May 15, 2025

Consolidated Financial Results for the Fiscal Year ended March 31, 2025 (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
Inquiries: Yuichiro Shinohara, Executive Officer and CFO
Telephone: +81-3-6635-1021
Scheduled date of annual general meeting of shareholders: June 24, 2025
Scheduled date to commence dividend payments: –
Scheduled date to file annual report: June 24, 2025
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 March 31, 2025 (from January 1, 2024 to March 31, 2025)

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

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	6,715	–	(3,630)	–	(2,081)	–	(1,273)	–
December 31, 2023	4,379	17.3	(2,125)	–	(2,404)	–	(4,985)	–

Note: Comprehensive income For the fiscal year ended March 31, 2025: JPY (971) million [–%]
For the fiscal year ended December 31, 2023: JPY (5,052) million [–%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/ total assets	Operating profit/ sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	(36.27)	–	(83.5)	(32.1)	(54.1)
December 31, 2023	(163.55)	–	(495.7)	(43.2)	(48.5)

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2025: JPY (390) million
For the fiscal year ended December 31, 2023: JPY (90) million

Notes
1. At the extraordinary general meeting of shareholders held on September 3, 2024, we resolved to change our fiscal year to the period from April 1 to March 31 of the following year. The current fiscal year, which serves as the transitional period for the change in the fiscal year, covers 15 months from January 1, 2024, to March 31, 2025 and therefore, year-on-year changes for the fiscal year ended March 31, 2025 are not stated.
2. Full-year figures are stated for the fiscal year ended December 31, 2023.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	7,411	4,551	61.2	106.50
December 31, 2023	5,564	(1,479)	(26.7)	(47.97)

Reference: Equity
As of March 31, 2025: JPY 4,535 million
As of December 31, 2023: JPY (1,483) 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	220	(3,397)	5,283	4,263
December 31, 2023	(1,914)	(1,392)	2,385	2,179

2. Cash dividends

	Annual dividends per share						Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter end	Fourth quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2023	–	0.00	–	–	0.00	0.00	–	–	–
Fiscal year ended Mach 31, 2025	–	0.00	–	–	0.00	0.00	–	–	–
Fiscal year ending March 31, 2026 (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 March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Adjusted EBITDA		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	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2026	6,000	–	–	–	130	–	–	–	–	–	–

*Adjusted EBITDA: Operating Profit + Depreciation + Amortization of goodwill + Stock Compensation Expense

***Notes**

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

Newly included: – company (–)

Excluded: 3 companies (ENECHANGE EV LAB Ltd., EV JUDEN INFRA ICHIGO LLC, and EV JUDEN INFRA NIGO LLC)

(Note) For details, please refer to "3. Consolidated financial statements and significant notes (5) Notes to consolidated financial statement (Notes on changes in scope of consolidation or scope of application of equity method)" on page 15.

(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: None

(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 March 31, 2025	42,591,120 shares
As of December 31, 2023	30,935,684 shares

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

As of March 31, 2025	753 shares
As of December 31, 2023	259 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	35,107,703 shares
Fiscal year ended December 31, 2023	30,480,958 shares

(Reference) Overview of non-consolidated financial results

1. Non-Consolidated financial results for the fiscal year ended March 31, 2025 (from January 1, 2024 to March 31, 2025)

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

	Sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	6,631	–	(973)	–	(1,142)	–	(3,430)	–
December 31, 2023	4,264	27.1	(792)	–	(650)	–	(3,106)	–

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	(97.71)	–
December 31, 2023	(101.92)	–

Notes 1. At the extraordinary general meeting of shareholders held on September 3, 2024, we resolved to change our fiscal year to the period from April 1 to March 31 of the following year. The current fiscal year, which serves as the transitional period for the change in the fiscal year, covers 15 months from January 1, 2024, to March 31, 2025 and therefore, year-on-year changes for the fiscal year ended March 31, 2025 are not stated.

2. Full-year figures are stated for the fiscal year ended December 31, 2023.

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	7,233	4,378	60.3	102.44
December 31, 2023	5,584	506	9.0	16.22

Reference: Equity
As of March 31, 2025: JPY 4,363 million
As of December 31, 2023: JPY 501 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.

Table of Contents of the Attached Materials

1.Overview of operating results, etc.

(1) Overview of operating results for the current period

The current fiscal year is an irregular 15-month period in line with the change in the fiscal year-end of our Group. Accordingly, comparisons have not been made with the previous fiscal year.

