Canadian Solar Infrastructure Fund, Inc.

9284 (TSE Infrastructure)

Company Report

September 25, 2025

Strategy Advisors Inc.
Hiroyuki Sakaida

Strategy Advisors

FY6/25 Results: Stable Distribution Payments Continues. Focusing on Internal Growth Through Battery Storage Integration for Increased Valuation Attractiveness

Canadian Solar Infrastructure Fund (CSIF) reported operating revenue of ¥4.514 billion for FY6/25 (half-year results, same below), -3.6% from the initial forecast. The primary reason was actual power generation falling below forecast levels due to output curtailment from March to May. While a decrease in operating expenses compared to the initial forecast and non-operating income from insurance receipts contributed to profit growth, net income for the period decreased to ¥1.248 billion (-5.4% compared to the initial forecast). Compared to YoY, operating revenue was + 0.4%, while net income was -8.3%.

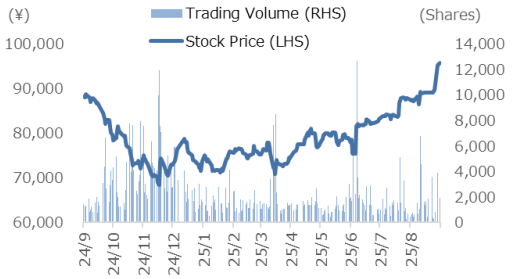
The earnings forecasts for FY12/25 are as follows: net income of ¥1.386 billion and a distribution per unit of ¥3,230. The forecast for FY6/26 is net income of ¥1.363 billion and a distribution per unit of ¥3,176. The forecast for FY12/26 is net income of ¥1.411 billion and a distribution per unit of ¥3,287. No distribution in excess of earnings are included in the per-share distribution for any period. The company generally announces distribution forecasts based solely on net income at the profit forecast stage. Even if net income subsequently decreases, distributions per unit are maintained through distributions comparative to profits. Conversely, if net income increases, distributions per unit are expected to rise above the initial forecast.

On August 13, 2025, HULIC (3003, TSE Prime) announced an increase in its TOB price for CSIF investment units. Based on that TOB price (¥89,930), the calculated distribution yield was 7.1%. HULIC likely initiated the TOB judging this to be undervalued. Even after the recent investment unit price rise, the distribution yield remained at 6.7%, suggesting the view that CSIF investment unit's undervaluation still persists.

While CSIF's yield (including distribution in excess of earnings), is comparable to its peers, its yield excluding distribution in excess of earnings is higher than others. As competitors also begin reducing distribution in excess of earnings, the stock market's recognition of the importance of yields excluding these distributions could lead to a rediscovery of CSIF's undervaluation.

Attention should also be paid to the potential for internal growth leveraging its strong capital position driven by high ROIC. While new properties were purchased with internal funds in FY6/25, the company is now considering expanding beyond such conventional investments. Specifically, it is attempting to increase revenue by adding battery storage systems to existing properties. This is because transitioning from the current FIT (Feed-in Tariff) scheme to the FIP (Feed-in Premium) scheme while installing batteries enables reduced output curtailment and access to premium income under the new scheme. This is an area where CSIF can leverage its strengths: combining renewable energy business expertise with strong financial resources.

Stock Price & Trading Volumes



Source: Strategy Advisors.

Key Indicators

Stock Price (9/24/25)	95,700
52-Week High (9/24/25)	95,700
52-Week Low (12/11/24)	68,400
All-Time High (12/28/20)	138,100
All-Time Low (12/11/24)	68,400
# of Shares Issued ('000)	429.4
Market Capitalization (¥ bn)	41.1
EV (¥ bn)	84.6
Equity Ratio (FY12/24, %)	48.3
PER (FY6/25 CoE, x)	-
PBR (FY12/24, x)	0.93
Yield (FY6/25 CoE, %)	6.7

Source: Strategy Advisors.

Japanese GAAP

FY	Operating Revenue (¥ mn)	YoY Change (%)	Operating Income (¥ mn)	YoY Change (%)	Ordinary Income (¥ mn)	YoY Change (%)	Net Income (¥ mn)	YoY Change (%)	EPS (¥)	DPS (¥)
6/24 Actual	4,367	-3.7	1,608	-12.8	1,361	-1.8	1,361	-1.7	3,012	3,775
12/24 Actual	4,455	2.0	1,686	4.8	1,453	6.7	1,452	6.6	3,256	3,310
6/25 Actual	4,514	1.3	1,690	0.2	1,249	-14.0	1,248	-14.0	2,872	3,281
12/25 CoE	4,630	2.6	1,688	-0.1	1,387	11.0	1,386	11.1	3,229	3,230
6/26 CoE	4,558	-1.6	1,641	-2.8	1,364	-1.7	1,363	-1.7	3,176	3,176
12/26 CoE	4,608	1.1	1,683	2.6	1,412	3.5	1,411	3.5	3,286	3,287

Source: Company Data. Compiled by Strategy Advisors.

Table of Contents

1. Performance Trends

1) Results for FY6/25

Output curtailment Led to Increased Revenue, But Decreased Profit

For FY6/25, operating revenue was ¥4.514 billion (-3.6% compared to initial forecast). This was primarily due to actual power generation falling below forecast levels from March to May as a result of output curtailment. Although a decrease in operating expenses compared to the initial forecast and non-operating income from insurance receipts contributed to increased profits, net income decreased by 5.4% compared to the initial forecast, reaching ¥1.248 Billion. Compared to YoY, operating revenue +3.4%, while net income -8.3%.

Although higher-than-expected solar radiation (a factor increasing generation) contributed ¥371 million to operating revenue, the revenue reduction impact from decreased generation due to output curtailment from March to May amounted to ¥657 million. Consequently, actual operating revenue decreased beyond the forecast.

For FY6/25, net income decreased due to an increase in financing-related expenses from ¥47 million in YoY to ¥214 million, primarily attributable to the recognition of expenses related to new borrowings and amendments to the basic loan agreement. However, the profit reduction caused by the increase in financing-related expenses was already anticipated at the time of FY12/24 results announcement. Consequently, the distribution per unit was maintained at ¥3,281, in line with the initial forecast.

Distribution Based on the "Stable Distribution Based on Earnings" Policy

The distribution per unit of ¥3,281 for FY6/25 is based on the new cash management policy announced on August 16, 2024.

