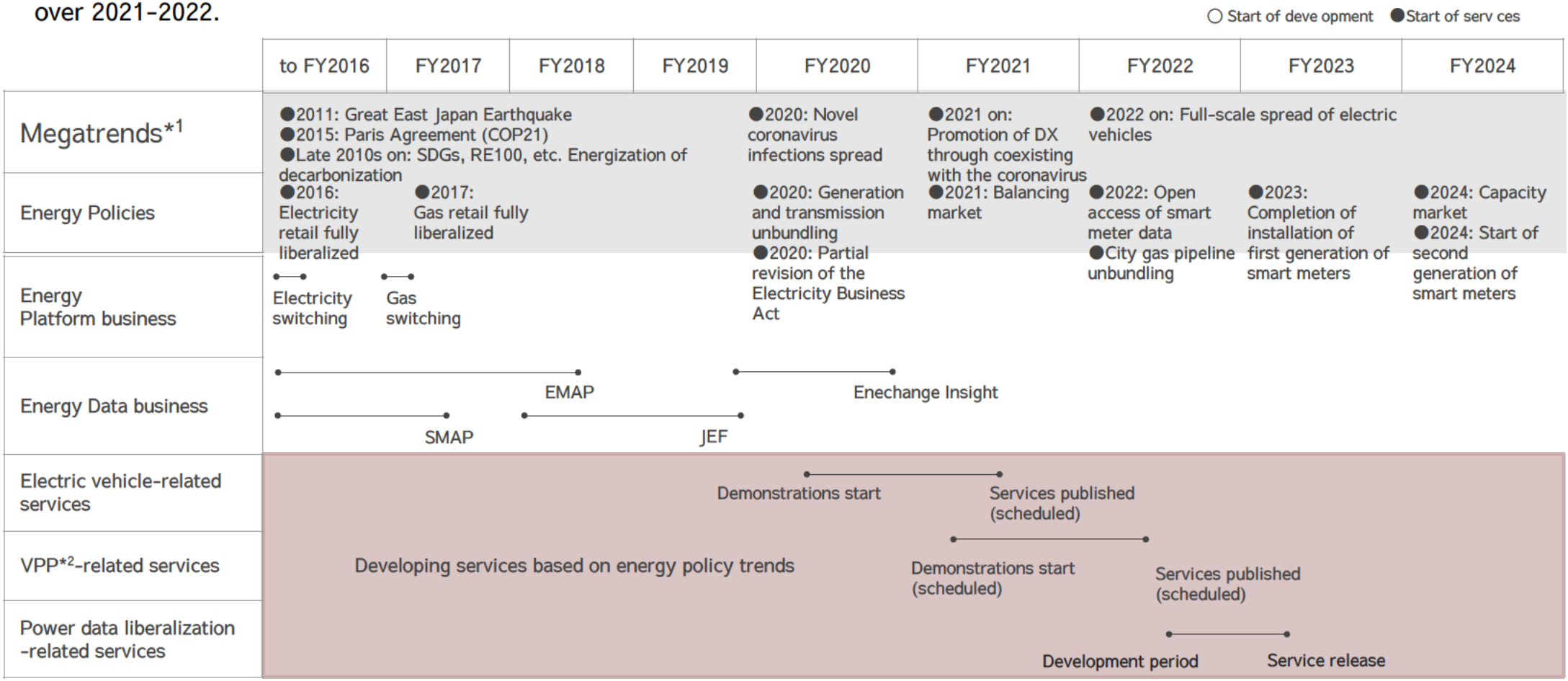
Growth opportunities in three axes

The energy industry is continuing reforms to achieve a carbon-free society by 2050, and we also expect to see growth in our business opportunities. We believe we can maintain high growth in the medium term through (1) ongoing growth opportunities in the massive Japanese domestic market; (2) new growth opportunities due to the open access of smart meter data; and (3) full-scale expansion into overseas markets.



New growth opportunities to match reforms to the energy system

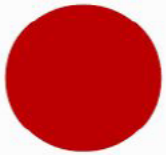
Reforms to Japan's energy systems are in an eight-year transitional period between the start of liberalization in 2016 to the start of the capacity market in 2024. These system reforms incorporate European systems as references, so the knowledge and networks of Europe and its prior examples is important. We intend to draw on knowledge from the UK to provide new, advanced services over 2021-2022.



