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**Fiscal Year Ended
March 31, 2025**

Supplementary Materials for Financial Results

May 12, 2025

Development

Promoting de-carbonization in Southeast Asia, where power demand is growing, with expertise in biomass power generation and co-firing

Strong Defence

Solid business foundation in Japan, such as biomass power generation, retail, aggregation, etc.

erex Co., Ltd. [9517]



**To Become a Pioneer in the
New Era of Electric Power with
Renewable Energy at Its Core**

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erex Group implemented “Strong Defense and Development” in light of FY March 2024 results, achieving a return to profitability

Net Sales	Operating Income	Income before Income Taxes	Net Income Attributable to the Owners of the Parent Company
171.2 billion yen	7.1 billion yen	6.3 billion yen	2.1 billion yen
[vs Full Year Plans 110.1%]	[vs Full Year Plans 132.7%]	[vs Full Year Plans 144.3%]	[vs Full Year Plans 112.4%]

- erex Group implemented the business structure reforms set forth at the beginning of the fiscal year, and at the same time, promoted investments for growth, particularly for overseas businesses
- Sales/profits exceeded the plans due to strong retail business and improved profitability in the fuel division

- 1. Review of FY March 2025 and Future Business Strategies**
2. Summary of Financial Results for FY March 2025
3. Business Plans for FY March 2026

- erex Group implemented the business structure reforms set forth at the beginning of the fiscal year in light of the significant loss in FY March 2024
- In addition, unprofitable businesses were reviewed to create a structure that enables investments for growth

Business Structure Reforms Implemented in FY March 2025

Optimization of
supply/demand
balance due to
changes in retail
procurement strategy

Establishment of a
risk management
system via re-
organization

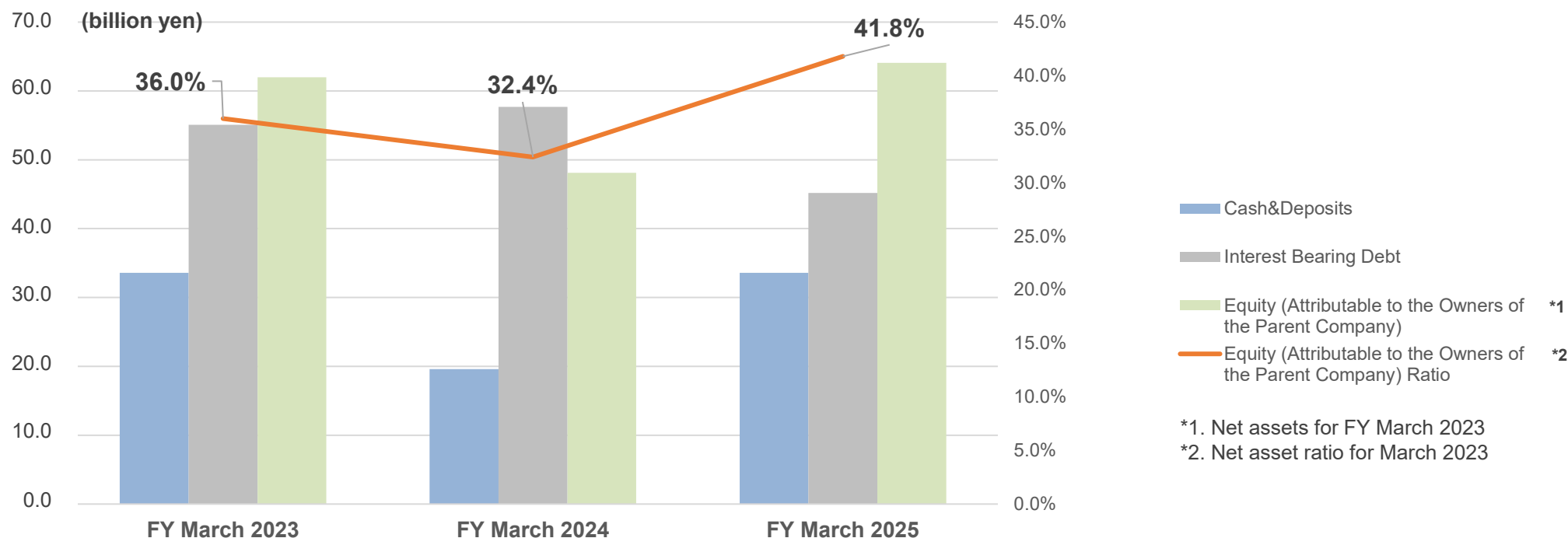
Improvement and
reinforcement of
financial position
through third-party
allotment of new
shares

Review of
unprofitable
businesses



Business Structure Reforms to a Structure that Enables Investments for Growth

- In FY March 2025, net assets recovered to FY March 2023 level due to recovery in business (profits posted) and third-party allotment of new shares
- Credit rating also changed from A- (negative) to A- (stable)



Changes in Credit Ratings

Date of Rating Announcement	Rating	Rating Outlook
April 25, 2025	A-	stable
February 19, 2024	A-	negative
October 5, 2022	A-	stable

Promotion of De-Carbonization in Japan and Southeast Asia by Utilizing erex Group’s Know-How



- Collaboration with strategic partners in Japan and overseas in the aggregation business as a new business pillar in addition to the existing businesses in Japan
- Acquisition of carbon credits from overseas biomass power generation and biomass co-firing at coal-fired power plants
- Utilization of earnings in Japan for investments for growth & utilization of carbon credits acquired from overseas business in Japan

Strong Defence

Development

**De-Carbonization
(Carbon Credits)**

**Co-Creation with Strategic Partners
Technology & Finance**

Re-Investments

Aggregation

Retail
Trading

Fuel &
Power
Generation

Vietnam
Newly-Built
Biomass

Co-firing of
Biomass at
Coal-Fired
Power Plants
(Fuel conversion)

Pellet
Factory

Cambodia
Hydropower

Cambodia
Newly-Built
Biomass

**Establishment
of Fuel Supply
Chain**

FY March 2025

FY March 2026

FY March 2027

FY March 2028

FY March 2029

TURNING POINT

1st STEP

2nd STEP

- Thorough risk management
- Unique rate plans
- Focus on aggregation business

- Collaboration with capital alliance partners
- Restructuring for growth
- Stabilization of earnings base

Aggregation Business

- ① Grid storage batteries (investments, operations)
- ② Storage batteries with solar power
- ③ Non-FIT renewable energy development
- ④ Renewable energy supply/demand management

Stable Retail Development

- ① Cost efficiencies from increased power sales volume
- ② Optimization of direct sales ratio
- ③ Innovative rate plan developments

To become a one-stop provider of de-carbonization support

- Integrated solution service from renewable energy development to retail
- Support for external sales of surplus power
- Storage battery operation service

- Avoidance of declining profit margins due to increased competition
- Enhanced competitiveness through lower fixed cost ratios
- Deepening of collaboration with existing and new partners
- Utilization of carbon credits from overseas power plants

To become a top runner in supporting de-carbonization not only for large customers but also for small and medium-sized customers

Acceleration of Co-Creation in Retail + Aggregation Businesses to Fundamentally Improve Retail Earnings

Co-Creation Partners
(Existing + New)



Storage Battery Business

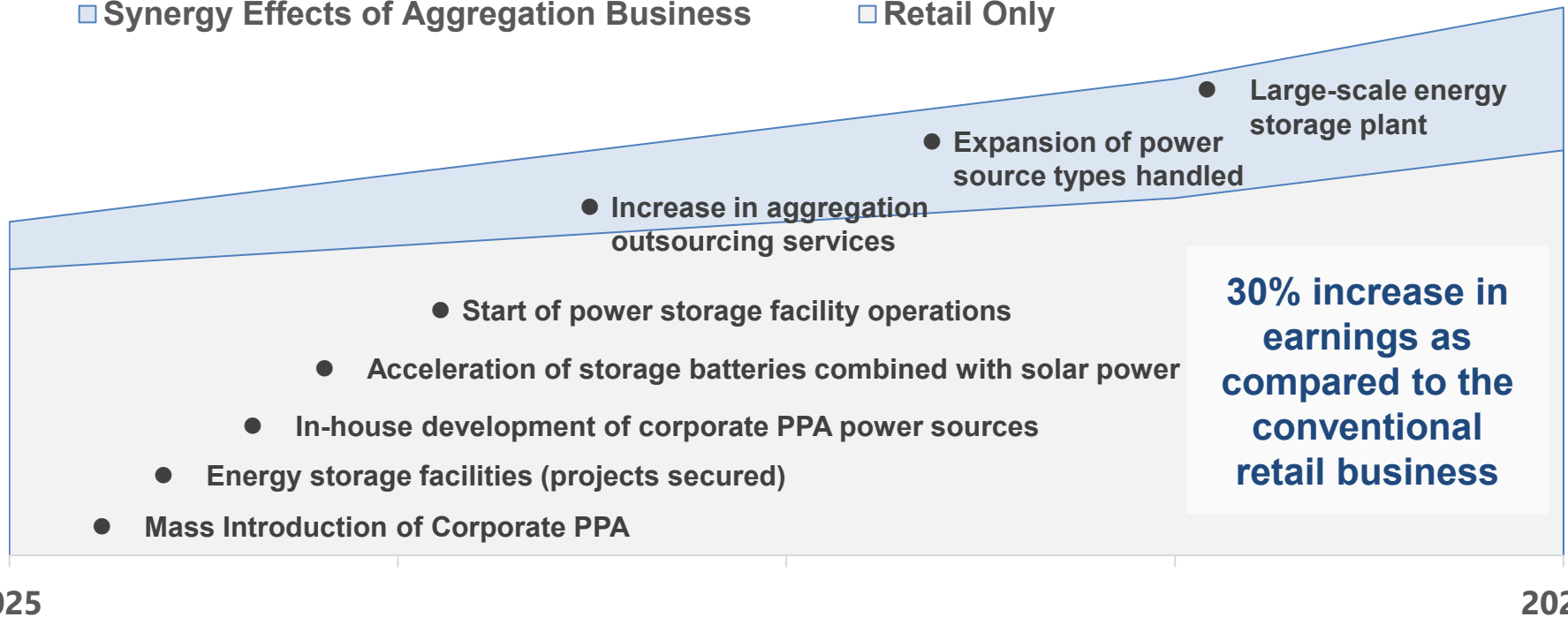
Development of Renewable
Energy Sources

Support for In-House Use of
Renewable Energy

2025 2026 2027 2028

■ Synergy Effects of Aggregation Business

■ Retail Only



FY March 2025

FY March 2026

FY March 2027

FY March 2028

FY March 2029

TURNING POINT

1st STEP

- (1) Business structure reforms
- (2) Improvement and reinforcement of financial position
- (3) Optimal supply / demand procurement in the retail business
- 4) Preparation for overseas development

