



Analyst meeting materials regarding
INFRONEER Holdings' share acquisition in JAPAN
WIND DEVELOPMENT Co., Ltd

1st : December 12,2023

2nd: December 15,2023

- Explanation of enterprise value calculation (scope of valuation, etc.)
- Capital strategy (policies after short-term borrowings, etc.)
- Environmental value (recent renewable energy market trends)
- Schedule

- The share purchase agreement was signed on 12th December, and the transfer is scheduled to be executed in late January.
- Acquisition cost Over 200 billion yen
- Counterparty of share acquisition Bain Capital
- Acquisition Target JAPAN WIND DEVELOPMENT Co., Ltd

Outline of the Subject Company

Company name	JAPAN WIND DEVELOPMENT Co., Ltd (JWD)
Head office address	Chiyoda-ku, Tokyo
Capital stock	JPY 100 million yen
Number of Employees	152 (Group 323) As of August 2023
Net sales	JPY 9.13 billion yen (FY2023 Consolidated)
Representative	President and Representative Director Satoshi Matsushima
Major shareholder	JWD Holdings 3 (private)
Business Activities	Development and Power sales of wind farms

- INFRONEER was established with the aim of solving social issues, such as achieving carbon neutrality, through the "Infrastructure Management" business.
- "Infrastructure Management" business has two core businesses: "renewable energy business" and "public-private partnership business represented by concessions".

The urgent task is to accelerate the development of renewable energy projects, which is important for achieving carbon neutrality

JWD, which specializes in development, operation and maintenance and INFRONEER, which specializes in design and construction together will be the one and only corporate group that can develop renewable energy business in a single integrated manner.

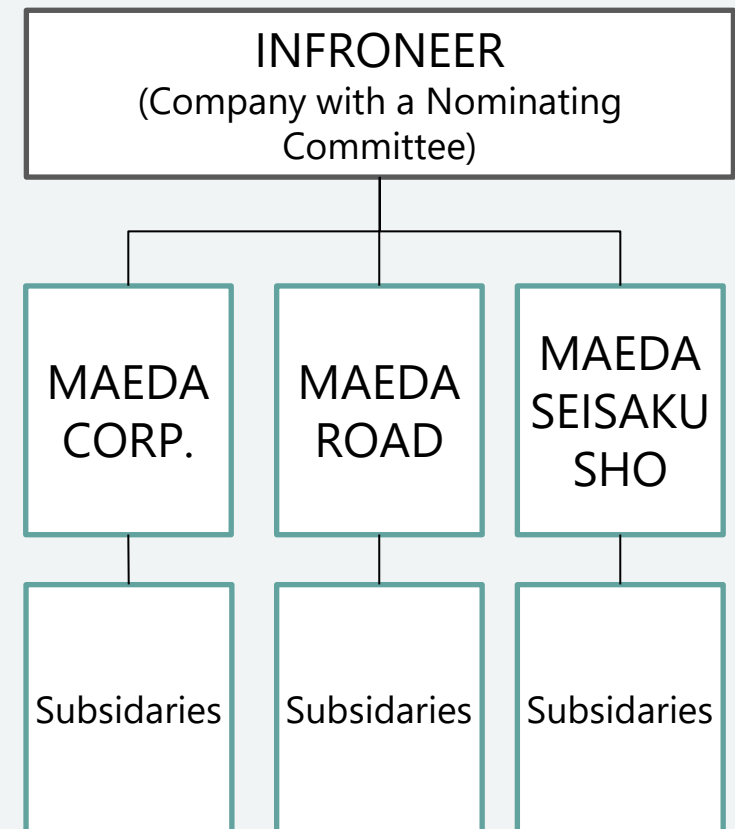
INFRONEER Holdings



MAEDA CORP., MAEDA ROAD, and MAEDA SEISAKUSHO established a joint holding company, INFRONEER Holdings in October 2021.

Become "integrated infrastructure service company" mainly in the "infrastructure management" business that manages infrastructure from upstream to downstream.

- ✓ Due to declining population, falling birthrate, and aging population, the construction industry is at an inflection point.
- ✓ Become an "Integrated Infrastructure Service Company" that does not only aim to "create tangible outcomes"
- ✓ The growth engines for our "integrated infrastructure service company" are the public-private partnership projects and renewable energy projects
- ✓ Adopting form of company with a nominating committee, the majority of which consist of outside directors



