



# Corporate Overview

**erex Co., Ltd.**

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<https://www.erex.co.jp/en/>



# To continue to grow steadily toward the realization of a de-carbonized society as a leading renewable energy company

erex Group has steadily developed its business under the corporate philosophy of "Contributing to the Realization of a De-Carbonized Society as a Leading Renewable Energy Company".

We aim to grow toward a de-carbonized society with renewable energy as the core by integrating four businesses; fuel business, power generation business, trading business, and power retail business, all of which are electric power business, an indispensable energy for everyday life and industry.

In recent years, the environment surrounding the electric power business has changed dramatically. With the government's "Green Growth Strategy Through Achieving Carbon Neutrality in 2050", a significant increase in greenhouse gas reduction targets, the acceleration of a de-carbonized society, and a historic surge in resource prices, etc., the energy business is facing major changes.

On the other hand, Russia's invasion of Ukraine since February 2022 has caused not only a serious humanitarian crisis, but also a drastic change in the global socio-economic environment, resulting in difficult situations such as soaring resource prices and serious logistics disruptions.

In this drastically changing business environment, erex Group has integrated its four businesses; fuel business, power generation business, trading business, and power retail business, in which each business complements each other to stabilize the entire value chain, and has been achieving growth by diversifying risks.

In addition, we will continue to refine our ability to respond to changes in the external environments, reallocate resources, reform the way we conduct business by responding to cross-divisional business issues in a speedy manner, etc., and strive to strengthen our management base and achieve steady earnings growth.

The realization of a de-carbonized society is a major social issue and we recognize that addressing the

issue of global warming is an important management issue.

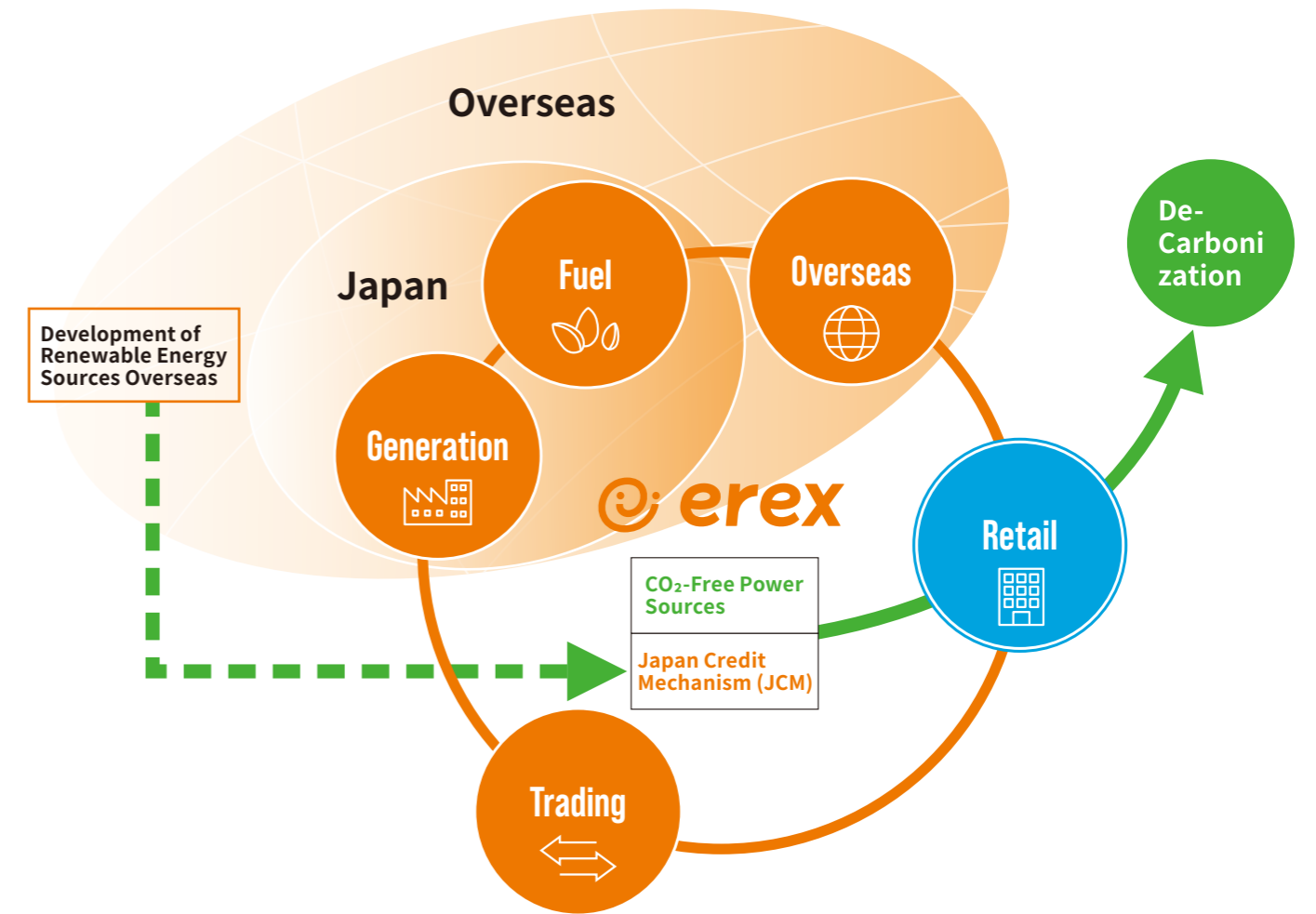
We have launched a new mid-term business plan, "New Innovation toward De-Carbonization," with both de-carbonization and stable energy supply as the core. As a trusted and responsible energy company, we will steadily strengthen our existing businesses and invest in new areas toward carbon neutral in 2050.

