erex Co., Ltd. [9517]

Mid-Term Business Plan

(FY March 2024 – FY March 2026)

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1. Positioning for the Next 3 Years and Goals for 2030

Positioning for the Next 3 Years and Goals for 2030

- With the next 3 years positioned as a period of preparation for overseas growth strategy, erex Group will focus on coping with the new phase and expanding overseas business
- Efforts are accelerated to achieve 510 billion yen sales and 25 billion yen ordinary income by 2030

FY2023 - FY2025

◆Coping with post-Ukraine changes

◆Overseas PJ promotion and company-wide global response

◆Other renewable energy initiatives such as solar, wind, etc.

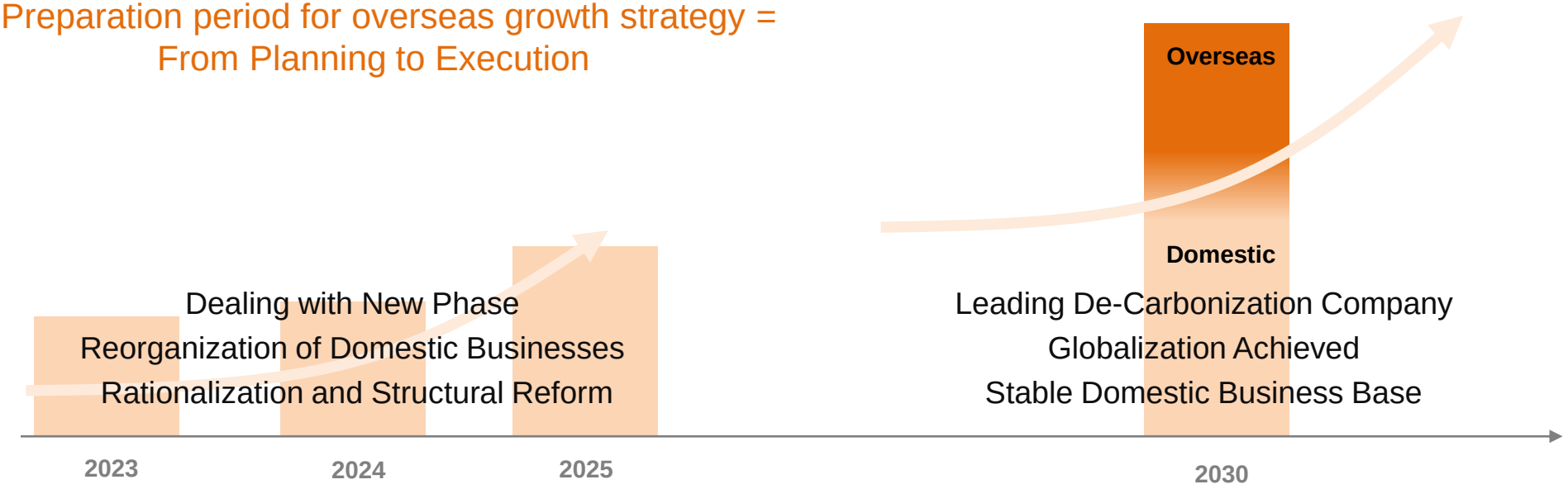
= Preparation period for overseas growth strategy = From Planning to Execution

FY2030

◆Innovation in biofuels, handling volume of 10 million tons/year~.

