

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2023 (Under Japanese GAAP)

November 14, 2023

Company name	INFORICH INC.	Listed on: Tokyo Stock Exchange
Securities code	9338	URL https://inforich.net
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Scheduled date of filing of quarterly securities report:	November 14, 2023	
Scheduled date of commencement of dividend payment:	-	
Preparation of supplementary material on quarterly financial results:	Yes	
Holding of quarterly financial results briefing:	Yes (for institutional investors and securities analysts)	

(Yen amounts are rounded down to the nearest million, unless otherwise noted.)

1. Consolidated financial results for the third quarter of the fiscal year ending December 31, 2023 (from January 1, 2023 to September 30, 2023)

(1) Consolidated operating results (YTD) (%: Changes from the corresponding period of the previous fiscal year)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third quarter of the fiscal year ending December 31, 2023	5,390	87.2	840	-	259	-	376	-	251	-
Third quarter of the fiscal year ended December 31, 2022	2,879	-	-	-	(1,250)	-	(872)	-	(890)	-

Note: Comprehensive income
 Third quarter of the fiscal year ending December 31, 2023 132 Millions of yen (-%)
 Third quarter of the fiscal year ended December 31, 2022 (1,203) Millions of yen (-%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter of the fiscal year ending December 31, 2023	27.06	26.25
Third quarter of the fiscal year ended December 31, 2022	(99.51)	-

- (Notes)
1. Diluted earnings per share of common stock for the third quarter of the fiscal year ended December 31, 2022 are omitted because, while potential shares of the Company's stock exist, the Company's stock is unlisted and its average share price during the period is unknown, and basic earnings per share are negative.
 2. A 5-for-1 common stock split was conducted with an effective date of April 1, 2023. Basic earnings per share and diluted earnings per share have been calculated assuming the stock split was conducted at the beginning of the fiscal year ended December 31, 2022.
 3. Since EBITDA is newly recorded from the second quarter of the fiscal year ending December 2023, figures and year-on-year changes for the third quarter of the fiscal year ended December 2022 and year-on-year changes for the third quarter of the fiscal year ending December 2023 are not stated.
 4. EBITDA = Operating profit and loss + Depreciation

(2) Consolidated financial condition

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Third quarter of the fiscal year ending December 31, 2023	7,296	2,646	36.1
Fiscal year ended December 31, 2022	5,992	2,437	40.5

Reference: Shareholders' equity
 Third quarter of the fiscal year ending December 31, 2023 2,637 Millions of yen
 Fiscal year ended December 31, 2022 2,427 Millions of yen

2. Cash dividends

	Annual dividends per share				
	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) Revisions to the most recently announced dividend forecast: None

The Articles of Incorporation of INFORICH INC. (“INFORICH” or the “Company”) set the final date of the second quarter and the fiscal year as record dates. However, the forecast of cash dividends at the fiscal year-end has yet to be determined.

3. Consolidated forecast for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		EBITDA		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
Full year	7,563	72.3	1,296	-	482	-	584	-	495	-	53.29

(Notes) 1. Revisions to the most recently announced earnings forecasts: Yes

2. A 5-for-1 common stock split was conducted with an effective date of April 1, 2023. We took account of the impact from the stock split on basic earnings per share in the consolidated earnings forecast for the fiscal year ending December 31, 2023.

3. EBITDA = Operating profit and loss + Depreciation

4. For the revisions to the consolidated earnings forecast, please refer to “2023年12月期 連結業績予想の上方修正に関するお知らせ” announced today (November 14, 2023).

*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
- (2) Application of accounting treatment specific to the preparation of the consolidated quarterly 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: None
 - (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)	Third quarter of the fiscal year ending December 31, 2023	9,316,200 shares	Fiscal year ended December 31, 2022	9,233,100 shares
(ii) Number of treasury shares at the end of the period	Third quarter of the fiscal year ending December 31, 2023	59 shares	Fiscal year ended December 31, 2022	- shares
(iii) Average number of shares outstanding during the period (YTD)	Third quarter of the fiscal year ending December 31, 2023	9,284,611 shares	Third quarter of the fiscal year ending December 31, 2023	8,952,600 shares

(Notes) A 5-for-1 common stock split was conducted with an effective date of April 1, 2023. “Total number of issued shares at the end of the period,” “Number of treasury shares at the end of the period,” and “Average number of shares outstanding during the period” have been calculated assuming the stock split was conducted at the beginning of the fiscal year ended December 31, 2022.

* Consolidated quarterly financial results reports are exempt from quarterly audits by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Notes to statements regarding the future, etc.)

The forward-looking statements, including earnings forecasts, in this material are based on information currently available to management and certain assumptions that management believes are reasonable, and are not intended as a guarantee that the Company will achieve such targets. The actual results may differ materially from those projected herein, depending on various factors.

(Obtaining supplementary explanatory documents and information on the scheduled quarterly financial results briefing)

The Company plans to hold a quarterly financial results briefing via live-streaming on Wednesday, November 15, 2023. The materials used in the quarterly financial results briefing will be disclosed on TDnet and posted on the Company’s website.