Even as the electric power business undergoes major changes, we will strive to achieve steady growth by further strengthening the foundations of existing businesses and the de-carbonization business for the future with the management philosophy of "Opening up the Future with New Ideas and Abilities to Act" and "Challenge and Speed".

We would like to thank our stakeholders for their continued understanding and support.



Representative Director and President  
Hitoshi Honna



By integrating four businesses ranging from fuel procurement to power generation, trading, and retailing, erex Group is actively promoting the dissemination and expansion of renewable energy businesses in Japan and overseas, while securing stable earnings and diversifying risks.



In addition, new businesses are being developed one after another

## Biomass Power Plants Operated in Japan

5 Units Total Power Generating Capacity: 270 MW

## 5-Year Growth Rate

9x

※ Sales in 2016 and 2022 are compared

## CO<sub>2</sub> Reduction in 2030

Aiming for 25 million tons

### Fuel Business

Realizing stable supply of high-quality biomass fuel and cost reduction through global procurement



Indonesia, Plantation of erex Group's Partner Company

- A strong supply chain has been established in collaboration with local suppliers, trading companies, shipping companies, and other partners.
- We have a high level of procurement capability, combining the functions of "business operator + trading company", such as selling fuel to third parties in addition to providing fuel for in-house power plants.
- In an effort to protect the natural environment and to utilize sustainable biomass fuels, GGL certification ※ has been obtained, the first in Japan as a power generation company. Various other certifications covering supply chain management and others have also been obtained.

※Green Gold Label: A certification that covers the production, processing, transportation, and end use of sustainable bioenergy and ensures independent tracking and recording

