These documents have been translated from the Japanese originals for reference purposes only.
In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

Dear Shareholders,

I would like to express my appreciation for your continued support and patronage.

I would also like to offer my greetings together with this Notice of Convocation of the 21st Annual General Meeting of Shareholders (for the fiscal year from July 1, 2016 to June 30, 2017).

At the EF-ON Group, we operate two businesses, an “energy saving” business and a “wood biomass power generation” business, with the objective of pursuing the rationality and safety as required by modern society in terms of both energy usage and supply. In our 21st fiscal year, the “Bungo-Ono Power Plant,” our third unit in the growth business of “wood biomass power generation,” came online and operated smoothly, and as a result, we achieved a significant year-on-year increase in revenue and profits. In addition, we are making steady progress on the “Mibu Power Plant,” our fourth unit, which is currently under development, as we prepare to begin operations at the end of 2019. Looking ahead, we shall continue to focus on the “development of new power plants” and “biomass-related businesses” as we aim for further growth.

I would like to conclude this message by asking all shareholders for their further understanding and support.

Tomotada Shimazaki
President and Representative Director
EF-ON INC.

Securities Code 9514
September 6, 2017

To Shareholders with Voting Rights:

Tomotada Shimazaki
President and Representative Director
EF-ON INC.
3-1-1 Kyobashi, Chuo-ku,
Tokyo, Japan

NOTICE OF CONVOCATION OF THE 21ST ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 21st Annual General Meeting of Shareholders of EF-ON INC. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights by means of either of the following. Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter), and cast your vote by 5 p.m. Japan time on Tuesday, September 26, 2017.

[If exercising voting rights in writing]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it will be received by the above deadline.

[If exercising voting rights via electronic means (the Internet)]

If exercising voting rights via the Internet, please review the "Guide to Exercise of Voting Rights via the Internet" (page 4), visit the Company's designated voting website (http://www.web54.net), use the "Voting Rights Exercise Code" and "Password" displayed on the enclosed Voting Rights Exercise Form, and indicate your vote for or against each proposal by following the on-screen instructions.

[Handling of duplicate voting]

If voting rights are exercised both in writing and via the Internet, votes arriving later shall be considered valid; if both arrive on the same day, voting rights exercised via the Internet shall be considered valid.

Additionally, if voting rights are exercised more than once via the Internet, only the most recent vote shall be deemed valid.

1. **Date and Time:** Wednesday, September 27, 2017 at 10 a.m. Japan time

2. **Place:** Tokyo Convention Hall in Tokyo Square Garden, 5F, 3-1-1 Kyobashi, Chuo-ku, Tokyo, Japan
(The venue is different from last year; please refer to the directions to the venue at the end of this Notice (in Japanese only).)

3. **Meeting Agenda:**

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 21st Fiscal Year (July 1, 2016 - June 30, 2017) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
2. Non-Consolidated Financial Statements for the Company's 21st Fiscal Year (July 1, 2016 – June 30, 2017)

Proposals to be resolved:

Proposal: Election of Seven Directors

4. Other Matters related to Exercise of Voting Rights

If exercising voting rights by proxy, the proxy must be another shareholder with voting rights.

5. Other Matters related to this Notice

Of the documents to be provided with this Notice, “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” are disclosed on our website (http://www.ef-on.co.jp/) pursuant to laws and regulations and the Article 13 of the Articles of Incorporation, and are therefore not included in this Notice.

1. Any updates to the Business Report, Non-Consolidated Financial Statements, Consolidated Financial Statements, and Reference Documents for the General Meeting of Shareholders will be posted on the Company’s website at the following URL: http://www.ef-on.co.jp/
2. If exercising voting rights at the General Meeting of Shareholders, please submit the enclosed Voting Rights Exercise Form at the reception desk. While doing so, please do not tear off the Voting Rights Exercise Form.
3. Except in special circumstances, only shareholders may enter the venue, and therefore accompanying persons must wait in the designated waiting room until the conclusion of the meeting.

Guide to Exercise of Voting Rights via the Internet

The exercise of voting rights via the Internet is only possible via the Voting Rights Exercise Website designated by the Company (http://www.web54.net). When exercising voting rights, shareholders shall be able to indicate approval/disapproval for the proposals by accessing the website and using the "Voting Rights Exercise Code" and "Password" indicated on the right side of the Voting Rights Exercise Form while following the on-screen instructions. Shareholders may enter a new password at their own choosing.
Furthermore, please note that the website may not be used to exercise voting rights when opened via a mobile phone.
Please note the following matters when using the website to exercise voting rights.

1. Handling of exercise of voting rights
(1) Please exercise your voting rights by 5 p.m. Japan time on Tuesday, September 26, 2017.
(2) If voting rights are exercised both in writing and via the Internet, votes arriving later shall be considered valid; if both arrive on the same day, voting rights exercised via the Internet shall be considered valid.
(3) If voting rights are exercised more than once via the Internet, only the most recent vote shall be deemed valid.

2. Handling of the password
(1) The password is a means of confirming that the person exercising voting rights is the shareholder, so please store it carefully until the conclusion of the General Meeting of Shareholders. Furthermore, the Company is unable to respond to inquiries regarding forgotten passwords.
(2) If an incorrect password is entered more than a certain number of times, the website will be locked and become inaccessible. In such case, please follow the instructions on the screen.
(3) The password you have received is effective only for this General Meeting of Shareholders. A new password will be assigned for the next Ordinary General Meeting of Shareholders.

3. System requirements
(1) A system environment that fulfills the following conditions is required when exercising voting rights via the Internet through the Voting Rights Exercise Website.
   1) Has access to the Internet, and uses a monitor with a screen resolution of 800 (horizontal) X 600 (vertical) (SVGA) or higher.
   2) Microsoft® Internet Explorer Ver. 5.01 SP2 or later is installed.
   3) For viewing the "Notice of the General Meeting of Shareholders" and the "Reference Documents for the General Meeting of Shareholders" on the Internet, Adobe® Acrobat® Reader™ Ver. 4.0 or later or Adobe® Reader® Ver. 6.0 or later is installed.
   (Microsoft® and Internet Explorer is a registered trademark or a trademark of US Microsoft Corporation in the United States and other countries.)
   (Adobe® Acrobat® Reader™ and Adobe® Reader® are registered trademarks or trademarks of US Adobe Systems Incorporated in the United States and other countries.)
(2) Costs arising from using the Voting Rights Exercise Website to exercise voting rights via the Internet shall be borne by the shareholder, including Internet connection fees paid to the provider, and communication fees paid to the telecommunications carrier.
(3) If connecting to the Internet from a company, etc., the connection may be limited due to a firewall or other settings. In such cases, please confirm the issue with your system administrator.

4. Inquiries
(1) For inquiries on how to use the personal computer, etc., in relation to the exercise of voting rights via the Internet, please contact the following.

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support Telephone: 0120 (65) 2031 Business Hours: 9 a.m. ~ 9 p.m. (Japan time)

(2) For inquiries regarding the registered address, number of shares, etc., please contact the following.

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Operation Center Telephone: 0120 (78) 2031 Business Hours: 9 a.m. ~ 5 p.m. (Japan time), except Saturdays, Sundays and official holidays

Reference Documents for the General Meeting of Shareholders

Proposal: Election of Seven Directors

The terms of office of all seven Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of seven Directors is proposed.

The candidates for Directors are as follows.

