This English translation is for reference purposes only. In the event a difference or inconsistency arises regarding the meaning herein, the original Japanese version shall prevail as the official version.

May 15, 2024

For Immediate Release

Company CHANGE Holdings, Inc.
CEO Hiroshi Fukudome
(Code: 3962,
Prime Market of the Tokyo Stock Exchange)
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The Announcement of the Possible Non-collection or Delayed Collection of Claims held by Our Subsidiary and Accompanying Recording of Provision for Doubtful Accounts in the Consolidated Financial Statement

We hereby announce that TRUSTBNANK, Inc. (hereinafter referred to as the "Trust Bank"), a consolidated subsidiary of CHANGE holdings, Inc. (hereinafter referred to as "we"), may have a non-collection or a delayed collection of account receivables against two customers of its own or SPCs in its GX business (energy business). The details are as follows:

In addition, we also announce that we have decided to recognize a provision for doubtful accounts for the above receivables on the consolidated basis. The details are also as follows:

1. Overview of the Subsidiary

(1)Name	TRUSTBANK, Inc.
(2)Address	1-1, Kami-Osaki 3-chome, Shinagawa-ku Tokyo
(3) Title	Kenichi Kawamura, Representative Director
(4) Business	Hometown tax donation platform, publitech, regional monetary creation, GX, EC, educational, and other businesses
(5) Share capital	122 million yen

2. Summary of customers related thereto

One is a main customer of Trust Bank and the other is its affiliate. Because there has been no fact of legal arrangement, etc., we will refrain from disclosing their names, etc. in consideration of the situation as described in 3. below and the impact on business continuity for these customers.

3. Background to the possibility of non-collection or delayed collection

Trust Bank, our consolidated subsidiary, aims to create an autonomous and sustainable region, and has been conducting a variety of businesses to promote economic circulation in the region, such as the hometown tax donation business. Through its GX business, Trust Bank has been developing and supplying PV facilities as an eco-friendly renewable power source in order to improve greening and resilience in accordance with the characteristics of each region, as well as to reduce the payment of power costs to outside the region.

In this context, Trust Bank decided to participate in new PV facilities which were planned and developed by the above customers from October 2022 to March 2023. Trust Bank, through its SPC,

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signed an agreement for sale of these PV facilities with such customers, where Trust Bank provided advance payment for such facilities as the development funding and finally would sell these facilities to the affiliate of the customer and recorded account receivables. However, not only the completion of construction was delayed but also the collection of these receivables was delayed and not settled until now. To date, we and Trust Bank have continued to urge these customers to make progress in construction and collection of accounts receivable. However, considering the substantial delay in the construction compared with the initial plan, the status of the operations and communication with the personnel in charge, and other circumstances, Trust Bank has determined that it would be impossible to complete the construction of these facilities and start electricity supply and has resolved to cancel the above agreements. As a result, we determined that there is a possible non-collection or delayed collection regarding these receivables as well as the right for requesting refund of the above advance payment, and decided to record a provision for doubtful accounts with respect to the entire amount of 1,160 million yen that is expected to be uncollectable after taking into account the processing of the consolidation.

4. The type and amount of the claims against these customers

Type of claims	Amount	Percentage of consolidated net assets
Right to request refund of advance payment of the equipment	672 million yen	1.41%
Accounts receivable	836 million yen	1.75%

5.Provision of allowance for doubtful accounts and future outlook

The provision for doubtful accounts is recorded in the fourth quarter of the fiscal year ended March 31, 2024 for the entire amount of 1,160 million yen, which is the total amount of the estimated uncollectible amount of these account receivables, after taking into account the processing of the consolidation. The detailed information is reflected in "*Kessan-Tanshin* (Summary of accounts) for the Year Ended March 31, 2024 [IFRS] (Consolidation)" to be announced today.

We and Trust Bank are now consulting with attorneys, and will examine the fact, prepare for necessary legal measures, and make every effort for the protection and collection of these claims in the future.

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