During the fiscal year ended March 31, 2025, 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 was 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 stated in the announcement dated January 24, 2025, titled “Notice Concerning the Establishment of a Subsidiary for Joint Venture of EV Charging Business between ENECHANGE Ltd. and Our Subsidiaries, Share Transfer Agreement with CHUBU Electric Power Miraiz Company, Incorporated, and Change in a Subsidiary,” the

Company decided to operate the EV charging business through a new joint venture with CHUBU Electric Power Miraiz Co., Inc., and commenced operation of the business on March 10, 2025, under Miraiz ENECHANGE Ltd. As a result of the commencement of operations by the new company, as of March 31, 2025, ENECHANGE EV LAB Ltd., EV JUDEN INFRA ICHIGO LLC, and EV JUDEN INFRA NIGO LLC are excluded from consolidated subsidiaries, while Miraiz ENECHANGE Ltd. has become an equity-method affiliate of the Company.

As a result, the operating results of our group for the fiscal year ended March 31, 2025 have recorded sales of 6,715,556 thousand JPY, an operating loss of 3,630,553 thousand JPY, an ordinary loss of 2,081,198 thousand JPY. Loss attributable to owners of parent was 1,273,466 thousand JPY.
In addition, we have recorded a gain on donation of subsidy income of 5,494,158 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," as both household and corporate switch counts have been robust, the number of continuing reward-eligible users reached 654,006. Additionally, due to the surge in electricity prices and the performance recovery of energy companies, ARPU (Note 3) (recurring revenue) for the current fiscal year was 725 JPY.
As a result, the segment sales in the fiscal year ended March 31, 2025 reached 5,081,097 thousand JPY, and the segment profit amounted to 659,029 thousand JPY.

2 Energy Data business

In the "Energy Data business," as a result of continued 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," the number of customers reached 63 companies. Additionally, despite the promotion of cross-selling to existing customers, ARPU (recurring revenue) for the current fiscal year temporarily declined to 3,127 thousand JPY, while ARPU (non-recurring revenue) for the current fiscal year was 2,032 thousand JPY.
As a result, segment sales in the fiscal year ended March 31, 2025 amounted to 1,488,607 thousand JPY, and segment profit was 218,623 thousand JPY.

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 7,373 units (Note 4) as of April 2, 2025. Additionally, we have expanded partner collaborations, aiming for further business expansion.
As a result, the segment sales in the fiscal year ended March 31, 2025 amounted to 145,851 thousand JPY, and the segment loss was 3,142,222 thousand JPY.

(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. Calculated by extracting only charging points (6 kW or more) that had completed initial setup and were available for use as of April 2, 2025, as stated on the website of Miraiz ENECHANGE Ltd. (basic charging not included).

(2) Overview of financial position for the current period

(Assets)

At the end of the current fiscal year, current assets amounted to 5,475,642 thousand JPY, an increase of 1,838,020 thousand JPY compared to the end of the previous fiscal year. This increase is primarily due to increases of 2,083,792 thousand JPY in cash and deposits and 356,272 thousand JPY in accounts receivable Trade and Contract Assets, while merchandise and finished goods decreased by 5,523 thousand JPY, prepaid expenses decreased by 102,834 thousand JPY, and accounts receivable - other decreased by 606,832 thousand JPY.

Additionally, non-current assets amounted to 1,936,102 thousand JPY at the end of the current fiscal year, an increase of 8,916 thousand JPY compared to the end of the previous fiscal year. This increase is primarily due to increases of 401,288 thousand JPY in investment securities and 150,260 thousand JPY in long-term loans receivable, while goodwill decreased by 227,695 thousand JPY and software decreased by 199,842 thousand JPY.

As a result, total assets were 7,411,744 thousand JPY, an increase of 1,846,936 thousand JPY compared to the end of the previous fiscal year.

(Liabilities)

At the end of the current fiscal year, current liabilities amounted to 2,393,447 thousand JPY, a decrease of 1,172,463 thousand JPY compared to the end of the previous fiscal year. This decrease was primarily due to decreases of 260,630 thousand JPY in accounts payable - other, 577,155 thousand JPY in short-term borrowings, 826,855 thousand JPY in provision for expenses related to revisions to financial results, while contract liabilities increased by 167,823 thousand JPY and current portion of long-term borrowings increased by 269,992 thousand JPY.

Non-current liabilities amounted to 466,615 thousand JPY at the end of the current fiscal year, a decrease of 3,011,507 thousand JPY from the end of the previous fiscal year. This decrease was mainly due to decreases of 1,067,487 thousand JPY in long-term borrowings, 1,000,000 thousand JPY in bonds payable, 241,878 thousand JPY in lease liabilities, 405,250 thousand JPY in long-term unearned revenue, and 287,796 thousand JPY in long-term accounts payable - other.

As a result, the total liabilities were 2,860,062 thousand JPY, a decrease of 4,183,971 thousand JPY compared to the end of the previous fiscal year.

(Total shareholders' equity)

At the end of the current fiscal year, the total shareholders' equity was 4,551,681 thousand JPY, an increase of 6,030,908 thousand JPY compared to the end of the previous fiscal year. This increase was primarily due to increases of 1,459,192 thousand JPY in share capital and 5,532,730 thousand JPY in capital surplus as a result of third-party allotment etc., while 1,273,466 thousand JPY of loss attributable to owners of parent was recorded.