Stabilization of earnings

- Investment environment developments (Permits and assessments)
- Alliance with domestic and international strategic partners

Vietnam

- (1) Cooperation and support of the Japanese government, joint communication between the two prime ministers (end of April, 2025)
- (2) Final stage of acquiring carbon credits (progress in developing a system in Vietnam)
- (3) Start of operations of Hau Giang Biomass Power Plant (Vietnam's first commercial biomass power plant) in April 2025
- (4) Tuyen Quang / Yen Bai Biomass Power Plants: 50MW each, scheduled to start operation at the end of 2027
- (5) Coal-fired biomass co-firing: Demonstration in FY March 2026, 20-30% co-firing in FY March 2027

Cambodia

- (1) Hydroelectric power plant: 35-year government guarantee, BOT system, scheduled for completion in 1H of 2026
- (2) Biomass power plants: 25-year government guarantee, scheduled to start operations in FY March 2028
- (3) EPC implementation by Power China

Increase in earnings power
+
Carbon credit utilization

Stable supply of electric power to meet strong demands & demands for de-carbonization

Establishment of Fuel Supply Chain

Results of the first
survey in Vietnam

Quantity, economy,
properties

- Findings from prior case studies (power plant/pellet factory)
- Economics and property checks of various raw materials
- New development of optimal materials
- Study of transportation routes (logistics optimization)
- Promotion of partnerships with local (provincial governments) and private companies
- Supply system: Good-Sample (TQ and YB)

**Establishment of Biomass
Fuel Supply Chain**

II

**Aiming to be a major
player in fuel supply**

2nd Stage

3rd Stage

1st Stage

**Expansion of Local Production &
Local Consumption of Residues**

- Cooperation with Vietnamese Provincial Governments
- Cooperation with the Cambodian government
- Utilization of abundant raw materials from neighboring countries

**Afforestation Business Development
Import from Neighboring Countries in Sight**

- Building and operating afforestation business (with partners)
- Domestic supply of fuel
- Utilization of inexpensive imported materials

Expansion of Wide-Area Fuel Business

- Expansion of the scale of biomass single-fuel firing and biomass coal-fired co-firing



- Expansion of strategic supply structure

Mid/Long Term Strategy – Overseas / Significance and Progress of De-Carbonization (Carbon Credit) Initiatives

- Carbon credits are effective to achieve de-carbonization, and countries are focusing their efforts on them
- erex Group will use the carbon credits acquired overseas for de-carbonization in Japan and circulate the generated funds as investments for its overseas business, thereby creating a major source of earnings

Progress of Discussions

Jan 2025	erex Group visited Vietnamese government and met with ministers (Ministry of Natural Resources and Environment, Ministry of Planning and Investment, and Ministry of the Interior) Both parties agreed to urgently develop a system for the allocation of carbon credits belonging to the Vietnamese government A letter was from the Minister of Planning and Investment to the Minister of Natural Resources and Environment regarding the above
Mar 2025	erex Group met with the Office of Climate Change, and also sent a letter to PM Chin Vietnamese government and erex Group plan to establish a task force for the establishment of the Vietnamese carbon credit ETS market in 2029

It has been confirmed that the Vietnamese Government is currently developing the system, by the end of June 2025 as a target

[World Bank Report] *1

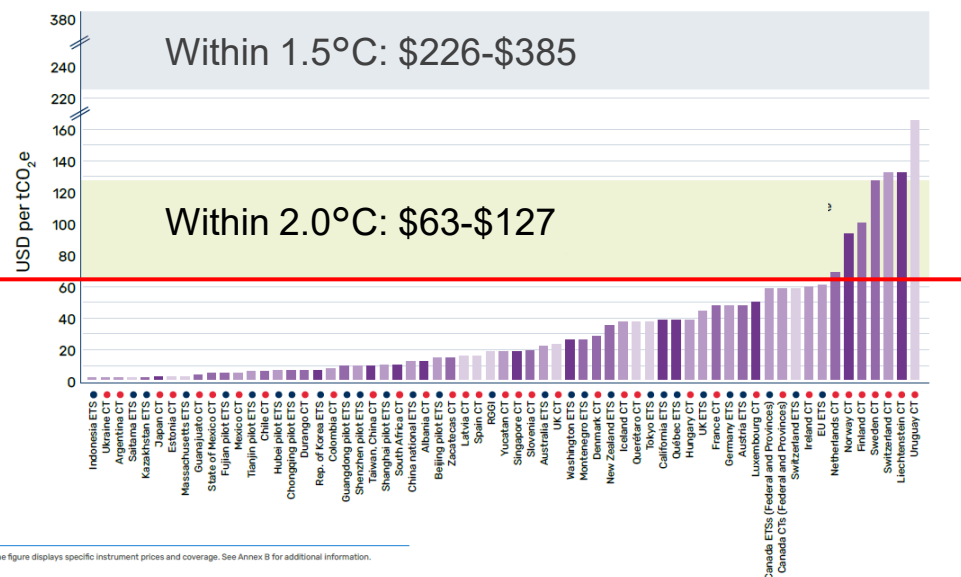
Carbon price needed to limit temperature rise in 2030 vs pre-industrial time

**erex Group's assumption
for credit price: \$60/t-CO₂**

Reference: Emission allowances in the EU-ETS market (EUA) are 70 Euro/t-CO₂ as of May 2025 *2

*1 World Bank Report [State and Trends of Carbon Pricing] (2024 edition)

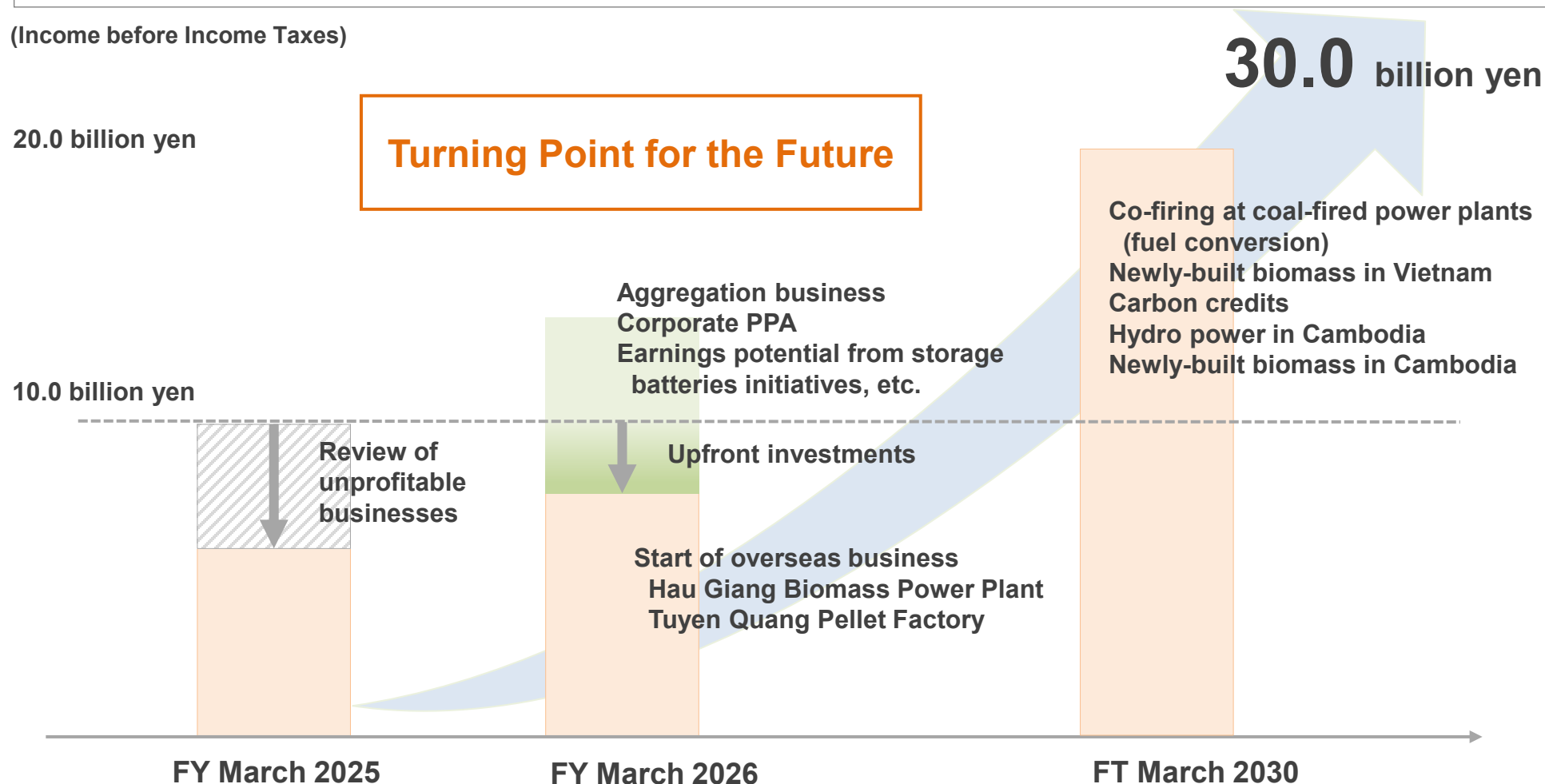
*2 Allowance Price Explorer | International Carbon Action Partnership



