

Boost Industry-Leading Profitability Further by Doubling Assets

Canadian Solar Infrastructure Fund, Inc. ("CSIF") is sponsored by the Canadian Solar Inc (NASDAQ CSIQ) Group, the world's fifth largest panel manufacturer. CSIF's annual photovoltaic output capacity growth rate is about 20%, over twice the growth rate of the overall domestic market. CSIF's current total capacity is 226.4 MW (about 0.3% of the total in Japan).

For FY12/2023, sales were ¥4,538mn (+22.2% YoY), operating profit margin was 40.7%, net income margin was 30.5% and their payout ratio was 122.2%. ROE was around 3.0%, PBR was 1.1-1.2, dividend yield was in the 6% range and BPS remained basically flat at around ¥103,000.

Peers are Enex Infrastructure Investment Corporation (TSE 9286) (total output capacity: 243.4 MW), Japan Infrastructure Fund Investment Corporation (9287) (152.8 MW), Tokyo Infrastructure Energy Investment Corporation (9285) (69.8 MW) and Ichigo Green Infrastructure Investment Corporation (9282) (25.8 MW). The dividend yield of each company is about 6~7%. But unlike CSIF, its peers' dividend levels have been maintained by reducing BPS. When calculating the yield including BPS change, it is approximately 5%, 4%, 6% and 3% respectively.

The reason why CSIF's yield including BPS change is 6%, the highest among its peers; is that it can fully utilize the knowledge of the Canadian Solar Group, which has all functions of panel manufacturing, solar power plant development and operations. Since the sponsors of peers belong to industries like trading or financing, it is difficult for peers to achieve the higher dividend yields of CSIF.

The PBR of peers is mostly around 1.0. But if the market's perception of the yield including BPS, rather than the dividend yield increases; the stock price of CSIF is likely to rise relatively. CSIF also aims to double its asset size to ¥200 bn in the medium term, a plan supported by its current pipeline of 21 properties (392.8 MW). Asset size expansion can lead to improved profitability through more efficient O&M, higher creditworthiness, portfolio stabilization and greater tolerance for acquiring additional large-scale power plants.

Stock Price and Volumes



Source: Strategy Advisors

Key Indicators

| | |
|--------------------------------|---------|
| Stock Price (2024/5/23) | 110,900 |
| Year-to-Date High (2024/1/10) | 115,500 |
| Year-to-Date Low (2024/3/5) | 107,100 |
| 52-Week High (2023/6/28) | 125,100 |
| 52-Week Low (2024/3/5) | 107,100 |
| Number of Shares Issued ('000) | 451.8 |
| Market Capitalization (¥ bn) | 50.4 |
| EV (¥ bn) | 92.2 |
| Capital Adequacy Ratio | 49.1 |
| PER (FY3/2024 CoE, Times) | - |
| PBR (FY3/2023 Actual, Times) | 1.1 |
| Yield (FY3/2024 Coe, %) | 6.7 |

Source: Strategy Advisors

Japanese GAAP

| FY End | Sales (¥ mn) | YoY (%) | OP (¥ mn) | YoY (%) | RP (¥ mn) | YoY (%) | NP (¥ mn) | YoY (%) | EPS (¥) | DPS (¥) |
|-------------|-----------------|------------|--------------|------------|--------------|------------|--------------|------------|------------|------------|
| 6/2023 | 3,453 | -15.0 | 1,156 | -33.7 | 1,004 | -33.5 | 1,003 | -33.5 | 2,594 | 3,750 |
| 12/2023 | 4,538 | 22.2 | 1,847 | 33.6 | 1,387 | 14.3 | 1,386 | 14.3 | 3,111 | 3,750 |
| 6/2024 CoE | 4,500 | 30.3 | 1,671 | 44.6 | 1,404 | 39.8 | 1,403 | 39.9 | 3,107 | 3,775 |
| 12/2024 CoE | 4,459 | -1.7 | 1,629 | -11.8 | 1,365 | -1.6 | 1,364 | -1.6 | 3,020 | 3,775 |
| 6/2024 CoE | 4,445 | -1.2 | 1,641 | -1.8 | 1,387 | -1.2 | 1,386 | -1.2 | 3,070 | 3,775 |

Source: Strategy Advisors, based on Company Data

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Executive Summary

Infrastructure Fund with the Second Largest Panel Output Capacity Growing at Twice the Speed of the Market

CSIF is an infrastructure fund listed in 2017 and sponsored by Canadian Solar Group, the world's fifth largest solar panel manufacturer. Its output capacity growth rate has been about 20% per year, more than double the growth rate of the country as a whole (about 7-10%), and its total output capacity at the end of FY12/2023 was 226.4 MW (about 0.3% of the country's total), making it the second largest among listed infrastructure funds.

Yield Including BPS Change is 6% Per Annum, the Highest Level Among Peers

For the fiscal year ended December 2023 (six-month settlement), net sales were ¥4,538mn, an operating profit margin of 40.7%, a net income margin of 30.5% and a dividend payout ratio of 122.2%. ROE is around 3.0%, PBR is 1.1~1.2, dividend yield (distribution yield = profit distribution yield + profit distribution interest rate) is in the 6% range and net assets per share (BPS) are generally flat at around ¥103,000. Other companies in the same industry are Enex Infrastructure Investment Corporation (total output capacity 243.4 MW), Japan Infrastructure Fund Investment Corporation (152.8 MW), Tokyo Infrastructure Energy Investment Corporation (69.8 MW) and Ichigo Green Infrastructure Investment Corporation (25.8 MW). In both cases, the dividend yield is about 6~7% in 2023; but unlike CSIF, these are investment corporations that reduce BPS and maintain the dividend level and when calculating the yield including BPS changes, it will be about 5%, 4%, 6% and 3%, respectively.

* Yield including BPS change = dividend yield + (BPS change rate ÷ PBR). As the denominator of the BPS change rate is net assets per share (BPS), we divided it by PBR to add it to dividend yield.

Only CSIF Can Take Full Advantage of their Panel Manufacturer's Knowledge

CSIF's BPS change unrealized yield of approximately 6% is the highest among its peers because it can fully utilize the knowledge of the Canadian Solar Group, which has all the functions of panel manufacturing, solar power plant development and operations. Since the sponsors of other companies in the industry include trading companies and financial-related companies, it is difficult for them to achieve high dividend yields by mimicking the company's business structure.

Asset Doubling Plan Backed by a Concrete Development Pipeline

The company aims to double its asset size to ¥200bn in the medium term, with a view to acquiring mainly 19 properties (345.8 MW) that are currently under development or are under development by sponsors, as well as two properties (47.0 MW) that have already been developed by third parties. In addition, there has been an increase in the number of cases of the sale of power plants by individuals who are put-off by the maintenance burden due to increased output curtailment and deterioration over time and also by foreign companies who have decided to withdraw from development due to a decline in FIT prices or termination and the expansion of asset scale through the acquisition of such power plants is one of the options.

Earnings and Stock Price Outlook

CSIF expects to maintain the same level of sales, profit and dividends as in FY12/2023 for the next three fiscal years through FY6/2025; but these figures do not include additional asset acquisitions and sales and profit levels will swing upward if asset acquisitions are made. For most infrastructure funds, including CSIF, share prices have been stable at P/B ratios in the 1.0-1.2 range and dividend yields in the 6% range. However, as mentioned above, if the market becomes more aware of yields based on the company's performance, including BPS, rather than the dividend yield on the surface, CSIF's share price is likely to rise relatively higher. In addition, CSIF aims to double its asset size to ¥200bn in the medium term and this plan is concretely supported by its current pipeline of 21 properties (392.8 MW). Asset size expansion can lead to improved profitability through more efficient O&M, higher creditworthiness, portfolio stabilization and greater tolerance for acquiring additional large-scale power plants.

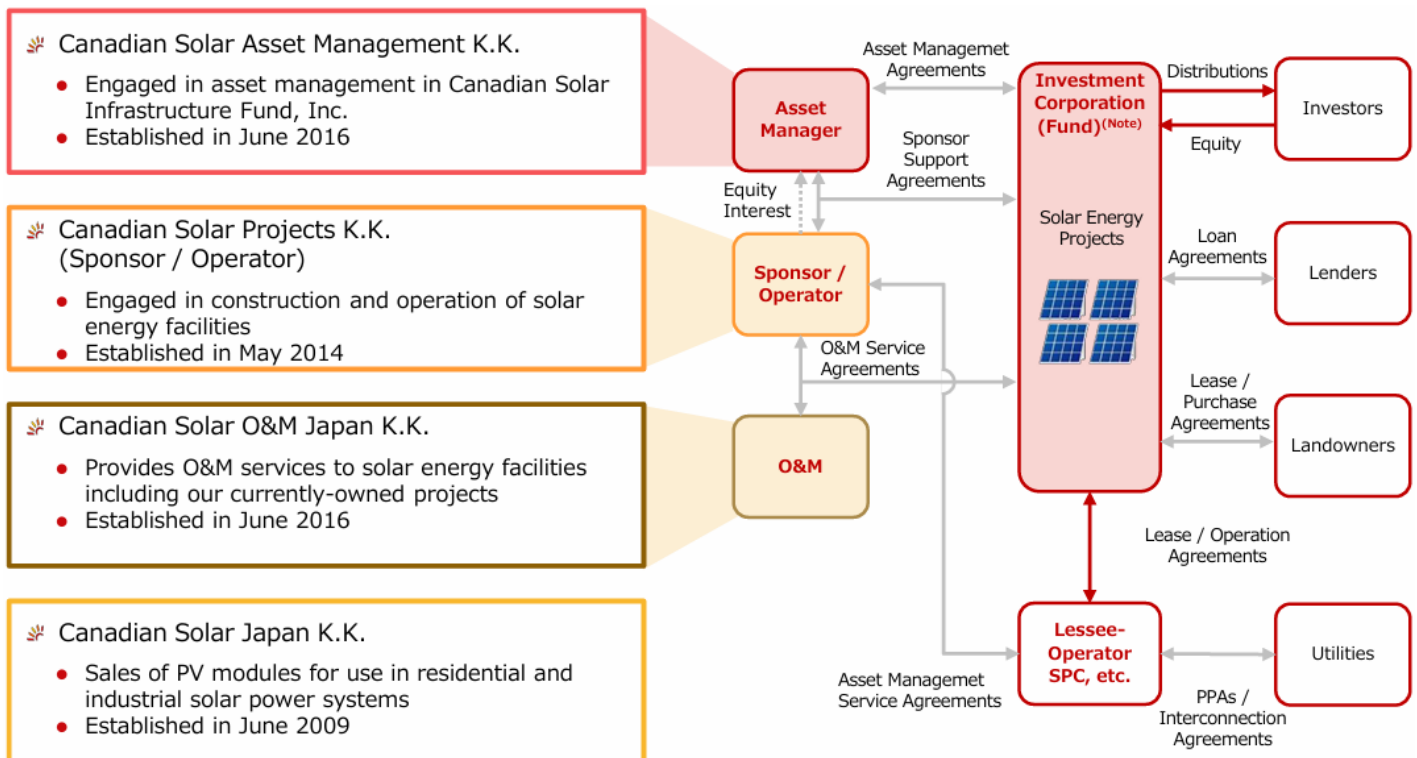
1. Investment Corporation Overview

1) Infrastructure Fund with the Second Largest Panel Output Capacity Growing at Twice the Speed of the Market

Achieve the Only Vertically Integrated Model

CSIF is an infrastructure fund that listed on the TSE on October 30, 2017. An infrastructure fund is a structure whereby funds collected from multiple investors are used to purchase infrastructure facilities such as power plants, which are then leased out and rental fees are received. The "sponsor" establishes and partially invests in the infrastructure fund, the "operator" leases and operates the infrastructure facilities, the "O&M provider" handles the maintenance of the power plants on behalf of the operator. The "asset manager" represents the interests of the infrastructure fund in selecting assets to be included in the infrastructure fund and negotiating lease contracts with the operator. In the case of CSIF, Canadian Solar Project Corporation ("CSP") is the sponsor and operator, Canadian Solar O&M Japan Inc. ("CSOMJ") is the O&M contractor and Canadian Solar Asset Management K.K. ("CSAM") is the asset manager. Both belong to the Canadian Solar Inc (NASDAQ CSIQ) ("CSIQ") group, the world's fifth largest solar panel manufacturer. The strength of the company is its "vertically integrated model," in which they are panel manufacturers, who are well versed in the characteristics of solar panels and are involved in everything from the construction of power plants using their own panels to the operation of the plants.

