FY24 3nd Quarter
Financial Results

ENECHANGE

ENECHANGE Ltd.
November 14, 2024

Tokyo Stock Exchange Growth　Securities Code | 4169

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Executive Summary

1. The ENECHANGE 2.0 "Change" 100-day plan is progressing smoothly

- ✓ Using the bridge loan from September 30, an additional 3,000-3,200 destination chargers are expected to be installed from October to November, beyond the 2,552 already installed at the end of September
- ✓ Fixed assets will be capitalized from FY24 Q3 due to the resolution of impairment. During subsidy receipt around January-March, a loss on fixed asset reduction will be recorded.
- ✓ The company is planning to strengthen its financial base to meet listing criteria and support future growth strategies
- ✓ The measures for preventing recurrence, disclosed on July 29, are proceeding as planned; multiple initiatives completed and in operation

2. Financial results for FY24 Q3

- ✓ The Platform and Data businesses have achieved continued high growth in sales and recurring revenue, marking record highs
- ✓ By January 2025, over 7,000 destination charging ports will be installed, enhancing user convenience through roaming.

3. Future Outlook

- ✓ The outlook disclosed on September 13 is maintained, and Sales progress was steady with 80% of FY24 forecast reached by Q3 cumulative sales
- ✓ FY24Q5 is expected to be temporarily profitable, but FY24 (15 months) is projected to end in a loss; targeting profitability in FY25

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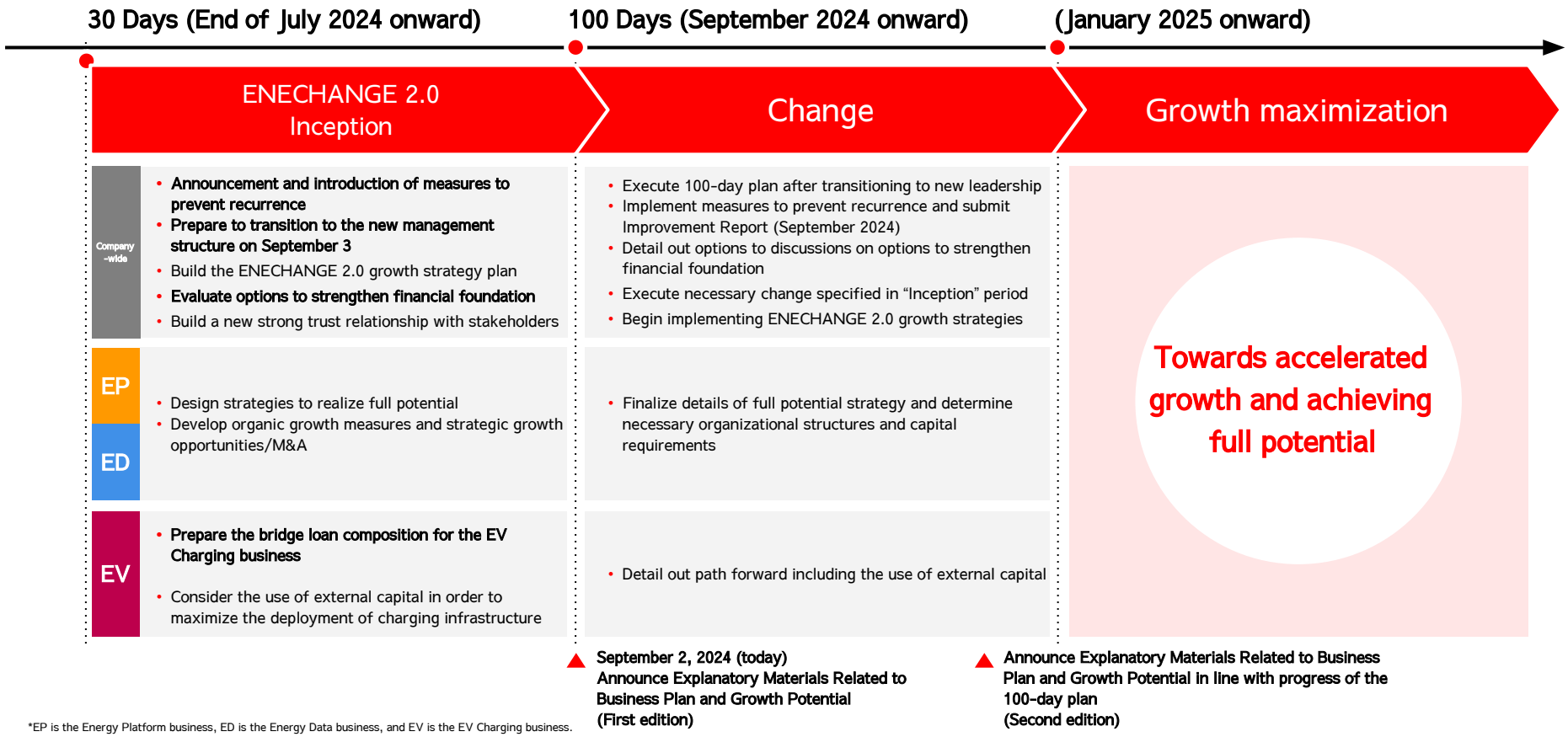
1 ENECHANGE 2.0: Progress of 100-Day plan

Our transformational journey toward “ENECHANGE 2.0” will be conducted in three phases: “Inception,” “Change,” and “Growth maximization”



*EP is the Energy Platform business, ED is the Energy Data business, and EV is the EV Charging business.

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The 100-day Transformation plan of ENECHANGE 2.0 is advancing well

Deepdive in this document

On-going measures

ENECHANGE

CHANGING ENERGY FOR A BETTER WORLD

2F INVEST IN FUTURE GROWTH

- Invest in future recurring revenue by considering the use of external capital in order to maximize the deployment of charging infrastructure

EV

Focus

Improve future recurring revenue/ profitability

Main lever

Accelerate the deployment of infrastructure by considering the use of external capital as well as executing operational enhancements

1F SUSTAINED CORE GROWTH

- Achieve full potential of core businesses
- Accelerate growth and maximize recurring revenue

EP

ED

Focus

Balance profitability with high growth rate

Main lever

Execute on organic growth levers as well as pursue non-linear growth opportunities through strategic M&A

Improve profit-ability through cost effic-iency

1 Commencement of bridge loan borrowing / Progress in installation work

2 Impairment accounting for fixed assets was resolved from Q3

A Full Potential Plan is being developed to secure the growth of our core business including partnerships

Essential elements for organizational foundation and growth

OPERATIONAL DISCIPLINE

Achieve transparency and disciplined management through effective governance and robust internal controls

PEOPLE EXCELLENCE

Provide an environment that enables employees to achieve their full potential

TECHNOLOGY ENABLED

Cultivate a leading internal engineering team that can build future energy tech products and services

STRATEGIC CAPITAL ALLOCATION

A balance sheet that supports the growth strategy, achieving both growth potential and financial stability

3 Detailed discussion on strategies for reinforcing the financial base

4 Implementation of measures to prevent recurrence

We are currently investigating various new HR initiatives to ensure our teams can reach their full potential

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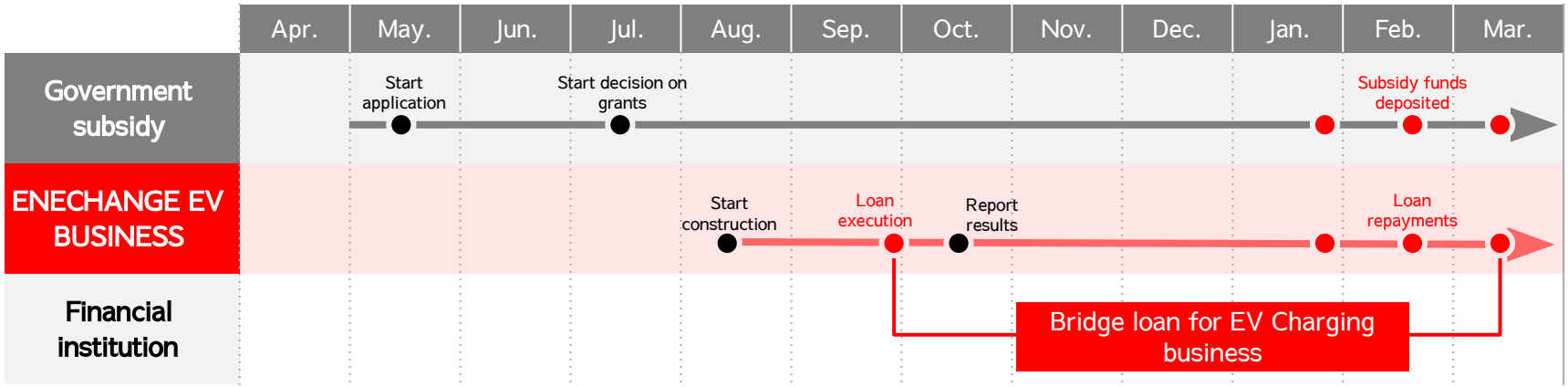
1 Using the bridge loan from September 30, an additional 3,000-3,200 destination chargers are expected to be installed from October to November, beyond the 2,552 already installed at the end of September

- On September 30, a commitment line agreement totaling 4.9 billion yen was signed with Sumitomo Mitsui Banking Corporation and Aozora Bank,Ltd.
- Installation work, supported by the bridge loan, is progressing smoothly, with further installations planned from December onward.

Process of bridge loan *



*Based on FY23 corrected budget and first round of subsidy schedules of FY24 initial budget . This milestone represents a projection based on current assumptions and is to be further finalized.

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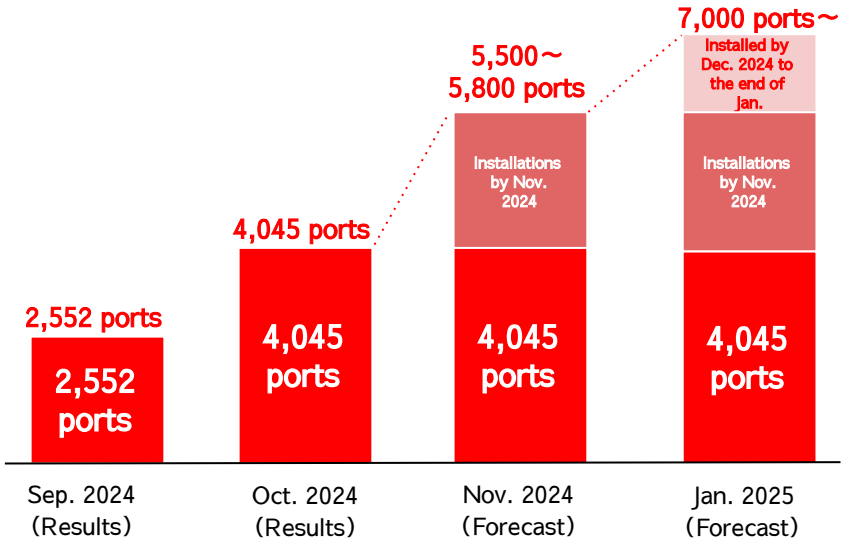
1 As of the end of January 2025, the cumulative number of installed destination chargers is expected to exceed 7,000 units. To enhance user convenience, roaming collaboration is being strengthened

- The remaining budget of 2.5 billion yen (for the second period of R6) is currently under review, with some grant decision notifications in preparation.
- The installation target for destination chargers by December 2027 will be announced in the second round of Explanatory Materials Related to Business Plan and Growth Potential.

Cumulative number of installations of destination charging ports (6kW+)



Installations throughout Japan



Press Release scheduled for November 18, 2024:
ENECHANGE EV charging ports will be available via TOYOTA Wallet

TOYOTA wallet

Note: Due to the consolidation of SPC, sales will be primarily generated from charging revenue from EV drivers using installed charging ports. The KPI of the EV Charging business has been changed from the cumulative number of orders received to cumulative number of installations.

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2 The impairment accounting process for the EV Charging business will be eliminated from FY24 Q3

Main reasons

Uncertainty in the Going Concern (GC) Note

- **Agreement to partial early repayment**
  Agreed to requests for early repayment for select financial institutions with other financial institutions' understanding
- **Potential for brand damage**
  As a result of the release of the investigation report, there is a possibility that relationships with stakeholders and brand power may be damaged
- **Potential disruption in business operation**
  If the former Representative Director's involvement with the group becomes difficult, there might be potential disruptions in business operations

Impairment losses of the EV Charging business

- **Uncertainty in continued support from financial institutions**
  Due to the events indicating the above-mentioned uncertainties and the issuance of a GC note, the possibility of obtaining continuous support from financial institutions is considered uncertain, leading to recognized uncertainty in achieving the business plan, which is premised on the borrowing of a bridge loan

Progress of Resolution Measures
(starting from July 2024)

- **Considering Strategies to Reinforce Financial Base (In Progress)**
  We are broadly exploring strategies to reinforce our financial base to secure funds for future growth.
- **Securing debt financing for the EV Charging Business** ✔
  As disclosed on September 27, 2024, we have signed a commitment line agreement. We will continue discussions with financial institutions on financial planning and strive to maintain close relationships to ensure stable and continuous support.
- **Implementing Recurrence Prevention Measures and Transitioning to a New Management Structure** ✔
  On July 29, 2024, we announced measures to prevent recurrence and appointed Masayoshi Hirata, former CFO of Toshiba, as Chairman. A new management structure led by CEO Maruoka and COO Sogano commenced on September 3, 2024.
- **Improving Profitability of EV Charging Business (In Progress)** ✔
  We are actively installing and promoting usage to strengthen profitability. Simultaneously, ongoing initiatives to increase segment profits are being implemented through efficient advertising and promotional activities.

Impairment accounting treatment of fixed assets related to the EV Charging business will be resolved from FY24 Q3 onward

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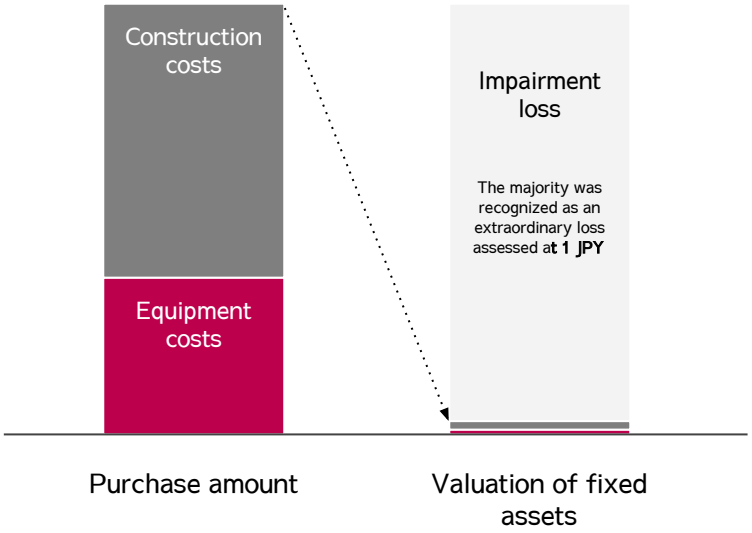
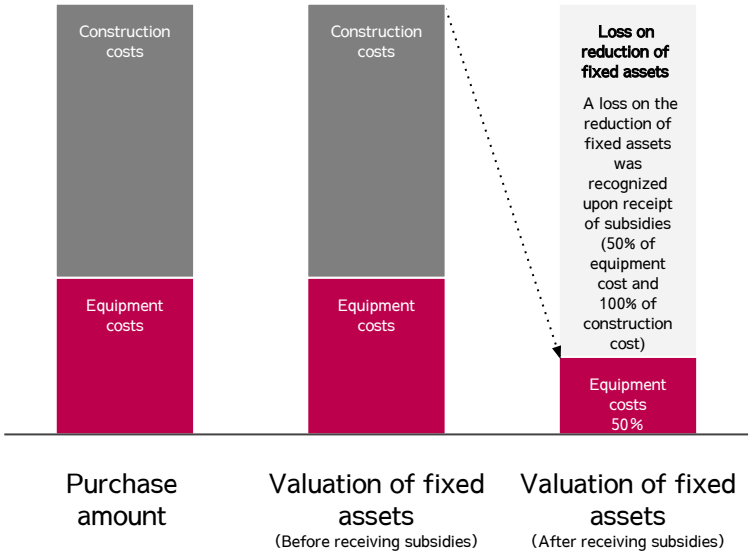
2 Fixed assets will be capitalized from FY24 Q3 due to the resolution of impairment. During subsidy receipt around January-March, a loss on fixed asset reduction will be recorded.

- In FY24 Q2, the main assets were immediately evaluated at 1 JPY upon procurement and construction of equipment, and a special loss (impairment loss) was recorded.
- In FY24 Q3, assets will be recorded at the same valuation as regular fixed assets, and a loss on the reduction of fixed assets will be recorded when subsidies are received around January-March.