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1. Overview of consolidated results of operations and financial condition

(1) Overview of results of operations

The economic situation in Japan during the third quarter of the fiscal year ending December 31, 2023 has been recovering moderately as the negative impact of the COVID-19 pandemic subsided. Employment is also showing signs of improvement, however high prices have prevented a significant increase in personal consumption. However, the end of the pandemic and an increase in wage growth are expected, which will be a positive factor for the economy. Foreign visitors to Japan are also expected to increase for a while, and it is expected that consumption will remain steady due to the impact of the weak yen. On the other hand, the international situation is becoming increasingly uncertain, and there are still concerns about the future.

The sharing economy area is the key business area of the INFORICH Group (the "Group"). And according to the results of the "Sharing Economy-related Survey 2022" jointly published by the Sharing Economy Association Japan and InfoCom Research Inc., the sharing economy market reached a record-high of 2,615.8 billion yen in fiscal 2022 and is expected to expand by about 5.7 times to 15,116.5 billion yen in fiscal 2032.

Under these circumstances, the Group actively invested to expand the ChargeSPOT business (rental power banks), strengthening its collaboration with partner companies. The Group as a whole had 49,870 installed battery stands, including 41,900 in Japan, as of the end of September 2023, increasing toward the goal of having batteries shared that can be borrowed and returned anywhere. The number of monthly active users on a quarterly average reached 1.06 million for the entire Group, including 751 thousand in Japan. The number of monthly rentals on a quarterly average reached 1.95 million for the entire Group, including 1.44 million in Japan, steadily expanding the range of services. Furthermore, in order to continue to grow and become one of Japan's leading cross-border companies, and to aim for sustainable growth and improvement of corporate value over the medium to long term, we formulated our medium-term management plan "Vision 2030" in August 2023. At the same time, in order for our domestic and overseas teams to make a concerted effort to accelerate growth, we redefined the meaning of our existence and the world we aspire to, and developed a new Mission Statement called "Bridging Beyond Borders" as we embark on a new start. As a result, for the quarter under review, net sales were 3,289,096 thousand yen, net sales were 5,390,891 thousand yen (up 87.2% year-on-year), EBITDA (Note) was 840,728 thousand yen, operating profit was 259,039 thousand yen (operating loss of 1,250,878 thousand yen in the same period in the previous year), ordinary profit was 376,587 thousand yen (ordinary loss of 872,443 thousand yen in the same period in the previous year), and profit attributable to owners of parent posted 251,203 thousand yen (loss attributable to owners of parent of 890,909 thousand yen in the same period in the previous year).

The Group will work to increase the awareness and use of the service, while being committed to further enhancing service quality. Since the Group operates in a single segment of the ChargeSPOT business, information by business segment is omitted.

(2) Overview of financial position

(Current assets)

Current assets at the end of the quarter under review were 4,884,091 thousand yen (up 1,218,307 thousand yen compared with December 31, 2022). This was mainly due to an increase in cash and deposits of 1,266,637 thousand yen.

(Non-current assets)

Non-current assets at the end of the quarter under review were 2,412,013 thousand yen (up 84,992 thousand yen compared with December 31, 2022). This was mainly due to increases in leased assets of 343,060 thousand yen owing to the new installation of battery stands and in tools, furniture and fixtures of 194,609 thousand yen.

(Current liabilities)

Current liabilities at the end of the quarter under review were 3,941,893 thousand yen (up 1,189,959 thousand yen compared with December 31, 2022). This was mainly due to increases in contract liabilities of 642,784 thousand yen and short-term borrowings by 337,300 thousand yen.

(Non-current liabilities)

Non-current liabilities at the end of the quarter under review were 708,199 thousand yen (down 94,860 thousand yen compared with December 31, 2022). This was mainly due to a decrease in lease liabilities of 127,934 thousand yen.

(Net assets)

Net assets at the end of the quarter under review were 2,646,011 thousand yen (up 208,200 thousand yen compared with December 31, 2022). This was mainly due to: i) increases in both share capital and capital surplus of 38,229 thousand yen as new

shares were issued through a capital increase in the form of a third party allotment (a third party allotment capital increase related to a secondary offering stemming from an overallotment) and the execution of share acquisition rights; ii) an increase in retained earnings of 251,203 thousand yen due to the recording of profit attributable to owners of parent; and iii) a decrease of 117,566 thousand yen in foreign currency translation adjustments.

(3) Overview of future forecast information such as consolidated earnings forecast

The consolidated earnings forecast for the fiscal year ending December 31, 2023 has been revised from the earnings forecast announced on August 10, 2023.

For details, please refer to “2023年12月期 連結業績予想の上方修正に関するお知らせ” announced today.

(Note) EBITDA = Operating profit and loss + Depreciation

Since EBITDA is newly recorded from the second quarter of the fiscal year ending December 2023, the year-on-year change is not stated.

2. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	Fiscal year ended December 31, 2022 (December 31, 2022)	Third quarter of the fiscal year ending December 31, 2023 (September 30, 2023)
Assets		
Current assets		
Cash and deposits	2,614,044	3,880,681
Accounts receivable-trade	76,687	105,275
Supplies	43,173	4,542
Accounts receivable-other	494,455	641,343
Other	464,708	288,769
Allowance for doubtful accounts	(27,284)	(36,522)
Total current assets	3,665,784	4,884,091
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	1,048,514	1,243,123
Leased assets	1,540,164	1,883,224
Construction in progress	442,924	362,394
Other	83,893	87,426
Accumulated depreciation	(849,574)	(1,232,230)
Total property, plant and equipment	2,265,922	2,343,939
Intangible assets	12,995	13,127
Investments and other assets		
Distressed receivables	158,616	172,061
Other	48,103	54,946
Allowance for doubtful accounts	(158,616)	(172,061)
Total investments and other assets	48,103	54,946
Total non-current assets	2,327,021	2,412,013
Total assets	5,992,805	7,296,104

(Thousands of yen)

	Fiscal year ended December 31, 2022 (December 31, 2022)	Third quarter of the fiscal year ending December 31, 2023 (September 30, 2023)
Liabilities		
Current liabilities		
Short-term borrowings	716,000	1,053,300
Current portion of long-term borrowings	39,600	15,600
Lease obligations	852,033	876,230
Income taxes payable	54,846	27,118
Contract liabilities	511,542	1,154,327
Provision	48,012	48,282
Other	529,898	767,034
Total current liabilities	2,751,934	3,941,893
Non-current liabilities		
Long-term borrowings	12,000	40,300
Lease obligations	791,060	663,126
Other	-	4,773
Total non-current liabilities	803,060	708,199
Total liabilities	3,554,994	4,650,093
Net assets		
Shareholders' equity		
Share capital	218,707	256,937
Capital surplus	6,007,488	6,045,718
Retained earnings	(3,507,998)	(3,256,794)
Treasury shares	-	(182)
Total shareholders' equity	2,718,197	3,045,678
Accumulated other comprehensive income		
Foreign currency translation adjustment	(290,808)	(408,374)
Total accumulated other comprehensive income	(290,808)	(408,374)
Share acquisition rights	5,393	5,212
Non-controlling interests	5,029	3,495
Total net assets	2,437,811	2,646,011
Total liabilities and net assets	5,992,805	7,296,104

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

(Consolidated statement of income)

(Third quarter of the fiscal year ending December 31,
2023)

(Thousands of yen)

	Third quarter of the fiscal year ending December 31, 2022 (From January 1, 2022 to September 30, 2022)	Second quarter of the fiscal year ending December 31, 2023 (From January 1, 2023 to September 30, 2023)
Net sales	2,879,459	5,390,891
Cost of sales	921,862	1,387,105
Gross profit	1,957,596	4,003,786
Selling, general and administrative expenses	3,208,474	3,744,746
Operating profit	(1,250,878)	259,039
Non-operating income		
Interest income	1,044	5,797
Foreign exchange gains	401,788	180,809
Subsidy income	-	8,620
Other	23,567	2,202
Total non-operating income	426,400	197,430
Non-operating expenses		
Interest expenses	43,962	77,899
Bad debt expenses	3,807	-
Other	196	1,982
Total non-operating expenses	47,965	79,882
Ordinary profit	(872,443)	376,587
Extraordinary losses		
Impairment losses	15,810	100,479
Loss on retirement of non-current assets	-	1,009
Loss on cancellation of lease liabilities	-	6,362
Total extraordinary losses	15,810	107,850
Profit before income taxes	(888,253)	268,736
Income taxes-current	5,521	15,852
Income taxes-deferred	8	3,214
Total income taxes	5,530	19,066
Quarterly profit	(893,783)	249,669
Loss attributable to non-controlling interests	(2,874)	(1,533)
Profit attributable to owners of parent	(890,909)	251,203

(Consolidated statement of comprehensive income)
(Second quarter of the fiscal year ending December 31, 2023)

(Thousands of yen)

	Third quarter of the fiscal year ending December 31, 2022 (From January 1, 2022 to September 30, 2022)	Second quarter of the fiscal year ending December 31, 2023 (From January 1, 2023 to September 30, 2023)
Quarterly profit	(893,783)	249,669
Other comprehensive income		
Foreign currency translation adjustment	(309,805)	(117,566)
Total other comprehensive income	(309,805)	(117,566)
Comprehensive income	(1,203,589)	132,103
(Breakdown)		
Comprehensive income attributable to owners of parent	(1,200,714)	133,637
Comprehensive income attributable to non-controlling interests	(2,874)	(1,533)

(3) Notes to consolidated financial statements
(Matters related to the assumption of a going concern)
There is no applicable information.

(Notes to significant changes in shareholders' equity)
There is no applicable information.