◆Achievement of 25 million tons/year of CO2 reduction contribution

◆Expansion of overseas business and further strengthening of domestic business

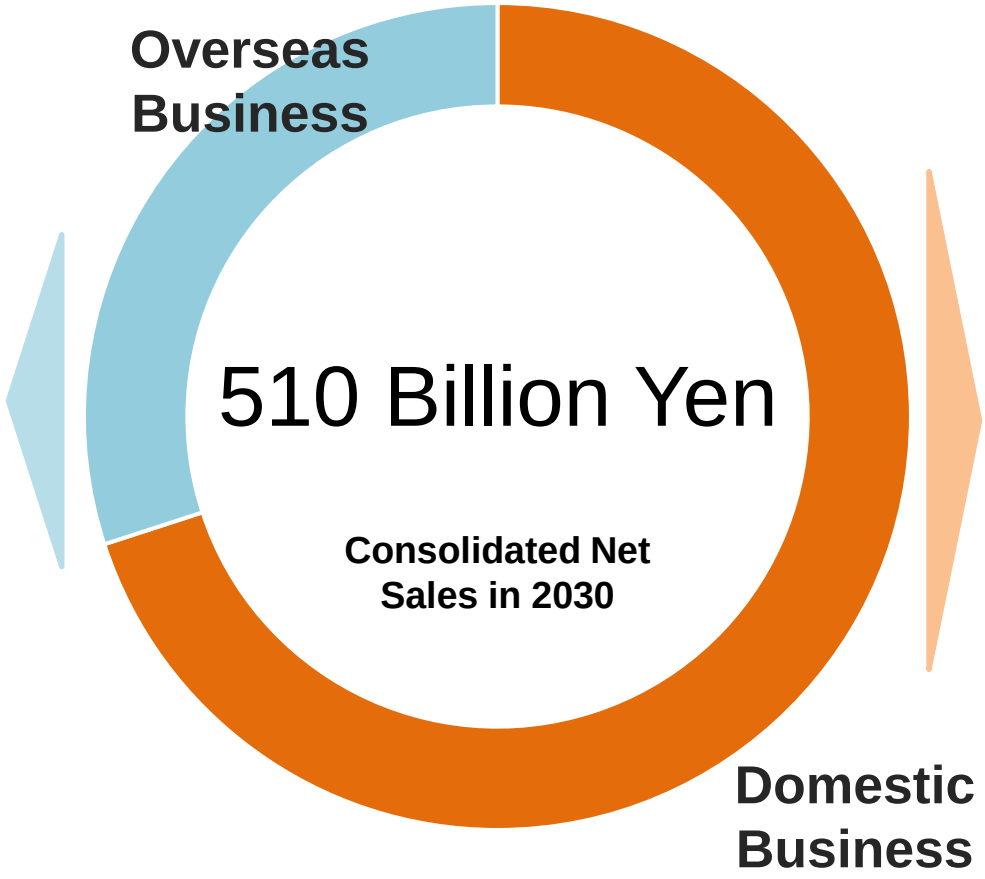


Business Structure in 2030

- Overseas sales ratio in FY2030 is expected to be over 30% of consolidated sales
- erex Group will build a solid business foundation through “strong defense” in Japan, while promoting "development" overseas and in new domains

Development

- ✓ Promptly promoting fuel and power generation business in Vietnam
- ✓ Expanding to countries/regions with similar issues
- ✓ Becoming a top runner in biomass fuels and power generation



Strong Defence

- ✓ Building a robust business foundation through an integrated system of fuel～retail
- ✓ Renewable energy initiatives for demand and power generationin in an integrated manner
- ✓ Thoroughly efficient management

De-Carbonization Strategy

- erex Group takes on the challenge to become carbon negative by 2050, based on contribution to 25 million tons/CO2 reduction in 2030
- Transformation into a "de-carbonized business" and establishment of biomass fuel business

Decarbonize

2025

- Achieving zero emissions in retail business
- Overseas renewable energy development
- Expansion of domestic biomass business

2030

- Emission reduction contribution: 25 million tons/year
- Promoting R&D that contributes to de-carbonization
- Promoting renewable energy for demand and power generation in an integrated manner

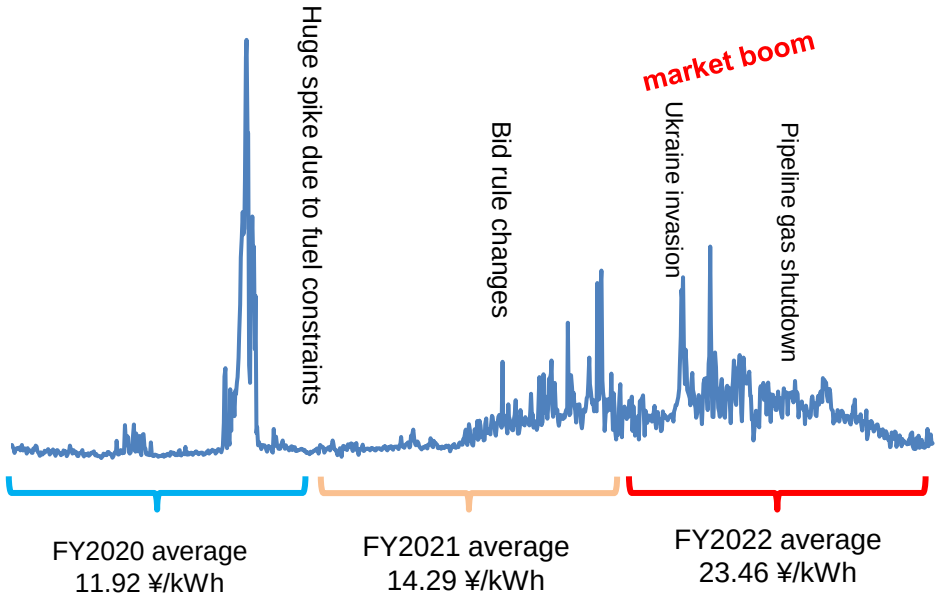
2050

- Zero in-house greenhouse gas emissions
- Contribution to the implementation of a hydrogen society
- Challenge of carbon negative