Figure 1: Organizational Structure



Source: Company Data

Figure 2: Major Shareholders (As of 31st December 2023)

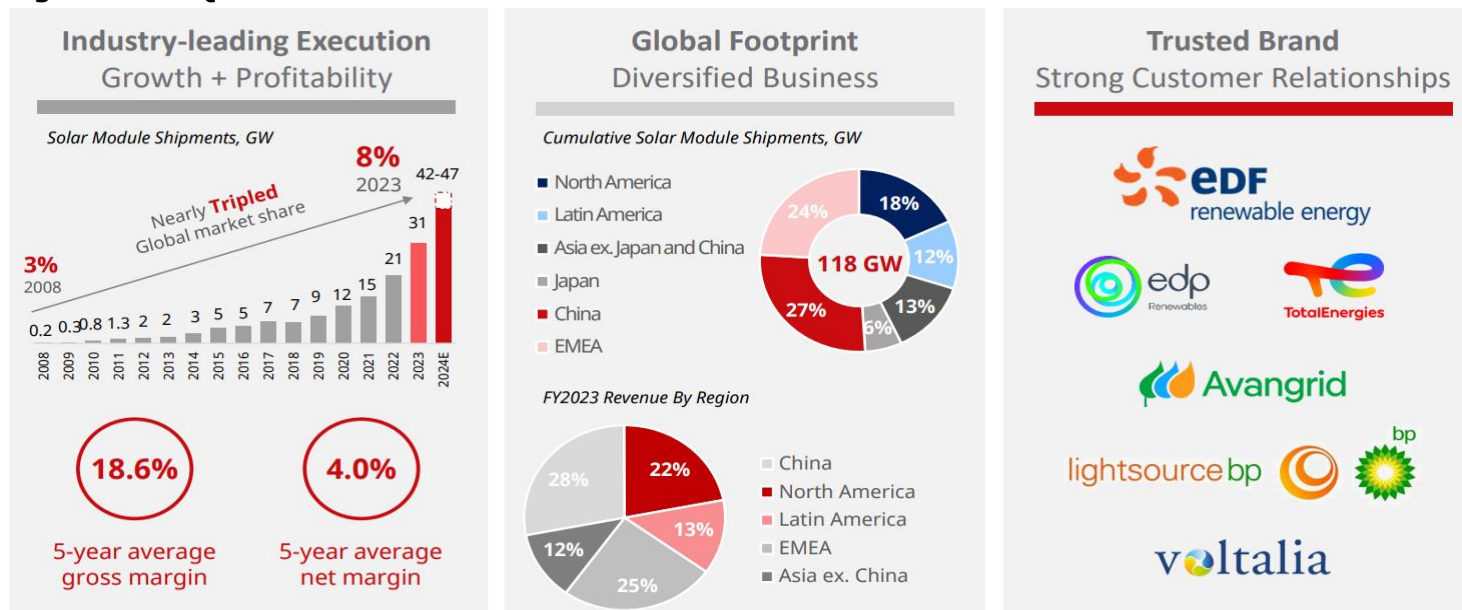
| Name | Number of Investment Units Held ('000 units) | Unitholding Ratio to Total Issued Units (%) |
|---|--|---|
| 1 Canadian Solar Projects K.K. | 65.6 | 14.53 |
| 2 THE BANK OF NEW YORK MELLON SA/NV 10 | 7.9 | 1.75 |
| 3 The Bank of Fukuoka, Ltd. | 7.8 | 1.73 |
| 4 SSBTC CLIENT ONMIBUS ACCOUNT | 6.2 | 1.36 |
| 5 Custody Bank of Japan, Ltd. (Trust Account) | 5.9 | 1.30 |
| 6 JP MORGAN CHASE BANK 385650 | 5.7 | 1.25 |
| 7 THE BANK OF NEW YORK 133522 | 4.6 | 1.02 |
| 8 The Master Trust Bank of Japan, Ltd. | 4.4 | 0.96 |
| 9 Individual Investor | 4.2 | 0.93 |
| 10 JP MORGAN CHASE BANK 380646 | 4.1 | 0.90 |
| Total | 116.4 | 25.76 |

Source: Company Data

CSIQ is the World's Fifth Largest Solar Panel Manufacturer with Production Facilities Around the World

CSIQ was founded in Canada in 2001 by Shawn Qu, who received his PhD in materials science from the University of Toronto, then started working as a researcher at Ontario Power Generation (unlisted) and subsequently move to ATS Automation Tooling Systems Inc. In 2010, the company entered the solar power plant construction business and in 2015 acquired Recurrent Energy, LLC, a solar power plant development company owned by Sharp Corporation (TSE 6753). The company has solar panel production facilities in Canada, the U.S., China, Japan, Thailand and Vietnam and ranks fifth in the world in terms of panel production capacity. The top four companies are Jinko Solar Co Ltd (Shanghai 688223), Trina Solar Co Ltd (Shanghai 688599), LONGi Green Energy Technology Co Ltd (Shanghai 601012) and JA Solar Technology Co Ltd (Shenzhen 002459). All of the top five companies, including CSIQ, mostly manufacture mainstream crystalline silicon solar panels, with conversion efficiencies of around 20%.

Figure 3: CSIQ's Solar Panel Production Results



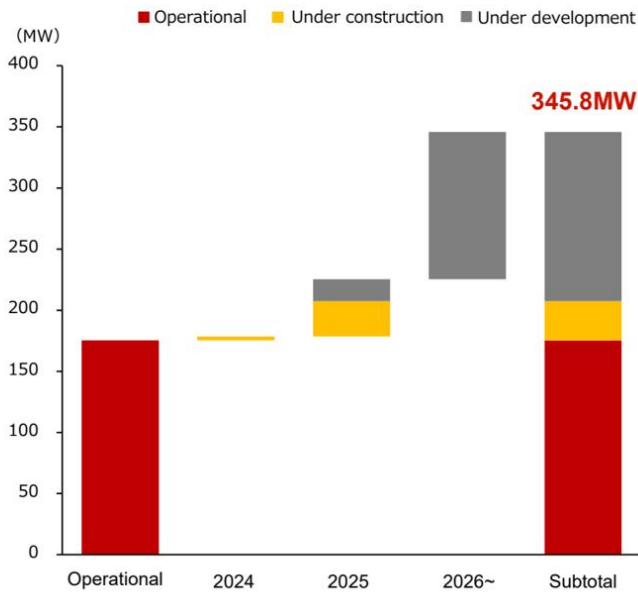
Source: Company Data

CSIQ Group is Number-One FIT Bidder by Far and Has a Rich Pipeline

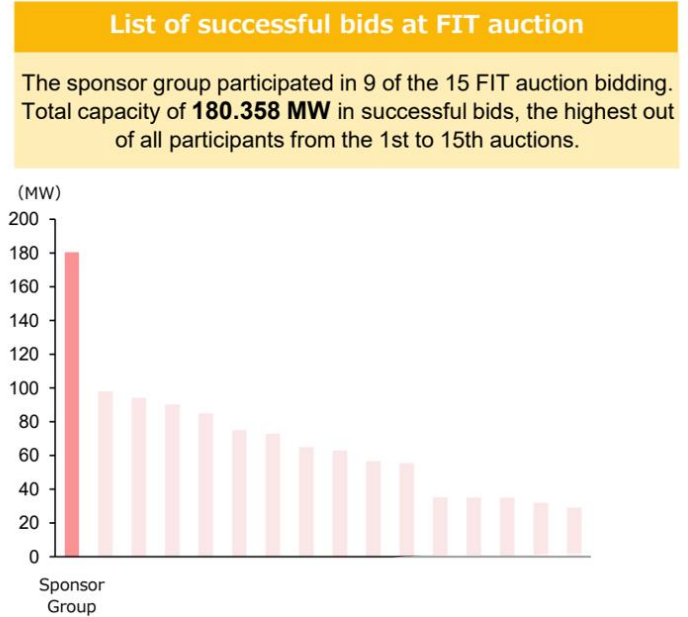
In Japan, Canadian Solar Japan K.K. was established in 2009 and started constructing solar power plants in 2012, through CSP; which was established in 2015 as a separate company dedicated to solar power plant development. It has participated in 9 out of the total 15 FIT system bids going back 2017. With a total capacity of 180 MW, the company is in first place, far ahead of the second-placed bidder (with a total capacity of approximately 98 MW). All but one of CSIF's current solar power plants (with a total output capacity of 226.4 MW) were acquired from the CSIQ Group, while the rest of the CSIQ Group's solar power plant pipeline (projects already in operation, under construction, and under development) have remained above 300 MW for the past five years, CSIF continues to maintain a structure that guarantees its growth potential.

Figure 4: CSIQ Group's Extensive Pipeline

Operational start years and status of Sponsor Pipeline (panel output basis as of Dec. 31, 2023)



Track record of participation in FIT auction bidding by sponsor group (as of March 31, 2023)



Source: Company Data

Expand Growth Opportunities Through Diversification of Property Acquisition Routes

CSIF's total output capacity at the time of its listing was 72.7 MW, but through multiple subsequent asset acquisitions, it has now reached 226.4 MW and has grown at an annual rate of 20%. This means that it has grown at twice or more the pace of the overall domestic market, which grows at about 7-10% per year. This high growth rate has been supported by CSIQ Group's extensive pipeline. In addition to acquiring properties from the CSIQ Group's pipeline, CSIF is diversifying its acquisition routes by establishing a system for acquiring properties from third parties using CSAM's unique network in Japan, in order to further increase its growth potential in the future. Furthermore, in addition to the conventional method of acquiring properties directly from sellers, CSAM plans to acquire properties through bridge funds, which will enable it to adjust for inconsistencies in the timing of transactions between sellers and CSIF and to control the number and scale of properties acquired, thereby increasing opportunities to acquire properties. The plan is to increase opportunities to acquire properties.

2) Rapid Portfolio Diversification

Even if the Size of the Power Plant is Large or the FIT Feed-In Tariff is High, Profitability Will Decrease If the Power Plant is Overpriced

CSIF has 31 solar power plants in Japan with a total output capacity of 226.4 MW and an average output capacity of 7.3 MW and the FIT price for most plants is ¥30-40. The top three power plants with the largest output capacity are CS Hiji-machi No. 2 (Oita) (53.4 MW), CS Mashiki-cho (Kumamoto) (47.7 MW), and CS Daisen-cho (Tottori) (27.3 MW).

Conversely, the top three power plants with the smallest output capacity are CS Koriyama (Fukushima) (0.6 MW), CS Isa (Kagoshima) (0.9 MW), and CS Osaki Kameinuma (Miyagi) (0.9 MW). For CSIF, the acquisition price from the seller, not the size, is the determining factor for the profitability of each power plant, because even if the size is large or the FIT price is high, profitability will be low if the acquisition price from the seller, such as CSP, is relatively high. In addition, of course, the amount of sunlight and output curtailment conditions in each region also affect profitability.

Figure 5: CS Hiji-machi Dai-Ni Power Plant (Oita Prefecture) (53.4 MW)



Source: Company Data

Figure 6: CS Koriyama-shi Power Plant (Fukushima Prefecture) (0.6 MW)



Source: Company Data

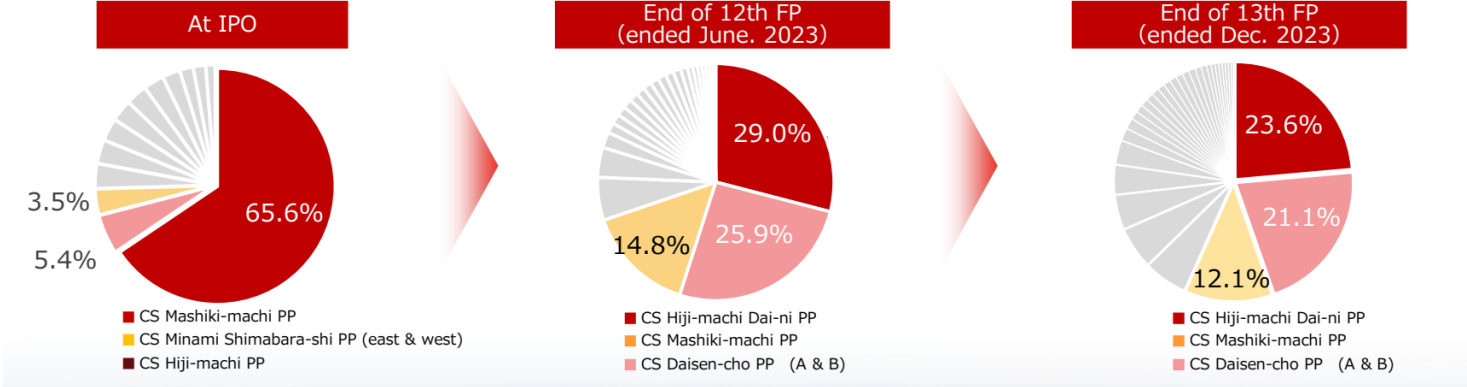
The Most Profitable Power Plant is CS Kasama Power Plant (Ibaraki Prefecture)

The business profit/loss is calculated as rental income minus rental expenses for each power plant, with depreciation accounting for 70-80% of rental expenses. The top three power plants with the highest ratio of operating income to rental income (average of the past three years) are CS Kasama (Ibaraki) (51.5%), CS Mashiki (Kumamoto) (48.4%) and CS Koriyama (Fukushima) (47.8%). Conversely, the top three lowest power plants are CS Ishikari Shinshinotsu-mura Power Plant (Hokkaido) (29.3%), CS Marumorimachi Power Plant (Miyagi) (30.3%) and CS Yusui-machi Power Plant (Kagoshima) (31.8%). The five power plants acquired in FY12/2023 are not included in the comparison, but their profitability has been relatively high in recent periods, with business profit/loss ratios generally above 50%.

Portfolio Diversification Accelerated in FY12/2023

The ratio of the top three properties in the portfolio was heavily skewed at 74.5% at the time of listing, including CS Mashiki-machi Power Station, and remained heavily skewed at 69.7% at the end of June 2023 among CS Hidemachi No.2, CS Mashiki-machi Power Station and CS Oyamacho Power Station. However, after additional acquisitions in FY12/2023, the ratio of the top three properties decreased to 56.8%.