(3) Overview of cash flows for the current period

At the end of the current fiscal year, cash and cash equivalents (hereinafter referred to as "funds") amounted to 4,263,507 thousand JPY, compared to 2,179,715 thousand JPY at the end of previous fiscal year. The cash flow situation for the current fiscal year and the factors involved are as follows.

(Cash flows from operating activities)

In the current fiscal year, the funds generated from operating activities amounted to 220,927 thousand JPY. The main factors for the increase included depreciation of 108,292 thousand JPY, impairment losses of 1,244,330 thousand JPY, loss on tax purpose reduction entry of non-current assets of 2,680,460 thousand JPY, share of loss (profit) of entities accounted for using equity method of 390,918 thousand JPY. On the other hand, the main factors for the decrease were a loss before income taxes of 1,275,532 thousand JPY, change in provision for expenses related to revisions to financial results of 826,855 thousand JPY, and gain on sale of shares of subsidiaries and associates of 2,272,645 thousand JPY.

(Cash flows from investing activities)

In the current fiscal year, the funds used in investing activities amounted to 3,397,103 thousand JPY. The main factor for the increase was proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation of 4,742,183 thousand JPY. The main factors for the decrease were purchase of property, plant and equipment of 4,587,987 thousand JPY and purchase of shares of subsidiaries and associates of 2,940,000 thousand JPY.

(Cash flows from financing activities)
In the current fiscal year, the funds generated from financing activities amounted to 5,283,334 thousand JPY. The main factor for the increase included proceeds from issuance of shares of 6,925,899 thousand JPY. The main factors for the decrease were redemption of bonds of 1,000,000 thousand JPY and repayments of long-term borrowings of 797,495 thousand JPY.

(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 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 continue encouraging 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 continue focusing on expanding service offerings to major power companies to improve Average Revenue Per User (ARPU).

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 addition, with regard to the EV Charging business, as stated in “1. Overview of operating results, etc. (1) Overview of operating results for the current period,” and as stated in the announcement dated January 24, 2025, titled “Notice Concerning the Establishment of a Subsidiary for Joint Venture of EV Charging Business between ENECHANGE Ltd. and Our Subsidiaries, Share Transfer Agreement with CHUBU Electric Power Miraiz Company, Incorporated, and Change in a Subsidiary,” the Company decided to operate the EV charging business through a new joint venture with CHUBU Electric Power Miraiz Co., Inc., and commenced operation of the business on March 10, 2025, under Miraiz ENECHANGE Ltd. Going forward, by mutually leveraging our expertise in the EV Charging business and CHUBU Electric Power Miraiz’s customer network, reliable brand strength as an infrastructure provider, and strong fundraising capabilities backed by a solid financial base, Miraiz ENECHANGE will, through the establishment of a sustainable and stable EV charging infrastructure and the provision of services, aid in promoting vehicle electrification and will accelerate and maximize initiatives for achieving a decarbonized society.

Based on the above, for the fiscal year ending March 31, 2026, sales is expected to be 6,000 million JPY and Adjusted EBITDA (Note 3) is projected to be 130 million JPY.

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.

(Notes)
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.
3. Adjusted EBITDA is defined as follows: Operating Profit + Depreciation + Amortization of goodwill + Stock Compensation Expense

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.

3. Consolidated financial statements and significant notes

(1) Consolidated balance sheet

(Thousands of yen)

	As of December 31, 2023	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	2,179,715	4,263,507
Accounts receivable Trade and Contract Assets	587,827	944,100
Merchandise and finished goods	5,908	385
Advance payments to suppliers	7,136	298
Prepaid expenses	160,283	57,448
Accounts receivable - other	672,011	65,178
Consumption taxes refund receivable	75,207	-
Other	4,595	145,335
Allowance for doubtful accounts	(55,064)	(612)
Total current assets	3,637,621	5,475,642
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures, net	15,040	31,892
Total property, plant and equipment	15,040	31,892
Intangible assets		
Software	202,239	2,396
Software in progress	661	-
Goodwill	357,900	130,204
Total intangible assets	560,801	132,601
Investments and other assets		
Investment securities	1,018,705	1,419,994
Long-term loans receivable	-	150,260
Guarantee deposits	227,377	133,139
Long-term accounts receivable - other	105,250	127,024
Other	10	-
Allowance for doubtful accounts	-	(58,809)
Total investments and other assets	1,351,344	1,771,608
Total non-current assets	1,927,186	1,936,102
Total assets	5,564,807	7,411,744

(Thousands of yen)