### Trading Business

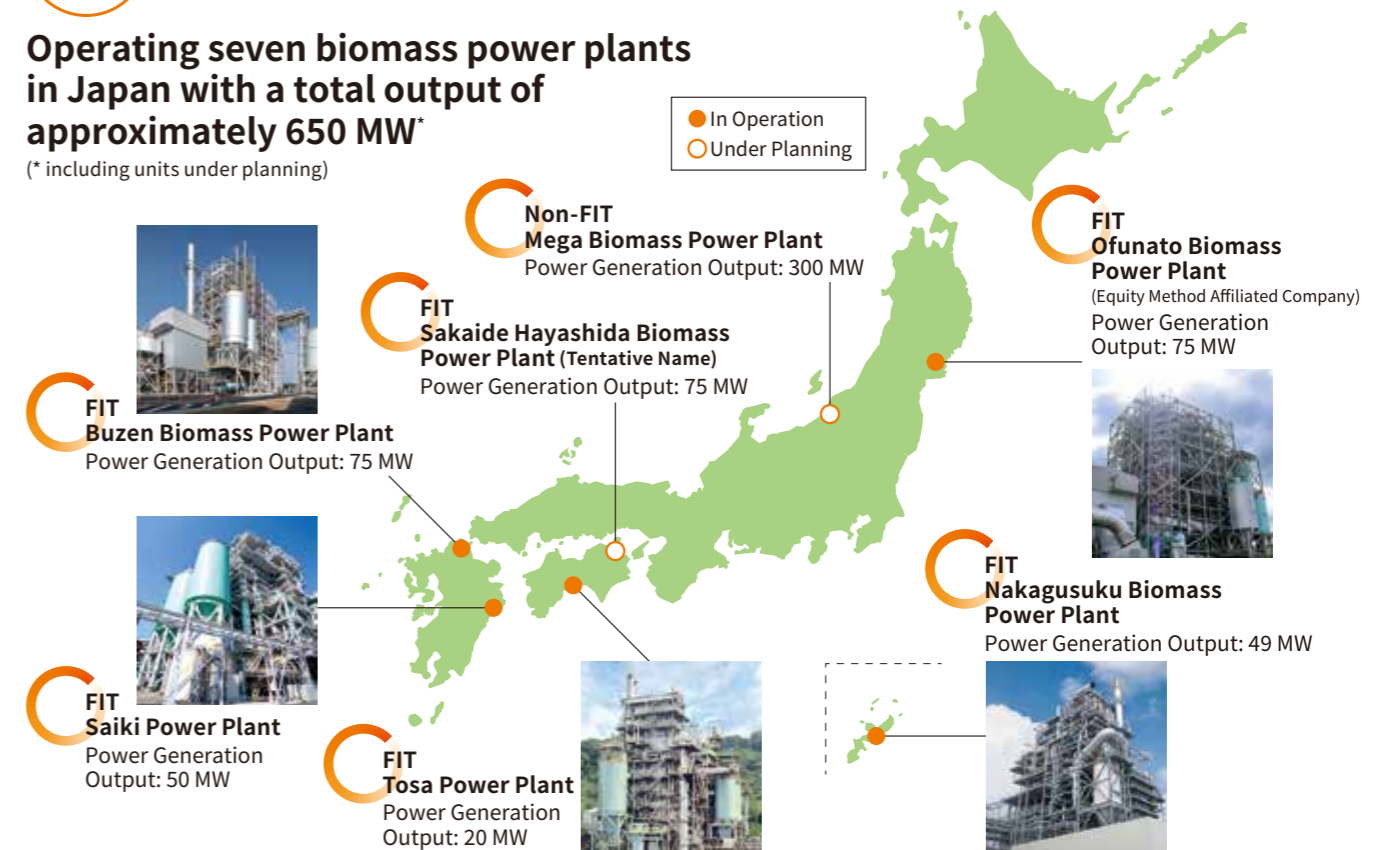
Reducing the impact of market fluctuations by leveraging the extensive knowledge and experience

- Even in the face of drastic changes in the external environment, such as soaring crude oil prices and rising fuel costs, extensive knowledge and experience are used to reduce costs through a wide range of trading capabilities.
- We contribute to the realization of a de-carbonized society through the trading and creation of environmental value, including CO<sub>2</sub> emissions trading.



### Power Generation Business

Operating seven biomass power plants in Japan with a total output of approximately 650 MW\*  
(\* including units under planning)



※ FIT (Feed-in Tariff) is a system that requires electric power companies to purchase electric power generated using biomass and other energy sources for a certain period at a price set by the government.

- Since starting power generation business in 2013 with the launch of Tosa Power Plant in Kochi Prefecture, five power plants are currently in operation and two others are under construction planning.
- Biomass power generation is environmentally friendly due to its carbon neutrality, and contributes to the realization of a de-carbonized society as a highly reliable and stable baseload power source that can maintain a stable supply of electric power.

### Retail Business

Providing electric power menus that combine environmental value and economic efficiency to customers nationwide

- We supply electric power to customers nationwide through Evergreen Marketing Co., Ltd. and other group companies with various special characteristics.
- As a leading company in biomass power generation, we have established a community-based sales network with a variety of sales agents throughout Japan.
- We provide "CO<sub>2</sub> Free Plan", which is 100% renewable energy in substance (zero CO<sub>2</sub> emissions) to customers. We are expanding our plans to be more environmentally friendly, and are contributing to the dissemination and realization of energy with less environmental burden.



