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August 12, 2022

## Consolidated Financial Results for the Second Quarter Ended June 30, 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  
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 TEL: +81-3-6635-1021  
 Scheduled date to file Quarterly Report: August 12, 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 six months ended June 30, 2022 (from January 1, 2022 to June 30, 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	%
Six months ended								
June 30, 2022	2,151	55.2	(222)	–	(176)	–	(270)	–
June 30, 2021	1,386	–	59	–	79	–	16	–

Note: Comprehensive income For the six months ended June 30, 2022: JPY(264) million [–%]  
 For the six months ended June 30, 2021: JPY5 million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2022	(9.11)	–
June 30, 2021	1.34	1.04

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 six 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	%
June 30, 2022	6,398	4,426	69.1
December 31, 2021	6,949	4,813	69.2

Reference: Equity As of June 30, 2022: JPY4,418 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 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: None

**\* Notes**

- (1) Changes in specified subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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 June 30, 2022	29,853,392 shares
As of December 31, 2021	29,466,300 shares

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

As of June 30, 2022	86 shares
As of December 31, 2021	86 shares

(iii) Average number of shares outstanding during the period

Three months ended June 30, 2022	29,728,996 shares
Three months ended June 30, 2021	24,798,444 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 June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	5,571,870	4,365,763
Accounts receivable - trade	435,264	-
Accounts receivable Trade and Contract Assets	-	461,933
Other	75,606	196,081
Allowance for doubtful accounts	△6,258	△4,544
Total current assets	6,076,483	5,019,232
Non-current assets		
Property, plant and equipment	18,311	41,470
Intangible assets		
Software	118,335	95,177
Goodwill	368,775	341,656
Other	38,441	2,046
Total intangible assets	525,552	438,879
Investments and other assets		
Investment securities	299,120	712,468
Other	41,955	195,616
Allowance for doubtful accounts	△12,065	△8,817
Total investments and other assets	329,010	899,268
Total non-current assets	872,874	1,379,618
Total assets	6,949,357	6,398,851
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	13,015	26,454
Short-term borrowings	9,900	9,900
Current portion of long-term borrowings	49,992	49,992
Accounts payable - other	325,066	229,243
Income taxes payable	124,008	22,491
Provision for sales promotion expenses	505,506	550,706
Other	157,400	157,782
Total current liabilities	1,184,889	1,046,570
Non-current liabilities		
Long-term borrowings	950,008	925,012
Other	597	637
Total non-current liabilities	950,605	925,649
Total liabilities	2,135,494	1,972,220

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	3,036,055	3,052,118
Capital surplus	2,904,222	2,920,285
Retained earnings	△1,059,241	△1,394,304
Treasury shares	△108	△108
Total shareholders' equity	4,880,929	4,577,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△82,704	△189,113
Foreign currency translation adjustment	7,522	30,050
Total accumulated other comprehensive income	△75,182	△159,062
Share acquisition rights	8,116	7,703
Total net assets	4,813,863	4,426,631
Total liabilities and net assets	6,949,357	6,398,851

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

Six months ended June 30, 2022

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	1,386,060	2,151,139
Cost of sales	189,124	346,663
Gross profit	1,196,935	1,804,475
Selling, general and administrative expenses	1,137,467	2,027,443
Operating profit (loss)	59,468	△222,967
Non-operating income		
Interest income	6	13
Share of profit of entities accounted for using equity method	9,960	41,851
Foreign exchange gains	13,039	8,127
Gain from expired gift vouchers etc	2,977	5,205
Other	6,357	1,663
Total non-operating income	32,341	56,861
Non-operating expenses		
Interest expenses	7,818	9,954
Commission expenses	2,563	—
Other	2,422	938
Total non-operating expenses	12,804	10,893
Ordinary profit (loss)	79,006	△176,998
Extraordinary losses		
Impairment losses	—	63,403
Settlement package	—	11,469
Total extraordinary losses	—	74,873
Profit (loss) before income taxes	79,006	△251,871
Income taxes - current	62,340	12,790
Income taxes - deferred	—	6,169
Total income taxes	62,340	18,959
Profit (loss)	16,665	△270,831
Profit (loss) attributable to owners of parent	16,665	△270,831

**Consolidated statement of comprehensive income**

Six months ended June 30, 2022

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit (loss)	16,665	△270,831
Other comprehensive income		
Foreign currency translation adjustment	△5,140	△2,920
Share of other comprehensive income of entities accounted for using equity method	△5,787	8,913
Total other comprehensive income	△10,928	5,993
Comprehensive income	5,736	△264,838
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,736	△264,838



