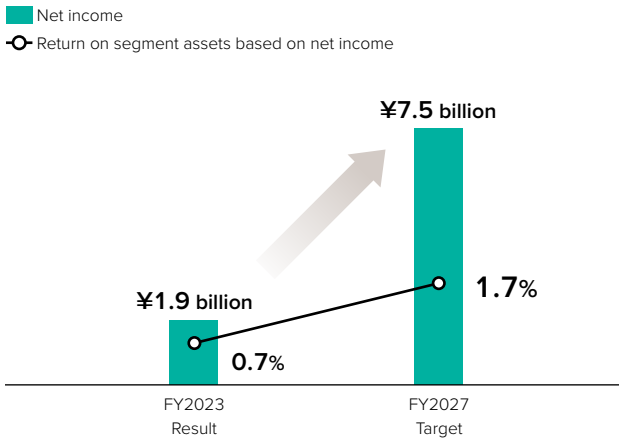


Growth Strategies by Operating Segment

# Environmental Infrastructure

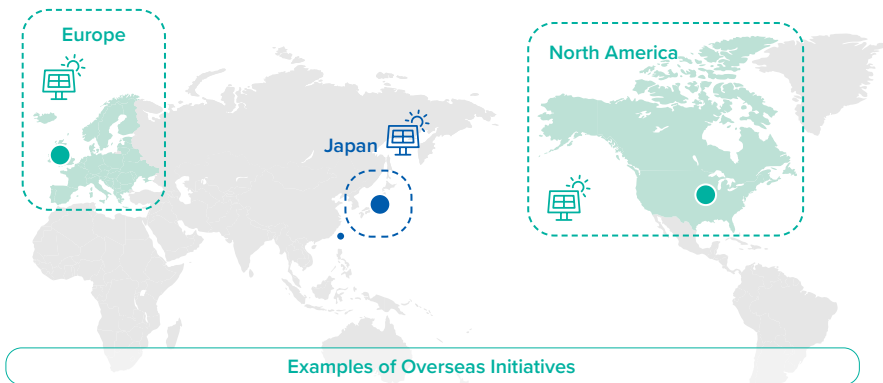
## Profit Target of Medium-Term Management Plan 2027



## Tasks to Be Addressed under Medium-Term Management Plan 2027

- ➔ Reinforcement of domestic solar power generation businesses that respond to customer needs
- ➔ Expansion of business scope to include overseas markets through collaboration with partners
- ➔ Strategic M&A activities and new business initiatives for developing value chains and accelerating growth in environmental businesses

## Business Development Approach



## Examples of Overseas Initiatives

### United Kingdom

- Acquisition of 34 operating solar power plants (total generation capacity of 303 MW\*) together with Schroders Greencoat, a subsidiary of leading independent asset management company Schroders plc
- Investment in independent grid-use storage battery business

### United States

- Establishment of joint venture with ITOCHU Corporation (50% equal ownership) and joint acquisition of development interests in two solar power plants (total generation capacity of 256 MW\*)
- Investment in renewable energy generation investment fund operated by ITOCHU Corporation

\* Figures represent actual generation capacity, as opposed to equity stake.

## Initiatives in Japan

### Solar power

- Development of 90 solar power plants through efforts centered on Kyocera TCL Solar
- Joint establishment of renewable energy business investment fund with NTT Anode Energy Corporation and another partner
- Advancement of asset and technical management service business through A&Tm Corporation

### Storage batteries

- Installation and commencement of operation of integrated storage battery system at mega solar power plant in Arai City, Kumamoto Prefecture, operated and managed by Kyocera TCL Solar

### Corporate PPAs

- Joint establishment together with JFE Engineering Corporation of solar power generation operating company for advancing corporate PPA projects

**Biomass power, binary geothermal power, etc.**

# Interview



## Hiroshi Sato

Deputy President, Director and Executive Officer  
President, Environmental Infrastructure Business Development Unit

**Q Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?**

**A** In the solar power generation business, the core earner of the Environmental Infrastructure segment, we experienced output restrictions that surpassed our expectations in fiscal 2023, which resulted in performance falling significantly below targets. We are also facing intensifying competition in terms of acquiring environment-related projects and companies as there is a strong appetite for investment and participation in the environmental field, driving large influxes of capital into this field from various industries. Meanwhile, government policies and systems and corporate trends in Japan are being influenced by the international push for carbon neutrality. This situation is creating a need to promote legal compliance in conventional businesses and flexible use of government systems in new undertakings while working to accommodate companies' decarbonization needs.

