



Consolidated Financial Results for the Six Months Ended September 30, 2024 (1H of FY March 2025, IFRS)

* Please note this document is a translation of the original Japanese document “Consolidated Financial Results for the Six Months Ended September 30, 2024 (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 8, 2024

Company Name	erex Co., Ltd.	Listing Market: Tokyo Stock Exchange
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	Nov 12, 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 million Japanese Yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 – September 30, 2024)

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

	Net Sales		Operating Income		Income before Income Taxes		Quarterly Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Six Months Ended								
September 30, 2024	83,214	△31.2	5,144	-	4,351	-	2,943	-
September 30, 2023	120,894	-	△9,726	-	△8,684	-	△10,580	-

	Quarterly Net Income Attributable to the Owners of the Parent Company		Quarterly Comprehensive Income		Quarterly Net Income per Share (EPS, Basic)	Quarterly Net Income per Share (EPS, Diluted)
	JPY million	%	JPY million	%	JPY	JPY
Six Months Ended						
September 30, 2024	1,687	-	2,192	-	23.51	-
September 30, 2023	△10,636	-	△3,246	-	△179.43	-

(Note) Diluted EPS for the 1H (1Q-2Q cumulative) of FY March 2025 is not stated, as there are no dilutive shares having dilutive effects. Diluted EPS for the 1H (1Q-2Q cumulative) of FY March 2024 is not stated, as dilutive shares exist, but they are anti-dilutive.

(2) Consolidated Financial Position

	Total Assets	Total Equity	Equity Attributable to Owners of the Parent Company	Ratio of Equity Attributable to Owners of the Parent Company to Total Assets
	JPY million	JPY million	JPY million	%
September 30, 2024	151,282	68,310	59,685	39.5
March 31, 2024	148,611	55,601	48,104	32.4

2. Dividend

	Annual Dividend				
	1Q	2Q	3Q	4Q	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal Year Ended March 31, 2024	-	0.00	-	0.00	0.00
Fiscal Year Ending March 31, 2025	-	0.00			
Fiscal Year Ending March 31, 2025 (Forecasts)			-	Not Decided	Not Decided

(*Note) Changes from the most recently announced dividend forecasts: No

3. Financial Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(% shows year-over-year changes)

	Net Sales		Operating Income		Income before Income Taxes		Net Income Attributable to the Owners of the Parent Company		Net Income per Share (EPS, Basic)
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
Full Year	155,456	-	5,378	-	4,388	-	1,885	-	31.75

(*Note 1) Changes from the most recently announced financial forecasts: No

(*Notes)

(1) Important changes in the scope of consolidation during the six months ended September 30, 2024: No

(2) Changes in accounting policies and changes in accounting estimates

- ① Changes in accounting policies as required by IFRS: No
- ② Changes in accounting policies other than ① above: No
- ③ Changes in accounting estimates: No

(3) 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, 2024	74,420,258 shares	As of March 31, 2024	59,517,808 shares
② Number of Treasury Stocks at the End of the Period	As of September 30, 2024	144,714 shares	As of March 31, 2024	142,014 shares
③ Average Number of Shares during the Period	6 Months ended September 30, 2024	71,771,135 shares	6 Months ended September 30, 2023	59,279,044 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 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.

(Application of International Financial Reporting Standards (IFRS))

erex Group voluntarily started to adopt International Financial Reporting Standards (IFRS) from the 1Q of FY March 2025, and financial figures for the 1H of the previous fiscal year and the full year of the previous fiscal year are also presented in accordance with IFRS.

(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. Summary of Operating Results, etc.

Effective from the current consolidated fiscal year, erex Group adopts International Financial Reporting Standards ("IFRS"). Financial numbers for the previous consolidated fiscal year have also been reclassified to IFRS for comparative analysis.

For the differences between IFRS and Japanese GAAP in financial numbers, please refer to "2. Condensed Quarterly Financial Statements and Important Notes (5) Notes to Condensed Quarterly Consolidated Financial Statements (Initial Adoption)" on page 13 of the appendix.

(1) Summary of Operating Results for the Current Quarter

During the six months ended September 30, 2024 (1H of the current consolidated fiscal year), the Japanese economy was in a state of high geopolitical risks, such as Russia's invasion of Ukraine and the situation in the Middle East, etc., with exchange rates fluctuating widely and inflation rates high. The domestic electric power prices remained low, although slightly higher than last year due to the prolonged heatwave.

Under these circumstances, sales for the 1H of the current consolidated fiscal year were 83,214 million yen (down 31.2% YoY), cost of sales was 73,225 million yen (down 41.9% YoY), gross profit was 9,989 million yen (compared with a gross loss of 5,120 million yen in the same period of the previous fiscal year), selling, general and administrative expenses were 4,803 million yen (down 7.1% YoY), operating income was 5,144 million yen (compared with operating loss of 9,726 million yen in the same period of the previous fiscal year), income before income taxes was 4,351 million yen (compared with loss before income taxes of 8,684 million yen in the same period of the previous fiscal year), and net income attributable to the owners of the parent company was 1,687 million yen (compared with net loss attributable to the owners of the parent company of 10,636 million yen in the same period of the previous fiscal year).

In light of the substantial loss in the previous fiscal year, erex Group implemented structural reforms, changed its electric power procurement policy, and strengthened inter-divisional cooperation to optimize the balance between procurement and retail, eliminating sales with negative spread in the previous fiscal year. In addition, in the retail division, initiatives and new measures that leveraged erex Group's unique characteristics were successful, and operating income progressed steadily. On the other hand, erex Group has signed business alliance agreements with JFE Engineering Corporation and TODA CORPORATION, the allottees of the third-party allotment of new shares paid for on May 30, and is in concrete discussions with KYUDENKO CORPORATION and Sumitomo Mitsui Finance and Leasing Company Limited to develop businesses both domestically and overseas. Furthermore, the overseas businesses are making steady progress toward profitability. In Vietnam, erex Group plans to start operations of the Hau Giang Biomass Power Plant* in December 2024, and, in addition, started construction of two biomass power plants (Yen Bai and Tuyen Quang)* in October. erex Group have also received government approval for the construction of a biomass power plant in Cambodia.

The following is an explanation of the situation by business.

In the electric power retail business, erex Group's sales subsidiaries, Evergreen Marketing Co., Ltd. and Evergreen Retailing Co., Ltd. play a central role, while Okinawa Gas New Power Co., Ltd., T'dash G.K. and e-sell Co., Ltd. are also engaged in sales activities. In the high-voltage sector, net sales of erex Group's proprietary plans, such as fully-fixed plans and hybrid plans, increased, resulting in power sales volume of 1,182 million kWh, up 49.6% YoY. Net sales increased by 12.1% YoY, due mainly to decline in unit sales price caused by a drop in fuel adjustment costs. In the low-voltage sector, power sales volume increased by 6.7% to 734 million kWh due to increase in new applications from corporate customers with high usage and high gross profits, and the number of customers was 297,000, down 2.0% YoY, resulting in 19.6% increase in net sales.

In the trading business, the risk of having excess supply capacity decreased as a result of the strategy to procure power on a case-by-case basis at an appropriate volume and price for fixed sales volume. With no surplus for external sales such as wholesale, both power sales volume and net sales in particular for wholesale decreased significantly YoY, but the profit stabilized, resulting in being generally in line with the business plan. On the other hand, by utilizing trading know-how, such as transactions on the wholesale electricity trading market (JEPX), PPA with other companies, and electric power derivative transactions for the retail business, erex Group worked on planning and structuring proprietary retail sales menus and schemes, which contributed to retail sales.

