

erex Co., Ltd. [9517]



Mid-Term Business Plan

(FY March 2023~FY March 2025)

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1 . Review of ADVANCE100



Final Year Target

Mid-Term Business Plan「Advance100」

Theme: Reinforcement and Development of Core Businesses

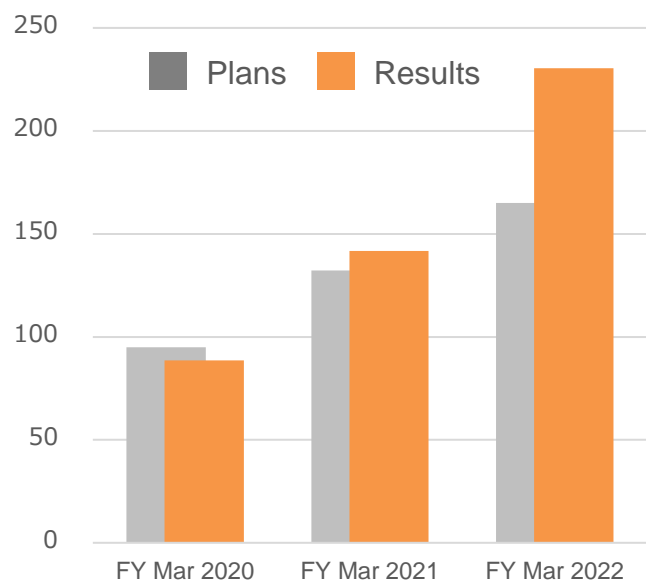
Ordinary Income for FY March 2022: JPY10 billion

Achievement Status

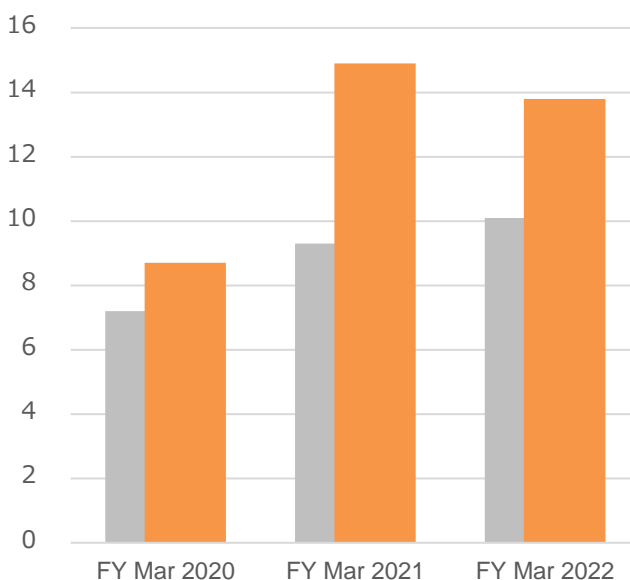
Ordinary income of JPY10 billion was achieved in FY March 2021 ahead of schedule

Ordinary income also exceeded the plans in FY March 2022, achieving JPY13.8 billion

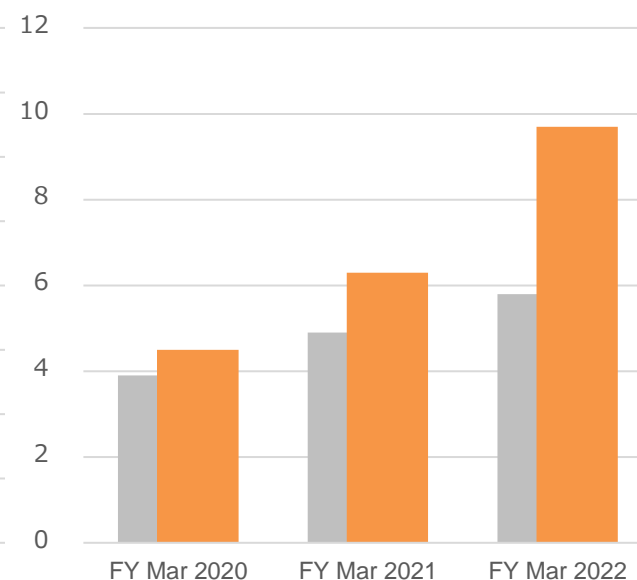
Net Sales



Ordinary Income



Net Income Attributable to the Owners of the Parent Company



- In parallel with maximizing earnings in existing businesses, erex Group also embarked on new initiatives for the next stage of growth
- In the FY March 2022, erex Group focused on the study of the coal-fired power transition business, the Vietnam business, and the DR business

