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November 14, 2024

Consolidated Financial Results for the Third Quarter Ended September 30, 2024 (Under Japanese GAAP)

Company name: ENECHANGE Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4169
URL: https://enechange.co.jp/
Representative: Tomoya Maruoka, Representative Director and CEO
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Scheduled date to commence dividend payments: –
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 nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate changes from the previous corresponding period.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	4,011	24.2	(2,037)	–	(1,600)	–	(2,409)	–
September 30, 2023	3,230	14.6	(1,545)	–	(1,649)	–	(1,696)	–

Note: Comprehensive income For the nine months ended September 30, 2024: JPY (2,461) million [–%]
For the nine months ended September 30, 2023: JPY (1,730) million [–%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2024	(70.79)	–
September 30, 2023	(55.92)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	5,482	102	1.4
December 31, 2023	5,564	(1,479)	(26.7)

Reference: Equity
As of September 30, 2024: JPY 74 million
As of December 31, 2023: JPY (1,483) million

2. Cash dividends

	Annual dividends per share					
	First quarter-end	Second quarter-end	Third quarter-end	Fourth quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	–	0.00	–	–	0.00	0.00
Fiscal year ending March 31, 2025	–	0.00	–			
Fiscal year ending March 31, 2025 (Forecast)				–	–	–

Notes 1. Revisions from dividend forecast most recently announced: None

2. The Company's Articles of Incorporation stipulate that the record dates for dividend fall on the last day of the fiscal year. At present, the forecast for dividends with this record date has yet to be determined.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from January 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Adjusted Operating 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 March 31, 2025	6,500	–	TBD	–	TBD	–	TBD	–	TBD

Notes 1. Revisions from earnings forecast most recently announced: None

2. As indicated in the "Notice Regarding the Revision of Earnings Forecast (Undetermined)" disclosed on March 27, 2024, our earnings forecast was undecided. However, as stated in the "Notice Concerning the FY24 Full-Year Earnings Forecast" published on September 2, 2024, we have formulated our growth strategy and earnings forecast based on the assumption that EV JUDEN INFRA ICHIGO LLC will be within the consolidated scope. Furthermore, assuming the approval of the proposal for a partial revision of the Articles of Incorporation, including the change of fiscal year-end, at the extraordinary general meeting of shareholders on September 3, 2024, the fiscal year will be an irregular 15-month period from January 1, 2024 to March 31, 2025, and figures are calculated accordingly. Regarding the earnings forecast for profit, the timing and amount of subsidies for the EV Charging business are variable, which may cause significant fluctuations, so it has not been disclosed. However, we expect a deficit for the fiscal year ending March 2025.

By segment, the Platform business and Data business are expected to achieve sales of approximately JPY 6.4 billion, and the EV Charging business is expected to achieve sales of approximately JPY 100 million.

For details, please refer to "1. Overview of operating results, etc., (3) Explanation of consolidated earnings forecast and other forward-looking information" on page 4.

***Notes**

(1) Significant changes in the scope of consolidated during the period: 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: 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)

As of September 30, 2024	34,949,012 shares
As of December 31, 2023	30,935,684 shares

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

As of September 30, 2024	583 shares
As of December 31, 2023	259 shares

(iii) Average number of shares outstanding during the period

Nine months ended September 30, 2024	34,041,214 shares
Nine months ended September 30, 2023	30,335,439 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (mandatory)

* 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.

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1. Overview of operating results, etc.

(1) Explanation of operating results during the period

During the nine months ended September 30, 2024, the Japanese economy has been recovering moderately with an improvement in the employment and income environment and the effects of various policies, despite still showing signs of being caught in a standstill. The outlook for the economy remains uncertain due to factors such as the impact of continued high interest rates in Europe and the U.S. and concerns about the outlook for the Chinese economy.

In the environment surrounding the energy industry to which our group belongs, there is 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 rise in electricity prices and the stabilization of wholesale electricity market 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, in the Energy Platform business, our group has 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 Corporation.

In the EV Charging business, we expanded our lineup of 3kW chargers in addition to 6kW chargers, which corresponds to the EV charging infrastructure development project under the "Subsidy for Promotion of Introduction of Charging and Refueling Infrastructure to Promote Clean Energy Vehicles," and continued our aggressive marketing efforts in the area of basic charging as well as destination charging, our main focus, in order to continuously make active investments to increase our market share in the EV charging field. In addition, we have been working to improve the convenience of EV users, mainly through collaboration with e-Mobility Power Co., Inc.