In the power generation business, the Saiki, Buzen, and Nakagusuku biomass power plants operated generally as planned, but the power generation volume of the Ofunato Power Plant decreased due to equipment inspections. In addition, the Itoigawa Power Plant continued to operate by taking into consideration the price of coal and the electric power market, and the power generation volume during this period remained low. The Tosa Power Plant has been suspended due to its low efficiency and aging facilities.

In the fuel business, the majority of biomass fuel is procured under long-term contracts, but by taking advantage of the decline in the market price of PKS and wood pellets due to troubles and delays in the start of operations at other domestic biomass power plants, the purchase price was lower than planned. erex Group also continues to utilize unused biomass fuels such as wood residues and develop new biomass fuels, mainly in Vietnam.

(*) These power plants have been selected as the Ministry of the Environment's "Financing Programme for Joint Crediting Mechanism (JCM) Model Projects" (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). For the Hau Giang Biomass Power Plant, the announcement was made on July 1, 2022. For the two power plants in Yen Bai and Tuyen Quang, the announcement was made on March 22, 2024.

(2) Summary of Financial Position for the Current Quarter

(Assets)

Current assets at the end of the 1H of the current consolidated fiscal year were 67,292 million yen, an increase of 444 million yen as compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in cash and cash equivalents and trade and other receivables, despite a decrease in other current assets, other financial assets (current) and income taxes receivable. Noncurrent assets were 83,990 million yen, an increase of 2,227 million yen as compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in property, plant and equipment and other financial assets (noncurrent).

As a result, total assets were 151,282 million yen, an increase of 2,671 million yen as compared to the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the 1H of the current consolidated fiscal year were 41,145 million yen, a decrease of 5,257 million yen as compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease in borrowings (current) despite an increase in other current liabilities. Noncurrent liabilities were 41,827 million yen, a decrease of 4,779 million yen as compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease in bonds and borrowings (noncurrent).

As a result, total liabilities were 82,972 million yen, a decrease of 10,036 million yen as compared to the end of the previous consolidated fiscal year.

(Equity)

Total equity at the end of the 1H of the current consolidated fiscal year was 68,310 million yen, an increase of 12,708 million yen as compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in common stock and capital surplus through third-party allotment of new shares, and an increase due to the recognition of quarterly net income attributable to the owners of the parent company, despite a decrease in other components of equity.

As a result, the ratio of equity attributable to the owners of the parent company was 39.5%.

(3) Forward-Looking Statements Including Consolidated Financial Forecasts

There is no change to the financial forecasts that were announced in "Financial Results for FY March 2024 (Kessan Tanshin)" dated May 10, 2024. The financial forecasts that were announced on May 10, 2024 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. Condensed Quarterly Consolidated Financial Statements and Important Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	Transition Date (Apr 1, 2023)	Previous Consolidated Fiscal Year (Mar 31, 2024)	1H of Current Consolidated Fiscal Year (Sep 30, 2024)
	JPY million	JPY million	JPY million
Assets			
Current Assets			
Cash and Cash Equivalents	33,488	19,670	27,820
Trade and Other Receivables	29,719	27,312	33,106
Inventory	2,311	2,388	1,612
Other Financial Assets	11,288	8,108	3,318
Income Taxes Receivable	402	2,360	73
Other Current Assets	2,109	7,008	1,361
Total Current Assets	79,320	66,848	67,292
Noncurrent Assets			
Property, Plant and Equipment	57,373	34,618	35,517
Right-of-Use Assets	4,096	1,676	1,497
Goodwill	3,943	3,078	3,078
Intangible Assets	1,707	1,629	1,562
Investments Accounted for Using the Equity Method	3,258	9,644	9,412
Other Financial Assets	25,042	29,860	31,559
Deferred Tax Assets	885	590	548
Other Noncurrent Assets	729	663	813
Total Noncurrent Assets	97,036	81,763	83,990
Total Assets	176,356	148,611	151,282

	Transition Date (Apr 1, 2023)	Previous Consolidated Fiscal Year (Mar 31, 2024)	1H of Current Consolidated Fiscal Year (Sep 30, 2024)
	JPY million	JPY million	JPY million
Liabilities and Equity			
Liabilities			
Current Liabilities			
Trade and Other Payables	21,968	17,644	17,569
Borrowings	14,761	22,386	16,113
Lease Liabilities	531	383	268
Other Financial Liabilities	4,529	320	524
Income Taxes Payable	4,611	1,727	1,591
Other Current Liabilities	3,020	3,941	5,078
Total Current Liabilities	49,424	46,403	41,145
Noncurrent Liabilities			
Bonds and Borrowings	40,265	33,516	29,547
Lease Liabilities	3,495	1,495	1,420
Other Financial Liabilities	409	421	370
Retirement Benefit Liabilities	1,011	886	860
Allowances	6,840	5,424	5,460
Deferred Tax Liabilities	2,677	4,682	4,167
Total Noncurrent Liabilities	54,700	46,606	41,827
Total Liabilities	104,124	93,009	82,972
Equity			
Common Stock	11,313	11,362	17,307
Capital Surplus	10,225	11,013	16,921
Retained Earnings	35,797	13,283	14,961
Treasury Stock	△124	△124	△124
Other Components of Equity	3,407	12,568	10,618
Equity Attributable to the Owners of the Parent Company	60,620	48,104	59,685
Non-Controlling Interests	11,612	7,497	8,624
Total Equity	72,232	55,601	68,310
Total Liabilities and Equity	176,356	148,611	151,282

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

(Condensed Quarterly Consolidated Statement of Income)

	1H of Previous Consolidated Fiscal Year (Apr 1, 2023 – Sep 30, 2023)	1H of Current Consolidated Fiscal Year (Apr 1, 2024 – Sep 30, 2024)
	JPY million	JPY million
Net Sales	120,894	83,214
Cost of Sales	126,014	73,225
Gross Profit/Loss(Δ)	△5,120	9,989
Selling, General, and Administrative Expenses	5,172	4,803
Other Revenues	593	89
Other Expenses	26	129
Operating Income/Loss(Δ)	△9,726	5,144
Financial Income	1,371	259
Financial Expenses	202	869
Share of Profit/Loss(Δ) of Investments Accounted for Using the Equity Method	△126	△182
Income/Loss(Δ) before Income Taxes	△8,684	4,351
Income Taxes	1,896	1,408
Quarterly Net Income/Loss(Δ)	△10,580	2,943
Quarterly Net Income/Loss(Δ) Attributable to		
Owners of the Parent Company	△10,636	1,687
Non-Controlling Interests	55	1,255
Quarterly Net Income/Loss(Δ)	△10,580	2,943
Quarterly Net Income/Loss(Δ) Per Share (yen)		
Basic Quarterly Net Income/Loss(Δ) Per Share (yen)	△179.43	23.51

(Note) Diluted EPS for the 1H of FY March 2024 is not stated as dilutive shares exist, but they are anti-dilutive. Diluted EPS for the 1H of FY March 2025 is not stated as there are no dilutive shares having dilutive effects.