Illustrative Image of Earnings for Mid/Long Term Growth (Japan and Overseas)

- Unprofitable businesses were reviewed in FY March 2025 as part of the business structure reforms
- In FY March 2026, overseas operations will start to contribute to earnings. While continuing to implement structural reforms without letting up, erex Group will promote upfront investments for the development of new domestic and overseas businesses in the future

(Income before Income Taxes)



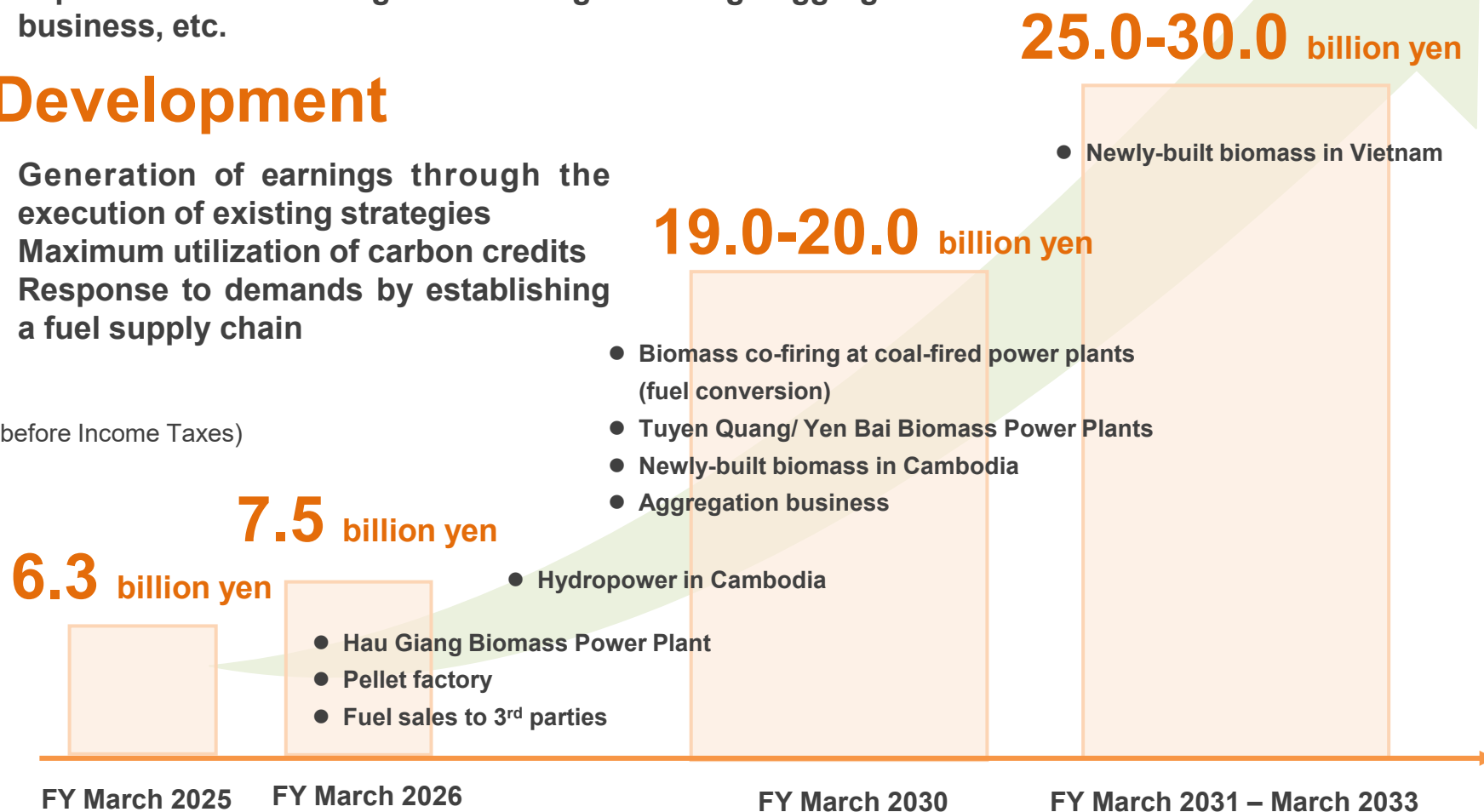
Strong Defence

- Reinforcement of foundation through structural reforms (selection and concentration of businesses)
- Implementation of new growth strategies through aggregation business, etc.

Development

- Generation of earnings through the execution of existing strategies
- Maximum utilization of carbon credits
- Response to demands by establishing a fuel supply chain

(Income before Income Taxes)



1. Review of FY March 2025 and Future Business Strategies
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YoY

- **Net sales:** Retail sales increased, but a significant decrease in excess power supply due to the efforts to balance procurement with sales led to a decrease in wholesale, resulting in sales decrease of 73.7 billion yen YoY
- **Operating income:** operating income improved by 29.0 billion yen YoY mainly due to elimination of sales of procured power sources with negative spread by optimizing the balance between procurement and sales, etc.

vs Plans

- **Net sales:** Net sales exceeded plans due to the recording of transactions for supply/demand adjustments (not included in the plans) and an increase in low-voltage power sales volume, etc.
- **Operating income:** Operating income exceeded plans due to an increase in low-voltage power sales volume resulting from high temperatures and improved profitability in the fuel division

(billion yen)	FY March 2024 Full year (Results)	FY March 2025 Full Year (Results)	FY March 2025 Full Year (Plans)	YoY (Amount)	YoY (%)	vs Full Year Plans
Net Sales	244.9	171.2	155.4	▲73.7	▲30.1%	110.1%
EBITDA *1	▲15.5	10.7	9.3	26.2	-	115.4%
SG&A Expenses	10.2	10.8	10.7	0.6	6.7%	101.1%
Operating Income	▲21.9	7.1	5.3	29.0	-	132.7%
Income before Income Taxes	▲19.9	6.3	4.3	26.2	-	144.3%
Net Income *2	▲21.3	2.1	1.8	23.4	-	112.4%

*1 EBITDA: Income before income taxes + Interest expense + Depreciation and amortization, etc.

*2 Net income: Net income attributable to the owners of the parent company

FY March 2025 Full-Year Results (Sales and Operating Income by Division)



YoY

- **Net sales:** Net sales decreased due to a significant decrease in excess power supply due to a focus on procurement balanced with sales, despite an increase in retail sales
- **Operating income:** Operating income increased due to the elimination of sales of procured power sources with negative spread by optimizing the balance between procurement and sales

(billion yen)		FY March 2024 Full year (Results)	FY March 2025 Full Year (Results)	FY March 2025 Full Year (Plans)	Special Notes (vs Plans)
Net Sales		244.9	171.2	155.4	
	Retail & Trading	276.7	203.7	185.1	<ul style="list-style-type: none"> • [High-voltage] Increase in power sales volume with unique new rate plans • [Low-voltage] Increase in power sales volume due to an increase in new applications from corporate customers, etc.
	Power Generation & Fuel	55.6	50.7	49.9	
	Overseas	0.0	0.0	1.0	<ul style="list-style-type: none"> • Start of production at Tuyen Quang Pellet Factory in March 2025 • Start of commercial operations at Hau Giang Biomass Power Plant in April 2025
	Other Consolidation Adjustments	▲87.4	▲83.3	▲80.6	<ul style="list-style-type: none"> • Offset of intergroup transactions
	Operating Income	▲21.9	7.1	5.3	
	Retail & Trading	▲11.2	13.5	9.8	<ul style="list-style-type: none"> • Increase due to sales growth in retail business
	Power Generation & Fuel	▲5.0	▲1.3	▲2.1	<ul style="list-style-type: none"> • Increase due to improvement in procurement price of fuel • Increase due to contract fee for securing capacity at Itoigawa Power Plant
	Overseas	▲1.2	▲2.0	▲1.3	<ul style="list-style-type: none"> • Increase in expenditures due to the progress of the Cambodia Biomass Project, such as research expenses
	Other Consolidation Adjustments	▲2.2	▲1.9	▲1.7	
	IFRS Adjustments	▲2.0	▲1.1	0.6	

YoY

- **Net sales:** Retail sales increased, but wholesale decreased as there was a significant decrease in surplus power supply due to a focus on procurement balanced with sales, resulting in ▲16.0 billion yen YoY
- **Operating income:** Operating income was +6.8 billion yen YoY due to elimination of sales of procured power sources with negative spread by optimizing the balance between procurement and sales

(billion yen)	FY March 2024 4Q (Results)	FY March 2025 4Q (Results)	YoY (Amount)	YoY (%)
Net Sales	60.6	44.6	▲16.0	▲26.4%
EBITDA ^{*1}	▲5.6	▲0.8	4.8	-
SG&A Expenses	2.6	2.9	0.3	13.1%
Operating Income	▲7.7	▲0.8	6.8	-
Income before Income Taxes	▲6.7	▲1.9	4.7	-
Net Income ^{*2}	▲6.1	▲2.2	3.8	-

^{*1} EBITDA: Income before income taxes + Interest expense + Depreciation and amortization, etc.

