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August 10, 2023

## Consolidated Financial Results for the Second Quarter Ended June 30, 2023 (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  
 Inquiries: Takuya Sugimoto, Executive Officer / CFO  
 TEL: +81-3-6635-1021  
 Scheduled date to file Quarterly Report: August 10, 2023  
 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, 2023 (from January 1, 2023 to June 30, 2023)

#### (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, 2023	2,091	(2.8)	(1,088)	–	(1,152)	–	(1,153)	–
June 30, 2022	2,151	55.2	(222)	–	(176)	–	(270)	–

Note: Comprehensive income For the three months ended June 30, 2023: JPY(1,236) million[–%]  
 For the three months ended June 30, 2022: JPY(264) million[–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2023	(38.20)	–
June 30, 2022	(9.11)	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	5,618	2,285	40.6
December 31, 2022	6,758	3,502	51.7

Reference: Equity As of June 30, 2023 : JPY2,278million  
 As of December 31, 2022 : JPY3,495million

**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, 2022	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2023	–	0.00			
Fiscal year ending December 31, 2023 (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, 2023 (from January 1, 2023 to December 31, 2023)**

(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, 2023	5,250	40.6	–	–	(900)	–	–	–	–

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): 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 June 30, 2023	30,311,012 shares
As of December 31, 2022	30,076,640 shares

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

As of June 30, 2023	128 shares
As of December 31, 2022	128 shares

- (iii) Average number of shares outstanding during the period

Three months ended June 30, 2023	30,197,418 shares
Three months ended June 30, 2022	29,728,996 shares

\* 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.

## Business and other risks

The following is the latest status of business risks and other risks that were reported in the Annual Securities Report for the previous fiscal year during the first half of the current consolidated fiscal year. There are no material changes from the Annual Securities Report with regard to items not mentioned.

Forward-looking statements in the text are based on the judgment of the Group as of the end of the current quarterly consolidated accounting period.

### (1) Novelty in EV Charging business

The Group's EV Charging business began to be disclosed as an independent segment in the first quarter of FY22. As this business has been in operation for a relatively short period of time, it is assumed that new transactions and events, including receipt of subsidies, are likely to occur more frequently than in the other disclosed segments. In addition, in light of the gradual increase in the number of other EV charging businesses, it is assumed that competition for business partners and customers will intensify, and in some cases, unexpected problems may arise with customers, business partners, and other third parties, which may lead to litigation. Although we conduct our business operations after verifying various conditions in advance, the occurrence of events that differ from our initial assumptions may affect our business performance and financial position.

### (2) Use of Funds and Investment Effects

The funds procured through the public offering in December 2021 will be used for the following purposes:

In the Platform business

- A. Funds to strengthen promotion, sales and advertising systems;
- B. Funds for acquisitions aimed at strengthening the Group's customer base;
- C. Funds to contribute to the expansion of the Group's own services;

In the Data business,

- D. Funds for investment in and operation of the "Decarbonized Tech Fund"
- E. Funds for future growth of the EV Charging and Data business;
- G. Funds for hiring engineers, sales, and support personnel in the Platform business and Data business.

However, on May 13, 2022, the timing of the appropriation of (A) was changed to undecided. This was due to the pause in user acquisition activities in the energy industry triggered by soaring wholesale electricity prices and negative profit spreads. This situation has largely stabilized, and on August 10, 2023 we announced that we have resumed the use of the funds procured for (A).

Although it is our policy to make these investments after a rigorous cost-benefit analysis, there is a possibility that we may not be able to achieve the expected investment effects. In the future, there is a possibility that the funds raised will be used for purposes other than those mentioned above due to further expansion of the business portfolio, which was not planned at the time of the fundraising. In the event that the Company intends to use the procured funds for purposes other than those mentioned above, the Company plans to promptly disclose the change in the use of the funds.

### (3) Competitors

With respect to our group's Platform business there are several companies that offer electricity and gas switching platforms to residential and corporate users. We recognize that there is a certain degree of competition in this market. In response, we have worked to increase the number of electricity and gas service providers with which we are affiliated, improve the value of our services for users, and strengthen our ability to attract users online through SEO and aggressive advertising measures, as well as offline through the expansion of partnerships. Against the latter competition, we have been striving to improve our competitiveness by differentiating our service model, which allows customers to select the

most suitable service provider from multiple electricity and gas companies, as a differentiating factor. As a result, we recognize that the competitive environment is limited as of the date of submission of this document.