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

	1H of Previous Consolidated Fiscal Year (Apr 1, 2023 – Sep 30, 2023)	1H of Current Consolidated Fiscal Year (Apr 1, 2024 – Sep 30, 2024)
	JPY million	JPY million
Quarterly Net Income/Loss(Δ)	Δ10,580	2,943
Other Comprehensive Income		
Items that will not be Reclassified to Profit or Loss		
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,284	96
Total of Items that will not be Reclassified to Profit or Loss	1,284	96
Items that may be Reclassified Subsequently to Profit or Loss		
Cash Flow Hedges	5,736	Δ565
Exchange Differences on Translating Foreign Operations	251	Δ221
Share of Other Comprehensive Income of Investments Accounted for Using the Equity Method	62	Δ60
Total of Items that may be Reclassified Subsequently to Profit or Loss	6,050	Δ847
Total Other Comprehensive Income, Net of Tax	7,334	Δ751
Quarterly Comprehensive Income	Δ3,246	2,192
Quarterly Comprehensive Income/Loss(Δ) Attributable to		
Owners of the Parent Company	Δ3,371	986
Non-Controlling Interests	125	1,206
Quarterly Comprehensive Income/Loss(Δ)	Δ3,246	2,192

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
1H of the Previous Consolidated Fiscal Year (from April 1, 2023 to September 30, 2023)

	Equity Attributable to the Owners of the Parent Company					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Other Components of Equity	
					Exchange Differences on Translating Foreign Operations	Cash Flow Hedges
	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)
Balance as of Apr 1, 2023	11,313	10,225	35,797	△124	-	4,101
Net Income/Loss (△)	-	-	△10,636	-	-	-
Other Comprehensive Income	-	-	-	-	201	5,778
Comprehensive Income	-	-	△10,636	-	201	5,778
Dividend	-	-	△1,306	-	-	-
Share-Based Compensation Transaction	45	△14	-	-	-	-
Changes in the Scope of Consolidation	-	-	-	-	-	-
Transfer to Non-Financial Assets, etc.	-	-	-	-	-	△630
Changes in Equity Interest in Subsidiaries that Continue to be Controlled	-	-	-	-	-	-
Total Amount of Transactions with Owners	45	△14	△1,306	-	-	△630
Balance as of Sep 30, 2023	11,359	10,211	23,854	△124	201	9,249

	Equity Attributable to the Owners of the Parent Company				
	Other Components of Equity		Total	Non-Controlling Interests	Total Equity
	Financial Assets Measured at Fair Value through Other Comprehensive Income	Total			
	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)
Balance as of Apr 1, 2023	△694	3,407	60,620	11,612	72,232
Net Income/Loss (△)	-	-	△10,636	55	△10,580
Other Comprehensive Income	1,284	7,264	7,264	69	7,334
Comprehensive Income	1,284	7,264	△3,371	125	△3,246
Dividend	-	-	△1,306	-	△1,306
Share-Based Compensation Transaction	-	-	31	-	31
Changes in the Scope of Consolidation	-	-	-	△3,365	△3,365
Transfer to Non-Financial Assets, etc.	-	△630	△630	-	△630
Changes in Equity Interest in Subsidiaries that Continue to be Controlled	-	-	-	9	9
Total Amount of Transactions with Owners	-	△630	△1,905	△3,356	△5,261
Balance as of Sep 30, 2023	589	10,041	55,343	8,381	63,724

1H of the Current Consolidated Fiscal Year (from April 1, 2024 to September 30, 2024)

	Equity Attributable to the Owners of the Parent Company					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Other Components of Equity	
					Exchange Differences on Translating Foreign Operations	Cash Flow Hedges
	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)
Balance as of Apr 1, 2024	11,362	11,013	13,283	△124	167	10,970
Net Income/Loss (△)	-	-	1,687	-	-	-
Other Comprehensive Income	-	-	-	-	△252	△545
Comprehensive Income	-	-	1,687	-	△252	△545
Issuance of New Shares	5,928	5,898	-	-	-	-
Dividend	-	-	-	-	-	-
Share-Based Compensation Transaction	16	9	-	-	-	-
Transfer to Non-Financial Assets, etc.	-	-	-	-	-	△1,257
Changes in Equity Interest in Subsidiaries that Continue to be Controlled	-	-	-	-	-	-
Transfer from Other Components of Equity to Retained Earnings	-	-	△9	-	-	-
Total Amount of Transactions with Owners	5,944	5,908	△9	-	-	△1,257
Balance as of Sep 30, 2024	17,307	16,921	14,961	△124	△85	9,167

	Equity Attributable to the Owners of the Parent Company				
	Other Components of Equity		Total	Non-Controlling Interests	Total Equity
	Financial Assets Measured at Fair Value through Other Comprehensive Income	Total			
	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)
Balance as of Apr 1, 2024	1,431	12,568	48,104	7,497	55,601
Net Income/Loss (△)	-	-	1,687	1,255	2,943
Other Comprehensive Income	96	△701	△701	△49	△751
Comprehensive Income	96	△701	986	1,206	2,192
Issuance of New Shares	-	-	11,826	-	11,826
Dividend	-	-	-	△170	△170
Share-Based Compensation Transaction	-	-	25	-	25
Transfer to Non-Financial Assets, etc.	-	△1,257	△1,257	-	△1,257
Changes in Equity Interest in Subsidiaries that Continue to be Controlled	-	-	-	91	91
Transfer from Other Components of Equity to Retained Earnings	9	9	-	-	-
Total Amount of Transactions with Owners	9	△1,248	10,594	△78	10,516
Balance as of Sep 30, 2024	1,536	10,618	59,685	8,624	68,310

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	1H of the Previous Consolidated Fiscal Year (from April 1, 2023 to September 30, 2023)	1H of the Current Consolidated Fiscal Year (from April 1, 2024 to September 30, 2024)
	(million yen)	(million yen)
Cashflow from Operating Activities		
Income (△Loss) before Income Taxes	△8,684	4,351
Depreciation and Amortization	1,997	1,815
Financial Income	△1,085	△259
Financial Expenses	202	921
Share of Loss (△Profit) of Investments Accounted for Using the Equity Method	126	182
Decrease (△Increase) in Trade and Other Receivables	831	△5,795
Decrease (△Increase) in Inventory	△935	791
Increase (△Decrease) in Trade and Other Payables	△2,843	△58
Decrease (△Increase) in Consumption Tax Receivable	△1,002	4,311
Others	283	3,006
Sub-Total	△11,109	9,267
Interests Received	199	306
Dividends Received	32	37
Interests Paid	△148	△411
Income Taxes Refunded	-	574
Income Taxes Paid	△3,811	-
Cashflow from Operating Activities	△14,838	9,774
Cashflow from Investing Activities		
Proceeds from Withdrawal of Time Deposits	-	2,087
Payments into Time Deposits	-	△1,343
Purchase of Property, Plant and Equipment	△1,118	△3,393
Purchase of Intangible Assets	△268	△65
Purchase of Investments	-	△386
Decrease in Subsidiaries Not Accompanied by Sale of Equity	△6,444	-
Proceeds from Collection of Lease and Guarantee Deposits	558	-
Payments for Lease and Guarantee Deposits	△76	△74
Others	8	387
Cashflow from Investing Activities	△7,340	△2,787
Cashflow from Financing Activities		
Net Increase/Decrease in Short Term Borrowings (3 Months or Less)	3,190	△7,527
Increase in Short Term Borrowings (Over 3 Months)	1,000	312
Decrease in Short Term Borrowings (Over 3 Months)	-	△1,000
Proceeds from Long Term Borrowings	3,635	-
Repayments of Long Term Borrowings	△1,734	△1,663
Proceeds from Issuance of Bonds	5,970	-
Repayments of Lease Obligations	△250	△208
Proceeds from Issuance of New Shares	-	11,814
Dividends Paid	△1,306	-
Dividends Paid to Non-Controlling Interests	-	△170
Proceeds from Equity Issuance to Non-Controlling Interests	-	91
Payments for Acquisition of Subsidiary Equities from Non- Controlling Interests	△72	-
Others	△36	△9
Cashflow from Financing Activities	10,396	1,639
Effect of Exchange Rate Changes on Cash and Cash Equivalents	384	△476
Increase (△Decrease) in Cash and Cash Equivalents	△11,398	8,149
Cash and Cash Equivalents at the Beginning of the Period	33,488	19,670
Cash and Cash Equivalents at the End of the Period	22,090	27,820

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Significant Changes in the Scope of Consolidation)

erex Group owns a majority of the equity interests of Buzen New Energy G.K. on its own account. However, due to the conclusion of a memorandum of understanding on changes to the investor agreement dated April 1, 2023, the consent of all investors is now required for decisions on important matters, and therefore erex Group no longer controls the company's financial and business policy decisions. For this reason, from the beginning of the previous consolidated fiscal year, Buzen New Energy G.K. was removed from the scope of consolidation and became an equity method affiliate. As no sales of shares were made, there is no change in the ownership percentage.

