



Development & Expansion

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

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1st Half of Fiscal Year Ending March 31, 2025

Supplementary Materials for Financial Results

November 8, 2024



Strong Defence

Solid business foundation in Japan, such as biomass power generation, retail,, aggregators, 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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Increasing needs for high-availability and stable power sources as de-carbonization develops

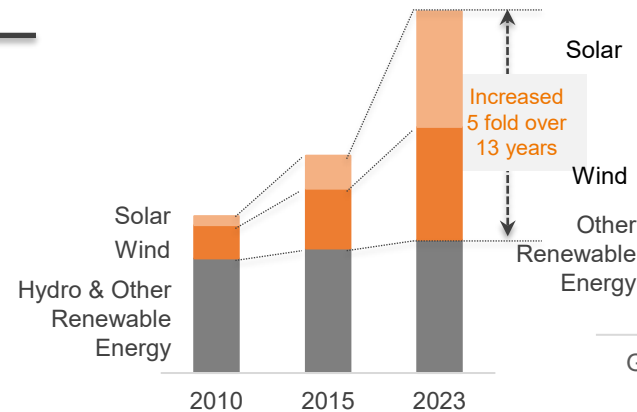
Increase in low-availability power sources

- ① Renewable energy introduction rates have increased since 2010, with solar and wind power contributing to the increase
- ② However, because they are variable power sources that require solar radiation and wind power, the operating rates are relatively low

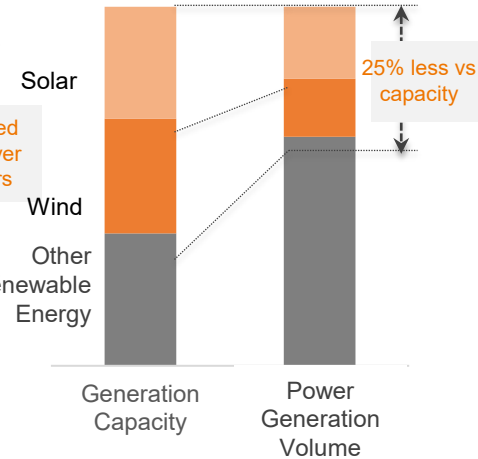
Loss of base load power sources

- ③ Coal-fired power generation has been phased out toward de-carbonization since 2010, and on the other hand, the introduction of nuclear power generation to replace coal-fired power generation has stagnated
- ④ Electric power imports have been increasing in the case of the U.K., which phased out coal-fired power generation in September 2024

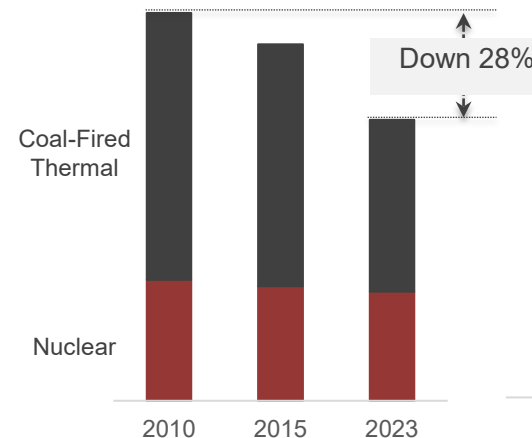
① Introduction of Renewable Energy Sources by Type in Europe and North America



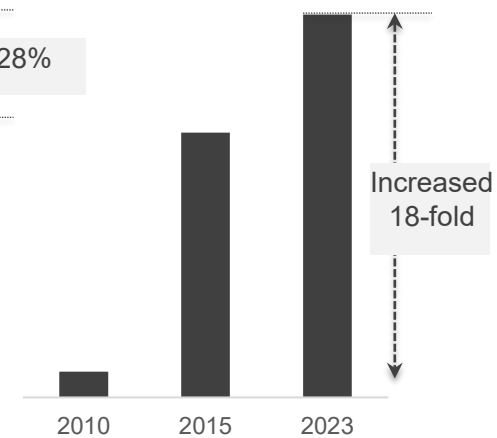
② Renewable Energy Capacity and Generation by Power Source in Europe and North America (2023)



③ Coal-Fired and Nuclear Capacity in Europe and North America



④ Electric Power Imports of the U.K.



Source: IEA (<https://www.iea.org/countries>)
 EMBER (<https://ember-energy.org/data/electricity-data-explorer/>)

Urgent needs to ensure stable power supply while simultaneously achieving de-carbonization and power self-sufficiency

Stable Supply

- ① Demands in Southeast Asia have skyrocketed since 2010, resulting in chronic power shortages

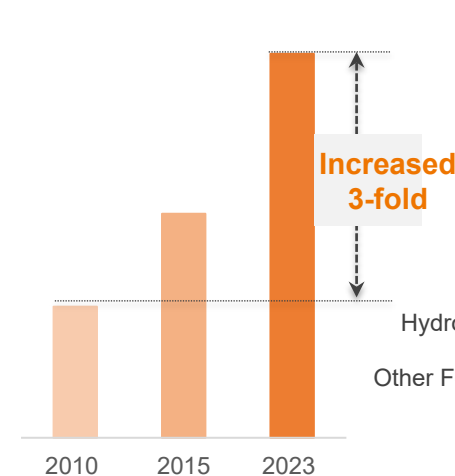
De-Carbonization

- ② The solution to solving power shortages is coal-fired power, which has been continuously built to date and runs counter to de-carbonization