	As of December 31, 2023	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	39,718	44,386
Short-term borrowings	777,155	200,000
Current portion of long-term borrowings	177,996	447,988
Accounts payable - other	1,081,460	728,481
Income taxes payable	-	21,022
Contract liabilities	191,195	359,018
Refund liabilities	64,564	91,438
Provision for sales promotion expenses	111,616	117,446
Provision for expenses related to revisions to financial results	919,850	92,995
Provision for bonuses	-	71,334
Other	202,354	219,336
Total current liabilities	3,565,911	2,393,447
Non-current liabilities		
Bonds payable	1,000,000	-
Long-term borrowings	1,533,849	466,362
Long-term unearned revenue	405,250	-
Lease liabilities	241,878	-
Long-term accounts payable - other	287,796	-
Deferred tax liabilities	9,349	253
Total non-current liabilities	3,478,123	466,615
Total liabilities	7,044,034	2,860,062
Net assets		
Shareholders’ equity		
Share capital	47,044	1,506,236
Capital surplus	6,018,962	11,551,693
Retained earnings	(7,423,676)	(8,697,142)
Treasury shares	(297)	(551)
Total shareholders’ equity	(1,357,966)	4,360,235
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(297,005)	2,719
Foreign currency translation adjustment	171,121	172,863
Total accumulated other comprehensive income	(125,883)	175,583
Share acquisition rights	4,623	15,862
Total net assets	(1,479,226)	4,551,681
Total liabilities and net assets	5,564,807	7,411,744

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

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended March 31, 2025
Sales	4,379,001	6,715,556
Cost of sales	1,027,404	1,473,430
Gross profit	3,351,596	5,242,125
Selling, general and administrative expenses	5,476,614	8,872,679
Operating loss	(2,125,017)	(3,630,553)
Non-operating income		
Interest income	25	6,891
Commission income	2,487	30
Gain from expired gift vouchers, etc.	3,578	64
Foreign exchange gains	-	6,071
Gain on donation of subsidy income	120,487	5,494,158
Other	4,698	10,202
Total non-operating income	131,277	5,517,416
Non-operating expenses		
Interest expenses	77,940	354,283
Share issuance costs	525	4,681
Foreign exchange losses	6,075	-
Commission expenses	50,172	482,329
Taxes and dues	38,217	53,685
Share of loss of entities accounted for using equity method	90,573	390,918
Loss on tax purpose reduction entry of noncurrent assets	114,067	2,680,460
Other	33,654	1,700
Total non-operating expenses	411,227	3,968,061
Ordinary loss	(2,404,967)	(2,081,198)
Extraordinary income		
Gain on reversal of provision for expenses related to revisions to financial results	-	92,995
Gain on sale of shares of subsidiaries and associates	-	2,272,645
Gain on reversal of share acquisition rights	-	12,250
Insurance claim income	-	50,000
Total extraordinary income	-	2,427,890
Extraordinary losses		
Impairment losses	1,606,489	1,244,330
Loss on valuation of investment securities	26,580	98,267
Loss on retirement of non-current assets	1,360	-
Change in provision for expenses related to revisions to financial results	919,850	269,666
Other	-	9,961
Total extraordinary losses	2,554,281	1,622,225
Loss before income taxes	(4,959,249)	(1,275,532)
Income taxes - current	25,360	6,016
Income taxes - refund	-	(7,977)
Income taxes - deferred	657	(105)
Total income taxes	26,017	(2,066)
Loss	(4,985,267)	(1,273,466)
Loss attributable to non-controlling interests	(100)	-
Loss attributable to owners of parent	(4,985,167)	(1,273,466)

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended March 31, 2025
Loss	(4,985,267)	(1,273,466)
Other comprehensive income		
Valuation difference on available-for-sale securities	(48,039)	20,590
Foreign currency translation adjustment	10,239	(23,368)
Share of other comprehensive income of entities accounted for using equity method	(29,689)	304,244
Total other comprehensive income	(67,489)	301,467
Comprehensive income	(5,052,756)	(971,999)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,052,656)	(971,999)
Comprehensive income attributable to non-controlling interests	(100)	-

(3) Consolidated statement of changes in equity

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			(4,985,167)		(4,985,167)
Purchase of treasury shares				(134)	(134)
Exercise of share acquisition rights					-
Transfer from share capital to capital surplus	(3,051,665)	3,051,665			-
Change in ownership interest of parent due to transactions with non-controlling interests		(274)			(274)
Increase in other retained earnings			24		24
Net changes in items other than shareholders’ equity					-
Total changes during period	(3,014,621)	3,088,435	(4,985,142)	(134)	(4,911,462)
Balance at end of period	47,044	6,018,962	(7,423,676)	(297)	(1,357,966)

	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					(4,985,167)
Purchase of treasury shares					(134)
Exercise of share acquisition rights					-
Transfer from share capital to capital surplus					-
Change in ownership interest of parent due to transactions with non-controlling interests					(274)
Increase in other retained earnings					24
Net changes in items other than shareholders’ equity	(88,878)	21,388	(67,489)	(2,737)	(70,227)
Total changes during period	(88,878)	21,388	(67,489)	(2,737)	(4,981,689)
Balance at end of period	(297,005)	171,121	(125,883)	4,623	(1,479,226)

Fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	47,044	6,018,962	(7,423,676)	(297)	(1,357,966)
Changes during period					
Issuance of new shares	3,474,949	3,474,949			6,949,899
Loss attributable to owners of parent			(1,273,466)		(1,273,466)
Purchase of treasury shares				(254)	(254)
Exercise of share acquisition rights	21,236	21,236			42,473
Transfer from share capital to capital surplus	(2,036,994)	2,036,994			-
Change in ownership interest of parent due to transactions with non-controlling interests		(450)			(450)
Increase in other retained earnings					-
Net changes in items other than shareholders' equity					-
Total changes during period	1,459,192	5,532,730	(1,273,466)	(254)	5,718,202
Balance at end of period	1,506,236	11,551,693	(8,697,142)	(551)	4,360,235

	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	(297,005)	171,121	(125,883)	4,623	(1,479,226)
Changes during period					
Issuance of new shares					6,949,899
Loss attributable to owners of parent					(1,273,466)
Purchase of treasury shares					(254)
Exercise of share acquisition rights					42,473
Transfer from share capital to capital surplus					-
Change in ownership interest of parent due to transactions with non-controlling interests					(450)
Increase in other retained earnings					-
Net changes in items other than shareholders' equity	299,725	1,741	301,467	11,239	312,706
Total changes during period	299,725	1,741	301,467	11,239	6,030,908
Balance at end of period	2,719	172,863	175,583	15,862	4,551,681

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Loss before income taxes	(4,959,249)	(1,275,532)
Depreciation	83,348	108,292
Amortization of goodwill	109,052	121,424
Increase (decrease) in provision for bonuses	-	106,255
Impairment losses	1,606,489	1,244,330
Interest expenses	77,940	354,283
Foreign exchange losses (gains)	(23,858)	-
Gain on donation of Subsidy income	(120,487)	(5,494,158)
Loss (gain) on sale of shares of subsidiaries and associates	-	(2,272,645)
Change in provision for expenses related to revisions to financial results	919,850	(826,855)
Loss (gain) on valuation of investment securities	26,580	98,267
Loss on tax purpose reduction entry of non-current assets	114,067	2,680,460
Gain from expired gift vouchers etc.	(3,578)	(64)
Share of loss (profit) of entities accounted for using equity method	90,573	390,918
Share issuance costs	525	4,681
Increase (decrease) in allowance for doubtful accounts	50,678	4,390
Increase (decrease) in provision for sales promotion expenses	(333,862)	5,893
Decrease(increase) in sales deposit	(31,801)	63,753
Decrease (increase) in trade receivables	(145,959)	(482,352)
Decrease (increase) in advance payments to suppliers	45,006	87,524
Decrease (increase) in inventories	263	4,909
Decrease (increase) in accounts receivable - other	(41,267)	(8,062)
Decrease (increase) in consumption taxes refund receivable	43,423	(524,361)
Increase (decrease) in trade payables	(1,325)	8,405
Increase (decrease) in accounts payable - other	395,037	228,111
Increase (decrease) in contract liabilities	120,763	277,618
Increase (decrease) in refund liabilities	64,564	26,873
Decrease (increase) in other assets	(25,179)	11,227
Increase (decrease) in other liabilities	(46,676)	195,575
Other, net	95,394	(6,332)
Subtotal	(1,889,685)	(4,867,166)
Interest and dividend income	25	5,562
Interest paid	(77,890)	(327,485)
Subsidies received	114,278	5,408,056
Income taxes paid	(61,652)	(6,016)
Income taxes refund	-	7,977
Net cash provided by (used in) operating activities	(1,914,924)	220,927
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,109,800)	(4,587,987)
Proceeds from sale of property, plant and equipment	-	66
Purchase of intangible assets	(166,920)	(296,968)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	4,742,183
Purchase of shares of subsidiaries and associates	-	(2,940,000)
Purchase of investment securities	(124,563)	(79,504)
Proceeds of redemption of investment securities	31,819	44,994
Payments of guarantee deposits	(3,700)	(100)
Conditional acquisition consideration	(19,358)	(86,870)
Short-term loan advances	-	(80,984)
Long-term loan advances	-	(166,921)

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended March 31, 2025
Proceeds from collection of short-term loans receivable	-	34,474
Other, net	(10)	20,513
Net cash provided by (used in) investing activities	(1,392,533)	(3,397,103)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	102,255	(577,155)
Proceeds from long-term borrowings	570,000	-
Repayments of long-term borrowings	(137,996)	(797,495)
Proceeds from issuance of bonds	1,000,000	-
Redemption of bonds	-	(1,000,000)
Proceeds from issuance of shares	-	6,925,899
Purchase of treasury shares	(134)	(254)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	70,551	41,689
Proceeds from issuance of share acquisition rights	-	24,273
Proceeds from payment by non-controlling shareholders associated with establishment of consolidated subsidiaries	100	-
Repayments of lease liabilities	(56,242)	(76,220)
Proceeds from sale and leaseback transactions	886,681	721,479
Other, net	(50,172)	21,117
Net cash provided by (used in) financing activities	2,385,044	5,283,334
Effect of exchange rate change on cash and cash equivalents	35,071	(23,366)
Net increase (decrease) in cash and cash equivalents	(887,343)	2,083,792
Cash and cash equivalents at beginning of period	3,067,058	2,179,715
Cash and cash equivalents at end of period	2,179,715	4,263,507