In the Data business environment, there are some other operators that are developing commercial products for customer management systems and supply/demand management systems. However, our ENECHANGE Cloud Marketing service is developing services with a unique positioning, utilizing the proprietary database accumulated from the Platform business to promote online user acquisition. As of the date of submission of this document, we consider the competitive environment to be relatively light. Even if a new competitor enters the market in the future, we believe that we will be able to maintain our superiority over the competition by leveraging our marketing expertise, accumulated database, data analysis technology, and other differentiating factors developed through the ENECHANGE electricity and gas comparison site. In the ENECHANGE Cloud DR service, the number of domestic and overseas competitors is likely to increase as smart meters become more widely used, and the competitive environment is likely to intensify. However, we will strive to improve our competitiveness by developing products utilizing our proprietary database accumulated through the provision of services to domestic and overseas client companies, and by building up our knowledge and experience in data utilization.

In the EV Charging business, we recognize that competition is gradually intensifying, both in the acquisition of business partners and users, and in applications for subsidies. As of FY23 Q2, the Company had received orders for 6,482 EV charging ports. In terms of software, in addition to a highly convenient app that provides EV charging information for EV drivers, we also provide Level 2 charging ports and a payment system in cooperation with e-Mobility Power Co. As EVs become more prevalent in the future, we strive to further improve our competitiveness by reinforcing these advantages, increase the number of charging ports installed, and increase the utilization rate.

However, if competitors with superior technologies and business models enter the market in the future and intensify competition in the Group's business domain, resulting in cancellations by our Group's users or pricing pressure, or if the number of installations and utilization rates remain sluggish, or if customer acquisition is otherwise slower than anticipated, we may lose our competitive edge. Furthermore, the Group's business, operating results, and financial position may be affected under such circumstances.

#### (4) Policy Trends Related to EVs and EV Charging Infrastructure

In the environment surrounding the energy industry from a long-term perspective, under the Japanese government's policy of promoting Green Transformation (GX), government subsidies and other programs are being developed to promote the spread of EVs and EV charging infrastructure. The strategy for the EV Charging business of our Group is based on the assumption that government subsidies for EVs and EV charging infrastructure will be provided. In such cases, inventories may temporarily increase. In the event of other major policy changes by the national or prefectural governments, the number of EV chargers ordered or available for installation in the EV Charging business may decrease, which may affect our business performance.

#### (5) Dilution of stock value due to exercise of stock options

The Company has adopted a stock option plan to provide incentives to directors, executive officers, employees, subsidiary directors, subsidiary employees, and outside collaborators. As of the date of submission of this document, there are 3,238,692 dilutive shares resulting from stock options, representing 9.7% of the total number of outstanding shares (30,119,144 shares). The majority of these shares are intended for the long-term commitment of management and key employees, and there are certain restrictions on the exercise period of the rights. Specifically, the stock acquisition rights granted to Yohei Kiguchi, the CEO of the Company, are for terms that will become exercisable in stages starting in 2018, thus ensuring his commitment to the long-term value enhancement of the Group. In addition, the stock acquisition rights granted to Yasuyuki Ueno are so-called Market Issuance Stock Acquisition Rights Trust®, the terms of which are to be granted in stages and become exercisable over a five-year period beginning in 2018 to the Company's directors (excluding Yohei Kiguchi, CEO), executive

officers, employees, subsidiary directors, subsidiary employees and outside collaborators. The conditions are as follows.

The use of the Trust for Market Issuance Stock Acquisition Rights® is expected to have a significant impact on the Group's business performance, as it is expected to strengthen the Group's long-term operations via its ability to recruit human resources and control the level of salaries, bonuses, and other compensation in cash. Excluding these stock acquisition rights, the number of unexercised shares from options balance of stock acquisition rights as of the date of submission of this document is 80,736 shares, which corresponds to 0.3% of the total number of outstanding shares (30,119,144 shares). As of the date of submission of this document, there are no plans to issue further new stock acquisition rights, but if the stock acquisition rights granted in the future are exercised due to changes in the competitive environment or other factors, the per-share value of shares held by existing shareholders may be diluted.

In addition, on May 30, 2023, the National Tax Agency published "Taxation on Stock Options (Q&A)," which states that "trust-type stock options" are considered to be a substantial salary, since the economic benefits of the stock options are deemed to be substantial salary when executives and employees exercise the rights granted by the company and acquire shares of the issuing company, and the executives and employees. Therefore, the Company has taken the position that if an officer or employee exercises such stock options and acquires shares of the issuing company, the economic benefit is treated as employment income and withholding tax must be collected and paid.

In the second quarter of the current fiscal year, the amount of 429,599 thousand JPY as the amount equivalent to the required payment of withholding income tax was recorded in "Accounts payable-other" under "Current liabilities" in the quarterly consolidated balance sheets, and the corresponding receivable was recorded in "Accounts receivable-other" under current assets.

In response to the National Tax Agency's opinion, we are currently discussing future actions in consultation with internal and external experts, etc. Depending on the situation, there may be an impact on our financial position and business performance.

