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

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2024 (Under Japanese GAAP)

May 14, 2024

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Securities code 9338 URL: https://inforich.net
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Scheduled date of filing of quarterly securities report: May 14, 2024
Scheduled date of commencement of dividend payment: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes (for institutional investors and securities analysts)

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

1. Consolidated financial results for the first quarter of the fiscal year ending December 31, 2024 (from January 1, 2024 to March 31, 2024)

(1) Consolidated operating results (YTD) (Percentage figures represent year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of the fiscal year ending December 31, 2024	2,087	44.6	353	-	125	-	194	-	99	-
First quarter of the fiscal year ended December 31, 2023	1,443	-	-	-	(64)	-	(85)	-	(89)	-

Note: Comprehensive income First quarter of the fiscal year ending December 31, 2024 49 Millions of yen (-%)
First quarter of the fiscal year ended December 31, 2023 (68) Millions of yen (-%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of the fiscal year ending December 31, 2024	10.59	10.14
First quarter of the fiscal year ended December 31, 2023	(9.63)	-

Notes: 1. Diluted earnings per share of common stock for the first quarter of the fiscal year ended December 31, 2023 is omitted as basic earnings per share was negative although there are residual shares.
2. INFORICH INC. ("INFORICH" or the "Company") conducted a five-for-one stock split of its common shares as of April 1, 2023. Accordingly, basic earnings per share and diluted earnings per share have been calculated assuming that the stock split was conducted at the beginning of the fiscal year ended December 31, 2023.
3. For EBITDA, which was newly included from the second quarter of fiscal year ended December 2023, the figure and year-on-year change for the first quarter of the fiscal year ended December 2023 and the year-on-year change for the first quarter of the fiscal year ended December 2024 are not indicated.
4. EBITDA = Operating profit and loss + depreciation

(2) Consolidated financial condition

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
First quarter of the fiscal year ending December 31, 2024	9,623	3,237	33.6
Fiscal year ended December 31, 2023	8,753	3,081	35.1

Reference: Total shareholders' equity First quarter of the fiscal year ending December 31, 2024 3,232 Millions of yen
Fiscal year ended December 31, 2023 3,076 Millions of yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2024	-				
Fiscal year ending December 31, 2024 (forecast)		-	-	-	-

Note: Revisions to the most recently announced dividend forecast: None
The Company's Articles of Incorporation set the final date of the second quarter and the fiscal year as record dates. However, the forecast of cash dividends at the record dates has yet to be determined.

3. Consolidated forecast for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentage figures represent year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	10,011	30.3	2,576	82.8	1,635	170.9	1,515	139.1	1,514	164.7	160.48

Notes: 1. Revisions to the most recently announced earnings forecasts: None
2. EBITDA = Operating profit and loss + depreciation

*Notes

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

(2) Application of accounting treatment specific to the preparation of the consolidated quarterly financial statements : None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations : None
- (ii) Changes in accounting policies other than those in i) above : 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 March 31, 2024	9,457,600 shares	As of December 31, 2023	9,379,775 shares
(ii) Number of treasury shares at the end of the period	As of March 31, 2024	59 shares	As of December 31, 2023	59 shares
(iii) Average number of shares outstanding during the period	First quarter of the fiscal year ended December 31, 2024	9,436,926 shares	Fiscal year ended December 31, 2023	9,267,167 shares

Note: The Company conducted a five-for-one stock split of its common shares as of April 1, 2023. Accordingly, the total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares outstanding during the period has been calculated assuming that the stock split was conducted at the beginning of the fiscal year ended December 31, 2023.

* The quarterly financial results report is not subject to quarterly audit procedures by a certified public accountant or an auditing firm.

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

(How to obtain supplementary explanatory material and information on the scheduled quarterly financial results briefing)
The Company plans to hold a financial results briefing via live-streaming today (Tuesday, May 14, 2024). The materials used in the financial results briefing will be disclosed on TDnet and posted on the Company's website.

* ChargeSPOT mentioned in this material (including attachment) is a trademark of INFORICH INC.

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1. Overview of consolidated results of operations and financial condition

(1) Overview of results of operations

During the first quarter of the fiscal year ending December 31, 2024, the Japanese economy has remained at a standstill while the rebound in demand for face-to-face services after the COVID-19 pandemic was over has almost run its course. Although the nominal wages continue to increase, the rise of general prices is larger and real wages continue to decrease as a result, and this is affecting the consumer confidence.

As for the world economy, the growth is expected to be flat while risks of geopolitical tensions including invasion of Ukraine and Israel situation remain, causing concerns about the future outlook.