<table>
<tr><td rowspan="3">Candidate No. 1</td><td rowspan="3">Tomotada Shimazaki
(August 27, 1962)

Number of shares of the Company held
23,000 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions</td></tr>
<tr><td>September 2002 Deputy General Manager, Mitsubishi Securities Co., Ltd.
June 2005 Corporate Planning Department, the Company
September 2006 Director
May 2008 President and Representative Director (to present)</td></tr>
<tr><td>Reasons for selection as a candidate
The Company has selected Mr. Tomotada Shimazaki as a candidate for Director because he has an abundant track record and experience from his duties as Representative Director in overseeing management as a whole and is well-versed in business management. The Company has judged that he will be able to continue utilizing his abundant experience and expertise in the management of the Company.</td></tr>
<tr><td rowspan="3">Candidate No. 2</td><td rowspan="3">Hisahito Koike
(May 18, 1961)

Number of shares of the Company held
38,500 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions</td></tr>
<tr><td>May 2003 Deputy General Manager, Group Management Department, Administrative Division, and General Manager, KMG Accounting Center, Kyoritsu Maintenance Co., Ltd.
October 2006 General Manager, Accounting Department, the Company
September 2009 Director and General Manager, Finance and Accounting Department
March 2011 Director and General Manager, Administrative Division
September 2011 Managing Director and General Manager, Administrative Division
October 2013 Managing Director and Head of Administrative Division (to present)</td></tr>
<tr><td>Reasons for selection as a candidate
The Company has selected Mr. Hisahito Koike as a candidate for Director because he has an abundant track record and experience in the administrative division of the Company as a Director. The Company has judged that he will be able to continue utilizing his operational experience and expertise in the management of the Company.</td></tr>
</table>

<table>
<tr><td rowspan="3">Candidate No. 3</td><td rowspan="3">Hirokazu Kojima
(August 27, 1968)

Number of shares of the Company held
40,500 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions</td></tr>
<tr><td>April 1992 Joined West Japan Railway Company
September 2005 Corporate Planning Department, the Company
September 2008 Director and Head of Business Division
September 2011 Senior Managing Director
September 2016 Director, Head of Business Division, and General Manager, Energy Saving Support Department
October 2016 Director, the Company
Shirakawa Office, EF-BIOS INC.
January 2017 Director, the Company
General Manager, Shirakawa Office, EF-BIOS INC. (to present)</td></tr>
<tr><td>Reasons for selection as a candidate
The Company has selected Mr. Hirokazu Kojima as a candidate for Director because he has an abundant track record and experience in the business division of the Company as a Director. The Company has judged that he will be able to continue utilizing his operational experience and expertise in the management of the Company.</td></tr>
<tr><td rowspan="3">Candidate No. 4</td><td rowspan="3">Makoto Nagasawa
(January 9, 1969)

Number of shares of the Company held
0 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions</td></tr>
<tr><td>April 1992 Joined TAISEI SETSUBI CO., LTD.
October 2011 Technology & Development Department, the Company
May 2013 General Manager, Technology & Development Department
September 2015 Director and General Manager, Technology & Development Department
October 2016 Director, Head of Business Division, General Manager, Technology & Development Department, and General Manager, Energy Saving Support Department (to present)</td></tr>
<tr><td>Reasons for selection as a candidate
The Company has selected Mr. Makoto Nagasawa as a candidate for Director because he has an abundant track record and experience in power plant development, which is the foundation of the Company’s businesses. The Company has judged that he will be able to continue utilizing his operational experience and expertise in the management of the Company.</td></tr>
</table>

<table>
<tr><td rowspan="3">Candidate No. 5</td><td rowspan="3">Koutaro Fujii
(March 26, 1964)

Number of shares of the Company held
0 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions</td></tr>
<tr><td>April 1997 South Kanto Manager, Sales Division, Copal Electronics Co., Ltd.
April 2005 General Manager, Electric Power Business Department, the Company
April 2007 General Manager, ESCO Business Division
October 2007 Managing Director, VEGLIALaboratories Inc.
September 2013 Director and Vice President
May 2016 Joined the Company, Technology & Development Department
Seconded to EF-BIOS INC., General Manager, Bungo-Ono Office
September 2016 Director, the Company
General Manager, Bungo-Ono Office, EF-BIOS INC.
July 2017 Director, the Company
General Manager, Hita Office, EF-BIOS INC. (to present)</td></tr>
<tr><td>Reasons for selection as a candidate
The Company has selected Mr. Koutaro Fujii as a candidate for Director because he is well-versed in the energy saving business and the electric power business, and has an abundant track record and experience in these areas. The Company has judged that he will be able to utilize his operational experience and expertise in the management of the Company.</td></tr>
<tr><td rowspan="3">Candidate No. 6</td><td rowspan="3">Shinichi Suzuki
(February 25, 1962)

Number of shares of the Company held
0 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions</td></tr>
<tr><td>April 1995 Registered as attorney-at-law
Joined Teruo Matsushita Law Office
May 2000 Representative, Shinichi Suzuki Law Office
June 2004 Corporate Auditor, HC Asset Management Co., Ltd. (to present)
March 2006 Representative, Saiwaibashi Law Office (to present)
June 2008 Corporate Auditor, Bansei Securities Co., Ltd.
July 2008 Corporate Auditor, PCPhase Corporation
September 2010 Director, the Company (to present)</td></tr>
<tr><td>Reasons for selection as a candidate
The Company has selected Mr. Shinichi Suzuki as a candidate for Outside Director because he has abundant knowledge and experience as an attorney and as an Outside Corporate Auditor. The Company has judged that he will appropriately execute his duties as an Outside Director.</td></tr>
</table>

Candidate No. 7		Past experience, positions and responsibilities at the Company, and significant concurrent positions	
	Shinichi Yada (September 7, 1960) Number of shares of the Company held 0 shares	January 2006	Assistant General Manager, Corporate Banking Business Promotion Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
		December 2008	Full-time Corporate Auditor, KONAKA CO., LTD.
		December 2012	Senior Manager, Public Relations Department, Headquarters, Teikyo University (to present)
		September 2016	Director, the Company (to present)
		Reasons for selection as a candidate The Company has selected Mr. Shinichi Yada as a candidate for Outside Director because he has experience as an Outside Corporate Auditor and has specialist knowledge developed through serving at a major financial institution. The Company has judged that he will appropriately execute his duties as an Outside Director.	

(Notes) 1. No particular relationship of interest exists between the Company and any of the candidates for Directors.

2. Mr. Shinichi Suzuki and Mr. Shinichi Yada are candidates for Outside Directors.

3. The Company has registered Mr. Shinichi Suzuki and Mr. Shinichi Yada with the Tokyo Stock Exchange as independent officers under the stipulations of the said exchange. If their re-election is approved, the Company intends to maintain their designation as independent officers.

4. Mr. Shinichi Suzuki currently serves as Outside Director of the Company and his term of office as Outside Director will be approximately seven years as of the conclusion of this General Meeting of Shareholders.

5. Mr. Shinichi Yada currently serves as Outside Director of the Company and his term of office as Outside Director will be approximately one year as of the conclusion of this General Meeting of Shareholders.

6. In accordance with the provisions of the Article 427, Paragraph 1 of the Companies Act, Mr. Shinichi Suzuki and Mr. Shinichi Yada have entered into an agreement with the Company to limit their liability for damages, as stipulated in Article 423, Paragraph 1 of the same Act. The maximum amount of liability pursuant to the said agreement is the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. The agreement shall be continued after their re-election.

(Appendix)

Business Report

(July 1, 2016 – June 30, 2017)

1. Overview of the Company Group

(1) Business Progress and Results

In the fiscal year ended June 30, 2017, a moderate recovery trend continued in the Japanese economy, including a pickup in corporate earnings and employment and income conditions, against a backdrop of various government economic measures, monetary easing by the Bank of Japan, and other factors. However, uncertain conditions remain in regard to the future outlook, owing to concerns surrounding overseas economies, such as the British exit from the European Union, and the direction of the US economic policies.