Impairment accounting required (until FY24 Q2)



Impairment accounting not required (From FY24 Q3)



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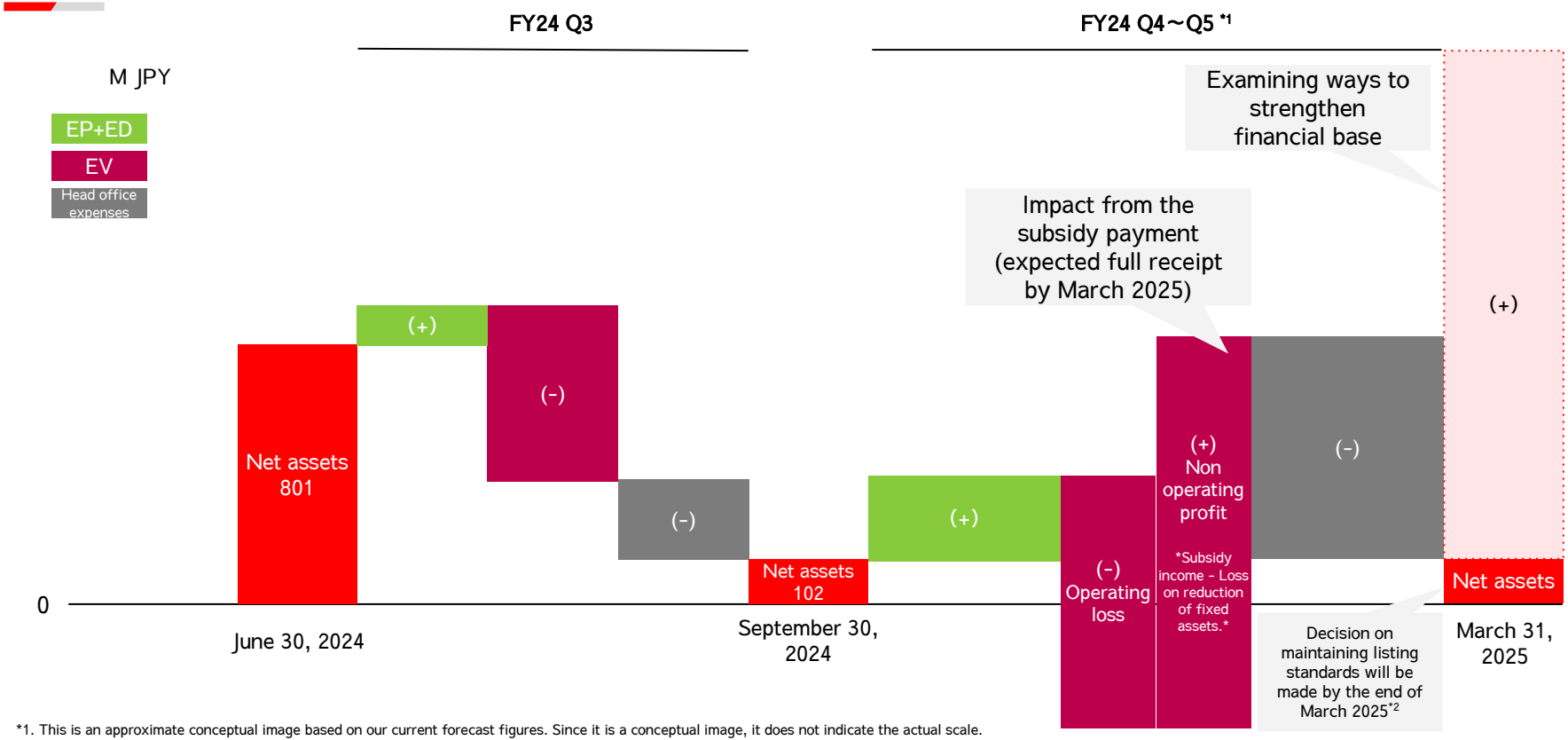
3 Subsidy payments are expected to improve net assets by March 2025. The company is planning to strengthen its financial base to meet listing criteria and support future growth strategies



*1. This is an approximate conceptual image based on our current forecast figures. Since it is a conceptual image, it does not indicate the actual scale.
*2. Due to the approval of an agenda item related to the partial amendment of the Articles of Incorporation at our Extraordinary General Meeting of Shareholders held on September 3, 2024, which involves changes to the fiscal year-end (last day of the business year), we have received a notice from the Tokyo Stock Exchange regarding the change of the improvement period related to delisting from January 1, 2024 (Mon) to March 31, 2025 (Mon), as per the provisions of Article 501, Paragraph 7, Item 5 of the Securities Listing Regulations Enforcement Rules (previously from January 1, 2024 (Mon) to December 31, 2024 (Tue)).

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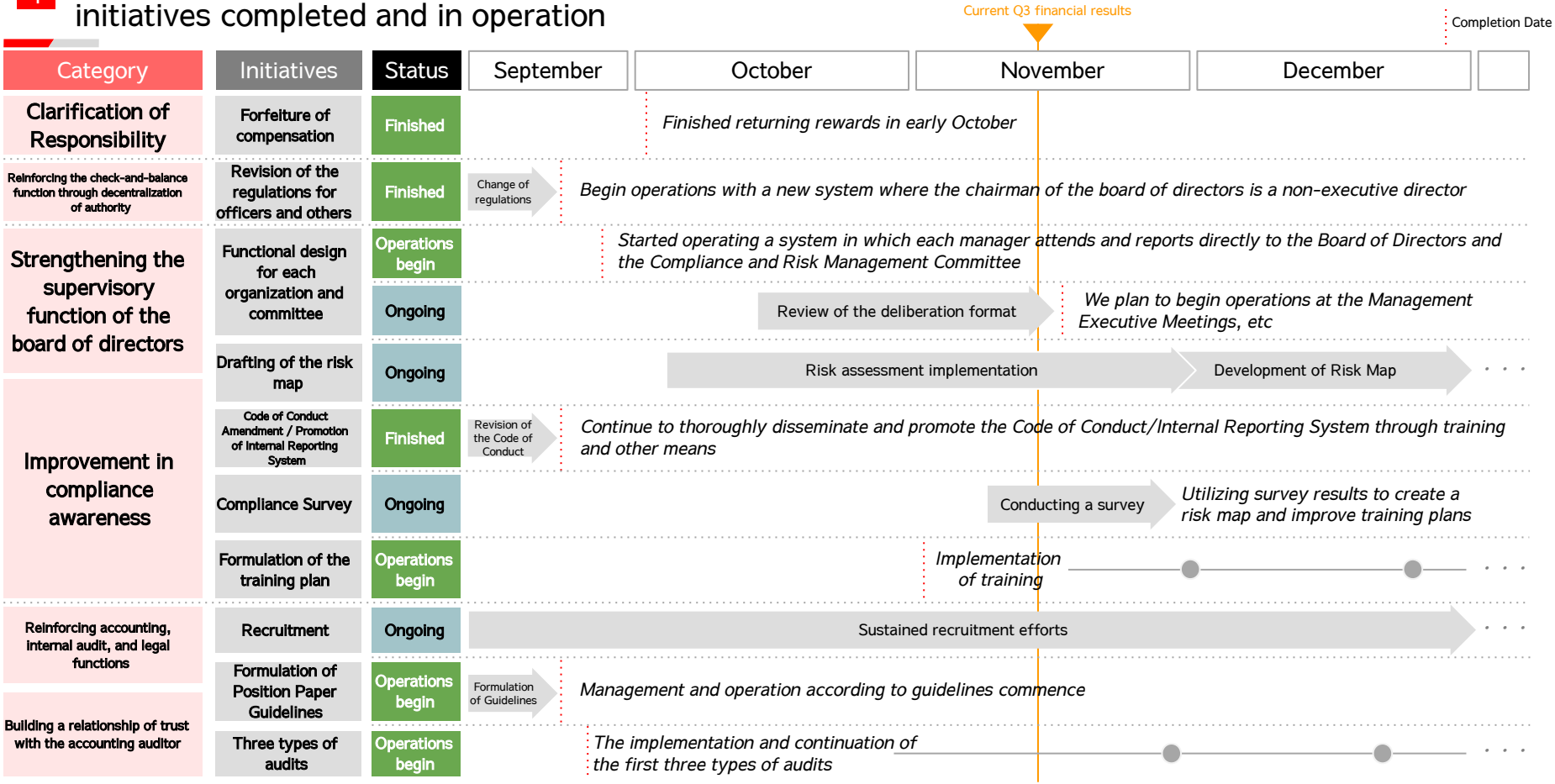
4 The measures for preventing recurrence, disclosed on July 29, are proceeding as planned; multiple initiatives completed and in operation



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Ensuring the execution of the 100-day "Reform" plan and progressing towards growth and realizing full potential as ENECHANGE 2.0

30 Days （End of July 2024 onward）	100 Days （September 2024 onward）	January 2025 onward
ENECHANGE 2.0 Inception	Change	Growth maximization
Company-wide • Announcement and introduction of measures to prevent recurrence • Prepare to transition to the new management structure on September 3 • Build the ENECHANGE 2.0 growth strategy plan • Evaluate options to strengthen financial foundation • Build a new strong trust relationship with stakeholders	• Execute 100-day plan after transitioning to new leadership • **Implement measures to prevent recurrence** and submit Improvement Report (September 2024) 4 • **Detail out options to discussions on options to strengthen financial foundation** 3 • Execute necessary change specified in “Inception” period • Begin implementing ENECHANGE 2.0 growth strategies	Execution is planned to be implemented in multiple phases. **Towards accelerated growth and achieving full potential**
EP / ED • Design strategies to realize full potential • Develop organic growth measures and strategic growth opportunities/M&A	• Finalize details of full potential strategy and determine necessary organizational structures and capital requirements	
EV • Prepare the bridge loan composition for the EV Charging business • Consider the use of external capital in order to maximize the deployment of charging infrastructure	• **Commencement of bridge loan borrowing / Progress in installation work.** 1 • **Impairment accounting for fixed assets will be resolved after FY24 Q3.** 2 • Specific discussions on approaches, including the use of external capital.	

▲ **September 2, 2024 (today)**
Announce Explanatory Materials Related to Business Plan and Growth Potential (First edition)

△→▲ **Announce Explanatory Materials Related to Business Plan and Growth Potential (Overview of the 100-day plan as the second edition)**

**Minor adjustments from the previous timetable*

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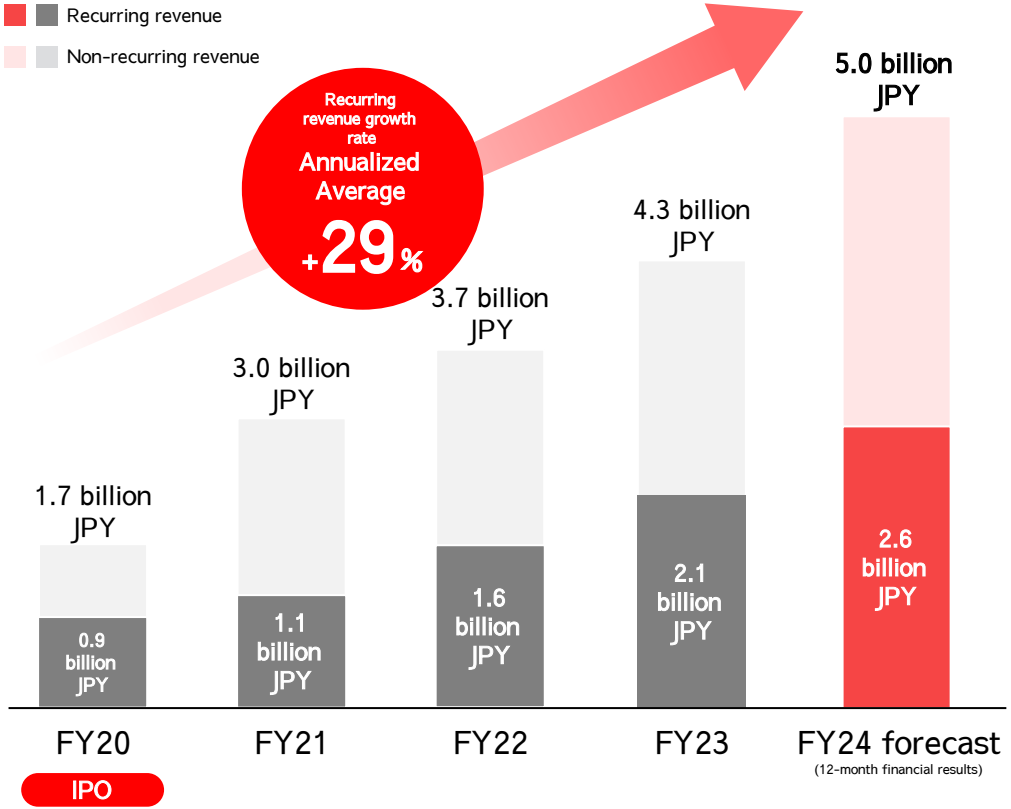
2 Financial results for FY24 Q3

The Platform and Data businesses have achieved continued high growth in sales and recurring revenue, marking record highs.



Platform business

FY24 Q3 cumulative sales
3.07 billion JPY
(+28% YoY / Record high)

FY24 Q3 cumulative recurring revenue
1.19 billion JPY
(+25% YoY/ Record high)

Data business

FY24 Q3 cumulative sales
0.85 billion JPY
(+20% YoY / Record high)

FY24 Q3 cumulative recurring revenue
0.67 billion JPY
(+20% YoY/ Record high)

EV Charging business

FY24 Q3 cumulative sales
0.08 billion JPY
(-32% YoY)

FY24 Q3 cumulative recurring revenue
0.06 billion JPY
(+396% YoY)

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FY24 Q3: KPIs for each segment continue strong growth

EP

- Number of users[*1]

650,000 units(+21% YoY)

- ARPU[*2] (recurring revenue)

705 JPY (+5% YoY)



ED

- ARPU[*2] (recurring revenue)

3.73M JPY
(+34% YoY)



EP ED

- Platform business: User numbers and ARPU (particularly recurring revenue) are showing steady growth
- Data business: ARPU (recurring revenue) has improved due to upsell effects

EV

- Cumulative number of installations[*3]
(Destination charging, at the end of June 2024)

2,552 units
(+5% QoQ)



EV

- Average monthly charging time per unit[*4]
(Destination charging)

19 hours
(+17% QoQ)



EV

- Installations of charging ports concentrated in H2; FY24 installations proceeding as planned.
- Charging times are growing, reaching approximately 19 hours recently in Q3.

*1. To accurately compare the impact of corporate and household switches, switches are calculated for corporates using an equivalent rate and converted based on the rebates from the total obtained capacity using the capacity of a general household as 4kW.
*2. Average Revenue Per User: Calculated after dividing the quarterly sales in the business by the number of customers at the end of the quarter. ARPU (non-recurring revenue) is calculated as non-recurring revenue divided by the number of customers, while ARPU (recurring revenue) is calculated as recurring revenue divided by the number of customers.
*3. Created by extracting only the 6kW charging ports from EVsmart's "EV Charger Statistical Information" (excluding basic charging).
*4. Calculated by dividing average monthly charging time per unit by 720 hours (24 hours x 30 days) (%).

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Combined recurring revenue from the Platform and Data businesses continues to grow, reaching a record high. Operating income for both businesses improved by +14.6% YoY.

Record high

(Unit: JPY MM)		FY23Q3	FY24Q3	YoY	FY23Q3 YTD	FY24Q3 YTD	YoY
Sales	Consolidated	1,184	1,289	+8.9%	3,230	4,011	+24.2%
	Platform business	856	972	+13.6%	2,394	3,071	+28.3%
	Data business *1	236	291	+23.0%	716	858	+19.8%
	EV Charging business	90	25	-72.4%	118	81	-31.8%
Recurring revenue	Consolidated	544	705	+29.6%	1,531	1,927	+25.9%
	Platform business	362	458	+26.5%	956	1,193	+24.8%
	Data business *1	175	224	+27.4%	562	672	+19.7%
	EV Charging business	6	23	+274.6%	12	61	+396.3%
Operating Profit	Consolidated	-394	-616	-	-1,545	-2,037	-
	Platform business	128	136	+5.87%	236	301	+27.1%
	Data business *1	16	29	+78.8%	127	125	-1.1%
	EV Charging business	-343	-566	-	-1,362	-1,738	-
	Adjustment amount *2	-196	-215	-	-546	-725	-

Operating income for EP+ED improved by **+14.6% YoY** .

*1 From FY22, due to the application of the Accounting Standard for Revenue Recognition, non-recurring revenues such as initial and additional development in the Data business were changed from lump-sum recognition at the time of acceptance to recognition proportionally over the contract period.
*2 Company-wide costs not attributable to each reportable segment.