Fuel

- Stable fuel procurement for existing FIT power plants
- Development of new biomass fuels
- Confirmation of sustainability as the biomass fuel top runner (response to certification)

Power Retail & Trading

- Business expansion through steady sales expansion and M&A
- Realization of earnings stabilization through diversified trading
- Risk management through optimization of sales price/sales volume

Power Generation

- Increase in biomass power generation facilities in Japan (5 units)
- Initiation on coal-fired power transition business
- Earnings maximization through stable operations

Overseas, R&D

- Projects in Cambodia and Vietnam
- Project developments in other Asian countries
- Preparation for demonstration of hydrogen-related business, etc.

2. Basic Policy



- In addition to intensifying cost competition under de-carbonization, security of energy supply will become an issue at the national level
- Securing in-house supply capacity is the most important issue in order to win the competition
- erex Group positions “biomass fuel business” and “renewable energy power generation business, centering on biomass”, as the optimal solution to the above issues, and will aim to realize a competitive energy supply by actively investing in these businesses
- The issues related to energy security are pronounced in emerging countries, and overseas expansion will be the growth driver in the period of this mid-term business plan and beyond

- Positioning the period of this mid-term business plan as the beginning of the "De-Carbonization Phase" to achieve both global de-carbonization and energy security, erex Group will implement measures to strengthen human resources, financial base, and technological capabilities.

Liberalization Phase

Rapid growth in Japan due to progress in liberalization

Fuel • stable procurement

Power Generation • Increase in FIT power sources

Trading • Stable procurement to meet demands

Power Retail • Nationwide sales expansion

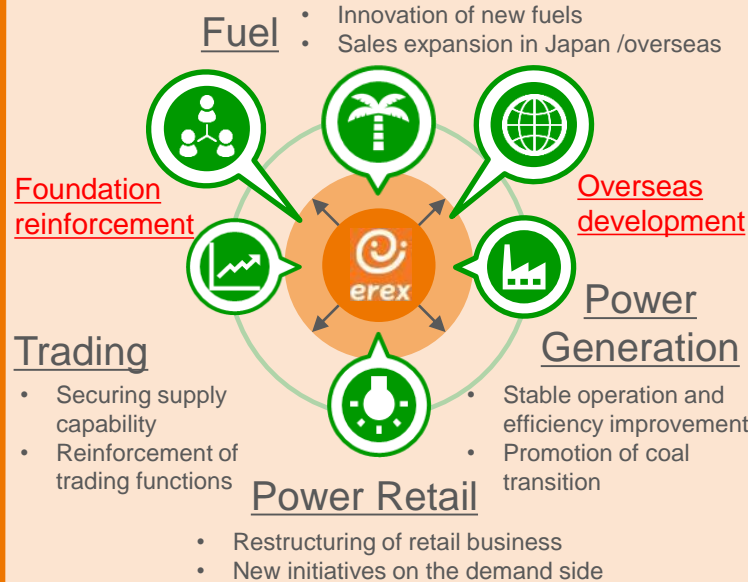
Reinforcement and development of core businesses

