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Notice Concerning Recording of Non-operating Expenses and Extraordinary Loss

We will make the following amendments due to the recording of non-operating expenses and special losses in our FY23 financial results.

1. Recording of Non-operating Expenses

We have recorded non-operating expenses of 411 million JPY for FY23. The main components of this total are: 77 million JPY in interest payments on existing borrowings; 50 million JPY in fees related to the formation of a syndicated loan for the consolidation of EV JUDEN INFRA ICHIGO LLC and fees to professionals for third-party allotments; 38 million JPY mainly for taxes associated with trust-type stock option; and 90 million JPY in investment losses under the equity method. As for the loss on the reduction of fixed assets, we recorded 114 million JPY by applying reduced-book value accounting for the acquisition of fixed assets related to EV charging infrastructure.

2. Recording of Special Losses

For the fiscal year ending December 2023, our company has recorded special losses amounting to 2,554 million JPY. The primary breakdown includes provisions for financial statement correction-related expenses, impairment losses, and investment securities valuation losses.

Due to the expenses incurred by the Independent Investigation Committee and audit fees related to financial statement corrections, as disclosed in the "Notice Concerning the Receipt of the Investigation Report by the Independent Investigation Committee" dated June 21, 2024, we have recorded 919 million JPY (including 185 million JPY for surcharge provision) as a provision for financial statement correction-related expenses.

Concerning impairment losses, we have recorded 1,606 million JPY. This involves an impairment loss of 1,583 million JPY after assessing the recoverability of fixed assets for the EV Charging Business, such as EV charging ports, and deciding to fully impair the book value. Moreover, due to reduced profitability, we have decided to decrease the book value of software and other assets in the Energy Data Business to their recoverable amounts, recording an impairment loss of 22 million JPY. The subsidy approved in 2023 and received in FY24 Q1 is anticipated to be recorded as non-operating income in FY24 Q1.

We have also recorded 26 million JPY as a valuation loss on investment securities held for pure investment purposes.