(5) Notes to consolidated financial statements

(Notes on changes in scope of consolidation or scope of application of equity method)

1. Significant changes in scope of consolidation

During the fifth quarter of the current fiscal year, ENECHANGE EV LAB Ltd., EV JUDEN INFRA ICHIGO LLC, and EV JUDEN INFRA NIGO LLC were excluded from the scope of consolidation, as these three subsidiaries were transferred to Miraiz ENECHANGE Ltd., a joint venture established with CHUBU Electric Power Miraiz Co., Inc.
As a result of the above, the number of consolidated subsidiaries after the change is one, namely ENECHANGE Innovation Limited.

2. Significant changes in scope of application of equity method

During the fifith quarter of the current fiscal year, Miraiz ENECHANGE Ltd. was included as an equity-method affiliate.
As a result, the number of equity-method affiliates is three.

(Note on entitiy’s ability to continue as going concern)

Not applicable.

(Accounting policy change)

Not applicable.

(Additional information)

(Taxation on trust-type stock options)
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 fiscal year, the Company paid the amount due for withholding income tax. As a result, the “Accounts payable - other” under “Current liabilities” and the “Long-term accounts payable - other” under “Non-current liabilities” on the consolidated balance sheet, which corresponded to the previously recorded amount of such withholding liabilities, are not recorded. On the other hand, the corresponding receivables have been recorded as 26,395 thousand JPY in “Accounts receivable - other” under “Current assets” and 127,024 thousand JPY in “Long-term accounts receivable - other” under “Non-current assets.” In addition, allowance for doubtful accounts of 57,469 thousand JPY has been recorded in non-current assets for the estimated uncollectible amount based on the calculation of the repayable amount under certain assumptions for each right holder.

(Notes on 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. It also offers the EV-related solution "ENECHANGE Cloud EV," which includes the development and operation of EV charging apps and the provision of API for nationwide EV charging location information, as well as administrative services for fund management through "JEF." The EV Charging business provides EV charging services under the brand name "ENECHANGE EV Charge" for a monthly fee.

For the fiscal year ended March 31, 2025, sales of the Group's "Energy Platform business" amounted to 5,081,097 thousand JPY, which accounts for 75% of consolidated sales of 6,715,556 thousand JPY, and has the following characteristics.

(1) Commission income on electricity or gas switchover contracts
- The Company receives a certain amount of income from electric or gas companies when users switch their electric or gas contracts on the Company's switching platform service.
- With respect to such income, there has been a sharp increase in sales in the last three years, and the top sales clients have changed from period to period.

(2) Commission income from customer introductions to partner companies
- In addition to attracting customers through the Company's own platform, the Company attracts customers through its partner companies.
- While the partner companies implement their own switching services such as Internet connection, the Company introduces customers to such partner companies and receives a commission from customer introduction. With respect to such income, there has been a sharp increase in sales during the current fiscal year.
- In addition to sales from partner companies, the Company outsources sales to partner companies for attracting users and has incurred outsourcing expenses.
- Therefore, both sales and expenses are recorded for the same partner company.

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.

In addition, the method of allocating common expenses has been changed in order to enable a more appropriate evaluation of the performance of each reportable segment. Segment information for the previous fiscal year is disclosed based on the allocation method after the change.

3. Disclosure of sales, profit (loss), assets, liabilities, and other items for each reportable segment

For the fiscal year ended December 31, 2023

(Thousands of yen)

	Reportable segments				Reconciling items (Note 1)	Per consolidated financial statements (Note 2)
	Energy Platform	Energy Data	EV Charging	Total		
Sales						
Revenues from external customers	3,241,980	997,212	139,807	4,379,001	-	4,379,001
Transactions with other segment	-	-	-	-	-	-
Total sales	3,241,980	997,212	139,807	4,379,001	-	4,379,001
Operating profit (loss)	359,435	158,420	(1,815,548)	(1,297,693)	(827,324)	(2,125,017)
Other items						
Depreciation	514	46,089	12,350	58,954	24,394	83,348
Amortization of goodwill	71,817	-	37,235	109,052	-	109,052
Share of loss of entities accounted for using equity method	-	(90,573)	-	(90,573)	-	(90,573)
Investments in entities accounted for using equity method	-	836,574	-	836,574	-	836,574

Note 1: Reconciling items of (827,324) thousand JPY for segment profit (loss) and 24,394 thousand JPY for depreciation 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 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.