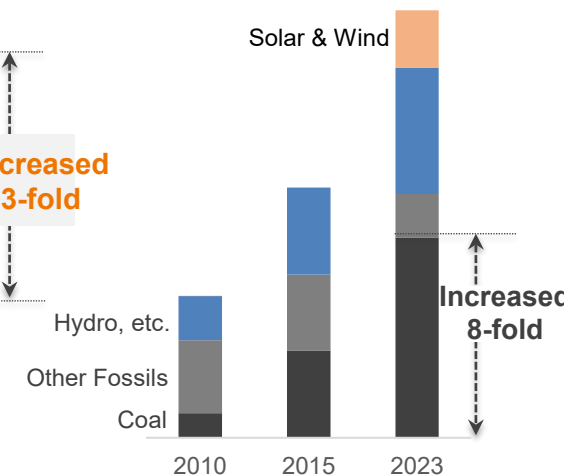
Self-Sufficiency Rate

- ③ With the increase in coal-fired power generation, Vietnam's coal imports have increased, and the current import dependency ratio is over 50%
- ④ Power generation capacity has increased, but the country is still unable to meet rising power demands and relies on electric power imports from other countries

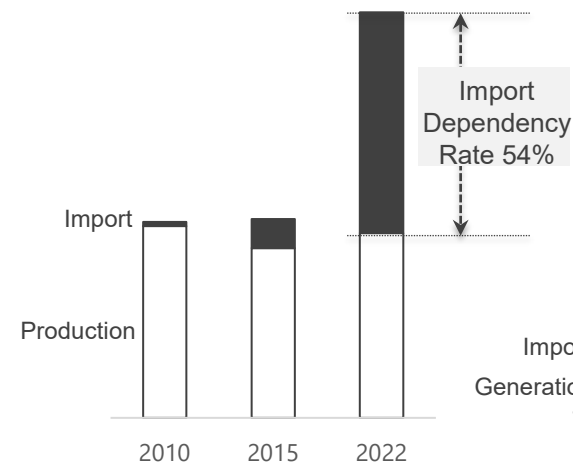
① Power Demands in Vietnam



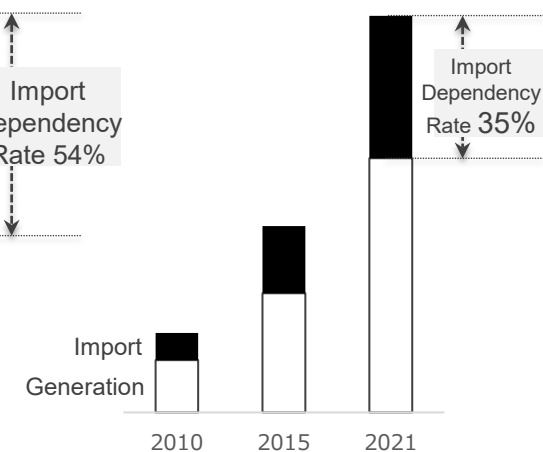
② Power Generation Volume in Vietnam by Source

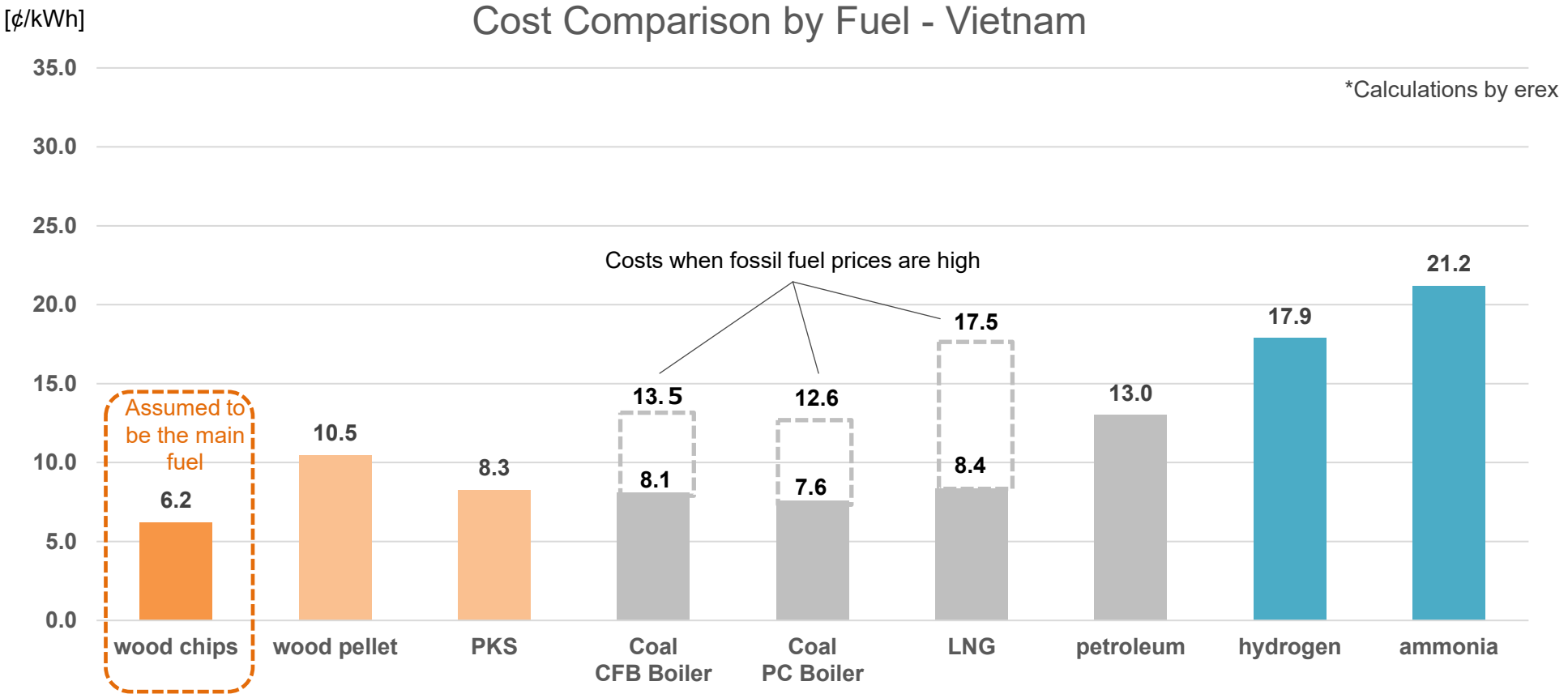


③ Coal Imports of Vietnam



④ Electric Power Imports of Cambodia





Biomass power generation is cheaper than hydrogen and ammonia



New biomass power plant development and coal-fired fuel conversion can be effective measures

erex Group's De-Carbonization Strategy

erex Group aims for de-carbonization and stable supply by developing and expanding biomass and hydroelectric power generation, where erex Group has competitive advantages

