



Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

* Please note this document is a translation of the original Japanese document "Financial Results for the Six Months Ended September 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.

November 10, 2023

Company Name	erex Co., Ltd.	Listing Market TSE
Stock Code	9517	URL https://www.erex.co.jp/en/ir/
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	November 14, 2023	Scheduled Date to Start Dividend Payment -
Preparation of Supplementary Material on Financial Results:	Yes	
Holding of Financial Results Meeting:	Yes (for Institutional Investors and analysts)	

(Rounded down to the nearest million Japanese Yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 – September 30, 2023)

(1) Consolidated Operating Results (Cumulative) (% shows year-over-year changes)

Six Months Ended	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
September 30, 2023	120,894	△12.1	△10,704	-	△9,220	-	△11,162	-
September 30, 2022	137,577	66.4	10,794	101.4	7,521	12.0	4,522	4.6
(*Note) Comprehensive Income	6 months ended Sep 30, 2023	△5,277	JPY million	(-%)	6 months ended Sep 30, 2022	9,765	JPY million	(59.0%)

Six Months Ended	EPS	Diluted EPS
	JPY	JPY
September 30, 2023	△188.31	-
September 30, 2022	76.44	76.32

(2) Consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio	
	JPY million		JPY million		%	
September 30, 2023	148,202	64,066	37.3%			
March 31, 2023	172,105	73,953	36.0%			
(*Reference) Shareholders' Equity	September 30, 2023	55,350	JPY million	March 31, 2023	62,013	JPY million

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	—	0.00			
Fiscal Year Ending March 31, 2024 (Forecasts)			—	TBD	TBD

(*Note) 1. Changes from the most recently announced dividend forecasts: Yes

2. Regarding the revisions to the dividend forecasts, please see "Notice Regarding Revisions to Consolidated Financial Forecasts and Dividend Forecast for FY March 2024" announced today (November 10, 2023).

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
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
Full Year	219,400	△26.0	△21,300	-	△19,800	-	△22,000	-	△371.72

(*Note) 1. Changes from the most recently announced financial forecasts: Yes

2 Regarding the revisions to the financial forecasts, please see "Notice Regarding Revisions to Consolidated Financial Forecasts and Dividend Forecasts for FY March 2024" announced today (November 10, 2023).

(*Notes)

(1) Changes in important subsidiaries during the six months ended September 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 the Period	As of September 30, 2023	59,457,808 shares	As of March 31, 2023	59,382,058 shares
② Number of Treasury Stocks at the End of the Period	As of September 30, 2023	140,964 shares	As of March 31, 2023	140,814 shares
③ Average Number of Shares during the Period	6 Months ended September 30, 2023	59,279,044 shares	6 Months ended September 30, 2022	59,160,362 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.

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1. Qualitative Information for the Six Months Ended September 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/library/presentation/>)

(2) Explanations on the Financial Position

(Assets)

Current assets as of September 30, 2023 (at the end of the second quarter of the current fiscal year) were 66,106 million yen, a decrease of 13,223 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 and accounts receivable/trade, partially offset by an increase in accrued revenue and consumption taxes receivable. Noncurrent assets as of September 30, 2023 were 82,096 million yen, a decrease of 10,679 million yen as compared to March 31, 2023. This was mainly due to a decrease in "buildings and structures (net amount)" and "machinery and delivery equipment (net amount)" due to the exclusion of Buzen New Energy G.K. from the scope of consolidation.

As a result, total assets as of September 30, 2023 were 148,202 million yen, a decrease of 23,902 million yen as compared to March 31, 2023.

(Liabilities)

Current liabilities as of September 30, 2023 (at the end of the second quarter of the current fiscal year) were 39,776 million yen, a decrease of 8,623 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, current portion of long-term loans payable, income taxes payable, and derivative liabilities, partially offset by an increase in short-term loans payable. Noncurrent liabilities as of September 30, 2023 were 44,358 million yen, a decrease of 5,392 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 September 30, 2023 were 84,135 million yen, a decrease of 14,016 million yen as compared to March 31, 2023.

(Net Assets)

Net assets as of September 30, 2023 (at the end of the second quarter of the current fiscal year) were 64,066 million yen, a decrease of 9,886 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 September 30, 2023 was 37.3%.