**(3) Consolidated statement of cash flows**

Six months ended June 30, 2022

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	79,006	△251,871
Depreciation	26,290	29,166
Impairment losses	–	63,403
Interest expenses	7,818	9,954
Amortization of goodwill	–	27,009
Foreign exchange losses (gains)	△13,979	△16,515
Gain from expired gift vouchers etc	△2,977	△5,205
Settlement package	–	11,469
Share of loss (profit) of entities accounted for using equity method	△9,960	△41,851
Share issuance costs	962	–
Increase (decrease) in allowance for doubtful accounts	△503	△4,962
Increase (decrease) in provision for sales promotion expenses	343,852	45,200
Decrease (increase) in trade receivables	△48,668	△11,941
Increase (decrease) in trade payables	5,268	13,439
Increase (decrease) in accounts payable - other	29,790	△96,507
Increase (decrease) in advances received	14,257	△21,446
Decrease (increase) in guarantee deposits	–	△130,000
Decrease (increase) in other assets	2,207	△144,004
Increase (decrease) in other liabilities	△11,736	△43,060
Other, net	△6	△13
Subtotal	421,622	△567,737
Interest and dividends received	6	13
Interest paid	△9,131	△11,280
Income taxes paid	△3,847	△128,155
Net cash provided by (used in) operating activities	408,650	△707,161
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△5,012	△18,318
Purchase of intangible assets	△35,250	△18,309
Purchase of investment securities	△377,785	△451,698
Proceeds from repayments of investment securities	204,829	–
Payments of guarantee deposits	–	△23,386
Other payments	△5,000	–
Net cash provided by (used in) investing activities	△218,219	△511,712
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	–	△24,996
Proceeds from issuance of shares	30,501	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△131,823	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	246,453	31,711
Net cash provided by (used in) financing activities	145,132	6,715
Effect of exchange rate change on cash and cash equivalents	5,556	6,050
Net increase (decrease) in cash and cash equivalents	341,119	△1,206,107
Cash and cash equivalents at beginning of period	1,334,449	5,571,870
Cash and cash equivalents at end of period	1,675,569	4,365,763

**(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 six ended June 30, 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	1,030,402	355,657	1,386,060	—	1,386,060
Transactions with other segments	—	—	—	—	—
Net sales	1,030,402	355,657	1,386,060	—	1,386,060
Operating profit (loss)	175,799	93,108	268,908	△209,439	59,468

Notes: 1. Reconciling item for segment profit (loss) of negative 209,439 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 six months ended June 30, 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		
Net sales						
Goods or services that are transferred at a point in time	1,250,540	96,551	1,497	1,348,590	—	1,348,590
Goods or services that are transferred over a certain period of time	387,034	415,376	138	802,549	—	802,549
Revenue from contracts with customers	1,637,574	511,928	1,636	2,151,139	—	2,151,139
Revenues from external customers	1,637,574	511,928	1,636	2,151,139	—	2,151,139
Transactions with other segments	—	—	—	—	—	—
Net sales	1,637,574	511,928	1,636	2,151,139	—	2,151,139
Operating profit (loss)	194,363	103,316	△208,439	89,240	△312,207	△222,967

Notes:

1. Reconciling item for segment profit (loss) of negative 312,207 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

(Business combination of acquisition)

At the meeting of the Board of Directors held on July 1, 2022, the Company resolved to acquire 100% of the outstanding shares of Shindenryoku Com Co., Ltd. (hereinafter “Shindenryoku Com”), and the share transfer agreement was signed on the same date. Based on this agreement, the Company acquired all shares on July 29, 2022.

### 1. Outline of the business combination

#### (1) Purpose of business transfer

This decision is based on the policy of promoting so-called "roll-up" M&A acquisitions in the same industry, which has been positioned as the strategy to expand the number of users in the energy platform business.

Shindenryoku Com's mission is to "promote the SDGs (※) and reduce electricity costs from an energy management perspective. For about 10 years since 2012, Shindenryoku Com has been steadily building up a track record of switching electricity mainly for customers in diverse industries, such as factories, medical facilities, and commercial facilities nationwide.

In addition, we have also established a business relationship with Shindenryoku Com through the partnership agreement and introductions of corporate customers.