The net profit forecast for FY6/25 announced during FY6/24 earnings release in August 2024 was ¥1.444 billion, with a projected distribution per unit of ¥3,198 excluding distribution in excess of earnings. Subsequently, due to the impact of self-investment unit cancellation increasing net profit per unit, the distribution per unit was revised to ¥3,281 in December 2024.

When FY12/24 results were announced in February 2025, the net profit forecast for FY6/25 was lowered to ¥1.319 billion. This would have resulted in a decrease in the per-share distribution if paid solely from profits. The company disclosed that it would maintain the per-share distribution at ¥3,281 by paying a surplus distribution. In the recently announced FY6/25 results, net profit further declined to ¥1.248 billion due to output curtailment impacts. However, the distribution per unit was maintained at ¥3,281 by increasing the distribution in excess of earnings.

Under the current policy, distribution forecasts based solely on net income are announced during the profit forecast stage. Even if net income subsequently declines, the distribution per unit is maintained by utilizing distribution in excess of earnings. Conversely, if net income exceeds forecasts, the distribution per unit is expected to increase beyond the initial forecast.

Currently Focusing on Internal Growth Using Cash on Hand

In FY6/25, two new properties were acquired: "CS Hiroshima-shi Suzuhari Power Plant" and "CS Sakura-shi Kitsuregawa Power Plant". The portfolio expanded to 34 properties with a total panel output of 246.3 MW. As no capital increase occurred during this period, acquisitions were funded using cash on hand and borrowings.

The current investment unit price stands at ¥95,700, representing a significant recovery from the level around ¥70,000 at the end of last year. However, this level remains challenging for conducting a public offering, so the company is currently focusing on internal growth using cash on hand and borrowings.

Measures To Address Output Curtailment Risks

As a countermeasure against output curtailment, the introduction of online output curtailment devices enabling remote time-of-day control has already been completed at power plants within the Kyushu Electric Power service area. Furthermore, online control is being advanced at power plants within other electric power service areas. During FY6/25, the online control system at the CS Izu City Power Plant within the Tokyo Electric Power service area was completed. At present, only 7 power plants have yet to implement online control.

Improving Capital Efficiency Through Buyback of Own Investment Units

Total assets at the end of the period were ¥91.299 billion, net assets were ¥44.064 Billion and the LTV was 54.2% (equity ratio was 48.3%). Cash flow (CF) showed positive operating CF of ¥2.173 billion, negative investing CF of ¥4.599 billion, and positive financing CF of ¥399 million. The negative investment CF was primarily due to the acquisition of two new power plants for growth. The acquisition and cancellation of 10,576 treasury investment units during FY6/25 reduced the number of investment units outstanding at the end of the period to 429,423 units from 439,999 units at the end of the previous period.

Figure 1. Summary of Financial Results for FY6/25 (16th FP)

Statement of Income Data (¥ bn)	FY12/24 Actual	FY6/25 Forecast A	FY6/25 Actual B	FY6/25 Difference B-A
Operating Revenues	4.455	4.683	**4.514**	▲ 0.169
Operating Income	1.686	1.774	**1.690**	▲ 0.084
Ordinary Income	1.453	1.320	**1.249**	▲ 0.071
Net Income	1.452	1.319	**1.248**	▲ 0.071

Distribution Per Unit (including distributions in excess of earnings)	**¥3,310**	**¥3,281**	**¥3,281**	**¥0**
Distributions Per Unit (excluding distributions in excess of earnings)	¥3,301	¥2,998	¥2,908	▲¥90
Distributions Per Unit (in excess of earnings)	¥9	¥283	¥373	¥90

Source: Company Data.

2) Performance Forecast for FY12/25

Distribution Per Unit: ¥3,230

For FY12/25, operating revenue is projected at ¥4.63 billion and net income at ¥1.386 billion. The projected distribution per unit is ¥3,230 (no distribution in excess of earnings).

The distribution per unit is expected to increase if future performance exceeds forecasts or if the number of outstanding investment units decreases due to the acquisition of treasury units, thereby increasing earnings per unit. Conversely, even if net income for the period decreases due to factors such as reduced power generation, the company expects to maintain the total distribution per unit by utilizing distributions in excess of profits, similar to FY6/25.

Forecast Incorporating the Impact of Output Curtailment

Operating revenue is calculated by incorporating a certain reduction in power generation due to output curtailment. Regarding non-operating expenses, while FY6/25 saw an increase to ¥453 million due to one-time costs, FY12/25 is expected to decrease to approximately ¥300 million, closer to the normal level, as no special expenses are anticipated.

3) Performance Forecasts for FY6/26 and FY12/26

FY12/26 Distribution Per Unit Forecast at ¥3,287

For FY6/26, operating revenue is forecast at ¥4.558 billion, net income at ¥1.363 billion and distribution per unit at ¥3,176. As no special expenses are anticipated for either operating or non-operating expenses, net income is projected to +9.2% YoY, which includes one-time expenses.

For FY12/26, operating revenue is projected at ¥4.608 billion and net income at ¥1.411 billion. The earnings forecast assumes no new asset acquisitions between FY12/25 and FY12/26, so operating revenue is expected to remain largely unchanged from the previous year (FY12/25). However, non-operating expenses are projected to decrease slightly, resulting in a net income of +1.8% YoY and a distribution per unit of ¥3,287.

Figure 2. Earnings Forecasts for the 17th, 18th, and 19th FP

(¥ bn)	17th FP FY12/25	18th FP FY6/26	19th FP FY12/26
Operating Revenues	4.630	4.558	4.608
Operating Income	1.688	1.641	1.683
Ordinary Income	1.387	1.364	1.412
Net Income	1.386	1.363	1.411
Distribution Per Unit (Including distribution in excess of earnings)	**¥3,230**	**¥3,176**	**¥3,287**
Distribution Per Unit (Excluding distribution in excess of earnings)	**¥3,230**	**¥3,176**	**¥3,287**
Per Unit Distributions in Excess of Earnings	**¥0**	**¥0**	**¥0**

Source: Company Data.