Figure 7: Changes in Portfolio Income Diversification (Panel Output Basis)



Source: Company Data

2. Peer Comparison

1) Only CSIF Can Realize a "Vertically Integrated Model"

There are 5 Listed Infrastructure Funds

There are a total of five listed infrastructure funds, including CSIF. In order of output capacity, these are Enex Infrastructure Investment Corporation (243.4 MW) (listed in 2019), CSIF (226.4 MW) (listed in 2017), Japan Infrastructure Fund Investment Corporation (152.8 MW) (listed in 2020), Tokyo Infrastructure Energy Investment Corporation (69.8 MW) (listed in 2018) and Ichigo Green Infrastructure Investment Corporation (25.8 MW) (listed in 2016).

Only CSIF Can Realize a "Vertically Integrated Model"

The respective sponsors are as follows; ITOCHU ENEX Corporation (TSE 8133) and others for Enex Infrastructure Investment Corporation. Canadian Solar Project for CSIF. Marubeni Corporation (TSE 8002) and subsidiaries (Mizuho Bank and Mizuho Trust Bank) of Mizuho Financial Group, Ltd. (TSE 8411) for Japan Infrastructure Fund Investment Corporation and Advantech Co., Ltd. (unlisted) which is a manufacturer of semiconductor manufacturing equipment parts. And finally, for Tokyo Infrastructure Energy Investment Corporation, Ichigo Co., Ltd. (TSE 2337) for Ichigo Green Infrastructure Investment Corporation. Sponsored by a panel manufacturer, CSIF is the only company that has been able to achieve a "Vertically Integrated Model".

Figure 8: Sponsors of Each Infrastructure Fund

| Investment corporation | Sponsor | Business |
|-------------------------------|-------------------------------------|---|
| Canadian Solar Infrastructure | Canadian Solar Group | The world's fifth largest solar panel manufacturer. Also manages power plant development and storage batteries. |
| Enex Infrastructure | Itochu Enex Corporation | Subsidiary of ITOCHU Corporation, engaged in sales of LP gas, gasoline and electricity. |
| | Sumitomo Mitsui Trust Bank, Limited | A core company of the Sumitomo Mitsui Trust Holdings Group. |
| | Mercuria Investment, Co., Ltd. | Fund management business and proprietary investment business to manage its own funds. |
| | Maiora Asset Management | Extensive investment experience in solar power generation (over 2 GW worldwide). |
| Japan Infrastructure Fund | Marubeni Corporation | A general trading company in the Fuyo Group. Top-ranked in the grain sector and power generation business. |
| | Mizuho Bank | A core company of the Mizuho Financial Group. |
| | Mizuho Trust & Banking | A trust bank under Mizuho Financial Group. |
| Tokyo Infrastructure Energy | Advantec Co., Ltd. | Manufacturer of semiconductor manufacturing equipment components. Also develops solar power plants. |
| | Aioi Nissay Dowa Insurance | Non-life insurance company under the MS&AD Group. |
| Ichigo Green Infrastructure | Ichigo Inc. | The company also manages J-REITs, centered on the real estate securitization business. |

Source: Prepared by Strategy Advisors, Based on Company Data

2) CSIF's Pipeline is the Largest Amongst the Infrastructure Funds

Enex Infrastructure Investment Corporation Overtook CSIF to Lead Output Capacity in 2023

The output capacity ranking membership of the 5 infrastructure funds had been the since CSIF went public, but Enex Infrastructure Investment Corporation, which has been expanding its asset scale at an annualized rate of 80%, took the top spot in 2023. Meanwhile, No. 4 Tokyo Infrastructure Energy Investment Corp. is growing at an annualized rate of 30%, a level similar to CSIF and Ichigo Green Infrastructure Investment Corp. is not expanding its asset scale at all.

CSIF May be on Top Again Due to the Abundance of Pipelines

Looking at the sponsor pipeline, for Enex Infrastructure Investment Corporation, the number has rapidly declined from more than 240 MW as of 2019 to only 25.3 MW currently. Therefore, the pace of asset scale expansion is likely to be limited in the future; for CSIF, Japan Infrastructure Fund Investment Corporation, and Tokyo Infrastructure Energy Investment

Corporation, their levels are generally stable at around 400 MW, close to 200 MW and over 100 MW, respectively. The output capacity of the pipelines has been generally stable at over 300 MW, close to 200 MW and over 100 MW, respectively; and the pace of growth is not expected to change significantly in the future. Ichigo Green Infrastructure Investment Corporation continues to have zero pipeline capacity.

Figure 9: Output Capacity of Each Infrastructure Fund (MW)

| Investment Corporation | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Canadian Solar Infrastructure | 119.8 | 123.0 | 183.9 | 183.9 | 183.9 | 183.9 | 183.9 | 226.4 |
| Enex Infrastructure | 40.2 | 40.2 | 139.8 | 139.8 | 155.5 | 155.5 | 240.8 | 243.4 |
| Japan Infrastructure Fund | 30.4 | 30.4 | 57.3 | 57.3 | 90.0 | 103.2 | 152.8 | 152.8 |
| Tokyo Infrastructure Energy | 20.1 | 46.0 | 46.0 | 46.0 | 46.0 | 69.8 | 69.8 | 69.8 |
| Ichigo Green Infrastructure | 25.8 | 25.8 | 25.8 | 25.8 | 25.8 | 25.8 | 25.8 | 25.8 |

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors, Based on Company Data

Figure 10: Pipeline Capacity of Each Infrastructure Fund (MW)

| Investment Corporation | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Canadian Solar Infrastructure | 354.9 | 383.5 | 408.7 | 390.9 | 375.9 | 367.5 | 367.5 | 392.8 |
| Enex Infrastructure | 234.4 | 121.8 | 121.8 | 121.8 | 121.8 | 110.7 | 25.3 | 25.3 |
| Japan Infrastructure Fund | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 | 150.0 | 150.0 | 150.0 |
| Tokyo Infrastructure Energy | 104.0 | 104.0 | 104.8 | 108.3 | 104.8 | 123.2 | 123.2 | 128.4 |
| Ichigo Green Infrastructure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors, Based on Company Data

CSIF's Average Power Plant Output Capacity is Second Only to Enex Infrastructure Investment Corporation

The current number of properties is 12 for Enex Infrastructure Investment Corporation, 31 for CSIF, 45 for Japan Infrastructure Fund Investment Corporation, 23 for Tokyo Infrastructure Energy Investment Corporation and 13 for Ichigo Green Infrastructure Investment Corporation. The average output capacity of each power plant is 20.3 MW for Enex Infrastructure Investment Corporation, 7.3 MW for CSIF, 3.4 MW for Japan Infrastructure Fund Investment Corporation, 3.0 MW for Tokyo Infrastructure Energy Investment Corporation and 2.0 MW for Ichigo Green Infrastructure Investment Corporation. The top three properties in the portfolio account for 72.3% of Enex Infrastructure Investment Corporation, 56.8% of CSIF, 34.6% of Japan Infrastructure Fund Investment Corporation, 48.1% of Tokyo Infrastructure Energy Investment Corporation and 39.5% of Ichigo Green Infrastructure Investment Corporation, so Enex Infrastructure Investment Corporation has the largest bias.

3) CSIF Stands Out in Terms of Profitability

CSIF Stands Out in Terms of Operating Profit Margin & ROIC

Looking at profitability, CSIF, Enex Infrastructure Investment Corporation, Tokyo Infrastructure Energy Investment Corporation, Japan Infrastructure Fund Investment Corporation, Ichigo Green Infrastructure Investment Corporation, and Ichigo REIT, Inc. have outstanding operating profit ratios over the past three years: 39.2% for CSIF, 31.1% for Enex Infrastructure Investment Corporation, 28.8% for Tokyo Infrastructure Energy Investment Corporation, 25.0% for Japan Infrastructure Fund Investment Corporation and 24.7% for Ichigo Green Infrastructure Investment Corporation. Here, CSIF stands out. ROIC for the past three years has been 1.8% for CSIF, 1.2% for Enex Infrastructure Investment Corporation, 1.1% for Tokyo Infrastructure Energy Investment Corporation, 1.2% for Japan Infrastructure Fund Investment Corporation and 1.4% for Ichigo Green Infrastructure Investment Corporation, again with CSIF leading the pack.

Figure 11: Trends In Operating Margin for Each Infrastructure Fund

| Investment Corporation | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 3-Year Average |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|
| Canadian Solar Infrastructure | 36.0% | 35.5% | 42.6% | 37.5% | 42.9% | 37.2% | 33.5% | 40.7% | 39.2% |
| Enex Infrastructure | 19.9% | 20.5% | 29.2% | 27.2% | 37.1% | 32.6% | 26.8% | 32.5% | 31.1% |
| Japan Infrastructure Fund | 41.6% | 36.4% | 25.3% | 22.7% | 18.2% | 28.5% | 22.9% | 29.0% | 25.0% |
| Tokyo Infrastructure Energy | 38.9% | 30.7% | 34.6% | 23.2% | 33.8% | 30.4% | 31.3% | 20.9% | 28.8% |
| Ichigo Green Infrastructure | 30.5% | 18.9% | 29.0% | 19.6% | 31.1% | 20.3% | 28.1% | 19.5% | 24.7% |

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors, Based on Company Data

Figure 12: ROIC Trends for Each Infrastructure Fund

| Investment Corporation | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 3-Year Average |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|
| Canadian Solar Infrastructure | 1.7% | 1.8% | 1.7% | 1.7% | 2.2% | 1.8% | 1.5% | 2.0% | 1.8% |
| Enex Infrastructure | 0.8% | 0.9% | 1.0% | 0.9% | 1.5% | 1.3% | 1.0% | 1.3% | 1.2% |
| Japan Infrastructure Fund | 1.3% | 1.9% | 1.0% | 1.2% | 0.8% | 1.4% | 0.9% | 1.4% | 1.1% |
| Tokyo Infrastructure Energy | 1.9% | 0.9% | 1.5% | 0.9% | 1.6% | 1.1% | 1.3% | 0.9% | 1.2% |
| Ichigo Green Infrastructure | 1.5% | 1.0% | 1.5% | 1.1% | 1.7% | 1.2% | 1.6% | 1.2% | 1.4% |

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors, Based on Company Data

4) CSIF Tops the List in Terms of Actual Performance, Considering Dividend Yield & the Rate of Change in BPS

CSIF's Dependence on Distributions in Excess of Profits is Less than Half that of Other Infrastructure Funds

Despite the difference in profitability, the dividend yield (distribution yield) of both infrastructure funds is about 6~7%, which is not much different. This is the result of the low profitability of Infrastructure Funds making up for this by increasing their dependence on excess profit distributions among the profit distributions and excess profit distributions, which are components of dividends (distributions). CSIF's dependence on excess distributions (dividends ÷ excess profits) over the past three years is less than half that of other companies, with CSIF accounting for 21%, Enex Infrastructure Investment Corporation 48%, Tokyo Infrastructure Energy Investment Corporation 43%, Japan Infrastructure Fund Investment Corporation 44% and Ichigo Green Infrastructure Investment Corporation 54%.

Differences in Dependence on Excess Distributions are Reflected in the Increase or Decrease in BPS

The difference in dependence on excess distributions is reflected in the difference in the increase or decrease in net assets per share (BPS). In the past three years, CSIF has seen positive BPS growth rates of +3.1%, Enex Infrastructure Investment Corporation, Tokyo Infrastructure Energy Investment Corporation, Japan Infrastructure Fund Investment Corporation, and Ichigo Green Infrastructure Investment Corporation, respectively, have been positive at -5.3%. In other words, infrastructure funds other than CSIF are maintaining dividend levels around 6% by devaluing their net assets. If we calculate the BPS change yield for each infrastructure fund, it will be about 6% for CSIF, about 5% for Enex Infrastructure Investment Corporation, about 4% for Tokyo Infrastructure Energy Investment Corporation, about 4% for Japan Infrastructure Fund Investment Corporation and about 3% for Ichigo Green Infrastructure Investment Corporation in one year, 2023.

* Yield including BPS change = dividend yield + (BPS change rate ÷ PBR). As the denominator of the BPS change rate is net assets per share (BPS), we divided it by PBR to add it up with the dividend yield.

