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February 9, 2024

Consolidated Financial Results for the Fiscal Year Ended December 31, 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: Tomoya Maruoka, Executive Officer / CFO
 TEL: +81-3-6635-1021
 Scheduled date of annual general meeting of shareholders: March 28, 2024
 Scheduled date to commence dividend payments: –
 Scheduled date to file annual report: March 28, 2024
 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 fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	6,625	77.4	(1,066)	–	(1,199)	–	(1,247)	–
December 31, 2022	3,734	23.7	(1,121)	–	(1,156)	–	(1,315)	–

Note: Comprehensive income For the fiscal year ended December 31, 2023: JPY(1,271) million [–%]
 For the fiscal year ended December 31, 2022: JPY(1,298) million [–%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/sales
	Yen	Yen	%	%	%
December 31, 2023	(40.91)	–	(43.1)	(18.2)	(16.1)
December 31, 2022	(44.01)	–	(31.7)	(17.1)	(30.1)

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended December 31, 2023: JPY(43) million
 For the fiscal year ended December 31, 2022: JPY 9 million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	6,636	2,302	34.6	74.43
December 31, 2022	6,758	3,502	51.7	116.21

Reference: Equity
 As of December 31, 2023: JPY2,297million
 As of December 31, 2022: JPY3,495 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2023	(1,910)	(426)	558	1,298
December 31, 2022	(1,910)	(1,546)	958	3,067

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2021	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended December 31, 2022	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2023 (Forecast)	–	–	–	–	–		–	

Note: 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, 2024(from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Adjusted Operating Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending December 31, 2023	10,000	50.9	–	–	–	–

	Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	yen
Fiscal year ending December 31, 2023	–	–	–	–	–

※Adjusted Operating Profit: Operating Profit + Stock Compensation Expense

Note: Our group is focused on improving corporate value through the maximization of free cash flow in the long term, and emphasizing revenue growth in the medium term. Based on this philosophy. For the fiscal year ending in December 2024, we are aiming for sales of 10 billion yen, which represents a growth rate of over 50% compared to the previous consolidated fiscal year. In order to achieve this growth rate, we are planning to make aggressive investments. Although we expect to record a profit at Adjusted Operating Profit, we have decided not to disclose specific financial forecasts for adjusted operating profit, ordinary profit, and profit attributable to owners of the parent, in order to make dynamic investment decisions. For details, please refer to "1. Summary of Business Results, (4) Future Outlook" on page 7.

*Notes

- (1) Changes in specified subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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

(3) Number of issued shares (common shares)

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

As of December 31, 2023	30,935,684 shares
As of December 31, 2022	30,076,640 shares

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

As of December 31, 2023	259 shares
As of December 31, 2022	128 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2023	30,480,958 shares
Fiscal year ended December 31, 2022	29,879,922 shares

(Reference)

1. Non-Consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) results

Non-Consolidated operating results
(Percentages indicate year-on-year changes.)

Fiscal year ended	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	4,333	29.2	(506)	—	(538)	—	(1,323)	—
December 31, 2022	3,354	18.1	(1,187)	—	(1,139)	—	(1,153)	—

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	(43.42)	—
December 31, 2022	(38.62)	—

(2) Non-Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	6,189	2,291	36.9	73.90
December 31, 2022	6,849	3,630	52.9	120.46

Reference: Equity
As of December 31, 2023: JPY2,286 million
As of December 31, 2022: JPY3,623 million

* These Consolidated Financial Results reports are exempt from audit conducted 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.

1. Overview of business performance

(1) Overview of the current period's business performance

During the current fiscal year, the Japanese economy has shown signs of improvement in the employment and income environment, with the effects of various policies contributing to a recovery in individual consumption and corporate earnings. The outlook for the economy remains uncertain due to factors such as the rise in prices caused by a weaker yen and fluctuations in financial capital markets.

In the environment surrounding the energy industry to which our group belongs, there has been a deterioration in the financial situation of energy companies influenced by the surge in resource prices since the escalation of the Russia-Ukraine situation. However, with the stabilization of electricity prices, some energy companies are showing positive movements towards user acquisition.

From a long-term perspective, the environment surrounding the energy industry continues to witness the progress of Green Transformation (GX). In the 5th GX Implementation Meeting held by the Japanese government on December 22, 2022, the "Basic Policies for Achieving GX - Roadmap for the Next 10 Years" was presented. With a goal to realize 150 trillion JPY in GX investments by the public and private sectors, the Japanese government has expressed its intention to execute early investment support of around 20 trillion JPY. In the energy industry, which plays a central role in the GX movement, our base market, electricity sales, has expanded to approximately 18 trillion JPY (Note 1) since the full liberalization of retail electricity in April 2016. Moreover, there is a target to achieve 100% EV penetration, including new car sales of electric cars, by 2035 (Note 2). The increasing adoption of EVs and the associated demand for EV charging ports are anticipated to rise significantly.

In this environment, our group has continued to engage in proactive sales activities and investments aimed at enhancing our market share in the field of EV charging under our EV Charging business. We have also continued initiatives that contribute to further improving the convenience for EV users.