In the industry where the Company operates, there were changes to the approval system, namely changing from facility approval to business plan approval, as a result of the amended FIT law enacted in April 2017, along with a review of feed-in tariffs. A correction to the excess concentration of solar power may be expected in future, as feed-in tariffs were lowered for some types of power generation, mainly solar power. On the other hand, the number of companies entering the wood biomass power generation business as part of new growth strategies is increasing because it is regarded as a core aspect of the next-generation of renewable energy, as a means of reforestation and combating global warming.

Under these conditions, in the Group's power generation business, approximately ten months have passed since the wood biomass power plant in Bungo-Ono City, Oita Prefecture started operations. It is approximately 1.5 times as large as existing power plants, and contributed significantly to net sales and operating profit as it steadily maintained a high operating rate. In addition, steady progress is being made on the new planned biomass power plant in Mibu Town, Tochigi Prefecture, with the business site acquired and a contract concluded for raising construction funds. The Group as a whole is working toward uniting under the EF-ON brand since April 2016, and after the Company changed its trade name to "EF-ON INC." in October of the same year, efforts have been geared toward stronger group ties under the new company name.

With regard to business performance in the consolidated fiscal year under review, net sales amounted to ¥9,920 million (61.3% increase on a year-on-year basis), operating profit amounted to ¥2,572 million (97.8% increase on a year-on-year basis), ordinary profit amounted to ¥2,305 million (96.6% increase on a year-on-year basis), and profit attributable to owners of parent was ¥2,004 million (6.6% increase on a year-on-year basis).

(Energy Saving Support Business)

In the consolidated fiscal year under review, external sales increased slightly overall as the Company reported sales relating to the purchase of facilities at the end of agreements with some clients in the onsite in-house power generation business, despite a decline in sales of energy saving goods and operational sales. On the other hand, for the segment as a whole, sales declined as internal sales fell significantly compared with the previous year, owing to the completion of the construction of the wood biomass power plant of EF-ON BUNGO-ONO, a consolidated subsidiary. Operating profit was roughly on par with the previous year.

With regard to the business performance of this segment in the consolidated fiscal year under review, net sales including transactions within the Group was ¥2,610 million (64.0% decrease on a year-on-year basis), net sales to external clients was ¥1,468 million (5.8% increase on a year-on-year basis), and operating profit amounted to ¥79 million (1.8% decrease on a year-on-year basis).

(Green Energy Business)

In the consolidated fiscal year under review, the wood biomass power plant of EF-ON BUNGO-ONO, which is approximately 1.5 times as large as existing power plants, steadily maintained a high operating rate after approximately ten months since it came online. Existing power plants of EF-ON SHIRAKAWA and EF-ON HITA also steadily maintained a high operating rate without major issues, excluding non-operating periods in November for scheduled maintenance, and as a result, net sales increased significantly compared with the previous year. In addition, operating profit increased significantly owing to the increase in net sales and the procurement of fuel at stable prices.

With regard to the business performance of this segment in the fiscal year under review, net sales was ¥8,452 million (77.5% increase on a year-on-year basis) and operating profit amounted to ¥2,713 million (91.1% increase on a year-on-year basis).

Business performance in relation to external transactions in each segment is as follows.

(In millions of yen)

Business classification	Consolidated net sales	Consolidated operating profit
Energy Saving Support Business	1,468	79
Green Energy Business	8,452	2,713
Corporate and Elimination	—	(221)
Total	9,920	2,572

(2) Capital Investments

In the consolidated fiscal year under review, the total amount of capital investments made by companies in the Group was ¥3,325 million, and the main components thereof are as follows.

a) Key Facilities Completed in the Consolidated Fiscal Year Under Review

Energy Saving Support Business	EF-ON INC.	Renewal of onsite in-house power generation facilities
Green Energy Business	EF-ON SHIRAKAWA INC.	Fuel yard surfacing
	EF-ON BUNGO-ONO INC.	Wood biomass power plant facility
	EF-BIOS INC.	New facilities and equipment at Bungo-Ono Chip Center
	EF-ON HITA INC.	New construction of fuel management room and warehouse
	EF-ON MIBU INC.	Acquisition of business site
Corporate Expenses	EF-ON INC.	Facilities in line with transfer of head office

b) Ongoing Construction of New Key Facilities and Expansion of Existing Key Facilities in the Consolidated Fiscal Year Under Review

Green Energy Business	EF-ON BUNGO-ONO INC.	Wood biomass power plant facility

c) Sales, Removal, or Loss of Significant Non-current Assets in the Consolidated Fiscal Year Under Review

Energy Saving Support Business	EF-ON INC.	Sale of onsite in-house power generation facilities
Green Energy Business	EF-ON HITA INC.	Retirement of fuel management room

(3) Financing

There is no relevant information.

(4) Issues to be Addressed

In the consolidated fiscal year under review, the newly completed EF-ON BUNGO-ONO power plant operated steadily without major issues, and contributed significantly to the business performance of the Group in both net sales and profits. In the Green Energy Business of the Group, the Company shall endeavor to enhance the usage rate of unused wood, including at the existing EF-ON HITA and EF-ON SHIRAKAWA power plants, and thereby further increase net sales, in addition to promoting detailed inspections and maintenance in order to maintain a high operating rate, and further expanding suppliers of woodchip fuel to support stable operation. In order to broaden fuel procurement and enhance unprocessed timber and chip processing volumes, and reduce costs by utilizing economies of scale in power plant operation, the Company also considers the securing and training of specialist personnel a significant management issue.

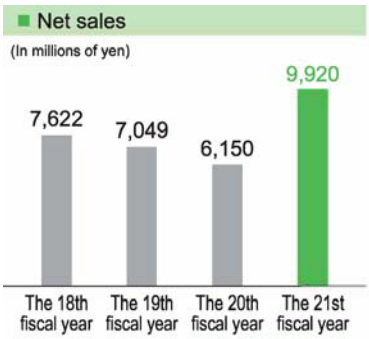
In addition, the Company shall make every effort to progress with the plan for the new wood biomass power plant project in Mibu Town, Tochigi Prefecture, which is under construction. The Company recognizes that building and equipping the necessary business environment for the operation of this power plant is its most significant issue.

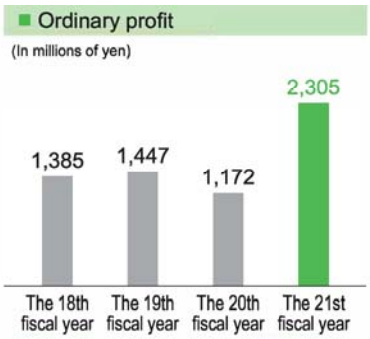
(5) Assets and Income

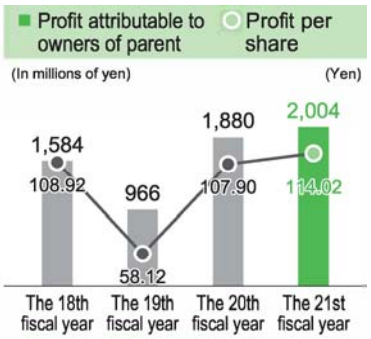
(In millions of yen)

