



## Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

\* Please note this document is a translation of the original Japanese document "Financial Results for the Three Months Ended June 30, 2023 (Kessan Tanshin)" and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

August 10, 2023

Company Name	erex Co., Ltd.	Listing Market TSE
Stock Code	9517	URL <a href="https://www.erex.co.jp/en/ir/">https://www.erex.co.jp/en/ir/</a>
Representative Director	(Title) Representative Director and President	(Name) Hitoshi Honna
Contact	(Title) Executive Director	(Name) Takanobu Yasunaga TEL +81-3-3243-1167
Scheduled Date to File Securities Report	August 10, 2023	Scheduled Date to Start Dividend Payment -
Preparation of Supplementary Material on Financial Results:	Yes	
Holding of Financial Results Meeting:	Yes	

(Rounded down to the nearest million Japanese Yen)

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 – June 30, 2023)

#### (1) Consolidated Operating Results (Cumulative)

(% shows year-over-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
Three Months Ended	JPY million	%	JPY million	%	JPY million	%	JPY million	%
June 30, 2023	55,902	△4.7	△5,927	-	△4,135	-	△3,797	-
June 30, 2022	58,674	76.7	3,161	168.3	2,143	39.4	1,675	101.1

(*Note)	3 months ended Jun 30, 2023	262	JPY million	(△95.0%)	3 months ended Jun 30, 2022	5,251	JPY million	(277.6%)
Comprehensive Income								

	EPS	Diluted EPS
Three Months Ended	JPY	JPY
June 30, 2023	△64.11	-
June 30, 2022	28.33	28.29

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	JPY million	JPY million	%
June 30, 2023	141,185	69,943	43.1
March 31, 2023	171,480	74,390	36.2

(*Reference)	June 30, 2023	60,880	JPY million	March 31, 2023	62,068	JPY million
Shareholders' Equity						

### 2. Dividend

	Annual Dividend				
	1Q	2Q	3Q	4Q	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal Year Ended March 31, 2023	—	0.00	—	22.00	22.00
Fiscal Year Ending March 31, 2024	—				
Fiscal Year Ending March 31, 2024 (Forecast)		0.00	—	22.00	22.00

(\*Note) Changes from the most recently announced dividend forecasts: None

### 3. Financial Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(% shows year-over-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		EPS
Full Year	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
	228,000	△23.1	7,700	△48.3	7,500	△51.0	4,400	△52.1	74.27

(\*Note 1) Changes from the most recently announced financial forecasts: None

(\*Note 2) Interim financial forecasts are not provided because financial numbers are internally managed on an annual basis. For details, please see “1. Qualitative Information for the Three Months Ended Jun 30, 2023, (3) Explanations on the Forward Looking Statements including Financial Forecasts” on page 2 of the appendix.

(\*Notes)

(1) Changes in important subsidiaries during the three months ended June 30, 2023 (changes in specified subsidiaries resulting in the change in the scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to amendments to accounting standards and other regulations: No

2) Changes in accounting policies due to reasons other than 1) above: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

(4) The Number of Issued and Outstanding Shares (Common Shares)

① Number of Issued and Outstanding Shares (Including Treasury Stocks) at the End of Period	As of June 30, 2023	59,382,058 shares	As of March 31, 2023	59,382,058 shares
② Number of Treasury Stocks at the End of Period	As of June 30, 2023	140,814 shares	As of March 31, 2023	140,814 shares
③ Average Number of Shares during the Period	3 Months ended June 30, 2023	59,241,244 shares	3 Months ended June 30, 2022	59,130,449 shares

\* This document (Quarterly Kessan Tanshin) is not subject to the audit procedures by certified public accountants or audit firms.

\* Explanations regarding the appropriate use of financial forecasts and other special instructions

(Cautions regarding forward looking statements)

Forward looking statements included in this document, including financial forecasts, are based on information that is currently available to management of erex and certain assumptions that are judged to be reasonable, and are not intended to guarantee the achievement of these financial forecasts. Actual results may be significantly different from these financial forecasts due to various factors.

(Supplementary Materials)

Supplementary materials will be posted on the website of erex (<https://www.erex.co.jp/ir/>) on the same day.