For more information on each business, please scan this QR code. →



### Hydrogen Power Generation Demonstration Project

Demonstration operation of Japan's first hydrogen single-fuel-fired power plant, a next-generation clean energy source



Overview of the Power Generation Facility	
Construction	March 2022
Site Area	225 m <sup>2</sup>
Power Generation Method	Hydrogen Single-Fuel-Fired Engine (Made in Germany)
Power Generation Output	320 kW (Equivalent to approximately 80 households)
Power Generation Efficiency	40%
Hydrogen Consumption	270 Nm <sup>3</sup> /h

- Operation started in April 2022 in Fujiyoshida City, Yamanashi Prefecture.
- The project aims to identify and resolve issues related to hydrogen's production, power generation, and utilization for power retail for the hydrogen society that is expected to come in the future.
- We aim to expand the business by generating electric power using safe and inexpensive hydrogen produced by Hydrogen Technology's proprietary technology and by further reducing costs.

### Mega Biomass Power Plant

Constructing the world's largest level non-FIT mega biomass power plant

Overview of Business	
Planned Construction Site	Seiro Town, Kitakanbara County, Niigata Prefecture
Facility Output	300MW (World's Largest Level)
Power Generation Method	Ultra-Supercritical Pressure Reheat Method
Estimated Annual Power Generation	Approximately 2,000GWh
Fuel Usage	Approximately 1.2 million t/year ※
CO <sub>2</sub> Reduction	Equivalent to 1 million tons per year
Project Area	Approximately 470,000 m <sup>2</sup>

※ Calorific Value 4,000 kcal/kg Conversion



- We will contribute to the realization of a de-carbonized society with the world's largest level non-FIT mega biomass power plant.
- It will be the first mega biomass power plant in Japan that is independent of the FIT (Feed-in Tariff) system, without the burden of renewable energy levy on the public.

### Biomass Conversion Business of Coal-Fired Power Plants

Promoting transition business for existing coal-fired power plants as a new initiative to realize a de-carbonized society

- Our proprietary low-cost biomass fuel can be co-fired or single-fuel-fired at coal-fired power plants, contributing to the reduction of CO<sub>2</sub>
- By utilizing existing power plants, transitions that both pursue economic rationality and maintain supply capacity can be realized.
- Biomass co-firing can reduce power generation costs as compared to ammonia co-firing.