Background of Strategy Restructuring

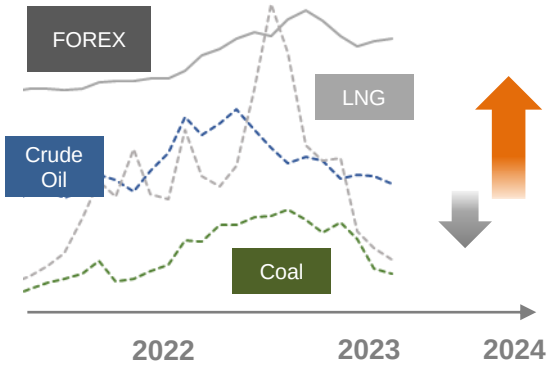
- erex Group restructured its business strategy in light of significant changes in the environment surrounding the energy business

Fluctuations in the Wholesale Electricity Market (Tokyo Price)



Fossil Fuel Price Fluctuations

In FY2022, crude oil was about 2x compared to April 2021, coal: 5 times, LNG: 3 times, and exchange rate: 1.2 times



- Responding to changes with "challenge and speed" as an energy venture company
- Promoting restructuring with the goal of contributing to global de-carbonization

Toward Further Growth in 2030

- After a period of preparation for overseas growth strategies, erex Group aims for 510 billion yen sales and 25 billion yen ordinary income in 2030

Preparation Period for Overseas Growth Strategy

Net sales 278.7 billion yen

Ordinary income 14.6 billion yen

FY2023-FY2025

Strong Defence & Development

- Review of retail rates, focus on DR and corporate PPAs
- Thorough efficiency of power generation and fuel integration
- Promotion of high-efficiency mega biomass PJ and transition projects
- Start of operation of Hau Giang/Taiwan PV/Cambodia Hydro

Social Contribution in Asia
Global Emissions Trading
Creating Competitiveness through Fuel

Net sales 510.0 billion yen

Ordinary income 25.0 billion yen

FY2030/TARGET

Growth Both Domestically and Internationally

- Start of each power plant's operations of Vietnam PJ
- Creating competitiveness through new biomass fuels
- Expanding solutions to energy issues to other countries