For the fiscal year ended March 31, 2025

(Thousands of yen)

	Reportable segments				Reconciling items (Note 1)	Per consolidated financial statements (Note 2)
	Energy Platform	Energy Data	EV Charging	Total		
Sales						
Revenues from external customers	5,081,097	1,488,607	145,851	6,715,556	-	6,715,556
Transactions with other segment	-	-	-	-	-	-
Total sales	5,081,097	1,488,607	145,851	6,715,556	-	6,715,556
Operating profit (loss)	659,029	218,623	(3,142,222)	(2,264,570)	(1,365,983)	(3,630,553)
Other items						
Depreciation	906	85,065	808	86,779	21,512	108,292
Amortization of goodwill	121,424	-	-	121,424	-	121,424
Share of loss of entities accounted for using equity method	-	(390,918)	-	(390,918)	-	(390,918)
Investments in entities accounted for using equity method	-	784,410	539,578	1,323,989	-	1,323,989

Note 1: Reconciling items of (1,365,983) thousand JPY for segment profit (loss) and 21,512 thousand JPY for depreciation 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 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.

[Disclosure of impairment losses on non-current assets for each reportable segment]
For the fiscal year ended December 31, 2023

(Thousands of yen)

	Energy Platform	Energy Data	EV Charging	Unallocated amounts and elimination	Total
Impairment losses	-	22,786	1,583,703	-	1,606,489

For the fiscal year ended March 31, 2025

(Thousands of yen)

	Energy Platform	Energy Data	EV Charging	Unallocated amounts and elimination	Total
Impairment losses	193,141	414,821	634,417	1,950	1,244,330

[Disclosure of amortization and unamortized balance of goodwill for each reportable segment]
For the fiscal year ended December 31, 2023

(Thousands of yen)

	Energy Platform	Energy Data	EV Charging	Unallocated amounts and elimination	Total
Amortization during period	71,817	-	37,235	-	109,052
Unamortized balance at the end of period	357,900	-	-	-	357,900

For the fiscal year ended March 31, 2025

(Thousands of yen)

	Energy Platform	Energy Data	EV Charging	Unallocated amounts and elimination	Total
Amortization during period	121,424	-	-	-	121,424
Unamortized balance at the end of period	130,204	-	-	-	130,204

(Per share information)

(Yen)

	Fiscal year ended December 31, 2023	Fiscal year ended March 31, 2025
Net assets per share	(47.97)	106.50
Basic loss per share	(163.55)	(36.27)

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, 2023	Fiscal year ended March 31, 2025
Loss attributable to owners of parent (Thousands of yen)	(4,985,167)	(1,273,466)
Amounts not attributable to common shareholders (Thousands of yen)	–	–
Loss attributable to owners of parent related to common shares (Thousands of yen)	(4,985,167)	(1,273,466)
Average number of common shares outstanding during the period (Shares)	30,480,958	35,107,703
Overview of dilutive shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects	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 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 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 Share options resolved at the extraordinary general meeting of shareholders held on February 2, 2018 (5th Share Acquisition Rights) Common shares: 1,512shares Total number of share acquisition rights: 126 units 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 Share options resolved at the extraordinary general meeting of shareholders held on September 10, 2018 (7th Share Acquisition Rights) Common shares: 1,445,808 shares Total number of share acquisition rights: 120,484 units	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 Share options resolved at the extraordinary general meeting of shareholders held on December 21, 2017 (4th Share Acquisition Rights) Common shares: 28,260 shares Total number of share acquisition rights: 2,355 units Share options resolved at the extraordinary general meeting of shareholders held on February 2, 2018 (5th Share Acquisition Rights) Common shares: 1,008 shares Total number of share acquisition rights: 84 units 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 Share options resolved at the extraordinary general meeting of shareholders held on September 10, 2018 (7th Share Acquisition Rights) Common shares: 983,928 shares Total number of share acquisition rights: 81,994 units

(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. 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.

In addition, as a result of receiving payment for the third-party allotment of new shares from ITOCHU ENEX CO., LTD. on February 19, 2025, the Company's share capital and legal capital surplus increased by 1,475,000 thousand JPY, respectively.

As a result, including an increase due to the exercise of share acquisition rights (stock options), share capital amounted to 1,506,236 thousand JPY and capital surplus amounted to 11,551,693 thousand JPY as of the end of the current fiscal year.

(Significant subsequent events)

Not applicable.

(Others)

(Litigation from Terra Charge Corporation)

As stated in an extraordinary report filed on December 13, 2024, the Company received a claim for damages amounting to 510 million JPY and delayed damages thereof from Terra Charge Corporation (hereinafter referred to as "Terra"), alleging that: (1) statements made by our former CEO, Yohei Kiguchi, during a Q&A session at the Financial Results Briefing for individual investors held in February 2024, which is published on our website, constitute tort and unfair competition acts; (2) our company engaged in unjust interference with the aim of withdrawing investments or loans concerning investment or loan agreements between Terra and its business partners, which also constitutes a tort. Although multiple hearings have already been held at the court with jurisdiction, we maintain that none of Terra's claims are justified, and will continue to assert and prove our legitimacy.