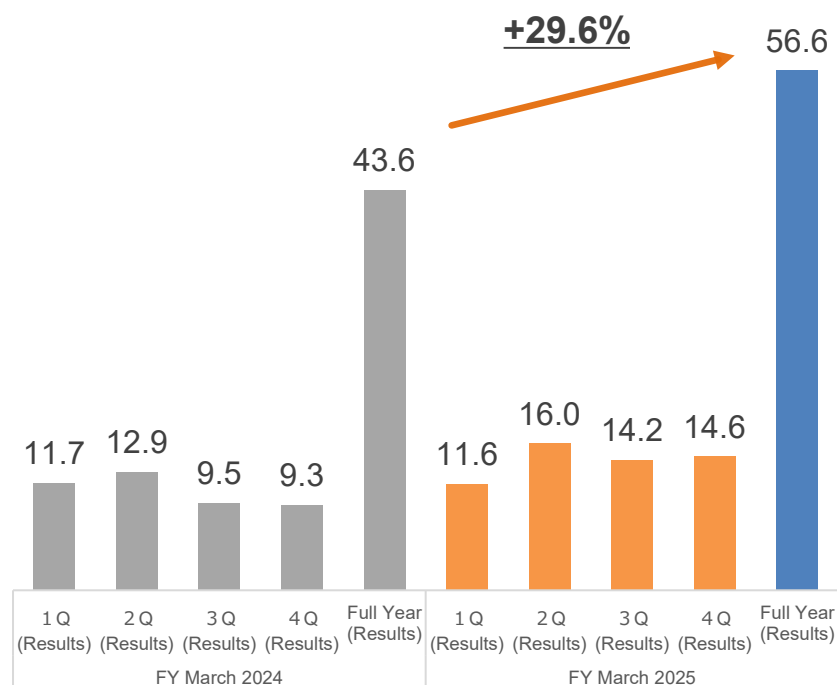
^{*2} Net income: Quarterly net income attributable to the owners of the parent company

- Power sales volume increased by 60.1% YoY to 2,438 GWh and net sales increased by 29.6% YoY due to expanded sales of erex Group's pioneering plans, such as fully-fixed plans and hybrid plans

Net Sales

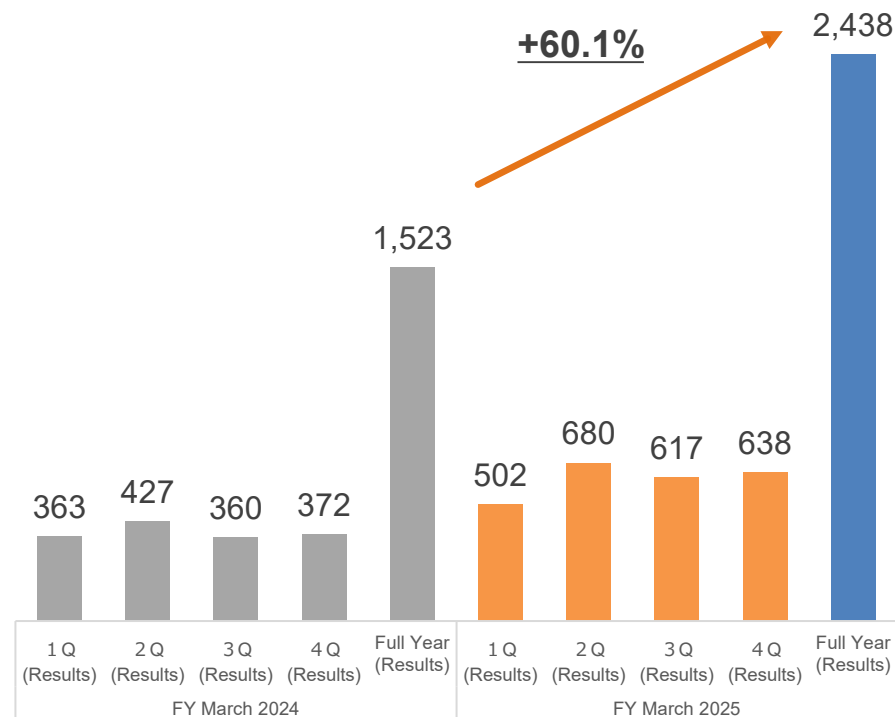
* Including subsidies to mitigate drastic changes

(billion yen)



Power Sales Volume

(GWh)

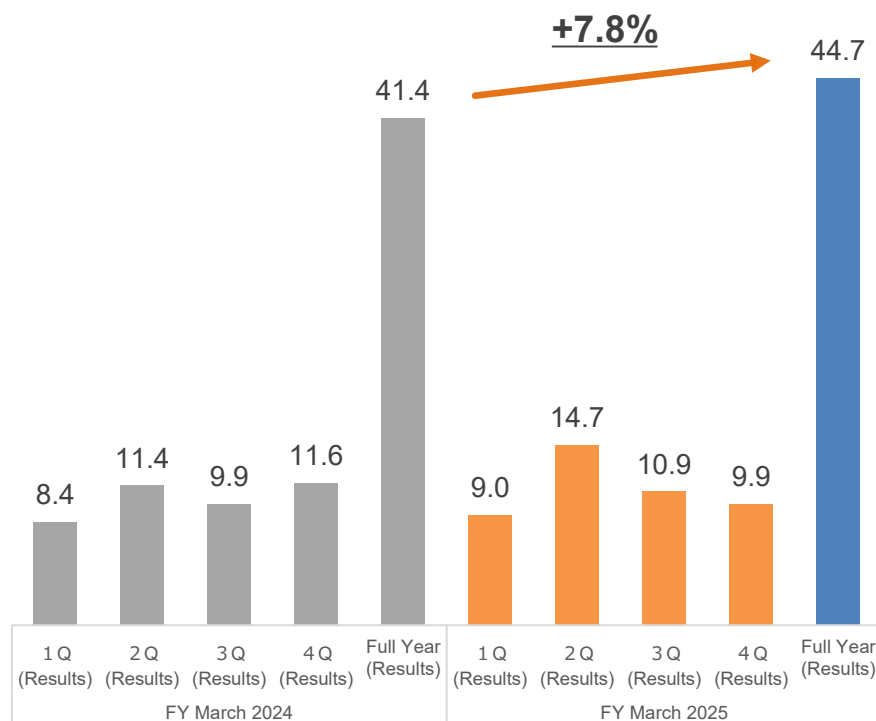


- The number of customers decreased by 21.8% YoY, due to the transfer of sales subsidiary, T'dash G.K., at the end of December 2024. On the other hand, power sales volume decreased by only 2.1% YoY to 1,352 GWh due to acquisition of high-usage-volume corporate customers and increased usage volume due to climate effects
- Net sales increased by 7.8% YoY due to higher unit sales prices resulting from increased usage volume per customer

Net Sales

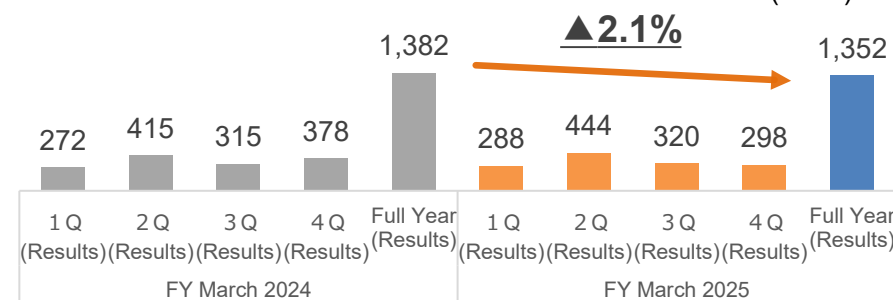
* Including subsidies to mitigate drastic changes

(billion yen)



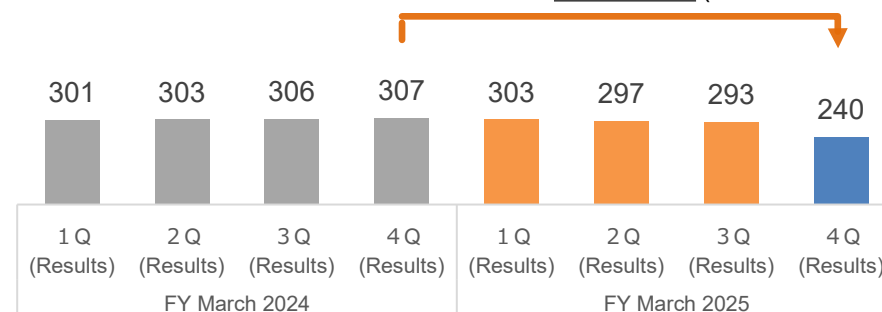
Power Sales Volume

(GWh)



Number of Customers

▲21.8% (1,000 customers)