**Q What initiatives should be accelerated to overcome the issues faced by the Environmental Infrastructure segment?**

**A** One issue faced by the Environmental Infrastructure segment is the need to reinforce domestic solar power generation businesses. To address this issue, we are taking part in corporate PPA projects that cater to customers' decarbonization needs and accumulating quality assets while focusing on

asset management businesses that maximize the generation efficiency of existing power plants. Another focus is contributing to power grid stability through the introduction of the latest electricity storage technologies in our storage battery business.

We also need to expand our business scope by strengthening overseas renewable energy businesses. In this regard, we jointly acquired 34 operating solar power plants with a total generation capacity of 303 MW in the United Kingdom together with partner Schroders Greencoat. Looking ahead, we will continue to seek out quality projects and advance our initiatives with an emphasis on taking part in joint projects together with reliable partners.

Lastly, we must engage in strategic M&A activities that contribute to the further development of Tokyo Century's environmental businesses. In these businesses, we engage in collaborative projects with various partners across all areas of the value chain. By building upon our relationships with these partners, we will look to accelerate growth, expand operations, and generate synergies. In fiscal 2024, a dedicated organization will be established within the Environmental Infrastructure segment tasked with promoting the development of environmental value creation and other new businesses. This organization will advance initiatives for developing new environmental businesses.

Through these efforts, the Environmental Infrastructure segment will continue to advance environmental businesses to help Tokyo Century accomplish the targets of Medium-Term Management Plan 2027 and contribute to the creation of an environmentally sound, sustainable economy and society.

## Growth Strategies

### Growth in Existing Businesses and Coordination with Partners

- ➔ New energy projects spearheaded by major joint venture Kyocera TCL Solar LLC that take advantage of Japan's feed-in tariff system to develop solar power plants have been completed. Accordingly, said company is now involved in the operation of 90 solar power plants across the country with a total generation capacity of 423 MW. Meanwhile, the overall generation capacity for the Tokyo Century Group is approaching 1 GW. Storage battery and asset management service businesses will be developed to add value to the stable foundation provided by these generation facilities.
- ➔ In the mainstay storage battery business, earnings power will be strengthened by allowing for electricity to be stored or released (sold) based on the supply-and-demand balance. Sales will be promoted for integrated systems that combine battery systems with solar power systems and for systems linked to power grids, which entail the use of grid-use storage batteries.
- ➔ A&Tm Corporation, a joint venture established with Tokyo Gas Engineering Solutions Corporation and KYOCERA Communication Systems Co., Ltd., will provide asset and technical management services for improving the performance of solar power plants.
- ➔ The Tokyo Century Group's robust solar power track record and expertise and broad customer base will be leveraged to support ideal decarbonization strategies for customers through corporate power purchase agreements (PPAs).

### Expansion of Business Scope

- ➔ The scope of Tokyo Century's renewable energy businesses will be expanded to include overseas markets. Leveraging its track record and insight accumulated in Japan, the Group will expand into North American, European, and other markets together with reliable partners. In fiscal 2023, we acquired a portfolio of 34 operating solar power plants with a total generation capacity of 303 MW together with Schroders Greencoat LLP in the United Kingdom.
- ➔ To diversify the power sources included in our environmental business portfolio, biomass and binary geothermal power generation initiatives are being advanced together with prime partners including Forest Energy Inc., JFE Engineering Corporation, and ITOCHU Corporation. Furthermore, the Mori Binary Power Plant began operation in November 2023.

### Creation of New Businesses and Synergies

- ➔ Total investments of around ¥100.0 billion centered on solar power generation are planned through a renewable energy business investment fund established jointly with NTT Anode Energy Corporation and another partner.
- ➔ Opportunities for strategic M&A activities will be explored with the aim of building value chains and generating synergies through existing environmental businesses and coordination with partners. By entering into new business fields, including those that allow for the creation of environmental value, we will reinforce and accelerate growth in environmental businesses.