

March 15, 2023  
Shizen Energy Inc.

## Shizen Energy and Hokto Malaysia sign 730 kWp Corporate PPA – Shizen Energy's first PPA with a Japanese company based in Malaysia –

Shizen Energy Inc. (Shizen Energy) and its group company Shizen Malaysia Sdn Bhd. (Shizen Malaysia) have concluded a long-term power purchase agreement (PPA) with Hokto Malaysia Sdn. Bhd. (Hokto Malaysia), a local subsidiary of HOKUTO Corporation, a major mushroom producer in Japan, using a roof-mounted solar power generation facility with a capacity of approximately 730 kWp (DC). This project is the first PPA signed by Shizen Energy with a Japanese company based in Malaysia.

The project involves the installation of an industrial-type roof-mounted solar power plant with a total area of 3,309 m<sup>2</sup> on the factory site located in Bandar Enstek, Negeri Sembilan, of Hokto Malaysia. The plant's use of clean, competitive renewable energy is expected to reduce electricity costs while also reducing CO<sub>2</sub> emissions by 11,938 tons over the 20-year term of the contract.

In addition, the project will utilize a net-metering system (\*2), and surplus power that is not consumed at the plant will be sold to Tenaga Nasional Berhad, an electric power company in Malaysia.

Kazuo Maenishi, Managing Director of Hokto Malaysia said, "Our parent company, HOKUTO Corporation, in its Mid-Term Management Plan announced in November 2020, set forth SDGs "Four Initiative themes" and their respective priority activities in order to realize our goal of 'bringing smiles to people's faces in the future.' As part of our efforts to become "eco-friendly," we recognize climate change and environmental pollution as business risks and have been working to reduce CO<sub>2</sub> emissions in order to protect the global environment. We are pleased that the installation of the solar panels in Malaysia will contribute to the preservation of the global environment through the use of renewable energy."

Akemi Shimizu, Corporate PPA Business Development Manager of Shizen Energy said, "We are very pleased to be able to contribute to HOKUTO's decarbonization efforts. We look forward to utilizing our past expertise in the renewable energy industry to contribute to further decarbonization in Malaysia."

Shizen Malaysia has already signed multiple long-term power supply contracts with local companies in Malaysia based on the on-site PPA model, and constructions of power generation facilities are currently underway.

In order to "take action for the blue planet," Shizen Energy will flexibly respond to various needs such as decarbonization and strengthening energy resilience by combining digital technologies such as EMS and storage batteries with the development of renewable energy power sources that exist in harmony with local communities. Together with partners, Shizen Energy aims to realize a 100% renewable energy world as soon as possible.

【Press Release】

Business Overview

Solar power generation facility Rated output	DC: 730 kWp AC: 600 kW
Location	Hokto Malaysia Sdn. Bhd. Bandar Enstek, Negeri Sembilan
Start of construction	February 2023
Start of operation	April 2023



Photo: PPA signing ceremony

**\*1 PPA (Power Purchase Agreement)**: a contractual scheme whereby a power producer installs, owns, and manages power generation facilities at its own expense, and provides and sells the power generated by those facilities to consumers on a long-term basis. On-site PPA refers to the direct provision and sale of electricity from the generating facilities on the roof or adjacent land of the customer's facility, while off-site PPA refers to the provision and sale of electricity from remote generating facilities to the customer's facility through the power grid.

【Press Release】

\*2 **net-metering**: a method of calculating electricity prices for owners of distributed power generation facilities. Consumers can deduct the amount of electricity generated by their own PV systems from the amount of electricity they purchase from the power grid. In Malaysia, if the amount of electricity generated exceeds the amount consumed, the surplus power is sold to Tenaga Nasional Berhad (TNB), the state-owned electricity company. The system was introduced in the country in 2016, and the government is encouraging the implementation of renewable energy.

【About Hokto Malaysia Sdn. Bhd.】

Established in November 2012 as a mushroom production and sales company. Our factory is located in the industrial area of Bandar Enstek, Negeri Sembilan where we produce Bunashimeji and Bunapi. The mushrooms we produce are sold not only in Malaysia but also exported to neighboring countries in the ASEAN region. In Southeast Asia, especially in Malaysia, lifestyle-related diseases, mainly caused by poor diet, are becoming more serious. Mushrooms are known as a healthy food, and we will continue to promote our group's philosophy of delicious, healthy "mushroom dietary culture" to help provide a healthy lifestyle through food.

【About Shizen Energy Inc.】

Founded in June, 2011. With the company purpose of "We take action for the blue planet," the company's business includes development, financing, and asset management of renewable energy power plants using solar power, wind power, small-scale hydroelectric power, and biomass. Since 2016, the company has also been focusing on its international operations, expanding its development and power generation projects in areas such as Southeast Asia and Brazil. In 2019, the company also entered the energy tech business, offering micro-grid and VPP construction, smart charging and discharging services for EVs, and other services through its self-developed EMS (energy management system). Shizen Energy Group has been involved in more than 1 GW of renewable energy generation internationally.

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【About Shizen Malaysia Sdn Bhd.】

Shizen Malaysia Sdn Bhd., wholly owned by Shizen Energy Inc., was established in August 2019 as the head office for Southeast Asia. It serves as the strategic backbone for Shizen Energy's Southeast Asian operations. With Malaysian renewable energy demand growing rapidly, the company has more than 200 MWp of renewable energy projects under way, including ground and floating solar power plants.

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