In the Energy Platform business, we have strengthened collaboration with energy companies for two services, "ENECHANGE" (a platform for switching household electricity and gas providers) and "ENECHANGE Biz" (a platform for switching corporate electricity and gas providers). Taking advantage of the opening of electricity data derived from smart meters under certain rules, we have introduced the service "ENECHANGE My Energy" that utilizes this data. Through this service, we aim to enhance acquisition of new users and support for existing users by proposing optimal electricity plans for the diversified and complex electricity rate plans.

In the Energy Data business, we have been actively working on continuous development of new features and strengthening sales for services such as the cloud-based digital marketing support SaaS "ENECHANGE Cloud Marketing" primarily provided to energy and gas companies, and the household Demand Response service "ENECHANGE Cloud DR." Additionally, leveraging the software behind the "ENECHANGE EV Charge" app, we have expanded our services with the development and operation of EV charging apps, as well as providing API for nationwide EV charging location information under the solution "ENECHANGE Cloud EV." We have also strengthened our service offerings, including undertaking the development of the "ENEOS Charge Plus EV Charging App" provided by ENEOS Holdings, Inc.

As a result, the consolidated performance of our group for the fiscal year ended has recorded sales of 6,625,809 thousand JPY (an increase of 77.4% compared to the previous year), an operating loss of 1,066,721 thousand JPY (compared to an operating loss of 1,121,703 thousand JPY in the previous year), an ordinary loss of 1,199,141 thousand JPY (compared to an ordinary loss of 1,156,664 thousand JPY in the previous year), and a net loss attributable to the parent company's shareholders of 1,247,049 thousand JPY (compared to a net loss attributable to the parent company's shareholders of 1,315,060 thousand JPY in the previous year).

In addition, we have recorded a subsidy grant benefit of 114,278 thousand JPY in non-operating income and a fixed asset impairment loss of 114,067 thousand JPY in non-operating expenses. These are related to the development of charging infrastructure in the EV Charging business.

The performance of each segment is as follows.

① EV Charging business

In the EV Charging business, we have proactively invested in increased hiring of engineering and sales personnel to launch and promote the business. We also implemented aggressive marketing activities, including TV commercials. As a result of these efforts, the cumulative number of destination charging points, a focus area for our company, reached 2,076 units (Note 3). Additionally, we have expanded partner collaborations, aiming for further business expansion.

As a result, the segment sales amounted to 2,317,655 thousand JPY (compared to 189,375 thousand JPY in the previous year), and the segment loss was 905,446 thousand JPY (compared to a segment loss of 784,491 thousand JPY in the previous year).

② Energy Platform business

In the "Energy Platform business," both household and corporate switch counts have been robust, resulting in a 24.2% increase in the number of continuing reward-eligible users compared to the previous fiscal year, reaching 573,139 people. Additionally, due to the surge in electricity prices and the performance recovery of energy companies, the quarterly ARPU (Note 4) (recurring revenue) increased by 13.7% to 585 JPY compared to the same quarter of the previous year, and ARPU (Non-recurring revenue) increased by 61.2% to 17,706 JPY compared to the same quarter of the previous year.

As a result, the segment revenue reached 3,310,941 thousand JPY (an increase of 28.6% compared to the previous period), and the segment profit amounted to 428,430 thousand JPY (an increase of 89.1% compared to the previous period).

③ Energy Data business

In the "Energy Data business," continuous service provision to existing customers and the introduction of new customers to digital marketing support SaaS "ENECHANGE Cloud Marketing" and household Demand Response service "ENECHANGE Cloud DR" resulted in a 5.2% increase in the number of customers to 61 companies compared to the previous fiscal year. Additionally, through the introduction of cross-selling to existing customers, the quarterly ARPU (recurring revenue) increased by 17.5% to 3,246 thousand JPY compared to the same quarter of the previous year, and ARPU (Non-recurring revenue) increased by 1.2% to 1,033 thousand JPY compared to the same quarter of the previous year.

As a result, segment revenue amounted to 997,212 thousand JPY (an increase of 2.9% compared to the previous year), and segment profit was 158,420 thousand JPY (a decrease of 3.3% compared to the previous year).

(Note)

1. Calculated from the electricity sales amount in the "Electricity Trading Results" of the Electricity and Gas Market Surveillance Commission.
2. Ministry of Economy, Trade and Industry "6th Basic Energy Plan" (October 22, 2021), electric vehicles include electric cars (EV), plug-in hybrid cars (PHV), fuel cell vehicles (FCV), and hybrid cars (HV).
3. Created by extracting only 6kW charging spots from EVsmart's "EV Charging ports Statistics" (excluding basic charging).
4. Average Revenue Per User (ARPU) is an abbreviation for the average revenue per user, representing the average revenue per user.

(2) The overview of the current financial status

(Assets)

At the end of the current consolidated fiscal year, current assets amounted to 4,362,494 thousand yen, a decrease of 164,581 thousand yen compared to the end of the previous consolidated fiscal year. This decrease is primarily due to an increase of 1,532,334 thousand yen in trade receivables and contract assets and an increase of 401,544 thousand yen in merchandise and products, while cash and deposits decreased by 1,768,146 thousand yen, and advances to suppliers decreased by 392,606 thousand yen.

Additionally, fixed assets amounted to 2,274,473 thousand yen at the end of the current consolidated fiscal year, an increase of 42,726 thousand yen from the end of the previous consolidated fiscal year. This increase is primarily due to a 129,538 thousand yen increase in software, while goodwill decreased by 89,694 thousand yen. As a result, total assets were 6,636,968 thousand yen, a decrease of 121,855 thousand yen compared to the end of the previous consolidated fiscal year. .