FY March 2025: Summary of Consolidated Balance Sheet

(billion yen)	FY March 2024	FY March 2025		
		Results	Increase /Decrease	Main Reasons for Increase/Decrease
Current Assets	66.8	65.5	▲ 1.3	<ul style="list-style-type: none"> • Increase in cash and deposits • Decrease in short-term loans receivable from affiliates due to transfer to long-term • Decrease in trade and other receivables due to decrease in trading transactions
Non-Current Assets	81.7	87.8	6.0	<ul style="list-style-type: none"> • Decrease in goodwill due to the sale of T'dash • Increase in long-term loans receivable from affiliates due to transfer from short-term • Increase in construction in progress for Vietnam business
Total Assets	148.6	153.3	4.7	
Current Liabilities	46.4	37.5	▲ 8.8	<ul style="list-style-type: none"> • Decrease in trade payable due to decrease in PPA transactions • Decrease in short-term borrowings due to repayment of commitment line
Non-Current Liabilities	46.6	43.3	▲ 3.2	<ul style="list-style-type: none"> • Decrease in long-term borrowings due to transfer to current portion
Total Liabilities	93.0	80.9	▲ 12.1	
Interest of Owners of the Parent Company	48.1	64.1	16.0	<ul style="list-style-type: none"> • Increase in common stock and capital surplus due to third-party allotment of new shares • Increase in retained earnings due to increase in net income
Non-Controlling Interest	7.4	8.3	0.8	
Total Equity	55.6	72.4	16.8	
Cash and Deposits	19.6	33.6	13.9	<ul style="list-style-type: none"> • Increase due to third-party allotment of new shares
Interest-Bearing Debt	57.7	45.2	▲ 12.5	<ul style="list-style-type: none"> • Decrease in short-term borrowings due to repayment of commitment line, etc.
Equity (Attributable to the Owners of the Parent Company) Ratio	32.4%	41.8%	9.4%	<ul style="list-style-type: none"> • Third-party allotment of new shares, increase in net income

FY March 2025: Summary of Consolidated Statements of Cash Flows



- Net cash provided by operating activities due to decrease in working capital (+)
- Net cash used in investing activities due to acquisition of property, plant and equipment for the Vietnam business (▲)
- Net cash provided by financing activities due to third-party allotment of new shares, despite repayment of debt (+)

(billion yen)	FY March 2024	FY March 2025	
		Results	Factors affecting the changes from the balance at the beginning of the period
Cash and Cash Equivalents at the Beginning of the Period	33.4	19.6	
Cashflow from Operating Activities	▲22.7	19.4	
Income (loss) before Income Taxes	▲19.9	6.3	Increase in operating income
Depreciation and Amortization	4.0	3.6	
Impairment Loss	2.5	1.4	Impairment loss of the Itoigawa Power Plant
Increase/decrease in working capital *	▲2.6	0.0	Decrease in trade payables and inventories
Income Taxes Paid or Refunded	▲4.7	0.0	
Others	▲1.9	7.8	Decrease in consumption taxes receivable, increase in finance expenses
Cashflow from Investing Activities	▲6.5	▲5.5	Acquisition of property, plant and equipment
Cashflow from Financing Activities	15.1	0.0	Decrease in short-term and long-term borrowings, Issuance of new shares
Effect of Exchange Rate Changes on Cash and Cash Equivalents	0.2	▲0.0	
Cash and Cash Equivalents at the End of the Period	19.6	33.6	Increase in cashflow from operating activities
Free Cashflow	▲29.2	13.9	Increase in cashflow from operating activities
Net Interest-Bearing Debt	38.1	11.6	Decrease in short-term and long-term borrowings

* Trade receivables + Inventories + Other Receivables – Trade Payables – Other Payables

- Saiki, Buzen, and Nakagusuku Power Plants operated broadly in line with the plans
- Ofunato Power Plant saw a decrease in power generation volume due to facility inspections, including the effects of the Ofunato City forest fire
- The Itoigawa Power Plant continued to “operate and suspend” in consideration of electricity market prices based on the capacity market operation rules
The Itoigawa Power Plant is expected to suspend its operations for FY March 2026

Power Plant Name	Power Generation Volume (GWh)		
	Plans	Results	vs Plans
Saiki	314	333	106.3%
Buzen	497	501	100.8%
Ofunato	522	450	86.2%
Nakagusuku	323	323	100.0%
Itoigawa	417	187	45.0%
Tosa ^{*1}	0	0	-

*1 Tosa Power Plant suspended its operations from March 6, 2024 to August 31, 2024 for periodic repairs, and has been suspending its operations since September 1, 2024

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(billion yen)	FY March 2025 Full Year (Results)	FY March 2026 Full Year (Plans)	YoY (Amount)	YoY (%)
Net Sales	171.2	176.1	4.9	2.9%
EBITDA ^{*1}	10.7	12.5	1.7	16.5%
SG&A Expenses	10.8	12.1	1.2	11.2%
Operating Income	7.1	8.6	1.4	20.5%
Income before Income Taxes	6.3	7.5	1.1	18.6%
Net Income ^{*2}	2.1	3.4	1.3	61.3%

^{*1} EBITDA: Income before income taxes + Interest expense + Depreciation and amortization, etc.

^{*2} Net income: Net income attributable to the owners of the parent company

(billion yen)		FY March 2025 Full Year (Results)	FY March 2026 Full Year (Plans)	Special Notes
Net Sales		171.2	176.1	
	Retail & Trading	203.7	194.8	Transfer of T'dash, decrease in sales price due to lower market price
	Power Generation & Fuel	50.7	58.7	Although the Itoigawa Power Plant is expected to suspend its operations in FY March 2026, net sales are expected to increase due to an increase in fuel sales to third parties
	Overseas	0.0	3.8	Increase due to the operation of Hau Giang Biomass Power Plant and Tuyen Quang Pellet Factory
	Other Consolidation Adjustments	▲83.3	▲81.2	Offset of inter-group transactions
Operating Income		7.1	8.6	
	Retail & Trading	13.5	8.6	Increased competition due to lower volatility in the electricity market
	Power Generation & Fuel	▲1.3	▲0.6	Improvement in operating income due to improved fuel procurement prices and increased sales to third parties
	Overseas	▲2.0	▲1.2	Operation of Hau Giang Biomass Power Plant and Tuyen Quang Pellet Factory
	Other Consolidation Adjustments	▲1.9	▲1.6	
	IFRS Adjustments	▲1.1	3.6	

FY March 2026: Initiatives Policy

Overall Strategy

- Further reinforcement of aggressive sales expansion and flexible procurement to avoid opportunity loss due to excessive risk avoidance
- Flexible rate plan development based on changes in customer trends, etc. and deployment to sales channels

High Voltage

- Development of solutions with hedging effects and improvement of proposal capabilities across all sales channels in preparation for increased volatility in the wholesale electricity market
- Further increase in power sales volume by strengthening direct sales
- Proposal of risk-reducing products to existing clients of market-linked plans

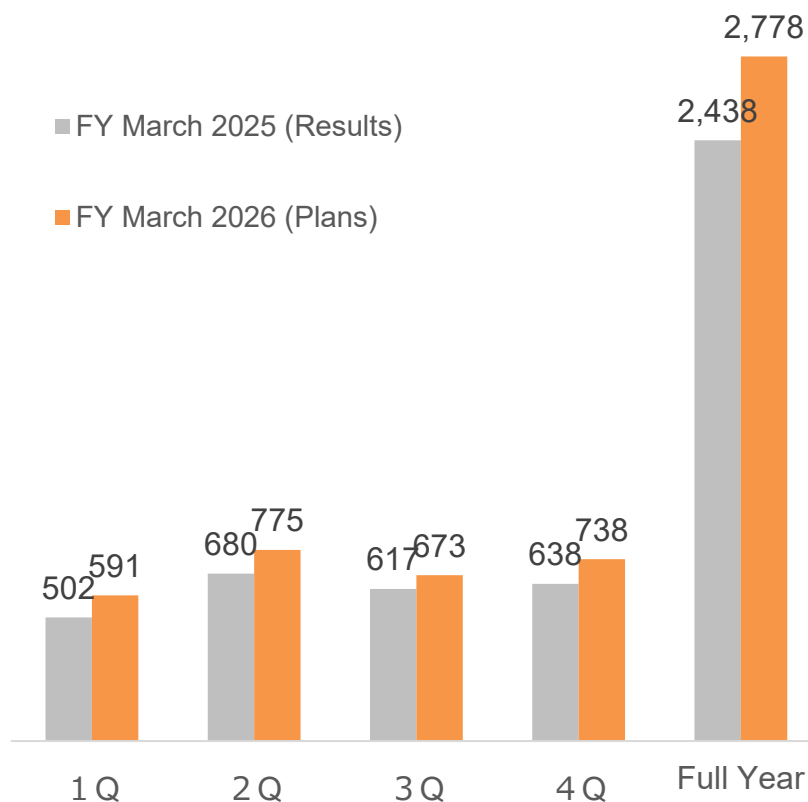
Low Voltage

- Development of new sales partners and reinforcement of ties with existing partners
- Promotion of retention measures for existing customers
- Initiatives to increase customer contact points and improve customer experience (app. development, ancillary services, etc.)

