

January 5, 2024

Company Name: ENECHANGE Ltd.

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Notice Concerning the Issuance of Paid Stock Options with Exercisable Conditions

ENECHANGE (hereinafter referred to as the "Company") announces that its Board of Directors, at a meeting held on January 5, 2024, based on the provisions of Articles 236, 238, and 240 of the Companies Act, has resolved to issue paid stock options (hereinafter referred as "SOs") as described below to our CEO, subsidiary directors, executive officers, and employees. This issuance of SOs will be conducted at a fair price and is not under especially favorable conditions. Therefore, it will be implemented without the approval of the shareholders' meeting. Furthermore, these SOs are not issued as compensation to the grantee but are based on each individual's investment decision.

1. Objective of Issuance

As part of a package that integrates self-funding and career commitment with incentives, aimed at realizing a "Mega Venture" with a market capitalization of over 100 billion yen, the Company will issue SOs with exercisable conditions to our most important human capital, the next generation of management candidates. Additionally, the participants are expected to enter into separate allocation agreements with the Company, including clauses that allow for a 50% annual exercise of rights from the time the conditions are met. The dilution rate if all these SOs are exercised will be 7.92% (*1).

(*1) Calculated based on the total issued shares as of the end of December 2023, which is 30,935,684 shares.

2. Terms and Conditions

1. Number of share options
24,500 Units

The total number of shares that can be delivered by exercising the Stock Acquisition Rights (hereinafter referred to as the "SARs") shall be 2,450,000 ordinary shares of the Company, and if the number of shares granted in respect of the SARs is adjusted in accordance with 3.1 (1) below, the number of shares granted after adjustment multiplied by the number of SARs.

2. Money to be paid in exchange for the SARs

The issue price per SAR shall be 1,000 yen. This amount was determined by reference to the results of a Monte Carlo simulation, a common option price calculation model, by Plutus Consulting Co., Ltd as a third-party valuation institution, considering the Company's share price information and other factors.

3. Details of SARs

(1) Type and number of shares to be issued upon exercise of the SARs

The number of shares to be issued upon exercise of one (1) SAR (hereinafter referred to as the "Number of Shares Granted") shall be 100 ordinary shares of the Company.

The Number of Shares Granted shall be adjusted if the Company carries out a stock split (including the gratis allotment of the Company's common shares; the same shall apply hereinafter) after the date of allotment of the SARs (The same applies hereinafter). The Number of Shares Granted shall be adjusted in accordance with the following formula if the Company carries out a share split (including gratis allotment of the Company's common shares) or a share consolidation after the allotment date of the SARs. However, such adjustment shall be made only with respect to the number of shares to be issued upon exercise of the SARs that have not been exercised as of the relevant time, and any fraction of less than one share resulting from the adjustment shall be rounded down.

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment x Ratio of split (or consolidation)

In the event of a merger, company split, share exchange, or share delivery by the Company after the allotment date of the stock acquisition rights, or if the number of shares granted needs to be adjusted in accordance with these cases, the Company may appropriately adjust the number of shares granted to a reasonable extent.

(2) Value or method of calculation of assets to be contributed upon exercise of SARs

The value of the assets to be contributed upon exercise of the SARs shall be the amount to be paid per share (hereinafter referred to as the "Exercise Price") multiplied by the Number of Shares Granted. The Exercise Price shall be 1,055 yen.

If the Company carries out a share split or a share consolidation after the allotment date of the SARs, the Exercise Price shall be adjusted in accordance with the following formula and any fraction of less than one yen resulting from the adjustment shall be rounded up to the nearest one yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split (or consolidation)}}$$

If, after the allotment date of the SARs, the Company issues new shares or disposes of its own shares at a price below the market value of the Company's common shares (except in the case of the issue of new shares or the disposal of treasury shares based on the exercise of SARs or the issue of new shares or the delivery of treasury shares as a result of a merger, company split, share exchange or share delivery) the exercise price shall be adjusted according to the following formula, with any fraction less than one yen resulting from the adjustment being rounded up.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{(\text{Number of shares already issued} + \text{number of newly issued shares} \times \text{per share Amount to be paid in} / \text{Market value per share before new issue})}{(\text{Number of shares already issued} + \text{Number of newly issued shares})}$$

In the above formula, the "number of shares already issued" shall be the number obtained by deducting the number of treasury shares of the Company's common shares from the total number of outstanding shares of the Company's common shares, and in the event of the disposal of treasury shares of the Company's common shares, "number of newly issued shares" shall be read as "number of treasury shares to be disposed of".