(Liabilities)

At the end of the current fiscal year, current liabilities amounted to 2,786,971 thousand yen, an increase of 703,766 thousand yen compared to the end of the previous fiscal year. This increase was primarily due to an increase of 468,188 thousand yen in accounts payable, 337,152 thousand yen in accrued expenses, 102,255 thousand yen in short-term borrowings, and 113,012 thousand yen in advance received, while the provision for sales promotion expenses decreased by 337,440 thousand yen.

At the end of the fiscal year, fixed liabilities amounted to 1,547,446 thousand yen at the end of the current consolidated fiscal year, an increase of 374,291 thousand yen from the end of the previous consolidated fiscal year. This increase was mainly due to an increase of 392,004 thousand yen in long-term borrowings.

As a result, the total liabilities were 4,334,418 thousand yen, an increase of 1,078,057 thousand yen compared to the end of the previous consolidated fiscal year.

(Total shareholders' equity)

At the end of the current fiscal year, the total shareholders' equity was 2,302,550 thousand yen, a decrease of 1,199,912 thousand yen compared to the end of the previous fiscal year. This decrease was primarily due to a net loss of 1,247,049 thousand yen attributed to the owners of the parent company being recorded.

(3) Summary of the cash flow for the current period

At the end of the current fiscal year, cash and cash equivalents (hereinafter referred to as "funds") amounted to 1,298,912 thousand yen, compared to 3,067,058 thousand yen at the end of the previous consolidated fiscal year.

The cash flow situation for the current consolidated fiscal year and the factors involved are as follows:

(Cash flow from operating activities)

In the current fiscal year, the funds used in operating activities amounted to 1,910,973 thousand yen (the previous period saw an outflow of 1,910,932 thousand yen). The main factors for the increase included depreciation expenses of 83,348 thousand yen, amortization of goodwill of 109,052 thousand yen, impairment losses on fixed assets of 114,067 thousand yen, an increase in trade payables of 468,188 thousand yen, a decrease in advances to suppliers of 392,606 thousand yen, and the receipt of grants amounting to 308,871 thousand yen. On the other hand, the main factors for the decrease were a loss before tax adjustments of 1,221,090 thousand yen, grant income of 114,278 thousand yen, an increase in trade receivables of 1,566,422 thousand yen, an increase in inventories of 493,455 thousand yen, and a decrease in the provision for sales promotion expenses of 333,862 thousand yen.

(Net cash flows from investing activities)

In the current fiscal year, the funds used for investing activities amounted to 426,697 thousand yen (the previous period saw an outflow of 1,546,692 thousand yen). The main factors for the expenditure were 142,906 thousand yen spent on the acquisition of tangible fixed assets, 167,988 thousand yen spent on the acquisition of intangible fixed assets, and 124,563 thousand yen spent on the acquisition of investment securities, among others..

(Cash flow from financing activities)

In the current fiscal year, the funds generated from financing activities amounted to 558,311 thousand yen (the previous period saw an inflow of 958,454 thousand yen). The main factors for the increase include 102,255 thousand yen received from short-term borrowings and 570,000 thousand yen received from long-term borrowings. The main factor for the decrease was expenditures of 137,996 thousand yen for the repayment of long-term borrowings.

(4) Outlook for the future

The company emphasizes the enhancement of corporate value through the long-term maximization of free cash flow and, in the medium term, focuses on the growth of sales.

In the EV Charging business, amid a period of the highest-ever ratio of electric vehicles (EVs) and plug-in hybrid vehicles (PHEVs) in new passenger car sales; the doubling of the Ministry of Economy, Trade and Industry's installation target for charging ports from 150,000 to 300,000 by 2030 (with the installation target for Level 2 charging increased from 120,000 to 270,000) (Note 1); and the announcement of allocating a total of 36 billion JPY to the budget for charging infrastructure development in 2024 (Note 2), the demand for EV charging infrastructure is expected to further increase in the future.

In the Energy Platform business, it is anticipated that the worsening of the Russia-Ukraine situation and the resulting surge in resource prices have led to electricity rate increases and stability in wholesale electricity market prices. This situation is expected to encourage electricity companies to actively pursue user acquisition.

In the Energy Data business, we have successfully established relationships with major energy companies in terms of customer numbers. In the future, we plan to focus on expanding service offerings to major power companies to improve Average Revenue Per User (ARPU).

As a result, our company, which had previously set a target of achieving 10 billion yen in sales for the fiscal year ending December 2027, has decided to bring forward this target. We now expect to achieve consolidated sales of 10,000 million yen (an increase of 50.9% compared to the previous consolidated fiscal year) in the fiscal year ending December 2024. Regarding profit, we anticipate that the adjusted operating profit for the fiscal year ending December 2024 will turn positive. However, from the perspective of making agile investment decisions, we have decided not to disclose specific financial forecasts.

Furthermore, as disclosed on January 5, 2024, in the announcement regarding the "Funding & Career Commit Mega Venture Incentive" program, we intend to use adjusted operating profit (operating profit minus stock compensation expense) as an indicator of the company's inherent profitability in our forecasts for the fiscal year ending December 2024 and beyond.