Consolidated Data

FY2022

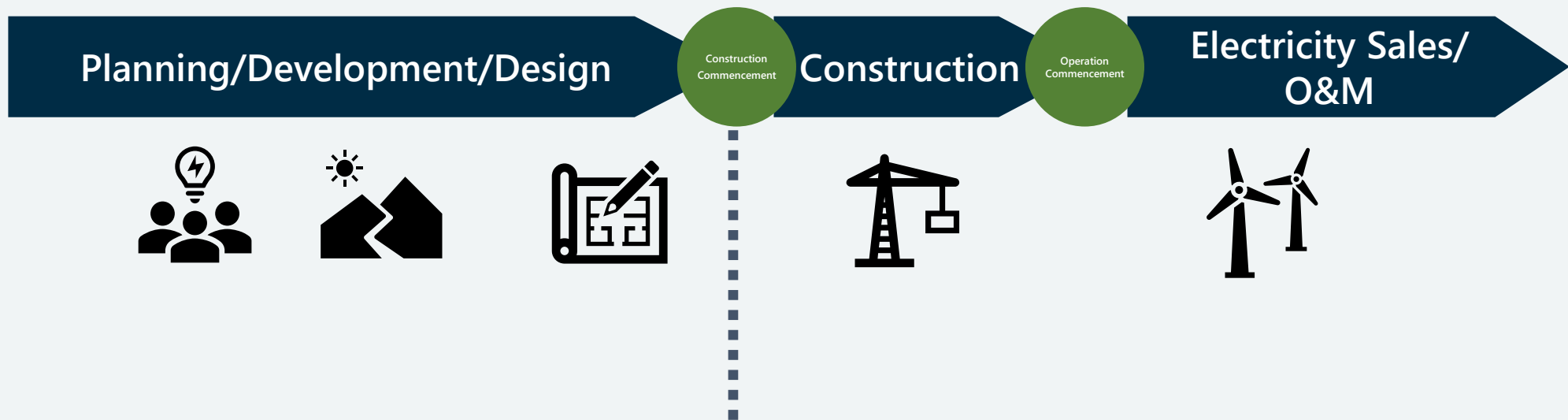
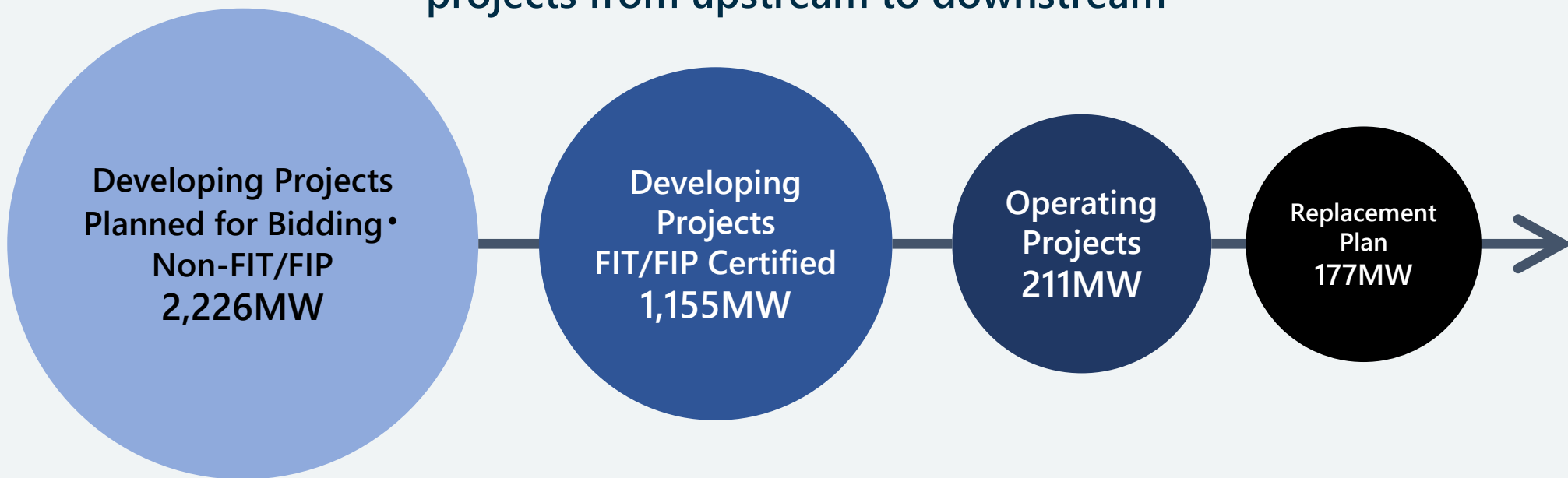
Net Sales 709.6 Billion Yen	Profit Attributable to Owners of Parent 35.9 Billion Yen	Number of Employees 7,421	Total Assets 926.6 Billion Yen
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JWD is a leading company in the wind power generation business, having consistently specialized in wind power generation from the dawn of the industry in Japan to the present day.
 JWD seamlessly conducts from project development to O&M.

Company/Organization		Strength	
Japan Wind Development Co., Ltd	development	Over 95% Development Probability	<u>Exceptional development capabilities</u> demonstrated by the extremely high probability of construction and completion after the feasibility study
	SPC	Projects	Over 570MW Total Capacity
			Appx 3,600MW Developing Projects
	EES BP	O&M	Inhouse O&M

Driving forward approximately 3,800MW of generating projects from upstream to downstream



Accurate project value assessment making use of our expertise

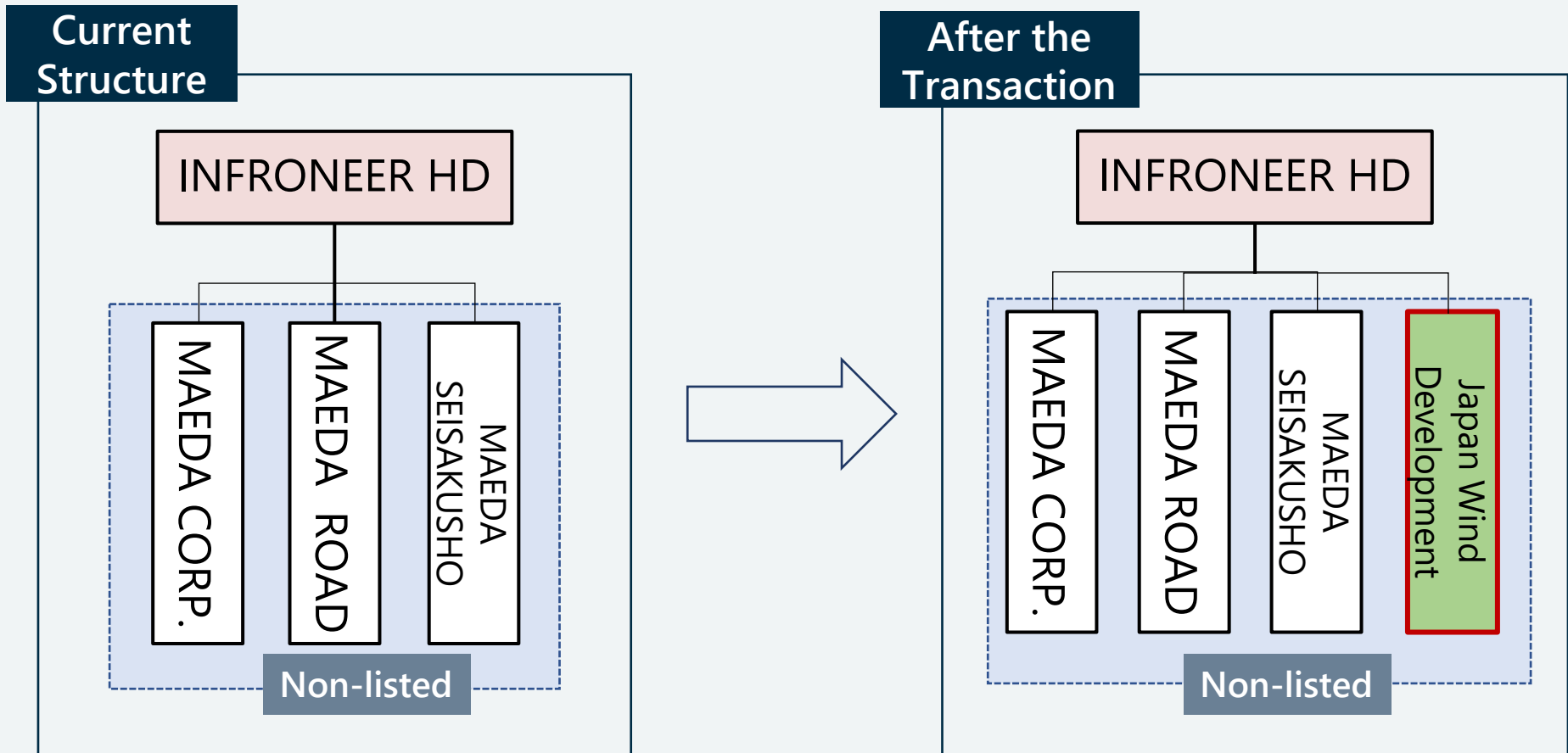
- In calculating the enterprise value, we have made use of our expertise in the wind power and renewable energy business field to thoroughly investigate the costs and feasibility of the projects under development.
- We eliminated valuation risks to include value based on excessive expectations by way of limiting the scope of valuation. We have excluded the following; 'offshore wind projects', 'design and construction profit', 'approximately half of new projects', 'replacement value' and 'increased environmental value'