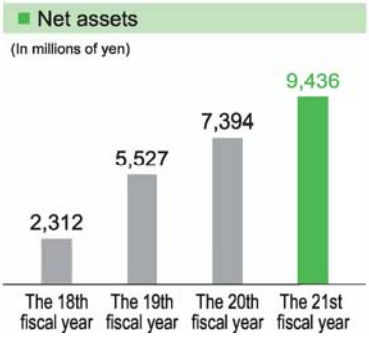
Item \ Period	The 18th fiscal year (ended June 30, 2014)	The 19th fiscal year (ended June 30, 2015)	The 20th fiscal year (ended June 30, 2016)	The 21st fiscal year (fiscal year under review) (ended June 30, 2017)
Net sales	7,622	7,049	6,150	9,920
Ordinary profit	1,385	1,447	1,172	2,305
Profit attributable to owners of parent	1,584	966	1,880	2,004
Profit per share	¥108.92	¥58.12	¥107.90	¥114.02
Net assets	2,312	5,527	7,394	9,436
Total assets	12,710	18,241	21,873	22,414

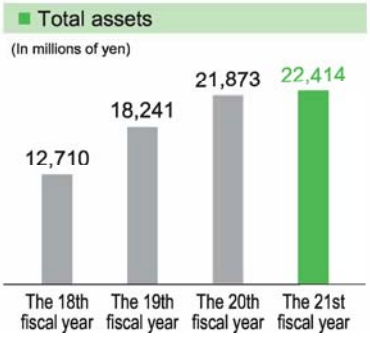
(Note) Effective January 1, 2014, the Company conducted a share split at a ratio of 100 shares per share of common stock. Profit per share has been calculated assuming the share split was conducted at the beginning of the 18th term.











(6) Significant Subsidiaries

Company name	Capital	Ratio of voting rights held	Principal business
EF-ON HITA INC.	¥495 million	100.00%	Wood biomass power generation business
EF-ON SHIRAKAWA INC.	¥441 million	100.00%	Wood biomass power generation business
EF-ON BUNGO-ONO INC.	¥450 million	100.00%	Wood biomass power generation business
EF-ON MIBU INC.	¥1 million	100.00%	Wood biomass power generation business
EF-BIOS INC.	¥10 million	100.00%	Sale of biomass fuel, contracted power plant operation business
SOLEIL HITA INC.	¥10 million	100.00%	Solar power plant operation and management business

(7) Principal Business (as of June 30, 2017)

1) Energy Saving Support Business

In the Energy Saving Support Business, the Company provides services supporting energy saving for the facilities of corporate clients and other clients, as well as the introduction of renewable energy. In addition to finding out the energy usage of clients and providing an energy saving diagnosis, the Company provides a full range of services, from the design and installation of actual energy saving equipment and systems based on the results of the diagnosis, to subsequent operation. As a form of integrated energy management, the Company also provides services related to tracking clients' energy usage, formulating plans for reducing energy usage, improving operation and facilities, and measurement of the reduction in energy usage, in addition to services such as support for the introduction of renewable energy, and consulting regarding the control and reduction of carbon dioxide emissions.

2) Green Energy Business

In the Green Energy Business, the Company converts renewable, natural energy into electric power. In response to social demands to improve the environment such as reducing carbon dioxide emissions, etc., the Company develops, constructs, and operates environmentally friendly power plants, particularly those using wood biomass (Note) as a source of energy among various forms of renewable energy. At present, in the Group, FIT-approved wood biomass power plants are operated by EF-ON HITA, EF-ON SHIRAKAWA, and EF-ON BUNGO-ONO. In addition, the Company is also currently making progress on a plan for a new wood biomass power plant in Mibu Town, Tochigi Prefecture. Through the effective utilization of waste wood materials and forest resources, EF-BIOS INC. is at the core of the Green Energy Business as a company specializing in the operation of wood biomass power plants and the supply of wood biomass fuel.

(Note) Wood biomass

Biomass is a concept that expresses a mass of biological resources (bio), and is described as "renewable, organic, biological resources, excluding fossil resources."

Wood biomass refers to organic matter originating in trees that may be used as an energy source. The Group engages in the business of generating power from new energy sources, whereby woodchips are used as fuel for generating power after being selected and crushed from waste materials from lumbermills and wood processing plants, etc., waste construction materials from construction and demolition sites, and other sources of wood. Biomass resources are considered "carbon neutral," as the carbon dioxide emitted by burning biomass does not harm the balance of carbon dioxide on a global scale because plants take carbon dioxide from the air by photosynthesis in order to grow. In addition, biomass resources have garnered attention as a "renewable resource" which, if properly managed, can be used on a long-term basis without being depleted, unlike fossil fuels such as oil.

(8) Main Business Locations and Plants (as of June 30, 2017)

The Company	Head Office:	Tokyo Square Garden 3-1-1 Kyobashi, Chuo-ku, Tokyo
	Kansai Office	Wakayama Chuo-dori Building 22 Itayamachi, Wakayama City, Wakayama Prefecture
Subsidiaries	EF-ON HITA INC.:	Hita City, Oita Prefecture
	EF-ON SHIRAKAWA INC.:	Shirakawa City, Fukushima Prefecture
	EF-ON BUNGO-ONO INC.:	Bungo-Ono City, Oita Prefecture
	EF-ON MIBU INC.:	Chuo-ku, Tokyo
	EF-BIOS INC.	Chuo-ku, Tokyo
	SOLEIL HITA INC.:	Hita City, Oita Prefecture

(9) Employees (as of June 30, 2017)

Group Employees

Business division	Number of employees	Increase (decrease) from the previous consolidated fiscal year-end
Energy Saving Support Business	4	(10)
Green Energy Business	105	13
Corporate (common)	17	1
Total	126	4

(Notes) 1. The number of employees refers to full-time employees, and does not include temporary employees (employees working on a part-time, commission, advisory, or dispatch basis).

2. The decrease in the number of employees in the Energy Saving Support Business and the increase in the number of employees in the Green Energy Business are the result of transfers between business divisions.

(10) Main Lenders (as of June 30, 2017)

(In millions of yen)

Lender	Outstanding loan amount
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,043
Sumitomo Mitsui Banking Corporation	1,773
Mizuho Bank, Ltd.	1,586
The Bank of Yokohama, Ltd.	1,197

(11) Other Important Information Concerning the Company Group

There is no relevant information.

2. Information on Shares of the Company

Status of Shares (as of June 30, 2017)

1) Total number of shares authorized to be issued 58,200,000 shares

2) Total number of shares outstanding 17,758,110 shares

3) Number of shareholders 4,828 persons

4) Major shareholders (top 10 shareholders)

Shareholder name	Number of shares	Shareholding ratio (%)
NIHON TECHNO CO., LTD.	5,874,400	33.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,446,100	8.14
Japan Trustee Services Bank, Ltd. (Trust Account)	1,037,700	5.84
GOLDMAN SACHS INTERNATIONAL	820,614	4.62
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	722,800	4.07
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	368,086	2.07
Japan Trustee Services Bank, Ltd. (Trust Account 9)	226,600	1.28
Aioi Nissay Dowa Insurance Co., Ltd.	200,000	1.13
Meiji Yasuda Life Insurance Company Account No. 51	185,700	1.05
CREDIT SUISSE SECURITIES (EUROPE) LIMITED PB OMNIBUS CLIENT ACCOUNT	173,300	0.98

3. Matters Related to Subscription Rights to Shares of the Company

(1) Subscription Rights to Shares Delivered as Consideration for the Execution of Duties and Held by Officers of the Company

(As of June 30, 2017)

There is no relevant information.

(2) Subscription Rights to Shares Delivered to Employees, etc. as Consideration for the Execution of Duties in the Fiscal Year Under Review

(As of June 30, 2017)

There is no relevant information.