As a result, the operating results of our group for the nine months ended September 30, 2024 have recorded

sales of 4,011,530 thousand JPY (an increase of 24.2% compared to the previous corresponding period), an operating loss of 2,037,972 thousand JPY (compared to an operating loss of 1,545,616 thousand JPY in the previous corresponding period), an ordinary loss of 1,600,983 thousand JPY (compared to an ordinary loss of 1,649,677 thousand JPY in the previous corresponding period). Loss attributable to owners of parent was 2,409,797 thousand JPY (compared to a loss attributable to owners of parent of 1,696,405 thousand JPY in the previous corresponding period).
In addition, we have recorded a gain on donation of subsidy income of 733,733 thousand JPY in non-operating income. These are related to the development of charging infrastructure in the EV Charging business.

The operating results of each segment are as follows.

1 Energy Platform business
In the "Energy Platform business," both household and corporate switch counts have been robust, resulting in a 20.5% increase in the number of continuing reward-eligible users compared to the previous corresponding period, reaching 650,496. Additionally, due to the surge in electricity prices and the performance recovery of energy companies, the quarterly ARPU (Note 3) (recurring revenue) was 705 JPY, and the quarterly ARPU (non-recurring revenue) was 21,983 JPY.

As a result, the segment sales in the nine months ended September 30, 2024 reached 3,071,923 thousand JPY (an increase of 28.3% compared to the previous corresponding period), and the segment profit amounted to 301,321 thousand JPY (an increase of 27.7% compared to the previous corresponding period).

2 Energy Data business
In the "Energy Data business," despite continuous service provision to existing customers, the introduction of new customers to digital marketing support SaaS "ENECHANGE Cloud Marketing" and household Demand Response service "ENECHANGE Cloud DR," and product development, contracts with some customers were terminated, resulting in a 4.8% decrease in the number of customers to 60 companies compared to the previous corresponding period. Additionally, through the cross-selling to existing customers, the quarterly ARPU (recurring revenue) increased by 34.4% to 3,733 thousand JPY compared to the previous corresponding period, and the quarterly ARPU (non-recurring revenue) increased by 15.3% to 1,117 thousand JPY compared to the previous corresponding period.

As a result, segment sales in the nine months ended September 30, 2024 amounted to 858,604 thousand JPY (an increase of 19.8% compared to the previous corresponding period), and segment profit was 125,693 thousand JPY (a decrease of 1.1% compared to the previous corresponding period).

3 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. As a result of these efforts, the cumulative number of destination charging points (6 kW or more), a focus area for our company, reached 2,552 units (Note 4) as of September 30, 2024. Additionally, we have expanded partner collaborations, aiming for further business expansion.

As a result, the segment sales amounted to 81,002 thousand JPY (a decrease of 31.8% compared to the previous corresponding period), and the segment loss was 1,738,991 thousand JPY (compared to a segment loss of 1,362,268 thousand JPY in the previous corresponding period).

(Notes)
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. Average Revenue Per User (ARPU) is an abbreviation for the average revenue per user, representing the average revenue per user.
4. Created by extracting only 6kW charging spots from EVsmart's "EV Charging ports Statistics" (excluding basic charging).

(2) Explanation of financial position during the period

(Assets)

At the end of the third quarter of the current fiscal year, current assets amounted to 2,760,025 thousand JPY, a decrease of 877,595 thousand JPY compared to the end of the previous fiscal year. This decrease is primarily due to decreases of 904,265 thousand JPY in cash and deposits and 517,150 thousand JPY in accounts receivable - other, while accounts receivable Trade and Contract Assets increased by 241,914 thousand JPY, advance payments to suppliers increased by 62,161 thousand JPY, and consumption taxes refund receivable increased by 192,995 thousand JPY.

Additionally, non-current assets amounted to 2,722,195 thousand JPY at the end of the third quarter of the current fiscal year, an increase of 795,009 thousand JPY compared to the end of the previous fiscal year. This increase is primarily due to an increase of 724,646 thousand JPY in property, plant and equipment, as no impairment losses on non-current assets related to the EV Charging business were recorded during the third quarter of the current fiscal year. In addition, software in progress increased by 120,383 thousand JPY, other under investments and other assets increased by 128,310 thousand JPY, while investment securities decreased by 174,131 thousand JPY.

