



erex Co., Ltd. [9517]

**To become a pioneer in the new
era of electric power with
renewable energy at its core**

Supplementary Materials for the 1Q of FY March 31, 2021

(3 Months Ended June 30, 2020)

August 7, 2020

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Summary of Financial Results

~1Q of FY March 2021 (3 Months Ended June 30, 2020) ~

(JPY billion)	1Q of FY March 2020 (Results)	1Q of FY March 2021 (Results)	FY March 2021 Full Year (Plans)	YoY Comparison	Achievement Ratio against Full Year Plans
Net Sales	15.95	18.58	95.88	16.5%	19.4%
Operating Income	1.92	1.27	8.31	△34.0%	15.3%
Ordinary Income	1.82	1.05	8.46	△42.1%	12.5%
Net Income*	1.29	0.51	5.08	△60.5%	10.1%

**Quarterly net income attributable to owners of parent

① Power retail sales volume was about 633GWh(+11.6% YoY)

- Power demand in the electric power industry as a whole decreased due to the effects of the corona virus, but erex Group's power sales volume increased in both high and low voltage sectors.

② Profitability deteriorated due to reduced sales&procurement margins, etc.

- Unit sales prices fell due to the still fierce competitive environment and the impact of fuel adjustments.
- Increased procurement from JEPX, where the prices remained low, only partially reduced procurement costs, and as a result, profitability deteriorated.

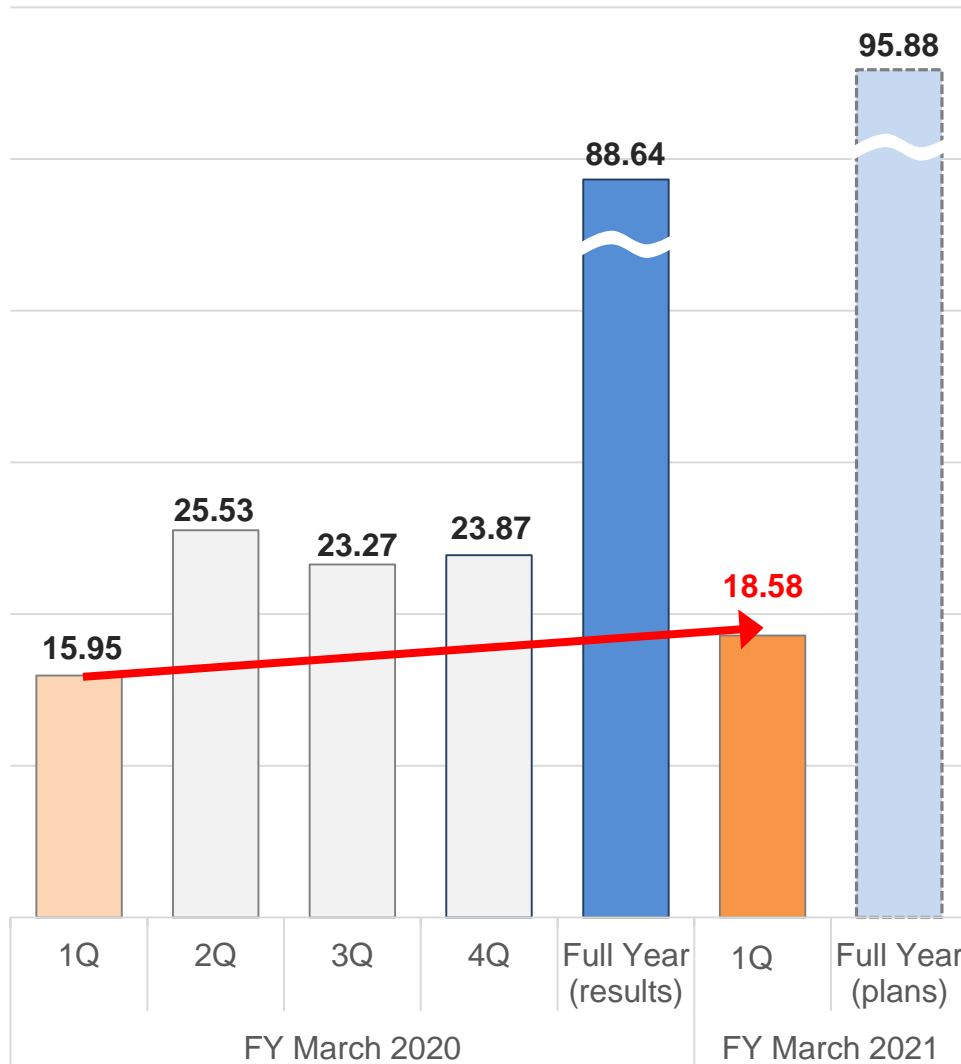
③ Each power plant underwent periodic repairs.