(Litigation from a former employee)

As stated in "Notice Concerning Litigation Filed Against Our Company" filed on February 12, 2025, the Company received notice on February 10, 2025 of a legal complaint that was filed by a former employee with the Tokyo District Court on December 27, 2024. Based on the "Taxation on Stock Options (Q&A)" published by the National Tax Agency on May 30, 2023, "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 are regarded as salary income, requiring the Company to withhold income tax at source. We have held discussions with former employees regarding the demand for tax reimbursement. However, the lawsuit seeks confirmation of non-existence of obligations of 18 million JPY for tax reimbursement and claims damages of 177 thousand JPY, arguing that our right to reimbursement is not recognized and that we violated our duty to carefully calculate the withholding tax amount. Although the first hearing has already been held at the court with jurisdiction, we intend to continue to assert and prove our legitimacy and are planning to file a counterclaim in the near future to seek indemnification from the former employee. For the total amount of tax reimbursement receivable from the former employee, allowance for doubtful accounts has already been recorded.

4. Others

(Resolution of significant uncertainty regarding the 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 parent. At the end of the previous fiscal year, the Group had excess liabilities of 1,479,226 thousand JPY on the consolidated balance sheet. The Group has also continued to record an operating loss of 2,914,348 thousand JPY, an ordinary loss of 2,537,403 thousand JPY, and a loss attributable to owners of parent of 3,356,739 thousand JPY for the twelve months ended December 31, 2024. As a result, as of December 31, 2024, the Group had excess liabilities of 929,945 thousand JPY on the consolidated balance sheet. 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 announced in the “Notice Concerning the Submission of ‘Improvement Report’ to Tokyo Stock Exchange” dated September 24, 2024, the Company has been taking measures to improve these pointed-out issues. However, 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 constituted a business or situation that raised significant doubts about the premise of going concern.

In response, the Company has been actively implementing recurrence prevention measures as outlined in 3. Improvement Measures, Status of Implementation, and Status of Operation of the “Improvement Status Report” attached to the March 25, 2025, “Notice on the Submission of the ‘Improvement Report’ to the Tokyo Stock Exchange.”

As a result, as stated in the “Notice Concerning the Conclusion of the Commitment Line Agreement Related to the EV Charging Business” dated September 27, 2024, and the “(Progress of Disclosure) Notice Concerning Execution of Loan from the Commitment Line” dated December 23, 2024, we secured a bridge loan of 4.9 billion JPY from two affiliated financial institutions for the EV charging business and later increased the loan to 5.7 billion JPY. Considering the execution of recurrence prevention measures and the successful fundraising through the bridge loan, we have reviewed the business plan for the EV charging business and consulted with our auditor, Avantia GP, to address the impairment losses on non-current assets related to the EV charging business. Consequently, from the third quarter of the fiscal year ended March 31, 2025 onwards, there will be no impairment losses on non-current assets for the EV charging business.

As stated in the announcement dated January 24, 2025, titled “Notice Concerning the Establishment of a Subsidiary for Joint Venture of EV Charging Business between ENECHANGE Ltd. and Our Subsidiaries, Share Transfer Agreement with CHUBU Electric Power Miraiz Company, Incorporated, and Change in a Subsidiary,” the Company decided to operate the EV charging business through a new joint venture with CHUBU Electric Power Miraiz Co., Inc., and commenced operation of the business on March 10, 2025, under Miraiz ENECHANGE Ltd. As a result of this transaction, the Company’s consolidated net assets improved by approximately 2.5 billion JPY.

In addition, as per the announcement made on February 3, 2025, titled “Notice Concerning Capital and Business Partnership with ITOCHU ENEX CO., LTD. and Issuance of New Shares through Third-party Allotment,” the Company decided to sign a capital and business alliance agreement with ITOCHU ENEX CO., LTD. with the target of forming a capital and business alliance, and to issue new shares to the company through third-party allotment. The issuance and payment of new shares were completed on February 19 of the same year. The improvement in our consolidated net assets due to this matter was approximately 2.8 billion JPY.

Consequently, as of March 31, 2025, net assets amounted to 4,551,681 thousand JPY, eliminating the issue of excess liabilities. At present, we foresee securing a positive adjusted EBITDA in the fiscal year ending March 31, 2026.

Based on discussions with Avantia GP, we have determined that there are currently no events or conditions that pose significant doubt about the premise of a going concern, and have thus eliminated the note on “Note on entitiy's ability to continue as going concern."

* Adjusted EBITDA = Operating Profit + Depreciation + Amortization of goodwill + Stock Compensation Expense