- Increase in power sales volume in the high-voltage sector by offering a variety of plans and strengthening direct sales
- Increase in the number of customers in the low-voltage sector by developing new sales partners and implementing retention measures for existing customers, in response to the impact of the T'dash transfer

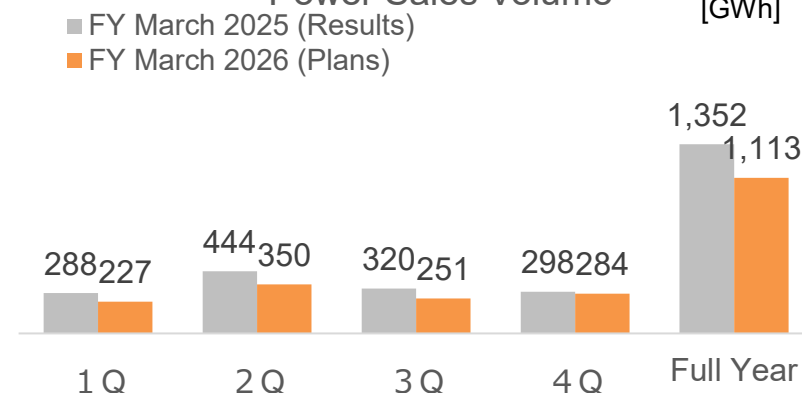
High Voltage

Power Sales Volume [GWh]

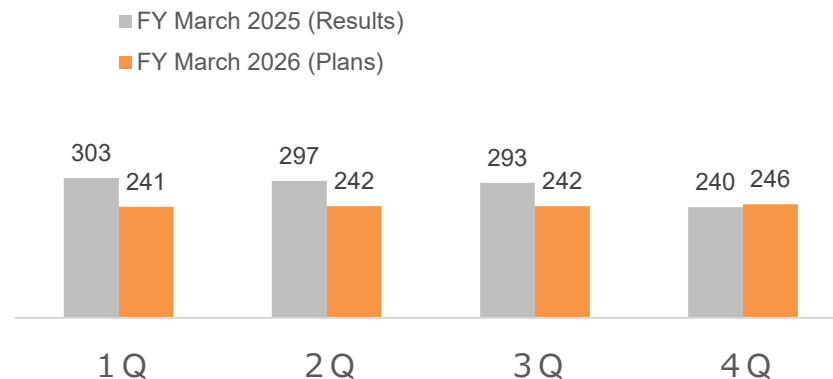


Low Voltage

Power Sales Volume [GWh]



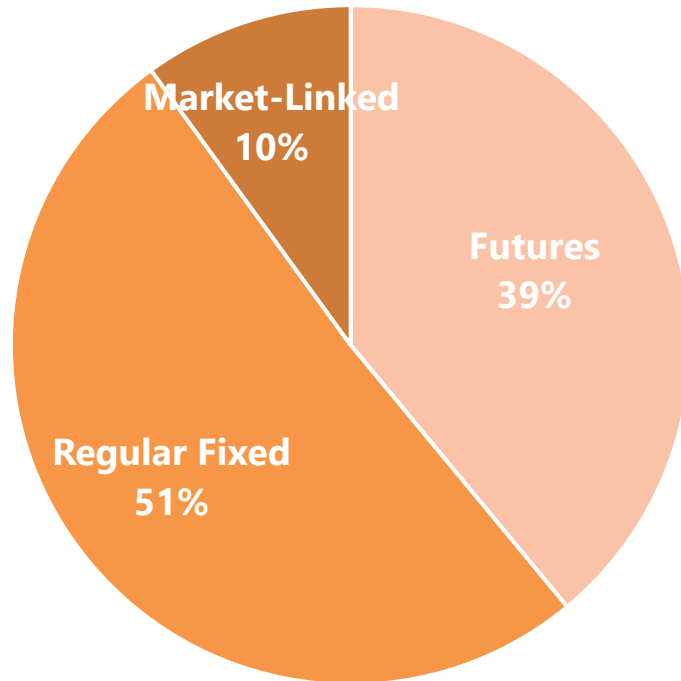
Number of Customers [1,000 customers]



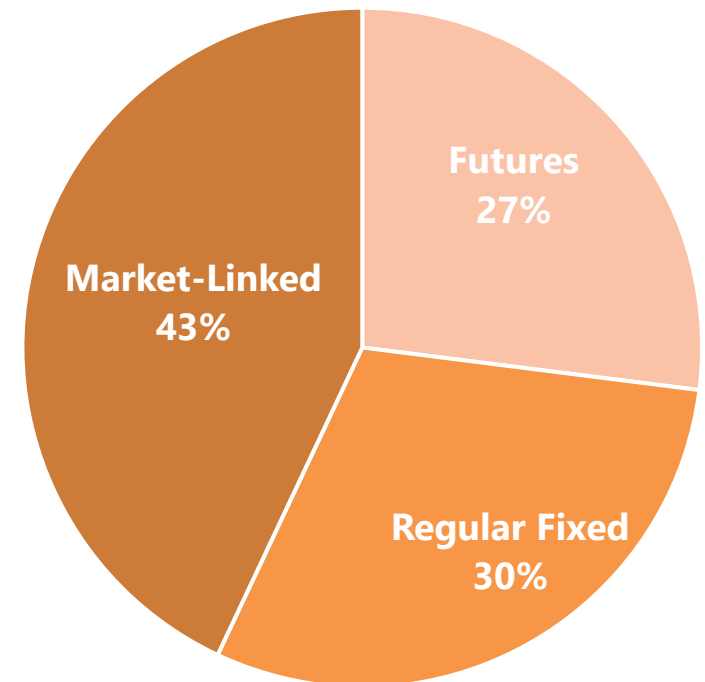
High Voltage Retail Business: Competitive Situation and Responding Plans

- Inquiries for fully-fixed and hybrid plans are declining as futures prices remain at high levels as compared to last year
- On the other hand, in response to the growing receptivity of customers to market-linked plans, erex Group is focusing on flexible proposals that meet customer needs
- In FY March 2026, erex Group plans to develop and deploy solutions for customers to prepare for the possibility of increased market volatility

FY March 2025 (Results)



FY March 2026 (Plans)



Progress of Overseas Business

01 **Hau Giang Biomass Power Plant**

- Vietnam's first commercial biomass power plant (20MW) and erex Group's first overseas power plant
- Commercial operations started in Hau Giang Province in April 2025, with the construction completion ceremony held in April 2025
- The project was selected for Financing Programme for Joint Crediting Mechanism (JCM) Model Projects *1 in FY2022 *2

Panoramic view of the Power Plant



Construction Completion Ceremony



Fuel Transportation



Investors	erex Co., Ltd. 51%
	Power Engineering Consulting Joint Stock Company 2 10%
Generation Output	Son My Renewable Energy Joint Stock Company 19%
	Ninh Thuan Agriculture & Renewable Energy Joint Stock Company 9%
Fuel	Other fuel suppliers 11%
	20MW
	Rice husks (130,000 t/year)

1. Ministry of the Environment, Japan has been implementing the “JCM Model Projects,” which provides financial supports covering up to half of the initial investment costs. The purpose of this model projects is to financially support the implementation of projects which reduce GHG emissions by utilizing leading decarbonizing technologies in developing countries, and in return, to acquire JCM credits for achievement of Japan’s GHG emission reduction and the partner countries’ emission reduction target. This project is being implemented with the cooperation of the Vietnamese and Japanese governments

2. The announcement was made on July 1, 2022

02

Tuyen Quang Pellet Factory

- Production of FSC-certified wood pellets in Tuyen Quang Province started in March 2025
- The factory will contribute to de-carbonization and job creation in Tuyen Quang Province
- Wood pellets produced will be exported to Japan and other countries



Investors	erex Co., Ltd. 97% SAKURA GREEN ENERGY JOINT STOCK COMPANY 3%
Production Capacity	150,000 t/year
Raw Materials	Wood, wood residues, etc.



03 Newly-Built Biomass Power Plants

- Construction of biomass power plants (50 MW each) is underway in Tuyen Quang and Yen Bai provinces
- Tuyen Quang Biomass Power Plant and Yen Bai Biomass Power Plant are scheduled to start operations at the end of 2027
- The project was selected for Financing Programme for Joint Crediting Mechanism (JCM) Model Projects *1 in FY2023 *2

Tuyen Quang Biomass Power Plant
Groundbreaking Ceremony



Yen Bai Biomass Power Plant
Groundbreaking Ceremony

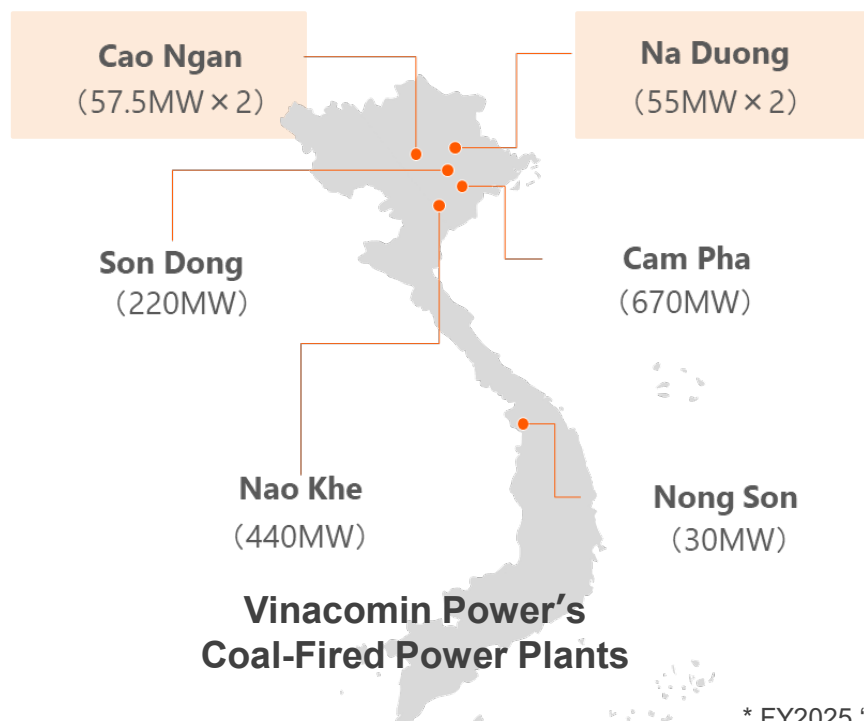


1. Ministry of the Environment, Japan has been implementing the "JCM Model Projects," which provides financial supports covering up to half of the initial investment costs. The purpose of this model projects is to financially support the implementation of projects which reduce GHG emissions by utilizing leading decarbonizing technologies in developing countries, and in return, to acquire JCM credits for achievement of Japan's GHG emission reduction and the partner countries' emission reduction target. This project is being implemented with the cooperation of the Vietnamese and Japanese governments
2. The announcement was made on March 22, 2024