As a result, total assets were 5,482,220 thousand JPY, a decrease of 82,586 thousand JPY compared to the end of the previous fiscal year.

(Liabilities)

At the end of the third quarter of the current fiscal year, current liabilities amounted to 2,863,299 thousand JPY, a decrease of 702,611 thousand JPY compared to the end of the previous fiscal year. This decrease was primarily due to decreases of 577,155 thousand JPY in short-term borrowings and 762,105 thousand JPY in provision for expenses related to revisions to financial results, while current portion of long-term borrowings increased by 250,000 thousand JPY, contract liabilities increased by 187,667 thousand JPY, provision for bonuses increased by 77,614 thousand JPY, and provision for sales promotion expenses increased by 53,716 thousand JPY.

Non-current liabilities amounted to 2,516,432 thousand JPY at the end of the third quarter of the current fiscal year, a decrease of 961,691 thousand JPY from the end of the previous fiscal year. This decrease was mainly due to a decrease of 958,497 thousand JPY in long-term borrowings.

As a result, the total liabilities were 5,379,731 thousand JPY, a decrease of 1,664,302 thousand JPY compared to the end of the previous fiscal year.

(Total shareholders' equity)

At the end of the third quarter of the current fiscal year, the total shareholders' equity was 102,489 thousand JPY, an increase of 1,581,715 thousand JPY compared to the end of the previous fiscal year. This increase was primarily due to recording 2,409,797 thousand JPY in loss attributable to owners of parent due to a decrease in retained earnings, while capital surplus increased by 4,046,662 thousand JPY.

As a result, the equity-to-asset ratio was 1.4% ((26.7)% at the end of the previous fiscal year).

(3) Explanation of consolidated earnings forecast and other forward-looking information

The environment for the current period surrounding the energy industry to which our group belongs has witnessed a rise in electricity prices and the stabilization of wholesale electricity market prices influenced by the surge in resource prices since the escalation of the Russia-Ukraine situation, and the trend in the percentage of electricity sales by new entrants is reversing after bottoming out in June 2023. In addition, the Corporate IT Trends Survey shows that overall, 48% of companies expect to increase their IT budgets, and furthermore, eight major energy companies saw record profits due to rises in electricity costs for

households, etc. in the previous fiscal year (FY23), and willingness to invest in IT is expected to improve. Amid this external environment, we forecast net sales of 6.5 billion JPY and recurring revenue of 3.4 billion JPY in the fiscal year ending March 31, 2025 (irregular 15-month accounting period).

(4) Significant events affecting premise of going concern

Up until the previous fiscal year, the Group has recorded consecutive operating losses, ordinary losses, and losses attributable to owners of parents. At the end of the previous fiscal year, the Group had excess liabilities of 1,479,226 thousand JPY on the consolidated balance sheet. Although the Company has eliminated the excess liabilities as of the end of the third quarter of the current fiscal year by capital increase through third-party allotment in February 2024, it has continued to record an operating loss of 2,037,972 thousand JPY, an ordinary loss of 1,600,983 thousand JPY, and a loss attributable to owners of parent of 2,409,797 thousand JPY for the nine months ended September 30, 2024.

In addition, the Company is in breach of financial covenants with respect to borrowings for certain financial institutions with which it has transactions, although it has not been notified that the acceleration clause will be applied.

Furthermore, as announced in the "Notice Concerning the Release of the Investigation Report by the Independent Investigation Committee" dated June 27, 2024, the Company has been pointed out that the following issues had been identified as a result of this investigation which include: lack of a system that can handle the business risks of the EV Charging business; lack of appropriate communication with the Company's financial auditor; top management's disregard for compliance; and a failure to establish effective internal controls and governance to fulfill sufficient checks and supervisory functions. As a result of the release of such an investigation report, there is a possibility that relationships with stakeholders may deteriorate and the Company's brand power may be damaged.

These events and circumstances constitute a business or situation that raises significant doubts about the premise of going concern.

To resolve such events and circumstances, on the business front, in the "EV Charging business," while the competitive environment is becoming more severe, the Company aims to strengthen profitability by promoting the improvement of profitability through cost efficiency based on the know-how accumulated over the past two years and other factors. In addition, the Company is working to continuously increase stable segment operating profit in the "Energy Platform business" and "Energy Data business."