● De-Carbonization ● Stable Supply ● Self-Sufficiency Rate

Construction of Biomass Power Generation ● ●

- Contributing to CO2 emissions reduction as a renewable energy source
- Functioning as a stable power source, unlike naturally fluctuating power sources

Coal-Fired Conversion ● ●

- Reducing dependence on coal-fired power
- Conversion to de-carbonization fuels using existing infrastructure

Biomass Fuel Development ● ●

- Effective use of local unused resources (including plantations)
- Identification and development of sustainable biomass resources

Hydroelectric Power Development ● ● ●

- Effective use of abundant domestic water resources (room for increase/decrease)
- Sustainable and clean baseload power

Utilization of Carbon Credits ●

- Pioneering business developments (credits acquired in Southeast Asia brought to Japan)



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Development
and
Expansion

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

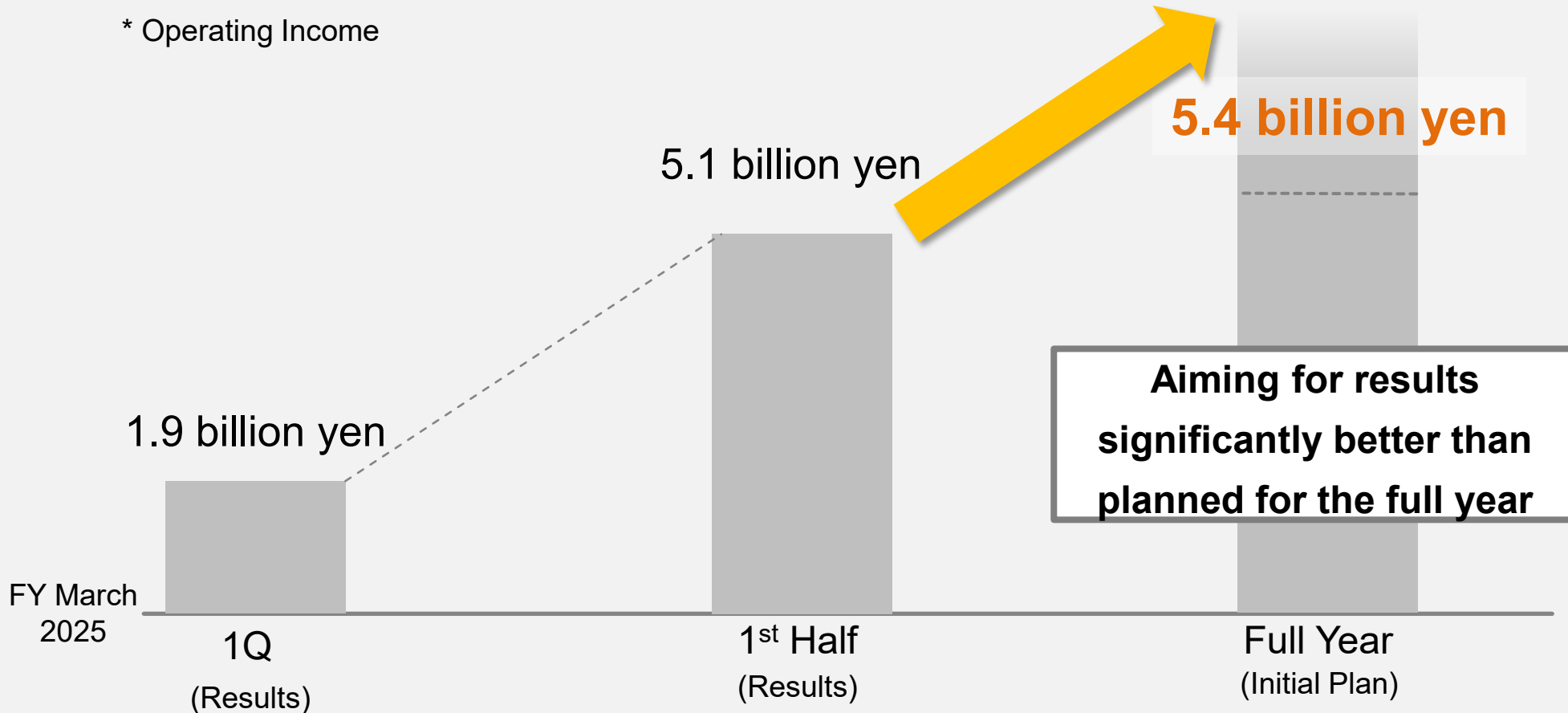
To Solve Southeast Asia's
Issues in the Face of Strong
Global Demands for De-
Carbonization & Stable Supply

- 1. Financial Highlights**
2. Mid/Long-Term Growth Strategy
3. Summary of Financial Results for the 1st Half of FY March 2025
4. Outlook for the FY March 2025 Full-Year Plans

【Reasons for Strong Financial Performance】

- Elimination of deficit by implementing procurement on a case-by-case basis at an appropriate volume and price for retail sales volume
- Strong financial performance mainly in the retail business
- Strengthened inter-departmental collaboration through the establishment of an integrated supply/demand management (Supply and Demand Strategy Office) and risk management (SCR Office)

* Operating Income



FY March 2025 1H Results

- **Sales/profits are progressing better than planned** due to strong retail business and improved profitability in the fuel division

Net Sales	83.2 billion yen (progress rate vs full-year plan: 53.5%)
Operating Income	5.1 billion yen (progress rate vs full-year plan: 95.7%)
Income before Income Taxes	4.3 billion yen (progress rate vs full-year plan: 99.2%)
Net Income	1.6 billion yen (progress rate vs full-year plan: 89.5%)