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3 Future outlook

The outlook disclosed on September 13 is maintained and FY24Q5 is expected to temporarily profitable, but FY24 (15 months) is projected to end in a loss; targeting profitability in FY25

- Aiming for ordinary profitability in FY25 and achieving sales of 10 billion yen in FY27.[*1]
- Details of the 10 billion yen sales target for FY27 will be announced in the second edition of the “Explanatory Materials Related to Business Plan and Growth Potential”

Unit: JPY MM	FY23 Q1-Q4 (Jan.-Dec.) Actual	FY24 Q1-Q4 (Jan.-Dec.) Forecast (1)	FY24 Q5 (Jan.-Mar.) Forecast (2)	15-month financial results Forecasts (1)+(2)	Basic policy
Sales	**4,379**	**5,000**	**1,500**	**6,500**	Aim for 10.0 billion JPY in FY27[*1]
EP+ED	4,239	-	-	6,400	-
EV	139	-	-	100	Aim to become No. 1 in normal charging using external capital
Recurring revenue	**2,180**	**2,600**	**800**	**3,400**	-
EP+ED	2,151	-	-	-	Aim for +20-30% growth
EV	28	-	-	-	Aim to become No. 1 in normal charging using external capital
Ordinary profit	**(2,404)**	**Deficit**	**Profit**	**Deficit**	Aim for profitability in FY25
EP+ED	**Profit**	**Profit**	**Profit**	**Profit**	
EV	**Deficit**	**Deficit**	**Profit** [*2]	**Deficit**	

*1. The sales target of 10 billion JPY for FY27 has been set since the March 2022 announcement of "Business Plans and Matters Regarding Growth Potential." Even after the consolidation of SPC in the EV charging business, this target is maintained. We aim to achieve this 10 billion JPY target primarily through sales growth in the Platform business and Data business.
*2. Temporarily turning a profit in FY24Q5 by recording subsidy income.

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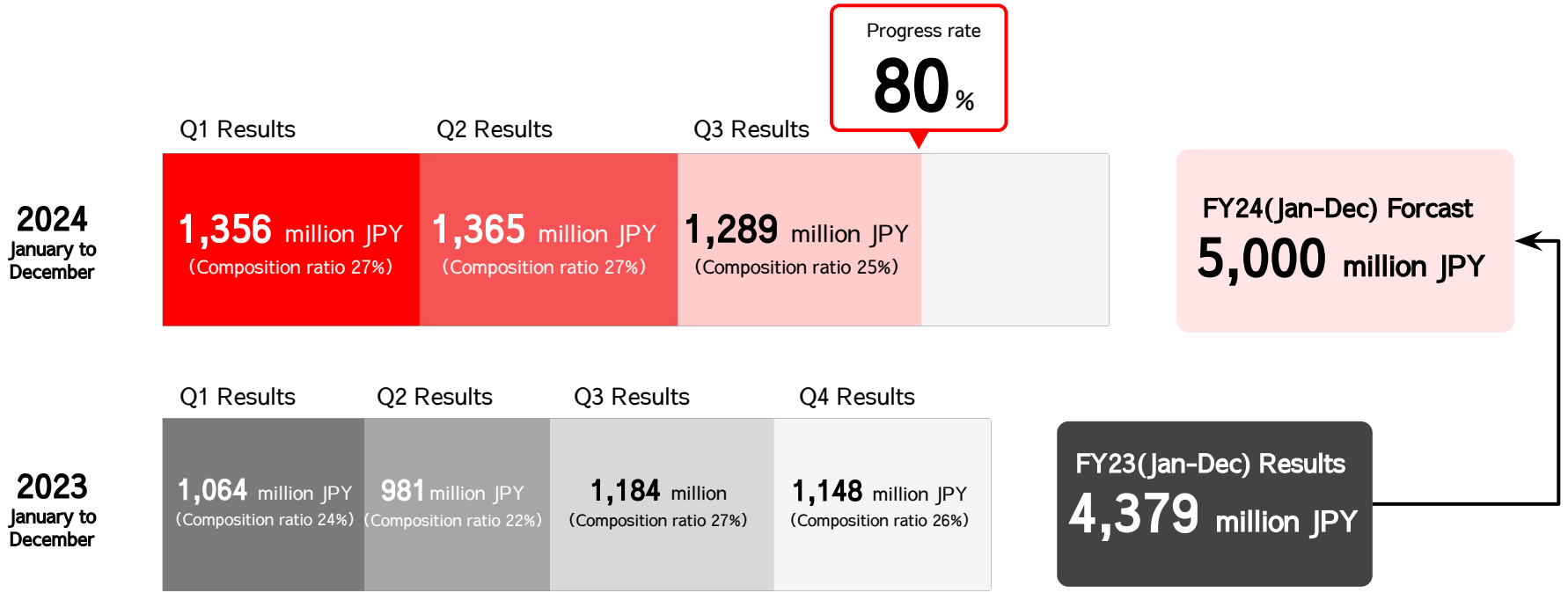
Sales progress was steady with 80% of FY24 forecast reached by Q3 cumulative sales.



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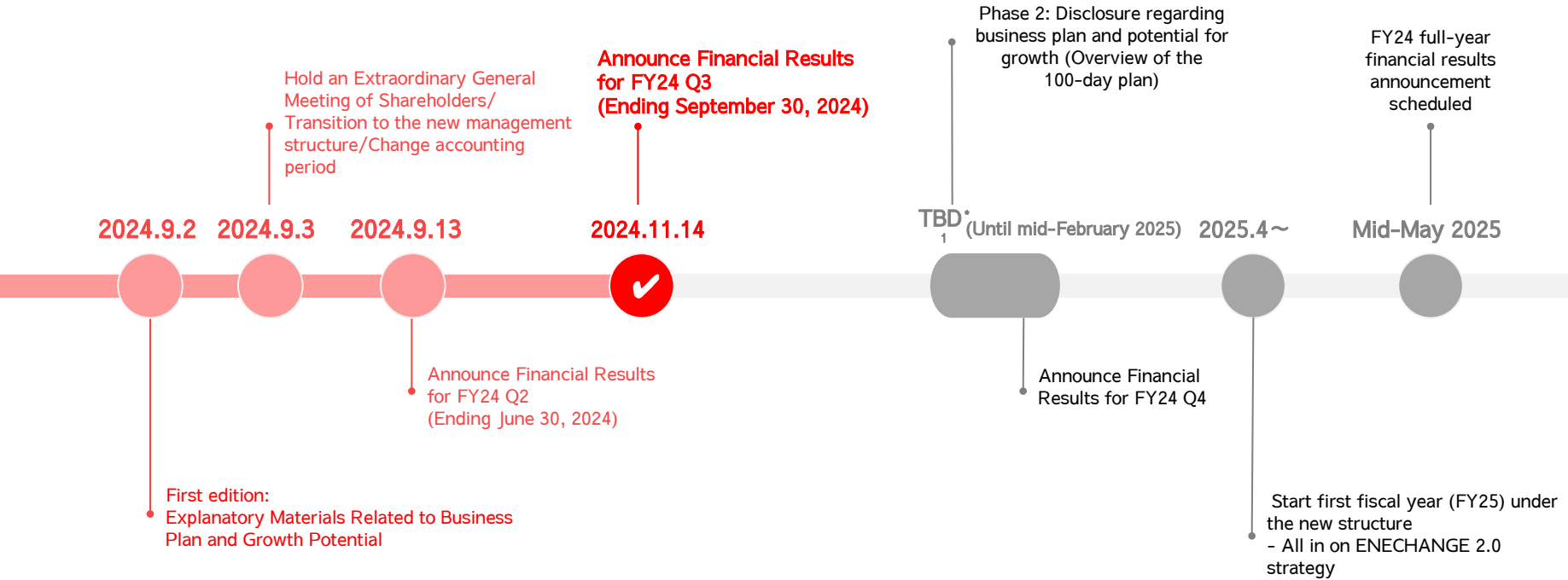
Future Updates: Steadily executing the "Transformation" 100-day plan and planning to complete the 100-day plan summary and FY24 Q4 financial results by mid-February



* Announcement in line with the progress of the 100-day plan.

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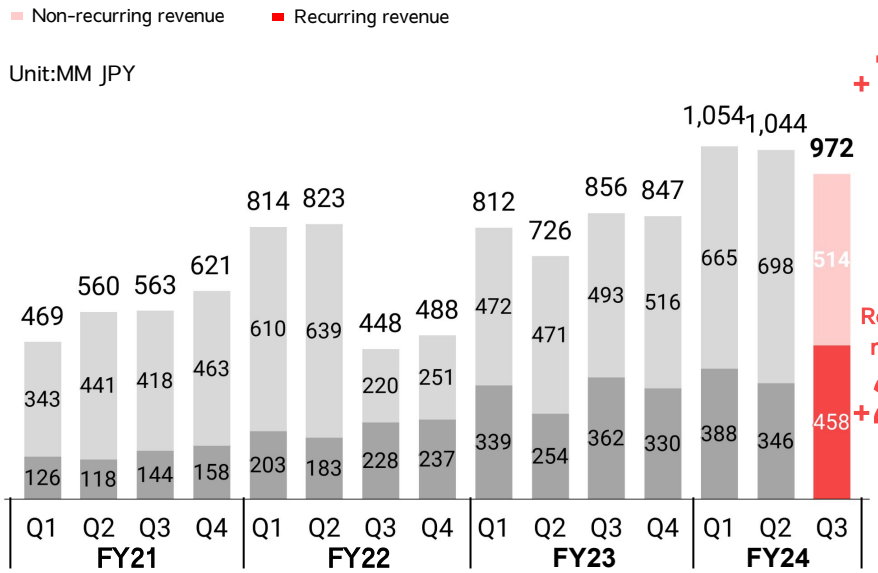
4 Platform business

Recurring revenue reached a new record high, and operating income is approaching its highest level

- Sales amounted to 972 million JPY (+14% YoY), and operating income improved to 136 million JPY (+8 million JPY YoY).
- Recurring sales achieved a record high of 458 million JPY (+27% YoY) as a result of increased electricity bills and a higher number of users.

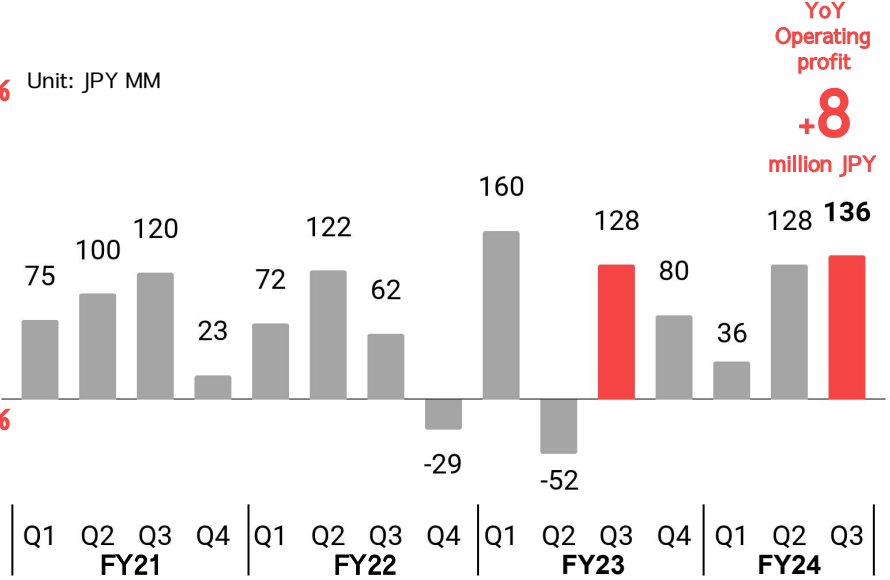
Sales



YoY Sales +14%

YoY Recurring revenue +27%

Operating profit



YoY Operating profit +8 million JPY

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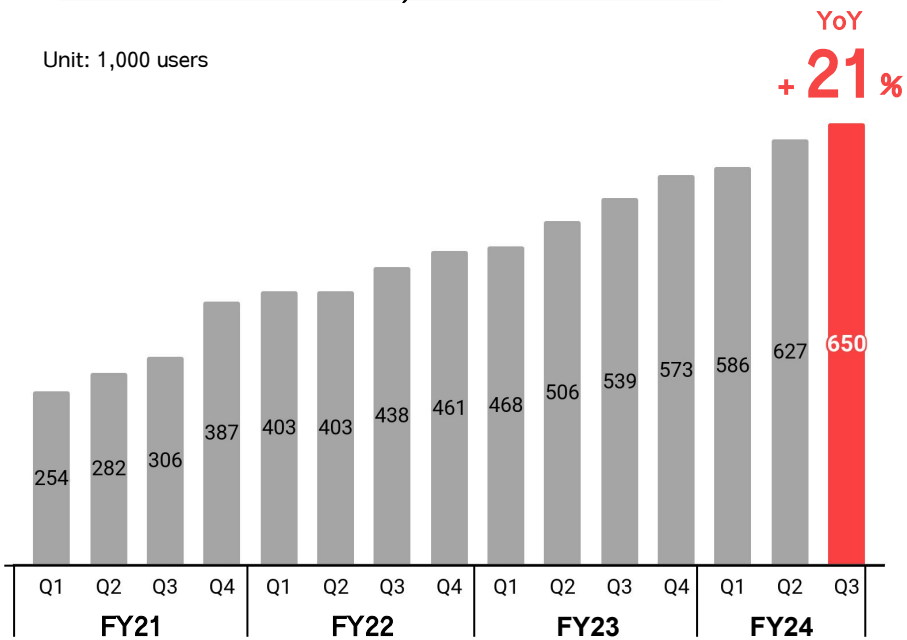
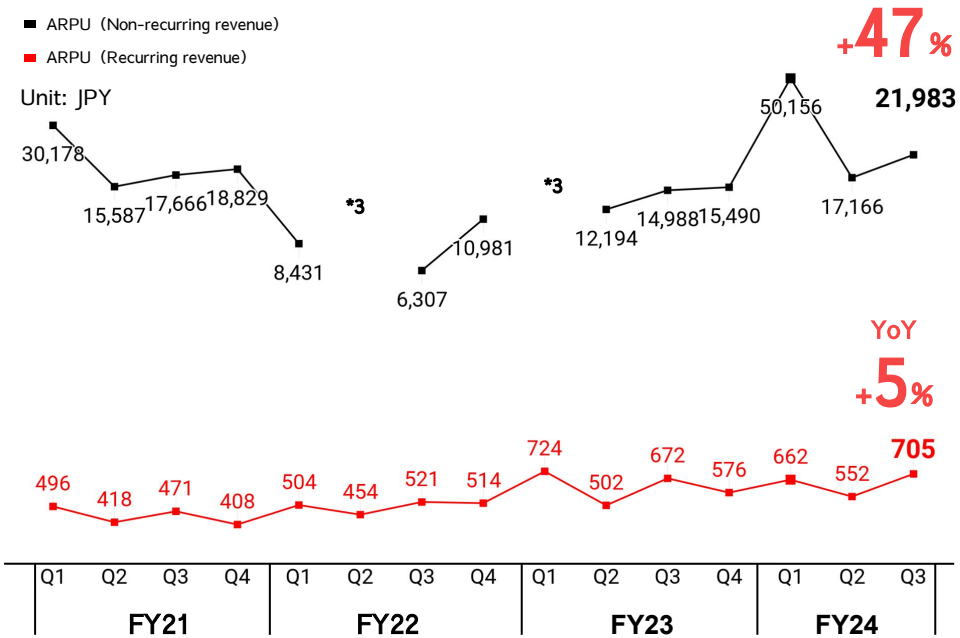
User count is at 650,000 (+21% YoY), maintaining its strong growth, with recurring revenue ARPU nearing an all-time high.

- The number of users reached a record high of 650,000 (+21% YoY)
- ARPU for non-recurring revenue was 21,983 JPY, while ARPU for recurring revenue was close to a record high at 705 JPY driven by soaring electricity bills, including seasonality.

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



ARPU *2



*1. To accurately compare the impact of corporate and household switches, switches are calculated for corporates using an equivalent rate and converted based on the rebates from the total obtained capacity using the capacity of a general household as 4kW.
*2. Average Revenue Per User: Calculated after dividing the quarterly sales in the business by the number of users at the end of the quarter. ARPU (non-recurring revenue) is calculated as non-recurring revenue divided by the number of customers, while ARPU (recurring revenue) is calculated as recurring revenue divided by the number of customers.
*3. FY22 Q2 and FY23 Q1 did not see a significant change in the number of users. Therefore, non-recurring revenue ARPU could not be calculated precisely.