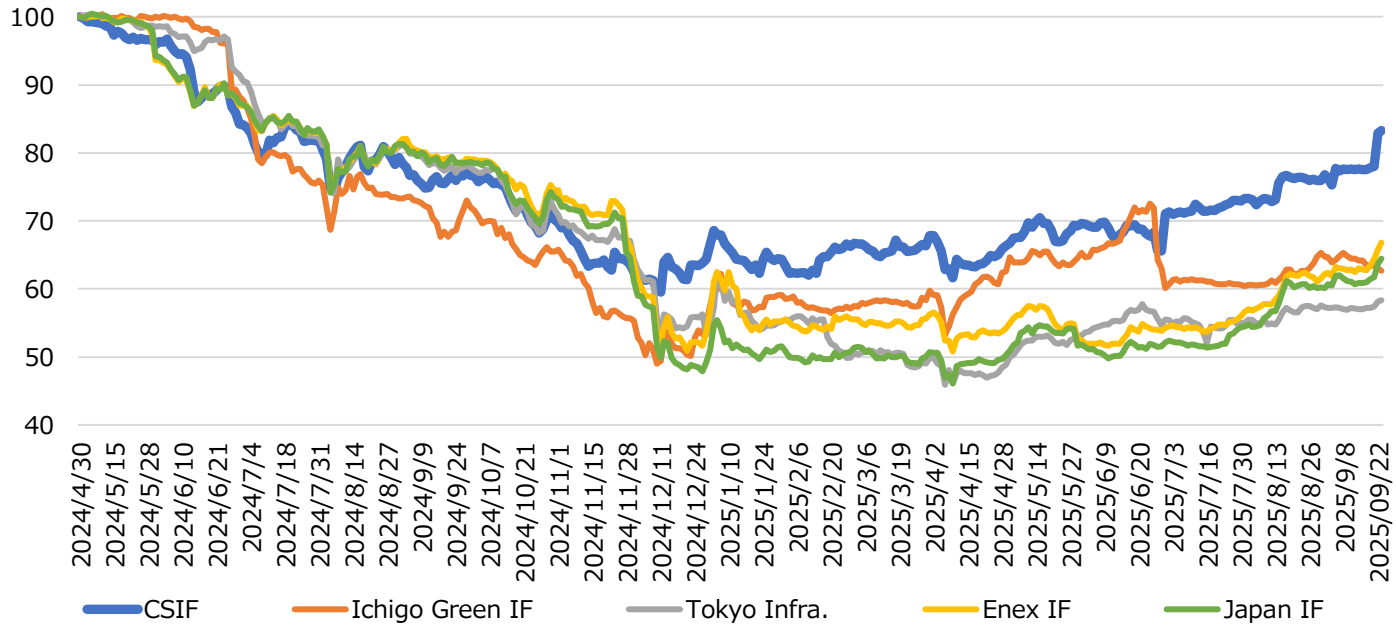
2. Valuation

1) Potential for Recognition of Undervaluation Amid Industry Changes

Last Year's Investment Unit Price Decline was Relatively Small

In 2024, factors including rising interest rates and reports on mandatory solar panel recycling (Nikkei, June 11, 2024) contributed to a decline in share prices for listed infrastructure funds overall starting around May-June. From the end of April to the end of December, the simple average of five listed funds fell by 43%. Within this context, CSIF saw a relatively smaller decline of 34% (Figure 3).

Figure 3. Investment Unit Price Trends of Infrastructure Funds (End of April 2024 = 100)



Source: SPEEDA Data. Compiled by Strategy Advisors.

Yields Excluding Distribution in Excess of Earnings Remain Higher Than Competitors

One factor contributing to this may be that CSIF announced in August 2024 its operational policy to essentially eliminate distribution in excess of earnings. This clarified that the company has a low dependence on such distributions, reaffirming recognition of its high business profitability. Figure 4 shows the distribution yields for each company, both including and excluding distribution in excess of earnings. While CSIF's yield including distribution in excess of earnings is comparable to its peers, its yield excluding such distributions is higher than others.

With Internal Funds, it Acquired Two Properties in FY6/25

CSIF retains the equivalent amount of distribution in excess of earnings internally, enabling it to acquire new properties using internal funds and grow profits. In fact, during FY6/25, it expanded its portfolio by purchasing two new properties without conducting a capital increase. Therefore, if the surface distribution yield (yield including distribution in excess of earnings) is the same as other investment units, it can be considered relatively undervalued in real terms.

CSIF Has Historically Demonstrated Higher Business Profitability Than its Peers

The company's high business profitability can be confirmed in the ROIC comparison in Figure 5. Among the five listed infrastructure investment corporations, CSIF has consistently maintained the highest ROIC historically. One contributing factor is the superior deal sourcing capability stemming from its sponsor being a group company of a panel manufacturer. Another key advantage is the sponsor's extensive expertise in renewable energy projects and the energy industry, including overseas operations. This relatively high ROIC enables CSIF to pay sufficient distributions relative to peers, even excluding distribution in excess of earnings.