- Buzen power plant's operation was lower than planned due to initial trouble response

④ Retail sales business was further strengthened & expanded

- Further strengthening of sales and efficiency were achieved both in high and low voltage sectors by merging low voltage into EGM
- Retail sales business was expanded by acquiring "XOOM Energy Japan"

(JPY billion)



Net sales **JPY18.58 billion**

+ 16.5% YoY

High voltage retail

- Sales declined by 6.9% YoY due to lower sales prices, despite growth in demand.

Low voltage retail

- Sales increased by 7.6% YoY
- Number of customers increased to about 151,000 (+15,000 YoY)

Wholesale

- Procured power was utilized for PPA and market transactions

Buzen power plant

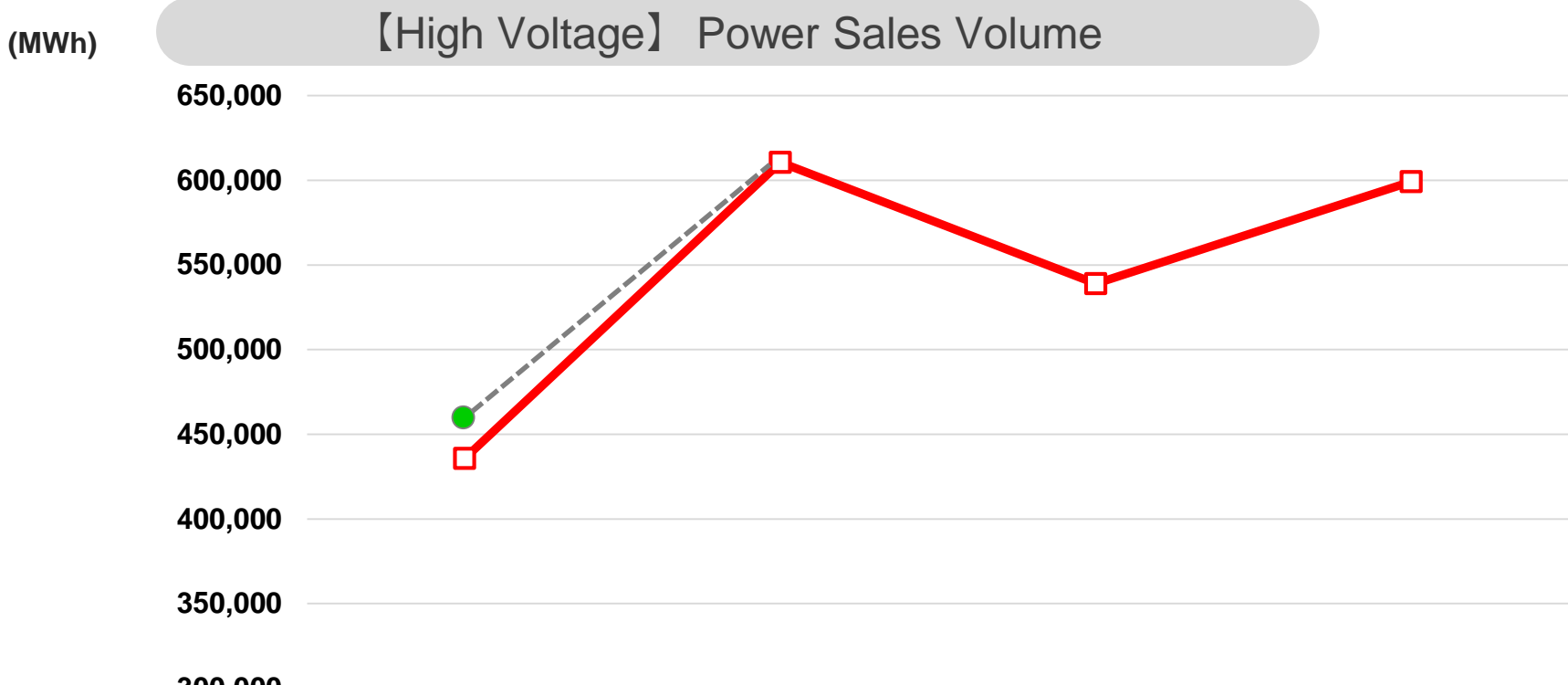
- All power generated was sold to a 3rd party