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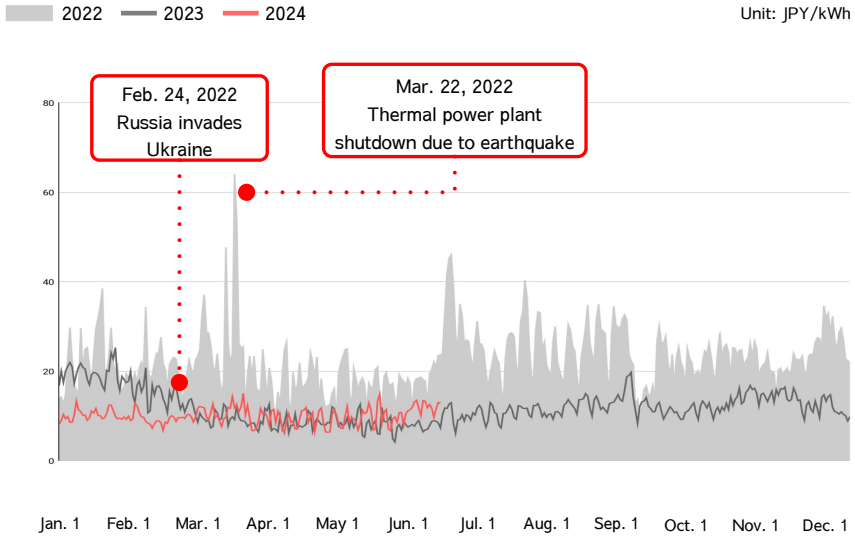
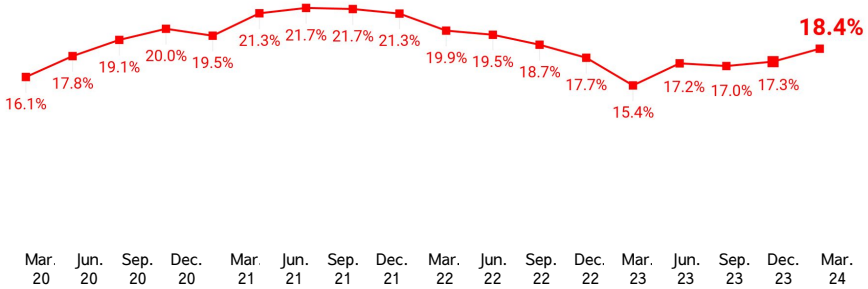
The wholesale electricity market (JEPX) price has been stable, and the market share of new entrants reversed from a downward trend in June 2023

- The wholesale electricity market (JEPX) prices have stabilized due to factors such as the decline in fuel prices.
- The trend in percentage of electricity sales by new entrants continues reversing from a downward trend in June 2023.

JEPX prices *1



Market share of electricity sales by new entrants and our market share of customers with a new entrant *2



*1. From JEPX trading information, calculating the average daily system price.
*2. New entrant electricity share is based on the electricity volume sold (kWh) from the electricity transaction report by the Electricity and Gas Market Surveillance Commission

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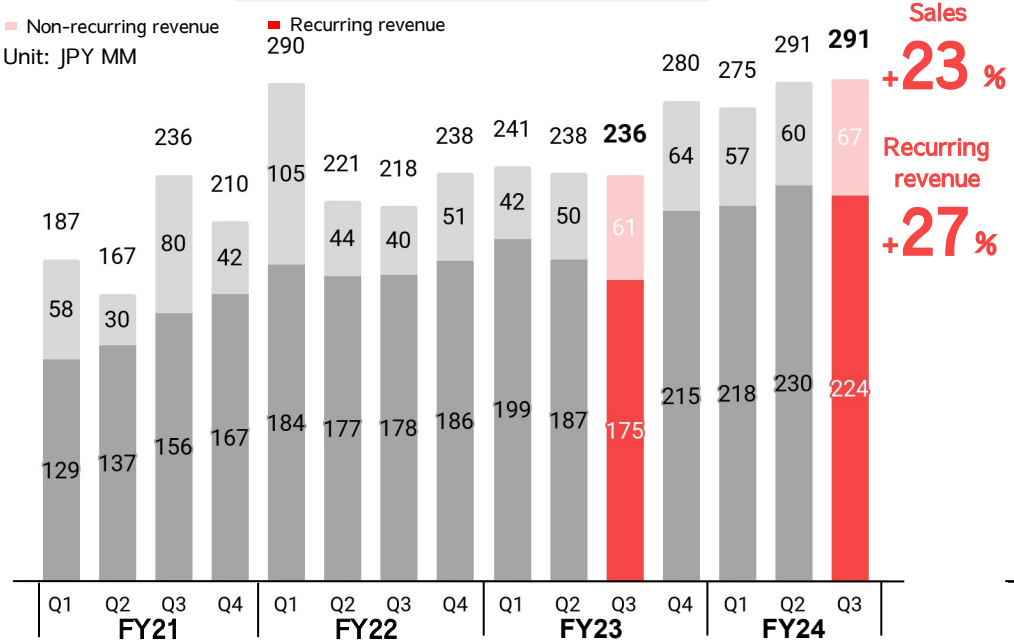
4 Data business

Q3 sales recorded a tie for the highest ever, and segment profitability was maintained

Sales amounted to 291 million JPY (+23% YoY), matching the previous record high, while recurring revenue reached 224 million JPY (+27% YoY) driven by an increase in ARPU. The segment continues to maintain stable operating profitability (+81% YoY).

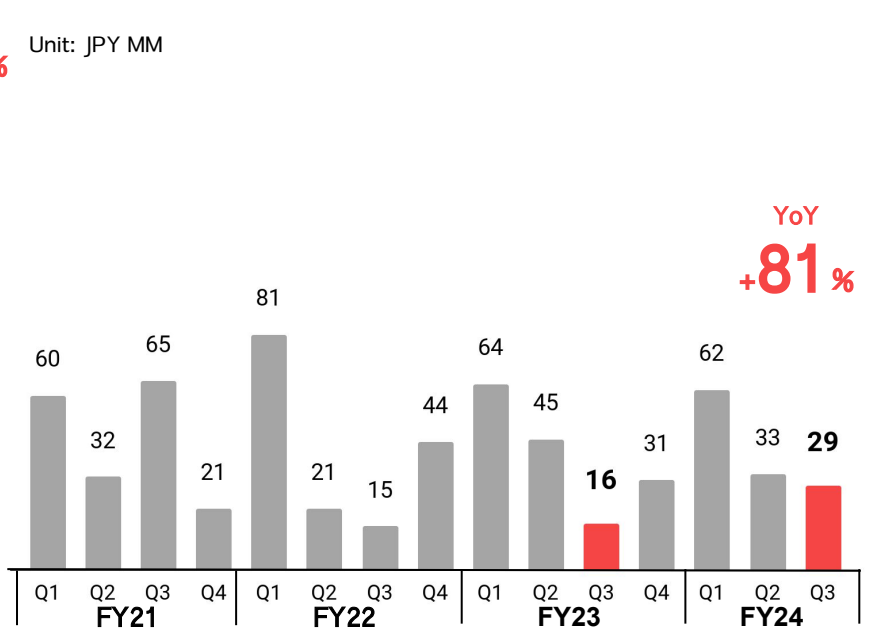
Sales



YoY Sales +23%

Recurring revenue +27%

Operating profit



YoY +81%

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

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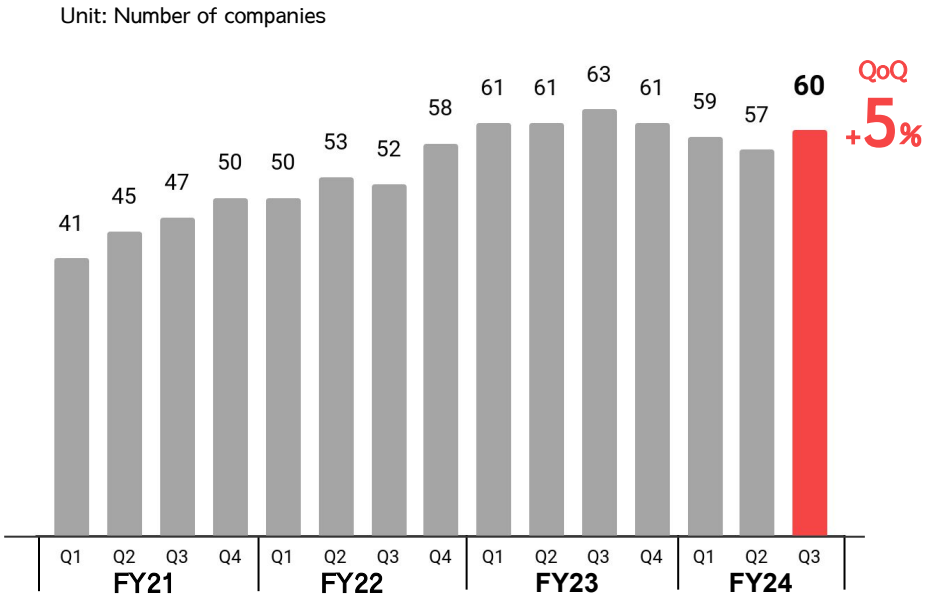
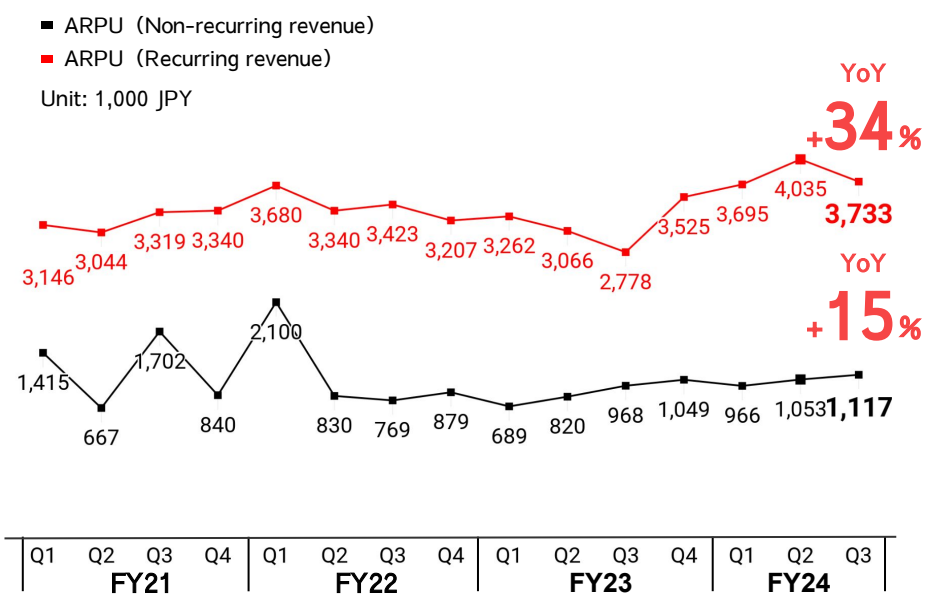
ARPU (recurring revenue) remains the second highest recorded

Following Q2, the improvement in customer unit price resulted in ARPU (recurring revenue) reaching 3,733 thousand JPY, a YoY increase of +34%. ARPU (non-recurring revenue) also continued its stable growth.

Number of customers *1



ARPU *2



*1. Counting number of customers as of the end of Semtember 2024.
*2. Average Revenue Per User: Calculated after dividing the quarterly sales by the number of customers at the end of the quarter. ARPU (non-recurring revenue) is calculated as non-recurring revenue divided by the number of customers, while ARPU (recurring revenue) is calculated as recurring revenue divided by the number of customers.

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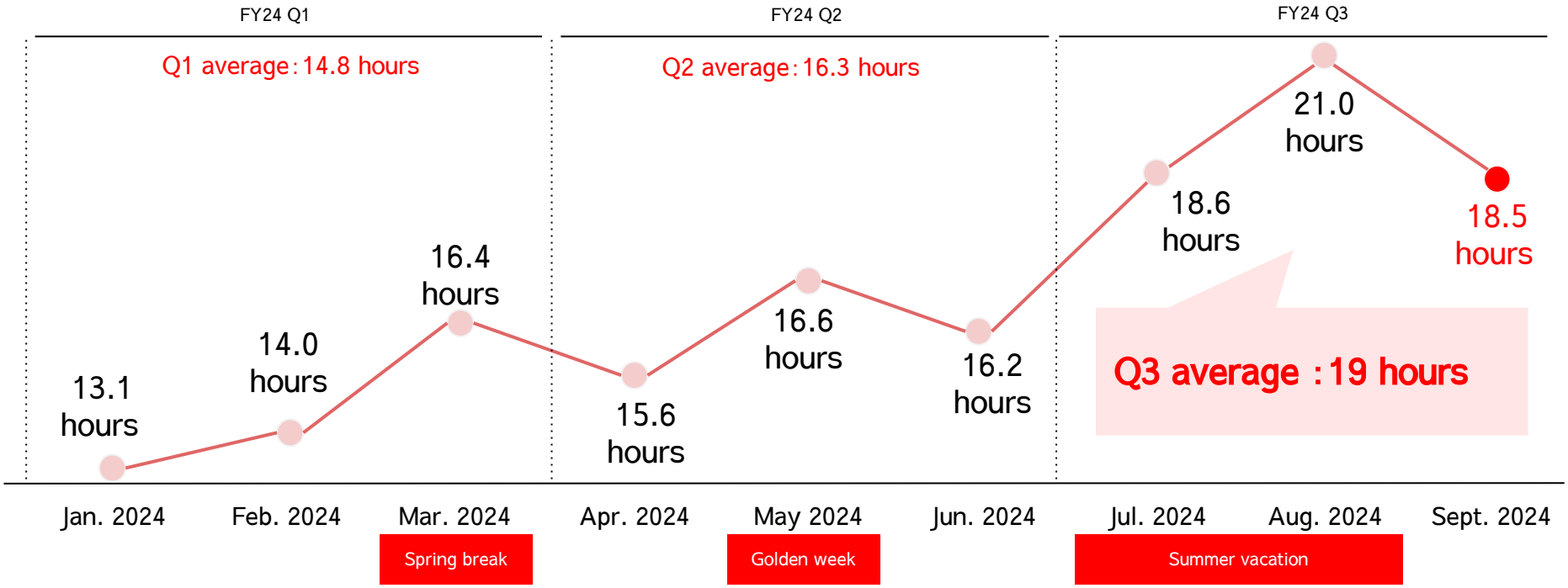
5 EV Charging business

In Q3, the average monthly charging hours reached 19 hours, steadily progressing with the influence of seasonality and marketing campaign efforts

- Average monthly charging time increased by approximately 8 hours from 13.1 hours in January 2024 to 21 hours in August and remained strong at 18.5 hours in September, even after the summer holidays.
- Estimated average monthly charging time was 72 hours[*1] in the United States where ratio of new EV+PHEV car sales was 8% in 2022 highlighting a significant growth potential given Japan's ratio is 2-4%.



*1. Calculated by our Company using the NREL "Evaluating Electric Vehicle Public Charging Utilization in the United States using the EV WATTS Dataset."
*2. Our estimates are derived from the Japan Automobile Dealers Association's "Sales of Passenger Vehicles by Fuel Type" and the National Federation of Light Motor Vehicle Associations' "Kei Car New Sales Report by Nickname."