CSIF's Undervaluation May Be Rediscovered

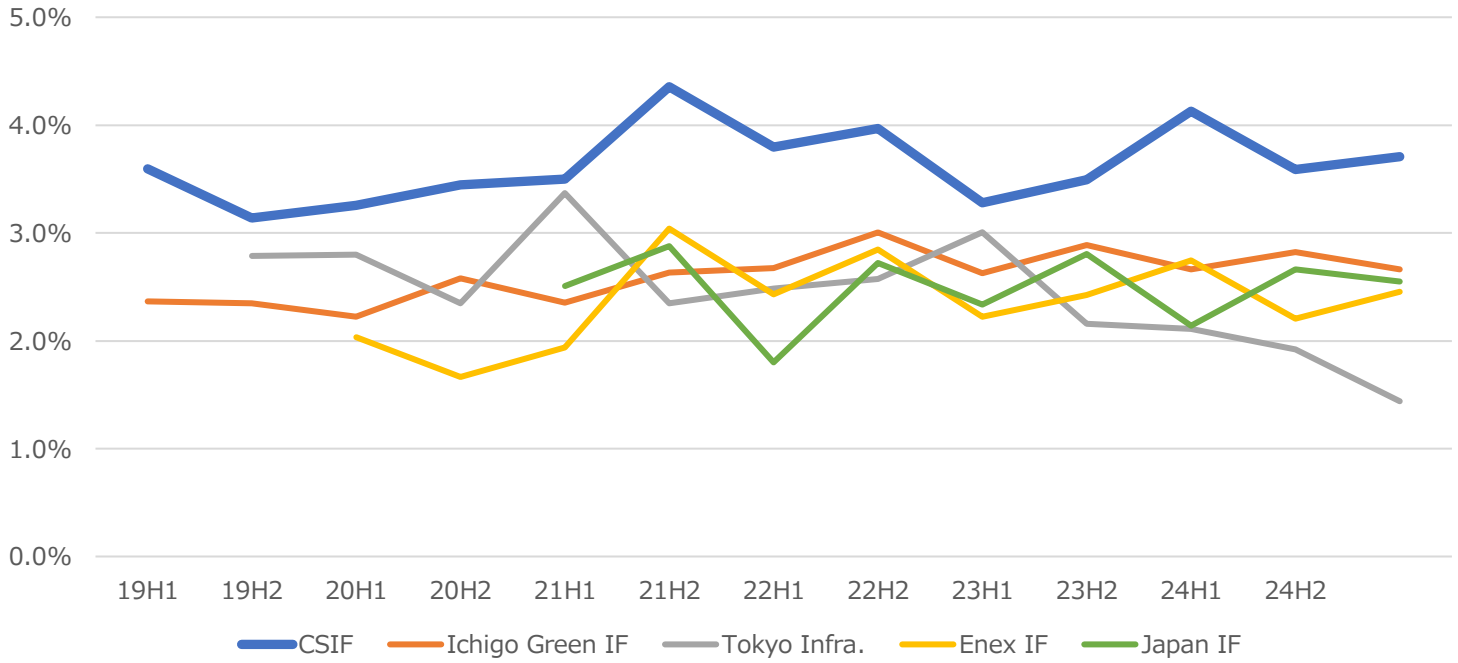
Following CSIF's announcement in August 2024 of its policy to eliminate distribution in excess of earnings, three other investment corporations—Tokyo Infrastructure Energy (9285), Enex Infrastructure (9286) and Japan Infrastructure Fund (9287) - also decided by early 2025 to reduce their distribution in excess of earnings below previous levels. Amid this industry-wide trend, the importance of yields excluding distribution in excess of earnings may be recognized in the stock market, potentially leading to a renewed appreciation of CSIF's undervaluation.

Figure 4. Valuation Comparisons

Ticker		**9284**	**9282**	**9285**		**9286**	**9287**
Company		**Canadian Solar IF**	**Ichigo Green IF**	**Tokyo Infra**		**Enex IF**	**Japan IF**
FY		Jun. / Dec.	Jun.	Jun. / Dec.		May / Nov.	May / Nov.
Investment Unit Price (¥)	Sep. 24	95,700	47,450	50,500		57,700	55,600
Mkt Cap. (¥ bn)	Sep. 24	41.096	4.886	9.052		30.983	24.421
Distribution Yield	26/12 Est.	6.8%		6.5%			
Including Distribution in Excess of Earnings	6/26 CoE	6.7%	7.5%	6.8%	5/26 CoE	6.9%	7.2%
	12/25 CoE	6.8%		6.9%	11/25 CoE	6.9%	7.2%
Distribution Yield	12/26 CoE	6.8%		6.0%			
Excluding Distribution in Excess of Earnings	6/26 CoE	6.7%	3.6%	6.1%	5/26 CoE	6.0%	5.6%
	12/25 CoE	6.4%		4.4%	11/25 CoE	5.6%	5.6%
PBR(x)	6/25 A	0.9	1.4	0.6	05/25 A	0.7	0.7

Source: Company Data. Compiled by Strategy Advisors.

Figure 5. Trends in ROIC for Infrastructure Funds



Source: Company Data. Compiled by Strategy Advisors.

2) There is a View that Infrastructure Fund Investment Unit Prices are Undervalued Overall

The Average Yield for 5 Funds Reached 8.5% at the Beginning of this Year

The company's investment unit price has been steadily rising since early 2025. However, this movement is not limited to CSIF shares, but is also seen across infrastructure fund investment units in general (Figure 3). This is likely due to the high distribution yield of infrastructure fund investment units, averaging 8.5% across five companies as of the end of February 2025, which reinforced the perception of undervaluation.

Sponsor Acquisitions of Investment Units in Other Funds and the Tender Offer for CSIF Reflect a Growing Consensus that They are Undervalued

Against this backdrop of low valuations, Cool Trust Co., Ltd., the sponsor of Tokyo Infrastructure Energy, began acquiring investment units of the corporation in early January 2025. It gradually increased its holding ratio from 3.6% to 11.69% by the end of June 2025. According to Tokyo Infrastructure Energy's press release, it plans to acquire additional shares to reach a 20% stake. As of the end of December last year, Tokyo Infrastructure Energy's distribution yield was 7.4%.

Subsequently, on June 30, 2025, HULIC announced a tender offer (TOB) for CSIF investment units. Based on the TOB price at that time (¥86,710), CSIF's distribution yield was calculated at 7.5%.

This move by HULIC, a sponsor with insider information and a company developing solar power generation itself, is thought to be driven by a growing view that the share prices of these investment corporations are undervalued.

The Yield Remains High at 6.8%

CSIF's investment unit price rose 6.3% on September 22 to ¥95,200, bringing its recent distribution yield to 6.8%. Prior to this rise, the share price remained in the 7% range until September 19th, the same level as the yield when the two afore-mentioned acquisitions began. This likely fueled the perception that CSIF shares were undervalued. Even after this recent rise, the yield excluding distribution in excess of earnings remains higher than other infrastructure fund investment units. Consequently, the view that CSIF shares are undervalued likely persists in the stock market.

The TOB has Ended. But Additional Purchases by HULIC are Expected to Continue for Some Time

On September 19, 2025, after the market closed, the results of HULIC's TOB (with a purchase period ending September 18, 2025) were disclosed. The number of shares tendered was 60,081, against a maximum purchase target of 85,885 shares. Since no minimum purchase target was set, all tendered investment units will be purchased. After the purchase, HULIC's ownership stake will be 13.99%.

As disclosed on September 3, 2025, HULIC plans to conduct additional purchases in the market to reach a 20% ownership stake (85,885 units). Assuming daily purchases of 20% of the average CSIF trading volume over the past six months (1,703 shares/day), acquiring the remaining 25,804 shares would require 76 business days. This will be a factor driving continued buying for a certain period going forward.