The future-oriented statements mentioned above are based on information currently available to our group and certain information deemed reasonable by us, incorporating risks and uncertainties. Actual performance may vary in the future due to various uncertain factors.

Please note that in the event our group calculates new forecasts internally during the fiscal period, there is a possibility of disclosing revisions to the performance forecasts in accordance with disclosure standards.

(Note)

1. Described based on the "Green Growth Strategy with Carbon Neutrality by 2050" and the "Guidelines for Promoting Charging Infrastructure Development" from the Ministry of Economy, Trade and Industry.

2. Described based on the "Future Execution of Subsidies for Promoting the Introduction of Charging and Refueling Infrastructure for the Promotion of Clean Energy Vehicles" from the Ministry of Economy, Trade and Industry.

2. The basic approach to the selection of accounting standards

Our group, considering comparability between companies, applies Japanese accounting standards.

Regarding the application of IFRS (International Financial Reporting Standards), we plan to appropriately respond, taking into account various domestic and international situations.

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

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	3,067,058	1,298,912
Accounts receivable Trade and Contract Assets	441,503	1,973,838
Merchandise and finished goods	122,908	524,453
Advance payments to suppliers	424,773	32,167
Accounts receivable - other	233,419	323,145
Consumption taxes refund receivable	103,955	—
Other	137,842	214,643
Allowance for doubtful accounts	△4,386	△4,666
Total current assets	4,527,076	4,362,494
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,675	42,111
Tools, furniture and fixtures, net	36,979	34,942
Leased assets, net	24,333	14,505
Construction in progress	31,764	1,708
Total property, plant and equipment	104,752	93,268
Intangible assets		
Software	72,701	202,239
Software in progress	31,709	661
Goodwill	702,039	612,345
Other	2,077	4,431
Total intangible assets	808,528	819,678
Investments and other assets		
Investment securities	1,126,590	1,134,148
Guarantee deposits	191,876	227,377
Other	8,817	—
Allowance for doubtful accounts	△8,817	—
Total investments and other assets	1,318,466	1,361,526
Total non-current assets	2,231,747	2,274,473
Total assets	6,758,823	6,636,968

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	41,043	509,231
Short-term borrowings	674,900	777,155
Current portion of long-term borrowings	142,996	182,996
Accounts payable - other	532,625	869,777
Income taxes payable	36,291	—
Deposits received	69,310	79,609
Advances received	70,431	183,443
Provision for sales promotion expenses	449,057	111,616
Other	66,549	73,140
Total current liabilities	2,083,205	2,786,971
Non-current liabilities		
Long-term borrowings	1,136,845	1,528,849
Deferred tax liabilities	13,812	8,580
Other	22,497	10,017
Total non-current liabilities	1,173,154	1,547,446
Total liabilities	3,256,360	4,334,418
Net assets		
Shareholders' equity		
Share capital	3,061,665	47,044
Capital surplus	2,930,526	6,018,962
Retained earnings	△2,438,533	△3,685,558
Treasury shares	△163	△297
Total shareholders' equity	3,553,495	2,380,150
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△208,127	△295,576
Foreign currency translation adjustment	149,733	212,543
Total accumulated other comprehensive income	△58,394	△83,032
Share acquisition rights	7,361	5,431
Total net assets	3,502,462	2,302,550
Total liabilities and net assets	6,758,823	6,636,968

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

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Sales	3,734,068	6,625,809
Cost of sales	798,344	2,260,648
Gross profit	2,935,723	4,365,161
Selling, general and administrative expenses	4,057,427	5,431,882
Operating loss	△1,121,703	△1,066,721
Non-operating income		
Interest income	36	25
Commission income	479	2,529
Gain from expired gift vouchers etc	6,069	3,578
Foreign exchange gains	8,043	—
Share of profit of entities accounted for using equity method	9,034	—
Gain on donation of Subsidy income	194,593	114,278
Other	2,229	3,889
Total non-operating income	220,485	124,300
Non-operating expenses		
Interest expenses	21,933	41,191
Share issuance costs	442	525
Commission expenses	35,262	23,987
Share of loss of entities accounted for using equity method	—	43,792
Loss on tax purpose reduction entry of non-current assets	194,518	114,067
Other	3,289	33,157
Total non-operating expenses	255,445	256,720
Ordinary loss	△1,156,664	△1,199,141
Extraordinary income		
Gain on sale of non-current assets	493	—
Gain on change in equity	3,208	—
Total extraordinary income	3,701	—
Extraordinary losses		
Impairment losses	63,403	21,948
Loss on retirement of non-current assets	1,346	—
Settlement payments	11,469	—
Total extraordinary losses	76,219	21,948
Loss before income taxes	△1,229,182	△1,221,090
Income taxes - current	76,891	25,302
Income taxes - deferred	8,986	657
Total income taxes	85,878	25,959
Loss	△1,315,060	△1,247,049
Loss attributable to owners of parent	△1,315,060	△1,247,049

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Loss	△1,315,060	△1,247,049
Other comprehensive income		
Valuation difference on available-for-sale securities	31,500	△47,270
Foreign currency translation adjustment	△5,639	10,239
Share of other comprehensive income of entities accounted for using equity method	△9,073	12,392
Total other comprehensive income	16,787	△24,638
Comprehensive income	△1,298,272	△1,271,688
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△1,298,272	△1,271,688