Although some of the borrowings were in breach of financial covenants, the Company is discussing financial plans, etc. with the financial institutions with which it has transactions and continues to maintain close relationships with them in an effort to receive their continued support. As announced in the "Notice Concerning the Conclusion of the Commitment Line Agreement Related to the EV Charging Business" dated September 27, 2024, EV JUDEN INFRA ICHIGO LLC and EV JUDEN INFRA NIGO LLC have signed a commitment line agreement with Sumitomo Mitsui Banking Corporation and Aozora Bank, Ltd. to secure immediate funds necessary for investment in the EV Charging business.

Moreover, the Company, as announced in the "Notice Regarding Formulation of Measures to Prevent Recurrence, Etc." dated July 29, 2024, will endeavor to regain the trust of all related parties by promptly implementing measures to prevent recurrence formulated in line with the recommendations in the investigation report by the Independent Investigation Committee.

The Company is working to secure and maintain the necessary funds through the above measures. However, there is significant uncertainty regarding the premise of going concern based on the following facts; it is still unclear whether the Company will be able to strengthen its profitability in the EV Charging business amid the increasingly competitive environment and whether the Company will be able to resolve uncertainty in the EV Charging business, which requires significant funds for EV chargers and construction costs associated with their installation; and the results of the release of the investigation report may damage the Company's relationship with various stakeholders and its brand power.

The Company has prepared the quarterly consolidated financial statements on a going concern basis, and the effects of significant uncertainty regarding the Company's premise of a going concern have not been reflected in the quarterly consolidated financial statements.

2. Quarterly consolidated financial statements and significant notes

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	2,179,715	1,275,449
Accounts receivable Trade and Contract Assets	587,827	829,742
Merchandise and finished goods	5,908	2,434
Advance payments to suppliers	7,136	69,298
Accounts receivable - other	672,011	154,860
Consumption taxes refund receivable	75,207	268,203
Other	164,878	208,384
Allowance for doubtful accounts	(55,064)	(48,347)
Total current assets	3,637,621	2,760,025
Non-current assets		
Property, plant and equipment	15,040	739,686
Intangible assets		
Software	202,239	205,776
Software in progress	661	121,045
Goodwill	357,900	364,883
Total intangible assets	560,801	691,705
Investments and other assets		
Investment securities	1,018,705	844,574
Guarantee deposits	227,377	229,799
Long-term accounts receivable - other	105,250	88,110
Other	10	128,320
Total investments and other assets	1,351,344	1,290,803
Total non-current assets	1,927,186	2,722,195
Total assets	5,564,807	5,482,220

(Thousands of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	39,718	62,170
Short-term borrowings	777,155	200,000
Current portion of long-term borrowings	177,996	427,996
Accounts payable - other	1,081,460	1,053,322
Income taxes payable	−	17,536
Contract liabilities	191,195	378,862
Provision for sales promotion expenses	111,616	165,333
Provision for expenses related to revisions to financial results	919,850	157,745
Provision for bonuses	−	77,614
Other	266,918	322,718
Total current liabilities	3,565,911	2,863,299
Non-current liabilities		
Bonds payable	1,000,000	1,000,000
Long-term borrowings	1,533,849	575,352
Long-term unearned revenue	405,250	427,894
Lease liabilities	241,878	271,489
Long-term accounts payable - other	287,796	230,237
Deferred tax liabilities	9,349	11,458
Total non-current liabilities	3,478,123	2,516,432
Total liabilities	7,044,034	5,379,731
Net assets		
Shareholders' equity		
Share capital	47,044	19,718
Capital surplus	6,018,962	10,065,624
Retained earnings	(7,423,676)	(9,833,473)
Treasury shares	(297)	(477)
Total shareholders' equity	(1,357,966)	251,391
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(297,005)	(278,407)
Foreign currency translation adjustment	171,121	101,047
Total accumulated other comprehensive income	(125,883)	(177,360)
Share acquisition rights	4,623	28,457
Total net assets	(1,479,226)	102,489
Total liabilities and net assets	5,564,807	5,482,220

(2) Quarterly consolidated statements of income and consolidated statement of comprehensive income

