

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 13, 2022

Consolidated Financial Results for the First Quarter Ended March 31, 2022 (Under Japanese GAAP)

Company name: ENECHANGE Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4169
 URL: <https://enechange.co.jp/>
 Representative: Yohei Kiguchi, Representative Director and CEO
 Ippei Arita, Representative Director and COO
 Inquiries: Takuya Sugimoto, Executive Officer / CFO
 TEL: +81-3-6774-6709
 Scheduled date to file Quarterly Report: May 13, 2022
 Start of dividend payment: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2022	1,105	68.1	(71)	–	(11)	–	(12)	–
March 31, 2021	657	–	33	–	43	–	14	–

Note: Comprehensive income For the three months ended March 31, 2022: JPY(114) million [–%]
 For the three months ended March 31, 2021: JPY6 million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2022	(0.42)	–
March 31, 2021	0.60	0.45

Notes: 1. As the Company had prepared quarterly consolidated financial statements since the first nine months of the fiscal year ended December 31, 2020, percentage changes from the previous corresponding period for the first three months of the fiscal year ending December 31, 2021 are not presented.

2. The Company conducted a stock split of common shares at a ratio of 2-for-1 on April 1, 2021, and a stock split of common shares at a ratio of 2-for-1 on January 1, 2022. Basic earnings per share and diluted earnings per share are calculated on the assumption that the said stock splits had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2022	6,689	4,658	69.5
December 31, 2021	6,949	4,813	69.2

Reference: Equity As of March 31, 2022: JPY4,650 million
 As of December 31, 2021: JPY4,805 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2022	–				
Fiscal year ending December 31, 2022 (Forecast)	–	–	–	–	–

Notes: 1. Revisions from dividend forecast most recently announced: None

2. The Company's Articles of Incorporation stipulate that the record dates for dividend fall on the last day of the second quarter and the last day of the fiscal year. At present, the forecast for dividends with these record dates has yet to be determined.

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2022	3,400	12.7	(1,000)	–	–	–	–	–	–

Note: Revisions from earnings forecast most recently announced: Yes

*** Notes**

- (1) Changes in specified subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	29,737,688 shares
As of December 31, 2021	29,466,380 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2022	86 shares
As of December 31, 2021	86 shares

(iii) Average number of shares outstanding during the period

Three months ended March 31, 2022	29,633,278 shares
Three months ended March 31, 2021	23,578,680 shares

Notes: The Company conducted a stock split of common shares at a ratio of 2-for-1 on April 1, 2021, and a stock split of common shares at the ratio of 2-for-1 on January 1, 2022. The “Total number of issued shares at the end of the period,” the “Number of treasury shares at the end of the period” and the “Average number of shares outstanding during the period” are calculated on the assumption that the said stock splits had been conducted at the beginning of the previous fiscal year.

* These Consolidated Financial Results reports are exempt from quarterly review procedures by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters:

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

Consolidated financial statements and significant notes

(1) Consolidated balance sheet

(Thousands of yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	5,571,870	4,859,144
Accounts receivable - trade	435,264	—
Accounts receivable Trade and Contract Assets	—	525,808
Other	75,606	89,188
Allowance for doubtful accounts	△6,258	△5,314
Total current assets	6,076,483	5,469,192
Non-current assets		
Property, plant and equipment	18,311	20,884
Intangible assets		
Software	118,335	152,473
Goodwill	368,775	355,173
Other	38,441	9,394
Total intangible assets	525,552	517,042
Investments and other assets		
Investment securities	299,120	498,980
Other	41,955	192,206
Allowance for doubtful accounts	△12,065	△8,817
Total investments and other assets	329,010	682,369
Total non-current assets	872,874	1,220,297
Total assets	6,949,357	6,689,489
Liabilities		
Current liabilities		
Accounts payable - trade	13,015	25,212
Short-term borrowings	※ 9,900	※ 9,900
Current portion of long-term borrowings	49,992	49,992
Accounts payable - other	325,066	520,556
Income taxes payable	124,008	16,529
Provision for sales promotion expenses	505,506	341,072
Other	157,400	129,788
Total current liabilities	1,184,889	1,093,051
Non-current liabilities		
Long-term borrowings	950,008	937,510
Other	597	619
Total non-current liabilities	950,605	938,129
Total liabilities	2,135,494	2,031,180

(Thousands of yen)

	As of December 31, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	3,036,055	3,047,133
Capital surplus	2,904,222	2,915,300
Retained earnings	△1,059,241	△1,134,849
Treasury shares	△108	△108
Total shareholders' equity	4,880,929	4,827,475
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△82,704	△189,113
Foreign currency translation adjustment	7,522	11,992
Total accumulated other comprehensive income	△75,182	△177,120
Share acquisition rights	8,116	7,953
Total net assets	4,813,863	4,658,308
Total liabilities and net assets	6,949,357	6,689,489