3. Internal Growth Strategy

Considering Measures to Increase Income from Existing Properties

As seen in its power plant acquisitions during FY6/25, CSIF pursues internal growth by acquiring new properties using internal funds. However, it is also considering internal growth through increasing revenue from existing properties. One measure currently under consideration is increasing income through FIP conversion and installing storage batteries.

1) Increasing Revenue Through FIP Conversion & Battery Installation

The Feed-In Tariff (FIT) Scheme was Introduced in 2012

Currently, not only CSIF's solar power generation facilities but also many solar power generation facilities in Japan utilize the FIT scheme. The FIT scheme introduced in 2012 provided renewable energy power plants with a fixed income for 20 years, ensuring high investment return certainty and contributing to the rapid expansion of solar and wind power generation.

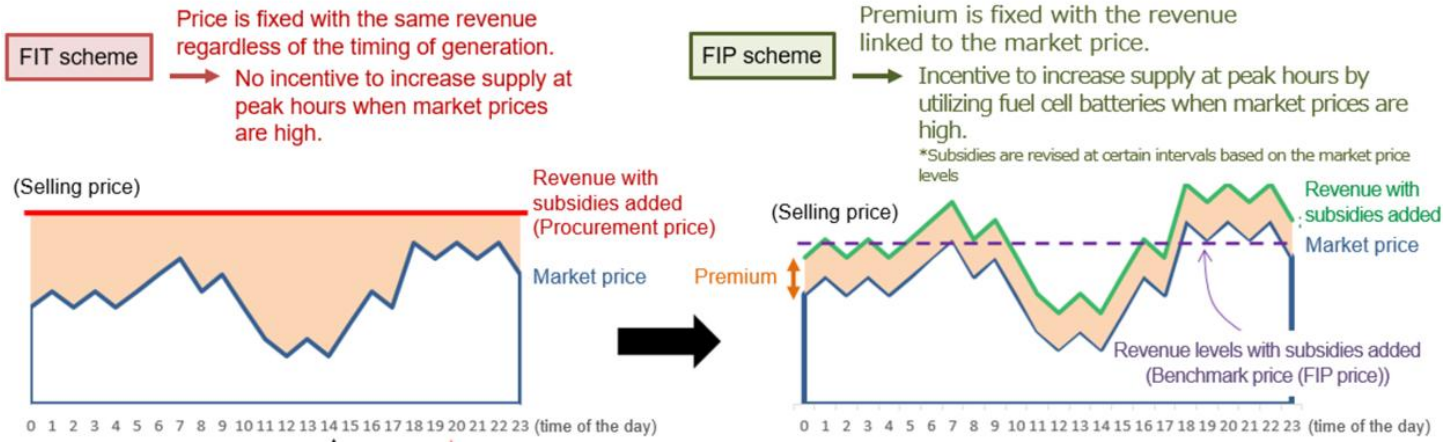
The FIP (Feed-In Premium) Scheme Commenced in 2022

However, the funds required to guarantee the fixed income under FIT are added to electricity bills as a "surcharge". As renewable energy facilities increased, the burden of this surcharge grew significantly, reaching ¥2.7 trillion by fiscal year 2021. To promote the expansion of renewable energy while curbing this increasing burden, Japan decided to introduce the FIP (Feed-in Premium) scheme in 2022, a scheme already adopted in Europe.

Overview of the FIP Scheme

As shown on the left side of Figure 6, the FIT scheme purchased electricity from solar power plants at a fixed price regardless of the time of day (the horizontal axis of the figure represents the time of day). In contrast, the FIP scheme, as shown on the right side, is a mechanism that pays a fixed premium (subsidy amount) on top of the market price.

Figure 6. Overview of the FIP Scheme



Source: Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry

Additional Revenue Possible Through Transition & FIP Promotion Measures

Existing facilities selling electricity under the FIT scheme can transition to the FIP scheme by obtaining certification through the FIP certification application process. In this case, as a type of transitional measure, the FIT price can be used as the FIP base price for the remaining duration of the FIT period only (Ministry of Economy, Trade and Industry Notification No. 66, March 31, 2022). While this alone appears to offer no particular advantage since the electricity sales price remains unchanged, transitioning to FIP (conversion from FIT to FIP) presents two potential avenues for additional income:

1) The Priority Order for Output Curtailment is Lower Under FIP

Not only CSIF-held facilities but also many solar power generation facilities are significantly impacted by output curtailment, which drastically reduces their power generation capacity. However, according to the new guidelines "Guidelines for Ensuring Fairness in Output curtailment" revised by the Agency for Natural Resources and Energy in April 2025, starting in 2026 or 2027, the order of output curtailment will change to prioritize FIT sources first, followed by FIP sources. Therefore, converting to FIP sources reduces the probability and duration of output curtailment, offering the benefit of increased annual income.

2) Avoid Output curtailment and Secure Premium Income by Adding Storage Batteries

Adding storage batteries to existing solar power generation facilities not only avoids output curtailment, but also secures additional premiums under the FIP scheme.

By adding storage batteries to existing solar power generation facilities, there is no longer a need to stop generation according to output curtailment commands during spring and autumn daytime periods when solar power generation increases and electricity becomes surplus. This is because the generated electricity can be charged into and stored in the batteries instead of being fed into the transmission lines. The charged electricity can then be discharged during evening and nighttime periods when power is in short supply, generating income.

In Figure 7, the "reference price" is the sum of the light blue reference price and the orange pre-adjustment premium income. As mentioned earlier, for renewable energy generation facilities transitioning from FIT to FIP, this base price is maintained at the same level as the FIT feed-in tariff for a certain period. Therefore, this alone does not result in any particular gain or loss (the sum of the light blue and orange portions equals the price during the FIT era, though a time lag in calculating the pre-adjustment premium causes some minor discrepancies).

However, for solar power generation facilities equipped with storage batteries, during periods when output curtailment is applied, electricity can be charged to the battery instead of being fed into the transmission lines. The amount equivalent to the pre-adjustment premium income that would have been earned during this period if generation had occurred can be added to the electricity sales price outside the output curtailment periods. CSIF has simulated such operations, including potential collaborations with other companies and is beginning to accumulate insights on optimal battery sizes and operational methods. Effective management is expected to improve profitability compared to conventional methods.