Quarterly consolidated statement of income

Nine months ended September 30

(Thousands of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Sales	3,230,492	4,011,530
Cost of sales	705,380	819,018
Gross profit	2,525,112	3,192,511
Selling, general and administrative expenses	4,070,729	5,230,484
Operating loss	(1,545,616)	(2,037,972)
Non-operating income		
Interest income	22	3,781
Gain from expired gift vouchers, etc.	3,575	64
Gain on donation of subsidy income	116,547	733,733
Other	5,377	1,955
Total non-operating income	125,521	739,534
Non-operating expenses		
Interest expenses	32,674	140,902
Commission expenses	1,160	81,241
Taxes and dues	22,485	14,004
Share of loss of entities accounted for using equity method	37,678	53,002
Loss on tax purpose reduction entry of noncurrent assets	114,067	—
Other	21,516	13,395
Total non-operating expenses	229,582	302,545
Ordinary loss	(1,649,677)	(1,600,983)
Extraordinary income		
Insurance claim income	—	50,000
Gain on reversal of provision for expenses related to revisions to financial results	—	92,995
Total extraordinary income	—	142,995
Extraordinary losses		
Impairment losses	21,948	634,417
Loss on valuation of investment securities	—	54,242
Change in provision for expenses related to revisions to financial results	—	259,166
Total extraordinary losses	21,948	947,827
Loss before income taxes	(1,671,625)	(2,405,815)
Income taxes - current	24,274	4,033
Income taxes - deferred	605	49

(Thousands of yen)

Total income taxes	24,880	4,082
Loss	(1,696,505)	(2,409,897)
Loss attributable to non-controlling interests	(100)	(100)
Loss attributable to owners of parent	(1,696,405)	(2,409,797)

Quarterly consolidated statement of comprehensive income

Nine months ended September 30

(Thousands of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Loss	(1,696,505)	(2,409,897)
Other comprehensive income		
Valuation difference on available-for-sale securities	(24,550)	37,792
Foreign currency translation adjustment	(8,946)	(10,560)
Share of other comprehensive income of entities accounted for using equity method	(504)	(78,707)
Total other comprehensive income	(34,001)	(51,476)
Comprehensive income	(1,730,507)	(2,461,373)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,730,407)	(2,461,273)
Comprehensive income attributable to non-controlling interests	(100)	(100)

(3) Notes to quarterly consolidated financial statements

(Notes on segment information, etc.)

(Segment information, etc.)

Segment information

I For the nine months ended September 30, 2023

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

(Thousands of yen)

	Reportable segments				Reconciling items (Note 1)	Per quarterly consolidated financial statements (Note 2)
	Energy Platform	Energy Data	EV Charging	Reportable segment		
Sales						
Goods or services that are transferred at a point in time	—	92,742	106,045	198,787	—	198,787
Goods or services that are transferred over a certain period of time	2,394,911	624,118	12,675	3,031,705	—	3,031,705
Revenue from contracts with customers	2,394,911	716,861	118,720	3,230,492	—	3,230,492
Revenues from external customers	2,394,911	716,861	118,720	3,230,492	—	3,230,492
Transactions with other segment	—	—	—	—	—	—
Net sales	2,394,911	716,861	118,720	3,230,492	—	3,230,492
Segment profit (loss)	236,023	127,116	(1,362,268)	(999,128)	(546,488)	(1,545,616)

Note 1: Reconciling items of (546,488) thousand JPY for segment profit (loss) 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 loss in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

(Material impairment loss on non-current assets)

An impairment loss on intangible assets was recorded in the Energy Data business segment. The amount of such impairment loss recorded for the nine months ended September 30, 2023 was 21,948 thousand JPY.

II For the nine months ended September 30, 2024

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

(Thousands of yen)

	Reportable segments				Reconciling items (Note 1)	Per quarterly consolidated financial statements (Note 2)
	Energy Platform	Energy Data	EV Charging	Reportable segment		
Sales						
Goods or services that are transferred at a point in time	—	44,055	63,469	107,525	—	107,525
Goods or services that are transferred over a certain period of time	3,071,923	814,548	17,533	3,904,005	—	3,904,005
Revenue from contracts with customers	3,071,923	858,604	81,002	4,011,530	—	4,011,530
Revenues from external customers	3,071,923	858,604	81,002	4,011,530	—	4,011,530
Transactions with other segment	—	—	—	—	—	—
Net sales	3,071,923	858,604	81,002	4,011,530	—	4,011,530
Segment profit (loss)	301,321	125,693	(1,738,991)	(1,311,975)	(725,996)	(2,037,972)

Note 1: Reconciling items of (725,996) thousand JPY for segment profit (loss) 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 loss in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment
(Material impairment loss on non-current assets)
An impairment loss was recorded in the EV Charging business segment. The amount of such impairment loss recorded for the nine months ended September 30, 2024 was 634,417 thousand JPY.