Approach to compliance issues – Thorough Legal Due Diligence

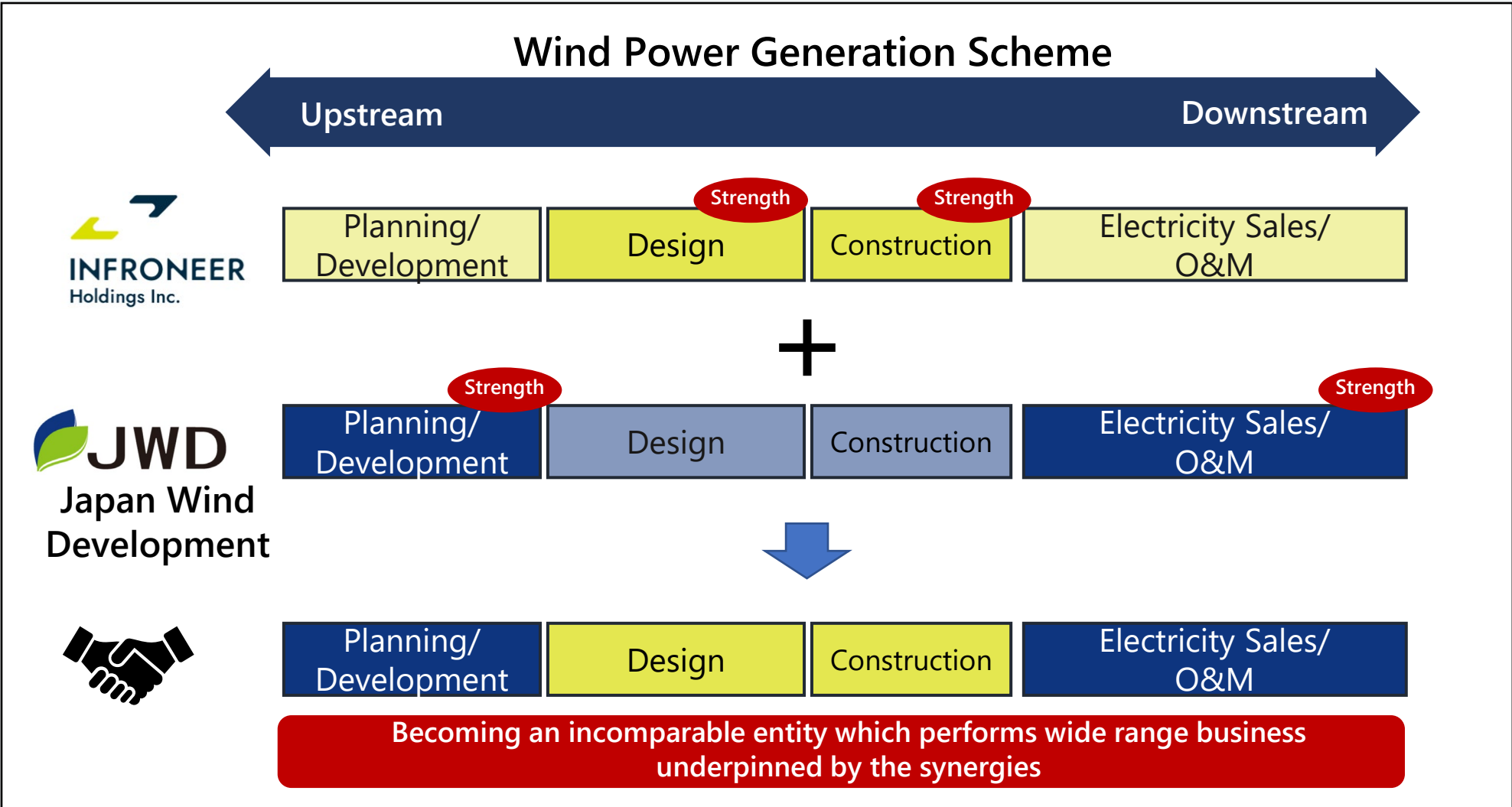
- We have conducted a thorough investigation with external experts in terms of compliance issues
- We will enhance governance by applying our solid governance system

Company Structure Following Share Acquisition

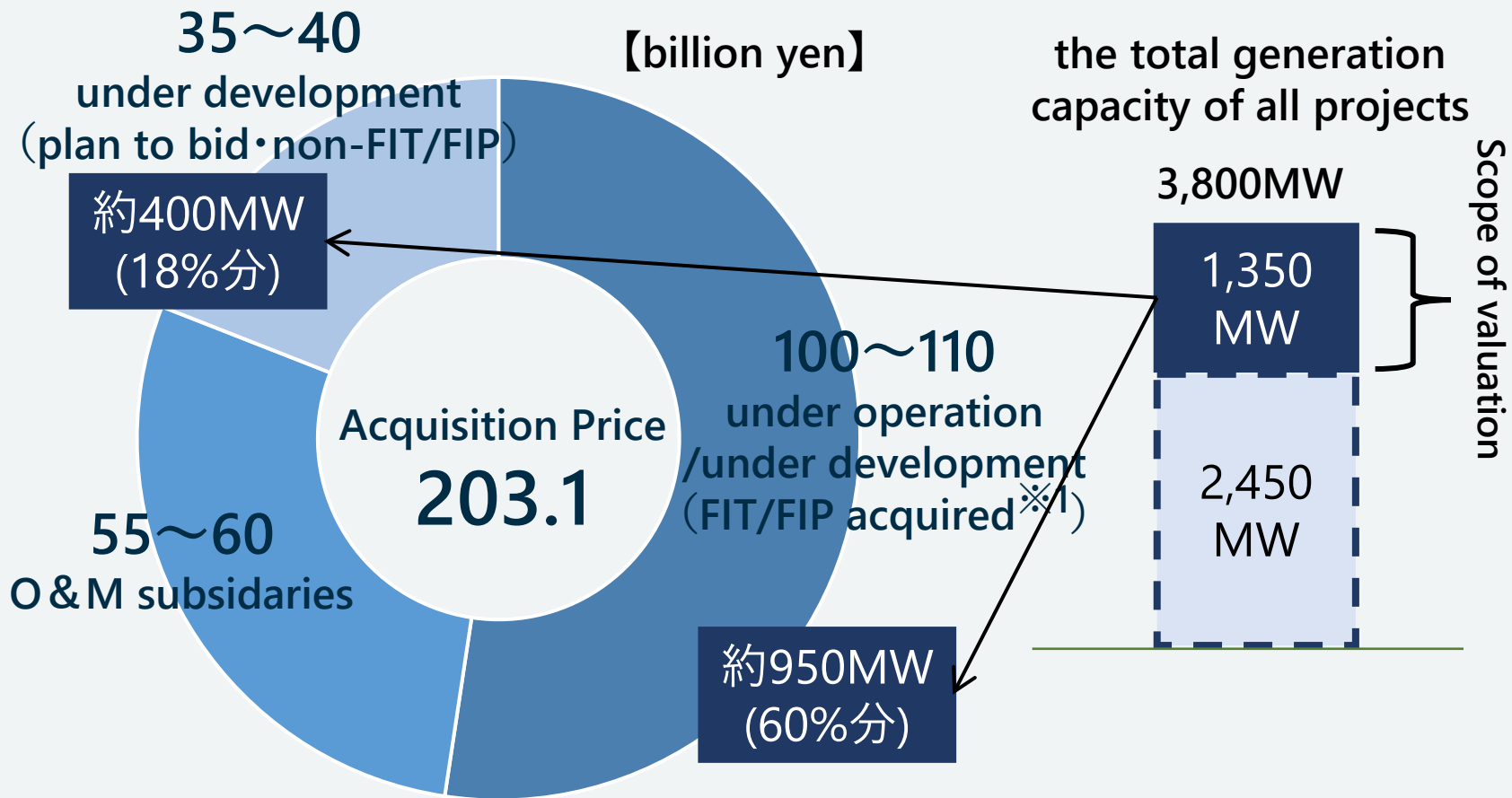
- JWD will become Infroneer’s wholly owned subsidiary, and a **sister company positioned equal footing** with Maeda Corporation, Maeda Road and Maeda Seisakusho
- We will apply Infroneer’s governance standards to **ensure proper governance**
- We will **sustain employment**, the source of engineering capabilities, to maintain JWD’s high development capabilities.