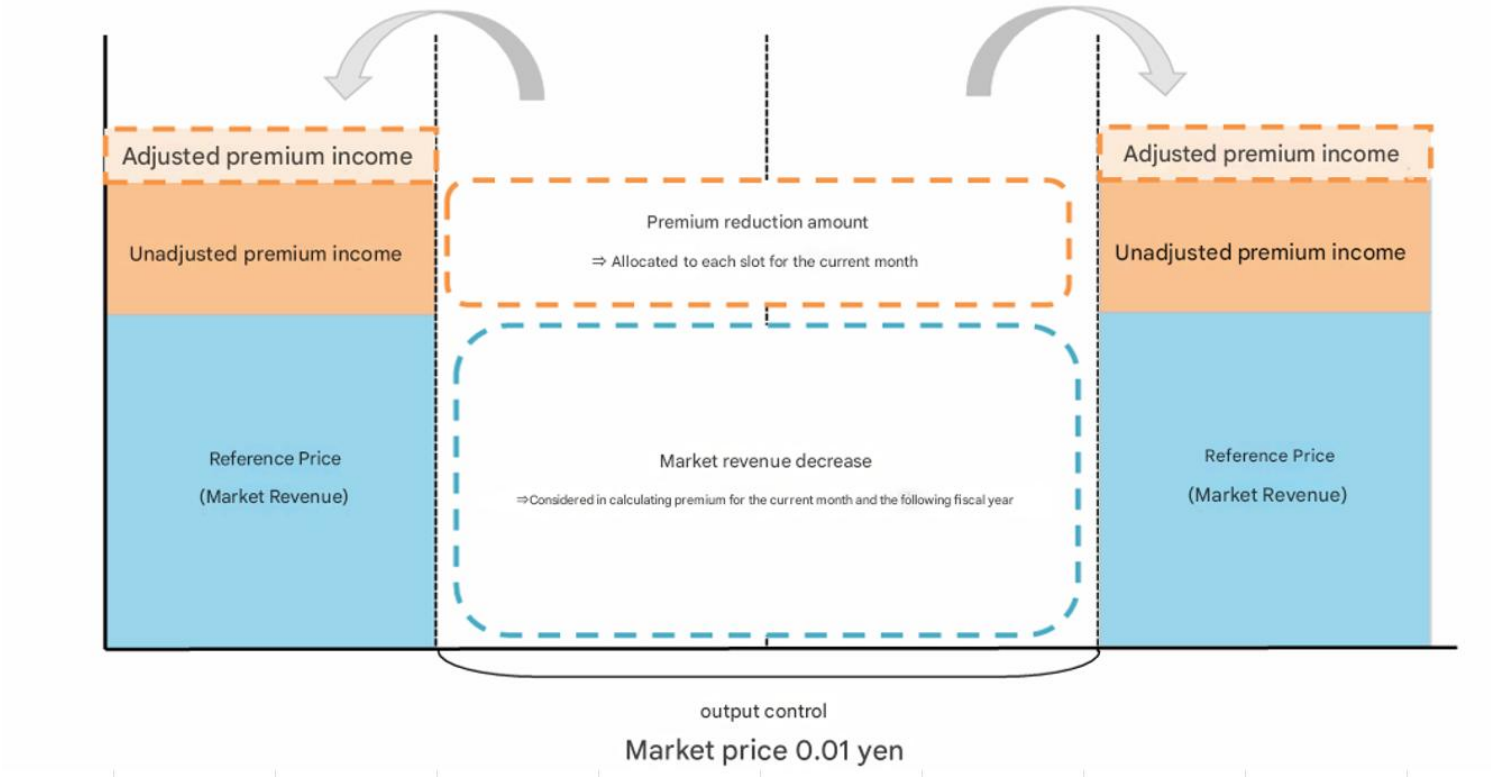
CSIF are Expected to Follow through with FIP Conversion and Battery Installation

CSIF is considering FIP conversion and additional battery installation. While no specific plans have been announced at this time, given the anticipated benefits described above, it is highly likely that FIP conversion and battery installation for one of its power plants will be announced at some point.

Transitioning to FIP and installing batteries requires substantial expertise in renewable energy operations, including subsequent management methods, as well as the financial strength to invest in batteries. As CSIF's sponsor is a panel manufacturer and renewable energy developer, its expertise is considered sufficient. Furthermore, supported by a high ROIC, it secures sufficient returns even without including excess distributions, giving it considerable financial strength among listed infrastructure funds. Its potential for future organic growth is also worth watching.

Figure 7. Treatment of FIP Premium During Output Curtailment Periods

- Even if an FIP power source is not subject to an output control command, the premium for the output control time period (the time period when the market price is 0.01 yen) is allocated to a time period other than the output control time period of the current month.
- This gives FIP power sources a strong incentive to shift their power generation/supply from power control periods to periods other than power control periods, even if they are not subject to power control orders.



Source: Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry

Figure 8. Income Statement (¥ mn)