✳️Ofunato power plant

- All power generated was sold to erex

Power sales volume grew YoY and exceeded the plans

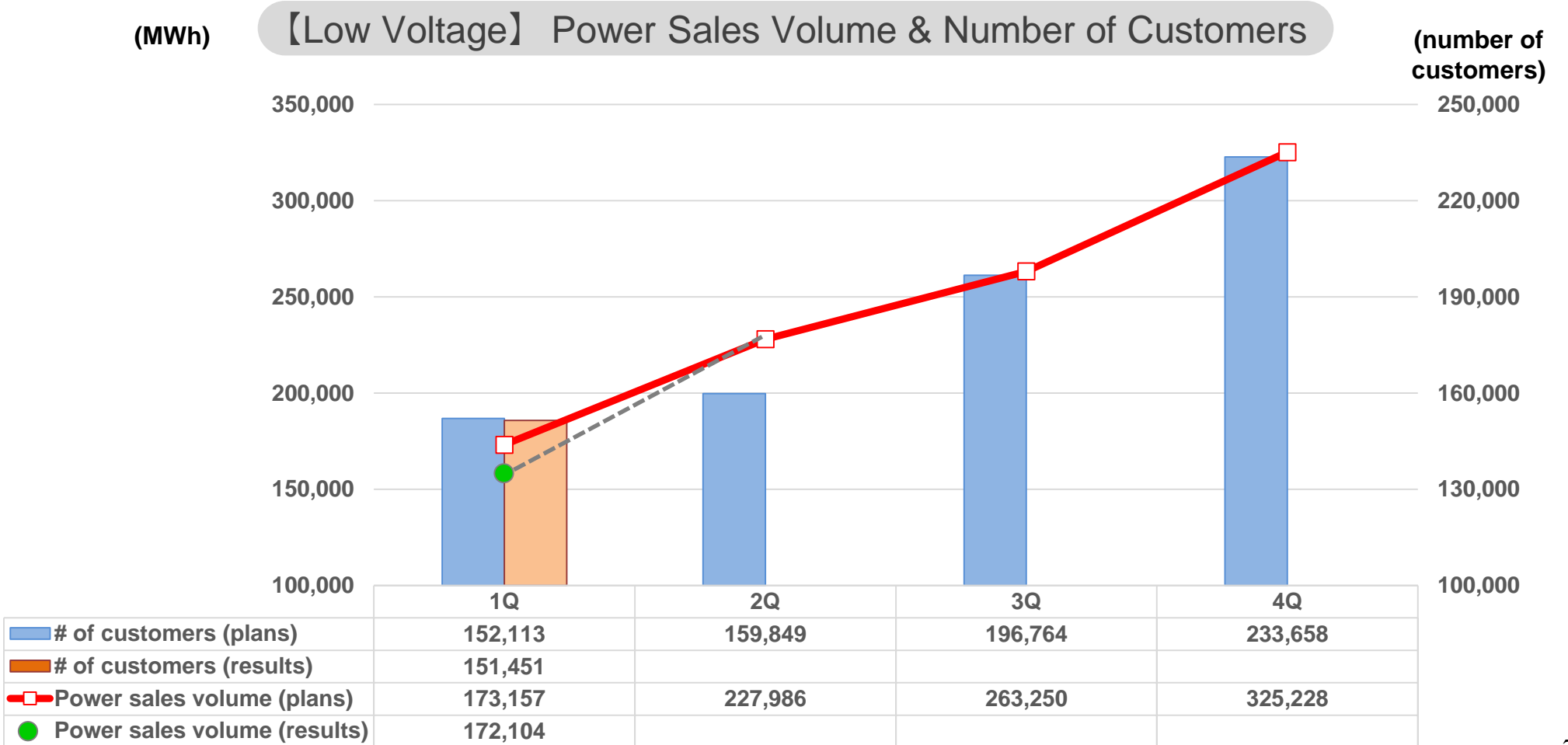
- Power sales volume grew by 11.5% YoY
- Power sales volume exceeded the plans by strengthening sales to customers with large consumption and by expanding direct sales
- CO2-free plans expanded steadily (Elk Homes, Nidec, etc.) and value-added services such as storage batteries expanded as well