From the 1H of the previous consolidated fiscal period, EREX INTERNATIONAL CO., LTD, EREX SAKURA BIOMASS YEN BAY CO., LTD and EREX SAKURA BIOMASS TUYEN QUANG CO., LTD were newly established and are now included in the scope of consolidation.

(Segment Information)

Summary of Reportable Segments

1H of the previous consolidated fiscal year (April 1, 2023 – September 30, 2023) and 1H of the current consolidated fiscal year (April 1, 2024 – September 30, 2024)

erex Group's reportable segments are components of erex Group for which separate financial information is available and are subject to periodic review by the board of directors for the purpose of determining the allocation of management resources and evaluating business performance.

Since erex Group consists of a single segment, primarily engaged in the electric power business, the statement by reportable segment has been omitted.

(Notes Related to Going Concern Assumptions)

Not applicable.

(First-Time Adoption)

erex Group adopted IFRS from the 1H of the current consolidated fiscal year. The most recent consolidated financial statements prepared in accordance with Japanese GAAP relate to the consolidated fiscal year ended March 31, 2024, and the date of transition to IFRS is April 1, 2023.

(1) Exemptions from IFRS1

In principle, IFRS requires companies applying IFRS for the first time (hereinafter referred to as "first-time adopters") to apply the standards required by IFRS retrospectively. However, IFRS1 "First-time Adoption of International Financial Reporting Standards" (hereinafter referred to as "IFRS1") specifies some of the standards required by IFRS to which mandatory exemptions must be applied and others to which optional exemptions apply. The effect of the application of these provisions is adjusted in retained earnings or other components of equity at the date of transition to IFRS. The exemptions adopted by erex Group in transitioning from Japanese GAAP to IFRS are as follows.

Business Combinations

First-time adopters are allowed to elect not to apply IFRS3 "Business Combinations" (hereinafter referred to as "IFRS3") retrospectively to business combinations that took place before the date of transition to IFRS. erex Group applied this exemption and elected not to apply IFRS3 retrospectively to business combinations that took place before the date of transition. As a result, the amount of goodwill arising from business combinations prior to the transition date is based on the carrying amount as of the transition date in accordance with Japanese GAAP. Goodwill was tested for impairment as of the transition date, regardless of whether there was any indication of impairment.

Exchange Differences on Translating Foreign Operations

IFRS1 allows first-time adopters to elect to treat the accumulated translation differences of foreign operations as zero as of the date of transition to IFRS. erex Group elected to treat the accumulated translation differences of foreign operations as zero at the date of transition.

Stock-Based Compensation

erex Group elected not to apply IFRS2 to share-based compensation that vested prior to the transition date.

Leasing

IFRS1 allows first-time adopters to determine whether leases are included in contracts that exist at the date of transition to IFRS based on facts and circumstances that exist as of that date. First-time adopters are also allowed to measure the lease liability at the present value of the remaining lease payments discounted at the lessee's additional borrowing rate as at the date of transition, and to measure the right-of-use assets at the same amount as the lease liability.

erex Group applies this exemption to lease recognition and measurement.

Borrowing Cost

IFRS1 allows the beginning date of capitalization of borrowing costs related to qualifying assets to be the date of transition to IFRS. erex Group capitalizes borrowing costs related to qualifying assets on and after the transition date.

Designation of Previously Recognized Financial Instruments

IFRS1 allows the designation of equity financial assets as financial assets measured at fair value through other comprehensive income based on facts and circumstances existing at the transition date.

erex Group designated certain equity financial assets as financial assets measured at fair value through other comprehensive income based on facts and circumstances existing at the transition date.

(2) Mandatory Exceptions to IFRS1

IFRS1 prohibits retrospective application of IFRS to "estimates", "derecognition of financial assets and financial liabilities", "hedge accounting", "non-controlling interests" and "classification and measurement of financial instruments". erex Group applied these items prospectively from the date of transition.

(3) Adjustment Table

The adjustments required to be disclosed on first-time adoption of IFRS are as follows.

erex Group had applied provisional accounting treatment for the business combination with Itoigawa Power Generation Co., Ltd. on August 1, 2022 under Japanese GAAP for the fiscal year ended March 31, 2023, and the subsequently finalized accounting treatment was reflected retroactively to the date erex Group had acquired control. With the finalization of this provisional accounting treatment, the initial allocation of acquisition cost reflects a significant revision, resulting in an increase in "intangible assets" and "asset retirement obligations" and a decrease in "retained earnings" and "non-controlling interest", respectively.

Adjustments to Equity as at April 1, 2023 (Date of Transition to IFRS)

Japanese GAAP Presentation Items	Japanese GAAP	Re- Classification	Recognition & Measurement Difference	IFRS	Note	IFRS Presentation Items
	million yen	million yen	million yen	million yen		
Assets						Assets
Current Assets						Current Assets
Cash and Deposits	33,621	△133	-	33,488	(a)	Cash and Cash Equivalents
Accounts Receivable/Trade	26,078	3,640	-	29,719	(b)	Trade and Other Receivables
Materials and Supplies	2,311	-	-	2,311		Inventory
Short-Term Loans to Affiliated Companies	5,195	6,092	-	11,288	(a)(c)	Other Financial Assets
Accrued Revenue	3,640	△3,640	-	-	(b)	
Consumption Taxes Receivable, etc.	1,297	△1,297	-	-	(d)	
Derivative Receivables	5,714	△5,714	-	-	(c)	
	-	402	-	402	(d)	Income Taxes Receivable
Others	1,468	701	△60	2,109	(d)(i)(t)	Other Current Assets
Total Current Assets	79,329	50	△60	79,320		Total Current Assets
Noncurrent Assets						Noncurrent Assets
Property, Plant and Equipment	57,503	△17	△111	57,373	(j)	Property, Plant and Equipment
	-	17	4,078	4,096	(k)	Right-of-Use Assets
Intangible Assets	5,701	△1,757	-	3,943	(l)	Goodwill
	-	1,707	-	1,707		Intangible Assets
Investment Securities	2,681	22,643	△282	25,042	(c)(n)	Other Financial Assets
						Investments Accounted for Using the Equity Method
Affiliated Companies' Shares	2,708	-	550	3,258	(e)(m)	Deferred Tax Assets
Deferred Tax Assets	808	-	77	885	(q)	
Long-Term Prepaid Expenses	729	△729	-	-	(d)	
Lease and Guarantee Deposits	6,959	△6,959	-	-	(c)	
Derivative Receivables	8,016	△8,016	-	-	(c)	
Others	8,218	△7,489	-	729	(c)(d)	Other Noncurrent Assets
Allowance for Doubtful Accounts	△550	550	-	-	(c)	
Total Noncurrent Assets	92,775	△50	4,312	97,036		Total Noncurrent Assets
Total Assets	172,105	-	4,251	176,356		Total Assets