Value Chain Development

Last 10 years

De-Carbonization Phase I

Reinforcement of business foundation and Investment for the next growth



Mid-Term Business Plan Period +α

Response to the new phase

Increased competition among renewable energy sources, innovation

De-Carbonization Phase II

Global Contribution to de-carbonization



2030~CN※

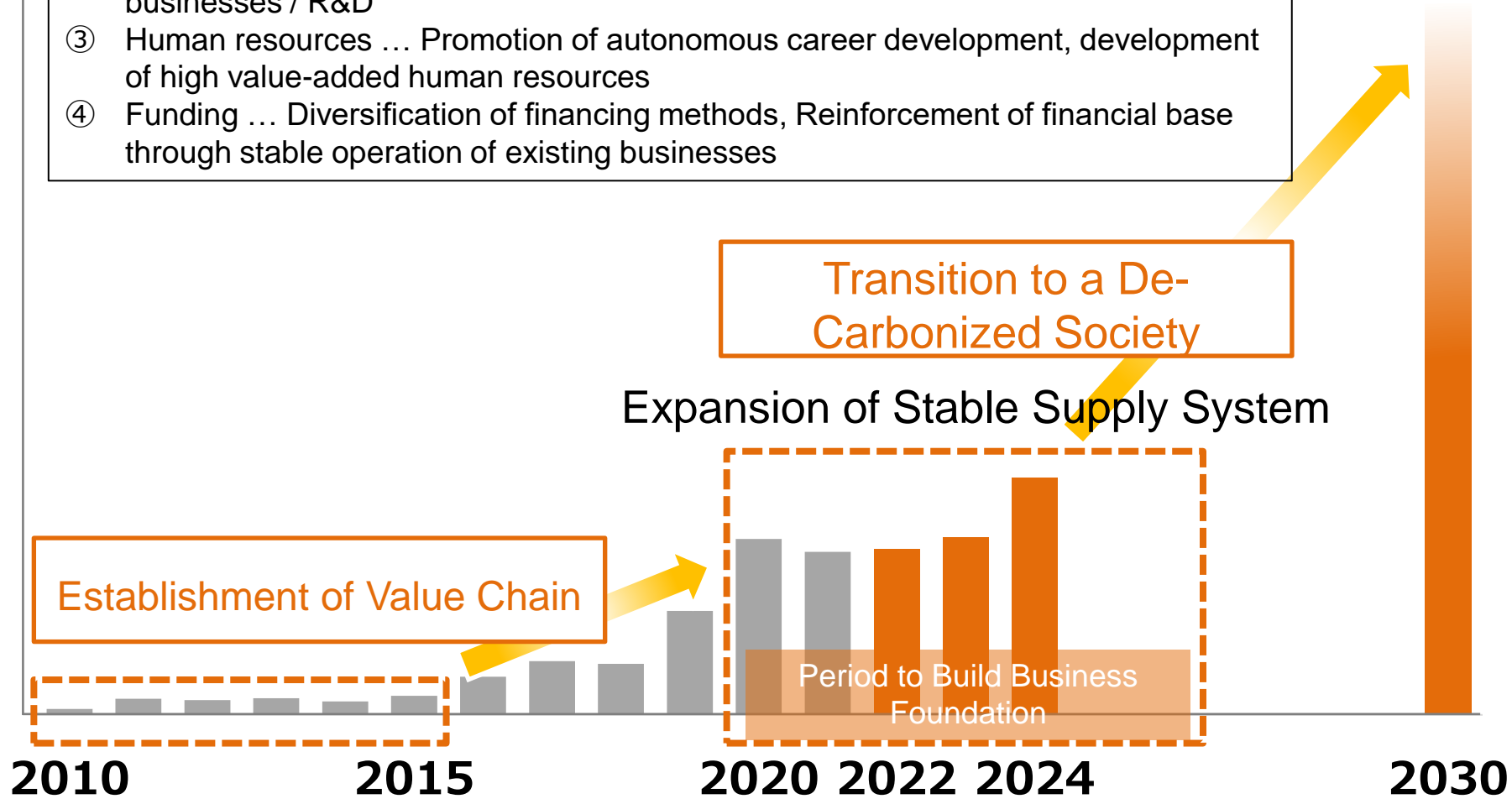
Further CN challenges

※ carbon neutral

The period of this mid-term business plan is a period for building a business foundation for the new phase

Ordinary Income

- ① Co-Creation ... Reinforcement of collaboration with various stakeholders (JV/M&A)
- ② Technology ... Acquisition of knowledge through bold challenges to new businesses / R&D
- ③ Human resources ... Promotion of autonomous career development, development of high value-added human resources
- ④ Funding ... Diversification of financing methods, Reinforcement of financial base through stable operation of existing businesses



To Make New Innovations for De-Carbonization

Contribution to De-Carbonization in Japan/Abroad

- ◆ Transitions of coal-fired power (Japan/Vietnam)
- ◆ Innovation through the development of new fuels
- ◆ Investments in renewable energy other than biomass

Restructuring of Retail-Related Businesses

- ◆ Expansion of de-carbonization solutions
- ◆ Optimization of sales price and sales volume
- ◆ Breaking away from traditional retail model