Figure 13: Dividend Yield of Each Infrastructure Fund

| Investment Corporation | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 3-Year Average |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|
| Canadian Solar Infrastructure | 6.5% | 5.5% | 5.8% | 6.1% | 6.2% | 6.2% | 6.2% | 6.7% | 6.2% |
| Enex Infrastructure | 6.5% | 6.7% | 6.3% | 6.8% | 9.9% | 6.4% | 6.6% | 6.9% | 6.6% |
| Japan Infrastructure Fund | 1.2% | 4.2% | 6.0% | 6.5% | 6.6% | 6.5% | 6.6% | 6.8% | 6.5% |
| Tokyo Infrastructure Energy | 5.1% | 6.2% | 6.0% | 6.5% | 6.2% | 6.6% | 6.4% | 6.5% | 6.3% |
| Ichigo Green Infrastructure | 6.6% | 6.1% | 5.7% | 5.8% | 6.0% | 5.9% | 5.6% | 5.8% | 5.8% |

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors, Based on Company Data

Figure 14. Profit Distribution Yields of Infrastructure Funds

| Investment Corporation | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 3-Year Average |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|
| Canadian Solar Infrastructure | 4.6% | 4.6% | 4.6% | 4.6% | 5.6% | 5.7% | 4.7% | 5.1% | 5.0% |
| Enex Infrastructure | 3.5% | 2.7% | 2.5% | 2.9% | 4.7% | 3.8% | 3.1% | 2.9% | 3.2% |
| Japan Infrastructure Fund | 0.6% | 3.1% | 3.9% | 4.0% | 4.0% | 3.6% | 3.5% | 3.4% | 3.6% |
| Tokyo Infrastructure Energy | 3.6% | 4.1% | 3.3% | 3.7% | 3.7% | 4.5% | 3.5% | 3.3% | 3.7% |
| Ichigo Green Infrastructure | 2.8% | 2.6% | 2.5% | 2.6% | 2.9% | 2.9% | 2.6% | 2.6% | 2.7% |

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors, Based on Company Data

Figure 15. Dependence on Excess Distributions of Each Infrastructure Fund
(distributions ÷ excess profits)

| Investment Corporation | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 3-Year Average |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|
| Canadian Solar Infrastructure | 19% | 16% | 25% | 23% | 0% | 16% | 31% | 18% | 18% |
| Enex Infrastructure | 60% | 60% | 57% | 57% | 41% | 38% | 68% | 48% | 48% |
| Japan Infrastructure Fund | | 16% | 52% | 23% | 53% | 35% | 61% | 41% | 44% |
| Tokyo Infrastructure Energy | 32% | 59% | 32% | 56% | 24% | 40% | 50% | 47% | 43% |
| Ichigo Green Infrastructure | 58% | | 56% | | 52% | | 54% | | 54% |

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors, Based on Company Data

Figure 16: Net Assets Per Share (BPS) of Each Infrastructure Fund

| Investment Corporation | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 |
|--|-----------------|-----------------|-------------------|-------------------|------------------|------------------|------------------|------------------|
| Canadian Solar Infrastructure (YoY) | 93,998 -2.1% | 93,397 -1.3% | 104,463 +11.1% | 103,665 +11.0% | 103,818 -0.6% | 103,053 -0.6% | 101,898 -1.8% | 103,280 +0.2% |
| Enex Infrastructure (YoY) | 86,894 -3.1% | 88,110 -3.9% | 84,932 -2.3% | 86,263 -2.1% | 82,042 -3.4% | 81,542 -5.5% | 80,253 -2.2% | 80,952 -0.7% |
| Japan Infrastructure Fund (YoY) | 91,808 - | 93,127 - | 89,805 -2.2% | 89,116 -4.3% | 87,956 -2.1% | 86,683 -2.7% | 85,257 -3.1% | 84,065 -3.0% |
| Tokyo Infrastructure Energy (YoY) | 89,582 -2.6% | 87,998 -1.3% | 87,328 -2.5% | 86,020 -2.2% | 86,322 -1.2% | 88,365 +2.7% | 85,981 -0.4% | 85,028 -3.8% |
| Ichigo Green Infrastructure (YoY) | 44,094 -4.9% | 40,866 -4.5% | 42,018 -4.7% | 38,777 -5.1% | 40,149 -4.4% | 36,632 -5.5% | 37,776 -5.9% | 34,377 -6.2% |

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors, Based on Company Data

Figure 17: BPS Change in Unrealized Yield Calculations

| Investment corporation | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Canadian Solar Infrastructure | 4.8% | 4.6% | 15.0% | 15.4% | 5.7% | 5.7% | 4.6% | 6.9% |
| Enex Infrastructure | 3.6% | 2.9% | 4.3% | 4.8% | 6.8% | 1.7% | 4.7% | 6.2% |
| Japan Infrastructure Fund | | | 4.0% | 2.3% | 4.6% | 3.9% | 3.7% | 3.9% |
| Tokyo Infrastructure Energy | 2.8% | 5.0% | 3.8% | 4.5% | 5.2% | 9.2% | 6.0% | 2.8% |
| Ichigo Green Infrastructure | 2.9% | 3.1% | 2.8% | 2.9% | 3.5% | 3.1% | 2.6% | 2.8% |

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors, Based on Company Data

5) CSIF is Preferred by Foreign Investors

In Terms of the Composition of Foreign Investors, CSIF Stands Out from its Competitors at 9.6%

Looking at the ratio of unitholders to the number of investment units, the ratio of foreign corporations and individuals to investment corporations other than CSIF is about 1.0~2.0%, while CSIF stands out at 9.6%, making it the preferred position amongst foreign investors. In addition, the ratio of sponsors is in the double digits only for CSIF and Ichigo Green Infrastructure Investment Corporation, and the degree of alignment between unitholders and sponsors is higher than that of other investment corporations, making it easier for governance to be effective. The three investment corporations with a relatively high proportion of individual investors in Japan at about 70% are Enex Infrastructure Investment Corporation, Japan Infrastructure Fund Investment Corporation and Tokyo Infrastructure Energy Investment Corporation.

Figure 18. Status of Unitholders of Each Infrastructure Fund (# of Units)

| Investment Corporation | Sponsors | Domestic Financial Institutions | Domestic Corporations | Domestic Individuals | Foreign Corporations & Individuals |
|-------------------------------|----------|---------------------------------|-----------------------|----------------------|------------------------------------|
| Canadian Solar Infrastructure | 14.5% | 13.8% | 7.2% | 54.8% | 9.6% |
| Enex Infrastructure | 2.5% | 12.2% | 10.6% | 73.5% | 1.0% |
| Japan Infrastructure Fund | 1.6% | 15.3% | 12.4% | 69.5% | 1.0% |
| Tokyo Infrastructure Energy | 3.6% | 14.8% | 7.0% | 73.7% | 0.9% |
| Ichigo Green Infrastructure | 27.8% | 11.2% | 5.8% | 53.2% | 1.9% |

* Figures for the most recent fiscal year of each infrastructure fund are described.

* Since the investment ratio of Mizuho Bank, the sponsor of Japan Infrastructure Fund Investment Corporation, is unknown, it is possible that the figure of domestic financial institutions of up to 0.8% is actually low and the figure of sponsor is high.

Source: Created by Strategy Advisors from Each Company's Materials

3. Competitive Advantage Created by the Difficulty of Imitation

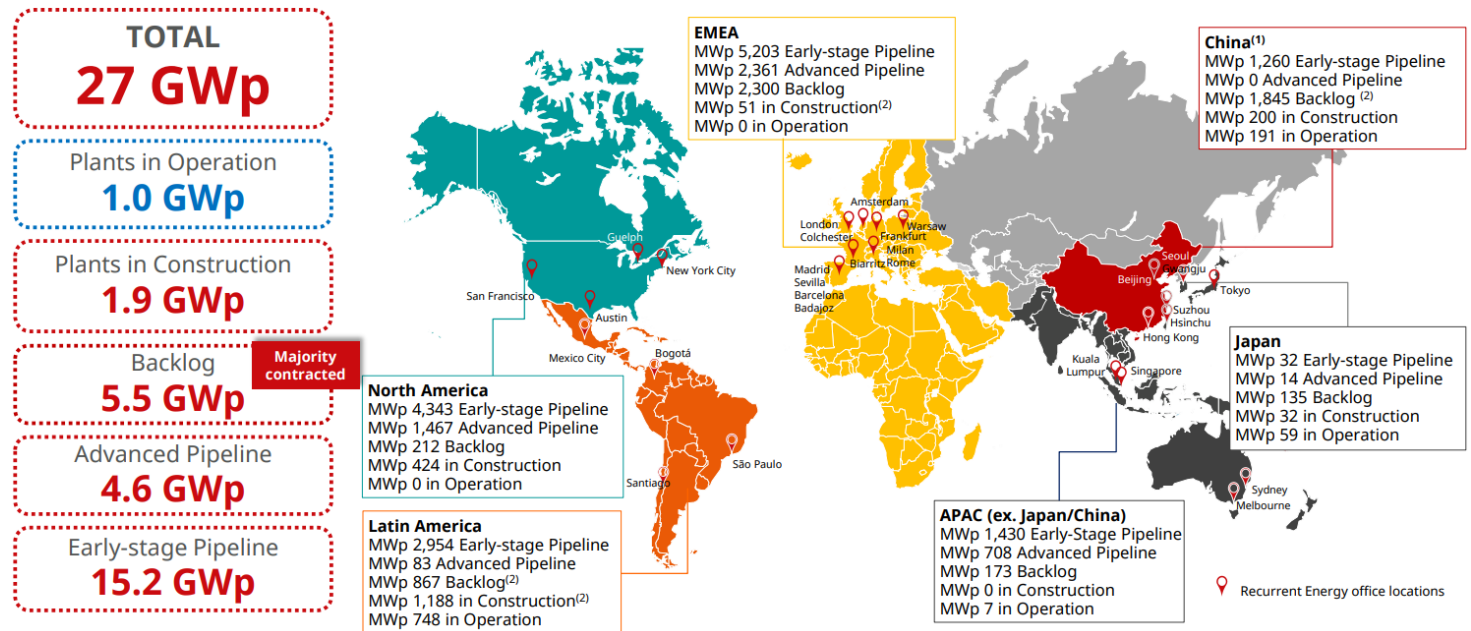
Management scholar Jay B. Barney has identified "difficulty of imitation" as a resource that provides a company with a competitive advantage. Imitation difficulty means that it is difficult for other companies to imitate a product and it takes a great deal of time and money to do so.

CSIF's difficulty in imitation is its "Vertically Integrated Model," which sponsors the world's fifth largest panel manufacturer.

CSIQ's Power Plant Pipeline is 27 GW Worldwide, 70x that of Japanese Projects

CSIQ, the sponsor group of CSIF, is the world's fifth largest panel manufacturer; CSIQ has been in the solar power plant development business since 2010 and has built up its knowledge over the years, starting to build power plants in Japan in 2012. Geographically, CSIQ is developing solar power plants in North America, South America, Europe, Africa, China, Japan, Southeast Asia and other parts of the world, with a current global pipeline of approximately 27,000 MW, nearly 70 times the pipeline it has in Japan (392.8 MW). CSIQ's knowledge of power plant construction is considered to be among the best in the world, as the company has been constructing power plants in various environments around the world for more than a decade.

Figure 19: CSIQ's Global Pipeline



Source: CSIQ Data

CSIQ's Expertise in Panel Characteristics Can be Applied to Power Plant Development & Operations

In addition, CSIQ uses its own panels in the solar power plants it develops. Naturally, CSIQ is well versed in the characteristics of its own panels, so it selects sites and designs power plants based on panel characteristics, thereby ensuring that power plants are optimized for highly efficient power generation and stable long-term operation. Furthermore, as a panel manufacturer, CSIQ is constantly researching the characteristics of panels made by other companies. Therefore, when CSIF considers purchasing solar power plants using panels manufactured by other companies from third parties in the future, it can make use of CSIQ's knowledge of the characteristics of the panels and the high quality of the power plants.

O&M has Achieved a Double-Checking System in Japan & Canada

For O&M, CSOMJ monitors operations in Japan in real time using a general-purpose industrial system called SCADA. In addition, Canadian Solar O&M Inc. in Ontario, Canada, monitors operations through a global integrated management system called CS Eye that operates 24/7. This double-checking system, which overcomes the time difference made possible by being a global company, ensures the stable operation of their solar power plants.

China's Top Four Listed Solar Panel Makers are Not Developing Large-Scale Projects in Japan

The four companies that exceed CSIQ in solar panel production volume are all listed in China. They are Jinko Solar Co Ltd (Shanghai 688223), Trina Solar Co Ltd (Shanghai 688599), LONGi Green Energy Technology Co Ltd (Shanghai 601012) and JA Solar Technology Co Ltd (Shenzhen 002459), but they are not developing large-scale solar power plants in Japan.

4. Domestic Photovoltaic Market and CSIF's Growth Strategy

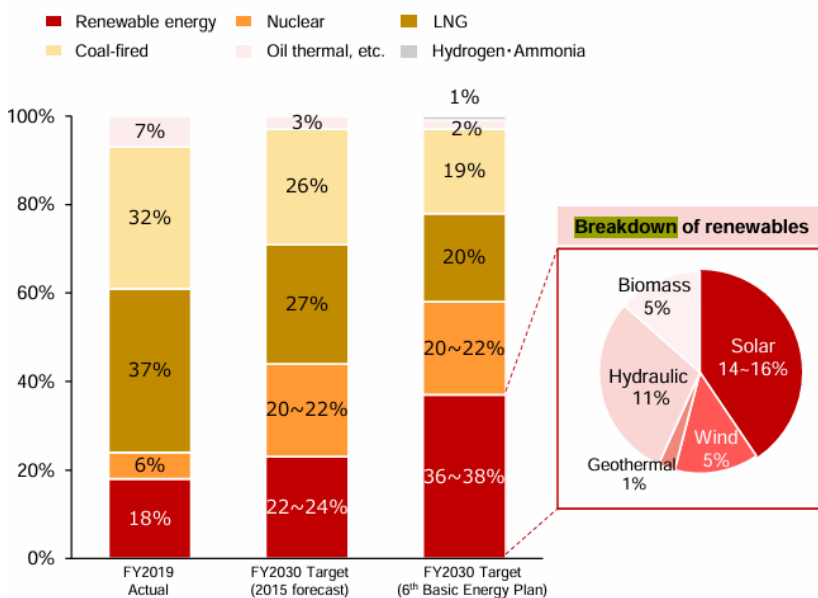
1) Domestic Market is Expected to Grow at 5-7% Per Annum Through 2030

Proportion of FIT Projects Gradually Declining

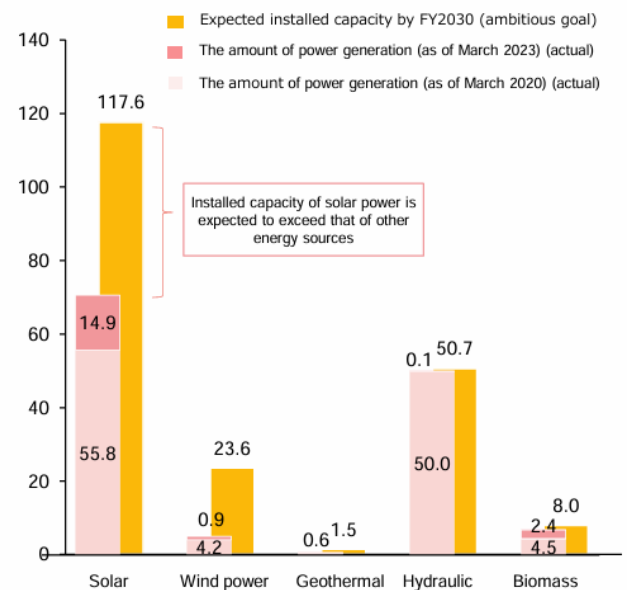
The cumulative amount of PV power generation installed in 2030 under the Sixth Basic Energy Plan is 117.6 GW and is expected to grow at an annual rate of 5 to 7%, with about 5 to 6 GW installed each year for the next seven years from 70.7 GW as of March 2023. According to the Yano Research Institute, about 80% of the approximately 5 GW of installed capacity in 2023 will come from FIT projects, while the percentage is expected to gradually decline thereafter to about 15% by 2030.