Outlook for FY March 2025

- erex Group currently expects steady progress toward the 2nd half, but as to the revision to the full year plans, it is currently examining the impact of fluctuation risks such as overseas trends (situation in the Middle East and Ukraine, exchange rates, etc.), electric power market conditions, and fuel market conditions, and will consider announcing revisions based on the results of these examinations

erex Group's De-Carbonization Strategy (in Japan)

Developing services to meet de-carbonization needs, based on the track record in biomass and conversion

Operation Track Record of Biomass Power Generation

- CO2 emission reductions from renewable energy with a generation output of 249 MW
- Utilization of sustainable biomass resources

Track Record of Coal-Fired Conversion

- Owner of power plant converted from coal-fired to 100% biomass
- Realistic utilization of coal-fired power plants

Aggregation, Corporate PPA

- Effective use of de-carbonization power sources
- Proposals that meet customers' de-carbonization needs

Offering De-Carbonization Rate Plans such as CO2-free

- Selecting energy with low environmental impact with virtually zero CO2 emissions
- Pursuit of both cost and environmental value



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**Strong
Defence**

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

**To Build a Solid Business
Foundation in Japan with
Extensive Track Record in
Biomass Power Generation
and Retail Business**

[Reference] New Strategies to Meet Customer Needs for De-Carbonization: Aggregator Business



- Providing optimal services to customers through an integrated approach, which erex Group can provide because of its extensive track record in power generation, trading, and retail businesses
- **De-carbonization power sources** such as solar, wind, and biomass, and erex Group's effective use of these **sources** to meet the **customers' de-carbonization needs**



1. Financial Highlights
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Mid/Long-Term Growth Strategy

Vietnam

- **Hau Giang Biomass Power Plant, erex Group's first power plant in Vietnam (20MW) is on track to start operations in December 2024**
- **Tuyen Quang Pellet Factory will start operations in December 2024**
- **Construction of biomass power plants in Yen Bai and Tuyen Quang (50MW) has already started (scheduled for completion in summer 2027)**

Cambodia

- **The feasibility study of erex Group's first biomass power generation in Cambodia (50MW) has been completed and approved by the Cambodian government. EPC contract is scheduled to be signed within this fiscal year**

Hau Giang Biomass Power Plant

- The first commercial biomass power plant (20MW) in Vietnam is under construction. The plant will also be erex Group’s first overseas power plant and will start operations in December 2024
- Estimated annual sales are approximately \$11MM (electric power sold to Vietnam Electricity at the FIT price of 8.47¢/kWh)
- The project was selected for Financing Programme for Joint Crediting Mechanism (JCM) Model Projects *1 in FY2022 *2



Power Plant Construction



Boiler Installation

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

Tuyen Quang/Yen Bai Pellet Factory

- Tuyen Quang pellet factory is scheduled to start operations in December 2024; sales to begin in January onwards
- Construction of a factory to produce wood pellets mainly from unused resources such as woody residues is underway (production capacity: 150,000 tons/year)
- Pelletized fuel will be exported to Japan and other countries
- Co-financing from Japan Bank for International Cooperation and Sumitomo Mitsui Banking Corporation



Pellet Factory Construction

Drying Facility

Product Warehouse

Grinding Facility

Granulation Facility

Fuel Storage Area



Drying Facility



Granulation Facility

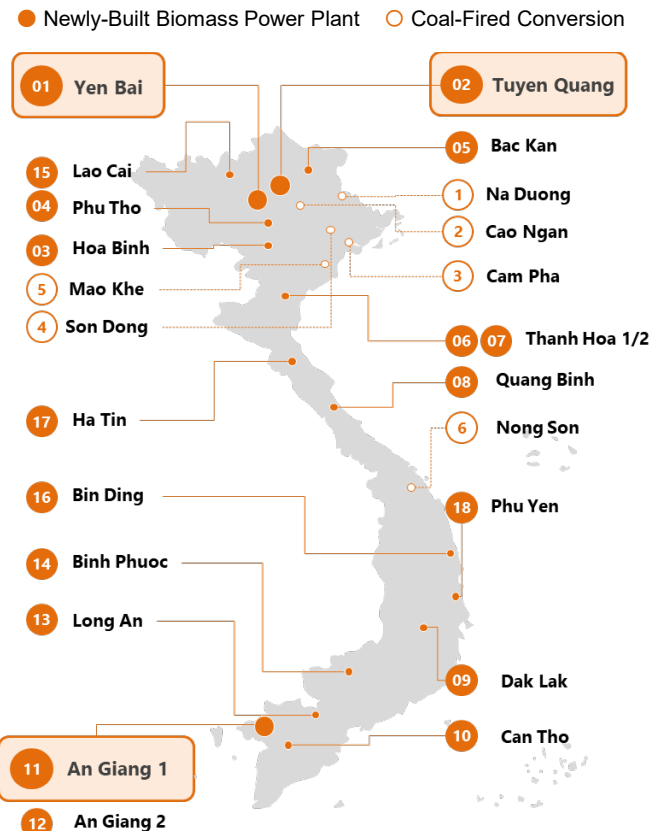
Tuyen Quang & Yen Bai Biomass Power Plants

- Construction of Tuyen Quang and Yen Bai biomass power plants has started; groundbreaking ceremony was held on October 4, 2024
- The project was selected for Financing Programme for Joint Crediting Mechanism (JCM) Model Projects *1 in FY2023 *2
- An Giang Province has been selected as the next candidate site, with construction scheduled to begin in 2025

Power Plant Name	Yen Bai Biomass Power Plant Tuyen Quang Biomass Power Plant
Investing Company (Planned)	erex Co., Ltd. 100%
Selling Price	8.47US cent/kWh (based on local FIT system)
Generation Output	50MW
Fuel	Woody residue (approx. 500,000 t/year)
Completion (Planned)	Summer 2027
Funding (Planned)	Project finance (about 30% equity)