Milestone for CN in 2050

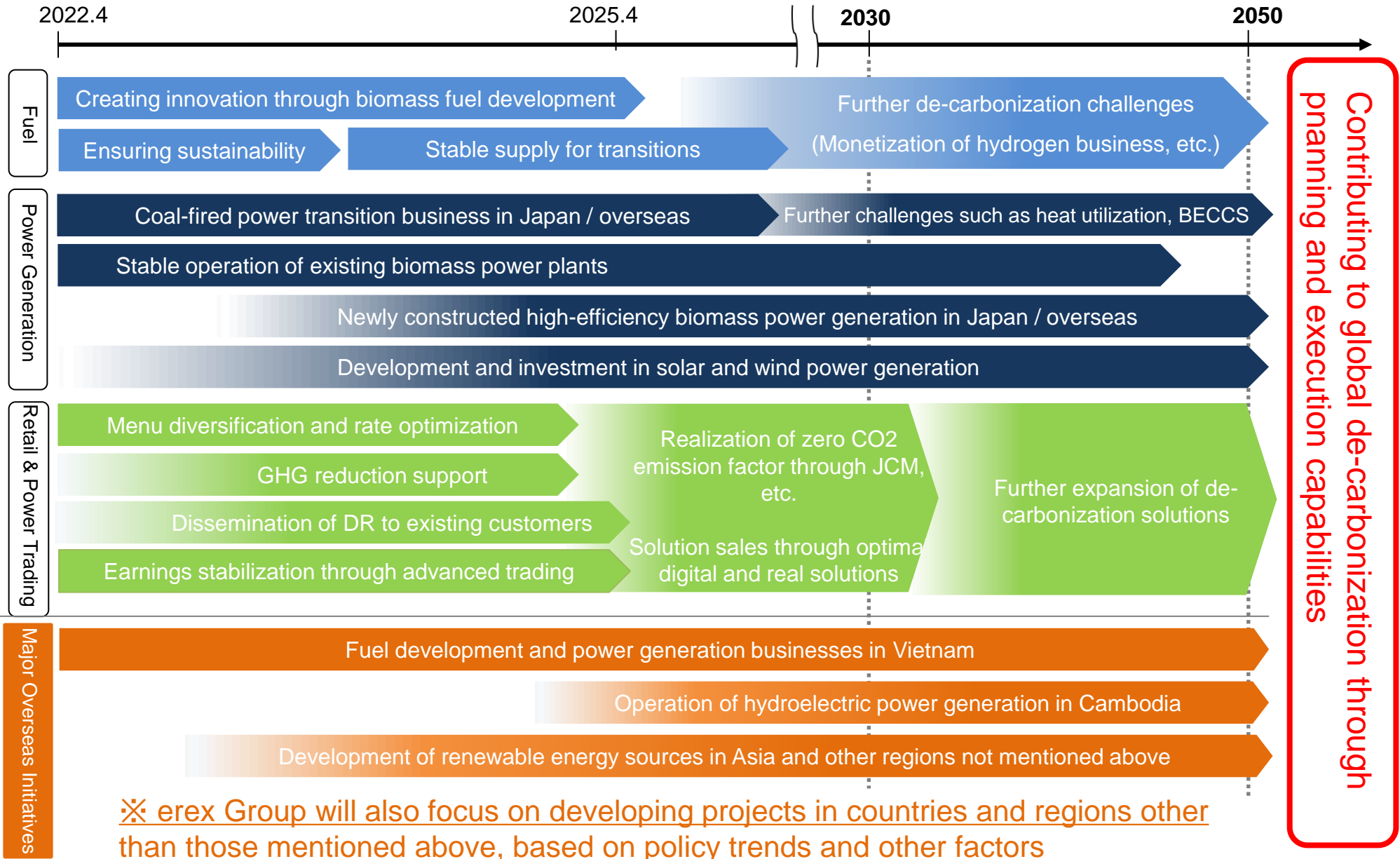
- ◆ Reinforcement of value chains of power generation and retail with carbon neutral (CN) awareness
- ◆ Demonstration and monetization of hydrogen business
- ◆ Further de-carbonization challenges (BECCS, etc.)

Efficient Operation and Risk Management

- ◆ Efficient management based on a small number of talented employees
- ◆ Human resource development with an awareness of the need to improve conceptual and execution skills
- ◆ Achievement of both business speed and risk management

To promote “steady reinforcement of existing businesses that form the foundation” and “investments in new areas” from the perspective of backcasting from carbon neutrality in 2050

Mid/Long-Term Roadmap



- erex Group aims for further growth through stable operation of existing businesses and new initiatives
- Further reinforcement and development of core businesses in Japan and overseas

Fuel

- Stable fuel procurement for erex Group's own use
- Innovation with new biomass fuels
- Increase in transaction volume with a view to external sales in addition to own use

Power Retail & Trading

- Optimization of sales price/sales volume and transformation of retail business
- Procurement optimization by leveraging erex Group's own supply capacity and trading
- New initiatives on the demand side such as DR