**Consolidated financial statements and significant notes****(1) Consolidated balance sheet**

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	3,067,058	1,276,470
Accounts receivable Trade and Contract Assets	441,503	544,268
Merchandise and finished goods	122,908	179,598
Advance payments to suppliers	424,773	578,444
Accounts receivable - other	233,419	435,032
Consumption taxes refund receivable	103,955	42,154
Other	137,842	161,371
Allowance for doubtful accounts	△4,386	△5,323
Total current assets	4,527,076	3,212,017
Non-current assets		
Property, plant and equipment	104,752	101,940
Intangible assets		
Software	72,701	154,699
Software in progress	31,709	71,379
Goodwill	702,039	666,295
Other	2,077	1,972
Total intangible assets	808,528	894,346
Investments and other assets		
Investment securities	1,126,590	1,101,088
Guarantee deposits	191,876	308,781
Other	8,817	—
Allowance for doubtful accounts	△8,817	—
Total investments and other assets	1,318,466	1,409,869
Total non-current assets	2,231,747	2,406,156
Total assets	6,758,823	5,618,173

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	41,043	47,601
Short-term borrowings	674,900	650,000
Current portion of long-term borrowings	142,996	172,996
Accounts payable - other	532,625	1,068,898
Income taxes payable	36,291	2,029
Advances received	70,431	114,126
Provision for sales promotion expenses	449,057	142,095
Other	135,859	65,235
Total current liabilities	2,083,205	2,262,984
Non-current liabilities		
Long-term borrowings	1,136,845	1,047,847
Deferred tax liabilities	13,812	9,453
Other	22,497	12,538
Total non-current liabilities	1,173,154	1,069,839
Total liabilities	3,256,360	3,332,823
Net assets		
Shareholders' equity		
Share capital	3,061,665	20,107
Capital surplus	2,930,526	5,992,299
Retained earnings	△2,438,533	△3,592,070
Treasury shares	△163	△163
Total shareholders' equity	3,553,495	2,420,173
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△208,127	△241,519
Foreign currency translation adjustment	149,733	99,862
Total accumulated other comprehensive income	△58,394	△141,657
Share acquisition rights	7,361	6,834
Total net assets	3,502,462	2,285,349
Total liabilities and net assets	6,758,823	5,618,173



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

Six months ended June 30, 2023

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	2,151,139	2,091,572
Cost of sales	346,663	403,451
Gross profit	1,804,475	1,688,120
Selling, general and administrative expenses	2,027,443	2,776,172
Operating loss	△222,967	△1,088,051
Non-operating income		
Interest income	13	16
Share of profit of entities accounted for using equity method	41,851	—
Foreign exchange gains	8,127	—
Gain from expired gift vouchers etc	5,205	3,568
Gain on donation of Subsidy income	—	114,278
Other	1,663	4,190
Total non-operating income	56,861	122,053
Non-operating expenses		
Interest expenses	9,954	18,210
Share of loss of entities accounted for using equity method	—	1,597
Foreign exchange losses	—	17,703
Loss on tax purpose reduction entry of non-current assets	—	114,067
Other	938	35,022
Total non-operating expenses	10,893	186,602
Ordinary loss	△176,998	△1,152,600
Extraordinary losses		
Impairment losses	63,403	—
Settlement payments	11,469	—
Total extraordinary losses	74,873	—
Loss before income taxes	△251,871	△1,152,600
Income taxes - current	12,790	406
Income taxes - deferred	6,169	554
Total income taxes	18,959	961
Loss	△270,831	△1,153,561
Loss attributable to owners of parent	△270,831	△1,153,561

**Consolidated statement of comprehensive income**

Six months ended June 30, 2023

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Loss	△270,831	△1,153,561
Other comprehensive income		
Valuation difference on available-for-sale securities	–	△38,638
Foreign currency translation adjustment	△2,920	13,428
Share of other comprehensive income of entities accounted for using equity method	8,913	△58,053
Total other comprehensive income	5,993	△83,263
Comprehensive income	△264,838	△1,236,824
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△264,838	△1,236,824