Figure 20: Japanese Government's Aggressive Stance in Pushing Renewable Energy Diffusion

Ratio of renewables to total energy mix



Expected installed capacity by renewable energy source



Source: Company Data

2) CSIF's Growth is Expected to Continue to Outpace Domestic Market Growth

All of CSIF's Medium-Term Growth Targets Can be Achieved with FIT Projects

All of CSIF's existing power plants (total capacity of 226.4 MW) and pipelines (total capacity of 392.8 MW) are FIT projects. CSIF has set a goal of more than doubling its asset size from the current ¥97.01bn to ¥200bn in the medium term; off of which is possible to achieve all of it through FIT projects. Assuming that the total capacity is doubled by 2026, it will grow at an annual rate of 26%. The scale is expected to expand at a level that far exceeds the growth rate of the overall market.

Some Investment Corporations in the Same Industry Do Not Present Mid-Term Targets

Tokyo Infrastructure Energy Investment Corporation has set a similar goal to that of CSIF, increasing its asset size from ¥29.1bn to ¥50 bn from FIT projects alone, while Japan Infrastructure Fund Investment Corporation has increased its asset size from ¥67.6bn yen to ¥100bn in the medium term, including non-FIT projects, wind power, biomass and hydroelectric power, etc. Enex Infrastructure Investment Corporation has not indicated a medium-term target.

Increasing the Allowability of Acquiring Additional Large Power Plants as Asset Size Expands Will Make It Easier to Realize Profitability Gains

The benefits of expanding asset scale include a lower administrative personnel cost ratio, improved O&M efficiency due to multiple solar power plants located nearby and lower interest rates on borrowings due to improved creditworthiness. At present, CSIF and Enex Infrastructure Investment Corporation are the only two companies with power plants with output capacities of 30 MW or more. The more options a company has in acquiring power plants, the easier it will be to increase profitability and the more likely it will be to increase its share price.

The Boom in the Secondary Market Triggered by Output Curtailment is also a Tailwind for CSIF

In addition, power plant owners (individuals, overseas companies, etc.), who are not happy with the expansion of output curtailment that started in 2018 and will be extended to 2022, have been trying to sell their power plants; and so the secondary market has been active, creating a favorable environment for market-leading CSIF to further expand its scale through acquiring assets at favorable terms in this highly favorable environment.

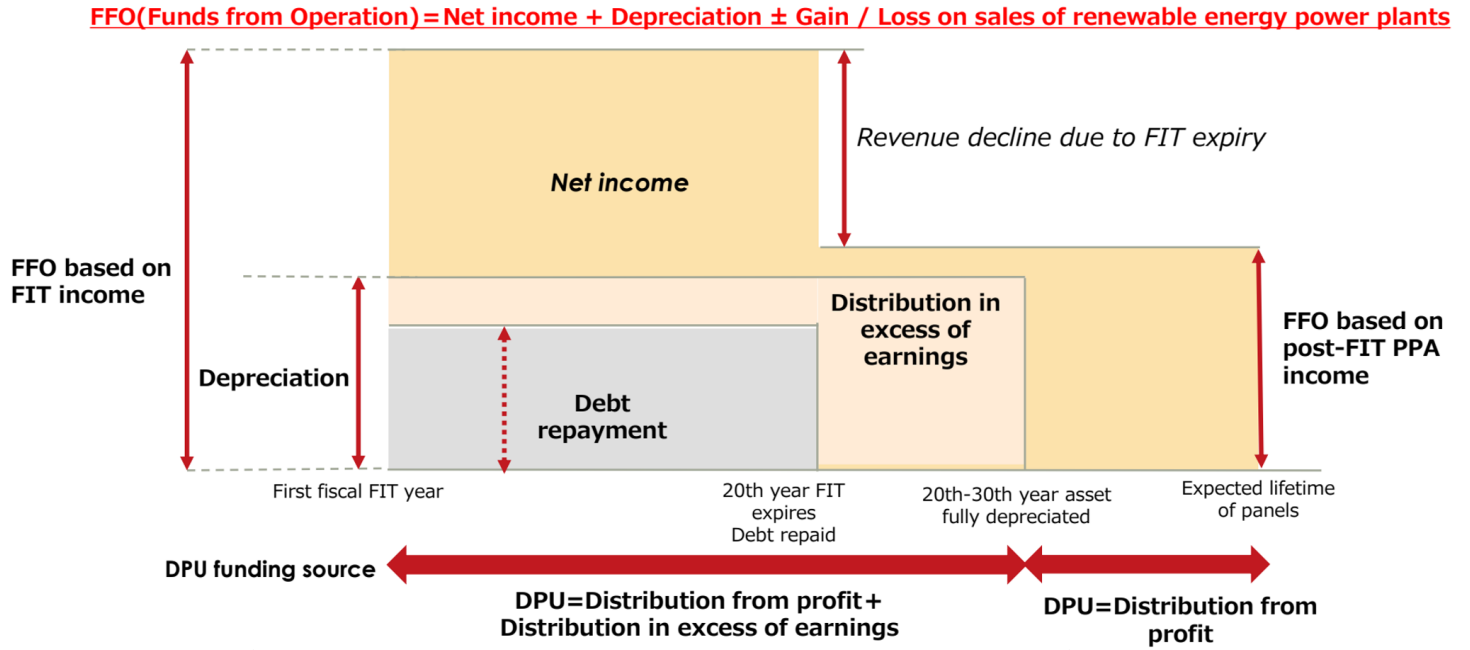
3) If the Debt Repayment Period can be Aligned with the Depreciation Period, the Speed of Business Growth can be Accelerated

Potential to Accelerate Output Capacity Growth Speed by at Least 2 MW Annually

The contractual repayment of loans procured by CSIF from financial institutions for the acquisition of power plants is not for 25 to 30 years until the completion of depreciation, but for 20 years until the end of the FIT. The short repayment period has the effect of reducing cash reserves. If the repayment period could be extended to 25 to 30 years, which would coincide with the depreciation period, the speed of CSIF's business growth could be further accelerated.

For example, the contracted repayment amount in 2023 was approximately ¥2.6bn, but if this amount could be reduced by 2/3 to ¥1.7bn, or ¥900mn, it would be possible to acquire additional power plants worth more than 2 MW in one year (calculated at the generally accepted market price of ¥400mn for 1 MW).

Figure 21: CSIF's Revenue Picture



Source: Company Data

5. Current Performance Trends

1) Results for FY12/2023

Net Income +30.5% YoY in FY12/2023

For FY12/2023, CSIF reported sales of ¥4.5bn (+22.2% YoY), operating profit of ¥1.8bn (+40.7% YoY), recurring profit of ¥1.3bn (+30.6% YoY) and net income of ¥1.386bn (+30.5% YoY). The acquisition of five new assets on July 19, 2023 and one property on December 1, 2023 contributed to the increase in sales and profit.

Controlling the Assumed Lost Variable Rents by Introducing 'On-Line' Curtailment Controllers

The number of times of output curtailment increased significantly from 24 times in FY12/2022 to 151 times in FY12/2023, but the introduction of on-line curtailment controllers enabled a shift from all-day control to hourly curtailment, limiting output curtailment to peak hours of power generation and the assumed lost variable rent was contained to a certain degree. In FY2023/6, the number of output curtailment

was 691 times, but this is due to seasonal factors and it is due to a supply-demand mismatch in which power generation increases due to the increase in sunshine hours in spring, while demand for electricity such as heating and cooling is low.

Concrete Measures Have Been Taken at the Government Level to Reduce Output Curtailment

With regard to output curtailment, which is an obstacle to the spread of renewable energy, measures on the supply, demand and grid sides are being considered at the government level. Specific measures have been announced in December 2023 as the "Renewable Energy Output Curtailment Measures Package." In November 2023, the Listed Infrastructure Fund Council, to which CSIF belongs, submitted a questionnaire and opinion on output curtailment in November 2023 requesting highly transparent disclosure of information on output curtailment from some power transmission and distribution companies.

Figure 22. Renewable Energy Output Curtailment Measures Package

| Demand-side countermeasures | Supply-side countermeasures |
|---|---|
| Household sector | <ul style="list-style-type: none"> ● Further promotion of online conversion of renewable facilities ● Lowered minimum output of newly-built thermal plants (50% to 30%), request existing thermal plants to follow suit ● Lowered output of unregulated power supply in surrounding areas of sectors that are undergoing output curtailment ● Boost operational efficiency of thermal power plants ● Optimize output curtailment by utilizing hydroelectric energy ● Promote FIP to stimulate renewable energy to better adapt to energy demand/supply fluctuations in the market |
| Industrial sector | |
| Industrial sector | Grid countermeasures |
| <ul style="list-style-type: none"> ● Stimulating demand (and transition) by introducing residential solar battery storage, heat pump water heaters, among others ● DR Readiness of equipment (installation of communication control devices) ● Promote consumer behavioral changes to utilize demand-side resources (initiatives to stimulate demand during output curtailment) | <div style="background-color: #c00000; color: white; text-align: center; padding: 2px;">Grid reinforcement</div> <ul style="list-style-type: none"> ● Expand intra-region grid transmission by revamping current interconnection operations ● Expand intra-region grid transmission by reinforcing cross-regional interconnection lines <div style="background-color: #c00000; color: white; text-align: center; padding: 2px;">Energy market dynamics (medium-long term agenda)</div> <ul style="list-style-type: none"> ● Adjust and stimulate demand/supply through chained price index mechanism |
| <ul style="list-style-type: none"> ● Grid: Stimulate demand of and transition towards usage of battery storages, (renewable) adjacent battery storages, and hydrogen electrolyzers ● Corporates: Promote battery storages and provide assistance for installing communication control devices ● Promote DR for furnaces used by energy-intensive industries ● Introduce new locations and/or alter demand dynamics for energy-intensive industries to adapt to new supply/demand dynamics | |

Source: Company Data

Figure 23: Performance Trends (¥ mn)

| FY End | 12/20 | 6/21 | 12/21 | 6/22 | 12/22 | 6/23 | 12/23 | 6/24 CoE |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales (Rental Revenues) | 2,414 | 3,425 | 3,587 | 4,061 | 3,715 | 3,453 | 4,538 | 4,500 |
| YoY | 15.6% | 46.9% | 48.6% | 18.6% | 3.6% | -15.0% | 22.2% | 30.3% |
| Operating expenses | 1,555 | 1,966 | 2,243 | 2,317 | 2,332 | 2,297 | 2,691 | 2,829 |
| Rental expense | 1,409 | 1,781 | 2,034 | 2,091 | 2,115 | 2,083 | 2,415 | |
| Asset management fee | 61 | 88 | 112 | 127 | 116 | 109 | 169 | |
| Administrative service fees | 19 | 23 | 28 | 28 | 27 | 29 | 28 | |
| Director's compensation | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Taxes and Duties | 0 | 2 | 0 | 0 | 0 | 0 | 3 | |
| Other | 63 | 69 | 67 | 68 | 72 | 73 | 74 | |
| Operating Income | 858 | 1,459 | 1,345 | 1,744 | 1,383 | 1,156 | 1,847 | 1,671 |
| OPM | 35.5% | 42.6% | 37.5% | 42.9% | 37.2% | 33.5% | 40.7% | 37.1% |
| Non-operating income | 37 | 91 | 9 | 3 | 40 | 57 | 2 | |
| Interest income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Dividends | - | 0 | - | 0 | - | 0 | - | |
| Gain on forfeiture of unclaimed dividends | - | - | - | - | - | 0 | 1 | |
| Insurance income | 1 | 79 | 8 | - | 39 | 57 | - | |
| Guarantee commission received | - | - | - | - | - | - | 1 | |
| Interest on refund | - | 0 | 0 | - | - | - | - | |
| Miscellaneous income | 36 | 12 | 0 | 3 | 0 | 0 | 0 | |
| Non-operating expenses | 178 | 476 | 230 | 237 | 209 | 209 | 462 | |
| Interest expense | 111 | 147 | 160 | 151 | 149 | 141 | 184 | |
| Interest on investment corporation bond | 4 | 17 | 19 | 19 | 19 | 19 | 19 | |
| Investment corporation bond issuance cost | 1 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Borrowing-related expenses | 57 | 213 | 38 | 38 | 38 | 38 | 213 | |
| Investment units issuance costs | - | 73 | - | - | - | 8 | 42 | |
| Loss on retirement of noncurrent assets | 5 | 24 | 10 | 27 | - | - | 1 | |
| Ordinary Income | 717 | 1,074 | 1,123 | 1,510 | 1,214 | 1,004 | 1,387 | 1,404 |
| ROS | 29.7% | 31.4% | 31.3% | 37.2% | 32.7% | 29.1% | 30.6% | 31.2% |
| Income Before Income Taxes | 717 | 1,074 | 1,123 | 1,510 | 1,214 | 1,004 | 1,387 | |
| Total income taxes | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Net Income | 716 | 1,073 | 1,122 | 1,509 | 1,213 | 1,003 | 1,386 | 1,403 |
| NPM | 29.7% | 31.3% | 31.3% | 37.2% | 32.7% | 29.0% | 30.5% | 31.2% |

Source: Company Data

2) FY6/2024 Forecasts and Beyond

Net Income for FY6/2024 is Expected to Increase 31.2% YoY

For FY6/2024, the company forecasts net sales of ¥4,500mn (+30.3% YoY), operating income of ¥1,671mn (+37.1% YoY), recurring income of ¥1,404mn (+31.2% YoY) and net income of ¥1,403mn (+31.2% YoY). The company expects both sales and income to increase by about 30% from FY6/2023 due to an increase in output capacity from asset acquisitions made in FY12/2023 and the installation of on-line output curtailment equipment. Cash distributions per unit (including distributions in excess of earnings) are expected to be ¥3,775, an increase of ¥25 versus FY12/2023.