- Bringing together JWD, which specializes in development and O&M, and INFRONEER, which excels in design and build, we aim to complement and mutually utilize each other's know-how, technology, networks and other strengths



Only 1,350 MW, or about 35% of the total generation capacity of all projects, was included in the valuation

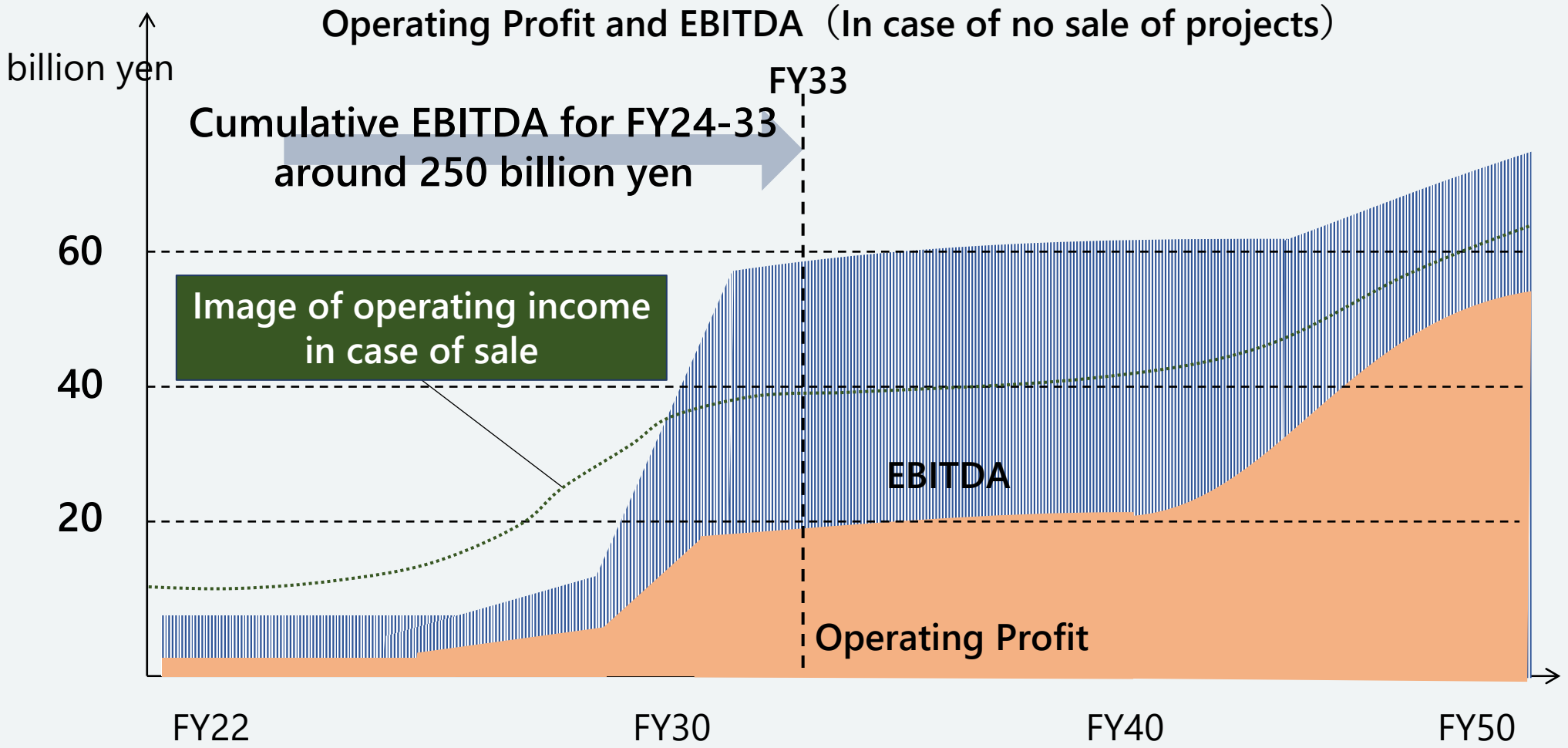


※1 After the FIT/FIP period, the electricity selling price is calculated as 16 to 20 yen/kWh.