(3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,036,055	2,904,222	△1,059,241	△108	4,880,929
Cumulative effects of changes in accounting policies	—	—	△64,231	—	△64,231
Restated balance	3,036,055	2,904,222	△1,123,472	△108	4,816,697
Changes during period					
Issuance of new shares	25,609	25,609			51,219
Loss attributable to owners of parent			△1,315,060		△1,315,060
Purchase of treasury shares				△54	△54
Increase and decrease in other capital surplus		694			694
Net changes in items other than shareholders' equity					
Total changes during period	25,609	26,303	△1,315,060	△54	△1,263,201
Balance at end of period	3,061,665	2,930,526	△2,438,533	△163	3,553,495

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	△82,704	7,522	△75,182	8,116	4,813,863
Cumulative effects of changes in accounting policies	—	—	—	—	△64,231
Restated balance	△82,704	7,522	△75,182	8,116	4,749,631
Changes during period					
Issuance of new shares					51,219
Loss attributable to owners of parent					△1,315,060
Purchase of treasury shares					△54
Increase and decrease in other capital surplus					694
Net changes in items other than shareholders' equity	△125,422	142,210	16,787	△754	16,032
Total changes during period	△125,422	142,210	16,787	△754	△1,247,168
Balance at end of period	△208,127	149,733	△58,394	7,361	3,502,462

Fiscal year ended December 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,061,665	2,930,526	△2,438,533	△163	3,553,495
Changes during period					
Issuance of new shares	37,044	37,044			74,089
Loss attributable to owners of parent			△1,247,049		△1,247,049
Purchase of treasury shares				△134	△134
Transfer from share capital to other capital surplus	△3,051,665	3,051,665			—
Increase and decrease in other capital surplus		△274	24		△249
Net changes in items other than shareholders' equity					
Total changes during period	△3,014,621	3,088,435	△1,247,025	△134	△1,173,344
Balance at end of period	47,044	6,018,962	△3,685,558	△297	2,380,150

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	△208,127	149,733	△58,394	7,361	3,502,462
Changes during period					
Issuance of new shares					74,089
Loss attributable to owners of parent					△1,247,049
Purchase of treasury shares					△134
Transfer from share capital to other capital surplus					—
Increase and decrease in other capital surplus					△249
Net changes in items other than shareholders' equity	△87,448	62,810	△24,638	△1,929	△26,567
Total changes during period	△87,448	62,810	△24,638	△1,929	△1,199,912
Balance at end of period	△295,576	212,543	△83,032	5,431	2,302,550

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Loss before income taxes	△1,229,182	△1,221,090
Depreciation	54,792	83,348
Amortization of goodwill	66,274	109,052
Impairment losses	63,403	21,948
Interest expenses	21,933	41,191
Foreign exchange losses (gains)	△8,043	6,098
Gain on donation of Subsidy income	△194,593	△114,278
Loss on tax purpose reduction entry of non-current assets	194,518	114,067
Gain from expired gift vouchers etc	△6,069	△3,578
Share of loss (profit) of entities accounted for using equity method	△9,034	43,792
Loss (gain) on change in equity	△3,208	—
Settlement payments	11,469	—
Share issuance costs	442	525
Increase (decrease) in allowance for doubtful accounts	△1,872	280
Increase (decrease) in provision for sales promotion expenses	△50,379	△333,862
Decrease(increase) in sales deposit	△130,000	△31,936
Decrease (increase) in trade receivables	125	△1,566,422
Decrease (increase) in advance payments to suppliers	△423,427	392,606
Decrease (increase) in inventories	△123,438	△493,455
Decrease (increase) in consumption taxes refund receivable	△103,955	123,032
Increase (decrease) in trade payables	28,028	468,188
Increase (decrease) in accounts payable - other	202,066	316,290
Increase (decrease) in advances received	△957	113,012
Decrease (increase) in other assets	△92,314	△246,188
Increase (decrease) in other liabilities	△36,364	9,807
Other, net	38,097	51,012
Subtotal	△1,731,686	△2,116,557
Interest and dividend income	37	25
Interest paid	△21,211	△41,000
Settlement paid	△11,469	—
Subsidies received	—	308,871
Income taxes paid	△146,601	△62,311
Net cash provided by (used in) operating activities	△1,910,932	△1,910,973
Cash flows from investing activities		
Purchase of property, plant and equipment	△277,558	△142,906
Purchase of intangible assets	△44,344	△167,988
Purchase of investment securities	△814,829	△124,563
Proceeds of redemption of investment securities	35,391	31,819
Payments of guarantee deposits	△32,041	△3,700
Conditional acquisition consideration	—	△19,358
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△81,414	—
Payments for acquisition of businesses	△300,000	—
Other, net	△31,895	—
Net cash provided by (used in) investing activities	△1,546,692	△426,697

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	665,000	102,255
Proceeds from long-term borrowings	340,000	570,000
Repayments of long-term borrowings	△60,159	△137,996
Proceeds from issuance of shares resulting from exercise of share acquisition rights	50,022	71,360
Other, net	△36,408	△47,308
Net cash provided by (used in) financing activities	958,454	558,311
Effect of exchange rate change on cash and cash equivalents	△5,641	11,212
Net increase (decrease) in cash and cash equivalents	△2,504,812	△1,768,146
Cash and cash equivalents at beginning of period	5,571,870	3,067,058
Cash and cash equivalents at end of period	3,067,058	1,298,912

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

Not applicable.