4. Company Officers

(1) Company Officers

1) Directors and Corporate Auditors (as of June 30, 2017)

Position at the Company	Name	Responsibilities and significant concurrent positions
President and Representative Director	Tomotada Shimazaki	
Managing Director	Hisahito Koike	Head of Administrative Division
Director	Hirokazu Kojima	General Manager, Shirakawa Office, EF-BIOS INC.
Director	Makoto Nagasawa	Head of Business Division, General Manager, Technology & Development Department, and General Manager, Energy Saving Support Department
Director	Koutaro Fujii	General Manager, Bungo-Ono Office, EF-BIOS INC.
Director	Shinichi Suzuki	Representative, Saiwaibashi Law Office
Director	Shinichi Yada	
Full-time Corporate Auditor	Norio Minagawa	
Corporate Auditor	Tadashi Ueda	Representative, Ueda Accounting Office
Corporate Auditor	Toshio Shimizu	

(Notes)
1. Directors, Mr. Shinichi Suzuki and Mr. Shinichi Yada, are Outside Directors.
2. Full-time Corporate Auditor, Mr. Norio Minagawa, and Corporate Auditor, Mr. Tadashi Ueda, are Outside Corporate Auditors.
3. Full-time Corporate Auditor, Mr. Norio Minagawa, has been involved in finance and accounting operations over many years, and has a considerable level of insight regarding finance and accounting, in addition to abundant knowledge and experience in relation to corporate management.
   Corporate Auditor, Mr. Tadashi Ueda, has a considerable level of insight as a certified public tax accountant, in addition to abundant knowledge and experience in relation to corporate management.
   Corporate Auditor, Mr. Toshio Shimizu, has wide-ranging insight in the field of business management, in addition to abundant knowledge and experience as a Corporate Auditor.
4. The Company has registered Directors, Mr. Shinichi Suzuki and Mr. Shinichi Yada, and Full-time Corporate Auditor, Mr. Norio Minagawa, with the Tokyo Stock Exchange as independent officers under the stipulations of the said exchange.

2) Directors and Corporate Auditors Retiring in the Fiscal Year Under Review

Name	Date of retirement	Reason for retirement	Position at time of retirement
Yutaka Saito	September 27, 2016	End of term	Director

(2) Remunerations for Directors and Corporate Auditors

1) Total Amount of Compensation in the Fiscal Year Under Review

Classification	Number of people	Total amount of remunerations
Director (of which, Outside Directors)	8 (3)	103 million yen (4 million yen)
Corporate Auditors (of which, Outside Corporate Auditors)	3 (3)	17 million yen (17 million yen)
Total (of which, Outside Officers)	11 (6)	121 million yen (22 million yen)

(Notes)
1. The above number of Directors and amount of compensation includes one Outside Director who resigned during the fiscal year.
2. The total amount of compensation for Directors does not include the portion of salary as an employee for Directors concurrently serving as employees.
3. The amount of compensation for Directors was resolved to be within ¥120 million per year (however, this does not include the portion of salary as an employee) at the Extraordinary General Meeting of Shareholders held on February 19, 2004.
4. The amount of compensation for Corporate Auditors was resolved to be within ¥20 million per year at the Extraordinary General Meeting of Shareholders held on November 30, 2004.

2) Officer Retirement Benefits Paid in the Fiscal Year Under Review
There is no relevant information.

3) Total Amount of Officer Remunerations Received by Outside Officers from the Parent Company or Subsidiaries
There is no relevant information.

(3) Outside Officers

1) Relationship of the Company to Other Companies, etc. where Important Concurrent Positions are Held
- Director Mr. Shinichi Suzuki concurrently serves as Representative of Saiwaibashi Law Office. There is no business relationship between the Company and Saiwaibashi Law Office.
- Corporate Auditor Mr. Tadashi Ueda concurrently serves as Representative of Ueda Accounting Office. There is no business relationship between the Company and Ueda Accounting Office.

2) Main Activities in the Fiscal Year Under Review

		Activities
Director	Shinichi Suzuki	Mr. Shinichi Suzuki attended all twelve meetings of the Board of Directors held in the fiscal year under review, and appropriately expressed opinions as necessary on proposal deliberations from his specialist perspective as an attorney, in order to ensure the validity and appropriateness of the Board of Directors' decision-making.
Director	Shinichi Yada	After his appointment on September 27, 2016, Mr. Shinichi Yada attended all ten meetings of the Board of Directors held in the fiscal year under review, and appropriately expressed opinions as necessary on proposal deliberations in order to ensure the validity and appropriateness of the Board of Directors' decision-making, based on his experience and specialist knowledge developed through serving as an Outside Corporate Auditor and at a major financial institution.
Corporate Auditor	Norio Minagawa	Mr. Norio Minagawa attended all twelve meetings of the Board of Directors and all thirteen meetings of the Board of Corporate Auditors held in the fiscal year under review, and conducted high-level audits based on his past experience as a Corporate Auditor at other companies, his experience as a Director at other companies, and his insight in the areas of finance and accounting, in addition to expressing his views as necessary at appropriate opportunities at the meetings of both the Board of Directors and the Board of Corporate Auditors.
Corporate Auditor	Tadashi Ueda	Mr. Tadashi Ueda attended all twelve meetings of the Board of Directors and all thirteen meetings of the Board of Corporate Auditors held in the fiscal year under review, and conducted high-level audits based on his profound understanding from a specialist perspective as a certified public tax accountant, in addition to expressing his views as necessary at appropriate opportunities at the meetings of both the Board of Directors and the Board of Corporate Auditors.
Corporate Auditor	Toshio Shimizu	Mr. Toshio Shimizu attended all twelve meetings of the Board of Directors and all thirteen meetings of the Board of Corporate Auditors held in the fiscal year under review, and conducted audits from a wide-ranging perspective based on his abundant experience and profound understanding as a corporate manager, in addition to expressing his views as necessary at appropriate opportunities at the meetings of both the Board of Directors and the Board of Corporate Auditors.

3) Summary of the Agreement on Limitation of Liability

In accordance with the provisions of the Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with each Outside Director and each Outside Corporate Auditor to limit their liability for damages, as stipulated in Article 423, Paragraph 1 of the same Act.

The maximum amount of liability pursuant to the said agreement is the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act.

5. Accounting Auditor

(1) Accounting Auditor's Name

BDO Toyo & Co.

(2) Accounting Auditor's Compensation, etc. for the fiscal year ended June 30, 2017

	Payment amount
Accounting Auditor's compensation, etc., for the fiscal year ended June 30, 2017	24 million yen
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	24 million yen

(Notes) 1. No companies among the Company's consolidated subsidiaries have entered into an audit agreement, etc. with the Accounting Auditor.

2. Under the audit agreement between the Company and its Accounting Auditor, the amount of compensation, etc. for audits pursuant to the Companies Act and audits pursuant to Financial Instruments and Exchange Act are not distinctly separated, and otherwise cannot be separated. Consequently, the above Accounting Auditor's compensation, etc., for the fiscal year under review reflects total compensation.

(3) Reasons for the Board of Corporate Auditors' Consent on Accounting Auditor's Compensation, etc.

The Board of Corporate Auditors of the Company have given their consent to the Accounting Auditor's compensation, etc. as set forth in Article 399, Paragraph 1 of the Companies Act, as a result of confirming and considering the validity of the contents of the Accounting Auditor's audit plan, the Accounting Auditor's execution of duties in previous fiscal years, and the basis for the calculation of the compensation estimate, through obtaining the necessary documents and requesting reports from Directors, related internal departments, and the Accounting Auditor, based on the "Practical Guidelines Regarding Coordination with Accounting Auditors" announced by the Japan Audit & Supervisory Board Members Association.

(4) Description of Non-Audit Services

There is no relevant information.

(5) Summary of the Agreement on Limitation of Liability

In accordance with the provisions of the Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with BDO Toyo & Co. to limit the Accounting Auditor's liability for damages, as stipulated in Article 423, Paragraph 1 of the same Act.