Furthermore, in addition to the above, in the event of a merger, company split, share exchange, or share delivery by the Company after the allotment date of the Stock Acquisition Rights, or in the event that the exercise price needs to be adjusted in accordance with these other cases, the Company may appropriately adjust the exercise price to a reasonable extent.

(3) Period during which SARs may be exercised

The period during which the SARs may be exercised (hereinafter referred to as the "Exercise Period") shall be from 1 April 2026 to 22 January 2034 (or the preceding bank business day if the last day is not a bank business day).

(4) Matters relating to capital and capital reserves to be increased

(i) The amount of capital to be increased in the event of the issue of shares upon the exercise of the SARs shall be half of the limit on the increase in capital, as calculated in accordance with Article 17(1) of the Corporate Calculation Regulations. Any fraction of a yen resulting from the calculation shall be rounded up to the nearest yen.

(ii) The amount of capital reserve to be increased in the event of the issue of shares upon the exercise of the stock acquisition rights shall be the amount obtained by subtracting the amount of capital to be increased as stipulated in (i) above from the maximum amount of increase in capital, etc. as stated in (i) above.

(5) Restrictions on acquisition of SARs by transfer

The acquisition of SARs by transfer shall require approval by a resolution of the Board of Directors of the Company.

(6) Conditions for exercising SARs

1) Persons who have been allocated SARs (hereinafter referred to as "SAR holders") may exercise the

SARs thereafter only if he/she has achieved all the conditions set out in (a) and (b) above and either (c) or (d) below. As a reminder, the conditions in each item are not required to be fulfilled within the same fiscal year.

(a) In any of the fiscal years from 2025 to 2032, the Company's revenue as stated in the audited consolidated statement of income (or the statement of income if the Company has not prepared a consolidated statement of income) in its annual securities report are at least 13 billion yen and the ordinary income is at least 1 billion yen.

In determining revenue in the above, if the Board of Directors decides that it is not appropriate to use the actual figures shown in the Company's consolidated income statement (or income statement if the Company does not prepare a consolidated income statement) due to a change in applicable accounting standards or an event such as a corporate acquisition that has a significant impact on the Company's results, the Board of Directors may determine that it is not appropriate to make a determination based on the actual figures shown in the Company's consolidated income statement. If the Board of Directors decides that it is not appropriate to decide based on the actual figures shown in the Company's consolidated income statement (or income statement if the Company does not prepare a consolidated income statement), the Company may, within reasonable limits, adjust the actual figures used for the determination to eliminate the effect of the corporate acquisition, etc. If there is a material change in the concept of items to be referenced due to the application of International Financial Reporting Standards, a change in the accounting period, etc., the Board of Directors of the Company shall separately determine the indicators to be referenced. In the event that share-based compensation expenses relating to the SARs are recorded in the relevant income statement, ordinary income shall be determined using ordinary income before deduction of share-based compensation expenses, which excludes the effect of such expenses.

(b) If, from the allotment date to the expiry date of the exercise period, on any specified five consecutive business days (excluding days on which there is no ordinary trading of the Company's ordinary shares), the aggregate market value (calculated in accordance with the following formula) of the Company on each of such five consecutive business days is JPY 100 billion or more.

[Formula]

Aggregate market value = (Total number of issued ordinary shares of the Company (*) - Number of treasury shares relating to ordinary shares held by the Company (*)) x Closing price of ordinary transactions of the ordinary shares of the Company on the Tokyo Stock Exchange

(*) Each of these figures shall be for each of the five (5) consecutive business days.