Japanese GAAP Presentation Items	Japanese GAAP	Re-Classification	Recognition & Measurement Difference	IFRS	Note	IFRS Presentation Items
	million yen	million yen	million yen	million yen		
Liabilities						Liabilities and Equity
Current Liabilities						Liabilities
Accounts Payable/Trade Short-Term Borrowings	19,137	2,462	368	21,968	(b)(s)	Current Liabilities Trade and Other Payables
Current Portion of Long-Term Borrowings	9,440	5,342	△20	14,761	(f)(o)	Borrowings
Accounts Payable /Other than Trade Income Taxes Payable	5,342	△5,342	-	-	(f)	
Provision for Bonuses	-	12	519	531	(k)	Lease Liabilities Other Financial Liabilities
Derivative Liabilities	2,462	1,995	71	4,529	(b)(c)(p)	Income Taxes Payable
Others	4,611	-	-	4,611		
Total Current Liabilities	323	△323	-	-	(d)	
Noncurrent Liabilities	4,452	△4,452	-	-	(c)	
Bonds Payable Long-Term Borrowings	2,629	305	85	3,020	(d)(r)	Other Current Liabilities
Retirement Benefit Liabilities	48,400	-	1,023	49,424		Total Current Liabilities
Asset Retirement Obligations						Noncurrent Liabilities
Deferred Tax Liabilities	5,000	35,345	△80	40,265	(f)(o)	Bonds and Borrowings
Derivative Liabilities	35,345	△35,345	-	-	(f)	
Others	-	5	3,490	3,495	(k)	Lease Liabilities Retirement Benefit Liabilities
Total Noncurrent Liabilities	286	-	725	1,011	(r)	
Total Liabilities	6,419	-	421	6,840	(d)(j)	Allowances Deferred Tax Liabilities
Common Stock	2,161	-	515	2,677	(q)	
Capital Surplus	151	△151	-	-	(c)	
Retained Earnings	387	145	△123	409	(c)(t)	Other Financial Liabilities
Treasury Stock	49,751	-	4,948	54,700		Total Noncurrent Liabilities
Accumulated Other Comprehensive Income	98,152	-	5,972	104,124		Total Liabilities
Net Assets						Equity
Common Stock	11,313	-	-	11,313		Common Stock
Capital Surplus	10,088	-	137	10,225	(t)	Capital Surplus
Retained Earnings	36,315	-	△518	35,797	(x)	Retained Earnings
Treasury Stock	△124	-	-	△124		Treasury Stock
Accumulated Other Comprehensive Income	4,420	-	△1,012	3,407	(n)(v)(w)	Other Components of Equity
Non-Controlling Interests	-	-	△1,393	60,620		Equity Attributable to the Owners of the Parent Company
Total Net Assets	11,939	-	△327	11,612	(u)	Non-Controlling Interests
Total Liabilities and Net Assets	73,953	-	△1,720	72,232		Total Equity
	172,105	-	4,251	176,356		Liabilities and Equity

Adjustments to Equity as at September 30, 2023 (1H of the Previous Consolidated Fiscal Year)

Japanese GAAP Presentation Items	Japanese GAAP	Re-Classification	Recognition & Measurement Difference	IFRS	Note	IFRS Presentation Items
	million yen	million yen	million yen	million yen		
Assets						Assets
Current Assets						Current Assets
Cash and Deposits	22,151	△61	-	22,090	(a)	Cash and Cash
Accounts Receivable/Trade	22,490	5,246	-	27,736	(b)	Equivalents
Materials and Supplies	2,721	-	-	2,721		Trade and Other
Short-Term Loans to Affiliated Companies	5,804	4,093	-	9,897	(a)(c)	Receivables
Accrued Revenue	5,246	△5,246	-	-	(b)	Inventory
Consumption Taxes Receivable, etc.	2,301	△2,301	-	-	(d)	Other Financial
Derivative Receivables	3,974	△3,974	-	-	(c)	Assets
Others	1,415	2,306	△151	3,571	(d)(i)(t)	Other Current
Total Current Assets	66,106	62	△151	66,017		Assets
Noncurrent Assets						Total Current
Property, Plant and Equipment	35,476	△2	△18	35,455	(j)	Assets
	-	2	3,381	3,383	(k)	Noncurrent Assets
Intangible Assets	5,663	△1,847	128	3,943	(l)	Property, Plant
	-	1,784	-	1,784		and Equipment
Investment Securities	2,995	28,020	824	31,841	(c)(n)	Right-of-Use
Affiliated Companies' Shares	2,528	6,015	631	9,175	(e)(m)	Assets
Investments in Affiliated Companies	6,015	△6,015	-	-	(e)	Intangible Assets
Deferred Tax Assets	733	-	△8	724	(q)	Other Financial
Long-Term Prepaid Expenses	662	△662	-	-	(d)	Assets
Lease and Guarantee Deposits	6,601	△6,601	-	-	(c)	Investments
Derivative Receivables	12,251	△12,251	-	-	(c)	Accounted for
Others	9,596	△8,933	2	665	(c)(d)	Using the Equity
Allowance for Doubtful Accounts	△428	428	-	-	(c)	Method
Total Noncurrent Assets	82,096	△62	4,940	86,974		Deferred Tax
Total Assets	148,202	-	4,789	152,991		Assets

Japanese GAAP Presentation Items	Japanese GAAP	Re-Classification	Recognition & Measurement Difference	IFRS	Note	IFRS Presentation Items
	million yen	million yen	million yen	million yen		
Liabilities						Liabilities and Equity
Current Liabilities						Liabilities
Accounts Payable/Trade Short-Term Borrowings	15,112	2,729	14	17,857	(b)(s)	Current Liabilities Trade and Other Payables
Current Portion of Long-Term Borrowings	13,630	3,022	-	16,652	(f)(o)	Borrowings
Accounts Payable /Other than Trade Income Taxes Payable	3,022	Δ3,022	-	-	(f)	
Provision for Bonuses	-	2	533	536	(k)	Lease Liabilities Other Financial Liabilities
Derivative Liabilities	2,729	Δ734	-	1,995	(b)(c)(p)	Income Taxes Payable
Others	2,037	-	Δ63	1,974	(q)	
Total Current Liabilities	172	Δ172	-	-	(d)	
Noncurrent Liabilities	1,990	Δ1,990	-	-	(c)	Other Current Liabilities
Bonds Payable Long-Term Borrowings	1,082	164	124	1,371	(d)(r)	Liabilities
Retirement Benefit Liabilities	39,776	-	610	40,387		Total Current Liabilities
Asset Retirement Obligations						Noncurrent Liabilities
Deferred Tax Liabilities	11,000	23,454	Δ46	34,408	(f)(o)	Bonds and Borrowings
Others	23,454	Δ23,454	-	-	(f)	
Total Noncurrent Liabilities	-	1	2,788	2,789	(k)	Lease Liabilities Retirement Benefit Liabilities
Total Liabilities	327	-	675	1,002	(r)	
Net Assets	5,261	-	508	5,769	(d)(j)	Allowances
Common Stock	3,932	-	719	4,652	(q)	Deferred Tax Liabilities
Capital Surplus	383	Δ1	Δ123	258	(c)(t)	Other Financial Liabilities
Retained Earnings	44,358	-	4,520	48,879		Total Noncurrent Liabilities
Treasury Stock	84,135	-	5,130	89,266		Total Liabilities
Accumulated Other Comprehensive Income						Equity
Non-Controlling Interests	11,359	-	-	11,359		Common Stock
Total Net Assets	10,133	-	77	10,211	(t)	Capital Surplus
Total Liabilities and Net Assets	23,846	-	8	23,854	(x)	Retained Earnings
	Δ124	-	0	Δ124		Treasury Stock
	10,135	-	Δ93	10,041	(n)(v)(w)	Other Components of Equity
	-	-	Δ7	55,343		Equity Attributable to the Owners of the Parent Company
	8,715	-	Δ334	8,381	(u)	Non-Controlling Interests
	64,066	-	Δ341	63,724		Total Equity
	148,202	-	4,789	152,991		Liabilities and Equity