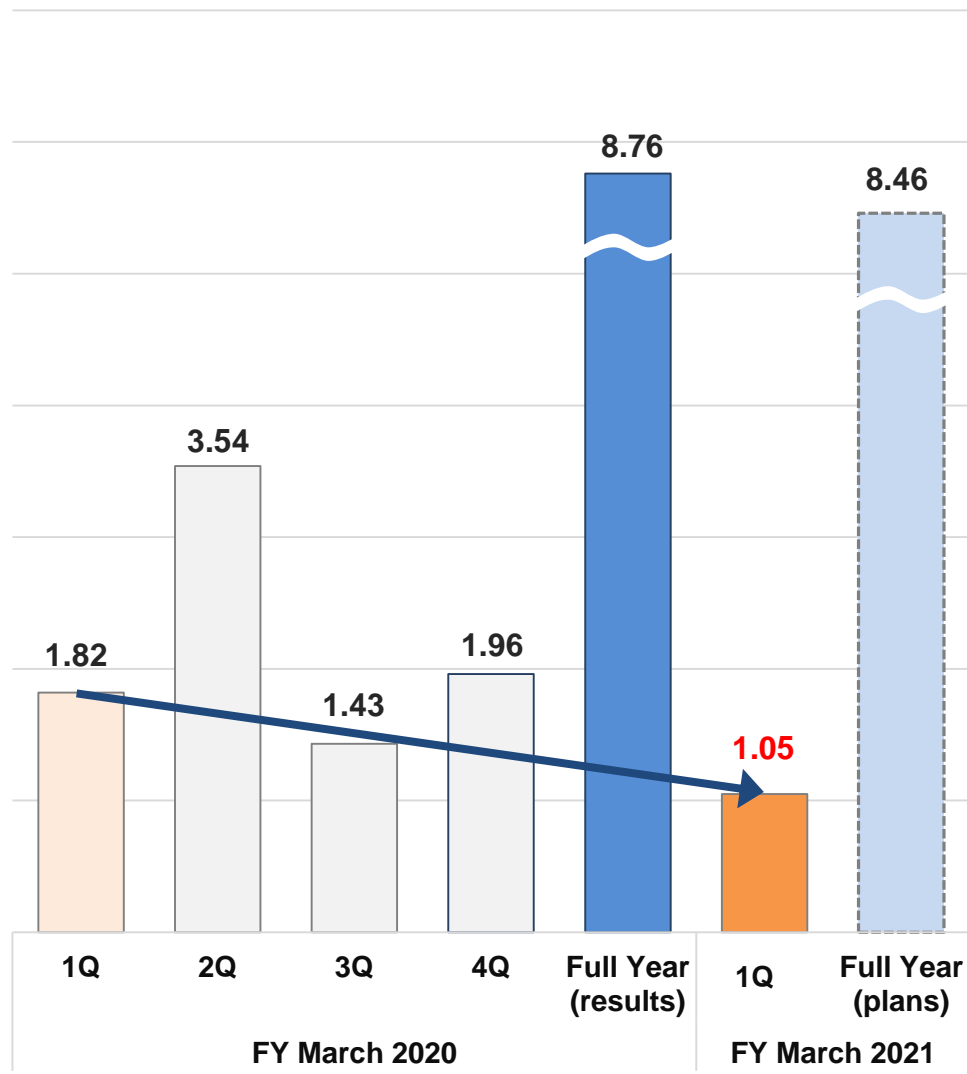
	1Q	2Q	3Q	4Q
Power sales volume (plans)	435,681	610,558	538,967	599,198
Power sales volume (results)	461,719			

Both power sales volume and the number of customers were mostly in line with plans.