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

Six months ended June 30, 2023

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
<b>Cash flows from operating activities</b>		
Loss before income taxes	△251,871	△1,152,600
Depreciation	29,166	33,423
Impairment losses	63,403	—
Interest expenses	9,954	18,210
Amortization of goodwill	27,009	55,102
Foreign exchange losses (gains)	△16,515	—
Gain on donation of Subsidy income	—	△114,278
Loss on tax purpose reduction entry of non-current assets	—	114,067
Gain from expired gift vouchers etc	△5,205	△3,568
Settlement payments	11,469	—
Share of loss (profit) of entities accounted for using equity method	△41,851	1,597
Increase (decrease) in allowance for doubtful accounts	△4,962	936
Increase (decrease) in provision for sales promotion expenses	45,200	△303,394
Decrease (increase) in trade receivables	△11,941	212,347
Decrease (increase) in advance payments to suppliers	—	△153,670
Decrease (increase) in inventories	△6,000	△198,825
Decrease (increase) in consumption taxes refund receivable	—	76,115
Increase (decrease) in trade payables	13,439	6,558
Increase (decrease) in accounts payable - other	△96,507	71,242
Increase (decrease) in advances received	△21,446	43,695
Decrease(increase) in sales deposit	△130,000	△113,205
Decrease (increase) in other assets	△138,003	27,648
Increase (decrease) in other liabilities	△43,060	△71,762
Other, net	△13	34,873
Subtotal	△567,737	△1,415,484
Interest and dividends received	13	16
Interest paid	△11,280	△17,116
Income taxes paid	△128,155	△36,291
Net cash provided by (used in) operating activities	△707,161	△1,468,875
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△18,318	△13,394
Purchase of intangible assets	△18,309	△138,402
Purchase of investment securities	△451,698	△94,468
Proceeds from repayments of investment securities	—	16,133
Conditional acquisition consideration	—	△19,358
Payments of guarantee deposits	△23,386	—
Net cash provided by (used in) investing activities	△511,712	△249,490

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	–	△24,900
Repayments of long-term borrowings	△24,996	△58,998
Repayments of lease liabilities	–	△20,516
Proceeds from issuance of shares resulting from exercise of share acquisition rights	31,711	19,436
Other, net	–	△1,147
Net cash provided by (used in) financing activities	6,715	△86,125
Effect of exchange rate change on cash and cash equivalents	6,050	13,903
Net increase (decrease) in cash and cash equivalents	△1,206,107	△1,790,587
Cash and cash equivalents at beginning of period	5,571,870	3,067,058
Cash and cash equivalents at end of period	4,365,763	1,276,470

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

Not applicable.

**Notes on significant changes in the amount of shareholders' equity**

In accordance with the resolution of the 8th Ordinary General Meeting of Shareholders held on March 30, 2023, the Company's capital was reduced by 3,051,665 thousand yen and transferred to other capital surplus on May 12, 2023, effective as of May 12, 2023. As a result, capital stock and capital surplus amounted to 20,107 thousand yen and 5,992,299 thousand yen, respectively, in the second quarter of the current fiscal year.

There was no significant change in total shareholders' equity.

**Change in accounting policy**

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the fiscal year ending March 31, 2023. Furthermore, in accordance with the transitional treatment prescribed in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company has prospectively applied the new accounting policy provided in the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on the quarterly consolidated financial statements

**Additional Information**

On May 30, 2023, the National Tax Agency published "Taxation on Stock Options (Q&A)," stating that "trust-type stock options" are deemed to be substantive salary at the time an officer or employee exercises the rights granted by the company and acquires the shares, and that the company is required to withhold tax retroactively even for those officers or employees who have exercised the rights. The Company is required to withhold tax retroactively for those who have already exercised their stock options.

In the second quarter of the current fiscal year, the amount of 429,599 thousand yen as the amount equivalent to the required withholding tax payment was recorded in "Accounts payable-other" under "Current liabilities" in the consolidated balance sheet, and the corresponding receivable was recorded in "Accounts receivable-other" under "Current assets."

In response to the National Tax Agency's opinion, we are currently considering future actions in consultation with internal and external experts, etc. Depending on the situation, there may be an impact on our financial position and business performance.

**Segment information, etc.**Segment information

For the Six months ended June 30, 2022

(Thousands of yen)

	Reportable segments				Reconciling items (Note 1)	Per quarterly consolidated financial statements (Note 2)
	Platform	Data	EV Charging	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 impairment loss on fixed assets)

In the "Energy Data Business" segment, impairment loss on intangible fixed assets was recorded. The amount of impairment loss recorded was 63,403 thousand yen for the six months ended June 30, 2022.

For the Six months ended June 30, 2023

(Thousands of yen)

	Reportable segments				Reconciling items (Note 1)	Per quarterly consolidated financial statements (Note 2)
	Energy	Data	EV Charging	Reportable segments		
Net sales						
Goods or services that are transferred at a point in time	989,709	53,562	22,581	1,065,853	—	1,065,853
Goods or services that are transferred over a certain period of time	594,246	426,301	5,170	1,025,718	—	1,025,718
Revenue from contracts with customers	1,583,955	479,864	27,752	2,091,572	—	2,091,572
Revenues from external customers	1,583,955	479,864	27,752	2,091,572	—	2,091,572
Transactions with other segments	—	—	—	—	—	—
Net sales	1,583,955	479,864	27,752	2,091,572	—	2,091,572
Operating profit (loss)	149,991	110,371	△997,944	△737,581	△350,470	△1,088,051

Notes: 1. Reconciling item for segment profit (loss) of negative 350,470 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