The maximum amount of liability pursuant to the said agreement is the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(6) Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditor

In the event that the Accounting Auditor is deemed to have met any of the grounds set forth in the clauses of Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors shall terminate the appointment of the Accounting Auditor subject to the unanimous consent of the Corporate Auditors.

In addition, the Board of Corporate Auditors may resolve to submit a proposal to the General Meeting of Shareholders to reappoint or terminate the appointment of the Accounting Auditor, in circumstances when the Board of Corporate Auditors judges it necessary, such as cases when the Accounting Auditor may not execute its duties.

6. Company's Systems and Policies

(1) Overview of the System to Ensure that the Execution of Duties by Directors Complies with Laws and Ordinances and the Articles of Incorporation, Other Systems to Ensure the Propriety of Business Activities, and the Implementation Status thereof

At a meeting of the Board of Directors held on May 15, 2006, the Company made a resolution regarding a "Basic Policy," in order to create a system to ensure the propriety of business activities as required by the Companies Act and other laws and ordinances. At a meeting of the Board of Directors held on May 7, 2015, the Company made the following amendments to the "Basic Policy," in line with the enforcement of the Act Partially Amending the Companies Act (Act No. 90 of 2014). An overview of the "Basic Policy" regarding internal control set forth by the Group and the implementation status thereof are as follows.

I. Initiatives of the Group Regarding Internal Control

In accordance with the Basic Policy, the Group has created a system to ensure the propriety of its business activities as a stock company as defined by the Companies Act and the Ordinance for Enforcement of the Companies Act, a system to ensure the appropriateness of documents and other information related to financial accounting as defined by the Financial Instruments and Exchange Act, and other systems to maintain and enhance corporate value (hereinafter, collectively referred to as "internal control systems").

In addition to promoting internal control by its Directors and employees (hereinafter, "Officers and employees"), with the President and Representative Director at the center of those efforts, the Group has also established an Internal Control Committee, and endeavors to ensure that the internal control systems function effectively.

II. Basic Policy Regarding the Creation of Internal Control Systems

(i) System to ensure that the execution of duties by Directors and Employees complies with laws and ordinances and the Articles of Incorporation

1) The Group shall strive to create and implement rules and regulations, etc. under the management of related departments as standards for actions that comply with laws and ordinances, the Articles of Incorporation, and social principles (hereinafter, "laws, etc.").
2) The Group shall strive to ensure thorough implementation of rules and regulations, etc. relating to matters that pertain to compliance with laws, etc., and shall endeavor to educate Officers and employees on such matters.
3) The Group shall establish and operate a helpline as a means for employees to directly provide information about actions that are doubtful in light of laws, etc., and, in addition to promptly discovering violations of laws and ordinances and other misconduct, shall ensure that employees reporting such actions shall not receive unfavorable treatment as a result of having made the report.
4) The Group is sufficiently aware of its corporate social responsibility, and shall take a firm stance toward antisocial forces as an organization, reject improper demands, and block all relationships with such forces, including business transactions and the provision of funds.

(ii) System regarding the storage and management of information pertaining to the execution of duties

1) Directors shall record information pertaining to the execution of their duties, in order to make clear their respective assessment standards and reasons when executing duties and making decisions. In accordance with laws, etc. and various related rules, the Group shall appropriately store this information in a designated department, and shall create a system whereby it may be viewed at any time, to support the timely execution of duties by Directors and Corporate Auditors.
2) In accordance with laws, etc. and various related rules, the Group shall also handle information pertaining to the execution of duties by employees in a similar manner to information pertaining to the execution of duties by Directors.
3) The Group shall determine methods for handling internal information and storing it in documents and electromagnetic records, and shall take all possible precautions in regard to security, in order to prevent information leaks.
4) Persons responsible for managing information and related departments shall coordinate and endeavor to disclose information in a timely and appropriate manner.

(iii) Regulations and other systems for management of the risk of loss

1) In accordance with regulations relating to risk, the Internal Control Committee shall manage risks for the Group as a whole in a comprehensive, all-inclusive manner.
2) Officers and employees shall establish a process for each stage of the acquisition, utilization, and disposal of the Group's assets, regardless of whether they are tangible or intangible, and shall endeavor to preserve the Group's assets.

(iv) System to ensure that the execution of duties by Directors, etc. of the Group is efficiently conducted

1) The Board of Directors shall determine management duties for each Executive Director, in order to clarify the management responsibilities of Executive Directors.
2) Executive Directors shall regularly hold a Management Meeting as an advisory body to the President and Representative Director, and shall strive to coordinate business activities and unify opinions on the execution of business activities.
3) In order to make the execution of duties by Officers and employees more efficient, the Group shall determine their authority and decision-making rules, and shall clarify the division of duties between departments.

(v) System to ensure propriety of business activities in the corporate group

1) The Company shall establish a system for managing subsidiaries, including formulating regulations for managing subsidiaries and other related rules, etc., and establishing a department within the Company that tracks the status of the Group as a whole at all times and reports the status of assets and other important matters to the Board of Directors.
2) The Group shall coordinate to ensure unified systems, including work processes and accounting systems.
3) The Group shall strive to ensure coordination between Corporate Auditors, engaging in the exchange of information and opinions as necessary.
4) The Internal Audit Office shall regularly conduct audits regarding the status of the execution of business activities by the Group.

(vi) Matters regarding employees assisting Corporate Auditors in their duties in the event that Corporate Auditors have requested such employees, and matters regarding ensuring the independence of these employees from Directors and the effectiveness of Corporate Auditors' instructions to these employees

1) In response to requests from the Board of Corporate Auditors to assign employees to assist with their duties, the Representative Director shall consult with the Board of Corporate Auditors from the perspective of ensuring the effectiveness of audits, and assign employees.
2) Employees assisting Corporate Auditors shall do so on a full-time basis, and shall execute their duties under the direction of Corporate Auditors.
3) The prior consent of the Board of Corporate Auditors shall be obtained in regard to the appointment, transfer, evaluation, etc. of employees assisting Corporate Auditors.

(vii) System regarding reports from Officers and employees of the Group to the Board of Corporate Auditors or the individual Corporate Auditors of the Company

1) Officers and employees of the Group shall, without delay, report to Corporate Auditors of the Company the occurrence or possible occurrence of events that will cause significant damage to the Company or consolidated subsidiaries of the Company, violations of laws and ordinances and other misconduct, and the occurrence or possible occurrence of any other equivalent events. In addition, persons receiving such a report from an Officer or employee of the Group shall report the content thereof to Corporate Auditors of the Company without delay.
2) Corporate Auditors may make requests for information including reports, explanations, and the submission of documents on the content of the execution of business activities to Officers and employees of the Group as necessary.
3) The Internal Audit Office shall report the results of internal audits to Corporate Auditors of the Company.
4) Officers and employees who have made a report to Corporate Auditors shall not receive unfavorable treatment as a result of having made the report.

(viii) Matters regarding policy pertaining to expenses arising from Corporate Auditors' execution of duties and reimbursement

The Company shall promptly pay or reimburse the relevant expenses or debts in cases when Corporate Auditors have made reasonable requests for the advance payment of expenses or reimbursement, etc. arising from the execution of their duties.

(ix) Other systems to ensure that the audits of Corporate Auditors are effectively conducted

1) Corporate Auditors may obtain the latest information concerning the Group by meetings held regularly to exchange opinions with the President and Representative Director, tours of facilities held by the Group, and other means.
2) Corporate Auditors shall regularly attend internal meetings in order to track the latest status of the Group, and may also request the exchange of opinions and submission of information from Officers and employees of the Group as necessary.
3) In cases when it is necessary for the execution of their duties, Corporate Auditors may request the opinion of external experts such as attorneys, certified public accountants, and certified public tax accountants.