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Both the total charging volume and total charging hours experienced steady growth QoQ

	FY24 Q1 Jan.-Mar. 2024	FY24 Q2 Apr.-Jun. 2024	FY24 Q3 Jul.-Sep. 2024	QoQ
Total electric charge (MWh)	410	468	600	+28%
Total charging hours (hours)	106,463	120,227	147,383	+23%
Number of charging ports*1	2,399	2,454	2,582	+5%
Number of charging sessions	47,495	55,254	63,365	+15%
Average monthly usage per port (session)	6.6	7.5	8.2	+9%
Average charging time per session (hours)	2.2	2.2	2.3	+5%
Average charging hours per port (hours)	14.8	16.3	19.0	+17%
Average monthly electric charge per port (kWh)	57	64	77	+20%
Average monthly utilization rate per port (%)*2	2.1	2.3	2.6	+13%
(Reference) Ratio of new EVs/PHEVs (%)*3	3.2	2.4	2.6	+8%

*1.Includes 30 charging ports with a capacity of up to 6kW *2 Calculated as the average monthly charging time per unit / 720 hours (24 hours × 30 days) (%)
*3. Company's estimate based on data from the Japan Automobile Dealers Association 'Sales Volume by Fuel Type (Passenger Cars)' and the National Federation of Light Motor Vehicle Associations 'Detailed Report on New Vehicle Sales by Popular Names for Light Four-Wheeled Vehicles

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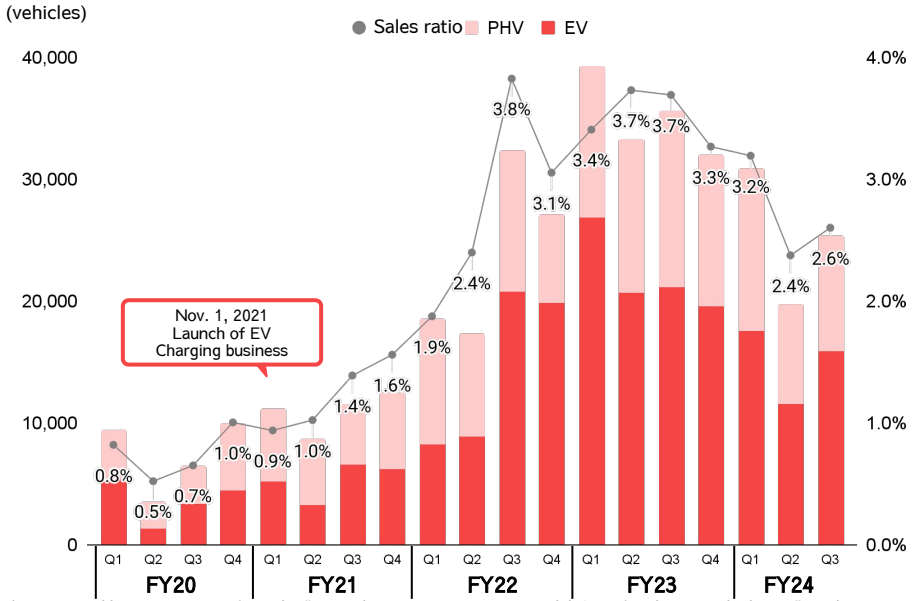
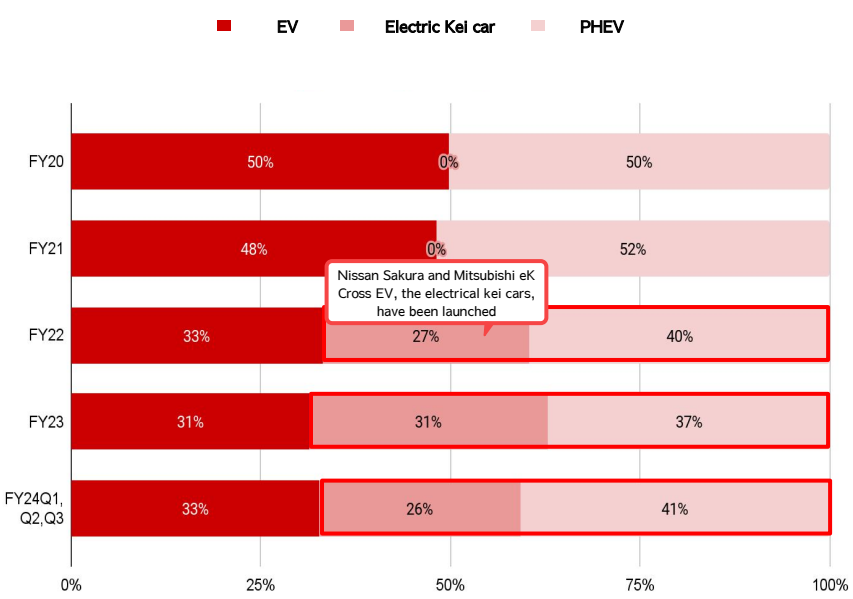
The adoption of compact/Kei BEVs and PHEVs, along with the importance of standard charging infrastructure, holds the key to the growth of the EV market in Japan

- Despite a slight slowdown, the sales of new EVs and PHEVs are expected to gradually increase towards 2026*1, when many companies plan to release new models.
- Considering the domestic sales situation, the sales of EVs in Japan are anticipated to be driven by kei cars and PHEVs over the next few years.

Sales volume and ratio of new EVs/PHEVs in Japan*2



Sales ratio of standard EVs, electric Kei cars, and PHEVs in new EV/PHEV sales *3



*1. Assumed by our company from the "EV and Autonomous Driving Model-Specific Electric Vehicle List" on the Automotive Industry Portal MarkLines.
*2. Prepared by ENECHANGE based on: Japan Automobile Dealers Association, "Numbers of Sold Vehicles by Fuel Type (Passenger Vehicles)"; Japan Light Motor Vehicle and Motorcycle Association, "Confirmed Report for New Vehicle Sales per Common Name for kei car".
*3. Category: Passenger cars. Compiled by our company using data from the "Fuel Type Sales Numbers (Passenger Cars)" of the Japan Automobile Dealers Association and the "Mini Vehicle Sales Report by Model Name" from the Japan Light Motor Vehicle and Motorcycle Association.

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7 Appendix

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7.1 Growth Strategy
7.2 Market Environment
7.3 Business Overview
7.4 Numerical Data
7.5 Other

7.1 Growth Strategy

“ENECHANGE 2.0” is the evolution of “ENECHANGE 1.0,” and aims for further growth and profitability by FY25

	[Previously] ENECHANGE 1.0	[Going forward] ENECHANGE 2.0
VISION	CHANGING ENERGY FOR A BETTER WORLD	
Strategy	• Focused on EV (at least for the past two years) – Aim: world’s first profitable EV charging operator – Target synergies between the EV and EP+ED businesses	• Two-tiered growth strategy of steadily growing the core business and future growth of EV • Aim for profitability in FY25
Positioning of each business *	EP / ED • Stable business through recurring revenue – Secure stable revenue through continued reinvestment	• Achieve full potential of core business and maximize recurring revenue – Execute a strategy that blends both organic growth as well as opportunistic growth through M&A
	EV • Growth business centered on non-recurring revenue (assuming non-consolidation of SPC) – Maximized current profits through concentrated capital investment	• Maximize future recurring revenue (post-consolidation of SPC) – Further acceleration of infrastructure deployment by considering the use of external capital
Organization/ Culture	• Strong top-down culture • Speed-oriented decision making	• Collaborative leadership that enables co-creative discussions • Enhance corporate value through effective governance and robust internal controls

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7.2 Market Environment

Favorable market environment

Themes such as the expansion of GX and EV adoption are gaining attention, with the importance of related investments and human resources increasing. For our business, changes in the business environment progressing globally are serving as a tailwind.

Policy promotion

Changes in industry

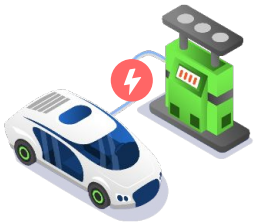
Government promotion of GX

Global trends in decarbonization

Increase in ESG investment



Switch to EVs



Importance of energy security



Increasing the pool of green jobs



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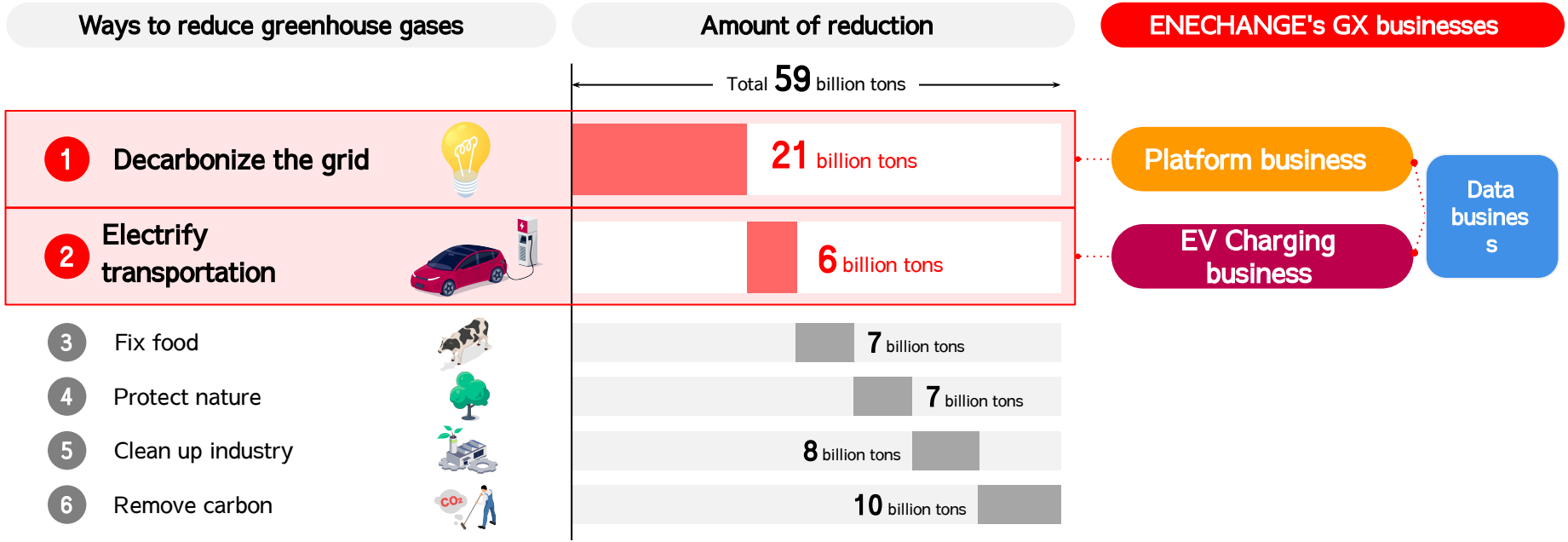
ENECHANGE is a GX (green transformation) company

To achieve net zero, decarbonizing the grid and electrifying transportation are essential actions. Our business directly contributes to these efforts and promotes GX.

How to reach net zero *



* Based on *Speed & Scale* (authored by John Doerr) and NewsPicks editorial material.

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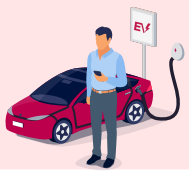
Significant growth potential in the GX market

	Current situation	Future forecast	Growth potential
Adoption of EV and PHEV 	Number of EV and PHEV in operation*1 570,000 units (2023) *2	2,850,000 units (FY30) *3	5x
Number of Level 2 charging ports 	Number of Level 2 charging ports 30,000 units (2023) *4	270,000 units (FY30) *4	9x
Renewable energy demand 	Renewable energy generation ratio 22% (FY22) *5	36–38 % (FY30) *5	1.7x

*1. Electric Vehicles (EV) and Plug-in Hybrid Vehicles (PHEV).
*2. Calculated by our company based on the statistics of EV ownership by the Next Generation Vehicle Promotion Center, sales figures by fuel type (passenger cars) from the Japan Automobile Dealers Association, and confirmed new car sales reports by model name from the All Japan Light Motor Vehicle Association.
*3. Based on the “Global EV Outlook 2024” as stated by the IEA, our Company’s estimation considers a 30% ratio for EVs and PHEVs for new car sales in 2035.
*4. Mentioned in the Ministry of Economy, Trade and Industry’s “Guidelines for Promoting the Development of Charging Infrastructure Seventh Edition” (April 2024).
*5. Referenced “Future Renewable Energy Measures” by the Agency for Natural Resources and Energy (June 2023).

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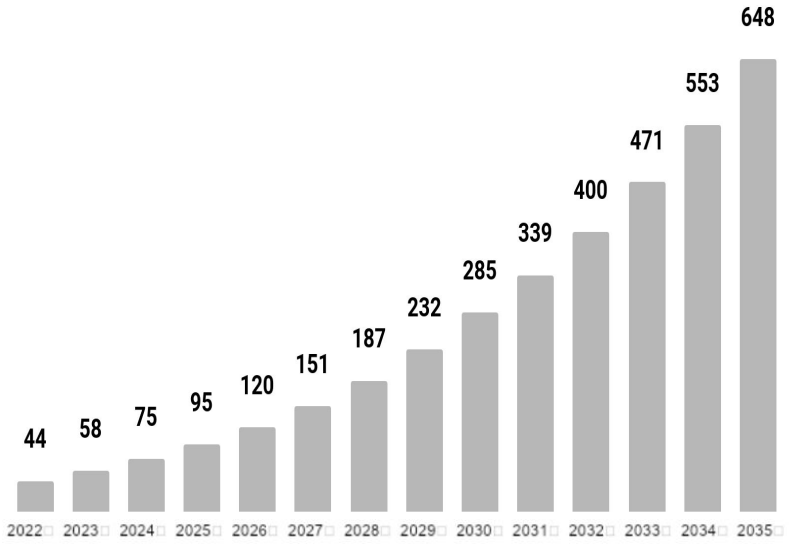
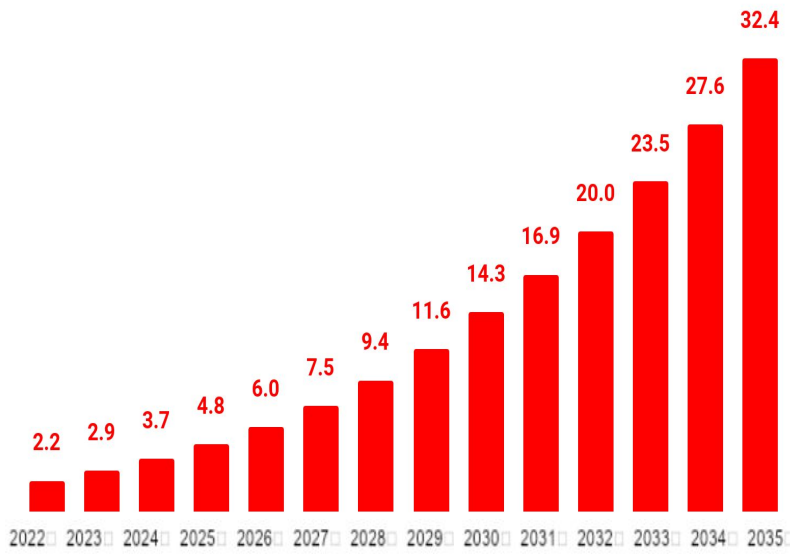
Estimate on number of EVs and PHEVs in operation and charging infrastructure

The number of EVs and PHEVs in Japan is predicted to reach 6,480,000 vehicles in 2035.*1 Assuming for every 20 EVs and PHEVs, one charging port is necessary, the calculation leads to 143,000 ports being necessary in 2030.

Number of EVs and PHEVs in operation (Unit: 10,000 vehicles) *2



Number of charging ports (destination) necessary (Unit: 10,000 units) *3



*1. The forecasted figures for 2024 on are the Company's estimated figures.
*2. Calculated by our Company assuming that the proportion of EVs and PHEVs among new cars sold will be 35% in 2035, using the IEA "Global EV Outlook 2024."
*3. Calculated by our Company assuming for every 20 EVs and PHEVs, one charging port is necessary.

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Huge market size in GX Japan

Our businesses have a combined TAM[*1] in excess of 2,700 billion JPY in Japan, and we aim to establish dominant positions in these segments.

Business segment	EV Charging business	Platform business	Data business
	EV charging service for site hosts	Energy switching services for households and corporates	Data-backed software services for industry
Target market	Gasoline market 9,000 billion JPY [*2]	Electricity market 18,000 billion JPY[*3]	
	25% (Target area charging ratio[*6])	2% (Energy switching fees market price[*4])	1% (IT system budget[*5])
TAM	2,200 billion JPY	360 billion JPY	180 billion JPY

*1. TAM: Total Addressable Market. This term refers to the estimated largest market size that we currently envision. It is not calculated to show the obtainable market size of the businesses we are running.
*2. Source: Teikoku Databank, "Total Sales of Service Station Management Companies" (2017).
*3. Based on the 2022 electricity sales amount in Electricity and Gas Market Surveillance Commission, "Electricity Trading Report Results".
*4. Recurring revenue rate for energy bills, according to research by ENECHANGE.
*5. IT budget ratio in the energy industry (social infrastructure) according to "Corporate IT Trends Survey" by Japan Users Association of Information Systems.
*6. Our assumption based on McKinsey & Company, "Building the electric-vehicle charging infrastructure America needs" (April 18, 2022) / "What Norway's experience reveals about the EV charging market" (May 8, 2023).

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7.3 Business Overview

Business outline

Through the operation of our platform that has 2 million unique monthly visitors*1 and over 50 affiliated energy companies*2, we can handle everything from price comparisons to switch processing all at once.

Energy switching platform for households

エネチェンジ
電気とガスのかんたん比較



"Switch electricity and gas and receive special offers!"

Energy switching platform for corporates

エネチェンジBiz
法人向け 電気代見直しサイトNo.1



"I want to choose an environmentally-friendly plan!"

*1 The data on the number of visitors is based on the actual figures from January to December 2023.
*2 Total number of affiliated energy companies (excluding duplicates) as of June 2024.