(Material change in the amount of goodwill)
In the Energy Platform business segment, additional goodwill was recorded due to the payment of contingent consideration for the acquisition of Shindenryoku Com Co., Ltd. The increase in goodwill due to such an event was 86,870 thousand JPY for the nine months ended September 30, 2024.

(Notes in case of significant changes in shareholders' equity)

As a result of receiving payment for the third-party allotment of new shares from JIC VGI Opportunity Fund 1 Investment Business Limited Liability Partnership on February 26, 2024, the Company's share capital and legal capital surplus increased by 1,999,949 thousand JPY, respectively, for the nine months ended September 30, 2024.
On the other hand, in accordance with the resolution at the 9th Annual General Meeting of Shareholders held on March 28, 2024, as of the same date, share capital of 2,046,994 thousand JPY and legal capital surplus of 5,098,649 thousand JPY after the capital increase through third-party allotment were reduced by 2,036,994 thousand JPY and 5,098,649 thousand JPY, respectively, and were transferred to other capital surplus.
As a result, share capital amounted to 19,718 thousand JPY and capital surplus amounted to 10,065,624 thousand JPY as of the end of the third quarter of the current fiscal year.

(Note on entity's ability to continue as going concern)

Up until the previous fiscal year, the Group has continuously recorded operating losses, ordinary losses, and losses attributable to owners of parents. At the end of the previous fiscal year, the Company had excess liabilities of 1,479,226 thousand JPY on the consolidated balance sheet. Although the Company has eliminated the excess liabilities as of the end of the third quarter of the current fiscal year by capital increase through third-party allotment in February 2024, it has continued to record an operating loss of 2,037,972 thousand JPY, an ordinary loss of 1,600,983 thousand JPY, and a loss attributable to owners of parent of 2,409,797 thousand JPY for the nine months ended September 30, 2024.

In addition, the Company is in breach of financial covenants with respect to borrowings for certain financial institutions with which it has transactions, although it has not been notified that the acceleration clause will be applied.

Furthermore, as announced in the "Notice Concerning the Release of the Investigation Report by the Independent Investigation Committee" dated June 27, 2024, the Company has been pointed out that the following issues had been identified as a result of this investigation which include: lack of a system that can handle the business risks of the EV Charging business; lack of appropriate communication with the Company's financial auditor; top management's disregard for compliance; and a failure to establish effective internal controls and governance to fulfill sufficient checks and supervisory functions. As a result of the release of such an investigation report, there is a possibility that relationships with stakeholders may deteriorate and the Company's brand power may be damaged.

These events and circumstances constitute a business or situation that raises significant doubts about the premise of going concern.

To resolve such events and circumstances, on the business front, in the "EV Charging business," while the competitive environment is becoming more severe, the Company aims to strengthen profitability by promoting the improvement of profitability through cost efficiency based on the know-how accumulated over the past two years and other factors. In addition, the Company is working to continuously increase stable segment operating profit in the "Energy Platform business" and "Energy Data business."

Although some of the borrowings were in breach of financial covenants, the Company is discussing financial plans, etc. with the financial institutions with which it has transactions and continues to maintain close relationships with them in an effort to receive their continued support. As announced in the "Notice Concerning the Conclusion of the Commitment Line Agreement Related to the EV Charging Business" dated September 27, 2024, EV JUDEN INFRA ICHIGO LLC and EV JUDEN INFRA NIGO LLC have signed a commitment line agreement with Sumitomo Mitsui Banking Corporation and Aozora Bank, Ltd. to secure immediate funds necessary for investment in the EV Charging business.

Moreover, the Company, as announced in the "Notice Regarding Formulation of Measures to Prevent Recurrence, Etc." dated July 29, 2024, regarding measures to prevent recurrence, will endeavor to regain the trust of all related parties by promptly implementing measures to prevent recurrence formulated in line with the recommendations in the investigation report by the Independent Investigation Committee.

