



Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

* Please note this document is a translation of the original Japanese document “Financial Results for the Nine Months Ended December 31, 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.

February 9, 2024

Company Name erex Co.,Ltd. Listing Market TSE
 Stock Code 9517 URL <https://www.erex.co.jp/en/ir/>
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 Scheduled Date to File Securities Report February 13, 2024 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 JPY million)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 – December 31, 2023)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent Company	
Nine Months Ended	JPY million	%	JPY million	%	JPY million	%	JPY million	%
December 31, 2023	184,305	△ 16.9	△ 15,153	-	△ 13,857	-	△ 15,887	-
December 31, 2022	221,711	46.9	14,316	80.2	11,119	3.4	5,903	△ 25.4

(*Note 1) 9 months ended Dec 31, 2023 Comprehensive Income △ 12,018 JPY million (-%) 9 months ended Dec 31, 2022 8,295 JPY million (△ 15.4%)

(*Note 2) In the 2Q of the fiscal year ending March 2024, the provisional accounting treatment for the business combination was finalized, and the figures for the 3Q of the fiscal year ended March 2023 reflect the finalization of provisional accounting treatment.

	EPS	Diluted EPS
Nine Months Ended	JPY	JPY
December 31, 2023	△ 267.96	-
December 31, 2022	99.77	99.60

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	BPS
	JPY million	JPY million	%	JPY
December 31, 2023	144,216	57,534	33.8	821.99
March 31, 2023	172,105	73,953	36.0	1,046.80

(*Reference) December 31, 2023 48,757 JPY million March 31, 2023 62,013 JPY million
 Shareholders' Equity

(*Note) In the 2Q of the fiscal year ending March 2024, the provisional accounting treatment for the business combination was finalized, and the figures for the 3Q of the fiscal year ended March 2023 reflect the finalization of provisional accounting treatment.

2. Dividend

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

(*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 the Parent Company		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: None

(*Note 2) erex Group manages its operations on an annual basis. For details, please refer to "1. Qualitative Information for the Nine Months Ended December 31, 2023, (3) Explanations on the Forward Looking Statements including Financial Forecasts" on page 2 of the attached documents.

(*Note 3) In the 2Q of the fiscal year ending March 2024, the provisional accounting treatment for the business combination was finalized, and the rate of change from the previous fiscal year is stated in comparison with the previous fiscal year's figures after taking into account the finalized provisional accounting treatment.

(*Notes)

(1) Changes in important subsidiaries during the nine months ended December 31, 2023 (changes in specified subsidiaries resulting in the change in the consolidation scope): 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 December 31, 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 December 31, 2023	140,964 shares	As of March 31, 2023	140,814 shares
③ Average Number of Shares during the Period	9 Months ended December 31, 2023	59,291,644 shares	9 Months ended December 31, 2022	59,170,323 shares

* This document (Quarterly Kessan Tanshin) is not subject to the quarterly review 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 Co., Ltd. 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 Nine Months Ended December 31, 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 December 31, 2023 (as of the end of the third quarter of the current fiscal year) were 68,230 million yen, a decrease of 11,099 million yen as compared to March 31, 2023 (as of 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 accounts receivable/other and consumption tax receivable. Noncurrent assets as of December 31, 2023 were 75,985 million yen, a decrease of 16,789 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 December 31, 2023 were 144,216 million yen, a decrease of 27,888 million yen as compared to March 31, 2023.

(Liabilities)

Current liabilities as of December 31, 2023 (as of the end of the third quarter of the current fiscal year) were 39,952 million yen, a decrease of 8,447 million yen as compared to March 31, 2023 (as of 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 December 31, 2023 were 46,729 million yen, a decrease of 3,022 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 December 31, 2023 were 86,682 million yen, a decrease of 11,469 million yen as compared to March 31, 2023.

(Net Assets)

Total net assets as of December 31, 2023 (as of the end of the third quarter of the current fiscal year) were 57,534 million yen, a decrease of 16,418 million yen as compared to March 31, 2023 (as of 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 December 31, 2023 was 33.8%.

(3) Forward Looking Statements including Consolidated Financial Forecasts

There is no change to the full year financial forecasts announced on November 10, 2023. The financial forecasts that were announced on November 10, 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. Quarterly Consolidated Financial Statements and Important Notes
(1) Quarterly Consolidated Balance Sheet.