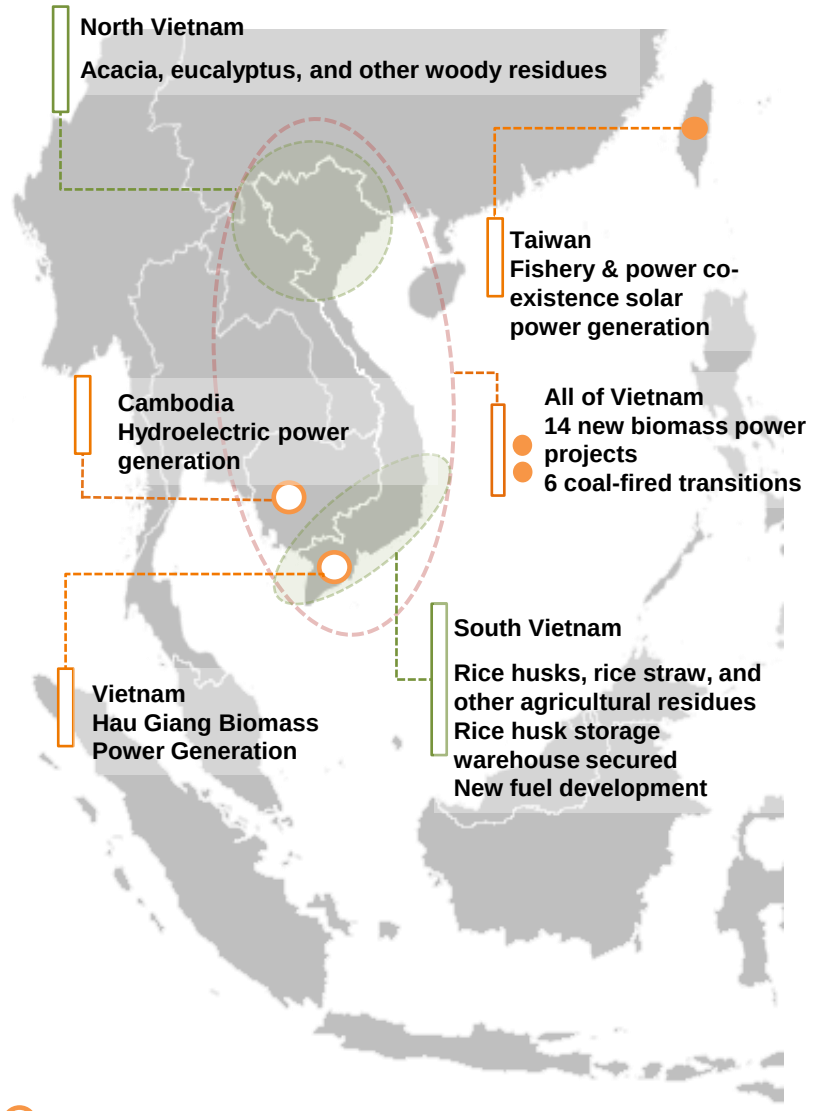
2. New Mid-Term Business Plan

Plans for FY March 2024 and Thereafter

(JPY billion)	FY March 2024 Full Year (Plans)	FY March 2025 Full Year (Plans)	FY March 2026 Full Year (Plans)	FY March 2031 Full Year (Plans)
Net Sales	228.0	242.3	278.7	510.0
Operating Income	7.7	7.7	12.9	-
Ordinary Income	7.5	9.0	14.6	25.0
Net Income*	4.4	6.1	9.5	-

* Net income attributable to the owners of the parent company

Overseas Business Development



Fuel

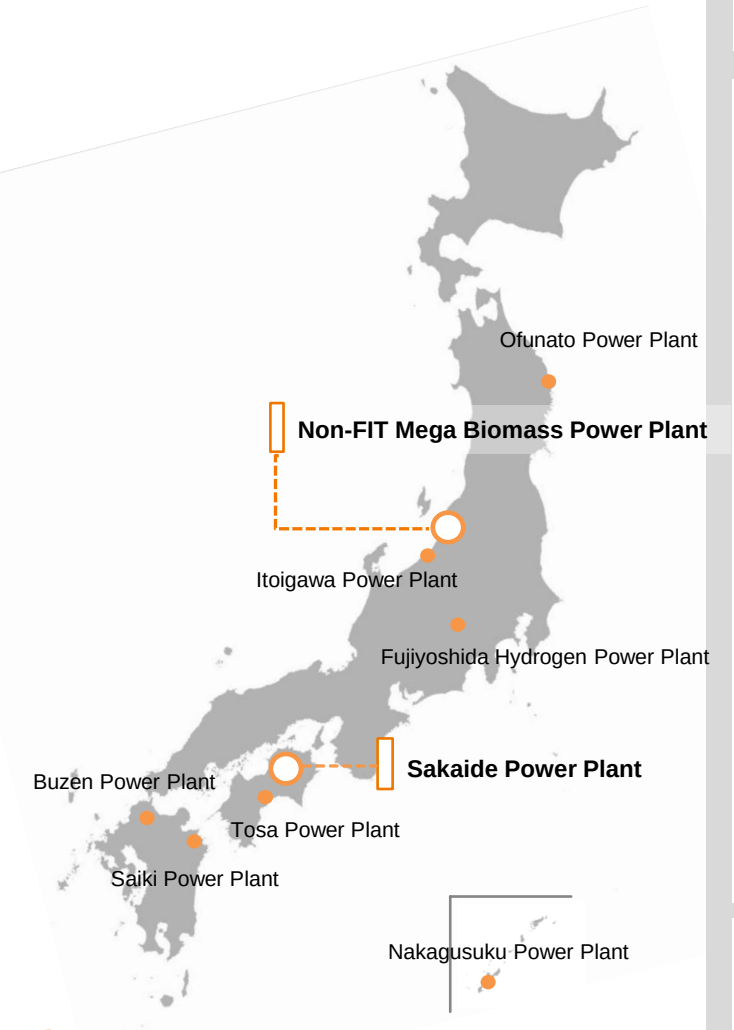
- Promoting utilization of unused biomass fuels in Vietnam and other Asian countries
- Planning to build a pellet plant for biomass fuel processing
- Continuous development of new fuels such as new sorghum