<Each Project Site>



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

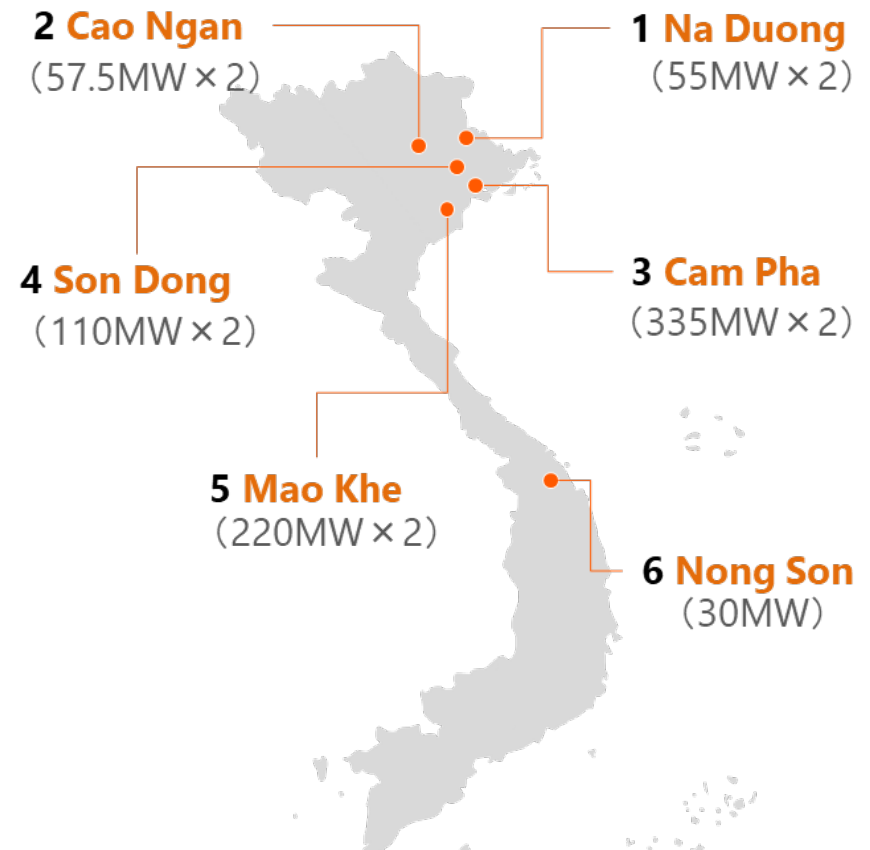
Coal-Fired Conversion

- Electricity emergency measures directive by the Ministry of Commerce and Industry dated August 8, 2024, mandates that Vinacomin Group conduct a demonstration test of biomass co-firing by 2026
- Co-firing biomass fuels with coal-fired power generation can promote de-carbonization while maintaining power generation capacity, an approach that contributes to the energy transition recommended by the Asian Zero Emission Community (AZEC).

Progress of the Project

- Discussion with Vinacomin Group are underway after forming a task force
- MOU is to be revised for power plants in Na Duong and Cao Ngan to implement co-firing
- Test co-firing with co-firing ratio of about 20%, is to be conducted, targeting spring 2025
- Technology, economic feasibility, environmental impact, etc., are to be evaluated and technology transfer, mechanisms, etc., are to be proposed to the Ministry of Commerce and Industry

*Coal-Fired Power Plants (Total 1,585 MW)

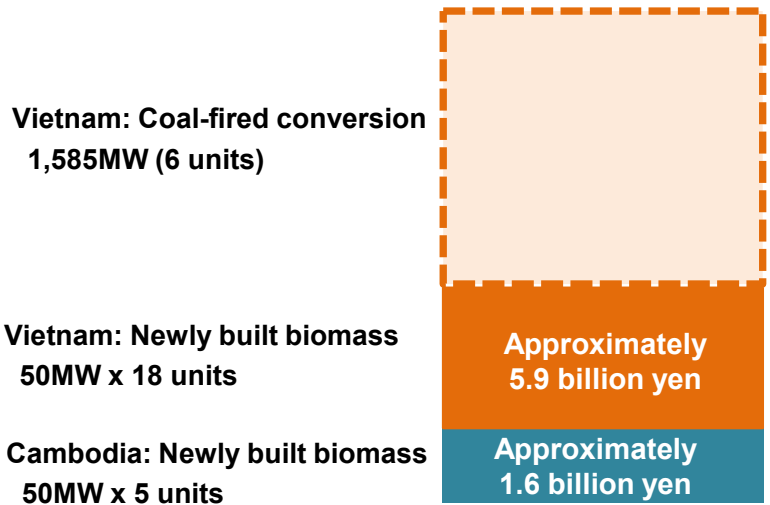


*Owned by Vinacomin Power

Carbon Credits

- Carbon credits are effective ways to realize a de-carbonized society, which countries are focusing their efforts on
- In September 2024, discussions were held with the Vietnamese Minister of Natural Resources and Environment regarding carbon credits generated from erex Group’s projects
- Discussions with the Vietnamese government for erex Group to acquire 50% of the carbon credits generated by erex Group’s projects that belong to Vietnam, are steadily progressing
- Joint task force is to be formed by the Vietnamese government and erex Group to establish a carbon credit ETS market in Vietnam

Carbon Credit Profit Contribution Potential



*Calculated at \$30 carbon credits (erex Group’s estimates)
Reference: EU ETS €64 (October 2024)



《September 23, 2024》
Hitoshi Honna, Representative Director and President of erex Co., Ltd.
Do Duc Duy, Minister of Natural Resources and Environment
Discussions on carbon credits as de-carbonization initiatives

Hydroelectric Power Plant Development (*BOT)