*1. First Smart Meter Usage Study Working Group Materials, Mitsubishi Research Institute, "Future Considerations"
*2. VPP, or Virtual Power Plant, refers to the provision of the same functions as a power plant by the control of distributed energy resources by their owner or a third party.

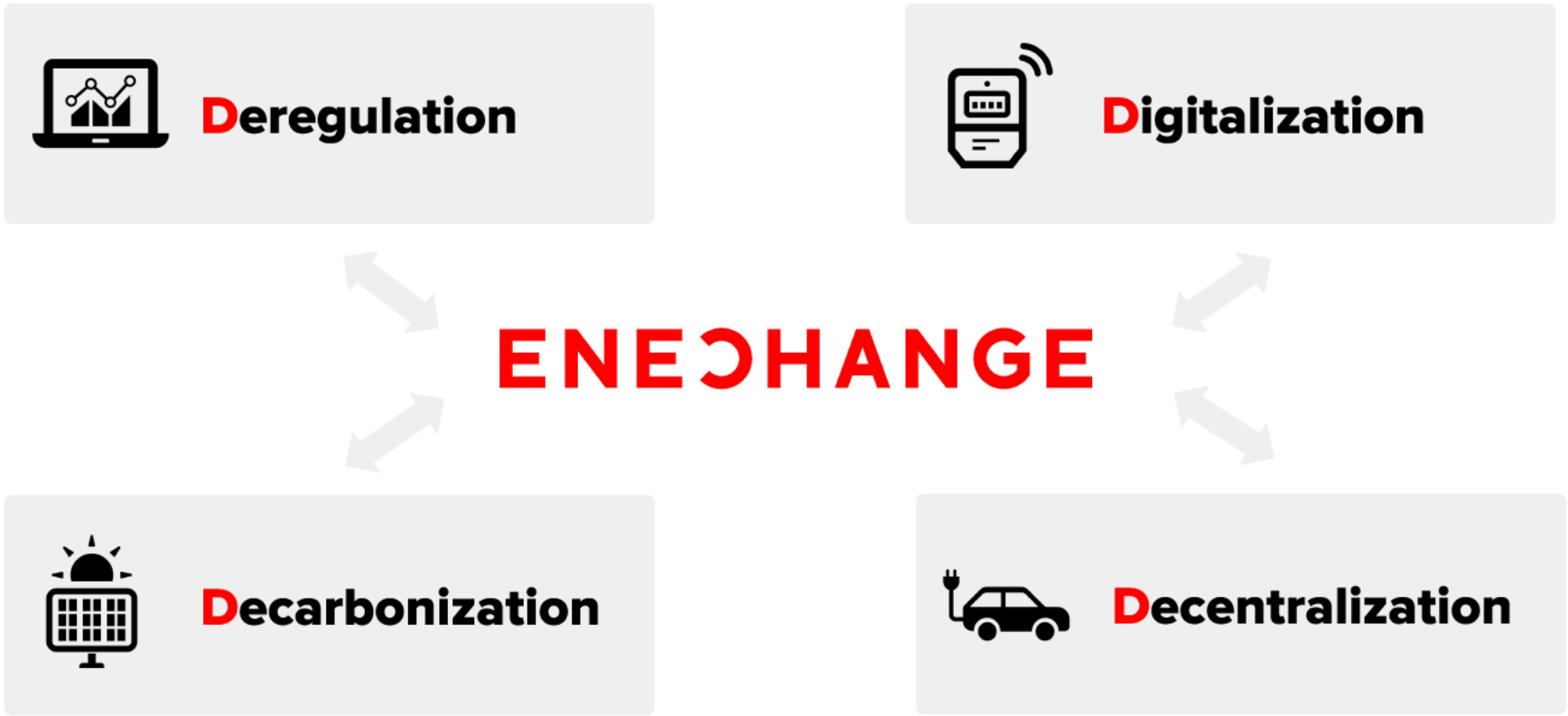
Energy Platform in Asia, Energy Data into Europe

As liberalization of energy is expected in Asian nations such as South Korea, we are working to build partnerships with major local companies with a view to deploy our platform business. As the use of smart meter data has already started to an extent in Europe, we are working on demonstration projects with major British companies with the goal of starting services during 2021.