(2) Consolidated statement of income and consolidated statement of comprehensive income**Consolidated statement of income**

Three months ended March 31, 2022

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net sales	657,640	1,105,270
Cost of sales	96,643	176,456
Gross profit	560,997	928,813
Selling, general and administrative expenses	527,924	1,000,502
Operating profit (loss)	33,072	△71,688
Non-operating income		
Interest income	6	13
Share of profit of entities accounted for using equity method	—	57,772
Foreign exchange gains	13,024	3,425
Gain from expired gift vouchers etc	2,147	4,121
Other	4,114	132
Total non-operating income	19,293	65,465
Non-operating expenses		
Interest expenses	3,841	5,124
Share of loss of entities accounted for using equity method	3,217	—
Other	1,492	97
Total non-operating expenses	8,551	5,222
Ordinary profit (loss)	43,814	△11,445
Profit (loss) before income taxes	43,814	△11,445
Income taxes - current	29,775	5,968
Income taxes - deferred	—	△5,112
Total income taxes	29,775	855
Profit (loss)	14,039	△12,300

Consolidated statement of comprehensive income

Three months ended March 31, 2022

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit (loss)	14,039	△12,300
Other comprehensive income		
Foreign currency translation adjustment	△4,081	△12,065
Share of other comprehensive income of entities accounted for using equity method	△3,807	△89,873
Total other comprehensive income	△7,888	△101,938
Comprehensive income	6,151	△114,239
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,151	△114,239
Comprehensive income attributable to non-controlling interests	-	

(3) Notes to quarterly consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Segment information, etc.Segment information

For the three months ended March 31, 2021

(Thousands of yen)

	Reportable segments			Reconciling items (Note 1)	Per quarterly consolidated financial statements (Note 2)
	Energy Platform	Energy Data	Reportable segments		
Net sales					
Revenues from external customers	469,898	187,742	657,640	—	657,640
Transactions with other segments	—	—	—	—	—
Net sales	469,898	187,742	657,640	—	657,640
Operating profit (loss)	75,499	60,283	135,782	△102,710	33,072

Notes: 1. Reconciling item for segment profit (loss) of negative 102,710 thousand yen is the amount of corporate expenses not allocated to any reportable segments, consisting primarily of general and administrative expenses not attributable to any reportable segments.

2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

For the three months ended March 31, 2022

(Thousands of yen)

	Reportable segments				Reconciling items (Note 1)	Per quarterly consolidated financial statements (Note 2)
	Energy Platform	Energy Data	EV-Charging Service, Reportable segments	Reportable segments		
Net sales						
Goods or services that are transferred at a point in time	610,863	65,542	707	677,113	—	677,113
Goods or services that are transferred over a certain period of time	203,644	224,501	10	428,156	—	428,156
Revenue from contracts with customers	814,508	290,044	717	1,105,270	—	1,105,270
Revenues from external customers	814,508	290,044	717	1,105,270	—	1,105,270
Transactions with other segments	—	—	—	—	—	—
Net sales	814,508	290,044	717	1,105,270	—	1,105,270
Operating profit (loss)	72,255	81,503	△89,709	64,049	△135,738	△71,688

Notes: 1. Reconciling item for segment profit (loss) of negative 135,738 thousand yen is the amount of corporate expenses not allocated to any reportable segments, consisting primarily of general and administrative expenses not attributable to any reportable segments.

2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

Significant events after reporting period

(Absorption-type merger of a consolidated subsidiary)

The Company has resolved to implement an absorption -type merger with its consolidated subsidiary, Oberlous Japan Inc. (hereinafter, “Oberlous”), at the meeting of the Board of Directors held on February 25, 2022. Following the execution of a merger agreement on the same date, the Company absorbed the subsidiary on May 1, 2022.

1. Outline of the transaction

(1) Name and content of business of the company involved in the merger

Name of the company involved in the merger: Oerlous Japan Inc.
Content of business: Power Business

(2) Date of the business combination

May 1 , 2022

(3) Legal form of the business combination

The merger has been conducted as an absorption-type merger, with the Company as the surviving company and Oberlous as the disappearing company.

(4) Name of the company after the business combination

ENECHANGE Ltd.

(5) Purpose of the merger

The merger is intended to improve management efficiency by consolidating management resources and integrating operations within the Group.

2. Outline of the accounting method

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the merger was accounted for as a transaction under common control.