Forecast of JWD's operating profit and EBITDA

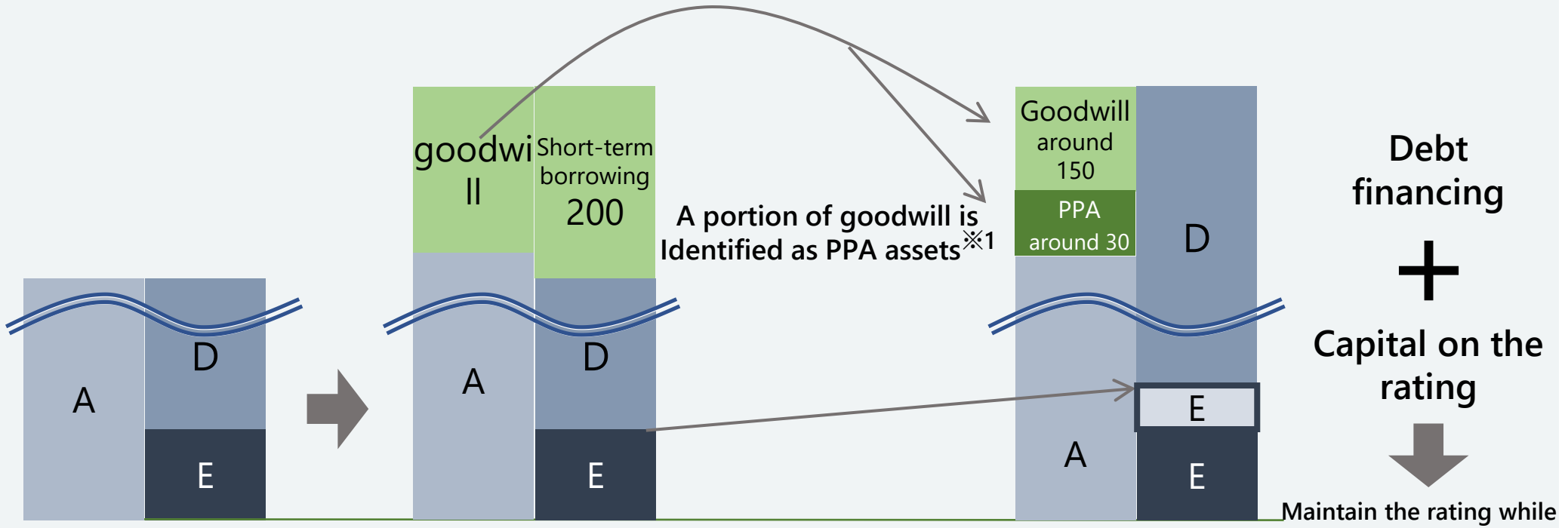
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- Operating profit and EBITDA will increase sharply from FY30, assuming no project sales.
- Early payback is also possible through the sale of projects.



Capital strategy

- Emphasize on balance between securing a financial base conducive to growth and Shareholder Returns
- Maintain the rating while taking into account equity dilution



A portion of goodwill is Identified as PPA assets※1

Debt financing
+
Capital on the rating
↓
Maintain the rating while taking into account equity dilution

※1 PPA (Purchase Price Allocation) is the identification of a portion of goodwill after M&A and its reclassification as an intangible asset (e.g., FIT/FIP rights). In this case, the depreciation is charged to PL in the period of FIT/FIP.

Q. Please tell us about your refinancing policy and the methods you are considering.

A. Japan Credit Rating Agency, Ltd. has designated INFONEER's credit as credit monitor for downgrade following the acquisition, but we consider it important to maintain the current credit rating. Therefore, if it is determined that the refinancing will contribute to maintaining the credit rating, INFRONEER will consider financing methods to obtain capital on the rating while taking into consideration the dilution of existing shareholders' equity. We can't mention specific methods at this time.

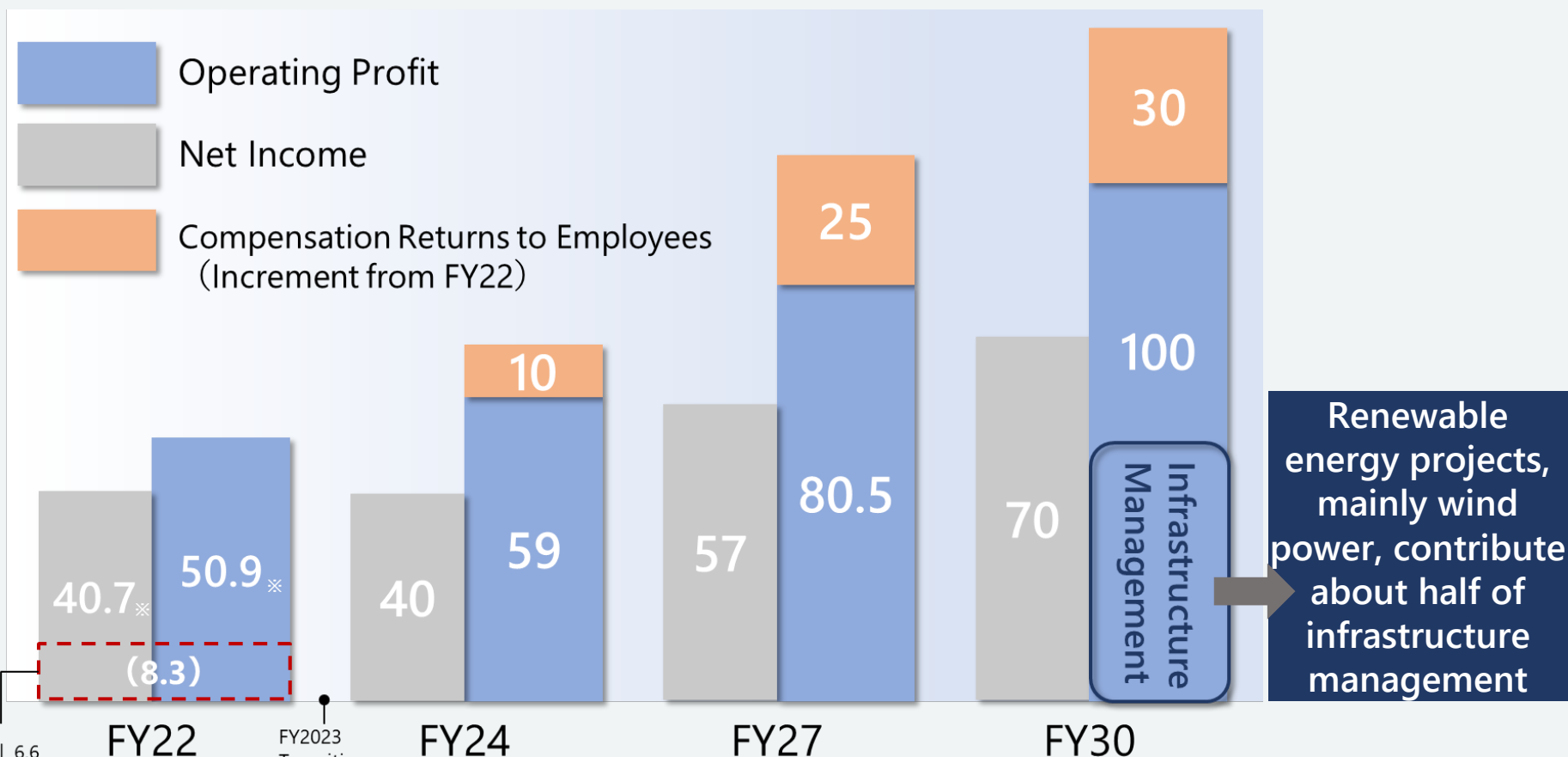
Q. Is there any possibility of equity financing, such as a public offering?