04

Co-Firing with Coal-Fired Power (Fuel Conversion)

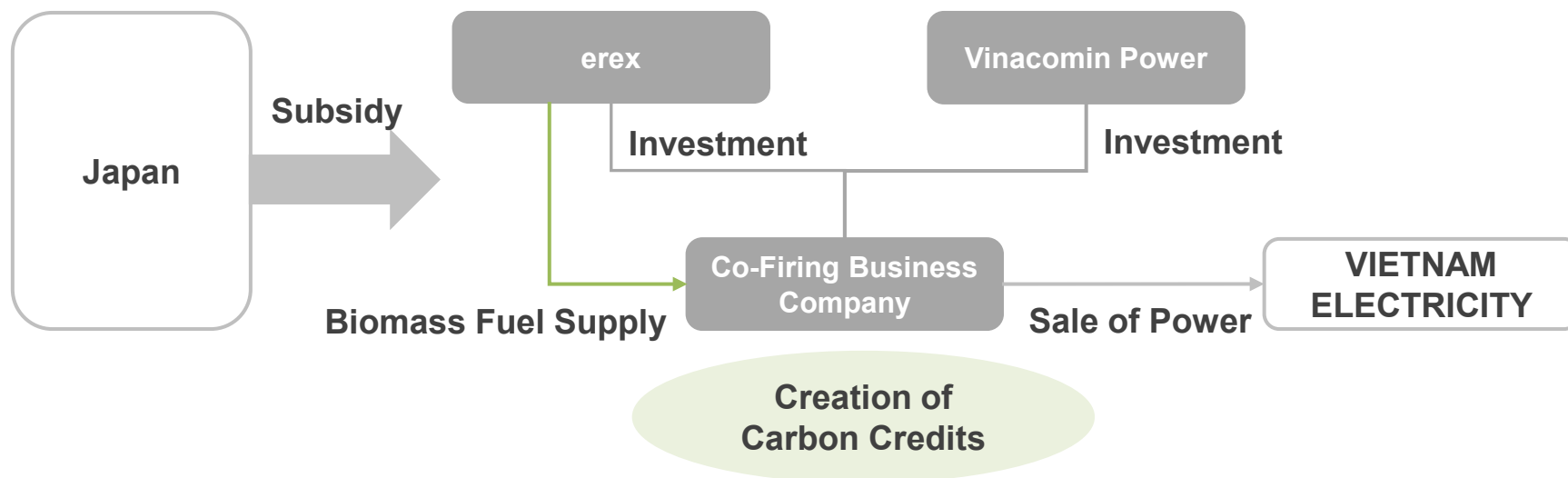
- Replacement of imported fuels with biomass, Vietnam's cheap domestic energy source
- The Vietnamese government plans to start co-firing biomass, etc. at coal-fired power plants that have been in operation for 20 years or more
- This project was selected for METI Grant*, used for biomass co-firing demonstration at coal-fired power plants
- Co-firing demonstration at Vinacomin Power's coal-fired power plants, Na Duong and Cao Ngan, is scheduled to start in the summer of 2025



* FY2025 "Subsidy for Projects That Support De-Carbonization and Energy Transition Technologies, etc. in Resource-Rich Countries"

Assumed business model for biomass co-firing with coal-fired power (fuel conversion)

- Start of 20-30% biomass co-firing at coal-fired power plants in Vietnam from FY March 2027
- Use of Japanese government subsidies under consideration for facility renovations
- Aiming to generate carbon credits and generate earnings through fuel sales



Scheduled Timeline

	Output	FY March 2026	FY March 2027	FY March 2028	FY March 2029	FY March 2030	FY March 2031
Na Duong Power Plant	55MW x 2	Co-firing test	Renovation	Power sales and credit generation			
Cao Ngan Power Plant	57.5MW x 2	Co-firing test	Renovation	Power sales and credit generation			
Cam Pha Power Plant	670MW			Co-firing test	Renovation	Power sales and credit generation	

05

Partnership

Business alliance agreement was signed with PECC2

- Through the project development and construction of the Hau Giang Biomass Power Plant, business alliance agreement was signed as of April 24, 2025 with Power Engineering Consulting Joint Stock Company 2 (subsidiary of VIETNAM ELECTRICITY, "PECC2"), the co-investor of this project
- Purpose of the business alliance agreement: To cooperate with each other to realize de-carbonization, improvement of energy self-sufficiency, stable power supply, employment growth, and income improvement in Vietnam

Details of Business Alliance Agreement

- (1) Joint study of new construction of biomass power plants in Vietnam
- (2) Promotion of fuel conversion at coal-fired power plants in Vietnam
- (3) Investigation and study of biomass fuels
- (4) Study and recommendations related to Vietnam's electricity system
- (5) Improvement of technical and operational capacity for biomass power generation
- (6) Study of joint investment in business companies, etc.



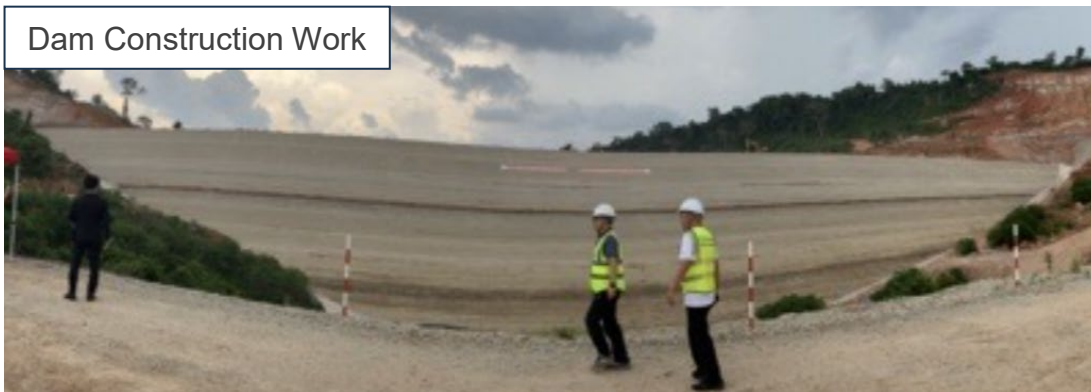
**Signing Ceremony of
Business Alliance Agreement**

01

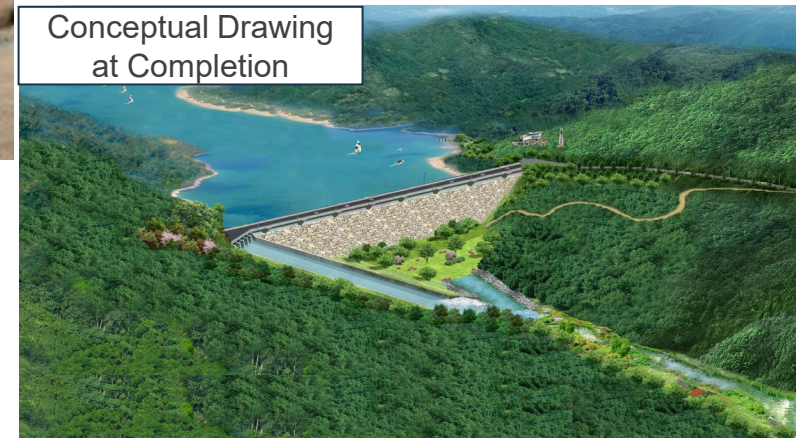
Hydroelectric Power Generation

- 80 MW hydroelectric power plant is under construction in the Pursat Province
- Under the BOT* scheme, a 35-year power purchase agreement (take or pay) has been concluded with Electricité du Cambodge
- Construction work: Excavation work is underway to fill the dam body and install turbine equipment
- Construction is to be completed in the 1H of FY March 2027, followed by trial operations for 6 months
- Discussions are also underway to develop the second hydroelectric power plant downstream

Dam Construction Work



Conceptual Drawing at Completion



* Abbreviation of “Build Operate and Transfer”. It is a scheme where a business company builds a facility, manages and operates it for a certain period of time to recover funds, and then transfers the facility to the public side

02

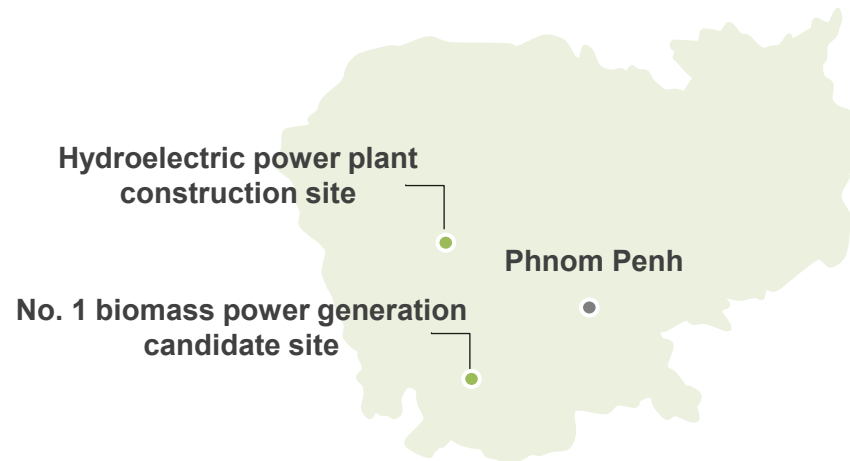
Biomass Power Generation

- Development of biomass power generation (50 MW) is under consideration in Kampong Speu Province
- This project was approved by the Cambodian Council of Ministers in September 2024 as one of 23 clean energy projects
- 25 years of power generation by providing biomass fuel through afforestation is planned
- After establishing a JV with a local partner to start construction as soon as possible, operations are scheduled to start in FY March 2028



