November 10, 2023

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Notice Concerning the Revision of the Earnings Forecast

ENECHANGE (hereinafter referred to as the "Company") announces that our Board of Directors, at a meeting held on November 10, 2023, has revised the consolidated earnings forecast announced on February 10, 2023 (the "Previous Forecast") for the fiscal year ending December 31, 2023.

1. Revision of the consolidated earnings forecast for the fiscal year ending December 31, 2023 (January 1, 2023 - December 31, 2023)

(millions of JPY)

	Net sales	Operating profit (Loss)	Ordinary profit (Loss)	Profit (Loss) attributable to owners of parent	Basic earnings (Loss) per share (JPY)
Previous forecast (A)	5,250	-	(900)	-	-
Revised forecast (B)	6,500	-	(1,300)	-	-
Difference (B-A)	1,250	-	(400)	-	-
Rate of change (%)	23.8%	-	-	-	-
<Reference> Results for the fiscal year ended December 31, 2022	3,734	(1,121)	(1,156)	(1,315)	(44.01)

(Note) Net loss per share for the year ended December 31, 2022 is calculated based on the average number of shares outstanding during the year.

2. Reason for the revision

The environment surrounding the energy industry has shown signs of stabilization in electricity prices due to the surge in energy prices that followed in the wake of the Russia-Ukraine conflict, as well as in the wholesale electricity market prices. Additionally, amidst maintaining the high ratios of electric vehicles (EVs) and plug-in hybrid vehicles (PHVs) in new car sales, there has been a doubling of the Ministry of Economy, Trade and Industry's 2030 target for charging port installations from 150,000 to 300,000 ports (with the target for normal charging port installations increasing from 120,000 to 270,000 ports) (*1). Consequently, there is an anticipated increase in demand for EVs and the associated EV charging infrastructure moving forward.

In this environment, our company has continued to implement strategies for market share expansion in each business while maintaining investment discipline. As a result, while we expect our sales to exceed our previous forecast, our ordinary profit/loss projection falls below the previous forecast.

For the Platform business, we expected an increase in sales due to a rise in user numbers towards the second half of the year in our previous forecast, although we anticipated that Average Revenue Per User (ARPU) recovery would still take time. Under the revised assumptions, ARPU has recovered more quickly than initially expected and sales growth is expected to continue due to an increase in users in FY23 H2.

For the EV Charging business, we were expecting a substantial sales increase and improvement in earnings from the second half of the year due to the installation and commencement of charging port use. However, considering it is the initial year of the full-scale operation of the business, we had conservatively estimated the unit prices associated with the installation and operation of EV charging ports. . As the business has progressed and sales have materialized, the certainty around pricing has increased. The revised forecasts incorporate these unit prices which are higher than initially assumed, suggesting an increase in sales over the previous estimates.

For the Data business, due to the worsening business environment, we conservatively estimated sales by anticipating IT budget cuts by energy companies in our previous forecast. The revised forecast indicates that progress is broadly in line with initial assumptions; therefore, we maintain the sales outlook for this business.

As a result, we expect an increase in sales for the Platform business and EV Charging business. Therefore, we have upwardly revised our full-year sales forecast from 5,250 million JPY to 6,500 million JPY -a +74.1% increase from the previous fiscal year.

However, the decision on the government subsidies for the EV Charging business is expected to be delayed until mid-November this year. As this is later than anticipated, there is an increased likelihood of some installation work shifting to January 2024. Consequently, a decrease from the previously announced forecast is expected in profits. We are revising the ordinary income/loss forecast downward from an ordinary loss of 900 million JPY to an ordinary loss of 1,300 million JPY, which is in line with the previous fiscal year.

Please note that the forecasts for other profit levels aside from ordinary profit/loss will continue to be undisclosed.

*1. As noted from the Ministry of Economy, Trade and Industry's "Green Growth Strategy in line with Carbon Neutrality by 2050" and "Guidelines for Promoting the Development of Charging Infrastructure".

Reference information: Assumptions from the previous forecast

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. For the fiscal year ending December 2027, we have set a target of 10 billion yen in revenue, with a plan to continue achieving an average annual revenue growth rate of over 30% from the fiscal year ending December 2020.

In our Platform business, following Russia's invasion of Ukraine, wholesale energy market prices have remained high due to soaring energy prices and the weakening yen, negatively affecting the profitability of our energy company clients. This has impacted us in the form of reduced one-time fees accrued during switching. However, with anticipated electricity retail price increases, we expect the profitability of these energy companies to improve, leading to a gradual improvement in the business environment.

In our Data business, in terms of customer numbers, we have established relationships with numerous energy companies. Moving forward, we plan to focus on expanding service provision to these companies, striving to improve ARPU.

In our EV Charging business, we are seeing strong order trends for our Zero Plan, which offers installation and monthly fees at zero cost by utilizing subsidies. With the progress of installation work for orders already received, we expect to start recording significant sales revenue from EV charging ports in the second half of the fiscal year ending December 2023, which we anticipate will drive our revenue growth.

As a result, we forecast our group's revenue for the fiscal year ending December 2023 to be 5.25 billion JPY (a +40.6% increase from the previous fiscal year). We also plan to continue aggressive growth investments in our EV Charging business, anticipating an ordinary loss of 900 million JPY (compared to the ordinary loss of 1.156 billion JPY in the previous fiscal year). We expect to see an ordinary loss in the first half of the period and an ordinary profit in the second half, as EV charging port sales start to contribute significantly. Additionally, since we expect subsidy income in the EV Charging business to be recorded as non-operating income, we intend to disclose ordinary profit and loss in our performance forecasts.

The forward-looking statements mentioned above are based on information currently available to our group and on certain assumptions that we believe to be reasonable. These statements involve risks and uncertainties. Actual performance may vary due to various unpredictable factors.

Please note that should we calculate new performance forecasts internally during the fiscal period that meet the disclosure criteria, we may disclose revisions to the performance forecasts accordingly.