## Table of Contents of the Appendix

1. Qualitative Information for the 3 Months Ended June 30, 2023	2
(1) Explanations on the Operating Results	2
(2) Explanations on the Financial Position	2
(3) Explanations on the Forward Looking Statements including Financial Forecasts	2
2. Consolidated Quarterly Financial Statements and Important Notes	3
(1) Consolidated Quarterly Balance Sheet	3
(2) Consolidated Quarterly Income Statement and Consolidated Quarterly Comprehensive Income Statement	5
Consolidated Quarterly Income Statement	5
Consolidated Quarterly Comprehensive Income Statement	6
(3) Notes to the Consolidated Quarterly Financial Statements	7
(Notes Related to Going Concern Assumptions)	7
(Notes in Case of Significant Changes in the Amount of Shareholders' Equity)	7
(Changes in Important Subsidiaries During the Three Months Ended June 30, 2023)	7

## 1. Qualitative Information for the 3 Months Ended June 30, 2023

### (1) Explanations on the Operating Results

For "Explanations on the Operating Results", please see "Supplementary Material on Financial Results" on the website of erex. (URL: <https://www.erex.co.jp/ir/news>)

### (2) Explanations on the Financial Position

#### (Assets)

Current assets as of June 30, 2023 (at the end of the first quarter of the current fiscal year) were 60,939 million yen, a decrease of 18,390 million yen as compared to March 31, 2023 (at the end of the previous fiscal year). This was mainly due to a decrease in cash and deposits, partially offset by an increase in accrued revenue. Noncurrent assets as of June 30, 2023 were 80,246 million yen, a decrease of 11,903 million yen as compared to March 31, 2023. This was mainly due to a decrease in "buildings and structures" and "machinery and delivery equipment" due to the exclusion of Buzen New Energy G.K. from the scope of consolidation.

As a result, total assets as of June 30, 2023 were 141,185 million yen, a decrease of 30,294 million yen as compared to March 31, 2023.

#### (Liabilities)

Current liabilities as of June 30, 2023 (at the end of the first quarter of the current fiscal year) were 32,940 million yen, a decrease of 15,460 million yen as compared to March 31, 2023 (at the end of the previous fiscal year). This was mainly due to a decrease in accounts payable/trade and income taxes payable. Noncurrent liabilities as of June 30, 2023 were 38,302 million yen, a decrease of 10,387 million yen as compared to March 31, 2023. This was mainly due to a decrease in long-term loans payable due to the exclusion of Buzen New Energy G.K. from the scope of consolidation, partially offset by an increase in corporate bonds.

As a result, total liabilities as of June 30, 2023 were 71,242 million yen, a decrease of 25,847 million yen as compared to March 31, 2023.

#### (Net Assets)

Net assets as of June 30, 2023 (at the end of the first quarter of the current fiscal year) were 69,943 million yen, a decrease of 4,446 million yen as compared to March 31, 2023 (at the end of the previous fiscal year). This was mainly due to a decrease in retained earnings due to net loss attributable to the owner of the parent company and a decrease in non-controlling shareholders' interest due to the exclusion of Buzen New Energy G.K. from the scope of consolidation, partially offset by an increase in deferred hedge gain/loss.

As a result, capital-to-asset ratio as of June 30, 2023 was 43.1%.

### (3) Forward Looking Statements Including Consolidated Financial Forecasts

There is no change to the financial forecasts that were announced in "Financial Results for FY Ended March 31, 2023 (Kessan Tanshin)" dated May 12, 2023. The financial forecasts that were announced on May 12, 2023 are based on the information available to erex Group at the time of the announcement, and include uncertainties. Actual results may be different from these financial forecasts due to various factors.

## 2. Consolidated Quarterly Financial Statements and Important Notes

## (1) Consolidated Quarterly Balance Sheet.

	(JPY Million)	
	March 31, 2023	June 30, 2023
<b>Assets</b>		
Current Assets		
Cash and Deposits	33,621	17,456
Accounts Receivable/Trade	26,078	19,951
Materials and Supplies	2,311	1,987
Short-Term Loans to Affiliated Companies	5,195	5,628
Accrued Revenue	3,640	6,341
Consumption Taxes Receivable	1,297	2,087
Derivative Accounts Receivable	5,714	5,680
Others	1,468	1,804
Total Current Assets	79,329	60,939
Noncurrent Assets		
Property, Plant and Equipment		
Buildings and Structures (Net)	10,347	7,121
Machinery and Delivery Equipment (Net)	45,242	25,908
Land	747	747
Construction in Progress	975	1,457
Others (Net)	189	161
Total Property, Plant and Equipment (Net)	57,503	35,397
Intangible Assets		
Goodwill	3,318	3,300
Others	1,757	1,691
Total Intangible Assets	5,076	4,992
Investments and Other Assets		
Investment Securities	2,681	2,864
Affiliated Companies' Shares	2,708	2,832
Investments in Affiliated Companies	-	5,924
Deferred Tax Assets	808	672
Long-Term Prepaid Expenses	729	617
Lease and Guarantee Deposits	6,959	6,634
Derivative Accounts Receivable	8,016	11,143
Others	8,218	9,756
Allowance for Doubtful Accounts	△550	△588
Total Investments and Other Assets	29,570	39,857
Total Noncurrent Assets	92,150	80,246
Total Assets	171,480	141,185

(JPY Million)