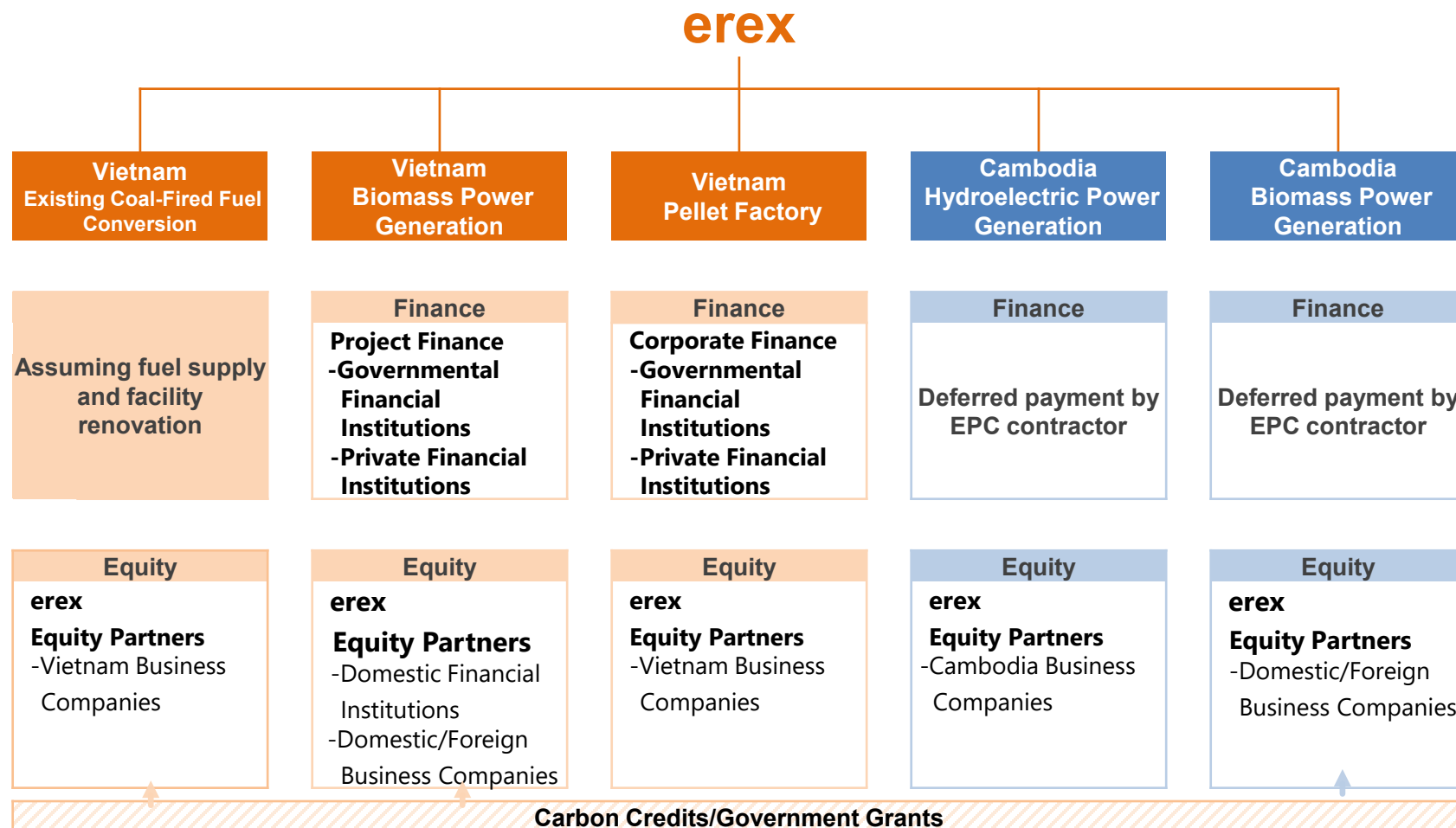
Signing and exchange ceremony for biomass business MOU with Mr. Ratanak, Minister of Mining and Energy, Kingdom of Cambodia (December 2023)

Cambodia: Power Generation Project MAP



appendix

- Financing for overseas power plants & pellet factories will be provided through project finance & corporate finance from public financial institutions such as Japan Bank for International Cooperation and private financial institutions such as Sumitomo Mitsui Banking Corporation, depending on the type of project
- The equity portion will be majority owned by erex Group. Many leading domestic and foreign business companies, domestic financial institutions, etc. wish to invest in the equity portion
- Profitability is to be maximized through government subsidies and carbon credits for projects



erex Group implemented each of the measures set forth for FY March 2025, achieving a return to profitability

FY March 2025: Plans

① Measures for Japan

- Development of new plans to meet customer needs, such as fully fixed plans and hybrid plans
- Procurement for new applications by leveraging trading expertise, including electricity futures
- Flexible operation of Itoigawa Power Plant in consideration of JEPX price

② Overseas Measures

- Start of commercial operations of 2 pellet factories in Vietnam (Yen Bai & Tuyen Quang) on the shortest schedule
- Start of procedures for early start of construction of biomass power plants in Vietnam (IRC approval)
- FS for construction of biomass power plants in Cambodia (by summer)

③ Measures for Consideration

- Continuation of business restructuring implementation
- Continuation of additional measure consideration in the retail and power generation areas, aiming for an upswing in earnings in the 2H

④ Avoidance of Wholesale with Negative Spread

- Optimization of the balance between procurement and sales, reinforcement of inter-divisional cooperation, and changing the strategy to “each time” procurement

FY March 2025: Results

① Measures for Japan

- Power sales volume increased, capitalizing on fully-fixed and hybrid plans
- In the 2H, the sales ratio of market-linked plans increased in response to changes in customer needs
- Itoigawa Power Plant was operated flexibly in consideration of JEPX price

② Overseas Measures

- Tuyen Quang Pellet Factory in Vietnam started production of certified materials in March 2025
- Groundbreaking ceremony for construction of biomass power plants was held in Yen Bai and Tuyen Quang Provinces, Vietnam (October 2024)
- Government approved biomass power plants in Cambodia (September 2024)

③ Measures for Consideration

- Business restructuring was implemented (impairment loss on Itoigawa Power Plant, etc., and reorganization/restructuring of overseas subsidiaries)
- New retail plan started. Profitability of fuel sector improved through flexible procurement

④ Avoidance of Wholesale with Negative Spread

- By implementing the measures described on the left, sales with negative spread were avoided, resulting in a significant improvement in earnings

	FY March 2025: Initiative Policies	Results
Overall Strategy	<ul style="list-style-type: none"> ■ Thorough risk management of supply-demand balance and expansion of unique rate plans to meet customer needs ■ Establishment of mid/long-term growth structure by re-investing in retail business while achieving the one-year plan is a must ■ Reinforcement of aggregator functions to establish a position as a renewable energy company ■ Access to customers with less de-carbonization-awareness, especially high voltage (Low voltage is all CO2 free) 	<ul style="list-style-type: none"> ■ Thorough risk management based on supply/demand integration was conducted, minimizing profit/loss risks caused by fluctuations in the supply/demand balance ■ Dedicated team for aggregation business was launched and promoted development of corporate PPA and storage battery-related projects (establishment of mid/long term growth structure) ■ Collaboration items with major companies, including capital business partners, were considered and promoted
High Voltage	<ul style="list-style-type: none"> ■ Development of new rate plans to prepare for rising futures prices and to maintain the competitiveness of futures reference plans ■ Expansion of the range of options for customers who want to minimize the risk of price increases while emphasizing the benefits of reductions by increasing the number of plans ■ Reinforcement of direct sales functions to acquire large new customers ■ Thoroughly cost reduction & risk management by integrating supply/demand in anticipation of intensified price competition due to future reductions in capacity contributions 	<ul style="list-style-type: none"> ■ Power sales volume increased as a result of focusing on flexible menu proposals that meet customer needs in response to increased customer acceptance of market-linked plans ■ Contracted power via direct sales increased by 30% due to enhanced direct sales functions ■ Procurement volume was optimized as needed according to the rate plans sold, thereby limiting the risk of fluctuations in profit/loss
Low Voltage	<ul style="list-style-type: none"> ■ “Returns” to be provided at the optimum timing through sales promotion campaigns, etc., aiming to increase new customer acquisitions and achieve a net increase in the # of customers ■ Development of plans that are designed to be easy for sales agents to handle, such as “fixed rate”, “no base charge campaign”, “CO2 free,” etc. and that can be expected to generate continued customer acquisition through sales agents ■ Enhancement of sales channels such as moving, web, etc., where the number of customer acquisition is relatively controllable 	<ul style="list-style-type: none"> ■ By analyzing sales channels and customer segments, promotional expenses were allocated in a focused manner, and effectiveness was maximized ■ A new menu, “Lifestyle Plan,” which offers fixed monthly electricity rates up to a certain usage volume, was launched ■ New development of and reinforcement of ties with sales partners with strengths in moving and the web was conducted

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