A. As mentioned previously, we are considering debt financing and are not considering a public offering that would dilute the equity of existing shareholders. We will also consider combining capital financing on the rating. We can't mention specific methods at this time. We will consider appropriate financing methods and promptly disclose matters that can be made public when they arise.

Contribution to INFRONEER Medium- to Long-term Vision

- Assumes that the renewable energy business will contribute about half of the operating income from the infrastructure operation business to the FY2030 operating income target set in INFRONEER Medium- to Long-term Vision .

Management Numerical Targets in INFRONEER Medium- to Long-term Vision



• Goodwill 6.6
 • Amortization of machinery and equipment 1.7
 Through TOB of MAEDA ROAD

※ Figures are as of the formulation of INFRONEER Medium- to Long-term Vision

FY2023 Transition to IFRS

Environmental Values 【Demand for Renewable Energy (RE100)】

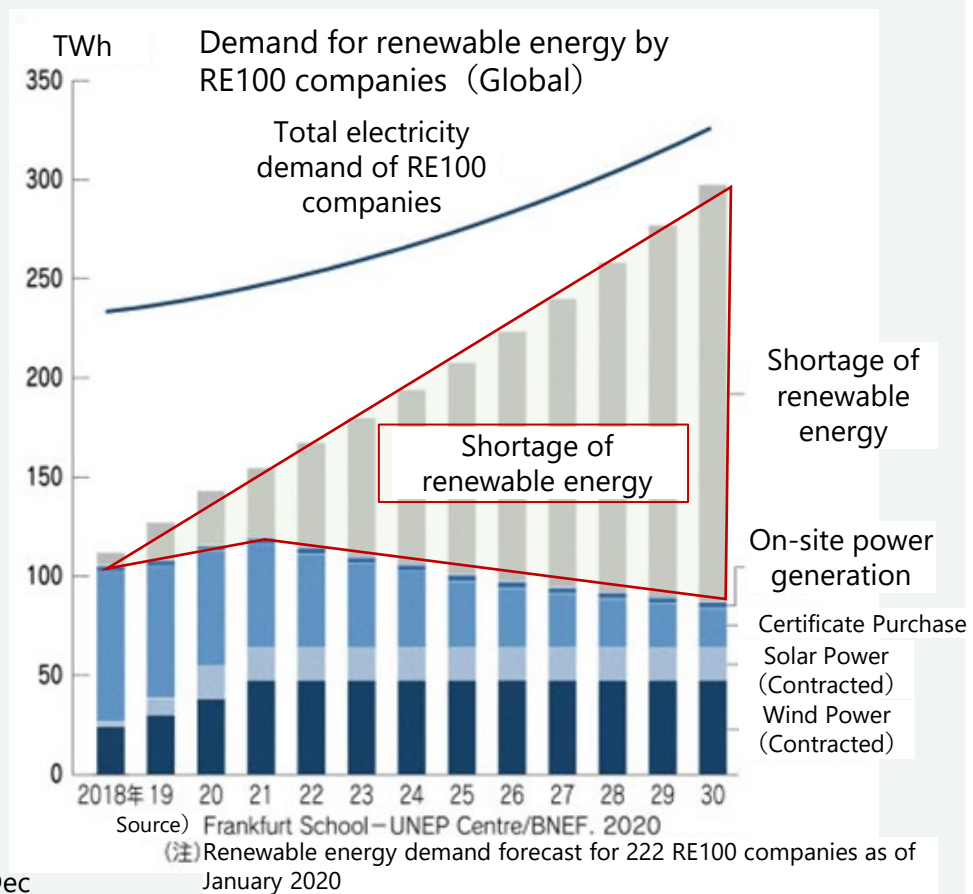
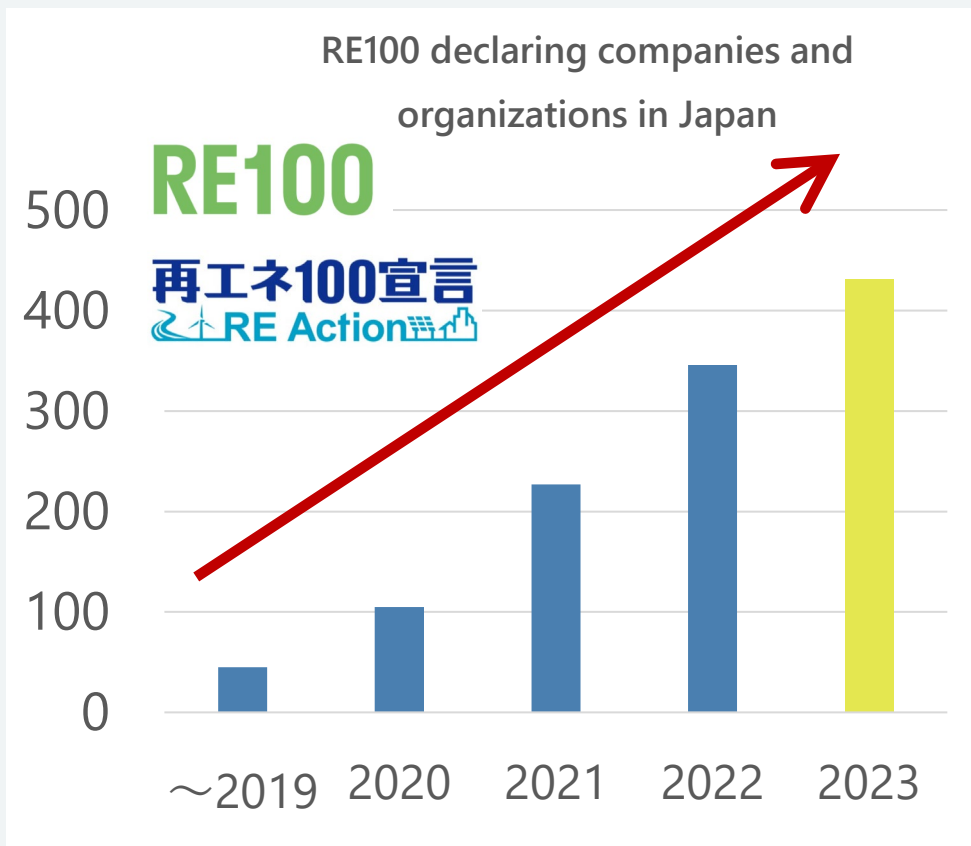
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An increasing number of companies and organizations are making the RE100 commitment.

However, the supply is falling short.

RE100 is an international initiative that commits to using 100% renewable energy for all business operations.

