

December 18, 2018

Attention

This is an unofficial translation of an excerpt of the press release issued on December 6, 2018 by Daiwa Energy & Infrastructure Co. Ltd. The original press release is in Japanese.,

Daiwa Energy & Infrastructure Co. Ltd

DEI to Invest in Bioendev AB in Sweden

Daiwa Energy & Infrastructure Co. Ltd. (President: Hideki Araki, Headquarters: Gran Tokyo North Tower, 1-9-1 Marunouchi, Chiyoda-ku, Tokyo / “DEI”) agreed to subscribe for the shares issued by Bioendev AB (CEO: Johan Berggren, Headquarters: Korsvägen 1, 913 35 Holmsund, Sweden / “Bioendev”) on December 5, 2018.

Bioendev is a leading torrefaction* technology and plant engineering company with production technology for bio-coal. Bio-coal is drawing attention as a fuel to replace coal among the global trend for a reduction in greenhouse gas emissions and the switch from a power situation dependent on coal-fired power generation to clean energy including biomass power plants.

*Torrefaction is the formation of carbides that decompose organic waste, especially woody biomass, into substances with high carbon content by thermal decomposition at 200 to 300°C. Bio-coal generated by torrefaction can increase the efficiency of transportation and storage because the amount of energy held in bio-coal is 20 to 30% higher than that in wood pellets. In addition, bio-coal is attracting attention as a production technology of the biomass fuel supplied to thermal power plants in Europe and the United States. This is because bio-coal allows thermal power plants to greatly increase the co-firing rate with coal without replacing existing facilities.

We aim to support further business development and to increase the corporate value of Bioendev. We will do this through the dispatch of outside directors and the build-up of Bioendev's solid management base utilizing capital we have invested. In addition, we will also pursue collaboration with Bioendev utilizing our global network and know-how

in the field of renewable energy.

We are promoting joint projects such as importing PKS from Southeast Asian countries and constructing a wood pellet plant in Vietnam with our alliance partner, Biomass Fuel Co., Ltd (President: Eisaku Kuroda, Headquarters: 2-7-14 Kyobashi, Chuo-ku, Tokyo). As we invest in Bioendev this time, we aim to enhance our biomass related businesses from a technology perspective and to accelerate globally including in North America.

The whole of the Daiwa Group has proven strong with initiatives on the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 and announced the launch of the SDGs Promotion Committee chaired by Seiji Nakata, President and CEO of Daiwa Securities Group Inc. This investment in Bioendev may also contribute to achieving the United Nations' 17 SDGs, in particular, Goal 7: Affordable and Clean Energy, Goal 9: Industry, Innovation and Infrastructure and Goal 13: Climate Action. Daiwa Securities Group will promote a renewable energy business and contribute to the achievement of SDGs going forward.

1. Outline of Bioendev AB

Incorporation	2007
Headquarter	Korsvägen 1, 913 35 Holmsund, Sweden
Major Shareholder	Umeå Energi AB
Representative	Johan Berggren
Business	Research and Sales of Torrefaction Technology
Web Address	http://www.bioendev.se/

2. 17 Goals of SDGs *This investment contributes to three goals below

【Goal 7】 : Affordable and Clean Energy

Promote renewal energy through bio-coal

【Goal 9】 : Industry, Innovation and Infrastructure

Create added value utilizing Torrefaction Technology

【Goal 13】 : Climate Action

Contribute to prevention of global warming by suppressing CO2 emissions

3. Outline of Biomass Fuel Co., Ltd

Incorporation	2008
Headquarter	2-7-14 Kyobashi Chuo-ku, Tokyo
Representative	President: Eisaku Kuroda
Business	Procurement, Manufacturing and Sales of Biomass Fuel
Web Address	http://www.biomassfuel.co.jp/

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