Power Generation

- Promotion of coal-fired power transition business
- Stable operation and efficient management of existing facilities
- Overseas expansion of new biomass power generation

Overseas / R&D

- Large-scale fuel development in Vietnam
- Promotion of power generation business in Vietnam, Cambodia and other Asian countries
- Demonstration of hydrogen business and study of its monetization

3. Financial Targets



Financial Targets

- erex Group aims to stabilize earnings by optimizing the scale of its fuel, power generation, and retail businesses
- With an eye on rapid changes in social and market conditions, more attention will be paid on risk management
- Based on a stable dividend policy, the balance between progress toward management targets and investment in growth will be taken into consideration

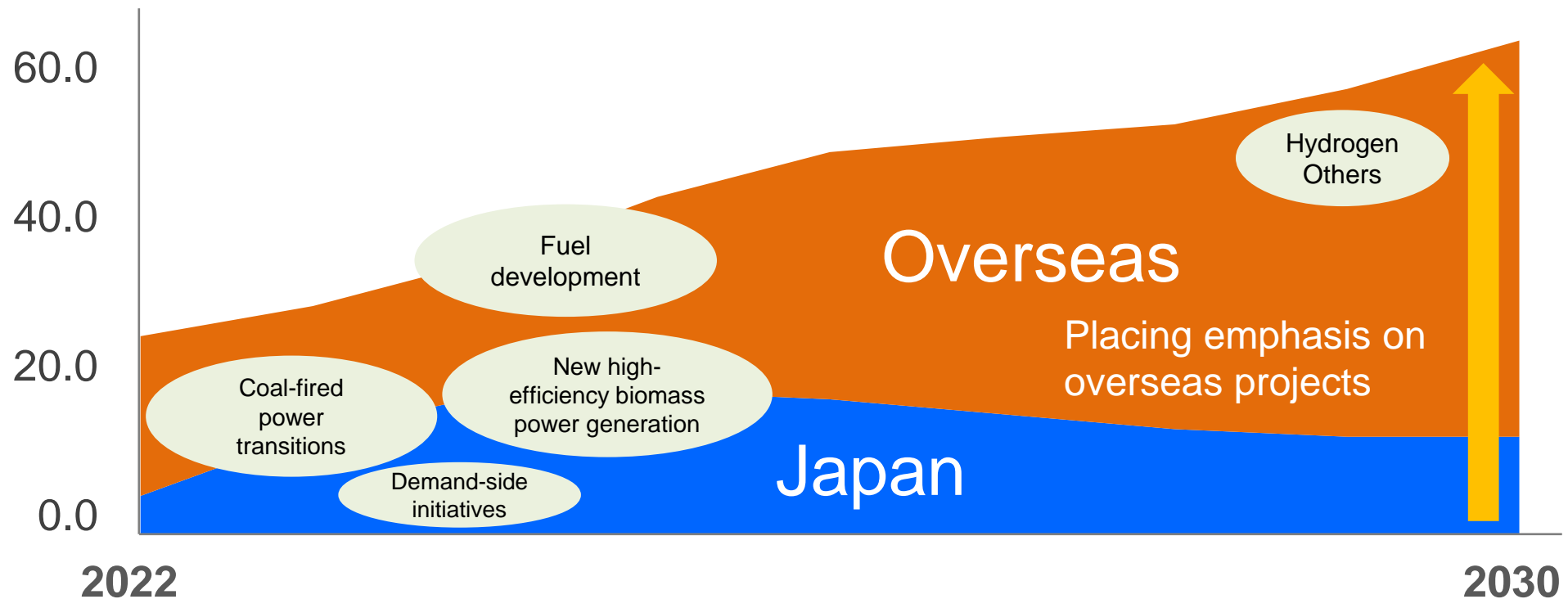
(JPY billion)	FY March 2022 (Results)	FY March 2023	FY March 2024	FY March 2025
Net Sales	230.5	205.6	257.3	332.5
Operating Income	12.5	14.9	15.5	19.8
Ordinary Income	13.8	14.7	15.8	20.4
Net Income Attributable to the owners of the parent company	9.7	8.0	10.0	11.5

4. Investment Policy



- erex Group plans to make investments in coal-fired power transitions, new high-efficiency biomass power generation, and fuel development to realize a de-carbonized society
- Each project will be funded by diverse financing methods

Investment Amount (JPY billion)



erex

ENERGY RESOURCE EXCHANGE