RE100 members (Japan) : 84 RE Action members : 347



※Sum of RE100 declaring companies and RE Action participating organization (as of Dec 2023)

Source : JCLP Website、RE Action Website

Source : Nikkei

Environmental Values 【Corporate PPA】

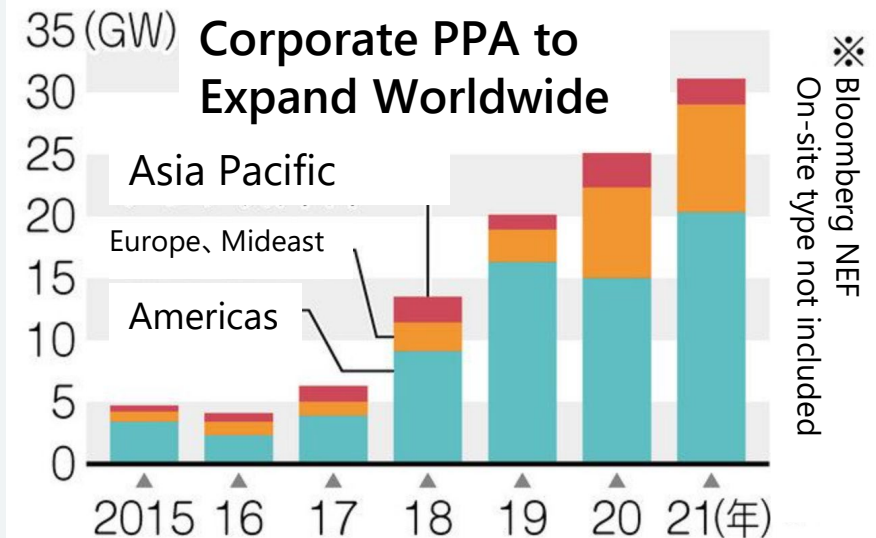
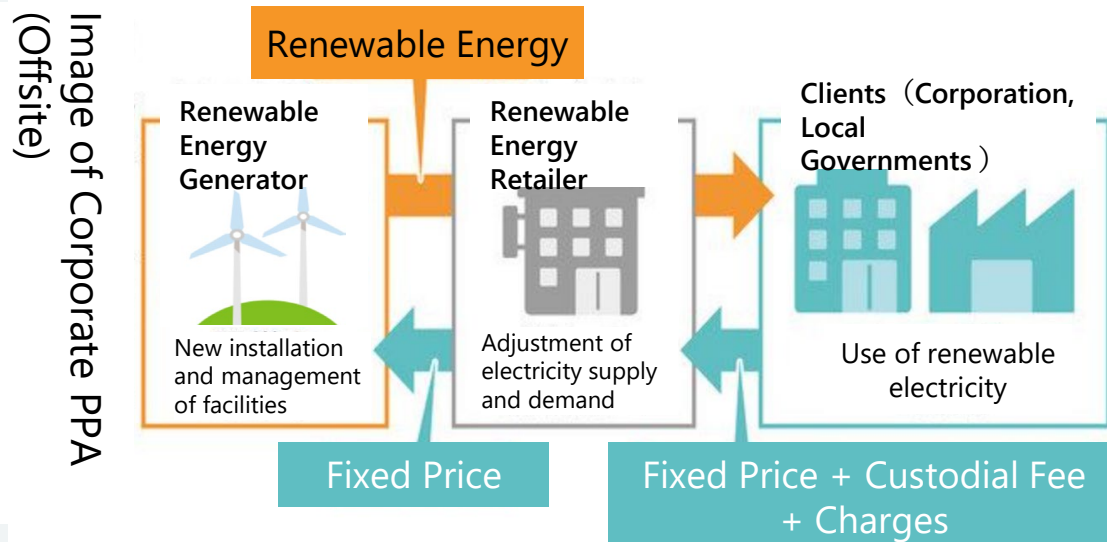
PPA is an approach to procurement where entities purchase renewable energy power under long-term contracts from particular power generation facilities.

※PPA stands for Power Purchase Agreement

【Advantages of Introducing Corporate PPA】

Provides the ability to secure renewable energy over a long period and continuously reduce CO₂ emissions.

Supports the reduction of global CO₂ emissions by generating additionality in renewable energy (Government offers aid to buyers in the form of subsidies, etc.)



Source : [再生エネ電力を安定調達、日本でも増える「PPA」](#) 背景にFIT制度の曲がり角 : 東京新聞 TOKYO Web (tokyo-np.co.jp), edited by INFRONEER

The number of companies selecting Corporate PPA is growing worldwide, especially among those that are members of RE100.

Renewable energy procurement methods of RE100 member companies
(proportion in procurement volume)

Method of Procurement	2016年	2017年	2018年	2019年	2020年	2021年
Purchase Certificates	40%	46%	43%	42%	40%	39%
Corporate PPA	14%	17%	21%	26%	29%	35%
Retail Packages	41%	35%	31%	30%	24%	19%
Self-generation	3%	1%	4%	3%	3%	2%
Others (in some areas)	—	—	—	—	3%	4%

Number of responding companies in 2021: 334

Source: Compiled by the Renewable Energy Foundation based on data from 「RE100 annual disclosure report 2022」 Jan 2023

The number of companies introducing Corporate PPA is rising.
Leading to a contest for renewable energy.

Major Domestic Cases of Corporate PPA (Offsite PPA with over 1MW contract)

householder	Retail Electricity Providers	Power Producer	Scale	Period	Contract term
hulic	Hulic property solutions	hulic	1.3MW	October 2022	20
Seven & i Holdings	Enet	INTT Anode Energy	3.1MW	June 2021	20
Dai-ichi Life Holdings	ORIX	Clean Energy Connctet	2MW	February 2022	20
Amazon	MC retail energy	MC energy solutions	22MW	2022~2023年	Not disclosed
Shimz	Smart Eco Energy	Clean Energy Connect	1MW	April 2022	20
Seven-Eleven	Hokuriku electric power company	Hokuriku electric power biz energy solution	6.2MW	June 2022	20
TOKAI RIKA	Chubu electric power Miraiz	Chuden Loop solar	1.2MW	December 2022	Not disclosed
LAWSON	Mitsubishi Corporation	WEST Holdings	45MW	April 2022	Not disclosed
EAON mall	(self-delivery)	Established a limited liability company	65MW	Autum 2022	Not disclosed
Panasonic Operational Excellence	Kansai electric power company	Kanden eco style	18MW	June 2022 ~	20
Hydro Edge	Kansai electric power company	KPRE	2MW	February 2022	20
SMBC	Tokyo electric power company	Advance	4.9MW	February 2023	Not disclosed
Mitsubishi Heavy Industries	Chugoku electric power company	Chugoku electric power company	10MW	Not disclosed	Not disclosed
Murata manufacturing	(Virtual PPA)	Mitsubishi Corporation	70MW	~2025	Not disclosed

Contracts are listed in the order in which they were announced. Based on press releases and other public information (as of July 31, 2022).