- Construction is to be completed by the end of 2025
- High PPA price of 7.9¢/kWh, featuring excellent economy (global average: 5.4¢/kWh)
- Power purchase is secured even during the low utilization period (7 months) of the dry season
- Government guarantee of approximately \$1.1 billion in total over 35 years
- Construction enters the final stage, with the start of construction of dam, power generation tunnels, etc.
- Discussions are underway to complete construction of the second hydroelectric power plant (20 MW) with the same conditions downstream in May 2026

Main Dam Area (photo taken from the north)



Main Dam Area (photo taken from the south)



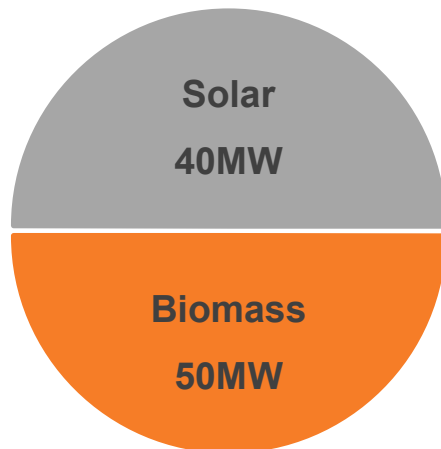
* Abbreviation for Build Operate and Transfer.

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

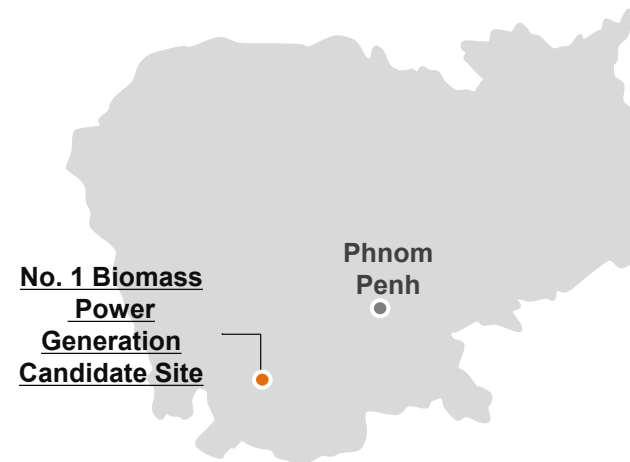
Biomass Power Plant Development

- The feasibility study for the first biomass power generation development project (50 MW) has been completed. EPC contract is scheduled to be signed by the end of this fiscal year
- At the end of September, erex Group's 23 power generation investment projects, including biomass (50MW)/solar (40MW) were approved by the Cambodian Council of Ministers. Stable supply of electric power and de-carbonization are expected
- The off-take of generated power is guaranteed by the government for a total of approximately \$1 billion over 25 years, which is unprecedented for biomass power generation, contributing to de-carbonization and stable power supply
- Going forward, erex Group will promote the addition of multiple power sources to meet the Cambodian government's request for de-carbonization
- The project aims to secure a stable power supply that will contribute to the de-carbonization of the country and reduce the need for expensive imported power from neighboring countries in the future