	(JPY Million)	
	March 31, 2023	December 31, 2023
Assets		
Current Assets		
Cash and Deposits	33,621	25,419
Accounts Receivable/Trade	26,078	22,737
Materials and Supplies	2,311	3,103
Short-Term Loans to Affiliates	5,195	3,777
Accrued Revenue	3,640	5,206
Consumption Taxes Receivable	1,297	3,653
Derivative Receivable	5,714	2,265
Others	1,468	2,068
Total Current Assets	79,329	68,230
Noncurrent Assets		
Property, Plant and Equipment		
Buildings and Structures (Net)	10,347	6,867
Machinery and Delivery Equipment (Net)	45,242	24,951
Land	747	747
Construction in Progress	975	2,569
Others (Net)	189	136
Total Property, Plant and Equipment (Net)	57,503	35,273
Intangible Assets		
Goodwill	3,943	3,721
Others	1,757	1,652
Total Intangible Assets	5,701	5,374
Investments and Other Assets		
Investment Securities	2,681	2,318
Long-Term Loans to Affiliates	-	1,500
Affiliated Companies' Shares	2,708	2,662
Investments in Affiliated Companies	-	6,102
Deferred Tax Assets	808	672
Long-Term Prepaid Expenses	729	638
Lease and Guarantee Deposits	6,959	3,066
Derivative Receivable	8,016	10,629
Others	8,218	8,158
Allowance for Doubtful Accounts	△550	△410
Total Investments and Other Assets	29,570	35,338
Total Noncurrent Assets	92,775	75,985
Total Assets	172,105	144,216

(JPY Million)

	March 31, 2023	December 31, 2023
Liabilities		
Current Liabilities		
Accounts Payable/Trade	19,137	14,674
Short-Term Loans Payable	9,440	15,430
Current Portion of Long-Term Loans Payable	5,342	3,440
Accounts Payable/Other than Trade	2,462	2,259
Income Taxes Payable	4,611	1,408
Provision for Bonuses	323	86
Derivative Liabilities	4,452	1,677
Others	2,629	975
Total Current Liabilities	48,400	39,952
Noncurrent Liabilities		
Corporate Bonds	5,000	11,000
Long-Term Loans Payable	35,345	26,327
Retirement Benefit Liabilities	286	335
Asset Retirement Obligation	6,419	5,290
Deferred Tax Liabilities	2,161	3,327
Derivative Liabilities	151	61
Others	387	386
Total Noncurrent Liabilities	49,751	46,729
Total Liabilities	98,152	86,682
Net Assets		
Shareholders' Equity		
Capital Stock	11,313	11,356
Capital Surplus	10,088	10,130
Retained Earnings	36,315	19,121
Treasury Stock	△124	△124
Total Shareholders' Equity	57,593	40,484
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	△135	△101
Deferred Hedge Gain/Loss	4,124	8,012
Foreign Currency Translation Adjustments	431	363
Total Accumulated Other Comprehensive Income	4,420	8,273
Non-Controlling Shareholders' Interest	11,939	8,776
Total Net Assets	73,953	57,534
Total Liabilities and Net Assets	172,105	144,216

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

	(JPY Million)	
	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023
Net Revenues	221,711	184,305
Cost of Sales	199,322	191,555
Gross Profit	22,388	△7,249
Selling, General, and Administrative Expenses	8,071	7,903
Operating Income	14,316	△15,153
Non-Operating Income		
Interest Income	57	241
Dividend Income	39	47
Equity Method	111	-
Derivative Valuation Gain	-	282
Foreign Exchange Gain	955	940
Others	35	170
Total Non-Operating Income	1,199	1,683
Non-Operating Expenses		
Interest Expense	351	297
Commission Expense	44	57
Equity Method	-	15
Derivative Loss	3,806	-
Others	194	17
Total Non-Operating Expenses	4,396	388
Ordinary Income	11,119	△13,857
Income before Income Taxes	11,119	△13,857
Income Taxes	3,851	1,773
Income Taxes Deferred	△75	243
Total Income Taxes	3,776	2,016
Net Income	7,342	△15,874
Net Income Attributable to Non-Controlling Shareholders	1,439	12
Net Income Attributable to Owners of the Parent Company	5,903	△15,887

(Quarterly Consolidated Comprehensive Income Statement - Cumulative)

(JPY Million)

	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023
Net Income	7,342	△15,874
Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	△18	33
Deferred Hedge Gain/Loss	771	3,876
Foreign Currency Translation Adjustments	179	△74
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	20	20
Total Other Comprehensive Income	952	3,856
Comprehensive Income	8,295	△12,018
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent Company	6,775	△12,034
Comprehensive Income Attributable to Non-Controlling Shareholders	1,520	16

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumptions)

N/A

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

N/A