From now on, the Company strengthen our corporate customer base through the succession of sales personnel, sales know-how and partner networks by grouping with Shindenryoku Com, which has a nationwide customer base in a wide range of business categories and aim to further enhance the value of our platform through price-competitive power switching services on our platform.

※ Abbreviation for Sustainable Development Goals. This is the successor to the Millennium Development Goals (MDGs) established in 2001, and is included in the 2030 Agenda for Sustainable Development, which is unanimously adopted by the member countries at the UN Summit in September 2015. It also refers to the international goal to achieve a sustainable and better world by 2030.

#### (2) Name of acquired company and its business outline

Names of the acquired company: Shindenryoku Com Co., Ltd.

Business outline: Electric Power Brokerage, Energy Saving Consulting

#### (3) Date of business combination

July 29, 2022

#### (4) Legal form of business combination

Share acquisition by cash

#### (5) Name of the company after the combination

No change

#### (6) Ratio of voting rights acquired

100%

#### (7) Basis for determining the acquirer

It is based on the fact that the Company acquired the voting rights of Shindenryoku Ltd. by cash.

2. Acquisition cost of the acquired company and related details of each class of consideration

Consideration for acquisition: Cash 100 million yen ※1、 2

- (※1) The decision was made by taking into consideration the results of the valuation of the shares based on discounted cash flow method.
- (※2) In addition to such acquisition consideration, there is an agreement to pay a conditional consideration (Earn-out) to the counterparty of the share acquisition based on the percentage of performance achieved.  
The Earn-out Consideration is an additional consideration to be paid to the counterparty of the share acquisition.  
If the sales of Shindenryoku Com exceeds a certain amount after the share acquisition, the Earn-out Consideration will be paid within the range of 0 to 106 million yen.  
The introduction of the Earn-out Consideration will reduce the risk associated with the Acquisition and will also provide an incentive effect to Shindenryoku Com.

3. Major acquisition-related costs

Advisory fee: 6 million yen

4. Amount of goodwill, basis of recognizing goodwill, and the method and period of amortization

Not determined at this time

5. The assets acquired and the liabilities assumed at the acquisition date

Not determined at this time

## (Reorganization of Subsidiary)

At the meeting of the Board of Directors held on August 12, 2022, the Company resolved to acquire from SMAP ENERGY Limited (hereinafter "SMAP"), a wholly owned subsidiary of the Company, all contractual relationships and other matters related to SMAP's businesses, including the electricity smart meter data analysis SaaS "SMAP" centered on SMAP DR, which provides demand response functions to electric power companies and concluded a business transfer agreement on the same date. As a result, the functions of product development, sales, etc. related to the energy data business will be consolidated into our company, and the Company aims to strengthen sales expansion through efficient management of development and sales resources.

Through this business transfer, SMAP intends to focus on developing investment opportunities for the "Decarbonized Tech Fund" operated by the Company.

In conjunction with this, SMAP plans to change its name to "ENECHANGE Innovation Limited" by October 2022.

We also resolved to establish a new subsidiary, which will operate a business related to the EV charging business, with particular focus on procurement of EV charging equipment and joint development with manufacturers.

## 1. Transfer of business from subsidiary

## (1) Purpose of business transfer

The objective is to improve profitability through efficient management of development and sales resources by integrating operations with the Company's business divisions

## (2) Name of acquired company and its business outline

Names of the acquired company: SMAP ENERGY Limited  
Business outline: Energy data business

## (3) The assets acquired and the liabilities assumed at the acquisition date

Not determined at this time

## (4) Date of business combination

October 1, 2022 (Scheduled)

## 2. Establishment of a subsidiary

## 1. Purpose of establishing the subsidiary

By dividing business entities by function, the Company aims to speed up decision-making and improve management efficiency, strengthen competitiveness, and achieve self-sustaining growth.

## 2. Summary of the new subsidiary

(1) Name	ENECHANGE EV Lab Ltd.
(2) Location	Tokyo Square Garden 14F, 3-1-1 Kyobashi, Chuou-ku, Tokyo
(3) Title and name of Representative	To be determined
(4) Business	Research and development and procurement of EV charging hardware and software, etc.
(5) Capital stock	To be determined
(6) Establishment	October 1, 2022 (scheduled)
(7) Number of shares to be acquired	99 stocks (scheduled)
(8) Equity ownership	ENECHANGE Ltd. : 99% (scheduled)
	Note: Voting right ratio is 100%