Regarding the mobile battery sharing service market, which is the target of the ChargeSPOT business, in China, the largest market of the service globally, 5.17 million battery stands are under operation as of the end of December 2023 (source: "2023 ChinaShared Power Bank Industry Trend Report" by Fastdata) and approximately 280 million people are using the mobile battery sharing service annually. Albeit the differences in the market, technologies, cultures and other factors between China and Japan, transition of the Chinese market size is one of the indicators to forecast the popularization of the mobile battery sharing service in Japan.

"ChargeSPOT" presupposes the sharing economy, where people do not own articles but use them by sharing them. With the recent rise of environmental awareness, there are a certain number of users that proactively use the sharing economy. According to the results of the "Sharing Economy-related Survey 2022 (announced on January 24, 2023)" jointly published by the Sharing Economy Association, Japan and InfoCom Research, Inc., the sharing economy market is expected to reach 15,116.5 billion yen[*1] in fiscal 2032.

In the ChargeSPOT business of the Group, the flow of people is a crucial factor. Since the flow of people had remained low due to the pandemic in January 2023, the flow of people is in an increasing trend compared to the previous year. However, the flow of people tends to drop in January and February. Even for 2024, with factors including the drop of consumer sentiment with the Noto Peninsula Earthquake in January and the weather being severely cold compared to the end of 2023, the flow of people dropped. However, the flow of people is in a recovery trend in March and is expected to increase with the rise of temperatures.

On the other hand, together with the increase of the number of inbound tourists, as the number of Japanese domestic tourists is surpassing that of before the pandemic, the flow of people at the tourist spots are increasing. Given such circumstances, demand for installing "ChargeSPOT" at the tourist spots are increasing and the number of rentals is favorably increasing. INFORICH will continue to install it at tourist spots.

According to the estimates the Company made based on a survey conducted by Dentsu Inc. in April 2023, approximately 39.5 million people in Japan run out of battery on their smartphones before returning home. Of these, 16 million people need to recharge their phones at least twice while they are out of home in a day. Smartphones use lithium-ion batteries, which have the characteristic of their charging capacity decreasing to 80% after about 600 charges (about 2 years of use)[*2]. However, as smartphones have become more expensive, the smartphone replacement cycle has been extended to 4 years and 7 months (according to the 2022 Consumer Confidence Survey by the Cabinet Office). By this time, the charging capacity will have dropped to about 30% of what it was when the battery was new[*2]. With smartphones becoming indispensable for daily life, it is no wonder that people who have been using their smartphones for several years want to charge them while they are out. Although a lot of research on batteries has recently been done in various countries around the world, it is assumed that, as far as the batteries for smartphones alone are concerned, nothing better than the currently used lithium-ion batteries will be developed by at least 2030[*2]. Applying the technologies developed for electric vehicles and drones to smartphones has major hurdles in terms of miniaturization and safety, and improvements in battery technology do not necessarily translate directly into enhanced smartphone performance. Improvements have also been achieved in the performance of the lithium-ion battery itself over the years, and the capacity of built-in batteries has been increasing by an average of 11.6% per year[*2]. However, the average power consumption of smartphones has increased by 17.9%, exceeding the increase in the capacity of built-in batteries[*2], due to factors such as higher display resolution, larger application capacity, and 5G compatibility. Considering the above, it is assumed that the need for charging while going out is very high and will continue to grow going forward.

*1 Maximum forecast amount under the issue-solving scenario.

*2 According to the research conducted by the Company.

Under these circumstances, the Group actively invested to expand the ChargeSPOT business (rental power banks), while strengthening its collaboration with partner companies. The Group as a whole had 51,509 installed battery stands, including 43,070 in Japan, as of the end of March 2024, increasing them toward the goal of having batteries shared that can be borrowed and returned anywhere. The number of monthly active users on a quarterly average was 1.120 million for the entire Group, including 804 thousand in Japan, which was a drop year-on-year due to seasonal influences, but was at a same level of the earnings forecast. The number of monthly rentals on a quarterly average reached 1.97 million for the entire Group, including 1.45 million in Japan.

The INFORICH Group has set fiscal 2024 slogan as "Act Global" and aims to further promote overseas development. INFORICH is steadily expanding development areas by announcing franchise service development in Vietnam during fiscal 2024 in January, franchise service commencement in Macao in February, announcing share acquisition of "Ezycharge," an Australian sharing battery business, in March and other activities.

As a result, the Group posted net sales of 2,087,906 thousand yen (up 44.6% year-on-year), EBITDA(*) of 353,501 thousand yen, operating profit of 125,256 thousand yen (operating loss of 64,467 thousand yen in the previous fiscal year), ordinary profit of 194,269 thousand yen (ordinary loss of 85,770 thousand yen in the previous fiscal year), and profit attributable to owners of parent of 99,939 thousand yen (loss attributable to owners of parent of 89,286 thousand yen in the previous fiscal year).

The Group will work to increase the awareness and use of the service, while being committed to further enhancing service quality.

Note that information by business segment is omitted as the Group operates in a single segment of the ChargeSPOT business.