	March 31, 2023	June 30, 2023
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable/Trade	19,137	11,630
Short-Term Loans Payable	9,440	9,940
Current Portion of Long-Term Loans Payable	5,342	2,811
Accounts Payable/Other than Trade	2,462	2,771
Income Taxes Payable	4,611	1,489
Provision for Bonuses	323	134
Derivative Liabilities	4,452	2,996
Others	2,629	1,166
<b>Total Current Liabilities</b>	<b>48,400</b>	<b>32,940</b>
<b>Noncurrent Liabilities</b>		
Corporate Bonds	5,000	11,000
Long-Term Loans Payable	35,345	20,810
Retirement Benefit Liabilities	286	264
Asset Retirement Obligation	5,356	4,178
Deferred Tax Liabilities	2,161	1,662
Derivative Liabilities	151	-
Others	387	387
<b>Total Noncurrent Liabilities</b>	<b>48,689</b>	<b>38,302</b>
<b>Total Liabilities</b>	<b>97,089</b>	<b>71,242</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital Stock	11,313	11,313
Capital Surplus	10,088	10,088
Retained Earnings	36,370	31,266
Treasury Stock	△124	△124
<b>Total Shareholders' Equity</b>	<b>57,648</b>	<b>52,544</b>
<b>Accumulated Other Comprehensive Income</b>		
Valuation Difference on Available-for-Sale Securities	△135	77
Deferred Hedge Gain/Loss	4,124	7,554
Foreign Currency Translation Adjustments	431	704
<b>Total Accumulated Other Comprehensive Income</b>	<b>4,420</b>	<b>8,336</b>
<b>Non-Controlling Shareholders' Interest</b>	<b>12,321</b>	<b>9,063</b>
<b>Total Net Assets</b>	<b>74,390</b>	<b>69,943</b>
<b>Total Liabilities and Net Assets</b>	<b>171,480</b>	<b>141,185</b>

## (2) Consolidated Quarterly Income Statement and Consolidated Quarterly Comprehensive Income Statement

(Consolidated Quarterly Income Statement)

(JPY Million)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023
Net Revenues	58,674	55,902
Cost of Sales	52,851	59,047
Gross Profit	5,823	△3,145
Selling, General, and Administrative Expenses	2,662	2,782
Operating Income	3,161	△5,927
Non-Operating Income		
Interest Income	5	99
Dividend Income	26	32
Foreign Exchange Gain	1,117	851
Equity Method Investment Gain	99	-
Derivative Gain	-	1,145
Others	7	5
Total Non-Operating Income	1,256	2,134
Non-Operating Expenses		
Interest Expense	112	56
Commission Expense	32	34
Equity Method Investment Loss	-	250
Derivative Loss	2,130	-
Others	0	0
Total Non-Operating Expenses	2,274	342
Ordinary Income	2,143	△4,135
Income before Income Taxes	2,143	△4,135
Income Taxes	833	1,230
Income Taxes Deferred	△181	△1,658
Total Income Taxes	651	△428
Net Income	1,492	△3,706
Net Income Attributable to Non-Controlling Shareholders	△183	91
Net Income Attributable to Owners of Parent	1,675	△3,797

## (Consolidated Quarterly Comprehensive Income Statement)

(JPY Million)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023
Net Income	1,492	△3,706
Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	132	213
Deferred Hedge Gain/Loss	3,371	3,456
Foreign Currency Translation Adjustments	204	283
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	51	15
Total Other Comprehensive Income	3,758	3,968
Comprehensive Income	5,251	262
(Breakdown)		
Comprehensive Income Attributable to Owners of Parent	5,415	118
Comprehensive Income Attributable to Non-Controlling Interests	△164	144

### (3) Notes to the Consolidated Financial Statements

(Notes Related to Going Concern Assumptions)

N/A

(Notes in Case of Significant Changes in the Amount of Shareholders' Equity)

N/A

(Changes in Important Subsidiaries During the Three Months Ended June 30, 2023)

erex Co., Ltd. owns the majority of the equity of Buzen New Energy G.K. on its own account, but due to the conclusion of MOU regarding changes to the agreement between the investors dated April 1, 2023, the decision of important matters now requires the consent of all investors, therefore, the erex Co., Ltd. no longer has control over the financial and business policy decisions of Buzen New Energy G.K. For this reason, in the current consolidated fiscal year, Buzen New Energy G.K. is excluded from the scope of consolidation and is now an equity-method affiliate. There is no change in the ownership ratio as there is no sale of the equity interest.

This change in the scope of consolidation is certain to have a significant impact on the consolidated financial statements for the fiscal year to which the current quarterly consolidated accounting period belongs. The outline of the impact is considered to be a decrease in total assets, total liabilities, sales, etc. There is no impact on net income attributable to the owners of the parent company.