FY	6/22	12/22	6/23	12/23	6/24	12/24	6/25	12/25 CoE	6/26 CoE	12/26 CoE
Operating Revenues	**4,060**	**3,715**	**3,452**	**4,537**	**4,367**	**4,455**	**4,514**	**4,630**	**4,558**	**4,608**
(vs. Previous Periods)	13.2%	-8.5%	-7.1%	31.4%	-3.7%	2.0%	1.3%	2.6%	-1.6%	1.1%
Operating Expenses	2,316	2,331	2,296	2,690	2,759	2,768	2,824			
Rental Expenses	2,090	2,114	2,083	2,414	2,483	2,490	2,526			
Asset Mgmt.Fee	127	115	108	168	166	170	167			
Administrative Service Fees	27	27	28	28	30	29	33			
Director's Compensation	2	2	2	2	2	2	3			
Taxes and Duties	0	0	0	3	0	0	0			
Others	68	71	72	73	76	75	91			
Operating Income	**1,743**	**1,383**	**1,156**	**1,846**	**1,608**	**1,686**	**1,690**	**1,688**	**1,641**	**1,683**
OP Margin	42.9%	37.2%	33.5%	40.7%	36.8%	37.8%	37.4%	36.5%	36.0%	36.5%
Non-Operating Income	3	39	57	1	8	32	12			
Interest Income	0	0	0	0	0	1	3			
Distributions	0	-	0	-	0	-	0			
Interest on Tax Refund	-	-	-	-	1	-	-			
Gain on Forfeiture of Unclaimed Distributions	-	-	0	0	0	1	0			
Insurance Income	-	39	56	0	4	28	7			
Guarantee Commission Received	-	-	-	0	0	0	1			
Settlement Money Income	-	-	-	0	1	-	-			
Others	3	0	0	0	0	-	-			
Non-Operating Expenses	237	208	209	461	255	265	453			
Interest Disorders	151	148	141	183	186	186	208			
Interest on Investment Corporation Bond	18	19	18	19	19	22	25			
Amortization of Investment Corporation Bond Issuance Cost	2	2	2	2	2	2	2			
Borrowing-related Expenses	37	37	37	213	47	51	214			
Investment Units Issuance Costs	-	-	8	42	-	-	-			
Loss on Retirement of Noncurrent Assets	26	-	-	0	-	-	-			
Others	-	-	-	0	-	2	2			
Ordinary Profit	**1,509**	**1,214**	**1,003**	**1,386**	**1,361**	**1,453**	**1,249**	**1,387**	**1,364**	**1,412**
Ordinary Profit Margin	37.2%	32.7%	29.1%	30.5%	31.2%	32.6%	27.7%	30.0%	29.9%	30.6%
Income Before Income Taxes	**1,509**	**1,214**	**1,003**	**1,386**	**1,361**	**1,453**	**1,249**			
Income Taxes	0	0	0	1	0	1	1			
Net Income	**1,509**	**1,213**	**1,003**	**1,385**	**1,361**	**1,452**	**1,248**	**1,386**	**1,363**	**1,411**
Net Profit Margin	37.2%	32.7%	29.1%	30.5%	31.2%	32.6%	27.6%	29.9%	29.9%	30.6%

Source: Company Data. Compiled by Strategy Advisors.

Figure 9. Balance Sheet (¥ mn)

FY	6/22	12/22	6/23	12/23	6/24	12/24	6/25
Cash and Deposits	5,082	5,271	4,989	5,911	6,081	5,241	3,214
Operating Accounts Receivable	1,148	798	1,035	946	1,384	889	1,492
Prepaid Expenses	163	262	181	337	244	359	266
Consumption Taxes Receivable	-	-	-	1,385	-	-	282
Others	75	72	46	40	45	83	84
Current Assets	**6,470**	**6,405**	**6,252**	**8,621**	**7,756**	**6,573**	**5,340**
Structures	884	863	849	837	815	792	794
Machinery and Equipment	35,103	34,276	33,418	33,352	32,484	31,872	31,298
Tools, Furniture and Fixtures	488	476	465	453	443	433	430
Land	4,505	4,505	4,505	4,570	4,571	4,673	4,814
Construction in Progress	-	-	-	-	-	-	-
Structures in Trust	6,249	6,148	6,026	7,217	7,072	6,926	7,142
Machinery and Equipment in Trust	19,164	18,741	18,318	30,405	29,753	29,102	31,216
Tools, Furniture and Fixtures in Trust	88	87	85	122	119	117	118
Land in Trust	4,769	4,769	4,769	6,948	6,948	6,948	7,831
Construction in Progress in Trust	-	-	3	3	3	3	-
Tangible Assets	**71,254**	**69,870**	**68,443**	**83,912**	**82,213**	**80,872**	**83,646**
Intangible Assets	**1,159**	**1,159**	**1,159**	**1,488**	**1,488**	**1,488**	**1,467**
Investments and Other Assets	**573**	**535**	**496**	**984**	**926**	**868**	**836**
Fixed Assets	**72,988**	**71,565**	**70,099**	**86,386**	**84,628**	**83,228**	**85,950**
Deferred Assets	**17**	**14**	**12**	**9**	**6**	**10**	**8**
Total Assets	**79,475**	**77,986**	**76,365**	**95,017**	**92,391**	**89,813**	**91,299**
Operating Accounts Payable	69	87	56	100	92	106	82
Accounts Payable & Accrued Expenses	309	285	279	344	355	384	354
Short-Term Loan Payable	2,261	2,275	2,267	2,900	2,881	2,935	3,209
Current Portion of Investment Corporation Bond	-	-	-	1,100	1,100	-	3,800
Others	149	78	85	2,266	1,472	106	64
Current Liabilities	**2,790**	**2,726**	**2,689**	**5,612**	**4,801**	**3,533**	**7,511**
Long-Term Loan Payable	31,643	30,512	29,376	38,876	37,397	35,940	38,321
Investment Corporation Bond	4,900	4,900	4,900	3,800	3,800	5,200	1,400
Others	-	-	-	71	67	67	1
Non-Current Liabilities	**36,543**	**35,412**	**34,276**	**42,747**	**41,264**	**41,208**	**39,723**
Total Liabilities	**39,333**	**38,139**	**36,965**	**48,359**	**46,066**	**44,741**	**47,234**
Unit Holders' Capital	38,632	38,632	38,396	45,271	47,953	47,953	47,953
Retained Earnings	1,509	1,213	1,003	1,385	1,361	1,452	1,248
Total Unitholders' Equity	40,142	39,846	39,399	46,657	46,324	45,071	44,064
Total Net Assets	40,142	39,846	39,399	46,657	46,324	45,071	44,064
Total Liabilities and Net Assets	**79,475**	**77,986**	**76,365**	**95,017**	**92,391**	**89,813**	**91,299**

Source: Company Data. Compiled by Strategy Advisors.