*3 EBITDA = Operating profit and loss + depreciation

For EBITDA, which was newly included from the second quarter of the fiscal year ended December 2023, the year-on-year change is not indicated.

(2) Overview of financial position

(Current assets)

Current assets at the end of the quarter under review were 6,800,681 thousand yen (up 869,332 thousand yen from the end of the previous fiscal year). This was mainly due to an increase in cash and deposits of 970,377 thousand yen.

(Non-current assets)

Non-current assets at the end of the quarter under review were 2,822,384 thousand yen (up 270 thousand yen from the end of previous fiscal year). This was mainly due to increases in leased assets of 135,035 thousand yen associated with the new installation of battery stands and in tools, furniture and fixtures of 105,350 thousand yen, against the decrease in construction in progress of 126,976 thousand yen.

(Current liabilities)

Current liabilities at the end of the quarter under review were 5,561,283 thousand yen (up 663,199 thousand yen from the end of previous fiscal year). This was mainly due to increases in contract liabilities of 288,701 thousand yen associated with the business expansion of INFORICH ASIA HONG KONG LIMITED, a sub-subsidiary and short-term borrowings by 467,500 thousand yen.

(Non-current liabilities)

Non-current liabilities at the end of the quarter under review were 824,287 thousand yen (up 50,437 thousand yen from the end of previous fiscal year). This was mainly due to an increase in lease liabilities of 53,854 thousand yen.

(Net assets)

Net assets at the end of the quarter under review were 3,237,495 thousand yen (up 155,965 thousand yen from the end of previous fiscal year). This was mainly due to a decrease in share capital of 334,382 thousand yen, a decrease in capital surplus of 4,166,195 thousand yen and an increase in retained earnings of 3,701,082 thousand yen due to capital reduction for the purpose of deficit disposition and an increase in retained earnings of 99,939 thousand yen due to the recording of profit attributable to owners of parent.

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

The consolidated earnings forecast for the fiscal year ending December 31, 2024 has not been revised from the earnings forecast announced in the “Consolidated Financial Results for the Fiscal Year Ended December 31, 2023” on February 14, 2024.

2. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	Fiscal year ended December 31, 2023 (December 31, 2023)	First quarter of the fiscal year ending December 31, 2024 (March 31, 2024)
Assets		
Current assets		
Cash and deposits	4,831,291	5,801,669
Accounts receivable - trade	180,317	153,098
Supplies	25,509	14,846
Accounts receivable - other	706,910	594,707
Other	225,023	275,055
Allowance for doubtful accounts	△37,702	△38,695
Total current assets	5,931,349	6,800,681
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	1,249,136	1,354,487
Leased assets	2,032,131	2,167,166
Construction in progress	459,297	332,320
Other	267,714	228,143
Accumulated depreciation	△1,369,494	△1,467,379
Total property, plant and equipment	2,638,785	2,614,738
Intangible assets	12,429	20,298
Investments and other assets		
Deferred tax assets	129,755	124,844
Distressed receivables	36,037	41,063
Other	40,178	61,452
Allowance for doubtful accounts	△35,072	△40,013
Total investments and other assets	170,899	187,347
Total non-current assets	2,822,113	2,822,384
Total assets	8,753,463	9,623,066

(Thousands of yen)

	Fiscal year ended December 31, 2023 (December 31, 2023)	First quarter of the fiscal year ending December 31, 2024 (March 31, 2024)
Liabilities		
Current liabilities		
Short-term borrowings	1,680,000	2,147,500
Current portion of long-term borrowings	15,600	15,600
Lease liabilities	991,393	1,030,857
Income taxes payable	63,072	3,025
Contract liabilities	1,283,842	1,572,543
Provisions	64,540	51,030
Other	799,634	740,726
Total current liabilities	4,898,083	5,561,283
Non-current liabilities		
Long-term borrowings	36,400	32,500
Lease liabilities	736,227	790,081
Other	1,223	1,706
Total non-current liabilities	773,850	824,287
Total liabilities	5,671,933	6,385,571
Net assets		
Shareholders' equity		
Share capital	291,210	10,000
Capital surplus	6,078,472	2,764,944
Retained earnings	△2,936,109	864,911
Treasury shares	△182	△182
Total shareholders' equity	3,433,390	3,639,673
Accumulated other comprehensive income		
Foreign currency translation adjustment	△356,815	△406,904
Total accumulated other comprehensive income	△356,815	△406,904
Share acquisition rights	4,954	4,726
Non-controlling interests	—	—
Total net assets	3,081,529	3,237,495
Total liabilities and net assets	8,753,463	9,623,066

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

(Consolidated statement of income)

(First quarter of the fiscal year ending December 31, 2024)

(Thousands of yen)