Adjustments to Equity as at March 31, 2024 (Previous Consolidated Fiscal Year)

Japanese GAAP Presentation Items	Japanese GAAP	Re-Classification	Recognition & Measurement Difference	IFRS	Note	IFRS Presentation Items
	million yen	million yen	million yen	million yen		
Assets						Assets
Current Assets						Current Assets
Cash and Deposits	23,506	△3,836	-	19,670	(a)	Cash and Cash Equivalents
Accounts Receivable/Trade	21,106	6,205	-	27,312	(b)	Trade and Other Receivables
Materials and Supplies	2,388	-	-	2,388		Inventory
Short-Term Loans to Affiliated Companies	3,301	4,806	-	8,108	(a)(c)	Other Financial Assets
Accrued Revenue	6,205	△6,205	-	-	(b)	
Consumption Taxes Receivable, etc.	4,714	△4,714	-	-	(d)	
Derivative Receivables	740	△740	-	-	(c)	
	-	2,360	-	2,360	(d)	Income Taxes Receivable
Others	4,938	2,124	△55	7,008	(d)(i)(t)	Other Current Assets
Total Current Assets	66,903	-	△55	66,848		Total Current Assets
Noncurrent Assets						Noncurrent Assets
Property, Plant and Equipment	34,682	△0	△62	34,618	(j)	Property, Plant and Equipment
	-	0	1,675	1,676	(k)	Right-of-Use Assets
Intangible Assets	4,428	△1,629	279	3,078	(l)	Goodwill
	-	1,629	-	1,629		Intangible Assets
Investment Securities	3,666	25,276	917	29,860	(c)(n)	Other Financial Assets
Lon-Term Loans to Affiliated Companies	1,500	△1,500	-	-	(c)	
Affiliated Companies' Shares	2,759	6,290	594	9,644	(e)(m)	Investments Accounted for Using the Equity Method
Investments in Affiliated Companies	6,290	△6,290	-	-	(e)	
Deferred Tax Assets	570	-	20	590	(q)	Deferred Tax Assets
Long-Term Prepaid Expenses	602	△602	-	-	(d)	
Lease and Guarantee Deposits	2,817	△2,817	-	-	(c)	
Derivative Receivables	13,113	△13,113	-	-	(c)	
Others	8,190	△7,587	61	663	(c)(d)(i)	Other Noncurrent Assets
Allowance for Doubtful Accounts	△344	344	-	-	(c)	
Total Noncurrent Assets	78,277	-	3,485	81,763		Total Noncurrent Assets
Total Assets	145,180	-	3,430	148,611		Total Assets

Japanese GAAP Presentation Items	Japanese GAAP	Re-Classification	Recognition & Measurement Difference	IFRS	Note	IFRS Presentation Items
	million yen	million yen	million yen	million yen		
Liabilities						Liabilities and Equity
Current Liabilities						Liabilities
Accounts Payable/Trade Short-Term Borrowings	15,047	2,466	130	17,644	(b)(s)	Current Liabilities Trade and Other Payables
Borrowings	14,830	3,200	4,356	22,386	(f)(o)	Borrowings
Current Portion of Long-Term Borrowings	3,200	△3,200	-	-	(f)	
Accounts Payable /Other than Trade	-	3	379	383	(k)	Lease Liabilities
Income Taxes Payable	2,466	△2,146	-	320	(b)(c)(p)	Other Financial Liabilities
Income Taxes Payable	1,727	-	-	1,727		Income Taxes Payable
Provision for Bonuses	166	△166	-	-	(d)	
Derivative Liabilities	316	△316	-	-	(c)	
Others	3,656	159	125	3,941	(d)(r)	Other Current Liabilities
Total Current Liabilities	41,411	-	4,992	46,403		Total Current Liabilities
Noncurrent Liabilities						Noncurrent Liabilities
Bonds Payable Long-Term Borrowings	11,000	26,913	△4,397	33,516	(f)(o)	Bonds and Borrowings
Borrowings	26,913	△26,913	-	-	(f)	
Retirement Benefit Liabilities	-	12	1,482	1,495	(k)	Lease Liabilities
Asset Retirement Obligations	360	-	525	886	(r)	Retirement Benefit Liabilities
Deferred Tax Liabilities	5,303	-	120	5,424	(d)(j)	Allowances
Deferred Tax Liabilities	4,399	-	462	4,862	(q)	Deferred Tax Liabilities
Derivative Liabilities	161	△161	-	-	(c)	
Others	396	149	△123	421	(c)(t)	Other Financial Liabilities
Total Noncurrent Liabilities	48,536	-	△1,929	46,606		Total Noncurrent Liabilities
Total Liabilities	89,947	-	3,062	93,009		Total Liabilities
Net Assets						Equity
Common Stock	11,362	-	-	11,362		Common Stock
Capital Surplus	10,898	-	114	11,013	(t)	Capital Surplus
Retained Earnings	12,751	-	531	13,283	(x)	Retained Earnings
Treasury Stock	△125	-	1	△124		Treasury Stock
Accumulated Other Comprehensive Income	12,617	-	△48	12,568	(n)(v)(w)	Other Components of Equity
Non-Controlling Interests	-	-	599	48,104		Equity Attributable to the Owners of the Parent Company
Interests	7,728	-	△231	7,497	(u)	Non-Controlling Interests
Total Net Assets	55,233	-	368	55,601		Total Equity
Total Liabilities and Net Assets	145,180	-	3,430	148,611		Liabilities and Equity

Adjustments to Income/Loss and Comprehensive Income/Loss from April 1, 2023 to September 30, 2023 (1H of the Previous Consolidated Fiscal Year)

(Items for Consolidated Income Statement)

Japanese GAAP Presentation Items	Japanese GAAP	Re-Classification	Recognition & Measurement Difference	IFRS	Note	IFRS Presentation Items
	million yen	million yen	million yen	million yen		
Net Sales	120,894	-	-	120,894		Net Sales
Cost of Sales	126,209	-	△194	126,014	(j)(k)(r)(s)	Cost of Sales
Gross Loss (△)	△5,315	-	194	△5,120		Gross Loss (△)
Selling, General, and Administrative Expenses	5,389	△18	△198	5,172	(h)(i)(k)(l)(o)(r)(s)	Selling, General, and Administrative Expenses
	-	593	-	593	(g)	Other Revenues
	-	56	△29	26	(g)	Other Expenses
Operating Loss (△)	△10,704	555	422	△9,726		Operating Loss (△)
Non-Operating Income	1,962	△1,962	-	-	(g)	
Non-Operating Expenses	479	△479	-	-	(g)	
	-	1,369	1	1,371	(g)(n)	Financial Income
	-	145	56	202	(g)(o)	Financial Expenses
	-	△277	150	△126	(g)(m)	Share of Profit/Loss(△) of Investments Accounted for Using the Equity Method
Loss before Income Taxes (△)	△9,220	18	518	△8,684		Loss before Income Taxes (△)
Income Taxes	1,659	200	36	1,896	(h)(q)	Income Taxes
Income Taxes Deferred	181	△181	-	-	(h)	
Net Loss (△)	△11,062	-	481	△10,580		Net Loss(△)
						Net Loss(△) Attributable to
Net Loss (△) Attributable to the Owners of the Parent Company	△11,162	-	526	△10,636		Owners of the Parent Company
Net Loss (△) Attributable to Non-Controlling Interests	100	-	△44	55	(u)	Non-Controlling Interests

(Items for Consolidated Comprehensive Income Statement)