(c) Completion to list common shares of the Company to TSE prime market

2) Holders of SARs must be directors, auditors or employees of the Company or its affiliates at the time of exercising their SARs. However, this shall not apply in the event of retirement from office due to expiry of term of office, mandatory retirement age or other justifiable reasons, and if the Board of Directors so approves.

3) The exercise of these SARs by the heirs of the SAR holders is permitted.

4) If the total number of shares issued by the Company exceeds the total number of shares authorized to be issued at the relevant time because of the exercise of the SARs, the SARs may not be exercised.

5) No less than one (1) of each SAR may be exercised.

4. Date of allotment of SARs
22 January 2024

5. Matters relating to the acquisition of SARs

(1) If the General Meeting of Shareholders approves (or, if approval by the General Meeting of Shareholders is not required, the Board of Directors resolves) a merger agreement under which the Company becomes a dissolved company, a company split agreement or a company split plan under which the Company becomes a splitting company, or a share exchange agreement, share delivery plan or share

transfer plan under which the Company becomes a wholly owned subsidiary, the (1) The Company may acquire all of the Stock Acquisition Rights without consideration on a date separately determined by the Board of Directors of the Company.

(2) If, prior to the exercise of a stock acquisition right, the stock acquisition right holder becomes unable to exercise the stock acquisition right pursuant to the provisions set out in 3. (6) above, the Company may acquire such stock acquisition rights that are no longer exercisable free of charge on a date separately determined by the Board of Directors of the Company.

6. Handling of SARs in the event of a reorganization

If the Company is involved in a merger (limited to cases where the Company ceases to exist because of a merger), absorption-type demerger, incorporation-type demerger, share exchange or share transfer (collectively, the "Reorganization Acts"). (hereinafter referred to as the "Reorganized Company") shall be granted SARs respectively in accordance with the following conditions. However, this shall be limited to cases where it is stipulated in an absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan that SARs of the reorganized company shall be delivered in accordance with the following conditions.

(1) Number of SARs of the restructured company to be delivered

The same number of SARs as the number of SARs held by the holders of the SARs shall be delivered respectively.

(2) Type of shares of the restructured company to be issued for SARs

The shares shall be ordinary shares of the restructured company.

(3) Number of shares of the restructured company to be issued for SARs

To be determined in accordance with 3.1 (1) above, considering the conditions of the reorganization.

(4) Value of assets to be contributed upon exercise of SARs

The value of the assets to be contributed upon exercise of each SAR to be issued shall be the post-restructuring exercise price obtained by adjusting the exercise price determined in 3. (2) above, multiplied by the number of shares of the restructured company to be issued for such SARs, determined in accordance with 6. (3) above, considering the conditions of the organizational restructuring act. (4) The number of shares of the restructured company to be issued upon exercise of the SARs.

(5) Period during which SARs may be exercised

From the later of the first day of the exercise period stipulated in 3.3 (3) above or the effective date of the reorganization, to the last day of the exercise period stipulated in 3.3 (3) above.

(6) Matters relating to capital and capital reserves to be increased when shares are issued because of the exercise of SARs

To be determined in accordance with 3. (4) above.

(7) Restrictions on acquisition of SARs by transfer

Restrictions on acquisition by transfer shall require approval by a resolution of the Board of Directors of the restructured company.

(8) Other conditions for the exercise of SARs

To be determined in accordance with 3.6 (6) above.

(9) Reasons and conditions for acquisition of SARs

To be determined in accordance with 5 above.

(10) Other conditions to be determined in accordance with the conditions of the restructured company.

7. Matters relating to subscription certificates in respect of SARs

The Company shall not issue any warrant certificates in respect of the SARs

8. Date of payment of money in exchange for the SARs

22 January 2024

9. Date of application

18 January 2024

10. Persons and number of SARs to be allotted.

CEO of the Company: 1 person / 12,250 Units

Directors of the subsidiary of the Company: 1 person / 380 Units
Executive officers of the Company: 12 persons / 6,380 Units
Employees of the Company: 34 persons / 5,490 Units