(Accounting Policy Change)

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

We have applied the "Guidance on Accounting Standard for Fair Value Measurement" (Guidance on Corporate Accounting Standard No. 31, June 17, 2021, hereinafter referred to as "Guidance on Fair Value Measurement") from the beginning of the current fiscal year. In accordance with the transitional handling defined in paragraph 27-2 of the Guidance on Fair Value Measurement, we have decided to apply the new accounting policies defined by the Guidance on Fair Value Measurement going forward. This application does not have an impact on the consolidated financial statements.

(Additional Information)

The National Tax Agency published "Taxation on Stock Options (Q&A)" on May 30, 2023, stating that "trust-type stock options" are considered to result in economic benefits that are essentially regarded as salary when company personnel exercise the rights granted to them to acquire shares. Therefore, when personnel exercise these stock options to acquire shares from the issuing company, the economic benefits derived must be subjected to withholding income tax as salary income and paid accordingly.

In the current consolidated fiscal year, an amount of 314,212 thousand yen, corresponding to the amount due for withholding income tax, has been recorded under "Current Liabilities" as "Accounts payable" on the consolidated balance sheet. Corresponding receivables have been recorded under "Accounts Receivable" in "Current Assets".

Segment information, etc.Segment information

1. Description of reportable segments

The reportable segments are components of the Group for which discrete financial information is available and whose operating results are reviewed periodically by the Board of Directors to determine the allocation of management resources and evaluate the segments' operating performance.

The Group has three reportable segments: the Energy Platform business, which supports general consumers in making an optimal choice regarding electricity, gas, etc. in the deregulated energy market; the Energy Data business, which provides cloud solutions to electricity/gas companies in the field of digitalization; and the EV Charging business, which provides a package of services from installation to operation of EV charging facilities.

The Energy Platform business operates ENECHANGE and ENECHANGE Biz; the Energy Data business provides cloud services for electricity and gas companies, including ENECHANGE Cloud marketing and ENECHANGE Cloud DR; and the EV - Charging business provides EV charging services under the brand name "ENECHANGE EV Charge" for a monthly fee.

2. Method of calculating sales, profit (loss), assets, liabilities, and other items for each reportable segment

The accounting method used for the reported operating segments is largely the same as that used for preparation of the consolidated financial statements. Segment profit is based on operating profit.

3. Disclosure of sales, profit (loss) for each reportable segment

Fiscal year ended December 31, 2022

(Thousands of yen)

	Reportable segments				Reconciling items	Per consolidated financial statements
	Energy Platform	Energy Data	EV-Charging Service	Reportable segments		
Sales						
Goods or services that are transferred at a point in time	1,719,939	163,518	187,132	2,070,591	—	2,070,591
Goods or services that are transferred over a certain period of time	855,357	805,876	2,242	1,663,476	—	1,663,476
Revenue from contracts with customers	2,575,297	969,395	189,375	3,734,068	—	3,734,068
Other income	—	—	—	—	—	—
Revenues from external customers	2,575,297	969,395	189,375	3,734,068	—	3,734,068
Transactions with other segments	—	—	—	—	—	—
Total sales	2,575,297	969,395	189,375	3,734,068	—	3,734,068
Operating profit (loss)	226,567	163,766	(784,491)	(394,158)	(727,545)	(1,121,703)
Other items						
Depreciation	768	36,811	1,290	38,870	15,921	54,792
Amortization of goodwill	60,068	—	6,205	66,274	—	66,274
Investments in entities accounted for using equity method	—	864,640	—	864,640	—	864,640

Note 1: Reconciling items of -727,545 thousand yen for segment profit or (loss) and the reconciling items of 15,921 thousand yen for depreciation expense represent corporate expenses not allocated to any reported segment. Corporate expenses mainly consist of general administrative expenses not attributable to any reporting segment.

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

Note 3: Segment assets and liabilities are not shown, as the Group does not take them into account in determining the allocation of management resources and evaluating the segments' operating performance. However, related expenses are allocated to each reportable segment based on reasonable criteria.

Fiscal year ended December 31, 2023

(Thousands of yen)

	Reportable segments				Reconciling items	Per consolidated financial statements
	Energy Platform	Energy Data	EV-Charging Service, Reportable segments	Total		
Sales						
Goods or services that are transferred at a point in time	2,018,863	133,079	2,301,886	4,453,829	—	4,453,829
Goods or services that are transferred over a certain period of time	1,292,077	864,132	15,769	2,171,980	—	2,171,980
Revenue from contracts with customers	3,310,941	997,212	2,317,655	6,625,809	—	6,625,809
Other income	—	—	—	—	—	—
Revenues from external customers	3,310,941	997,212	2,317,655	6,625,809	—	6,625,809
Transactions with other segments	—	—	—	—	—	—
Total sales	3,310,941	997,212	2,317,655	6,625,809	—	6,625,809
Operating profit (loss)	428,430	158,420	△905,446	△318,595	△748,125	△1,066,721
Other items						
Depreciation	—	44,825	11,478	56,304	27,044	83,348
Amortization of goodwill	71,817	—	37,235	109,052	—	109,052
Investments in entities accounted for using equity method	—	925,437	—	925,437	—	925,437

Note 1: Reconciling items of -748,125 thousand yen for segment profit or (loss) and the adjustment amount of 23,931 thousand yen for depreciation expense represent corporate expenses not allocated to any reported segment. These corporate expenses mainly consist of general administrative expenses not attributable to any reporting segment.