The Company is working to secure and maintain the necessary funds through the above measures. However, there is significant uncertainty regarding the premise of going concern based on the following facts; it is still unclear whether the Company will be able to strengthen its profitability in the EV Charging business amid the increasingly competitive environment and whether the Company will be able to resolve uncertainty in the EV Charging business, which requires significant funds for EV chargers and construction costs associated with their installation; and the results of the release of the investigation report may damage the Company's relationship with various stakeholders and its brand power.

The Company has prepared the quarterly consolidated financial statements on a going concern basis, and the effects of significant uncertainty regarding the Company's premise of a going concern have not been reflected in the quarterly consolidated financial statements.

(Notes to quarterly consolidated statement of cash flows)

A quarterly consolidated statement of cash flows for the nine months ended September 30, 2024 has not been prepared. Depreciation (including depreciation related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended September 30 are as follows.

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Depreciation	47,124 thousand JPY	58,341 thousand JPY
Amortization of goodwill	82,077 thousand JPY	79,886 thousand JPY

(Significant subsequent events)

(Significant borrowings)

EV JUDEN INFRA ICHIGO LLC and EV JUDEN INFRA NIGO LLC, consolidated subsidiaries of the Company, have obtained a line of credit of 4.9 billion JPY under a commitment line agreement dated September 30, 2024, and have executed portions of this loan in October and November 2024, respectively.

Details of the funds borrowed

(1) Borrower	EV JUDEN INFRA ICHIGO LLC EV JUDEN INFRA NIGO LLC
(2) Financial entity	Sumitomo Mitsui Banking Corporation
(3) Purpose of funds	Operating funds for consolidated subsidiaries
(4) Borrowed period	October 9, 2024 through March 31, 2025
(5) Rates of interest, etc.	JBA TIBOR etc. + Spread
(6) Repayment method	Bullet payment
(7) Collateral status	Yes (Deposit receivable pledge)
(8) Outstanding loan	1,854 million JPY

Independent Auditor's Interim Review Report on the Quarterly Consolidated Financial Statements

November 14, 2024

To the Board of Directors of
ENECHANGE Ltd.

Avantia GP
Tokyo Office

Designated and Engagement Partner	Certified Public Accountant	Kenzo Fujita
Designated and Engagement Partner	Certified Public Accountant	Go Hashimoto

Auditor's Conclusion
We conducted an interim review of the quarterly consolidated financial statements of ENECHANGE Ltd. (the "Company") for the third quarter (from July 1, 2024 to September 30, 2024) and the first nine months (from January 1, 2024 to September 30, 2024) of the fiscal year ending March 31, 2025 (from January 1, 2024 to March 31, 2025) included in the attached materials of the quarterly financial results report, namely, the quarterly consolidated balance sheet, the quarterly consolidated statements of income, the quarterly consolidated statements of comprehensive income, and the notes thereto.
Based on our interim review, nothing has come to our attention that causes us to believe that the aforementioned quarterly consolidated financial statements have not been prepared, in all material respects, in accordance with Article 4, Paragraph 1 of standards for preparation of quarterly financial statements of Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") and accounting standards for the quarterly financial statements generally accepted in Japan, omitting certain disclosures under Article 4, Paragraph 2 of the Tokyo Stock Exchange's standards for preparation of quarterly financial statements.

Basis for Auditor's Conclusion
We conducted our interim review in accordance with the interim review standards generally accepted in Japan. Our responsibility under these standards is described in the Auditor's Responsibility for the Interim Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the code of professional ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained the evidence to provide a basis for our review conclusion.

Significant Uncertainty Regarding the Premise of Going Concern
As described in the "Note on entity's ability to continue as going concern," up until the previous fiscal year, the Company has recorded consecutive operating losses, ordinary losses, and losses attributable to owners of parent. At the end of the previous fiscal year, the Group had excess liabilities of 1,479 million JPY on the consolidated balance sheet. Although the Company has eliminated the excess liabilities as of the end of the third quarter of the current fiscal year by capital increase through third-party allotment in February 2024, it has continued to record an operating loss of 2,037 million JPY, an ordinary loss of 1,600 million JPY, and a loss attributable to owners of parent of 2,409 million JPY for the nine months ended September 30, 2024. The Company is in breach of financial covenants with respect to borrowings for certain financial institutions with which it has transactions, although it has not been notified that the acceleration clause will be applied. In addition, as a result of the release of the Independent Investigation Committee's investigation report, there is a possibility that relationships with stakeholders may deteriorate and the Company's brand power may be damaged. These events and circumstances constitute a business or situation that

raises significant doubts about the premise of going concern and there is significant uncertainty regarding the premise of going concern.
The measures taken to address these events and circumstances and the reasons for significant uncertainty are described in the Notes thereto. The Company has prepared the quarterly consolidated financial statements on a going concern basis, and the effects of significant uncertainty regarding the Company's premise of a going concern have not been reflected in the quarterly consolidated financial statements.
This matter does not affect our conclusion.