Power Generation

- Hau Giang Biomass Power Plant foundation work in progress (PDP7)
- 8th Power Development Plan (PDP8) to be approved by the Vietnamese government by the end of May 2023
- Hydro electric power in Cambodia: Construction of river diversion tunnels, etc. underway
- Solar power in Taiwan: Preparing for EPC

	Project Name	Location	Method	Power Sales	Capacity	Completion
Vietnam	Hau Giang Power Plant	Hau Giang Province	Biomass	FIT	20MW	Under construction (to be completed in 2024
	14 new power plants	Multiple Locations (12 Provinces)	Biomass	-	1,060MW	Under construction planning (PDP8 under application
	Coal-fired transition	Multiple Locations (6 Locations)	Biomass	-	1,585MW	Under planning (PDP8 under application)
Cambodia	Hydropower	Pursat Province	Hydropower	FIT	80MW	Under construction (to be completed in 2025)
Taiwan	Fishery & power co-existence solar	Fangyuan Township, Changhua County	Solar	-	55MW	Under construction planning (to be completed in 2024)

Domestic Business Development



Fuel

- Reducing costs by booking foreign exchange for fuel procurement costs and by booking ship fuel futures

Power Generation

- Itoigawa Power Plant: Biomass co-firing to be conducted (to be conducted in the 1H of FY March 2024)
- Accelerating M&A discussions for coal-fired transitions
- Planning to increase revenues by increasing the number of operating days through adjustments to periodic maintenance at domestic biomass power plants
- Hydrogen power plant: Demonstration operation continues. Investigating commercialization of hydrogen.

	Project Name	Location	Method	Power Sales	Capacity	Completion
Japan	Tosa Power Plant	Kochi City, Kochi	Biomass	FIP	20MW	In operation (2013)
	Saiki Power Plant	Saiki City, Oita	Biomass	FIT	50MW	In operation (2017)
	Buzen Power Plant	Buzen City, Fukuoka	Biomass	FIT	75MW	In operation (2020)
	Ofunato Power Plant	Ofunato City, Iwate	Biomass	FIT	75MW	In operation (2020)
	Nakagusuku Power Plant	Uruma City, Okinawa	Biomass	FIT	49MW	In operation (2021)
	Fujiyoshida Power Plant	Fujiyoshida City, Yamanashi	Hydrogen	-	0.3MW	In operation (2022)
	Itoigawa Power Plant	Itoigawa City, Niigata	Coal Thermal	-	149MW	Acquired by share transfer (2022)
	Sakaide Power Plant	Sakaide City, Kagawa	Biomass	FIT	75MW	Under construction (to be completed in 2025)
	Mega Biomass	Seiro Town, Niigata	Biomass	Non-FIT	300MW	Assessment underway (to be completer in 2029)

Retail, Trading

- Continuous profit-oriented strategy for both high-voltage and low-voltage
- Flexible use of PPA and JEPX transactions to reduce procurement costs

Non-FIT Mega Biomass Power Plant (Japan)

- The project schedule has been changed due to the environmental assessment that required a certain period of time for analysis
- The realization of this project will make it possible for biomass power generation to continue in Japan even after the FIT system ends, contributing greatly to reducing the burden on the Japanese people

	Before Change	After Change
Start of Main Construction	During FY2023	FY2026
Start of Commercial Operation (scheduled)	FY2026	FY2029

Business Overview	
Construction Site	Seiro Town, Kitakanbara County, Niigata Prefecture
Equipment Capacity	300MW (world's largest level)
Power Generation Method	Ultra-supercritical pressure reheat method
Assumed Annual Power Generation	Approx. 2,000 GWh
Fuel consumption	Approx. 1.2 million tons/year
CO^2 reduction	Equivalent to 1 million tons/year
Project Area	Approx. 470,000 m2

Hydrogen Business (Japan)

- Continuation of hydrogen power generation demonstration operation, which has been conducted since April 2022
- Under consideration for commercialization

Business Overview	
Location	Fujiyoshida City, Yamanashi Prefecture
Power Generation Method	Hydrogen-single-fuel fired engine (made in Germany)
Generation Output	320 kW (for approximately 80 households)
Power Generation Efficiency	40%

Fishery & Power Co-Existence Solar Power Plant

- A method to install solar panels on top of aquaculture ponds to achieve co-existence of fishery and power generation business
- Taiwanese government aims to install 4GW by 2025 using this method
- Preparation underway for EPC

Business Overview	
Power Plant Location	Wanggong Section, Fangyuan Township, Changhua County (Taiwan)
Business Company Name	WG MANIES SOLAR Energy Co., Ltd.
Generation Capacity	Approx. 55MW
Power Sales Period	20 years