- Steady increase in customer acquisition through promotional campaigns and enhanced outbound marketing.
- Sales volume increased by 11.6% YoY, while the number of customers increased by 15,000 YoY
- Okinawa Gas New Power made steady progress via sales agents, mainly Okinawa Gas



(JPY billion)



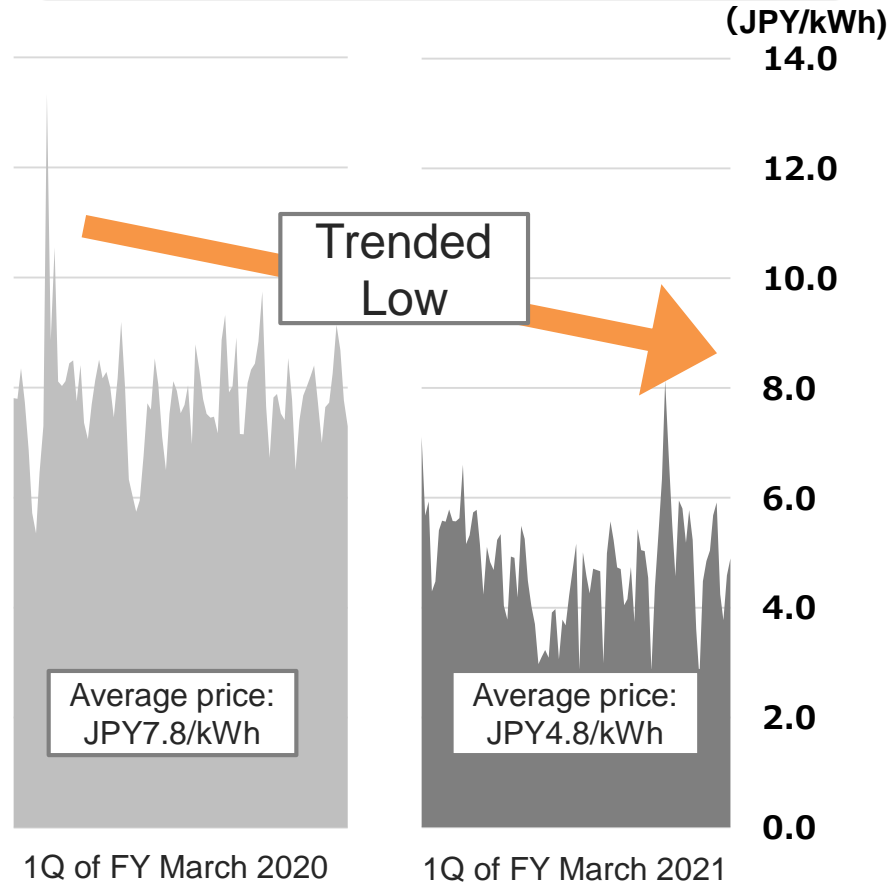
Ordinary Income **JPY1.05 billion**

- 42.1% YoY

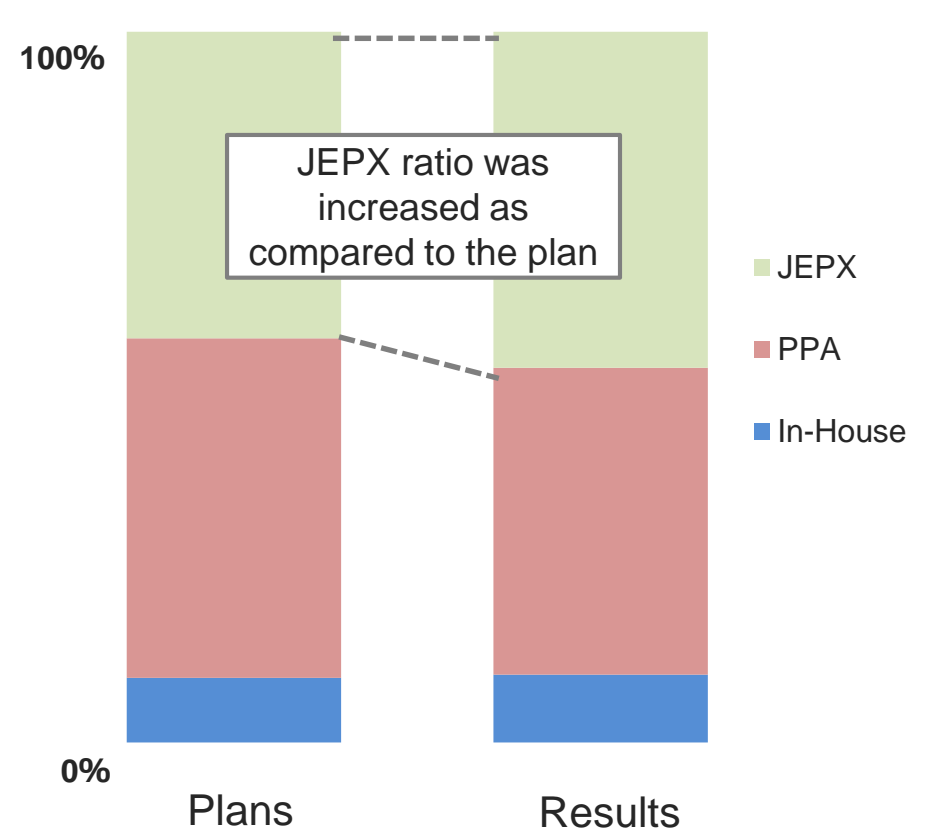
- Despite an increase in power sales volume, there was a significant decline in unit sales prices, and margins with procurement contracted, resulting in lower profitability.
- Costs of Buzen power plant increased due to initial trouble response
- Operating income ratio: 6.8% (-5.2% YoY)
- Ordinary income ratio: 5.7% (-5.8% YoY)
- erex Group aims to improve profitability in the 2nd half of the year and beyond by improving PPA procurement costs and by further utilizing low-cost market procurement

- JEPX prices in the 1Q of FY March 2021 remained at a low level nationwide (-3 yen/kWh YoY) due to a decrease in demand caused by the impact of corona virus and a decline in the price of resources such as crude oil.
- erex Group aims to expand the share of procurement from JEPX as compared to the original plan to reduce procurement costs

Trend of JEPX Price (System Price)