(x) Systems to ensure the reliability of financial reporting

1) The Group shall coordinate with experts and truthfully report the financial position of its companies and management performance, in accordance with various related laws and ordinances, related regulations, and generally accepted accounting standards.
2) The Group shall implement the necessary measures to ensure the reliability of financial reporting, based on the "Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting" formulated by the Financial Services Agency, etc.

With regard to an overview of the implementation status of the above systems to ensure the propriety of business activities, the Company has created various related regulations based on the "Basic Policy on Internal Control" resolved at a meeting of the Board of Directors of the Company held on May 7, 2015.

In addition, the Internal Control Committee, which is stipulated in the "Basic Policy on Internal Control," met four times during the fiscal year under review, with the President and Representative Director as Chair. It also confirmed at the end of the fiscal year, with the attendance of the Full-time Corporate Auditor, that the internal control systems are functioning effectively.

(2) Basic Policy Regarding the Company's Control

The Company has not established any particular basic policy regarding persons controlling decisions on the Company's financial or business policies.

(3) Basic Policy Regarding Decisions on the Distribution of Surplus, etc.

The Company recognizes the return of profits to shareholders as an important management issue. For the fiscal year under review, the Company decided to pay a dividend of ¥8 per share. From the next fiscal year onward, the Company shall strive to be able to maintain a stable dividend and shall endeavor to return profits to shareholders, while taking into consideration the status of profits for each fiscal year, in addition to capital investments in new wood biomass power plants that are currently under construction or being planned, and other factors,.

Furthermore, the Company intends to use internal reserves as a source for strengthening its corporate structure and for future business development.

In addition, the Company's Articles of Incorporation stipulate that matters set forth in each item of Article 459, Paragraph 1 of the Companies Act, including the distribution of surplus, shall be determined by resolution of the Board of Directors, excluding cases otherwise provided for by laws and ordinances. The objective of this is to facilitate the flexible return of profits to shareholders by placing the distribution of surplus, etc. under the authority of the Board of Directors.

7. Matters Related to Specified Wholly Owned Subsidiaries

There is no relevant information.

Consolidated Financial Statements

Consolidated Balance Sheet

(As of June 30, 2017)

(In millions of yen)

Description	The 21st Fiscal Year
Assets	
I. Current assets	**4,668**
Cash and deposits	2,638
Notes and accounts receivable - trade	1,028
Supplies	247
Deferred tax assets	492
Other	260
II. Non-current assets	**17,745**
1. Property, plant and equipment	**16,638**
Buildings and structures	4,055
Machinery, equipment and vehicles	9,239
Tools, furniture and fixtures	51
Land	1,846
Leased assets	563
Construction in progress	883
2. Intangible assets	**169**
Right of using electric supply facilities	155
Other	14
3. Investments and other assets	**937**
Long-term prepaid expenses	6
Long-term deposits	139
Deferred tax assets	691
Other	101
Total assets	**22,414**

(In millions of yen)

Description	The 21st Fiscal Year
Liabilities	
I. Current liabilities	**3,911**
Notes and accounts payable - trade	603
Short-term loans payable	200
Current portion of long-term loans payable	1,208
Current portion of bonds	64
Accounts payable - other	458
Current portion of long-term accounts payable	441
Lease obligations	158
Income taxes payable	207
Provision for bonuses	19
Provision for maintenance cost	289
Other	260
II. Non-current liabilities	**9,066**
Long-term loans payable	7,140
Bonds payable	72
Long-term accounts payable - other	1,178
Long-term advances received	2
Lease obligations	466
Long-term deposits received	141
Asset retirement obligations	19
Interest rate swap liabilities	15
Deferred tax liabilities	28
Total liabilities	**12,977**
Net assets	
I. Shareholders' equity	**9,426**
Capital stock	2,164
Capital surplus	1,164
Retained earnings	6,097
II. Accumulated other comprehensive income	**(11)**
Deferred gains or losses on hedges	(11)
III. Subscription rights to shares	**21**
Total net assets	**9,436**
Total liabilities and net assets	**22,414**

Consolidated Statement of Income

(July 1, 2016 – June 30, 2017)

(In millions of yen)

Description	The 21st Fiscal Year	
Net sales		**9,920**
Cost of sales		**6,737**
Gross profit		**3,182**
Selling, general and administrative expenses		**610**
Operating profit		**2,572**
Non-operating income		
Interest income	0	
Gain on reversal of subscription rights to shares	4	
Subsidy income	39	
Penalty income	58	
Other	8	111
Non-operating expenses		
Interest expenses	125	
Commission fee	209	
Loss on retirement of non-current assets	28	
Other	14	378
Ordinary profit		**2,305**
Extraordinary losses		
Head office transfer cost	26	26
Profit before income taxes		**2,278**
Income taxes-current	340	
Income taxes-deferred	(65)	274
Profit		**2,004**
Profit attributable to owners of parent		**2,004**

Consolidated Statement of Changes in Equity

(July 1, 2016 – June 30, 2017)

(In millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of July 1, 2016	2,118	1,118	4,181	–	7,419
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	45	45			91
Dividends of surplus			(87)		(87)
Profit attributable to owners of parent			2,004		2,004
Purchase of treasury shares				(0)	(0)
Retirement of treasury shares			(0)	0	–
Change of scope of consolidation			(0)		(0)
Net changes of items other than shareholder' equity during the consolidated fiscal year					–
Total changes of items during period	45	45	1,915	–	2,007
Balance as of June 30, 2017	2,164	1,164	6,097	–	9,426

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance as of July 1, 2016	(33)	(33)	9	7,394
Changes of items during period				
Issuance of new shares - exercise of subscription rights to shares				91
Dividends of surplus				(87)
Profit attributable to owners of parent				2,004
Purchase of treasury shares				(0)
Retirement of treasury shares				–
Change of scope of consolidation				(0)
Net changes of items other than shareholder' equity during the consolidated fiscal year	22	22	12	34
Total changes of items during period	22	22	12	2,041
Balance as of June 30, 2017	(11)	(11)	21	9,436

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

(As of June 30, 2017)

(In millions of yen)

Description	The 21st Fiscal Year
Assets	
I. Current assets	**4,819**
Cash and deposits	610
Accounts receivable - trade	2,154
Supplies	15
Prepaid expenses	29
Costs on uncompleted construction contracts	637
Short-term loans receivable from subsidiaries and associates	300
Accounts receivable - other	617
Deferred tax assets	379
Other	76
II. Non-current assets	**6,283**
1. Property, plant and equipment	**1,928**
Buildings	286
Machinery and equipment	1,044
Tools, furniture and fixtures	22
Leased assets	563
Other	12
2. Intangible assets	**10**
Software	6
Other	4
3. Investments and other assets	**4,344**
Shares of subsidiaries and associates	2,157
Long-term loans receivable from subsidiaries and associates	1,381
Long-term deposits	139
Deferred tax assets	566
Other	100
Total assets	**11,103**

(In millions of yen)

Description	The 21st Fiscal Year
Liabilities	
I. Current liabilities	**1,738**
Accounts payable - trade	317
Short-term loans payable	200
Current portion of long-term loans payable	359
Current portion of bonds	64
Accounts payable - other	92
Current portion of long-term accounts payable	404
Lease obligations	158
Advances received	24
Accrued expenses	2
Income taxes payable	12
Deposits received	6
Provision for bonuses	10
Provision for maintenance cost	28
Other	57
II. Non-current liabilities	**2,635**
Long-term loans payable	796
Bonds payable	72
Long-term accounts payable - other	1,136
Lease obligations	466
Long-term advances received	2
Long-term deposits received	141
Asset retirement obligations	19
Total liabilities	**4,374**
Net assets	
I. Shareholders' equity	**6,707**
1. Capital stock	**2,164**
2. Capital surplus	**1,164**
Legal capital surplus	1,164
3. Retained earnings	**3,378**
Other retained earnings	3,378
Retained earnings brought forward	3,378
II. Subscription rights to shares	**21**
Total net assets	**6,729**
Total liabilities and net assets	**11,103**