For more information on each business, please scan this QR code. →





## Renewable Energy Business Development in Asian Countries

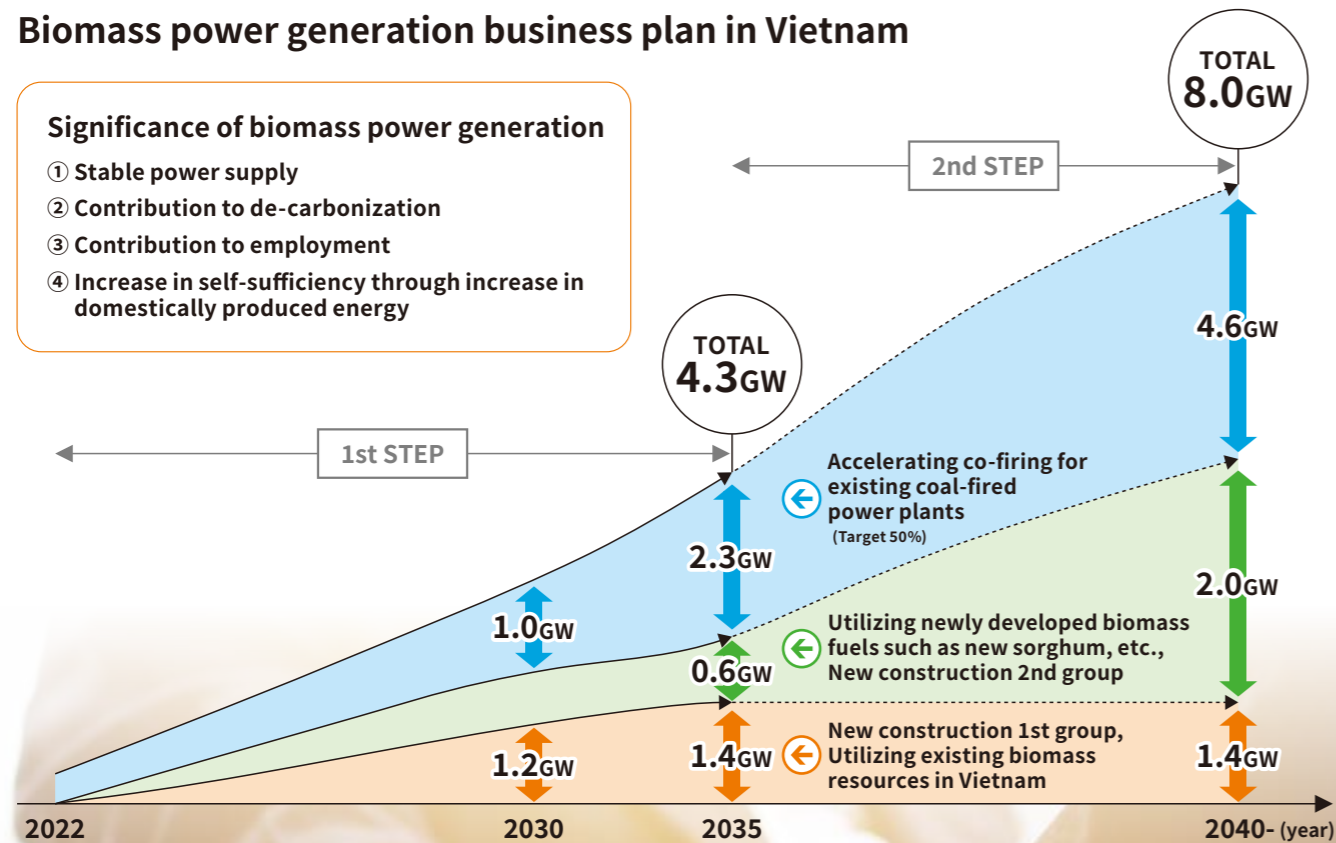
### Industrial contribution to developing countries through power generation business

- We will promote renewable energy business in Vietnam, Cambodia, and other Asian countries.
- Promoting "local production for local consumption" renewable energy business can be expected to increase the country's energy self-sufficiency, reduce CO<sub>2</sub> emissions, and even create jobs.
- Through renewable energy business, we will contribute to the economic development of developing countries and the realization of global de-carbonization.
- We will promote the development of diverse biomass fuels to build a strong renewable energy system.
- Among renewable energy sources (solar, wind, biomass, etc.), biomass power generation is not affected by weather conditions and thus ensures stable supply capacity.