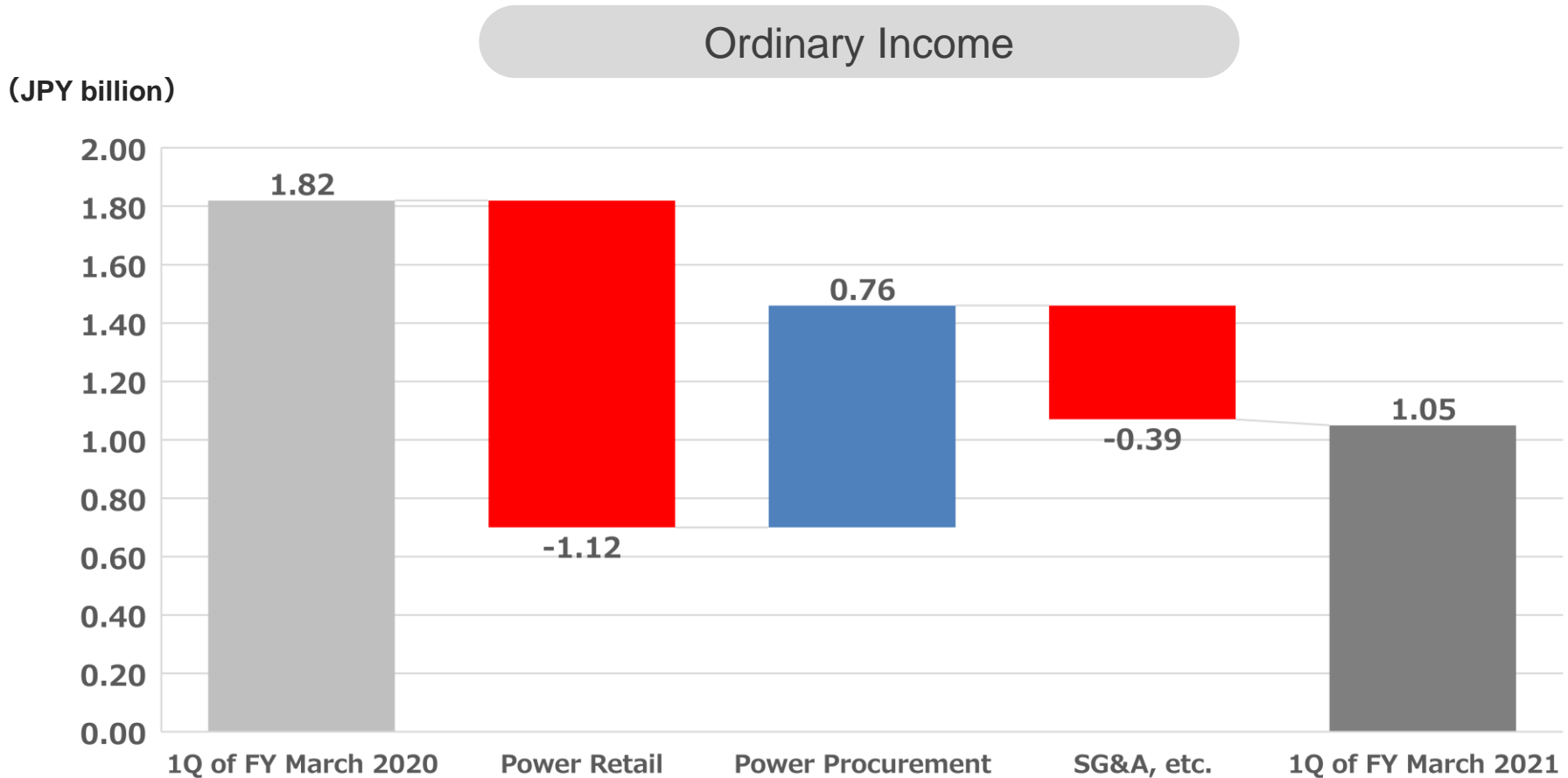


Procurement Mix (1Q of FY March 2021)



Reasons for YoY Ordinary Income Decline in the 1Q of FY March 2020

- Price cuts in response to increased competition and fuel adjustments led to a significant decline in unit sales prices
 - As JEPX prices were substantially lower, the percentage of procurement from JEPX was increased from the original plans to lower procurement costs.
- ⇒ Profitability deteriorated due to reduced sales and procurement margins, etc.



	FY March 2020 (March 31, 2020)	1Q of FY March 2021 (June 30, 2020)		
		Results	Increase /Decrease	Major Reasons for Increase/Decrease
Current Assets	36.2	37.6	1.3	• Increase in accounts receivable (trade) +JPY2.2 billion
Noncurrent Assets	68.4	70.8	2.3	• Increase in goodwill as a result of acquiring XOOM +JPY2.3 billion
Total Assets	104.7	108.4	3.6	
Current Liabilities	25.8	29.4	3.5	• Increase in short-term loans payable +JPY4.7 billion
Noncurrent Liabilities	44.6	45.7	1.0	
Total Liabilities	70.5	75.1	4.6	
Shareholders' Equity	24.1	23.7	-0.3	
Valuation & Translation Difference, etc.	1.9	2.1	0.1	
Non-controlling Shareholders' Interest	8.1	7.4	-0.6	• Dividend payment to non-controlling shareholders -JPY0.8 billion
Total Net Assets	34.2	33.3	-0.9	
Cash & Deposits	16.2	15.7	-0.5	
Interest-Bearing Debt	51.3	56.9	5.5	• Increase in short-term loans payable
Net Asset Ratio	25.0%	23.8%	-1.1%	

■ Construction is on track to start commercial operations in July 2021



Power Output	49,000kW
FIT Price	JPY24/kWh (20 years)
Fuel	PKS, wood pellet
erex Group's shareholding ratio	45%

- Preparatory construction work started. Progress is being made toward the start of commercial operations in FY2023, as planned.