Figure 10 Cash Flow Statement (¥ mn)

FY	6/22	12/22	6/23	12/23	6/24	12/24	6/25
Cash Flows from Operating Activities							
Profit Before Taxes	1,509	1,214	1,003	1,386	1,361	1,453	1,249
Depreciation	1,452	1,453	1,454	1,694	1,729	1,733	1,784
Decrease (increase) in Operating Accounts Receivable	-391	349	-236	89	-437	495	-603
Decrease (increase) in Consumption Taxes Receivable	-156	-71	-	-1,385	1,385	-	-282
Decrease (increase) in Long-term Prepaid Expenses	38	38	38	-471	58	58	31
Others	149	-96	78	-6	397	-393	225
Total	**2,602**	**2,888**	**2,339**	**1,307**	**4,495**	**3,347**	**2,406**
Cash Flows from Investing Activities							
Purchase / Sale of Tangible Assets	-37	-72	-25	-17,168	-28	-372	-4,554
Purchase / Sale of Intangible Assets	-2	0	0	-254	-3	-	-45
Others	0	0	0	-16	0	0	0
Total	**-39**	**-72**	**-26**	**-17,440**	**-32**	**-372**	**-4,599**
Cash Flows from Financing Activities							
Proceeds from Short-term Loans Payable	-	-	-	1,100	-	-	-
Repayment of Short-term Loans Payable	-	-	-	-	-1,100	-	-
Proceeds from Long-term Loans Payable	-	-	-	11,600	-	-	4,300
Repayment of Long-term Loans Payable	-1,131	-1,116	-1,144	-1,467	-1,497	-1,402	-1,644
Proceeds from Issuance of Investment Corporation Bond	-	-	-	-	-	1,400	-
Payments of Investment Corporation Bond Redemption	-	-	-	-	-	-1,100	-
Payments of Corporate Bond Issuance Costs	-	-	-	-	-	-7	-
Proceeds from Issuance of Investment Units	-	-	-	7,322	-	-	-
Payments of Investment Unit Issuance Costs	-	-	-	-50	-	-	-
Payments of Own Investment Units Acquisition	-	-	-	-	-	-999	-799
Distribution Paid	-1,122	-1,509	-1,213	-1,003	-1,385	-1,361	-1,452
Surplus Earning Distribution Paid	-327	0	-236	-446	-308	-344	-3
Total	**-2,581**	**-2,625**	**-2,594**	**17,054**	**-4,291**	**-3,814**	**399**
Exchange Differences on Cash and Cash Equivalents	-	-	-	-	-	-	-
Net Increase / Decrease in Cash and Cash Equivalents	-18	189	-281	921	170	-840	-2,026
Cash and Cash Equivalents at Beginning of Period	5,101	5,082	5,271	4,989	5,911	6,081	5,241
Cash and Cash Equivalents at End of Period	5,082	5,271	4,989	5,911	6,081	5,241	3,214
Free Cash Flow	**21**	**262**	**-255**	**18,362**	**203**	**-467**	**2,805**

Source: Company Data. Compiled by Strategy Advisors.

Figure 11. Stock Indicators & KPI's

FY	6/22	12/22	6/23	12/23	6/24	12/24	6/25	12/25
EPS (¥)	3,902	3,138	2,594	3,111	3,012	3,256	2,872	3,229
BPS (¥)	103,818	103,053	101,898	103,280	102,543	102,436	102,612	
DPS (¥)	3,903	3,750	3,750	3,750	3,775	3,310	3,281	3,230
Distributions Payout Ratio	100%	120%	145%	122%	125%	100%	113%	
# of Investment Units Outstanding at Year-End ('000)	386.7	386.7	386.7	451.8	451.8	440.0	429.4	
# of Treasury Investment Units ('000)	0	0	0	0	0	0	0	
# of Investment Units Outstanding Excl. Treasury Investment units ('000)	386.7	386.7	386.7	451.8	451.8	440.0	429.4	
Ave. # of Investment Units Outstanding ('000)	386.7	386.7	386.7	445.4	451.8	446.0	434.7	
Equity Ratio	50.5%	51.1%	51.6%	49.1%	50.1%	50.2%	48.3%	
Interest-Bearing Debt (¥ bn)	38.805	37.688	36.544	47.776	45.179	44.076	46.732	
Interest-Bearing Debt (Net, ¥ bn)	33.723	32.416	31.554	41.865	39.097	38.835	43.517	
D/E Ratio	0.97	0.95	0.93	1.02	0.98	0.98	1.06	
Net D/E Ratio	0.84	0.81	0.80	0.90	0.84	0.86	0.99	
EBITDA (¥ bn)	3.197	2.837	2.611	3.542	3.338	3.420	3.475	
EBITDA Margin	78.7%	76.4%	75.6%	78.1%	76.4%	76.8%	77.0%	
ROE	6.5%	6.8%	5.6%	5.5%	6.4%	6.1%	6.0%	
ROIC (Invested Capital)	3.8%	4.0%	3.3%	3.5%	4.1%	3.6%	3.7%	
ROIC (Business Assets)	4.2%	4.3%	3.6%	3.8%	4.0%	3.9%	4.0%	
Total Output Capacity (MW)	183.9	183.9	183.9	226.4	226.4	227.6	246.3	

Note: The figures for ROE and ROIC are annualized

Source: Company Data. Compiled by Strategy Advisors.

Disclaimer

This report is published by Strategy Advisors, Inc. (hereafter referred to as "the issuer") and was prepared with outside partners and analysts as the primary authors.

The purpose of this report is to provide an unconventional approach to the introduction and commentary of the companies covered. In principle, the publisher does not review or approve the content of the report (although we will point out obvious errors or inappropriate language to the authors).

The Publisher may receive compensation, directly or indirectly, from the Subject Company for providing planning proposals and infrastructure for the publication of this report.

The outside firms and analysts who write this report may receive compensation, directly or indirectly, from the subject company in addition to preparing this report. In addition, the outside firms and analysts who write this report may have entered into transactions in the securities of the subject company or may do so in the future.

This report is prepared solely for the purpose of providing information to assist in investment decisions and is not intended as a solicitation for securities or other transactions. Final decisions regarding securities and other transactions are the sole responsibility of the investor.

In preparing this report, the authors have received information through interviews with the subject companies. However, the hypotheses and views expressed in this report are not those of the subject companies but rather are based on the authors' analysis and evaluation.

This report is based on information that the authors believe to be reliable, but they do not guarantee its accuracy, completeness, or timeliness. The views and forecasts expressed in this report are based on the judgment of the authors at the time of publication and are subject to change without notice.

In no event shall the publisher or authors be liable for any direct, indirect, incidental, or special damages that may be incurred by an investor as a result of reliance on the information or analysis contained in this report.

Strategy Advisors

Central Building 703, 1-27-8 Ginza, Chuo-Ku, Tokyo 104-0061, Japan