Forecasts May be Raised Depending on Asset Acquisitions

The forecast for FY12/2024 and FY6/2025 is based on the same level of sales, income and distribution per unit as FY6/2024. However, these figures are based on the assumption that further acquisitions of solar power plants will not be incorporated and the figures may be higher if further asset acquisitions are made.

6. ESG

First Listed Infrastructure Fund to Comply with TCFD

In February 2022, CSIF implemented disclosures in line with the TCFD (Task Force on Climate-related Financial Disclosures), a body established by the Financial Stability Board (FSB) at the request of the G20 to examine climate-related disclosures and how financial institutions should respond. The FSB recommended the disclosure of "Governance", "Strategy", "Risk Management", and "Indicators and Targets" as recommended items for climate change-related information disclosure and this is in response to this recommendation. CSIF was the first listed infrastructure fund to comply with this recommendation.

Highest Rating for Green Finance Frameworks

In February 2023, we selected ESG issues (materiality) that are of particular importance to CSIF and published an ESG report that shows KPI's and specific measures related to the resolution of materiality items. In June, the company revised its green finance framework and received the highest rating of Green1(F) from JCR.

Conforms to European SFDR

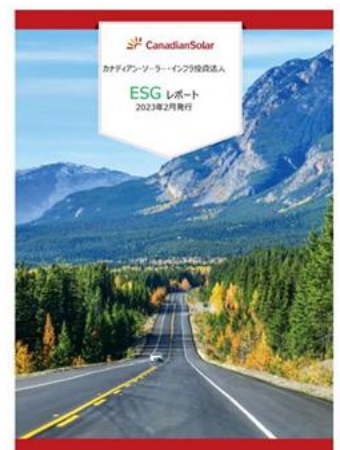
Furthermore, CSIF's disclosures are in compliance with the Sustainability Related Disclosure Rules (SFDR), which were established in Europe to prevent greenwashing of investment products (making them appear as if they are environmentally friendly).

Implementing Environmentally and Socially Conscious Initiatives in the Area Where the Power Plant is Located

In each area where the power plant is located, in consideration of rare species such as goshawks, CSIF refrained from using chainsaws and colored fences in protective colors (CS Oyamacho Power Plant), sponsorship of a walking competition on the historical site course that Francis Xavier is said to have passed (CS Hinodecho / Hinodecho 2nd Power Plant), donation of parks (CS Oyamacho Power Plant). CSIF is making efforts to consider the environment and society, such as donating condolences for typhoon damage (CS Marumoricho Power Plant).

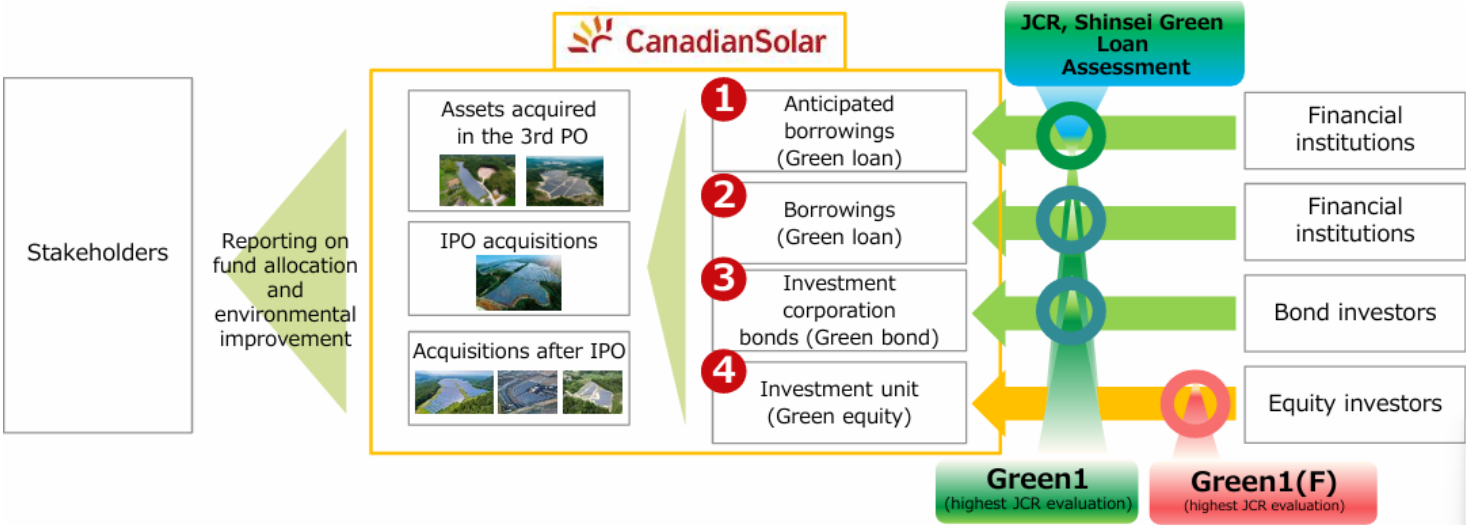
Figure 24: ESG Report

- CSAM endorsed the TCFD (Task Force on Climate-related Financial Disclosures) recommendations in February 2022. CSIF and CSAM published the ESG report in February 2023.
- CSIF selects ESG subjects (materiality) of particular importance to CSIF and promote efforts to achieve and further improve targets by setting KPIs and implementing specific measures for materiality items through future activities.



Source: Company Data

Figure 25. Highest Rating for Green Finance Frameworks



Source: Company Data

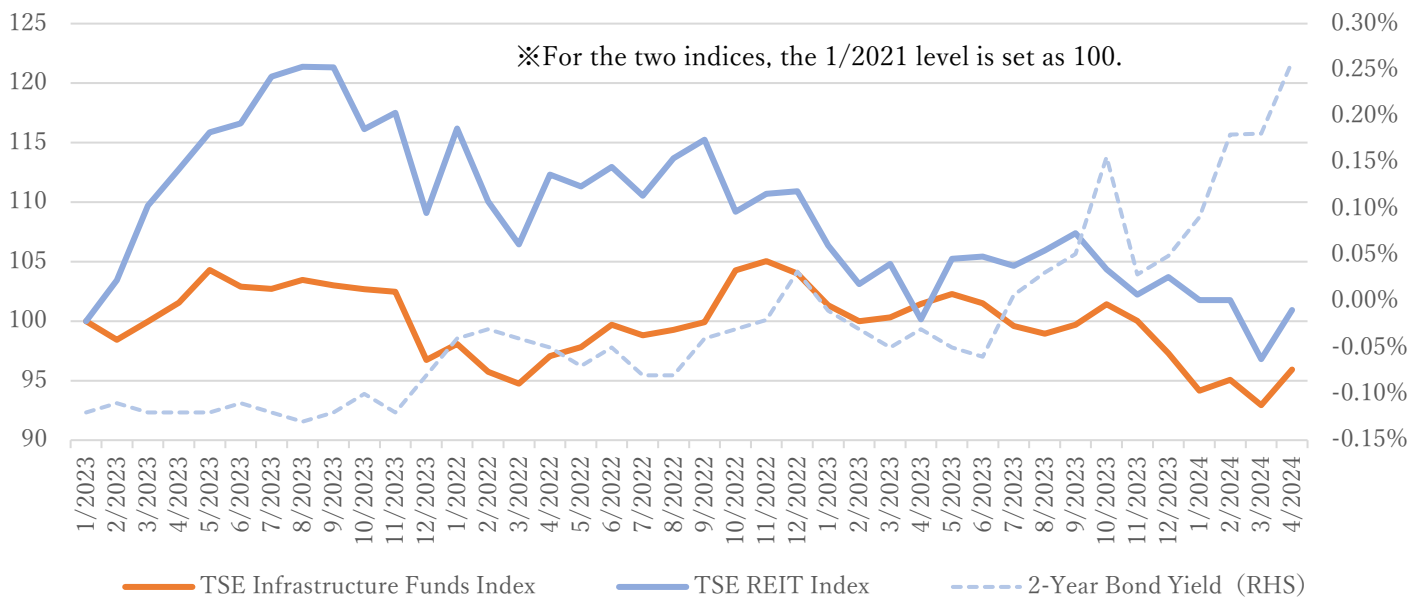
7. Valuation

1) Short-Term Oversold Sentiment for Infrastructure Funds in a Rising Interest Rate Environment

Infrastructure Fund's Share Price Remained Stable Compared to REIT Share Prices, But Recently Declined Due to Rising Interest Rates

Although the amount of electricity sold by infrastructure funds varies depending on weather and output curtailment conditions, the unit price of electricity sold itself remains constant for up to 20 years, so their share prices tend to be more stable than those of REIT's. However, rising interest rates are a negative factor common to both infrastructure funds and REIT's and rising interest rates since mid-2023 have led to downward pressure on stock prices (upward pressure on dividend yields).

Figure 26: TSE Funds Index, TSE REIT Index and 2-Year Bond Yield



Source: Prepared by Strategy Advisors

There is a Possibility That the Stock Prices of Multiple Infrastructure Funds Will Rebound Due to Short-Term Oversold Sentiment

A comparison of the changes in the 2-year Treasury yields and the dividend yields of each infrastructure fund in April 2023 and April 2024 shows that the dividend yields of most infrastructure funds have risen in line with the trend of the rise in 2-year bond yields. However, the 2-year Treasury yield is 0.36%, while the dividend yield of several infrastructure funds has risen above 0.36%. Therefore, the stock price may be judged to be oversold and rebound in the short term.

Figure 27: Change in 2-Year Bond Yield and Dividend Yield of Each Infrastructure Investment Corporation (May 2023 and May 2024)

| Investment Corporation | May 2023 | May 2024 | % Change |
|-------------------------------|----------|----------|----------|
| 2-Year Bond Yield | -0.05% | 0.31% | +0.36% |
| Canadian Solar Infrastructure | 6.09% | 6.60% | +0.50% |
| Enx Infrastructure | 6.60% | 6.95% | +0.35% |
| Japan Infrastructure Fund | 6.59% | 6.98% | +0.39% |
| Tokyo Infrastructure Energy | 6.09% | 6.54% | +0.45% |
| Ichigo Green Infrastructure | 5.76% | 5.39% | -0.37% |

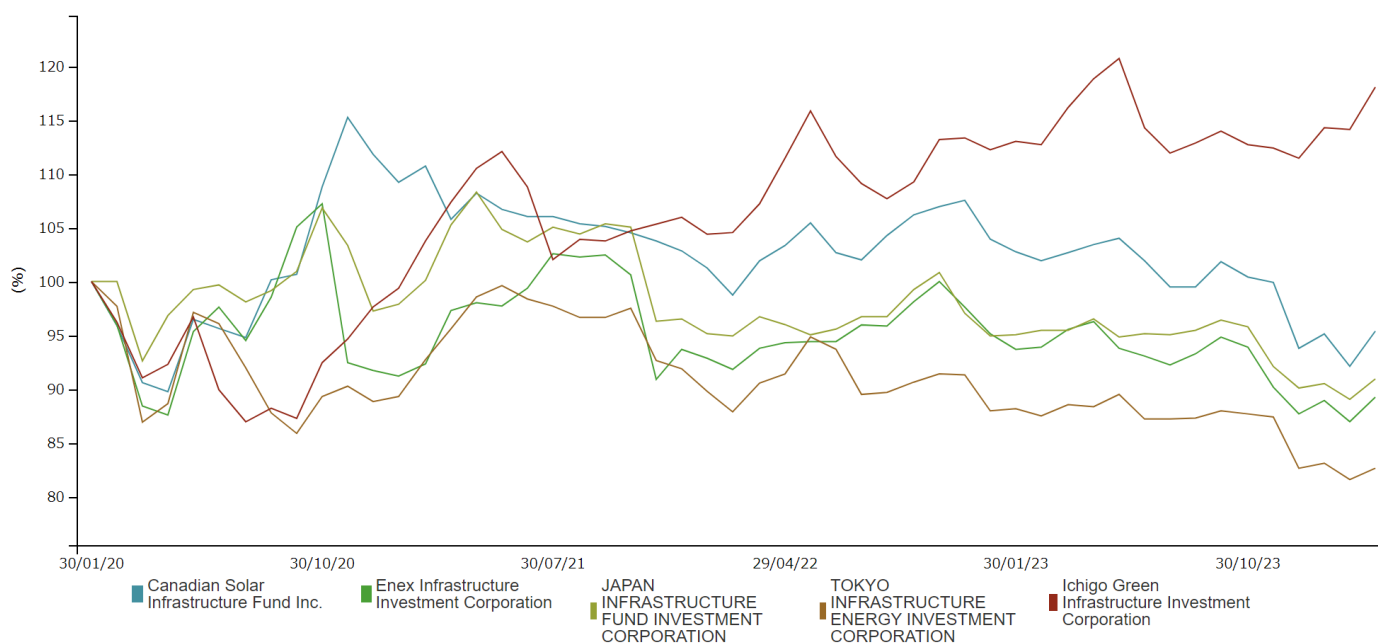
Source: Prepared by Strategy Advisors, Based on Company Data

2) Comparing Long-Term Trends, CSIF is Relatively Oversold

Generally Flat in the Long Term Except for Ichigo Green Infrastructure

Looking at the long-term share price trends of each infrastructure fund individually, they have generally remained flat, except for Ichigo Green Infrastructure Investment Corporation, which has the highest dividend payout ratio at twice that of CSIF.