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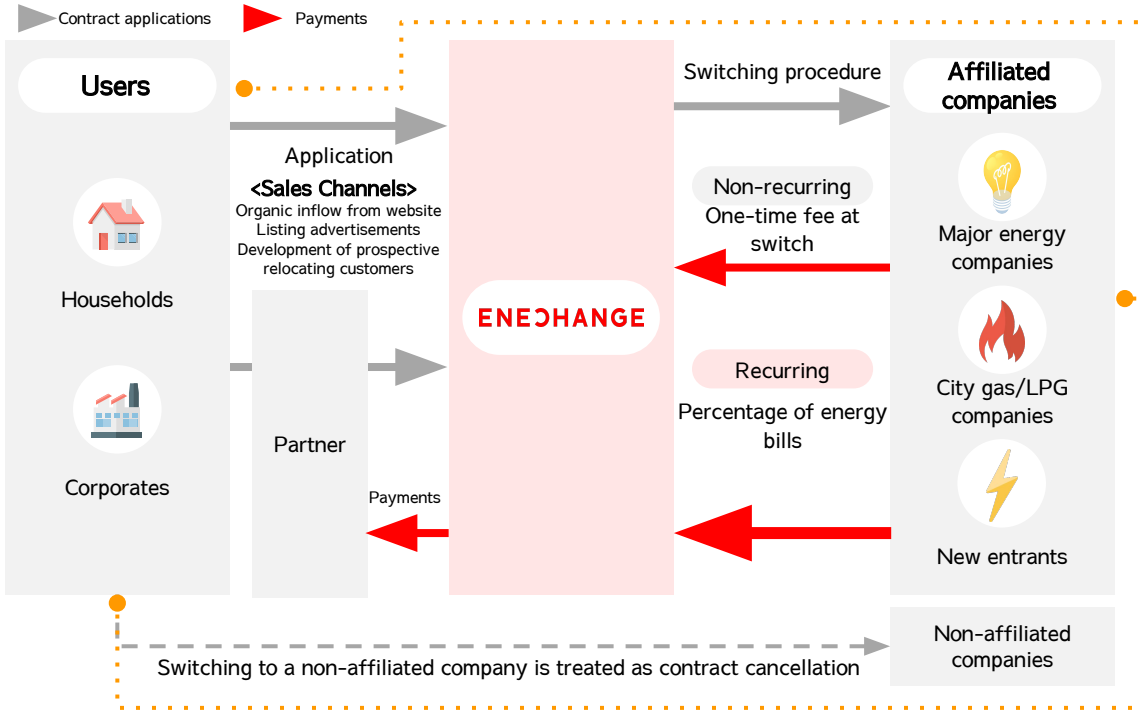
Business model and competitive advantage

After switching an electricity or gas contract, we receive a one-time fee (non-recurring revenue) from the affiliated energy company as well as recurring revenue linked to energy bills.



Accurately providing a wide range of switching options

- Various switching options are available with a large number of affiliated electricity companies
- Accurately and neutrally comparing complex electricity plans

Quantity and quality of customer referrals

- Top media platform*1 in electricity and gas leading to high conversion rates of referred customers
- High rate of customer satisfaction due to clear plan comparisons

Energy conservation support utilizing smart meter data

- Suggesting optimal usage and plans based on data (ENECHANGE My Energy service, etc)

*1. ENECHANGE research on Google searches as of April 2024, aggregating and comparing the number of instances where we rank first among the set 64 keywords.

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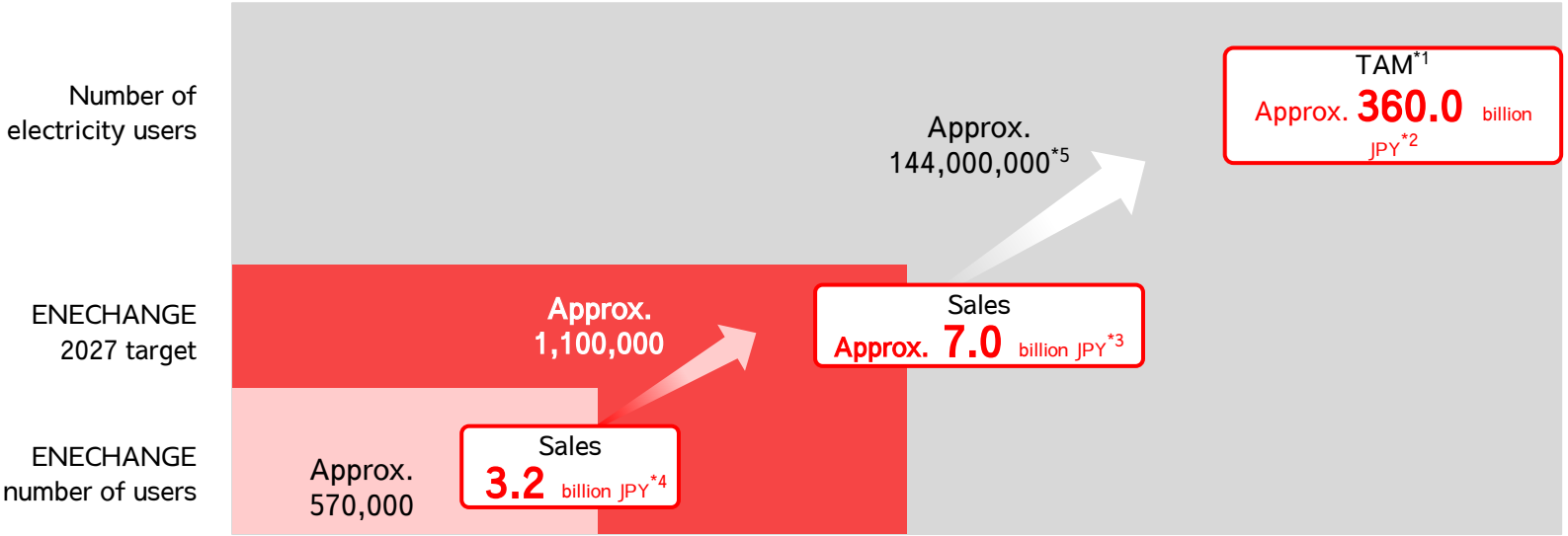
The Platform business has a potential market of 360 billion JPY and aims for 7 billion JPY in sales by 2027

In the Platform business, the growth of new entrants is expected, and we anticipate ample growth potential for our market share. Reflecting the recent ARPU level, we aim for the early achievement of 1.1 million users by 2027, expecting approximately 7 billion JPY in sales (an increase of 1 billion JPY from the target announced on March 29, 2023).



*1. Abbreviation for Total Addressable Market. The term refers to the largest market size assumed currently by the Group, and is not calculated for the purpose of indicating an objective market scale related to the business, but also includes estimated values.
*2. See Appendix slide “Huge market size in GX Japan.”
*3. Non-recurring revenue assumes approximately 425,000 annual switches as of 2027, and is calculated as approximately 4.25billion JPY by multiplying 10,000 JPY of ARPU (non-recurring revenue).
Recurring revenue assumes ARPU (recurring revenue) of approximately 2,500 JPY, and is calculated as approximately 2.75 billion JPY by multiplying the number of users by about 1,100,000.
*4. FY23 financial results of the Platform business.
*5. Calculated from *2 by dividing by the ARPU (recurring revenue) of 2,500 JPY

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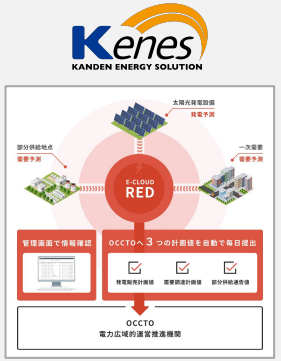
Business outline

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

Deregulation	Digitalization	Decentralization	Decarbonization
ENECHANGE Cloud Marketing	**ENECHANGE Cloud DR*2**	**ENECHANGE Cloud EV**	**ENECHANGE Cloud RE*3**
			
DX service for energy companies	DR service for households	EV charging information service	PPA business automation DX service to manage renewable energy inventory

*1. DX: Digital transformation *2. DR: Demand response *3. RE: Renewable energy

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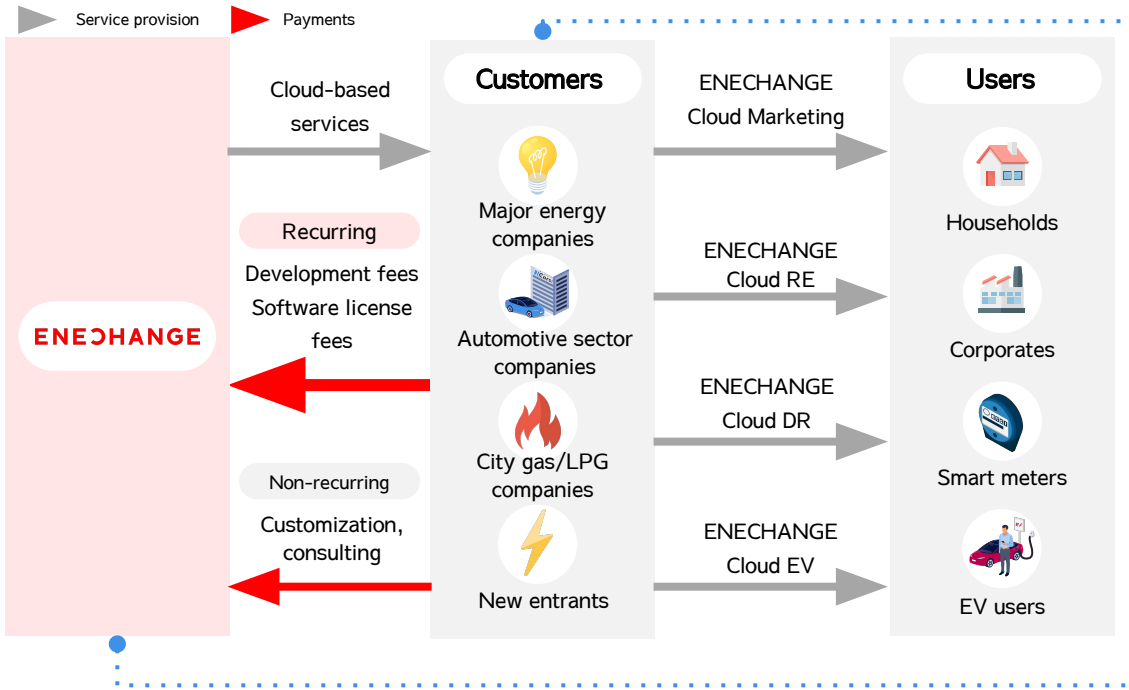
Business model and competitive advantage

We provide our proprietary products on a SaaS basis primarily to energy companies (B2B2C), leveraging the database we developed through our other businesses. Our revenue is based on recurring software licenses, while non-recurring revenue comes from customization, etc.



Establishing a trusted relationship as a neutral platform

- Ability to build close relationships with energy companies and other customers

High-quality cloud services backed by proprietary databases

- Software backed by smart meter and industry data
- Providing charging location database to automotive sector companies

Expert group well-versed in the energy industry

- Unique hiring strength of a growth-listed company with GX as its theme

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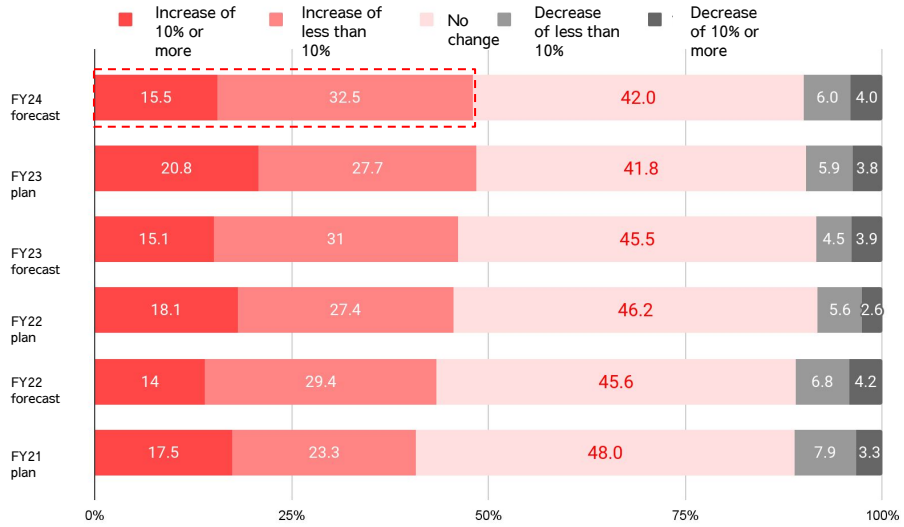
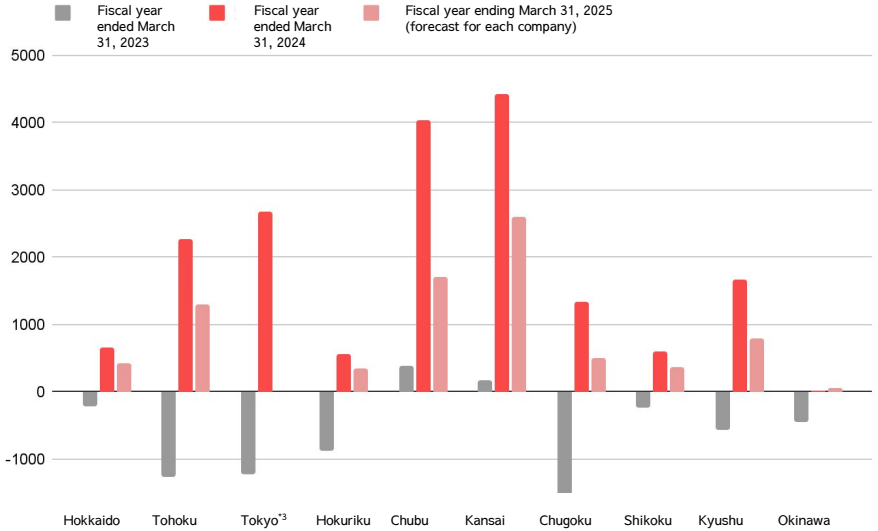
IT budget is on an growing trend as major electric power companies record its highest-ever profits, consequently driving a positive outlook for investment in IT

According to Corporate IT Trends Survey show that overall, 48% of companies expect to increase their IT budgets. Eight major energy companies saw record profits due to rises in electricity costs for households, etc. in the previous fiscal year (FY23), and willingness to invest in IT is expected to improve.

Change in IT budgets *1



Recent financial results of ten major energy companies *2



*1. IT budget ratio in the energy industry (social infrastructure) according to "Announcement of preliminary figures for '2024 Corporate IT Trends Survey'"press release dated January 30, 2024 by Japan Users Association of Information Systems.
*2. According to "Eight electric power companies expected decrease revenue this FY, 10 companies exceeded profits of 1,000 billion JPY the previous FY" dated May 1, 2024 by the Nikkei. (Financial results and forecasts for each company's "net profit attributable to owners of parent")
*3. FY25 Financial results undetermined.

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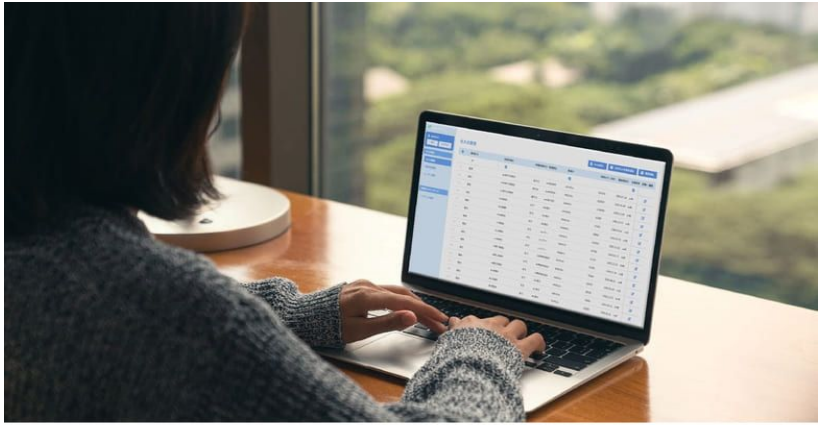
Continuing the development of GX solutions towards achieving carbon neutrality by 2050

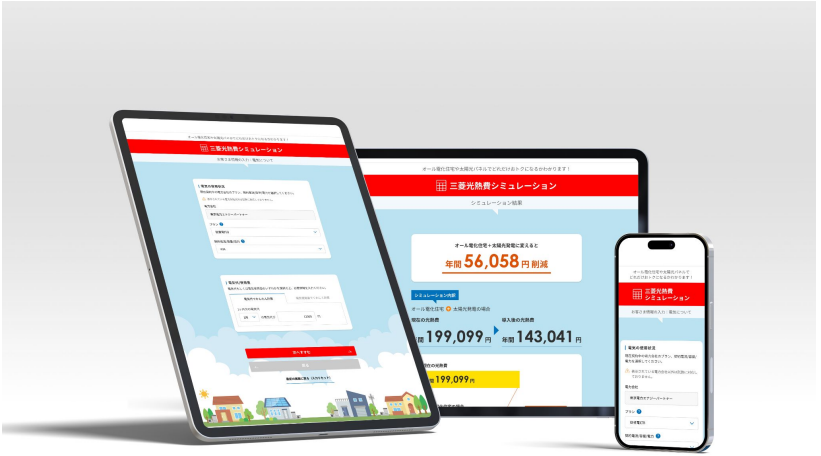
Developing a SaaS service for hourly environmental value management



eValue-Platform

We have developed a SaaS-based "eValue Platform," primarily for electricity companies, which streamlines the management of renewable energy's environmental value and enables various renewable energy management tasks - including 24/7 carbon-free operations - by managing environmental value on an hourly basis

Developed an energy bill simulation system for Mitsubishi Electric Corp.



We have created a product to simulate utility costs for the introduction of Mitsubishi Electric's all-electric solutions. It allows users to simulate utility costs based on their current electricity and gas usage, including the installation of Mitsubishi EcoCute and IH cooking heaters. It is also capable of considering whether kerosene or solar power systems are used.

