

May 24, 2021

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Notice Concerning the Revision of the Sales Forecast

At a meeting of the Board of Directors held on May 24, 2021, ENECHANGE (hereinafter referred to as "the Company") announces the following revisions to its consolidated sales forecast for the fiscal year ending December 31, 2021 (January 1, 2021 through December 31, 2021) (hereinafter referred to as the "previous forecast"), which was announced on February 12, 2021.

1. Revision of the consolidated sales forecast for the fiscal year ending December 31, 2021 (January 1, 2021 - December 31, 2021)

(millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (Yen)
Previous forecast (A)	2,300	—	—	—	—
Revised forecast (B)	2,600	—	—	—	—
Difference (B-A)	300	—	—	—	—
Rate of change (%)	13.0%	—	—	—	—
<Reference> Results for the fiscal year ended December 31, 2020	1,713	53	6	(16)	(1.55)

(Note) 1. The Company conducted a 3-for-1 stock split on September 17, 2020, and a 2-for-1 stock split on April 1, 2021. The net loss per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(Note) 2. Net loss per share for the year ended December 31, 2020 is calculated based on the average number of shares outstanding during the year.

2. Reason for the revision

Since January 1, 2021, the number of energy supply switches and ARPU in the energy platform business have increased more than our forecast. The number of users increased due to the growing demand for cutting electricity costs among households as a result of the remote work style due to the outbreak COVID-19. In addition, the number of our sales partners have increased due to the name recognition resulting from our IPO.

In the data business, we are making steady progress against our initial plan due to the following factors: 1) increase in the number of customers and ARPU by expanding sales of existing products, and 2) increased predictability of new customer increase and ARPU increase due to sales of several new products launched in the current fiscal year.

As a result of the above, net sales are expected to increase from the previously announced forecast, and we have revised our net sales forecast from 2,300 million yen (up 34.3% year on year) to 2,600 million yen (up 51.8% year on year). In addition, although the Company expects to post a profit in each of the profit levels below operating income, from the perspective of making flexible investment decisions, the Company continues to not disclose the specific amounts of operating income, ordinary income, and net income attributable to shareholders of the parent company.

(Reference information: Assumptions for the previous forecast)

The Group is engaged in (I) the Energy Platform Business, which supports consumers in making the best choices for electricity and gas in the area of deregulation, and (II) the Energy Data Business, which provides cloud-based DX services to electricity and gas companies in the area of digitization.

The Group's management policy is to create shareholder value by maximizing free cash flows over the long term, with an emphasis on sales growth as a source of free cash flows in the medium term. We have defined sales as the number of customers multiplied by ARPU, and thus will focus on recurring earnings in the Group's business operation to achieve high sales growth rates and build a solid management foundation. We will also strive to maximize the number of customers through proactive initiatives in growth opportunities, as well as improve ARPU by continuing to enhance the product line-up and increasing the value delivered to customers.

Based on the management policy, in the fiscal year ending December 31, 2021, the Group aims to achieve a year-on-year increase in net sales of 30% or more and is determined to make proactive initiatives so that it can maintain high growth rates in the years ahead. Specifically, the Group considers investing in advertising and sales promotion activities aimed at expanding its market share in switchover in the Energy Platform Business, as well as carrying out growth investment, which is necessary to enhance the features of its services in the Energy Data Business.

The Group also believes that its business operation will be affected by the structural energy system reform in Japan. Now that system reforms related to the Energy Platform Business have almost completed, we believe sales from the business segment have entered an expansionary phase. During the fiscal year ending December 31, 2021, the Group aims to achieve a year-on-year increase in net sales of 40% or more in the Energy Platform Business. Also, in the Energy Data Business, related system reforms are slated to continue until 2024. While the Group will strive to strengthen existing services and expand sales for some time in the future, it also plans to develop new products and test their feasibility. Based on the above, during the fiscal year ending December 31, 2021, the Group aims to achieve a year-on-year increase in net sales of 10 to 20% in the Energy Data Business. As the result of the above, in the fiscal year ending December 31, 2021, the Group expects to record net sales of 2,300 million yen (up 34.3% year-on-year). Operating profit, Ordinary profit and Profit attributable to owners of parent are expected to be positive, but we have decided not to disclose specific forecast figures, in order to make investment decisions in a flexible and expeditious manner.

Based on the above, in the previous forecast, the Group's net sales for the fiscal year ending December 31, 2021 were expected to be 2,300 million yen (up 34.3% from the previous consolidated fiscal year). Although we expect to be profitable in each of the profit levels below operating income, we did not disclose the specific amounts of operating income, ordinary income, and net income attributable to shareholders of the parent company from the perspective of making flexible investment decisions.

The above forecasts are based on information available at the time of publication and are subject to various uncertainties.