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

Note 3: Segment assets and liabilities are not shown, as the Group does not take them into account in determining the allocation of management resources and evaluating the segments' operating performance. However, related expenses are allocated to each reportable segment based on reasonable criteria.

Per share information

(Yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net assets per share	116.21	74.43
Basic loss per share	(44.01)	(40.91)

Notes: 1. Diluted earnings per share is not stated because although potential shares exist, basic loss per share was recorded.

2. Basis for calculation of basic loss per share is as follows:

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Loss attributable to owners of parent (Thousands of yen)	(1,315,060)	(1,247,049)
Amounts not attributable to common shareholders (Thousands of yen)	–	–
Loss attributable to owners of parent related to common shares (Thousands of yen)	(1,315,060)	(1,247,049)
Average number of common shares outstanding during the period (Shares)	29,879,922	30,480,958
Overview of dilutive shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects	<p>Share options resolved at the extraordinary general meeting of shareholders held on October 31, 2015 (1st Share Acquisition Rights) Common shares: 15,600 shares Total number of share acquisition rights: 1,300 units</p> <p>Share options resolved at the extraordinary general meeting of shareholders held on December 22, 2016 (2nd Share Acquisition Rights) Common shares: 14,676 shares Total number of share acquisition rights: 1,223 units</p> <p>Share options resolved at the extraordinary general meeting of shareholders held on December 21, 2017 (4th Share Acquisition Rights) Common shares: 48,948 shares Total number of share acquisition rights: 4,079 units</p> <p>Share options resolved at the extraordinary general meeting of shareholders held on February 2, 2018 (5th Share Acquisition Rights) Common shares: 1,512 shares Total number of share acquisition rights: 126 units</p> <p>Share options resolved at the extraordinary general meeting of shareholders held on September 10, 2018 (6th Share Acquisition Rights) Common shares: 1,344,000 shares Total number of share acquisition rights: 112,000 units</p>	<p>Share options resolved at the extraordinary general meeting of shareholders held on October 31, 2015 (1st Share Acquisition Rights) Common shares: 15,600 shares Total number of share acquisition rights: 1,300 units</p> <p>Share options resolved at the extraordinary general meeting of shareholders held on December 22, 2016 (2nd Share Acquisition Rights) Common shares: 14,676 shares Total number of share acquisition rights: 1,223 units</p> <p>Share options resolved at the extraordinary general meeting of shareholders held on December 21, 2017 (4th Share Acquisition Rights) Common shares: 47,436 shares Total number of share acquisition rights: 3,953 units</p> <p>Share options resolved at the extraordinary general meeting of shareholders held on February 2, 2018 (5th Share Acquisition Rights) Common shares: 1,512 shares Total number of share acquisition rights: 126 units</p> <p>Share options resolved at the extraordinary general meeting of shareholders held on September 10, 2018 (6th Share Acquisition Rights) Common shares: 840,000 shares Total number of share acquisition rights: 70,000 units</p>

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
	Share options resolved at the extraordinary general meeting of shareholders held on September 10, 2018 (7th Share Acquisition Rights) Common shares: 1,910,496 shares Total number of share acquisition rights: 159,208 units	Share options resolved at the extraordinary general meeting of shareholders held on September 10, 2018 (7th Share Acquisition Rights) Common shares: 1,502,928 shares Total number of share acquisition rights: 125,244 units

(Significant Subsequent Events)

(Issuance of Paid-In Warrants)

At the Board of Directors meeting held on January 5, 2024, it was resolved to issue new share subscription rights (8th Share Acquisition Rights) to our directors, subsidiary directors, executive officers, and employees as described below. Furthermore, at the Board of Directors meeting held on February 1, 2024, it was resolved to issue new share subscription rights (9th Share Acquisition Rights) to our executive officers as described below.

1. Purpose and Reason for the Issue

In the context of discussions on "Growth Market Reform" aiming to stimulate the "metabolism" of companies that have stagnated in growth by demanding continuous growth post-listing, especially in Japan's growth market where many companies experience a decline in share price after listing, we recognize that one of the reasons for such underperformance in the stock prices is the underdevelopment of stock incentives post-listing. This, particularly for growth companies with weak profit bases, results in inferior compensation packages compared to large corporations and unlisted startups, preventing sufficient investment in human capital.

Against this backdrop, our company introduced a stock incentive package equivalent to those of U.S. companies to ensure that our executive team commits their capital and careers in the medium to long term for growth, aiming to become a "mega-venture" with a market capitalization of over 100 billion yen.

It is worth noting that if all these stock options were exercised, the dilution rate would be 7.92% (Note 1). However, this package is designed to align with shareholder interests, targeting expansion in performance and enhancement of corporate value. Participants are required to make a commitment—both financial (locked up until the achievement of conditions) and career (full-time employment until the achievement of conditions)—as a condition, which is aimed at ensuring full commitment both financially and personally towards the achievement of targets. We anticipate that the realization of these targets will contribute to the enhancement of the company's corporate value and the value for shareholders.

(Note 1) Calculated based on the number of issued shares as of the end of December 2023, which is 30,935,684 shares.