Japanese GAAP Presentation Items	Japanese GAAP	Re- Classification	Recognition & Measurement Difference	IFRS	Note	IFRS Presentation Items
	million yen	million yen	million yen	million yen		
Net Loss (Δ)	Δ11,062	-	481	Δ10,580		Net Loss (Δ)
Other Comprehensive Income						Other Comprehensive Income
Valuation Difference on Available-for-Sale Securities	350	-	933	1,284	(n)	Items that will not be Reclassified to Profit or Loss Financial Assets Measured at Fair Value through Other Comprehensive Income
Deferred Hedge Gain/Loss	- 5,120	-	933 615	1,284 5,736	(w)	Items that will not be Reclassified to Profit or Loss Items that may be Reclassified Subsequently to Profit or Loss Cash Flow Hedges Exchange Differences on Translating Foreign Operations
Foreign Currency Translation Adjustments	251	-	-	251		Share of Other Comprehensive Income of Investments Accounted for Using the Equity Method
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	61	-	0	62		Items that may be Reclassified Subsequently to Profit or Loss Total Other Comprehensive Income, Net of Tax
Total Other Comprehensive Income	5,784	-	1,549	7,334		Comprehensive Income
Comprehensive Income	Δ5,277	-	2,031	Δ3,246		Comprehensive Income/Loss(Δ) Attributable to
Comprehensive Income Attributable to the Owners of the Parent Company	Δ5,447	-	2,075	Δ3,371		Owners of the Parent Company
Comprehensive Income Attributable to Non- Controlling Interests	170	-	Δ44	125	(u)	Non-Controlling Interests

Adjustments to Income/Loss and Comprehensive Income/Loss from April 1, 2023 to March 31, 2024 (Previous Consolidated Fiscal Year)

(Items for Consolidated Income Statement)

Japanese GAAP Presentation Items	Japanese GAAP	Re-Classification	Recognition & Measurement Difference	IFRS	Note	IFRS Presentation Items
	million yen	million yen	million yen	million yen		
Net Sales	244,977	-	-	244,977		Net Sales
Cost of Sales	254,143	-	△458	253,685	(j)(k)(r)(s)	Cost of Sales
Gross Loss (△)	△9,166	-	458	△8,708		Gross Loss (△)
Selling, General, and Administrative Expenses	10,685	△13	△463	10,208	(h)(i)(k)(l)(o)(r)(s)	Selling, General, and Administrative Expenses
	-	192	-	192	(g)	Other Revenues
	-	2,984	240	3,224	(g)	Other Expenses
Operating Loss (△)	△19,851	△2,778	681	△21,949		Operating Loss (△)
Non-Operating Income	2,650	△2,650	-	-	(g)	
Non-Operating Expenses	1,187	△1,187	-	-	(g)	
Extraordinary Loss	2,260	△2,260	-	-	(g)	
	-	2,222	5	2,227	(g)(n)	Financial Income
	-	464	113	577	(g)(o)	Financial Expenses
	-	235	114	350	(g)(m)	Share of Profit/Loss(△) of Investments Accounted for Using the Equity Method
Loss before Income Taxes (△)	△20,649	13	687	△19,949		Loss before Income Taxes (△)
Income Taxes	1,665	268	△266	1,667	(h)(q)	Income Taxes
Income Taxes Deferred	255	△255	-	-	(h)	
Net Loss (△)	△22,570	-	953	△21,616		Net Loss(△)
						Net Loss(△) Attributable to
Net Loss (△) Attributable to the Owners of the Parent Company	△22,257	-	910	△21,347		Owners of the Parent Company
Net Loss (△) Attributable to Non-Controlling Interests	△313	-	43	△269	(u)	Non-Controlling Interests

(Items for Consolidated Comprehensive Income Statement)

Japanese GAAP Presentation Items	Japanese GAAP	Re- Classification	Recognition & Measurement Difference	IFRS	Note	IFRS Presentation Items
	million yen	million yen	million yen	million yen		
Net Loss (Δ)	$\Delta 22,570$	-	953	$\Delta 21,616$		Net Loss (Δ)
Other Comprehensive Income						Other Comprehensive Income
Valuation Difference on Available-for-Sale Securities	1,131	-	993	2,125	(n)	Items that will not be Reclassified to Profit or Loss
	-	-	147	147	(r)	Financial Assets Measured at Fair Value through Other Comprehensive Income
Deferred Hedge Gain/Loss	-	-	1,141	2,272		Remeasurement of Defined Benefit Plans
	6,848	-	1,907	8,756	(w)	Items that will not be Reclassified to Profit or Loss
Foreign Currency Translation Adjustments	204	-	-	204		Items that may be Reclassified Subsequently to Profit or Loss
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	54	-	$\Delta 0$	54		Items that may be Reclassified Subsequently to Profit or Loss
	-	-	1,907	9,015		Total Other Comprehensive Income, Net of Tax
Total Other Comprehensive Income	8,239	-	3,048	11,287		Comprehensive Income
Comprehensive Income	$\Delta 14,331$	-	4,002	$\Delta 10,328$		Comprehensive Income/Loss(Δ) Attributable to
Comprehensive Income Attributable to the Owners of the Parent Company	$\Delta 14,060$	-	3,938	$\Delta 10,121$		Owners of the Parent Company
Comprehensive Income Attributable to Non- Controlling Interests	$\Delta 270$	-	63	$\Delta 207$	(u)	Non-Controlling Interests

(4) Notes to Adjustments to Equity, Income/Loss and Comprehensive Income/Loss

(Reclassification of Presentation)

Reclassifications were made to the presentation to conform to the provisions of IFRS. The main items are as follows.

(a) Cash and Deposits

Time deposits with deposit terms of over three months, which were included in "cash and deposits" under Japanese GAAP, have been reclassified to "other financial assets (current)" under IFRS.

(b) Trade Receivables and Trade Payables

"Accounts receivable/other than trade", that were separately presented under Japanese GAAP, have been reclassified and presented as "trade and other receivables" under IFRS, and "accounts payable/other than trade", that were separately presented under Japanese GAAP, have been reclassified and presented as "trade and other payables" under IFRS.

(c) Other Financial Assets and Financial Liabilities

"Short-term loans receivable to affiliates" and "derivative receivables (current)," that were separately presented under Japanese GAAP, have been reclassified and presented as "other financial assets (current)" under IFRS. "Investment securities", "long-term loans receivable to affiliates", "lease and guarantee deposits", and "derivative receivables (noncurrent), that were separately presented, and investments, etc. included in "others" in noncurrent assets under Japanese GAAP, have been reclassified and presented as "other financial assets (noncurrent)" under IFRS.

In addition, "allowance for doubtful accounts (noncurrent)," that was separately presented under Japanese GAAP, has been reclassified under IFRS to be presented net, directly deducted from "other financial assets (noncurrent)."

"Derivative liabilities (current)", that were separately presented under Japanese GAAP, have been reclassified and presented as "other financial liabilities (current)" under IFRS, while "derivative liabilities (noncurrent)", that were separately presented under Japanese GAAP, have been reclassified and presented as "other financial liabilities (noncurrent)" under IFRS.

(d) Other Current Assets and Current Liabilities

"Consumption taxes receivable" and advance payments, included in "others" in current assets, that were separately presented in current assets under Japanese GAAP, have been reclassified and presented in "other current assets" under IFRS, and "long-term prepaid expenses", which were separately presented in noncurrent assets under Japanese GAAP, have been reclassified and presented as "other noncurrent assets" under IFRS.

In addition, income taxes receivable, which were included in "others" in current assets, have been separately presented as "income taxes receivable" under IFRS.

"Provision for bonuses" and deposits received, etc., included in "others" in current liabilities under Japanese GAAP, that were separately presented in current liabilities under Japanese GAAP, have been reclassified and presented as "other current liabilities" under IFRS, and "asset retirement obligations", that were separately presented in noncurrent liabilities under Japanese GAAP, have been reclassified and presented as "allowances (noncurrent)" under IFRS.