(3) Forward Looking Statements including Consolidated Financial Forecasts

Financial forecasts for FY March 2024 announced on May 12, 2023 have been revised. For details, please see the "Notice Regarding Revisions to Consolidated Financial Forecasts and Dividend Forecasts for FY March 2024" and "Notice Regarding Revisions to the Mid-Term Business Plan" announced today (November 10, 2023).

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheet.

	March 31, 2023	September 30, 2023
	(JPY Million)	
Assets		
Current Assets		
Cash and Deposits	33,621	22,151
Accounts Receivable/Trade	26,078	22,490
Materials and Supplies	2,311	2,721
Short-Term Loans to Affiliated Companies	5,195	5,804
Accrued Revenue	3,640	5,246
Consumption Taxes Receivable	1,297	2,301
Derivative Accounts Receivable	5,714	3,974
Others	1,468	1,415
Total Current Assets	79,329	66,106
Noncurrent Assets		
Property, Plant and Equipment		
Buildings and Structures (Net)	10,347	6,974
Machinery and Delivery Equipment (Net)	45,242	25,538
Land	747	747
Construction in Progress	975	2,072
Others (Net)	189	143
Total Property, Plant and Equipment	57,503	35,476
Intangible Assets		
Goodwill	3,943	3,815
Others	1,757	1,847
Total Intangible Assets	5,701	5,663
Investments and Other Assets		
Investment Securities	2,681	2,995
Affiliated Companies' Shares	2,708	2,528
Investments in Affiliated Companies	-	6,015
Deferred Tax Assets	808	733
Long-Term Prepaid Expenses	729	662
Lease and Guarantee Deposits	6,959	6,601
Derivative Accounts Receivable	8,016	12,251
Others	8,218	9,596
Allowance for Doubtful Accounts	△550	△428
Total Investments and Other Assets	29,570	40,956
Total Noncurrent Assets	92,775	82,096
Total Assets	172,105	148,202

(JPY Million)

	March 31, 2023	September 30, 2023
Liabilities		
Current Liabilities		
Accounts Payable/Trade	19,137	15,112
Short-Term Loans Payable	9,440	13,630
Current Portion of Long-Term Loans Payable	5,342	3,022
Accounts Payable/Other than Trade	2,462	2,729
Income Taxes Payable	4,611	2,037
Provision for Bonuses	323	172
Derivative Liabilities	4,452	1,990
Others	2,629	1,082
Total Current Liabilities	48,400	39,776
Noncurrent Liabilities		
Corporate Bonds	5,000	11,000
Long-Term Loans Payable	35,345	23,454
Retirement Benefit Liabilities	286	327
Asset Retirement Obligation	6,419	5,261
Deferred Tax Liabilities	2,161	3,932
Derivative Liabilities	151	-
Others	387	383
Total Noncurrent Liabilities	49,751	44,358
Total Liabilities	98,152	84,135
Net Assets		
Shareholders' Equity		
Capital Stock	11,313	11,359
Capital Surplus	10,088	10,133
Retained Earnings	36,315	23,846
Treasury Stock	△124	△124
Total Shareholders' Equity	57,593	45,215
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	△135	214
Deferred Hedge Gain/Loss	4,124	9,287
Foreign Currency Translation Adjustments	431	633
Total Accumulated Other Comprehensive Income	4,420	10,135
Non-Controlling Shareholders' Interest	11,939	8,715
Total Net Assets	73,953	64,066
Total Liabilities and Net Assets	172,105	148,202

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

(Quarterly Consolidated Income Statement)

	(JPY Million)	
	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023
Net Revenues	137,577	120,894
Cost of Sales	121,424	126,209
Gross Profit (Δ Loss)	16,153	Δ 5,315
Selling, General, and Administrative Expenses	5,358	5,389
Operating Income (Δ Loss)	10,794	Δ 10,704
Non-Operating Income		
Interest Income	14	197
Dividend Income	26	32
Foreign Exchange Gain	1,673	1,135
Derivative Valuation Gain	-	573
Others	31	23
Total Non-Operating Income	1,745	1,962
Non-Operating Expenses		
Interest Expense	233	145
Commission Expense	37	52
Investment Loss on Equity Method	14	277
Derivative Loss	4,542	-
Others	191	4
Total Non-Operating Expenses	5,018	479
Ordinary Income (Δ Loss)	7,521	Δ 9,220
Income before Income Taxes (Δ Loss)	7,521	Δ 9,220
Income Taxes	2,746	1,659
Income Taxes Deferred	Δ 156	181
Total Income Taxes	2,590	1,841
Net Income (Δ Loss)	4,931	Δ 11,062
Net Income Attributable to Non-Controlling Shareholders	408	100
Net Income Attributable to Owners of Parent (Δ Loss)	4,522	Δ 11,162