Target nations	Energy demand*1 (Compared to Japan)	Energy retail liberalization	Smart meter installation rate	Current initiatives
	1.0	Fully liberalized 2016	75%	
Asian countries (except China) Ind a, South Korea, Tha and, Indones a, Ta wan The Ph pp nes, V etnam, etc.	3.4	Currently studying	- %	**Energy Platform business:** Studying with local companies in step with energy liberalization in countries like Korea
European countries UK, EU	3.9	Fully liberalized 1998 - 2007*2	72%*3	**Energy Data business:** Currently demonstrating smart meter data analysis with major British companies

*1. Obta ned by mu t p y ng the s ze of the Japanese market w th the va ues ca cu ated by extract ng the re evant countr es from the per-country power consumpt on data n "The Wor d Factbook" ssued by the CIA.
*2. Fu y bera zed, Source: The Federat on of E ectr c Power Compan es of Japan, "Informat on Re ated to Overseas E ectr ca Power"
*3. Source: IoT Ana yt cs, "Smart Meter Market 2019"

A future with the 4 Ds of energy, and ENECHANGE at its heart

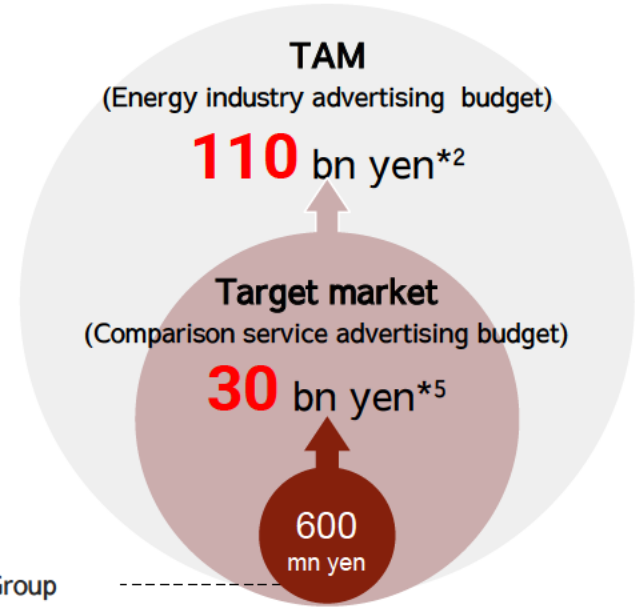


APPENDIX

TAM (Total Addressable Market): 340 billion / target market: 80 billion

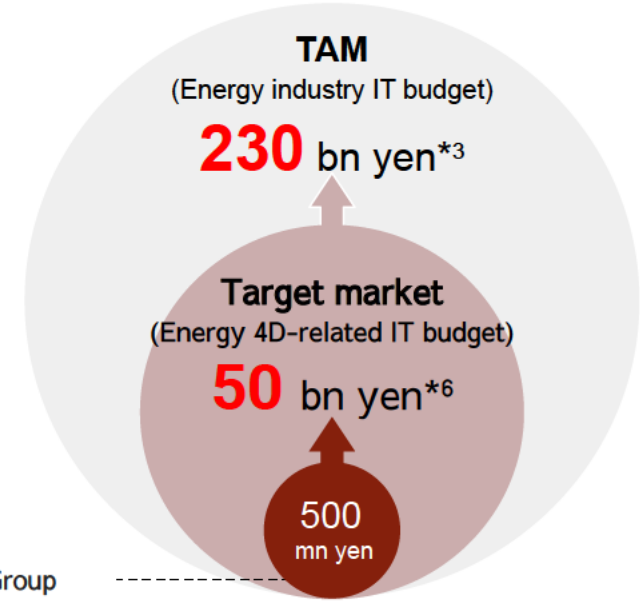
Of our TAM*1 of 340 billion yen*2*3 in the 22 trillion yen electricity/gas market, we define "comparison service-related advertising budget" and "energy 4 D-related IT budget" as our target market*4 and estimate this to be 80 billion yen. We expect this target market to expand as progress is made on the 4 Ds of energy as we head towards a carbon-free society, and are increasing our share through expanding our services.