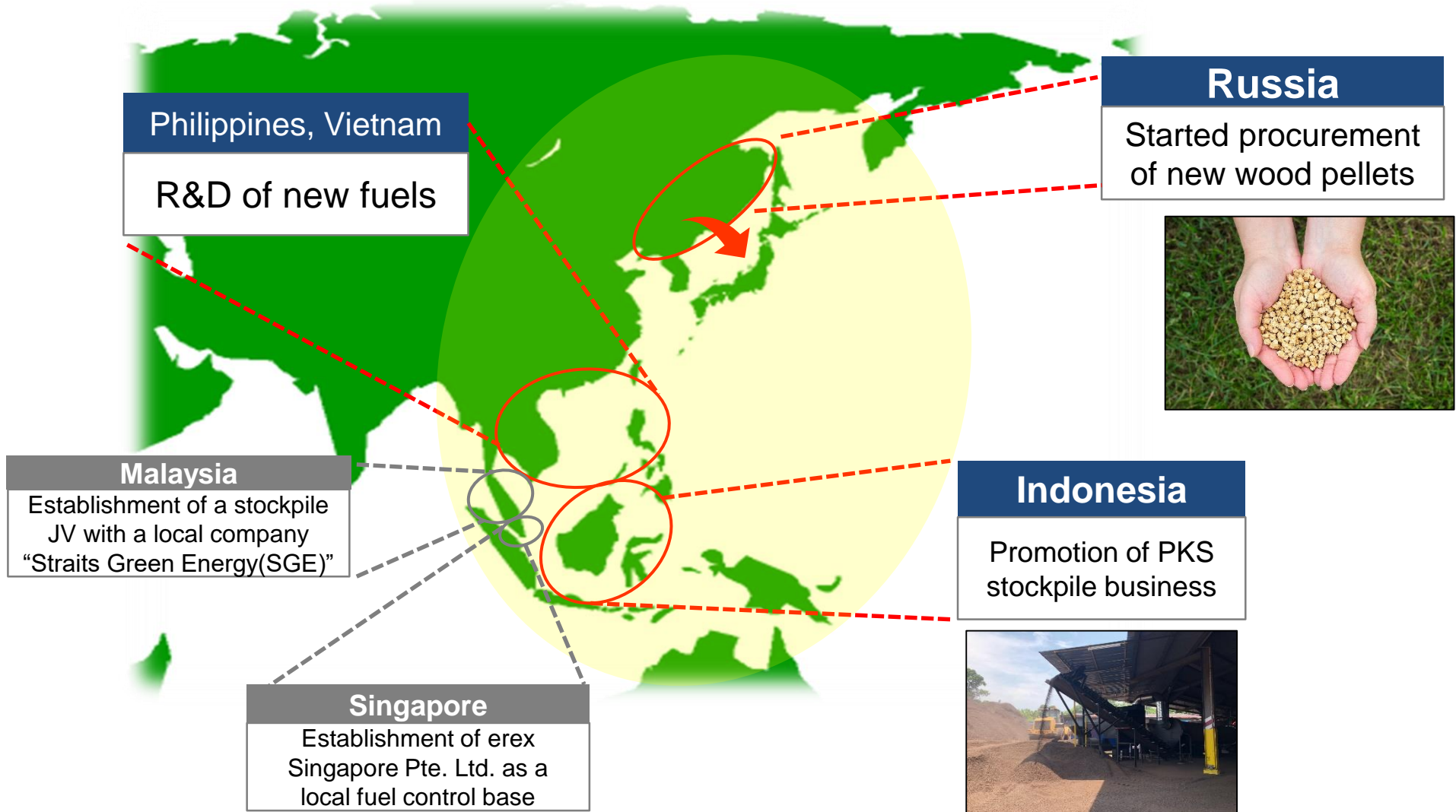
Entire Photo
(photo taken in July 2020)



Conceptual Drawing
at Completion

Power Generation Capacity	80,000kW (369GWh/Year)
Off-Taker	Electricity Authority of Cambodia
Sales Unit Price	7.9 ¢ /kWh Fixed for 35 Years
Dam Area, Water Storage Amount	85km ² (1.2 billion m ³)

- Aggressively expanding fuel business overseas to ensure a stable supply of biomass fuel



erex

ENERGY RESOURCE EXCHANGE