Emphasis of Matters
As described in "Significant subsequent events (Significant borrowings)," EV JUDEN INFRA ICHIGO LLC and EV JUDEN INFRA NIGO LLC, consolidated subsidiaries of the Company, have obtained a line of credit of 4.9 billion JPY under a commitment line agreement dated September 30, 2024, and have executed portions of this loan in October and November 2024, respectively.
This matter does not affect our conclusion.

Other Matters
The quarterly consolidated financial statements of the Company for the third quarter and the first nine months of the fiscal year ended December 31, 2023 and the consolidated financial statements for the year ended December 31, 2023, respectively, have been reviewed quarterly and audited by the predecessor auditor. The predecessor auditor expressed an unqualified conclusion on those quarterly consolidated financial statements on November 13, 2024, and an unqualified opinion on those consolidated financial statements on July 9, 2024.

Responsibilities of Management, the Auditors and the Board of Auditors for the Quarterly Consolidated Financial Statements
Management is responsible for the preparation of the quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's standards for preparation of quarterly financial statements and accounting standards for the quarterly financial statements generally accepted in Japan, omitting certain disclosures under Article 4, Paragraph 2 of the Tokyo Stock Exchange's standards for preparation of quarterly financial statements. This includes designing and operating such internal control, as management determines is necessary, to enable the preparation of the quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the quarterly consolidated financial statements in accordance with the premise of a going concern, and disclosing, as applicable, matters related to a going concern in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's standards for preparation of quarterly financial statements and accounting standards for the quarterly financial statements generally accepted in Japan, omitting certain disclosures under Article 4, Paragraph 2 of the Tokyo Stock Exchange's standards for preparation of quarterly financial statements.
The Auditors and the Board of Auditors are responsible for overseeing the Directors' execution of duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Interim Review of the Quarterly Consolidated Financial Statements
Our responsibility is to express a conclusion on the quarterly consolidated financial statements in our interim review report from an independent standpoint based on our interim review.
In accordance with interim review standards generally accepted in Japan, we exercise professional judgment throughout the interim review, and perform the following with professional skepticism.

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other interim review procedures. An interim review is substantially less in scope than an audit of the financial statements for the fiscal year conducted in accordance with auditing standards generally accepted in Japan.
- Conclude whether nothing has come to our attention, based on the evidence obtained, related to a going concern that causes us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's standards for preparation of quarterly financial statements and accounting standards for the quarterly financial statements generally accepted in Japan, omitting certain disclosures under Article 4, Paragraph 2 of the Tokyo Stock Exchange's standards for preparation of quarterly

financial statements, if we conclude that a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists related to a going concern, we are required to draw attention in our interim review report to the notes to the quarterly consolidated financial statements or, if such notes are inadequate, to express a qualified or negative conclusion. Our conclusions are based on the evidence obtained up to the date of our interim review report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Evaluate whether nothing has come to our attention that causes us to believe that the overall presentation and notes to the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's standards for preparation of quarterly financial statements and accounting standards for the quarterly financial statements generally accepted in Japan, omitting certain disclosures under Article 4, Paragraph 2 of the Tokyo Stock Exchange's standards for preparation of quarterly financial statements.
- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries to express a conclusion on the quarterly consolidated financial statements. We are responsible for instructing, supervising, and implementing an interim review of the quarterly consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with the Auditors and the Board of Auditors regarding the planned scope and timing of the interim review and significant findings that we identify during our interim review.

We also provide the Auditors and the Board of Auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Conflicts of Interest

Our firm and its engagement partners do not have any interest in the Company and its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Notes) 1. The original copy of the above quarterly review report is retained separately by the Company (filing company of the quarterly financial results report).
2. XBRL data is excluded from the scope of the quarterly review.