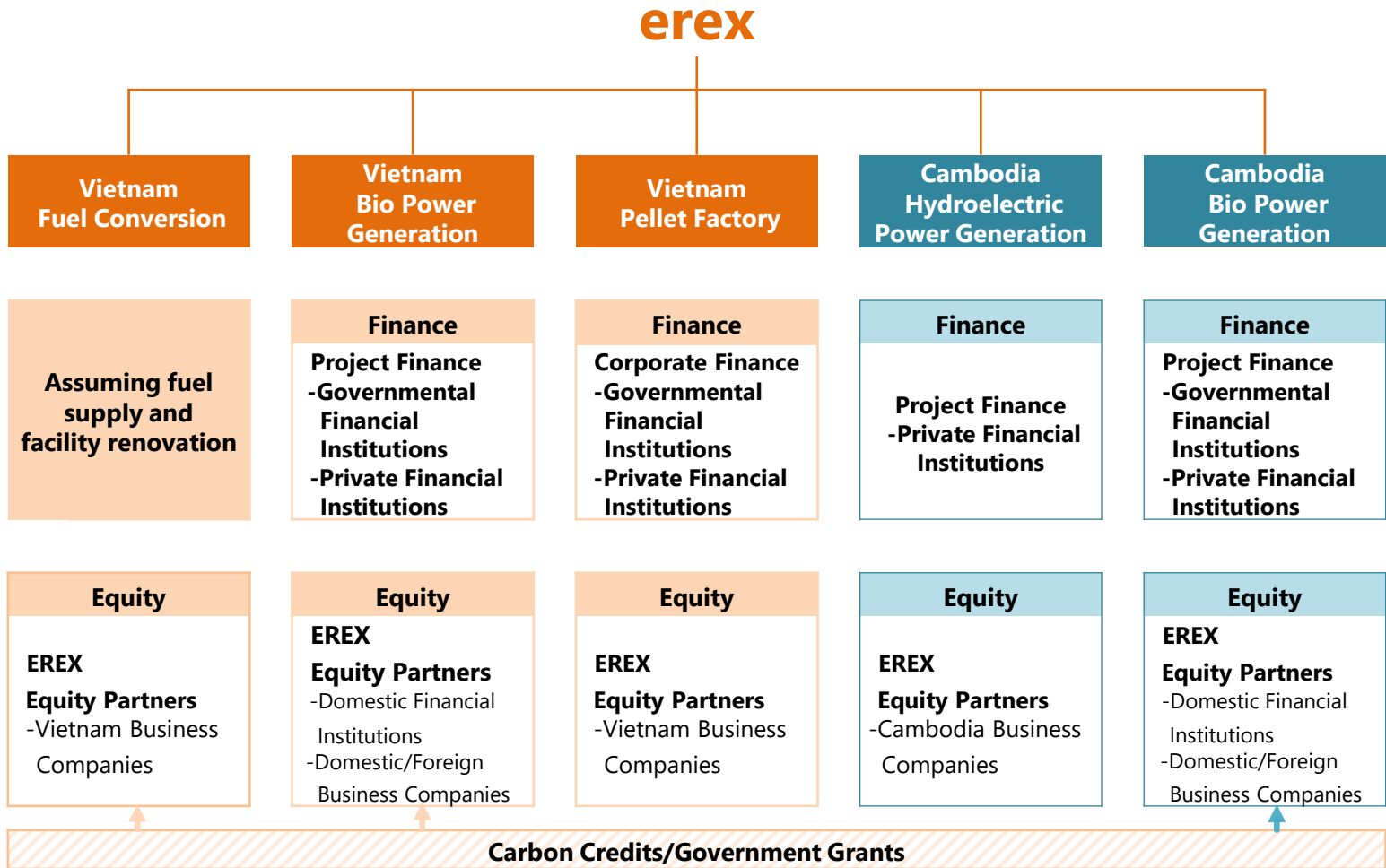
Agreement with the Government



Cambodia Power Generation Project MAP



- erex Group plans to finance overseas power plants and pellet factories through PJ (Project Finance) and CP (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
- erex Group will invest the majority of the equity portion. **Many leading domestic and foreign business companies, domestic financial institutions, etc. are interested in investing in the equity portion**
- Profitability is to be maximized through government subsidies and carbon credits for projects

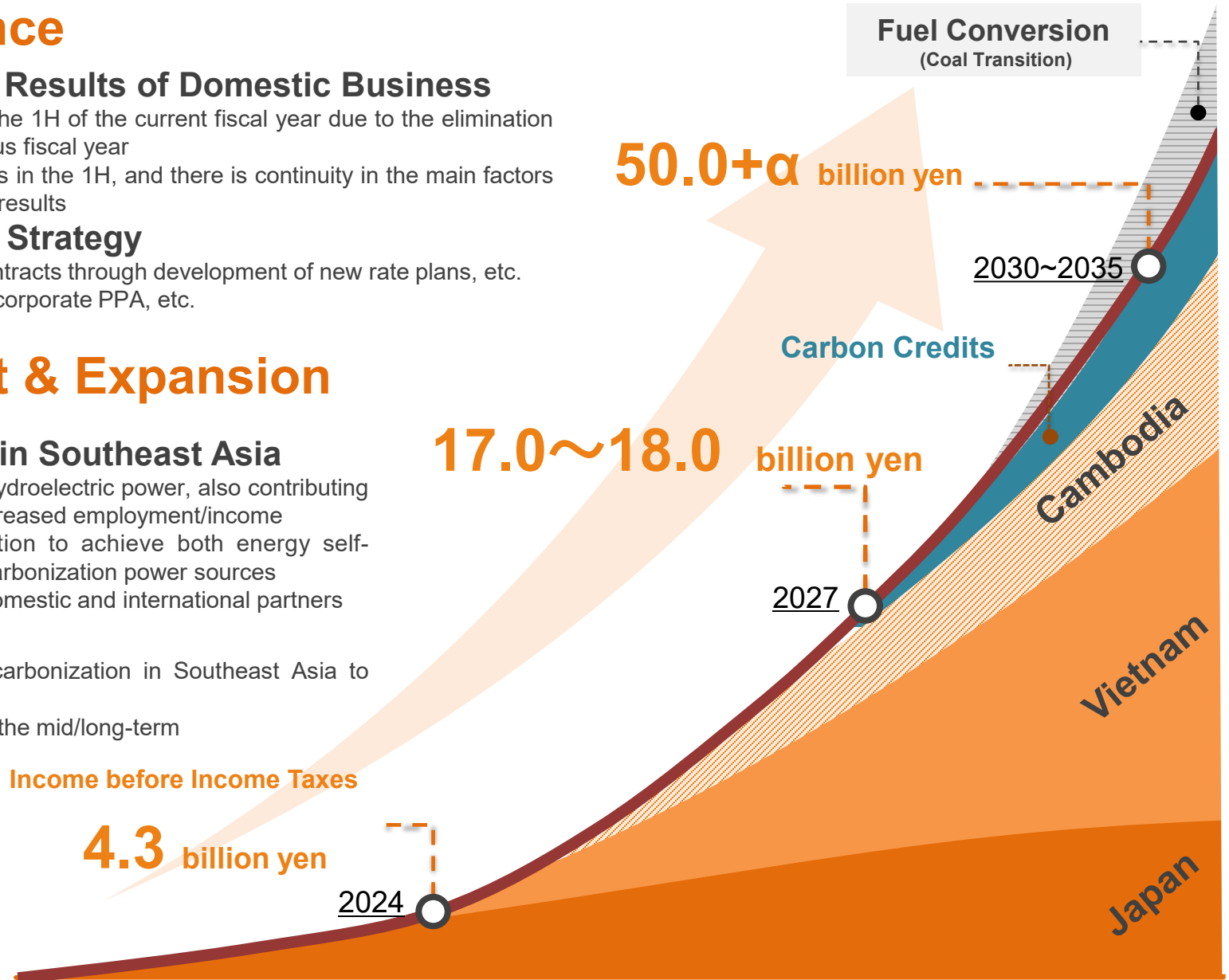


Strong Defence

- **Current Financial Results of Domestic Business**
 - ✓ Returned to profitability in the 1H of the current fiscal year due to the elimination of loss factors in the previous fiscal year
 - ✓ Retail sales exceeded plans in the 1H, and there is continuity in the main factors for the better-than-planned results
- **Domestic Growth Strategy**
 - ✓ Growth of power supply contracts through development of new rate plans, etc.
 - ✓ Expansion of aggregation, corporate PPA, etc.