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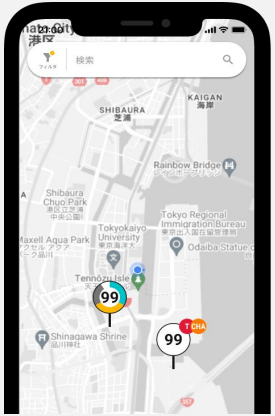
Business outline

This business provides services for the installation and operation of EV charging at destinations such as hotels, commercial facilities, and apartments. In addition to 6kW charging ports that are also subsidy-compliant, we also expanded 3kW charging port options for basic charging. For EV drivers we offer an EV charging information app with payment functions to facilitate usage and have started offering a flat-rate charging service.

EV充電 エネチェンジ
ENECHANGE

EV charging information app



Works with Navitime, Google, Apple Maps, and car navigation systems

Charging ports



6kW, subsidy-compliant charging ports and 3kW charging ports

In-app payment



e-Mobility Power charging card linkage

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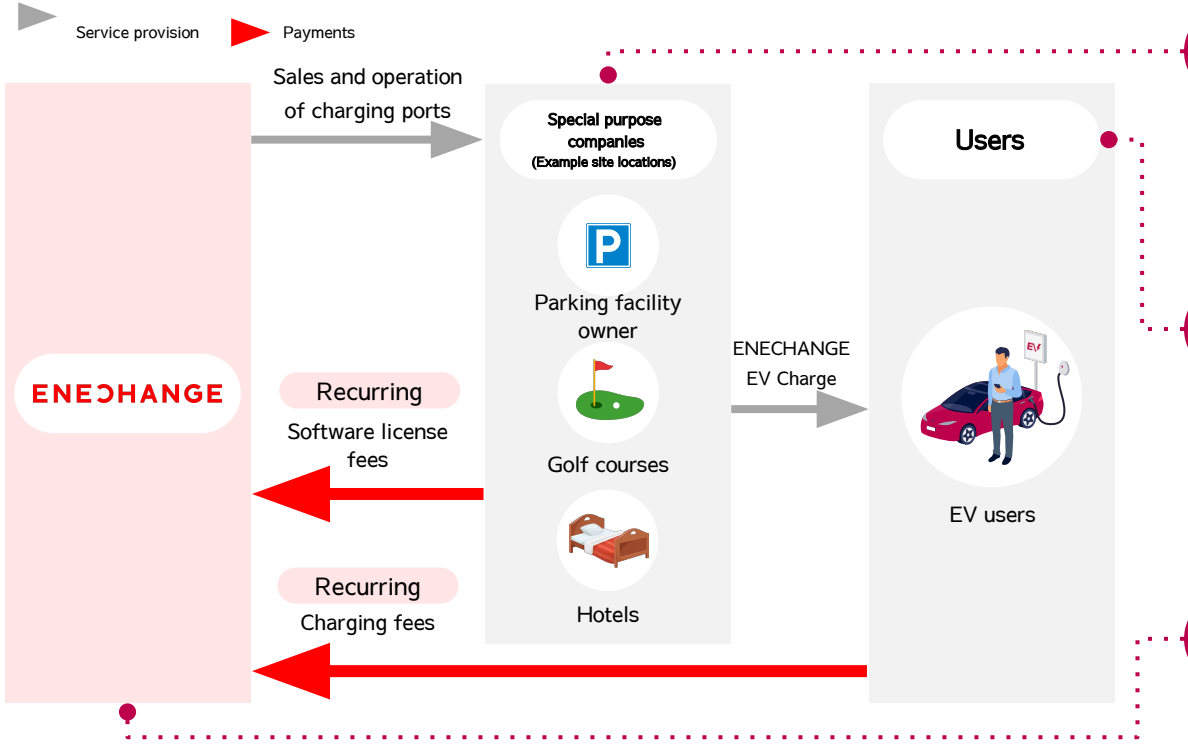
Business model and competitive advantage

Non-recurring revenue is derived from hardware sales, while recurring revenue is generated from charging or software subscription fees.



Offering competitive plans and services

- Plans are tailored to the needs of site hosts based on best practices from global charging networks
- Additional energy optimization services from the Platform business

Holistic user experience

- Providing an information app that covers charging ports nationwide
- Providing a payment system in collaboration with e-Mobility Power Co., Inc.
- Providing a flat-rate charging plan and charging ports

Operational excellence

- Optimization of operations from equipment procurement to installation

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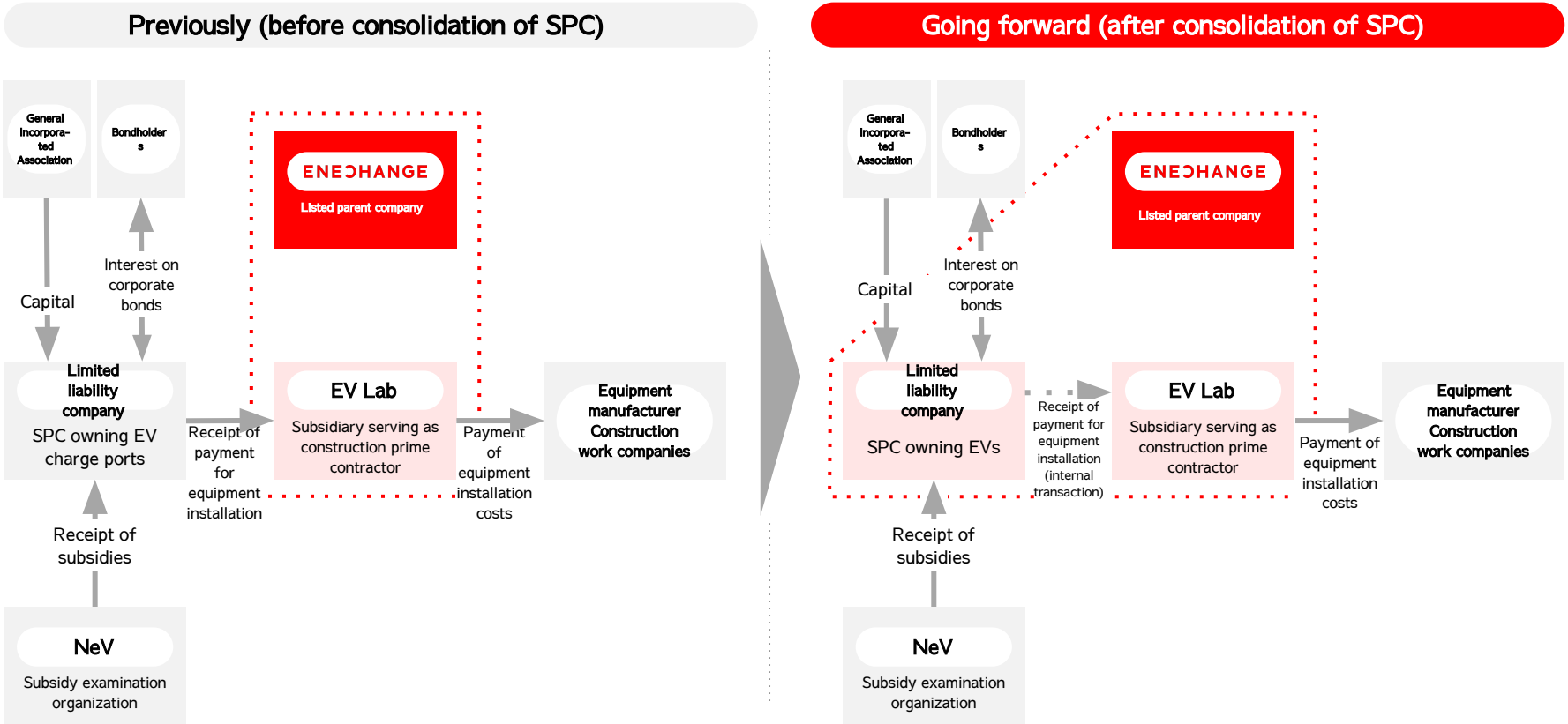
Based on the control standards, we have assessed that there is substantial control and the SPC will now be fully consolidated going forward



*The term "LLC (SPC owning EVcharge ports)" denotes the consolidated subsidiaries EV Charging Infrastructure No.1 LLC and EV Charging Infrastructure No.2 LLC

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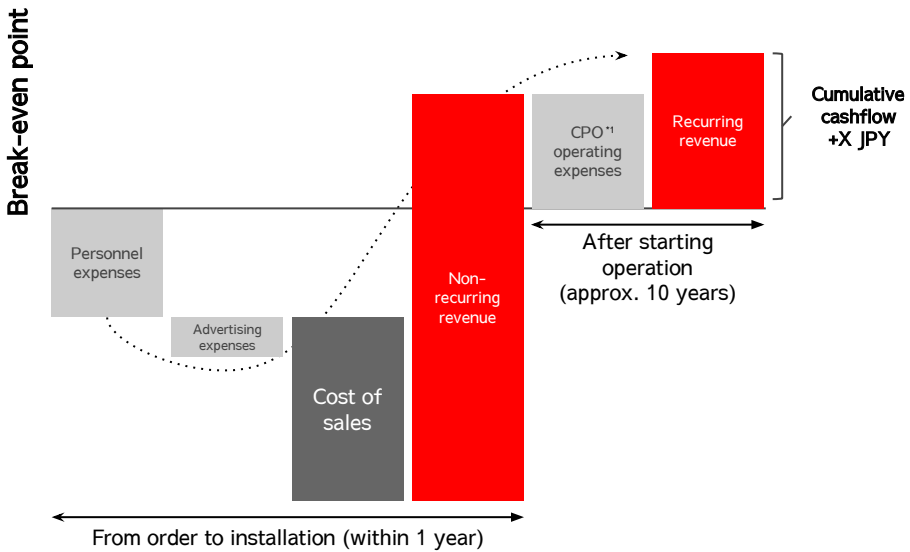
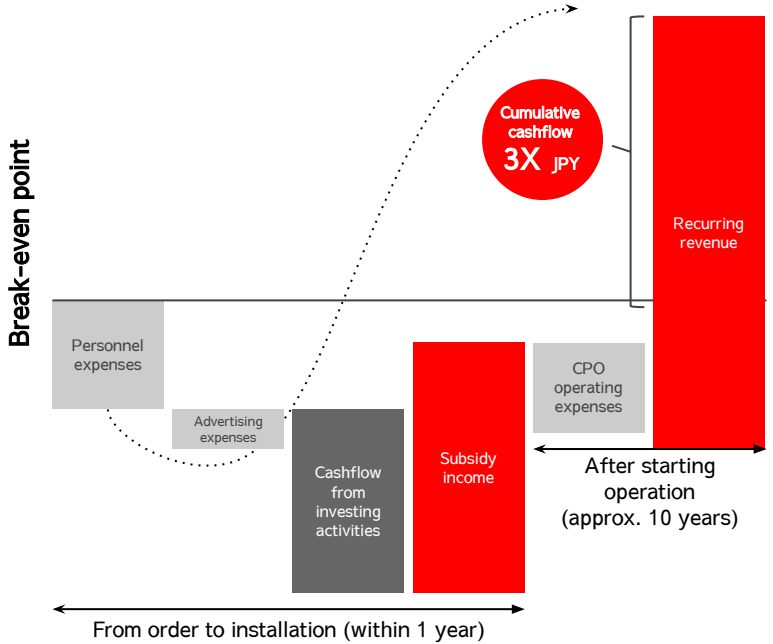
Due to the impact of SPC consolidation, transition to revenue structure centered on recurring revenue

Previously consisted of non-recurring revenue from hardware sales and installation, and recurring revenue of 30% from charging session fees.
Going forward , with company ownership, it will consist of recurring revenue from 100% of charging session fees with installation costs offset by subsidy income.

Previously (before consolidation of SPC)



Going forward (after consolidation of SPC)



* Depreciation, amortization of goodwill, and loss on tax purpose reduction entry of non-current assets are not taken into account in cash flow.
*1. CPO is an abbreviation for Charging Point Operator, which refers to companies or organizations that operate charging spots, provide EV charging services to electric vehicle users, and charge them for the service.

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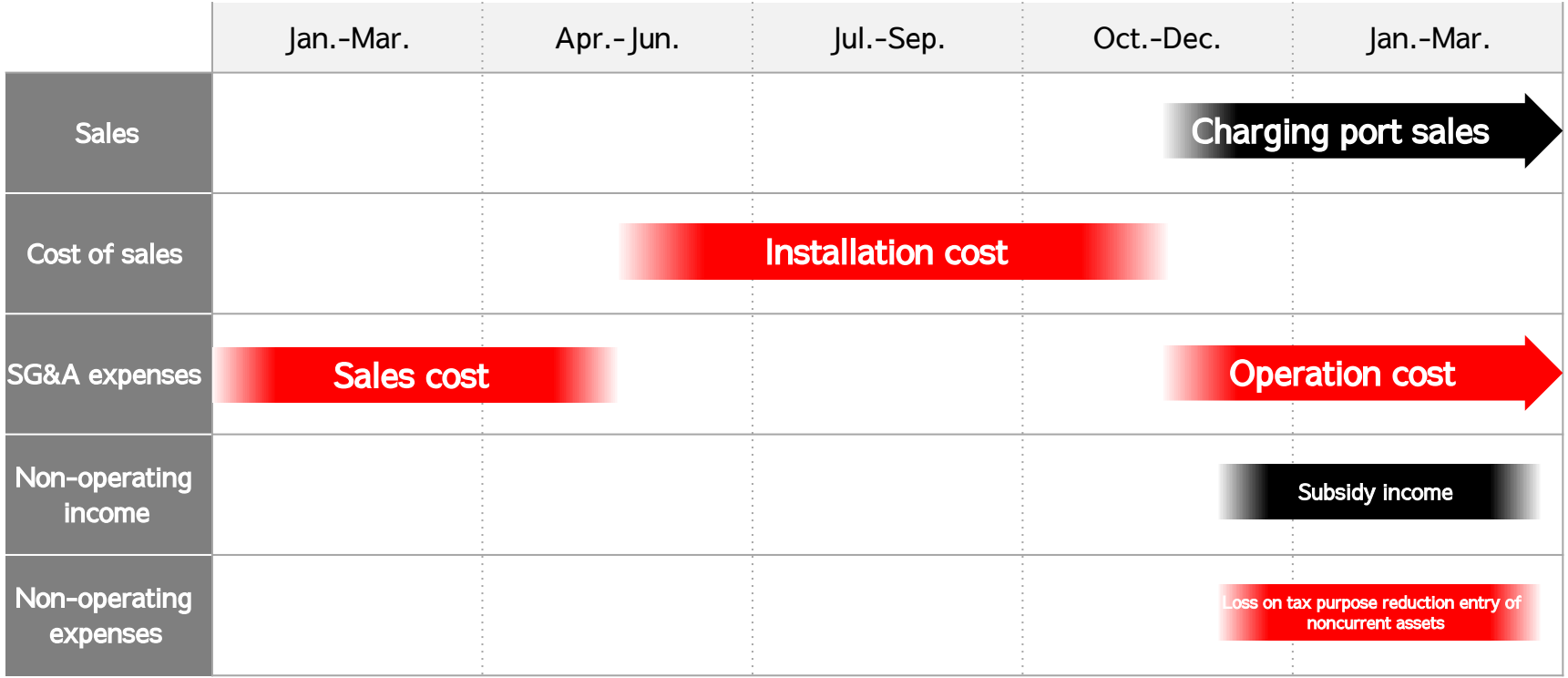
Operating and installation costs have been incurred upfront, with new charging ports becoming operational sequentially from October onward. Subsidy income was recorded from January to March.

Example: January 2024 subsidy (R6-1) *1 (EV charging port installation in Oct.-Dec.)



*1. Stated as an estimate to the FY24 Q1 schedule of the FY23 correction and FY24 initial calculation

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7.4 Numerical Data

Financial results for FY24 Q3

In the Q3 cumulative period, ordinary profit improved year-on-year due to the recording of gains from subsidies. The gross profit margin also improved YoY for both the quarter and Q3 cumulative.

