

March 29, 2024

Company Name: ENECHANGE Ltd.

Representative: Yohei Kiguchi, Representative Director and CEO
(TSE Growth Code No. 4169)

Inquiries: Tomoya Maruoka, Executive Officer / CFO
TEL: +81-3-6635-1021

Notice Regarding the Submission of an Application for Approval to Extend the Filing Deadline for the Securities Report for FY23

ENECHANGE (hereinafter referred to as “the Company”) announces that the Company has submitted a request to the Kanto Local Finance Bureau to extend for the submission deadline of the Securities Report for FY23, as detailed below.

1. The Relevant Securities Report

The Securities Report for FY23 (From January 1, 2023, to December 31, 2023)

2. Original Submission Deadline

April 1, 2024 (Monday)

3. New Submission Deadline if Extension is Approved

June 28, 2024 (Friday)

4. Reason for Requiring the Extension of the Submission Deadline

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 new EV charging business under the Special Purpose Company (SPC) scheme since FY23. Specifically, the Company has been discussing whether (1) the SPC under this scheme (hereinafter referred to as “the SPC”) should be included in its consolidated scope, and (2) whether provisions should be recognized in anticipation of the future exercise of put options held by investors in the SPC against the Company, or a third party designated by the Company, for the repurchase of shares.

In the course of ongoing discussions, AZSA informed us initially that the necessary information for assessing the inclusion of the SPC in the Company’s consolidated scope was not fully disclosed. Upon reviewing additional disclosed information, AZSA concluded that the SPC should be included in the Company’s consolidated scope. Consequently, to promptly finalize its consolidated financial statements, the Company has decided to accept AZSA’s advice to include the SPC within its consolidated scope. Additionally, AZSA has raised concerns about potential issues in our internal controls related to the execution and accounting of this scheme. 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 an independent Independent Investigation Committee composed of experts and to entrust this committee with the investigation.

Furthermore, as disclosed on March 27, 2024, the Company requires additional financial preparation and auditing processes by AZSA for including this SPC within our consolidated scope for FY23, as well as verification of the accounting treatment process and investigation of internal control issues by the investigative committee and additional auditing by AZSA. The investigation by the external investigative committee and the financial closing work necessary for including the SPC within our consolidation scope, as well as the auditing procedures by AZSA, are expected to take approximately three months. Additionally, AZSA has raised concerns about the accounting treatment of different transactions from this scheme within EV charging business , and the results of the external investigative committee's investigation may potentially impact the securities report and related documents for FY22. Therefore, it is expected that the company will not be able to submit the securities report for the ninth fiscal year (ending December 2023) by the legally defined deadline, leading to the submission of an application for extension to the Kanto Local Finance Bureau as of today's date. The Company will continue to fully cooperate with the Independent Investigation Committee and expedite the investigation.

5. Future Outlook

Should the application for the extension of the submission deadline for this securities report be approved, we will disclose the information promptly. Additionally, we will also inform you swiftly upon receipt of the Independent Investigation Committee's report.

We deeply apologize for the significant inconvenience and concern this may have caused our shareholders, investors, and all related parties. We kindly ask for your continued support moving forward.