(Quarterly Consolidated Comprehensive Income Statement)

(JPY Million)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023
Net Income (Δ Loss)	4,931	Δ 11,062
Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	Δ 5	350
Deferred Hedge Gains/Losses	4,443	5,120
Foreign Currency Translation Adjustments	334	251
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	61	61
Total Other Comprehensive Income	4,833	5,784
Comprehensive Income	9,765	Δ 5,277
(Breakdown)		
Comprehensive Income Attributable to Owners of Parent	9,324	Δ 5,447
Comprehensive Income Attributable to Non-Controlling Shareholders	440	170

(3) Quarterly Consolidated Cashflow Statement

(JPY million)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023
Cashflow from Operating Activities		
Income (△Loss) before Income Taxes	7,521	△9,220
Depreciation	2,760	1,765
Amortization of Goodwill	140	200
Increase (△Decrease) in Provision for Bonuses	17	△151
Increase (△Decrease) in Retirement Benefit Liabilities	69	50
Interest Income and Dividend Income	△41	△229
Interest Expenses	233	145
Decrease (△Increase) in Accounts Receivable/Trade	2,764	2,412
Decrease (△Increase) in Inventory	△160	△935
Increase (△Decrease) in Accounts Payable/Trade	6,130	△3,261
Decrease (△Increase) in Consumption Tax Receivable	1,863	△1,002
Increase (△Decrease) in Consumption Tax Payable	△983	△477
Decrease (△Increase) in Accrued Revenue	850	△1,581
Increase (△Decrease) in Accounts Payable/Other than Trade	△741	545
Increase (△Decrease) in Deposits Payable	△1,074	△1,044
Decrease (△Increase) in Other Assets	3,788	-
Increase (△Decrease) in Other Liabilities	2,041	-
Others	△293	1,388
Sub-Total	24,886	△11,396
Interest and Dividend Received	41	231
Interest Paid	△210	△124
Income Taxes Paid	△1,332	△3,811
Cashflow from Operating Activities	23,384	△15,101
Cashflow from Investing Activities		
Proceeds from Refund of Time Deposits	302	-
Expenditure for Acquisition of PP&E	△346	△1,118
Expenditure for Acquisition of Intangible Assets	△269	△268
Proceeds from Collection of Lease and Guarantee Deposits	441	558
Expenditure for Payment of Lease and Guarantee Deposits	△6,069	△76
Expenditure for Acquisition of Shares of Subsidiaries with Change in Scope of Consolidation	△337	-
Others	1,576	8
Cashflow from Investing Activities	△4,702	△896
Cashflow from Financing Activities		
Net Increase (△Decrease) in Short Term Loans Payable	-	4,190
Proceeds from Long Term Loans Payable	-	3,635
Expenditure for Repayment of Long Term Loans Payable	△2,592	△1,734
Expenditure for Repayment of Leasehold Obligations	△4	△16
Dividend Payment	△1,303	△1,306
Expenditure for Acquisition of Treasury Stock	△0	-
Expenditure for Acquisition of Shares of Subsidiaries without Change in Scope of Consolidation	△40	△72
Proceeds from Issuance of Corporate Bonds	5,000	6,000
Others	△33	△36
Cashflow from Financing Activities	1,024	10,658
Effect of Exchange Rate Change on Cash and Cash Equivalents	235	384
Increase (△Decrease) in Cash and Cash Equivalents	19,943	△4,954
Cash and Cash Equivalents at the Beginning of the Period	26,799	33,488
Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from Consolidation	-	△6,444
Cash and Cash Equivalents at the End of the Quarter	46,742	22,090

(4) Notes to the Consolidated Financial Statements

(Notes Related to Going Concern Assumptions)
N/A

(Notes in Case of Significant Changes in Shareholders' Equity)
N/A

(Material Subsequent Events)
N/A