### Biomass power generation business plan in Vietnam

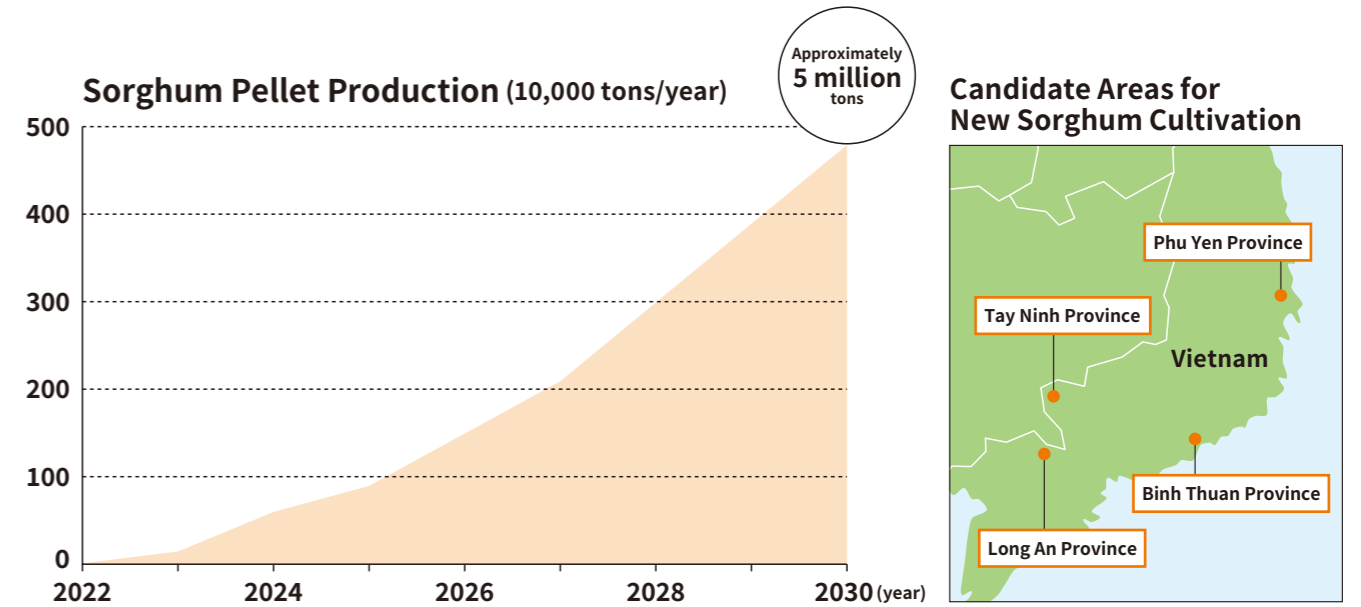
#### Significance of biomass power generation

- ① Stable power supply
- ② Contribution to de-carbonization
- ③ Contribution to employment
- ④ Increase in self-sufficiency through increase in domestically produced energy



### Promoting development of diverse new biomass fuels such as new sorghum

- We are developing and producing new fuels such as new sorghum that can be grown fast and at low cost.
- By investing in the development of a variety of fuels, we will be able to procure stable and large quantities of fuels.
- We contribute to the development of the local economy by creating jobs and increasing incomes through "local production for local consumption"



## Cambodia Hydropower Project

Participation in a project to construct a hydroelectric power plant with an output of 80 MW



Outline of Business	
Power Generation Capacity	80MW
Total Investment	USD231 million
Electric Power Sold to	Electricite de Cambodge (EDC)
Unit Price of Electric Power Sold	7.9¢/kWh (for 35 years)
Dam Area, Water Storage Capacity	85km <sup>2</sup> (1.2 billion m <sup>3</sup> )
Start of Operation	2025 (schedule)

- This hydroelectric power generation system has a large water storage capacity and is capable of stable power generation throughout the year, contributing to a stable supply of electric power.
- The project will contribute to solving Cambodia's energy problems and to the country's economic development.
- We will contribute to the de-carbonization of Asia by expanding renewable energy power generation.

For more information on each business, please scan this QR code. ➔



### Basic Approach

- 1 We will take on the challenge of achieving our 2030 Vision and contribute to the realization of a de-carbonized and sustainable society through co-creation with many stakeholders and partners across industry and national borders.
- 2 As a member of the international and local communities, we will act in accordance with domestic and international laws, regulations and social norms, and with high ethical standards, in order to fulfill our social responsibilities and become a company that is needed by the society.

### Environment

#### Biomass power plant operation with emphasis on environmental measures

- We thoroughly treat wastewater, exhaust, and dust from our power plants, and implement environmental protection measures that take into consideration the characteristics of the area where the plants are located.
- We are promoting the effective use of waste materials, such as recycling combustion ash generated from power plants as roadbed material and soil conditioner by granulating and solidifying it through an industrial waste contractor.



### Society

#### Actively promoting community revitalization and educational support activities based on the philosophy of co-creation and co-existence