2. Outline of the Issue

(1)8th Share Acquisition Rights

① Allocation Date	January 22, 2024
② Classification and Number of Eligible Persons	1 company director 1 director of a subsidiary company 12 executive officers 33 employees
③ Number of Stock Acquisition Rights	24,214
④ Type, Details, and Number of Shares to which the Stock Acquisition Rights Apply	Common stock, 2,421,400 shares
⑤ Payment Amount upon Exercise of Stock Acquisition Rights (in yen)	1,055
⑥ Exercise Period of Stock Acquisition Rights	From April 1, 2026, to January 22, 2034
⑦ Issue Price and Capital Contribution Amount of Shares Issued upon Exercise of the Rights (in yen)	Issue price: 1,055 Capital contribution amount: 528
⑧ Conditions for the Exercise of Stock Acquisition Rights	(Note)

⑨ Matters Concerning the Transfer of Stock Acquisition Rights	The transfer of these stock acquisition rights requires the approval of the company's board of directors.
(1) 9 th Share Acquisition Rights	
① Allocation Date	February 16, 2024
② Classification and Number of Eligible Persons	1 executive officers
③ Number of Stock Acquisition Rights	286
④ Type, Details, and Number of Shares to which the Stock Acquisition Rights Apply	Common stock, 28,800 shares
⑤ Payment Amount upon Exercise of Stock Acquisition Rights (in yen)	1,130
⑥ Exercise Period of Stock Acquisition Rights	From April 1, 2026, to February 16, 2034
⑦ Issue Price and Capital Contribution Amount of Shares Issued upon Exercise of the Rights (in yen)	Issue price: 1,100 Capital contribution amount: 550
⑧ Conditions for the Exercise of Stock Acquisition Rights	(Note)
⑨ Matters Concerning the Transfer of Stock Acquisition Rights	The transfer of these stock acquisition rights requires the approval of the company's board of directors.

(Note) 1. Persons allotted the stock acquisition rights (hereinafter referred to as "stock acquisition right holders") can only exercise these rights if they fulfill all conditions specified in (a) and either condition in (b) or (c). It should be noted that these conditions do not need to be satisfied within the same fiscal year.

(a) For any fiscal year from 2025 to 2032, if the company's audited consolidated income statement (or the income statement, if a consolidated statement is not prepared) as reported in the securities report shows revenues of 13 billion yen or more, and an ordinary profit of 1 billion yen or more.

Furthermore, in determining the revenues and ordinary profits, if the Board of Directors deems it inappropriate to make judgments based on the actual figures reported in the consolidated income statement (or the income statement if not prepared) due to changes in applicable accounting standards or events that significantly impact the company's performance, such as mergers and acquisitions, the company may adjust the actual figures taking into account the impacts of such mergers and acquisitions within reasonable limits. Also, in case there are significant changes in the concepts of items to be referenced due to the application of International Financial Reporting Standards, changes in fiscal year-ends, etc., the Board of Directors will separately determine the indicators to be referenced.

If the said income statement includes share-based compensation expenses related to this stock acquisition right, the judgment will be made based on ordinary profit before deduction of share-based compensation expense, excluding its impact.

(b) From the allocation date to the expiration date of the exercise period, if the company's market capitalization (calculated by the following formula) on each day of a specific consecutive five business days (excluding days when no ordinary transactions of the company's common stock occur) is 100 billion yen or more.

[Calculation formula]

Market Capitalization = (Total number of issued common shares of the company* - Number of treasury shares of common stock held by the company*) × The closing price of the company's common stock in ordinary transactions on the Tokyo Stock Exchange

* For each day of the specified consecutive five business days.

(c) If the company's common stocks are listed on the Tokyo Stock Exchange Prime Market from the allocation date to the expiration date of the exercise period.

2. At the time of exercising the stock acquisition rights, the stock acquisition right holders must be directors, auditors, or employees of the company or its affiliates. However, this does not apply if the person has retired due to expiration of their term, reached retirement age, or for other legitimate reasons, and the Board of Directors has approved.
3. Exercise of these stock acquisition rights by the inheritors of the stock acquisition right holders is permitted.

4. If the exercise of these stock acquisition rights results in exceeding the total number of shares that can be issued by the company at that time, the exercise of these rights cannot be performed.
5. It is not possible to perform exercises of less than one stock acquisition right.

(Issuance of new shares through a third-party allotment, and reduction in the amount of capital and capital reserve)

Our company has resolved at the board of directors' meeting held on February 9, 2024, to issue new shares via third-party allotment to JICVGI Opportunity Fund No. 1 Investment Limited Partnership as the scheduled allottee, with payment completion planned for February 26, 2024.

1. Type and Number of Shares to Be Issued : 3,784,200 shares
2. Issue Price : 1,057 yen per share
3. Total Issue Price : 3,999,899,400 yen
4. Capital Contribution per Share : 528.5 yen
5. Total Capital Contribution Amount : 1,999,949,700 yen
6. Method of Offering or Allotment : Third-party allotment capital increase
7. Allottee : JICVGI Opportunity Fund No. 1 Investment Limited Partnership
8. Use of Funds: As investment funds for future growth
 - (1) Funds for investment in strengthening promotion and operational structure of the EV Charging business
 - (2) Working capital for the purchase of charging ports for the construction of the EV charging infrastructure network
 - (3) Investment Funds to contribute to the future growth of the EV Charging business