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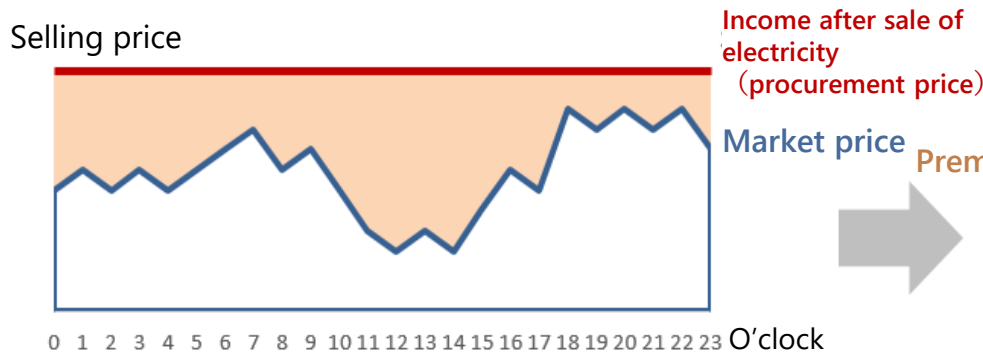
With the expansion of demand for renewable energy, a period not depending on FIT/FIP is nearing.

FIT

Price is fixed. Income will be the same irrespective of when the electricity is generated.



No incentive to increase supply during peak demand times (when market prices are high).



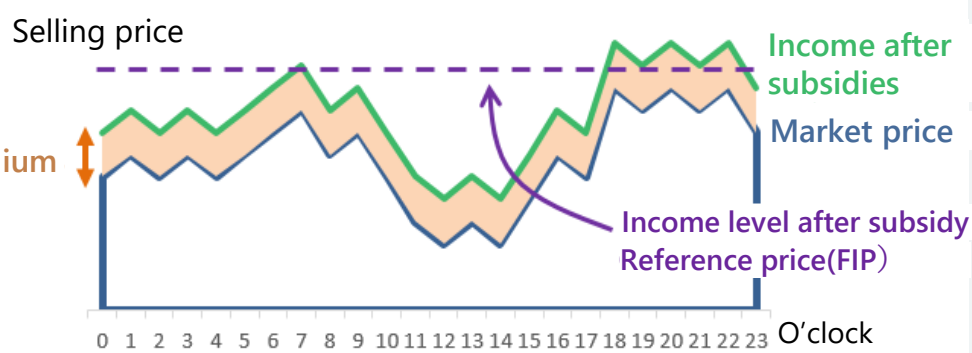
FIP

The subsidy amount (premium) is fixed, and the income is linked to market prices.



Incentives exist to boost supply during periods of peak demand (when market prices are high), such as the use of storage batteries.

※The subsidy amount is updated at a certain frequency according to the level of market prices



【Appendix】 Trend and outlook of electricity prices (Tokyo area)

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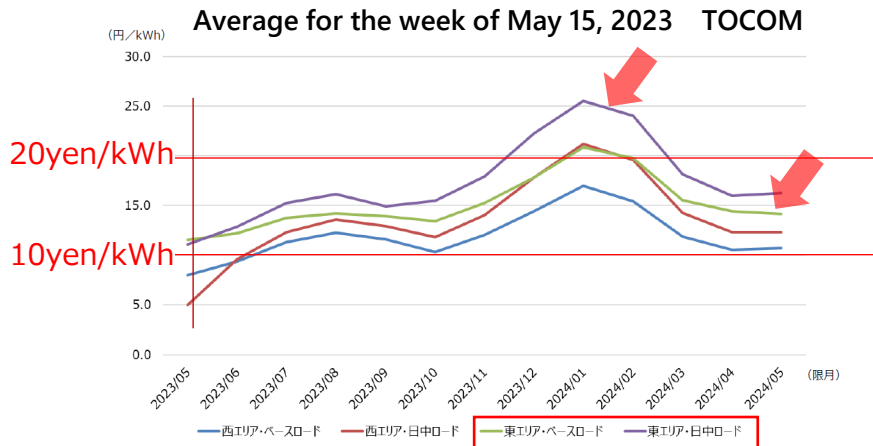
- Electricity prices are easily affected by geopolitical risks and fuel prices. It is unlikely that there are a significant drop in the future.
- Prices show a seasonal trend, particularly rising significantly during the winter.

Current future electricity prices are expected to range between 10yen – 25yen/kWh

J-Credit is also trending upwards, and the value of green power is anticipated to rise heading towards 2030

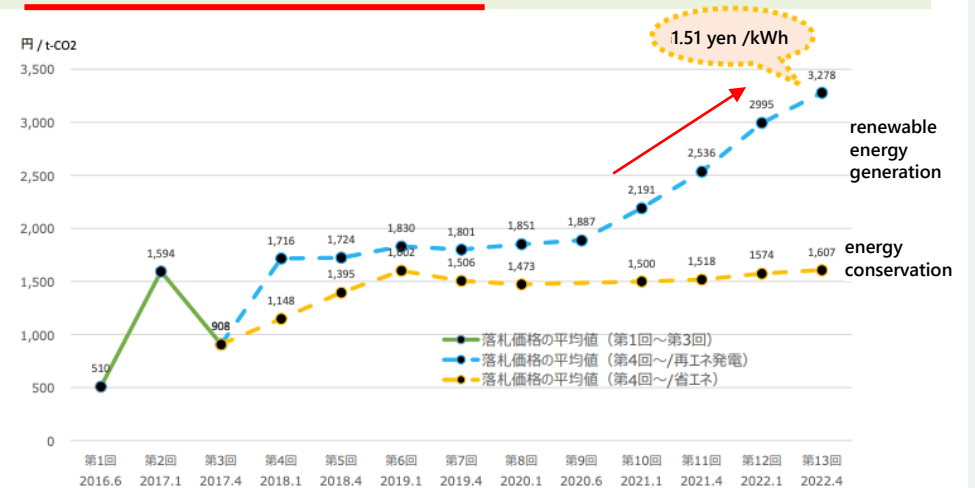
Future Electricity Prices (Each Settlement Month)

The electricity futures forward curve is shown in the figure below. Prices are on an upward trend toward summer and winter, and it is difficult to imagine that the current spot market price levels will continue



J-Credit Bidding (Average Winning Bid Price)

- Average bid prices have increased in response to rising demand.



- December 12, 2023
Press Release **Completed**
1st Presentation for Analysts **Completed**
- December 13, 2023
On the first day of post-merger integration, CEO Kibe visited the JWD headquarters, made a presentation, and held discussions regarding this deal. Mr. Matsushima, the president of JWD, commented, "We have been saved by Infroneer. We will become the top earner in the holding company." **Completed**



- December 15, 2023 2nd Presentation for Analysts
- January 22, 2024(Scheduled)
Execution of the acquisition contract, financial closure