	First quarters of the fiscal year ended December 31, 2023 (From January 1, 2023 to March 31, 2023)	First quarter of the fiscal year ending December 31, 2024 (From January 1, 2024 to March 31, 2024)
Net sales	1,443,528	2,087,906
Cost of sales	389,635	491,964
Gross profit	1,053,892	1,595,942
Selling, general and administrative expenses	1,118,359	1,470,685
Operating profit (loss)	△64,467	125,256
Non-operating income		
Interest income	3,292	1,333
Foreign exchange gains	—	95,879
Subsidy income	7,740	—
Other	720	3,243
Total non-operating income	11,753	100,456
Non-operating expenses		
Interest expenses	24,095	31,412
Foreign exchange losses	8,751	—
Other	209	31
Total non-operating expenses	33,056	31,443
Ordinary profit (loss)	△85,770	194,269
Extraordinary losses		
Impairment losses	859	85,292
Loss on retirement of non-current assets	—	286
Total extraordinary losses	859	85,578
Profit (loss) before income taxes	△86,629	108,690
Income taxes - current	5,279	3,416
Income taxes - deferred	△1,903	5,334
Total income taxes	3,376	8,751
Profit (loss)	△90,006	99,939
Loss attributable to non-controlling interests	△719	—
Profit (loss) attributable to owners of parent	△89,286	99,939

(Consolidated statement of comprehensive income)

(First quarter of the fiscal year ending December 31, 2024)

(Thousands of yen)

	First quarters of the fiscal year ended December 31, 2023 (From January 1, 2023 to March 31, 2023)	First quarter of the fiscal year ending December 31, 2024 (From January 1, 2024 to March 31, 2024)
Profit (loss)	△90,006	99,939
Other comprehensive income		
Foreign currency translation adjustment	21,563	△50,089
Total other comprehensive income	21,563	△50,089
Comprehensive income	△68,442	49,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△67,722	49,849
Comprehensive income attributable to non-controlling interests	△719	―

(3) Notes to consolidated financial statements

(Matters related to the assumption of a going concern)

There is no applicable information.

(Notes to significant changes in shareholders' equity)

At the Annual General Meeting of Shareholders held on March 28, 2024, INFORICH resolved to reduce the amount of its share capital and capital reserve, which became effective as of March 28, 2024. As a result, INFORICH's share capital and capital reserve decreased by 334,382 thousand yen and 4,166,195 thousand yen, respectively, and other capital surplus increased by 4,500,577 thousand yen. The appropriation of surplus by the same resolution resulted in a decrease of 3,701,082 thousand yen in other capital surplus and an increase of 3,701,082 thousand yen in INFORICH's retained earnings.

(Subsequent events)

[Business combination by share acquisition]

At the Board of Directors' meeting held on March 21, 2024, INFORICH resolved to acquire shares of Ezycharge Australasia Pty Ltd (hereafter "Ezycharge") and make Ezycharge and its subsidiary INFORICH's subsidiaries. INFORICH concluded a share purchase agreement as of April 2, 2024 and acquired the shares as of April 30, 2024.

1. Overview of business combination

(1) Name and the business description of the acquiring company

Name of the acquiring company:	Ezycharge Australasia Pty Ltd
Business description:	Operation of mobile sharing service and locker-type battery chargers, its installment at events and booth exhibitions at music festivals in Australia

(2) Major reasons for the business combination

Under the mission "Bridging Beyond Borders," INFORICH aims to develop the business model originated overseas in Japan and the Japanese technologies to overseas. Currently, it operates the mobile battery sharing service "ChargeSPOT®" in Japan, Hong Kong and China (partially franchises) and develop franchises in Taiwan, Thailand, Singapore and Macao.

In the "Vision 2030" announced in August 2023, INFORICH targets consolidated EBITDA of 15 billion yen, of which 3 billion yen are set to be generated from overseas development of ChargeSPOT.

INFORICH had been conducting overseas development centering on franchises development from the past, but considering accelerating developments in Europe, the United States and the rest of the world, the Company hereby resolved the share acquisition of Ezycharge, an Australian mobile battery sharing business.

(3) Date of business combination

Planned during the second quarter of fiscal year ending December 2024

(4) Legal format of business combination

Share acquisition by cash used as consideration

(5) Company name after business combination

Unchanged

(6) Ratio of voting rights to be acquired

51%

(7) Grounds for determining acquiring company

The company is acquiring the shares with cash as consideration

2. Acquisition cost of acquiring company and type of consideration

Type of consideration	Cash	433,581 thousand yen
Acquisition cost		433,581 thousand yen

The actual acquisition price will be determined by implementing price adjustments, etc. specified in the share purchase agreement.

3. Details and amount of acquisition related expenses

Not yet determined

4. Amount of goodwill, reason for recognition, and method and period of amortization

Not yet determined

5. Amount and breakdown of assets acquired and liabilities assumed on the date of business combination

Not yet determined