(Unit: JPY MM)

	Q3(Jul.-Sep.)			YTD progress (Jan.-Sep.)		
	FY23	FY24	YoY	FY23	FY24	YoY
Sales	1,184	1,289	+8.9%	3,230	4,011	+24.2%
Gross Profit	897	1,016	+13.3%	2,525	3,192	+26.4%
Gross Profit Margin	75.8%	78.9%	+3.1pt	78.2%	79.6%	+1.4pt
SG&A expenses	1,292	1,633	+26.4%	4,070	5,230	+28.5%
Operating Profit	-394	-616	-	-1,545	-2,037	-
Ordinary Profit	-436	-712	-	-1,649	-1,600	-
Net Profit Attributable to Owners of Parent	-482	-625	-	-1,696	-2,409	-

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Balance sheet

(Unit: JPY MM)	End of June 2024	End of September 2024	
		Actual	QoQ
Current assets	**5,564**	**2,760**	**-2,804**
Cash and deposits	**4,369**	**1,275**	**-3,094**
Accounts receivable	**589**	**829**	**+240**
Fixed assets	**2,121**	**2,722**	**+601**
Total assets	**7,685**	**5,482**	**-2,203**
Current liabilities	**4,305**	**2,863**	**-1,442**
Interest-bearing debts	**1,402**	**627**	**-775**
Fixed liabilities	**2,578**	**2,516**	**-62**
Interest-bearing debts	**1,619**	**1,575**	**-44**
Net assets	**801**	**102**	**-699**

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Cost structure by segment

(Unit: JPY MM)	FY23 Q3 (Cumulative)					FY24 Q3 (Cumulative)				
	Company-wide	Platform business	Data business	EV Charging business	Company-wide costs	Company-wide	Platform business	Data business	EV Charging business	Company-wide costs
Sales	**3,230**	**2,394**	**716**	**118**	-	**4,011**	**3,071**	**858**	**81**	-
Cost of sales	**705**	**95**	**350**	**259**	-	**819**	**114**	**396**	**307**	-
Gross profit	**2,525**	**2,299**	**366**	**-140**	-	**3,192**	**2,957**	**461**	**-226**	-
Gross profit margin	*78.2%*	*96.0%*	*51.1%*	-	-	*79.6%*	*96.3%*	*53.7%*	-	-
Sales costs & general administration costs *1	**4,070**	**2,063**	**239**	**1,221**	**546**	**5,230**	**2,656**	**336**	**1,512**	**725**
Advertising expenses	898	462	0	434	1	587	422	0	163	1
Sales commissions, sales promotion expenses	906	901	0	4	0	1,480	1,389	0	91	0
Personnel expenses	967	239	137	385	204	1,391	368	175	587	260
Outsourcing expenses	766	367	54	241	103	981	345	102	428	104
Other	532	92	46	156	236	787	130	56	240	359
Operating profit *2	**-1,545**	**236**	**127**	**-1,362**	**-546**	**-2,037**	**301**	**125**	**-1,836**	**-725**
Operating Profit Margin	-	*9.9%*	*17.7%*	-	-	-	*9.8%*	*14.6%*	-	-

*1. The figures for the breakdown of SG&A are management accounting figures, and have not been audited or reviewed by Avantia GP.
*2. The profits for each segment show the segment profits before distribution of company-wide costs.

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Shareholder information



	As of Jun. 30, 2022	As of Sep. 30, 2022	As of Dec. 31, 2022	As of Jun. 30, 2023	As of Dec. 31, 2023	As of Jun. 30, 2024	As of Sep. 30, 2024
Total shares issued*1	29,853,392	30,038,848	30,076,640	30,311,012	30,935,684	34,845,872	34,949,012
Number of shareholders	19,730	19,680	18,957	15,602	15,670	17,050	19,430

*1. The Company conducted a 2-for-1 stock split effective January 1, 2022. The total number of shares issued does not take into account the effect of this stock split and is the number at that time.

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7.5 Other

Company outline

ENECHANGE

CHANGING ENERGY FOR A BETTER WORLD

Company name	ENECHANGE Ltd.
Representative	Tomoya Maruoka, Representative Director and CEO Tatsuya Sogano, Representative Director and COO
Head office	14F WeWork Tokyo Square Garden, 3-1-1 Kyobashi, Chuo-ku, Tokyo, Japan

Founded	Listed on the Tokyo Stock Exchange	Sales (FY23)	Employees *2
2015	2020	4.3 billion JPY	359

Platform business

エネチェンジ 電気とガスのかんたん比較

Energy switching service



Electricity Cost Review Website No.1 *1

Data business

ENECHANGE CLOUD

Software development for energy companies

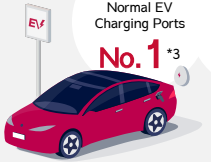


Number of Client Energy Companies 60

EV Charging business

EV充電 エネチェンジ ENECHANGE

EV Charging business



Number of Installed Normal EV Charging Ports No.1 *3

Number of Users of the EV Charging App No.1 *4

*1. Survey results by ENECHANGE based on Google searches as of April 2024 (calculated by adding the number of first-place results for 64 keywords in Japanese).
*2. Number of connected employees as of the end of September 2024.
*3. Number of installed 6kW+ EV charging ports where authentication apps provide service (as of November 1, 2024, and according to research by GoGoEV).
*4. Number of iOS and Android downloads of five companies providing EV charging services (as of October 31, 2024, and according to research by data.ai.).

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Starting on September 3, 2024, a new management structure is put in place to execute an enhanced growth strategy

- Our proposal for electing two new Representative Directors is intended to build a structure that can drive business growth while improving oversight



ENECHANGE
エネルギーの未来をつくる

Representative Director and CEO

Tomoya Maruoka

- Experience in establishing and executing of management strategy
- Previously M&A support at McKinsey
- Lead the Company's restructuring of management

After graduating from Waseda University's School of Political Science and Economics, Maruoka joined the Development Bank of Japan Inc., where he worked in domestic and international investment and financing operations for approximately four years. He then spent seven and a half years at McKinsey & Company, focusing on strategic planning, M&A activities, and due diligence. His strengths include implementing management improvements through ongoing dialogue with leadership and fostering business growth. In February 2024, he was appointed as Executive Officer and CFO of ENECHANGE Ltd., appointed as Representative Director and CEO starting on September 3, after serving as Senior Executive Officer and CFO in July.

Representative Director and COO

Tatsuya Sogano

- Actively involved since the Company's founding
- Led the growth of the core platform business from inception
- Experienced in marketing and forming business alliances



After graduating from the Faculty of Commerce and Management at Hitotsubashi University, Sogano joined P&G, where he was responsible for formulating business strategies based on consumer and market insights. During this time, he developed an interest in the evolving electric power industry and independently created and operated a web service centered on deregulation. In June 2015, he sold this service to ENECHANGE Co., Ltd. and joined the company. He played a key role in driving growth through marketing and business alliances, particularly as the lead for the Platform business, the company's core focus. Currently, he serves as a Senior Executive Officer in charge of the corporate department and was appointed as Representative Director and COO on September 3.

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ENECHANGE 2.0 “Inception ” deep dive:

Chairman of the Board Hirata drives corporate value enhancement through effective governance and internal controls



Masayoshi Hirata

Masayoshi Hirata previously served as the Representative Executive Officer and CFO of Toshiba Corporation. In April 1996, he assumed the role of Executive Director and CFO at Toshiba Information Systems U.K. Subsequently, after serving as CFO in multiple companies, he took on the position of Executive Officer and CFO in September 2015 of Toshiba Corporation, overseeing the finance department and actively contributing to the restructuring efforts during a period of management crisis. Currently, he is involved as a Senior Manager and Advisor in various businesses and accounting firms.

Masayoshi Hirata brings valuable guidance as a Director for the Company’s overall management, drawing on his extensive experience in a key management role at a domestic business company and his comprehensive background as a CFO of a publicly listed company. We have concluded that he is well-suited to make decisions on significant management issues and oversee business operations. We anticipate that he will continue to provide insights on improving the Company’s financial strategy in the context of being a publicly listed company and its interactions with the capital market, while also strengthening the governance system from both offensive and defensive aspects.

*Referring to the SPC accounting incident in 2024

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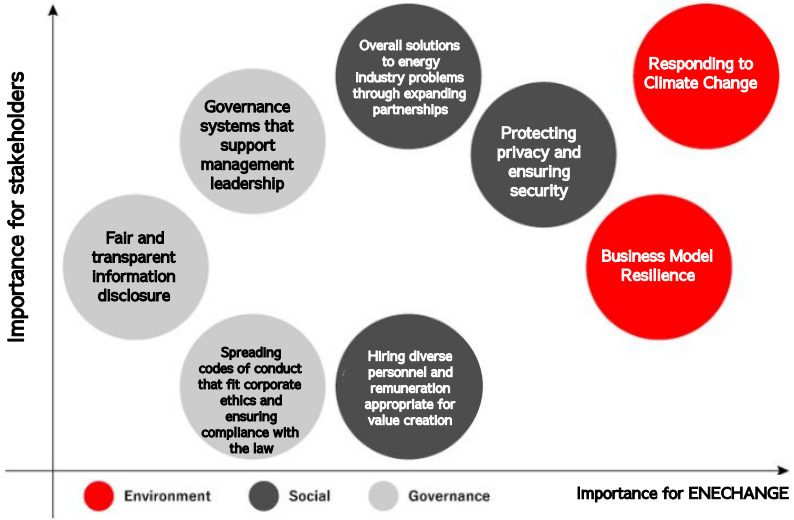
SDG initiatives

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

Our focus areas regarding SDG goals



Disclosure of materiality on the website



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Programmatic M&A strategy for growth

M&A and investment themes	Case examples	Future policy
Platform Roll-up M&A - Acquiring a strategic customer base, particularly among corporate users	Oberlous Japan Inc. (Nov. 2021) Approximately 350 million JPY オーベラス・ジャパン株式会社 Shindenryoku Com Co., Ltd. (Jul. 2022) Over 100 million JPY	Focusing on areas that are **adjacent and complementary** to existing businesses
Data ・Acquiring services and service providers in new areas ・Investing in advanced decarbonization technologies	Decarbonization Tech Fund (Sep. 2021) JAPAN ENERGY FUND	Planning a **programmatic** approach that involves executing multiple projects of small and medium scale
EV charging Enhancing the EV user experience - Integrating charging port mapping information into the app	Ayudante, Inc. (Oct. 2022) Approx. 300 million JPY EVsmart by ENECHANGE	

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Known risks (1/2)

Item	Affected Segment	Main Risk	Potential of Manifestation	Impact	Risk Countermeasure
Business environment: **Policy trends related to energy liberalization**	EP ED	▪ The possibility that regulatory changes related to the energy market or other policy changes could affect the business performance of energy companies, which are our major customers.	Low	High	▪ Establish a diversified business that is not dependent on a specific area. ▪ Monitor policy trends and make recommendations to regulatory agencies.
Business content/Provided services: **Dependence on energy companies**	EP ED	▪ The possibility that unexpected events such as a surge in energy prices, the price of electricity traded on the Japan Exchange for Wholesale Electricity ("JEPX"), natural disasters, and/or sudden phenomena could worsen the business environment for the energy companies we work with, leading to revisions of existing contract conditions, cancellations, suspension of new orders, and more.	High	High	▪ Diversify our customer base beyond solely energy companies. ▪ Establish a diversified business that is not dependent on a specific area.
Business environment: **Policy trends related to EVs and EV charging infrastructure**	EV	▪ The possibility that major policy changes in national or government subsidies for EVs and EV charging infrastructure could affect our number of received orders and installed charging ports in our EV Charging business because we establish business strategies and conduct sales activities based on the assumption of subsidy business.	Medium	High	▪ Monitor policy trends and make recommendations to regulatory agencies. ▪ Improve or change business models in response to policy trends. ▪ Secure acceptance rate for subsidy reviews.
Business environment: **Adoption of EV**	EV	▪ Due to the significant influence of external factors such as the adoption rate of EVs, there is a possibility that major policy changes by governments or automotive companies could slow the adoption of EVs	Medium	High	▪ Monitor business strategies of the government and automotive companies, as well as the domestic EV adoption rate.
Financial performance: **Emerging segment risk deriving from business novelty**	EV	▪ For the EV charging business, which has had a short lifespan since its commencement, there is a possibility that many new variables - including the receipt of subsidies with significant variability factors such as bidding results and disbursement timing - could occur compared to other segments. ▪ Intensifying competition to acquire business partners and customers may lead to unforeseen issues with customers, business partners, or third parties, potentially impacting business performance	High	High	▪ Strengthen accounting and legal functionality ▪ Establish a structure to appropriately monitor business development through the Board of Directors, etc.
Business environment: **Establish operations and installation management**	EV	▪ A business model based on subsidy projects may lead to an increased bid-winning rate in the bidding system and a need for large inventory, leading to potential for excessive inventory. ▪ There is a possibility of delays in delivery due to procurement from overseas, as well as potential shortages of electrical construction-related materials in stock. ▪ The potential decrease in charging revenue due to the operating hours of charging ports remaining at a low level.	Medium	High	▪ Reduce risk through diversifying suppliers and planning supply chain management. ▪ Implement measures to improve operating hours through introducing usage promotion tools and improving usability, mainly in applications.
Financial performance: **Exchange rate fluctuations**	EV	▪ The possibility that exchange rate fluctuations may affect the purchase price of EV charging ports imported from overseas, etc., which may affect our financial results.	Medium	Medium	▪ Appropriately reflect exchange rate fluctuations in business operations by observing trends among suppliers and competitors.

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Known risks (2/2)

Item	Affected Segment	Main Risk	Potential of Manifestation	Impact	Risk Countermeasure
Business environment: **Changes in competitive landscape**	EP EV ED	■ The possibility that our growth will stagnate if competition intensifies in our business areas due to entry of competitors such as switching platform providers and energy companies, which causes user cancellations, drop in ARPU, etc. ■ Multiple companies are promoting the installation of EV charging equipment, and there is a possibility that competition will gradually intensify in acquiring business partners and customers, as well as in winning subsidy applications.	Medium	Medium	■ Strengthen customer acquisition both online and offline. ■ Continue offering services with unique positioning that leverage strengths such as the number of EV charging stations installed and highly convenient software. ■ Develop and provide services superior to competitors.
Other risk: **Application of impairment accounting**	EV	■ Possibility that recording impairment losses may be necessary in cases such as when profitability of provided services using software assets significantly declines, or when it is determined that expected results of goodwill generated from past share acquisitions and business transfers have not been reached due to changes in the business environment or competitive situation, etc.	Medium	Medium	■ Implement measures to maintain and increase profitability of services responding to changes in the business environment or competitive situation, etc.
Business content/Provided services: **Search engines**	EV EP	■ The possibility that customer acquisition could be affected if changes to algorithm logic in internet searches affect the display rankings of search results or a new search engine becomes mainstream.	Low	Medium	■ Adjust SEO strategy. ■ Respond by acquiring users through channels that do not rely on the internet.
Business content/Provided services: **Technological innovation, etc.**	ED EV	■ The possibility that we will be unable to respond quickly enough to changes in customer needs or technological innovations, or that it will require considerable funds for product development or personnel expenses to respond to these changes.	Low	Medium	■ Facilitate horizontal information sharing between departments, mainly through the CTO office, and by rolling out services that match customer needs.
Business content/Provided services: **System failures, etc.**	EP EV ED	■ The possibility that natural or man-made disasters, terrorism, war, etc. could cause a system failure and hamper the provision of our services.	Low	High	■ Respond by reducing risk to minimize reliance on external vendors such as cloud hosting, and formulating a business continuity plan to ensure preparation for a system failure in an external vendor.
Other risk: **Significant events related to the going concern assumption, etc.**	EP EV ED	■ As of the end of December 2023 the company had negative equity, violating financial covenants related to loans from select financial institutions ■ Additionally there is a possibility of deteriorating relationships and brand damage as a result of the the publication of the investigation report	Medium	High	■ Maintain close relationships with financial institutions through discussions on funding plans ■ Strengthen internal control based on formulating and implementing measures to prevent recurrence ■ Secure and maintain necessary funds for business operation

Note: The information states matters believed to be particularly important for investors' decisions from the perspective of active information disclosure. The stated details in these slides do not cover all risks to investing in the Company's shares. The Company is aware of the possibility of these risks occurring, and has a policy of striving to avoid them and respond in a timely manner if they occur. For more comprehensive and detailed risk assessment, please refer to "Associated Business Risks" of the Japanese securities report.

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IR information desk

IR Website

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

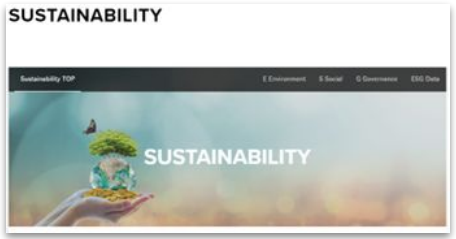
Includes financial summaries and presentation materials, as well as stock information and materials related to the General Meeting of Shareholders. We also have a page for individual investors.



Sustainability

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

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



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Contact

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Disclaimer

These materials contain statements regarding future prospects. These statements have been prepared based on information available at the time they were prepared. These statements are not guarantees of future results, and contain risks and uncertainties. Please note that actual results may differ greatly from the outlook due to changes in the business environment, etc.

Factors affecting actual results include, but are not limited to, domestic and international economic conditions and trends in industries connected to the Company.

In addition, information contained in these materials from outside our company has been quoted from publicly-available information, etc. We have not verified the accuracy, appropriateness, etc. of such information in any way, and make no guarantees regarding it.

Furthermore, we plan to update the “Explanatory Materials Related to Business Plan and Growth Potential” disclosed at this time at the end of December 2024 as it will take time to examine the prerequisites for each segment’s growth strategy toward the FY27 sales target of 10.0 billion JPY .

In the event of any discrepancy or inconsistency between the English translation and the original Japanese text, the Japanese version shall prevail and be considered the authoritative source

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