Figure 28: Infrastructure Fund Share Price Trends



Source: Prepared by Strategy Advisors

Long-Term Oversold Sentiment May Lead to Relative Gains in CSIF Shares

However, only CSIF has generally maintained the level of its BPS, while other infrastructure funds have reduced their BPS. As a result, the share price has generally remained flat and CSIF's P/B ratio has declined noticeably. If the market becomes more aware of the BPS-included yield, CSIF's share price may rise relative to other infrastructure funds.

Figure 29: P/B Ratios & Yields including BPS Changes for Each Infrastructure Fund

| Investment Corporation | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 3-Year CAGR |
|---|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|-------------|
| Canadian Solar Infrastructure (BPS Change Unrealized Yield) | 1.21 4.8% | 1.43 4.6% | 1.21 15.0% | 1.18 15.4% | 1.18 5.7% | 1.20 5.7% | 1.19 4.6% | 1.08 6.9% | -4.8% - |
| Enx Infrastructure (BPS Change Unrealized Yield) | 1.06 3.6% | 1.02 2.9% | 1.11 4.3% | 1.02 4.8% | 1.11 6.8% | 1.16 1.7% | 1.13 4.7% | 1.08 6.2% | +2.1% - |
| Japan Infrastructure Fund (BPS Change Unrealized Yield) | 1.03 - | 1.05 - | 1.11 4.0% | 1.03 2.3% | 1.03 4.6% | 1.06 3.9% | 1.06 3.7% | 1.04 3.9% | +0.3% - |
| Tokyo Infrastructure Energy (BPS Change Unrealized Yield) | 1.13 2.8% | 1.06 5.0% | 1.18 3.8% | 1.12 4.5% | 1.14 5.2% | 1.04 9.2% | 1.06 6.0% | 1.02 2.8% | -1.6% - |
| Ichigo Green Infrastructure (BPS Change Unrealized Yield) | 1.30 2.9% | 1.52 3.1% | 1.65 2.8% | 1.74 2.9% | 1.77 3.5% | 1.95 3.1% | 1.93 2.6% | 2.07 2.8% | +12.3% - |

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors, Based on Company Data

3) Increased Market Capitalization May Result in a Liquidity Premium

Market Capitalization Increase Through Future Pipeline Acquisitions Could Lead to Higher Share Price

In terms of market capitalization, even CSIF, the company with the largest market capitalization, is not large at approximately ¥50bn. In the future, as market capitalization increases and liquidity improves through pipeline acquisitions, the investor base will expand, which may lead to an increase in the share price in the form of a liquidity premium.

Strong Fundraising Capacity and Strong Financial Base Support Steady Pipeline Acquisition Execution

Acquiring a pipeline requires an elevated level of financing capacity and a strong financial base to support it. CSIF has a stable lender formation of a total of 23 financial institutions, mainly the 3 megabanks, SBI Shinsei Bank and Sumitomo Mitsui Trust Bank; and its funding capacity is extremely high. This funding system is being strengthened day by day as CSIF continues to maintain its track record of stably controlling LTV at around 50%. In addition, the fixed interest rate ratio of loans procured from these financial institutions is at a prominent level of about 90%, indicating that the Bank has a strong interest rate rise system.

Figure 30: Market Capitalization of Each Infrastructure Fund (¥ mn)

| Investment Corporation | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Canadian Solar Infrastructure | 26,379 | 30,841 | 48,912 | 47,443 | 47,365 | 47,945 | 47,017 | 50,551 |
| Enex Infrastructure | 8,475 | 8,218 | 33,022 | 30,719 | 31,905 | 32,988 | 37,702 | 48,624 |
| Japan Infrastructure Fund | 6,914 | 7,200 | 13,418 | 12,327 | 19,750 | 23,167 | 33,803 | 32,827 |
| Tokyo Infrastructure Energy | 4,641 | 10,356 | 11,467 | 10,711 | 10,922 | 16,545 | 16,402 | 15,541 |
| Ichigo Green Infrastructure | 5,900 | 6,445 | 7,136 | 6,950 | 7,321 | 7,362 | 7,496 | 7,311 |

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors, Based on Company Data

4) Business Value That is Not Factored into Market Capitalization

Only the Next 25~30 years are Factored into the Property Valuation

The current property valuation based on third-party reports is conducted over a period of 25~30 years, which is the FIT period of 20 plus 5~10 years, and the market capitalization of Infrastructure Fund is also a figure formed based on 25~30 years of property evaluation. However, since the grid is linked, it does not actually mean that power generation will not be lost after 25~30 years, and profits can be obtained through repowering in FIP and Post FIT, corporate PPA, and the use of storage batteries. The value of business after 25~30 years has not been factored into the current market capitalization, and if the market's awareness of this reality increases, it may lead to an increase in stock prices.

5) Renewable Energy-Related Investments Are Preferred Globally

There has been a Global Preference for Investment in Renewable Energy-Related Stocks

A look at the market capitalization of the world's major REIT stocks over the past five years shows that the market capitalization of stocks that invest not only in renewable energy-related assets but also in warehouses and data centers that have solar panels installed on the roofs of their facilities or use 100% renewable energy as their power source has increased significantly. The market capitalization of such stocks has increased significantly. This is a result of the global preference for investment in renewable energy-related stocks.

Figure 31: Top 10 Global REITs by Market Capitalization (as of December 31, 2023) & 5 Major REITs Focusing on Renewable Energy & Japanese Infrastructure Funds

| # | REIT/Investment Corporation | Type Of Industry | Focus On Renewable Energy | Market Capitalization (¥ bn) | 5 Year Rate Of Change |
|----|---|-------------------|---------------------------|------------------------------|-----------------------|
| 1 | Prologis | Industry | ○ | 18,475 | 127.0% |
| 2 | American Tower | Communication | | 15,095 | 36.5% |
| 3 | Equinix | Data Center | ○ | 11,342 | 128.4% |
| 4 | Public Storage | Warehouse | | 8,045 | 50.7% |
| 5 | Crown Castle | Communication | | 7,494 | 6.0% |
| 6 | Welltower | Health Care | | 7,486 | 29.9% |
| 7 | Simon Property Group | Retail | | 6,980 | -15.1% |
| 8 | Realty Income Corp. | Retail | | 6,235 | -8.9% |
| 9 | Digital Realty Trust | Data Center | | 6,114 | 26.3% |
| 10 | Extra Space Storage | Warehouse | | 5,081 | 77.2% |
| - | Iron Mountain | Warehouse | ○ | 3,065 | 120.3% |
| - | Kimco Realty Corp. | Shopping Center | ○ | 1,982 | 114.0% |
| - | Stag Industrial | Warehouse | ○ | 1,069 | 163.1% |
| - | Hannon Armstrong Sustainable Infrastructure Capital | Renewable Energy | ○ | 460 | 166.1% |
| - | Farmland Partners | Agricultural Land | ○ | 90 | 323.2% |
| - | Canadian Solar Infrastructure | Renewable Energy | ○ | 51 | 130.9% |
| - | Enex Infrastructure | Renewable Energy | ○ | 49 | - |
| - | Japan Infrastructure Fund | Renewable Energy | ○ | 33 | - |
| - | Tokyo Infrastructure Energy | Renewable Energy | ○ | 16 | 303.3% |
| - | Ichigo Green Infrastructure | Renewable Energy | ○ | 7 | 27.7% |

*Exchange rate is calculated at ¥150 to the dollar.

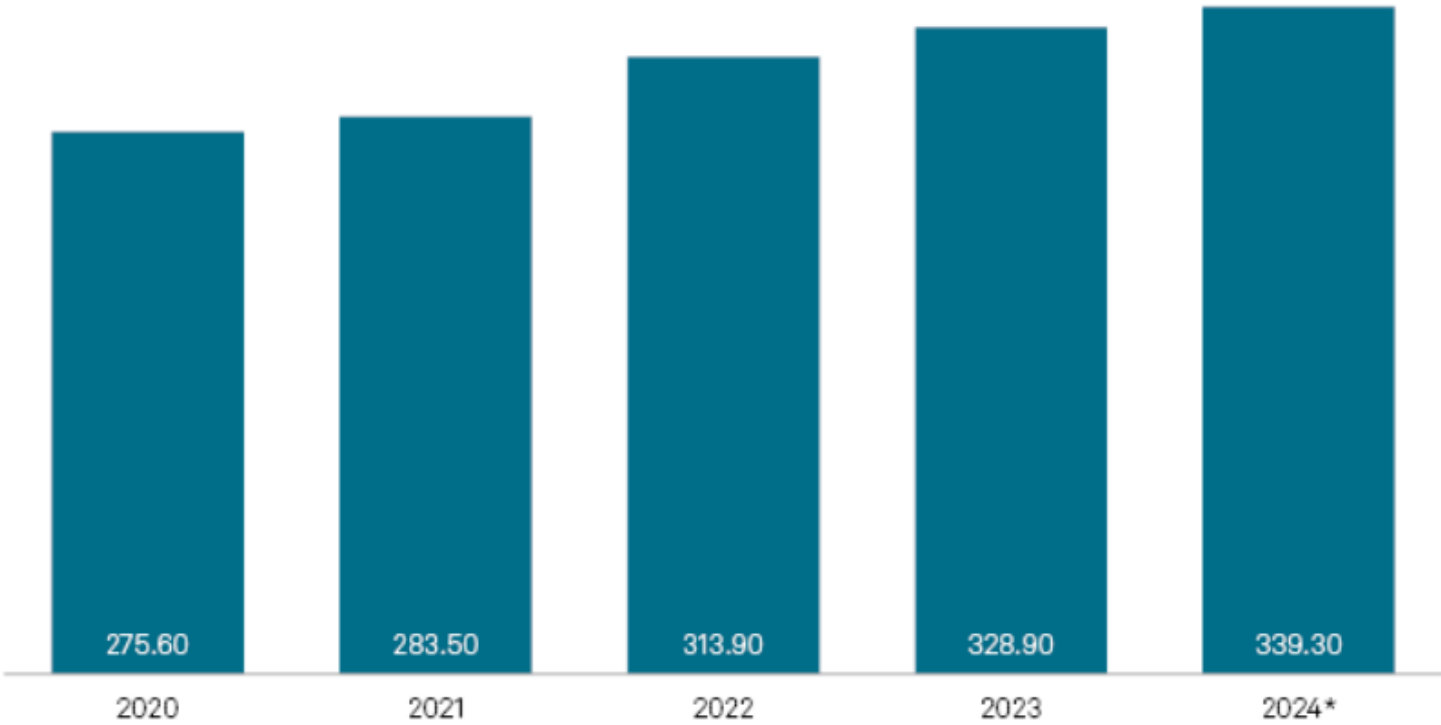
Source: Prepared by Strategy Advisors, Based on Company Data

6) Infrastructure-Related Funds have a Global Investment Capacity of ¥50 Trillion

The Need for Investment in Infrastructure-Related Assets is Increasing Every Year

According to S&P Global, global investment capacity for infrastructure-related funds (both listed and unlisted) will total \$339.3 bn as of January 2024. The investment capacity itself has been expanding every year from \$275.6 bn in 2020 to \$328.9 bn in 2023, indicating a growing need for investment in infrastructure-related assets.

Figure 32: Global Infrastructure-Related Funds (including Unlisted Funds) Investment Capacity (\$ bn)



Data compiled Jan. 23, 2024.

* Year to date through Jan. 23, 2024.

Source: S&P Global

8. Risk Factors

Although there are no major risks to keep watch off at this point, the following four risks can be identified as they may prevent the company's performance from growing as much as planned.