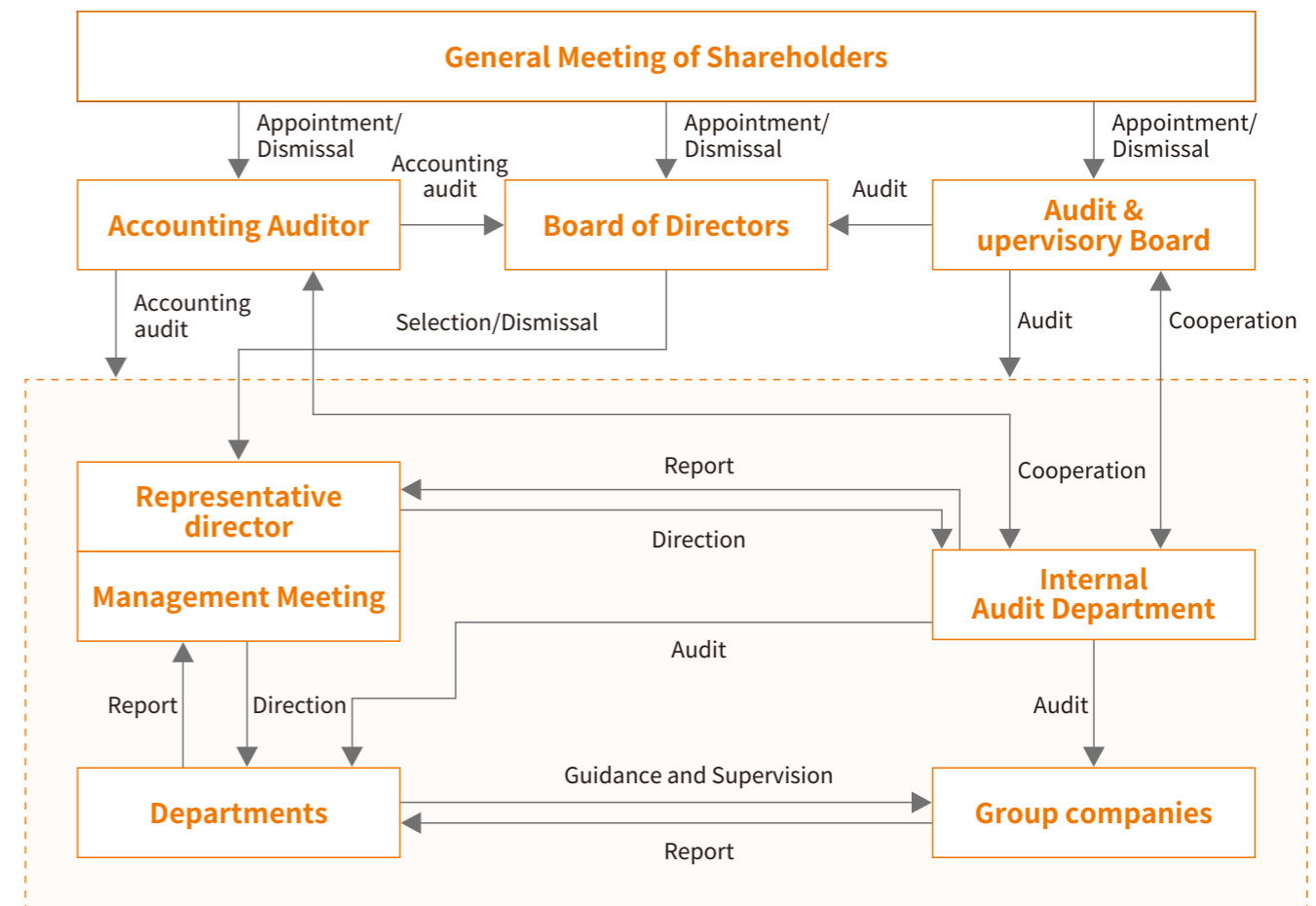
- Through our biomass power generation business, we provide value such as contribution to local economies.
- We continue to contribute to environmental education by donating learning materials and other activities.
- We actively hold regular tours to our power plants and participate in local events.

### Governance

In order to clarify management responsibility and accountability to shareholders, customers, employees, and other stakeholders, and to provide benefits by maximizing corporate value, our basic policy is to ensure transparency and soundness in management and business execution, to promote thorough compliance, and to promote efficient management at the same time.

In the course of these initiatives, we will continue to further promote the development of corporate governance.

#### Corporate Governance System Chart



#### Dialogue with Shareholders and Investors



Based on the recognition that dialogue with shareholders and investors, both in Japan and overseas, is essential for sustainable growth and enhancement of corporate value, erex Group is actively engaged in thorough and fair information disclosure and ongoing communication as the foundation for such dialogue. In FY2020, we strengthened communication with investors, holding IR meetings with 306 companies.