(e) Amounts Recorded for Investments Accounted for Under the Equity Method

"Affiliated companies' shares" and "investments in affiliated companies", that were separately presented under Japanese GAAP, have been reclassified and presented as "investments accounted for using the equity method" under IFRS.

(f) Bonds and Borrowings

"Short-term borrowings" and "current portion of long-term borrowings", that were separately presented as current liabilities under Japanese GAAP, have been reclassified and presented as "borrowings (current)" under IFRS, and "bonds payable" and "long-term borrowings", which were presented separately as long-term liabilities under Japanese GAAP, have been reclassified and presented as "bonds and borrowings (noncurrent)" under IFRS.

(g) Non-Operating Income/Expenses and Extraordinary Gain/Loss

Out of the items that were presented as "non-operating income", "non-operating expenses", "extraordinary gain" and "extraordinary loss" under Japanese GAAP, financial-related gains and losses are recorded as "financial income" and "financial expenses," while other items are recorded as "other revenues", "other expenses", and "share of profit/loss of investments accounted for using the equity method", etc. under IFRS.

(h) Income Tax Expense

"Income taxes" and "income taxes deferred" were separately presented under Japanese GAAP, but are collectively presented as "income tax expense" under IFRS.

In addition, the value-added portion of the pro forma standard enterprise tax was included in "selling, general and administrative expenses" under Japanese GAAP, but is included in "income taxes" under IFRS.

(Recognition & Measurement Difference)

(i) Contract Costs

The incremental costs of acquiring contracts with customers, such as sales agency commissions, were expensed in a lump sum under Japanese GAAP, but are recognized as assets under IFRS for the portion expected to be recoverable.

(j) Property, Plant and Equipment

Under Japanese GAAP, the amount of the "asset retirement obligation" asset measured using the discount rate at the time of initial recognition was recognized continuously. Under IFRS, however, the "asset retirement obligation" asset is recognized after reassessing the discount rate at the end of the reporting period.

(k) Leases

Under Japanese GAAP, leases of lessees were classified into finance leases and operating leases, and operating leases were accounted for in the same manner as for normal rental transactions. Since there is no distinction between finance leases and operating leases under IFRS, basically "right-of-use assets" and "lease liabilities" are recorded for all leases.

(l) Amount of Goodwill Recognized

Under Japanese GAAP, goodwill is amortized, but under IFRS, goodwill is not amortized and is tested for impairment each period without amortization after the transition date.

(m) Amount Recognized for Investments Accounted for Using the Equity Method

Under Japanese GAAP, goodwill for investments accounted for using the equity method is amortized, but under IFRS it is not amortized and has not been amortized since the date of transition.

In addition, the declining-balance method was used for depreciation of property, plant and equipment (machinery, equipment and vehicles, and tools, furniture and fixtures) at certain equity-method affiliates under Japanese GAAP, but the straight-line method is used under IFRS.

(n) Financial Assets

Under Japanese GAAP, non-marketable securities are carried at cost, whereas under IFRS, securities are measured at fair value and changes in fair value are recognized in profit or loss or other comprehensive income, depending on the nature of the security.

(o) Bonds and Borrowings

Transaction costs directly attributable to the issuance of bonds and borrowings, which are measured at amortized cost after initial recognition, were expensed as incurred under Japanese GAAP, but are deducted from the initial measurement of bonds and borrowings under IFRS.

In addition, "long-term borrowings" which are in violation of financial covenants have been reclassified to "borrowings (current)" under IFRS.

(p) Conditional Consideration

Under Japanese GAAP, the conditional consideration for a business combination transaction accounted for under Japanese GAAP at the time of acquisition was not recognized until it was certain to be delivered after the business combination, whereas under IFRS, the fair value of the conditional consideration is measured and such fair value is recognized as "other financial liabilities (current)".

(q) Income Taxes

Under Japanese GAAP, tax expense in each quarter is in principle calculated in the same manner as in the annual financial statements, whereas under IFRS, tax expense is recorded using the tax rate applicable to the estimated total annual profit, i.e., the estimated average annual effective tax rate applicable to pre-tax income for the quarterly reporting period.

With the adoption of IFRS, the recoverability of all deferred tax assets was re-examined. Deferred tax assets and deferred tax liabilities have been recognized for temporary differences arising from the adjustments from Japanese GAAP to IFRS.

(r) Employee Benefits

Under IFRS, liabilities are recorded for unused paid vacations that were not accounted for under Japanese GAAP, and "cost of sales" and "selling, general and administrative expenses" have been adjusted accordingly.

Liabilities for retirement benefits and retirement benefit expenses were calculated using the simplified method (the amount payable at the end of the period for voluntary retirement is used as the retirement benefit obligation) under Japanese GAAP, but under IFRS, they are calculated using the projected unit credit method. Under IFRS, actuarial gains and losses are recognized as other comprehensive income and transferred immediately to retained earnings when incurred, and prior service cost is recognized as net income or loss when incurred.

(s) Levies

Under Japanese GAAP, property taxes and other levy items were expensed over the fiscal year, but under IFRS, they are expensed when the tax levy is determined and recognized as "trade and other payables" in current liabilities.

(t) Capital Surplus Adjustments

Under Japanese GAAP, the estimated amount of benefits related to stock-based compensation plans (performance-based stock compensation plans) was recorded as "others" in noncurrent liabilities, but under IFRS, the estimated amount of stock-based benefits is accounted for as equity-settled share-based payment compensation, and the adjustment is recognized as "capital surplus".

With respect to restricted stock compensation, the increase in equity was recognized at the time the shares were granted under Japanese GAAP, whereas under IFRS, the increase in equity is recognized as the services are rendered after the shares are granted.

(u) Attribution of Comprehensive Income to Non-Controlling Interests

Under Japanese GAAP, when non-controlling interests result in a negative balance, the negative balance is borne by the owners of the parent company (unless the contract stipulates that the negative balance is still attributable to the owners of the parent company and the non-controlling interests), whereas under IFRS, the negative balance is attributable to the owners of the parent company and the non-controlling interests.

(v) Transfer of Accumulated Translation Differences Related to Foreign Subsidiaries

Upon first-time adoption, the exemption provided in IFRS1 was elected and all cumulative translation differences at the date of transition were transferred to retained earnings.

(w) Cash Flow Hedges

Under Japanese GAAP, the basis adjustment to non-financial assets or non-financial liabilities of amount accumulated in surplus related to cash flow hedges was made in accordance with a reclassification adjustment and affected other comprehensive income. However, under IFRS, this does not apply to reclassification adjustments, and therefore "other comprehensive income" is not affected.

(x) Adjustments to Retained Earnings

The impact on retained earnings of the adjustments resulting from the adoption of IFRS is as follows. The amounts below are after adjusting for related tax effects and non-controlling interests.

	Transition Date (April 1, 2023)	1H of the Previous Consolidated Fiscal Year (September 30, 2023)	Previous Consolidated Fiscal Year (March 31, 2024)
	million yen	million yen	million yen
Adjustments of the Amount of Property, Plant and Equipment of Equity-Method Affiliates	822	867	912
Recognition of Right-of-Use Assets and Lease Liabilities	△491	△474	△432
Adjustments related to Goodwill	-	207	366
Adjustments related to Asset Retirement Obligations	△350	△345	△126
Adjustments related to Retirement Benefit Accounting	△650	△610	△465
Transfer of Accumulated Translation Differences related to Foreign Subsidiaries	431	431	431
Others	△279	△67	△153
Total	△518	8	531

(5) Adjustments to Cash Flows

There are no significant differences between the consolidated statement of cash flows presented under Japanese GAAP and that presented under IFRS.