- ① There is a risk of reduced power generation if weather conditions worsen. However, the minimum guaranteed rent (70% of the rental income achievable with a 50% probability of success) will not be less than the minimum rent.
- ② There is a risk of damage to the power plant due to earthquakes, typhoons, landslides, etc. However, since all of the power plants owned by CSIF use CSIQ panels, with the exception of some power plants, it is considered to be easier to restore than other infrastructure funds, where panel manufacturers vary from power plant to power plant. In addition, the majority of the damage amount is covered by non-life insurance (property, profit). However, there are cases where theft of copper wires is not covered by non-life insurance.
- ③ There is a risk that the amount of power generated will decrease due to output curtailment. However, CSIF has made it possible to limit output curtailment to peak hours of power generation by promoting the introduction of online output curtailment devices, so that the expected lost variable rent can be kept to a certain extent. Since the current earnings forecast incorporates the outlook for long-term output curtailment by a third-party organization, if the degree of output curtailment is smaller than the forecast, it may lead to an increase in the earnings forecast.
- ④ At present, the period during which corporate tax is effectively exempt due to conduitability is limited to 20 years after listing, so there is a risk that the tax burden will increase in the future unless the system is revised.
- ⑤ There is a risk that costs will increase due to changes in the system. For example, from April 2022, mandatory accumulation of disposal costs for solar power generation facilities was introduced. In addition, from April 2024, a system of charging on the power generation side will be introduced, and power generation companies will also bear part of the maintenance and expansion costs of transmission and distribution facilities that have been borne by retailers until now. However, there is currently no additional burden on CSIF for those that have obtained FIT certification and those that have obtained FIP certification before March 31, 2024, as they are not subject to charge during the FIT/FIP purchase period.

Figure 33: Income Statement (¥ mn)

| FY End | 12/20 | 6/21 | 12/21 | 6/22 | 12/22 | 6/23 | 12/23 | 6/24 CoE |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales (Rental revenues) | 2,414 | 3,425 | 3,587 | 4,061 | 3,715 | 3,453 | 4,538 | 4,500 |
| YoY | 15.6% | 46.9% | 48.6% | 18.6% | 3.6% | -15.0% | 22.2% | 30.3% |
| Operating expenses | 1,555 | 1,966 | 2,243 | 2,317 | 2,332 | 2,297 | 2,691 | 2,829 |
| Rental expense | 1,409 | 1,781 | 2,034 | 2,091 | 2,115 | 2,083 | 2,415 | |
| Asset management fees | 61 | 88 | 112 | 127 | 116 | 109 | 169 | |
| Administrative service fees | 19 | 23 | 28 | 28 | 27 | 29 | 28 | |
| Director's compensation | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Taxes and duties | 0 | 2 | 0 | 0 | 0 | 0 | 3 | |
| Other | 63 | 69 | 67 | 68 | 72 | 73 | 74 | |
| Operating income | 858 | 1,459 | 1,345 | 1,744 | 1,383 | 1,156 | 1,847 | 1,671 |
| OPM | 35.5% | 42.6% | 37.5% | 42.9% | 37.2% | 33.5% | 40.7% | 37.1% |
| Non-operating income | 37 | 91 | 9 | 3 | 40 | 57 | 2 | |
| Interest income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Dividends | - | 0 | - | 0 | - | 0 | - | |
| Gain on forfeiture of unclaimed dividends | - | - | - | - | - | 0 | 1 | |
| Insurance income | 1 | 79 | 8 | - | 39 | 57 | - | |
| Guarantee commission received | - | - | - | - | - | - | 1 | |
| Interest on refund | - | 0 | 0 | - | - | - | - | |
| Miscellaneous income | 36 | 12 | 0 | 3 | 0 | 0 | 0 | |
| Non-operating expenses | 178 | 476 | 230 | 237 | 209 | 209 | 462 | |
| Interest expense | 111 | 147 | 160 | 151 | 149 | 141 | 184 | |
| Interest on investment corporation bond | 4 | 17 | 19 | 19 | 19 | 19 | 19 | |
| Investment corporation bond issuance cost | 1 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Borrowing-related expenses | 57 | 213 | 38 | 38 | 38 | 38 | 213 | |
| Investment units issuance costs | - | 73 | - | - | - | 8 | 42 | |
| Loss on retirement of noncurrent assets | 5 | 24 | 10 | 27 | - | - | 1 | |
| Ordinary income | 717 | 1,074 | 1,123 | 1,510 | 1,214 | 1,004 | 1,387 | 1,404 |
| ROS | 29.7% | 31.4% | 31.3% | 37.2% | 32.7% | 29.1% | 30.6% | 31.2% |
| Income before income taxes | 717 | 1,074 | 1,123 | 1,510 | 1,214 | 1,004 | 1,387 | |
| Total income taxes | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Net income | 716 | 1,073 | 1,122 | 1,509 | 1,213 | 1,003 | 1,386 | 1,403 |
| NPM | 29.7% | 31.3% | 31.3% | 37.2% | 32.7% | 29.0% | 30.5% | 31.2% |

Source: Company Data

Figure 34: Balance Sheet (¥ mn)

| FY End | 12/20 | 6/21 | 12/21 | 6/22 | 12/22 | 6/23 | 12/23 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash and bank deposit | 2,829 | 4,612 | 5,101 | 5,082 | 5,272 | 4,990 | 5,911 |
| Operating accounts receivable | 362 | 1,007 | 757 | 1,149 | 799 | 1,036 | 947 |
| Prepaid expenses | 156 | 135 | 224 | 164 | 263 | 181 | 337 |
| Other | - | 75 | - | - | 13 | - | - |
| Total current assets | 3,375 | 8,352 | 6,141 | 6,470 | 6,406 | 6,253 | 8,621 |
| Structures, net | 937 | 920 | 898 | 884 | 864 | 849 | 837 |
| Machinery and equipment, net | 37,710 | 36,848 | 36,001 | 35,104 | 34,277 | 33,418 | 33,352 |
| Tools, furniture and fixtures, net | 523 | 512 | 500 | 488 | 477 | 466 | 454 |
| Land | 4,485 | 4,506 | 4,506 | 4,506 | 4,506 | 4,506 | 4,571 |
| Structures in trust, net | 33 | 6,481 | 6,369 | 6,250 | 6,149 | 6,026 | 7,217 |
| Machinery and equipment in trust, net | 768 | 19,979 | 19,567 | 19,165 | 18,742 | 18,318 | 30,406 |
| Tools, furniture and fixtures in trust, net | 3 | 92 | 90 | 88 | 87 | 85 | 123 |
| Land in trust | 117 | 4,771 | 4,770 | 4,770 | 4,770 | 4,770 | 6,949 |
| Construction in progress in trust | - | - | - | - | - | 4 | 4 |
| Total property and equipment | 44,593 | 74,116 | 72,702 | 71,255 | 69,871 | 68,444 | 83,913 |
| Total intangible assets | 755 | 1,157 | 1,157 | 1,160 | 1,159 | 1,159 | 1,489 |
| Total investment and other assets | 323 | 651 | 612 | 574 | 535 | 497 | 985 |
| Total fixed assets | 45,617 | 75,924 | 74,472 | 72,988 | 71,565 | 70,100 | 86,386 |
| Total assets | 49,052 | 84,299 | 80,633 | 79,476 | 77,986 | 76,365 | 95,017 |
| Operating Accounts payable | 68 | 80 | 47 | 70 | 87 | 56 | 101 |
| Accounts payable and accrued expenses | 212 | 411 | 259 | 309 | 285 | 280 | 345 |
| Short-term loan payable | 6,518 | 2,270 | 2,249 | 2,262 | 2,275 | 2,267 | 5,100 |
| Other | 37 | 40 | 307 | 149 | 80 | 86 | 66 |
| Total current liabilities | 6,835 | 2,801 | 2,862 | 2,790 | 2,727 | 2,689 | 5,612 |
| Long-term loan payable | 19,524 | 36,206 | 32,788 | 31,644 | 30,513 | 29,376 | 38,876 |
| Investment corporation bond | 1,100 | 4,900 | 4,900 | 4,900 | 4,900 | 4,900 | 3,800 |
| Total non-current liabilities | 20,624 | 41,106 | 37,688 | 36,544 | 35,413 | 34,276 | 42,747 |
| Total liabilities | 27,460 | 43,908 | 40,550 | 39,334 | 38,140 | 36,966 | 48,359 |
| Unitholders' capital, net | 20,876 | 39,318 | 38,961 | 38,633 | 38,632 | 38,397 | 45,272 |
| Surplus | 717 | 1,073 | 1,122 | 1,509 | 1,214 | 1,003 | 1,386 |
| Total net assets | 21,593 | 40,391 | 40,083 | 40,142 | 39,846 | 39,400 | 46,658 |
| Total liabilities and net assets | 49,052 | 84,299 | 80,633 | 79,476 | 77,986 | 76,365 | 95,017 |

Source: Company Data

Figure 35: Cash Flow Statement (¥ mn)

| FY End | 12/20 | 6/21 | 12/21 | 6/22 | 12/22 | 6/23 | 12/23 |
|--|--------------|----------------|---------------|---------------|---------------|---------------|----------------|
| Income before income taxes | 717 | 1,074 | 1,123 | 1,510 | 1,214 | 1,004 | 1,387 |
| Depreciation cost | 914 | 1,259 | 1,452 | 1,453 | 1,454 | 1,455 | 1,695 |
| Decrease (Increase) in operating accounts receivable | 116 | -645 | 250 | -391 | 350 | -237 | 89 |
| Decrease (Increase) in consumption taxes receivable | -26 | -2,468 | 2,493 | - | - | - | -1,385 |
| Decrease (Increase) in long-term prepaid expenses | 15 | -337 | 39 | 39 | 39 | 39 | -471 |
| Other operating cash flows | -228 | 50 | 232 | -8 | -169 | 78 | -8 |
| Cash flows from operating activities | 1,508 | -1,067 | 5,589 | 2,603 | 2,888 | 2,339 | 1,307 |
| Purchases of property and equipment | -647 | -30,614 | -230 | -37 | -72 | -25 | -17,169 |
| Purchases of intangible assets | - | -403 | - | -3 | -1 | -1 | -255 |
| Cash flows from investing activities | -654 | -31,017 | -230 | -40 | -73 | -26 | -17,441 |
| Proceeds from short-term loans payable | - | - | - | - | - | - | 1,100 |
| Proceeds from long-term loans payable | 1,000 | 23,100 | - | - | - | - | 11,600 |
| Repayment of long-term loans payable | -790 | -6,866 | -3,439 | -1,132 | -1,117 | -1,145 | -1,467 |
| Issuance of shares | - | 18,508 | - | - | - | - | 7,272 |
| Dividends paid | -855 | -855 | -1,431 | -1,450 | -1,509 | -1,450 | -1,450 |
| Cash flows from financing activities | -654 | 33,868 | -4,870 | -2,582 | -2,626 | -2,595 | 17,055 |
| Free cash flow | 854 | -32,804 | 5,359 | 2,563 | 2,815 | 2,313 | -16,134 |

Source: Company Data

Figure 36: Stock Indicators and KPI's

| FY End | 12/20 | 6/21 | 12/21 | 6/22 | 12/22 | 6/23 | 12/23 | 6/24 CoE |
|--|---------|---------|---------|---------|---------|---------|---------|----------|
| EPS (¥) | 3,099 | 3,234 | 2,902 | 3,902 | 3,138 | 2,594 | 3,111 | 3,107 |
| BPS (¥) | 93,397 | 104,463 | 103,665 | 103,818 | 103,053 | 101,898 | 103,280 | |
| Dividend per share (¥) | 3,700 | 3,700 | 3,750 | 3,903 | 3,750 | 3,750 | 3,750 | 3,775 |
| Dividend payout ratio | 119.4% | 133.4% | 129.2% | 100.0% | 119.5% | 144.6% | 122.2% | |
| Closing price (¥) | 133,400 | 126,500 | 122,700 | 122,500 | 124,000 | 121,600 | 111,900 | |
| PER (times) | 43.0 | 39.1 | 42.3 | 31.4 | 39.5 | 46.9 | 36.0 | |
| PBR (times) | 1.4 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.1 | |
| Number of Shares Issued (ts) | 231 | 387 | 387 | 387 | 387 | 387 | 452 | 452 |
| Number of treasury stock (ts) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Number of shares of treasury stock excluded (ts) | 231 | 387 | 387 | 387 | 387 | 387 | 452 | |
| Market capitalization (¥ mn) | 30,841 | 48,912 | 47,443 | 47,365 | 47,945 | 47,017 | 50,551 | |
| Shareholders' equity ratio | 44.0% | 47.9% | 49.7% | 50.5% | 51.1% | 51.6% | 49.1% | |
| Interest-bearing debt | 27,142 | 43,377 | 39,937 | 38,805 | 37,688 | 36,544 | 47,776 | |
| D/E Ratio | 1.1 | 1.0 | 0.9 | 0.8 | 0.8 | 0.8 | 0.9 | |
| EV (Enterprise Value) | 55,154 | 87,677 | 82,279 | 81,088 | 80,361 | 78,571 | 92,416 | |
| EBITDA (¥ mn) | 1,772 | 2,718 | 2,797 | 3,197 | 2,837 | 2,611 | 3,542 | |
| EV/EBITDA multiple | 31.1 | 32.3 | 29.4 | 25.4 | 28.3 | 30.1 | 26.1 | |
| ROE | 3.3% | 3.5% | 2.8% | 3.8% | 3.0% | 2.5% | 3.2% | |
| ROIC (capital invested) | 1.8% | 2.2% | 1.6% | 2.2% | 1.8% | 1.5% | 2.2% | |
| ROIC (business assets) | 1.9% | 2.4% | 1.8% | 2.4% | 1.9% | 1.6% | 2.4% | |
| Total output capacity (MW) | 123.0 | 183.9 | 183.9 | 183.9 | 183.9 | 183.9 | 226.4 | |

Note: Share price indices for FY3/2024 are based on the closing price on March 22; balance sheet items are as of FY12/2023.

Source: Company Data