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Notice Concerning the Delay in FY24 Q1 Financial Results and the Consideration of Applying for an Extension of the Quarterly Report Submission Deadline

ENECHANGE (hereinafter referred to as “the Company”) announces the postponement of the FY24 Q1 financial results announcement. The Company also announces that it is considering applying for an extension of the submission deadline for the Quarterly Report.

1. Background

Following the March 27 disclosure, “Notice Regarding the Establishment of an Independent Investigation Committee and Consideration of Extending the Filing Deadline for the FY23 Securities Report”, the Company has engaged in ongoing discussions with the Company’s financial auditor, KPMG AZSA LLC (hereinafter referred to as “AZSA”), concerning the accounting approaches and treatments within its EV charging business under the SPC scheme since FY23. In the course of ongoing discussions, AZSA informed us that the necessary information for assessing the inclusion of the SPC in the Company’s consolidated scope was not fully disclosed initially.

Based on this concern, the Company has recognized the necessity of conducting a fair investigation to clarify the factual basis underlying the previous accounting treatment of the SPC as non-consolidated (hereinafter referred to as "the Accounting Treatment"). This includes verifying the process of deliberation over the Accounting Treatment, investigating the existence of cases similar to the Accounting Treatment, researching and evaluating the factual circumstances, and assessing issues related to internal controls. Consequently, the Board of Directors resolved to establish the Independent Investigation Committee composed of experts and to entrust this committee with the investigation.

As stated in the "Notice Regarding the Submission of an Application for Approval to Extend the Filing Deadline for the Securities Report for FY23", disclosed in a timely manner on March 29, 2024, and the "Notice Regarding the Approval of the Application to Extend the Submission Deadline for the Securities Report for FY23", disclosed in a timely manner on April 1, 2024, it was expected that additional time would be required for the preparation of the revised accounts and the filing of the securities report. An application to extend the submission deadline was submitted to the Kanto Local Finance Bureau on March 29, 2024 and approval for the extension application was received on April 1, 2024, with the new deadline set to June 28, 2024.

Currently, the Independent Investigation Committee is examining the related facts underlying the Accounting Treatment, verifying the deliberation process for the Accounting Treatment, and evaluating the existence and facts of similar cases. Moreover, we have been informed by the Independent Investigation Committee that the scope of the investigation encompasses interviews with internal and external stakeholders, detailed examination and analysis of related documents, and forensic investigations, and that it will take a considerable amount of time to complete the investigation. Therefore, the investigation report is planned to be completed by mid-June 2024.

Due to the ongoing investigation by the Independent Investigation Committee, the procedures related to the reporting for fiscal year-end for FY23 as well as the FY24 Q1 financial results have not been completed. Additionally, we have been informed by AZSA that they believe there may be issues with internal controls,

such as the necessary information for assessing the need for consolidation of this SPC during FY23 not being reported or shared in a timely and sufficient manner with our board of directors, etc. Considering these points, it is necessary to implement additional procedures in the review process for FY24 Q1 based on the results of the audit procedures for FY23 and the findings of the Independent Investigation Committee.

These additional procedures require time for planning and implementation, and we will be unable to complete the quarterly reports for FY24 Q1, including the auditing procedures by AZSA, by the statutory filing deadline of May 15, 2024, as stipulated in Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act before its amendment by Law No. 79 of 2023. Consequently, we have decided to postpone the financial results announcement for FY24 Q1 and to consider applying for an extension of the submission deadline for the quarterly report to July 16, 2024.

The company will continue to fully cooperate with the Independent Investigation Committee in order to expedite the investigation.

2. Future Outlook

Should the Q1 financial results announcement date for FY24 and the extended deadline for the submission of the quarterly report be rescheduled, we will disclose this promptly. We deeply apologize for the significant inconvenience and concern this may have caused our shareholders and investors. We kindly ask for your continued support moving forward.