Non-Consolidated Statement of Income

(July 1, 2016 – June 30, 2017)

(In millions of yen)

Description	The 21st Fiscal Year	
Net sales		**2,850**
Cost of sales		**2,427**
Gross profit		**422**
Selling, general and administrative expenses		**417**
Operating profit		**4**
Non-operating income		
Interest income	6	
Dividend income	1,336	
Other	64	1,406
Non-operating expenses		
Interest expenses	15	
Other	14	30
Ordinary profit		**1,381**
Extraordinary losses		
Head office transfer cost	26	26
Profit before income taxes		**1,354**
Income taxes-current	(322)	
Income taxes-deferred	(83)	(405)
Profit		**1,760**

Non-Consolidated Statement of Changes in Equity

(July 1, 2016 – June 30, 2017)

(In millions of yen)

	Shareholders' equity					Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
		Legal capital surplus	Other retained earnings				
			Retained earnings brought forward				
Balance as of July 1, 2016	2,118	1,118	1,705	–	4,943	9	4,952
Changes of items during period							
Issuance of new shares - exercise of subscription rights to shares	45	45			91		91
Dividends of surplus			(87)		(87)		(87)
Profit			1,760		1,760		1,760
Purchase of treasury shares				(0)	(0)		(0)
Retirement of treasury shares			(0)	0	–		–
Net changes of items other than shareholder' equity during the fiscal year					–	12	12
Total changes of items during period	45	45	1,672	–	1,764	12	1,776
Balance as of June 30, 2017	2,164	1,164	3,378	–	6,707	21	6,729

Accounting Auditor's Audit Report on the Consolidated Financial Statements

Independent Auditor's Report

(English Translation)

August 15, 2017

To the Board of Directors
EF-ON INC.

BDO Toyo & Co.

Tsugunari Yamada, CPA
Engagement Partner
Takashi Haraguchi, CPA
Engagement Partner
Osamu Shimizutani, CPA
Engagement Partner

We have audited, pursuant to Article 444, Paragraph 4 of the Companies Act, the consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of EF-ON INC. (former company name: The First Energy Service Company, Limited; hereinafter referred to as the "Company") for the fiscal year from July 1, 2016 to June 30, 2017.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal control, which management considers necessary for the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit, from an independent viewpoint. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit according to such plan to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Although the purpose of the audit is not expressly to express an opinion on the effectiveness of the entity's internal control, in making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Auditors' Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of EF-ON INC. (former company name: The First Energy Service

Company, Limited) and its consolidated subsidiaries as of June 30, 2017 and the consolidated result of their operations for the year then ended in conformity with the generally accepted accounting principles in Japan.

Relationship of Interest

We have no interests in or relationships with the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notice to Readers:

The original consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements, are written in Japanese.

Accounting Auditor's Audit Report on the Non-Consolidated Financial Statements

Independent Auditor's Report

(English Translation)

August 15, 2017

To the Board of Directors
EF-ON INC.

BDO Toyo & Co.

Tsugunari Yamada, CPA
Engagement Partner
Takashi Haraguchi, CPA
Engagement Partner
Osamu Shimizutani, CPA
Engagement Partner

We have audited, pursuant to Article 436, Paragraph 2-1 of the Companies Act, the non-consolidated financial statements, which consist of the balance sheet, the statement of income, the statement of changes in equity, the notes to the financial statements and the supplementary schedules thereof of EF-ON INC. (former company name: The First Energy Service Company, Limited; hereinafter referred to as the "Company") for the 21st fiscal year from July 1, 2016 to June 30, 2017.

Management's Responsibility for Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of non-consolidated financial statements and the accompanying supplemental schedules in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal control, which management considers necessary for the preparation and fair presentation of non-consolidated financial statements and accompanying supplemental schedules that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules from an independent viewpoint, based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit according to such plan to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplemental schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying supplemental schedules. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

audit opinion.

Auditors' Opinion

In our opinion, the financial statements and supplementary schedules thereof referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2017 and the result of its operation for the year then ended in conformity with the generally accepted accounting principles in Japan.

Relationship of Interest

We have no interests in or relationships with the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notice to Readers:

The original non-consolidated financial statements, which consist of the balance sheet, the statement of income, the statement of changes in equity, the notes to the financial statements and the supplementary schedules thereof, are written in Japanese.

Audit Report

(English Translation)

The Board of Corporate Auditors hereby reports the results of discussions regarding the performance of duties by the Directors for the 21st fiscal year from July 1, 2016 to June 30, 2017, based on the audit reports prepared by each Corporate Auditor.

1. Summary of Auditing Methods of the Corporate Auditors and the Board of Corporate Auditors

(1) The Board of Corporate Auditors established an audit policy for the fiscal year under review, an audit plan, division of duties, etc., held meetings each month on a regular basis, and received reports from each Corporate Auditor on the status of audits and results, in addition to receiving reports from Directors, etc. and the Accounting Auditor on the status of the execution of their duties, and requesting explanations as necessary.

(2) While conforming with the standards for audits by Corporate Auditors set forth by the Board of Corporate Auditors, each Corporate Auditor followed the audit policy for the fiscal year under review, audit plan, division of duties, etc., made efforts to facilitate mutual understanding with Directors, the Internal Audit Office, other employees, etc., and endeavored to collect information and improve the auditing environment, in addition to conducting their audits with the following methods.

1) We participated in the meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal business offices. With respect to subsidiaries, we communicated with, and collected information from, Directors, Corporate Auditors and other relevant personnel of subsidiaries as well as visiting the head offices of subsidiaries, power plants, and other sites to study operations and financial positions as necessary.

2) We received regular reports from Directors and employees, etc., requested explanations as necessary, and expressed our opinions regarding the content of resolutions of the Board of Directors on the creation of a system to ensure that the execution of duties by Directors complies with laws and ordinances and the Articles of Incorporation, as described in the Business Report, and other systems set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act as necessary to ensure the propriety of business activities of a corporate group formed by a stock company and its subsidiaries, in addition to the systems created based on these resolutions (internal control systems), and the status of their creation and implementation. Furthermore, we received reports on the evaluation of internal control pertaining to financial reporting and the status of audits from the Board of Directors, etc. and BDO Toyo & Co., and requested explanations as necessary.

3) We monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that "system to ensure that duties are performed properly" (matters set forth in each item of Article 131 of the Rules of Corporate Accounting) had been prepared in accordance with the Product Quality Management Standards Regarding Audits (issued by the Business Accounting Deliberation Council on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and the supplementary schedules thereof, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and non-consolidated notes) and the supplementary schedules thereof, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and consolidated notes) related to the relevant fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1) In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations, and Articles of Incorporation, and fairly represent the Company's condition.

2) We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, with regard to performance of duties by the Directors.

3) In our opinion, the contents of resolutions of the Board of Directors related to the internal control systems are fair and reasonable. In addition, we did not find any matter that need to be pointed out regarding the description in the Business Report and the performance of duties by the Directors related to such internal control system.

(2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by BDO Toyo & Co. are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by BDO Toyo & Co. are fair and reasonable.

August 16, 2017

Board of Corporate Auditors, EF-ON INC.

Outside Corporate Auditor (Full-Time)	Norio Minagawa
Outside Corporate Auditor	Tadashi Ueda
Outside Corporate Auditor	Toshio Shimizu