Energy Platform Business



ENECHANGE Group
Energy Platform Business sales (FY2019 actual results)

Energy Data Business



ENECHANGE Group
Energy Data Business sales (FY2019 actual results)

*1. TAM stands for Tota Addressab e Market. Th s term refers to the argest market s ze that the Group current y env s ons. It s not ca cu ated to show the object ve market s ze of the bus nesses we are runn ng as of the date of subm ss on of th s document, but nc udes est mated va ues as we .
*2. Ca cu ated from E ectr c ty and Gas Market Surve ance Comm ss on, " E ectr c ty Trad ng Report Resu ts " and "Gas Trad ng Report Resu ts" (both 2019) e ectr c ty/c ty gas sa es vo ume of 19.2Tn and sa es vo ume data for 2019 from the Japan LP Gas Assoc at on of 22Tn, and g ven a we ghted average from the sa es advert s ng expenses rat o (0.3% for e ectr c ty, 1.0% for gas) of e ectr c ty/gas compan es n N kke Advert s ng Research Inst tute, " Advert s ng Expenses for Major Compan es, 2019 Ed t on" (ssued October 2019).
*3. Ca cu ated by mu t p y ng the IT budget rat o of 1.05% (FY2019) n the energy ndustry (soc a nfrastructure) sa es n the Japan Users Assoc at on of Informat on Systems, "Corporate IT Trends Survey 2020 (Survey from FY2019)" w th the base market from *2.
*4. The market sca e at wh ch our Group s serv ces or products can current y approach TAM.
*5. Ca cu ated by d v d ng the FY2019 segment sa es for the Energy P atform bus ness of 681M by 1.8%, from the est mate of our share be ng about 1.8% based on our approx. 70,000 househo d e ectr c ty sw tches annua y over the past year n terms of the approx. 4 m on e ectr c ty sw tches annua y for the market as a who e.
*6. Ca cu ated by mu t p y ng the e ectr c ty/gas market s ze of 22Tn by 0.23%, wh ch s the ncrease n the sa es IT budget rat o from 0.82% n FY2015 to 1.05% n FY2019.

ENECHANGE

Known Risks (1/2)*

Item	Affected Business Segment	Main Risk	Potential of Manifestation/Timing	Impact	Risk Countermeasure
Business environment: Electricity retail market	Energy Platform Energy Data	- 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/Mid- to long-term	High	- Respond by developing businesses that do not depend on switches in business fields such as digitization, decarbonization, and decentralization to combat concerns about slowed growth in the electricity retail market.
Business environment: Electrical power system reform	Energy Platform Energy 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/Mid- to long-term	High	- Respond by monitoring system reform by setting up a government policy supervisor, submitting public comments, and participating in governance committees.
Business environment: Related markets	Energy Platform Energy Data	- The possibility that business growth could be hampered by sudden changes due to new regulations regarding the internet, cloud, etc. or other unexpected factors, or restrictions on usage environments.	Low/Mid- to long-term	High	- Respond by developing multifaceted related services that respond to these changes in the internet, cloud, big data, and other related markets.
Business content/Provided services: Dependence on electricity/gas companies	Energy Platform Energy 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/Mid- to long-term	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	Energy Platform Energy 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/Mid- to long-term	Medium	- Respond by developing better services and products through healthy competition.

* The major r sks nf uenc ng ach ev ng growth and execut ng bus ness p ans have been excerpted from the contents sted n "Assoc ated Bus ness R sks" of the secur t es reg strat on statement. Refer to "Assoc ated Bus ness R sks" of the secur t es reg strat on statement for the other r sks.

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Known Risks (2/2)*

Item	Affected Business Segment	Main Risk	Potential of Manifestation /Timing	Impact	Risk Countermeasure
Business content/Provided services: Search engines	Energy 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/Unknown	Medium	- Adjust SEO strategy. - Respond by attracting customers through channels that do not rely on the internet.
Business content/Provided services: Technological innovation, etc.	Energy 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/Mid- to Long-term	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.	Energy Platform Energy 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/Unknown	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.
Other: Novel coronavirus infections	Energy Platform Energy Data	- The possibility that the power 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/Unknown	High	- Diversify business offerings to mitigate adverse effects of coronavirus pandemic.

*The major r sks nf uenc ng ach ev ng growth and execut ng bus ness p ans have been excerpted from the contents sted n "Assoc ated Bus ness R sks" of the secur t es reg strat on statement.
Refer to "Assoc ated Bus ness R sks" of the secur t es reg strat on statement for the other r sks.