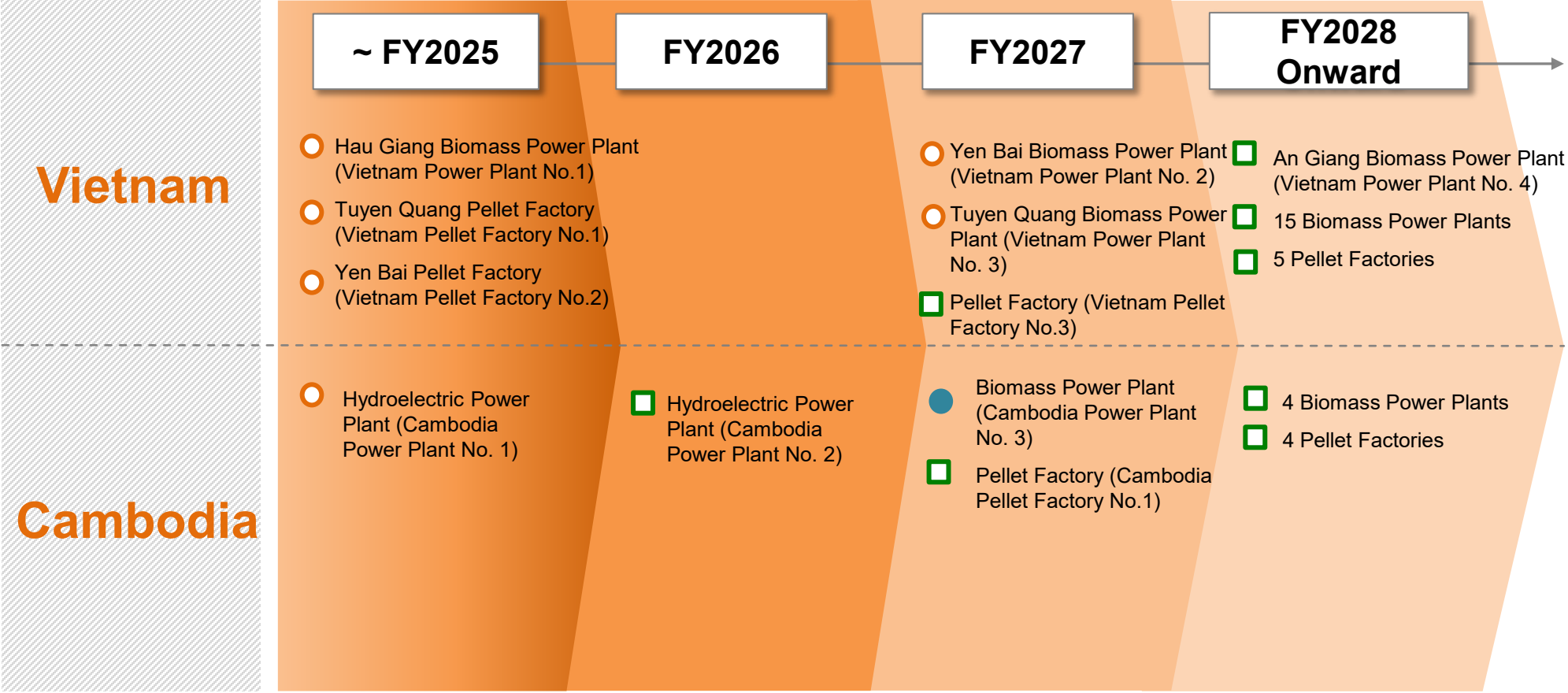
Development & Expansion

- **Growth Strategy in Southeast Asia**
 - ✓ Stable supply of biomass/hydroelectric power, also contributing to de-carbonization and increased employment/income
 - ✓ Promoting biomass transition to achieve both energy self-sufficiency and stable de-carbonization power sources
 - ✓ Business expansion with domestic and international partners
- **Carbon Credits**
 - ✓ Bringing the value of de-carbonization in Southeast Asia to Japan
 - ✓ Major source of revenue in the mid/long-term



Steady progress in overseas business for early monetization, contributing to expansion of basic earnings power

○ Construction already started
 ● Investment decision made
 □ Pipeline project



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4. Outlook for the FY March 2025 Full-Year Plans

[vs Plans]

- **Net sales:** Better than plans due to higher unit price in low-voltage, increase in power sales volume and hedging transactions, etc.
- **Operating income:** Better than plans due to higher unit price in low-voltage, increased power sales volume, improved profitability in the fuel division, and lower SG&A expenses

[Year-Over-Year Changes]

- **Net sales:** ▲37.6 billion yen YoY due to lower wholesale volume such as JEPX, PPA, etc.
- **Operating income:** +14.8 billion yen YoY due to the optimization of the balance between procurement and sales as a result of elimination of sales of procured power sources with negative spread, etc.

(Billion Yen)	FY March 2024 1H (Results)	FY March 2025 1H (Results)	FY March 2025 Full Year (Plans)	Year-Over-Year Changes (Amount)	Year-Over-Year Changes (%)	Full Year Plans Rate of Progress
Net Sales	120.8	83.2	155.4	▲37.6	▲31.2%	53.5%
EBITDA^{*1}	▲6.5	6.4	-	13.0	-	-
SG&A Expenses	5.1	4.8	-	▲0.3	▲7.1%	-
Operating Income	▲9.7	5.1	5.3	14.8	-	95.7%
Income before Income Taxes	▲8.6	4.3	4.3	13.0	-	99.2%
Net Income^{*2}	▲10.6	1.6	1.8	12.3	-	89.5%

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

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

FY March 2025: 1H Results (Breakdown of Sales and Operating Income)



(Billion Yen)	FY March 2024 1H (Results)	FY March 2025 1H (Results)	FY March 2025 Full Year (Plans)	Special Remarks
Net Sales	120.8	83.2	155.4	
Retail & Trading	136.3	99.7	185.1	<ul style="list-style-type: none"> Decrease in wholesale 【High-voltage】 Increase in power sales volume with unique new rate plans 【Low-voltage】 Increase in power sales volume due to increase in corporate customers, etc.
Power Generation & Fuel	26.1	25.6	49.9	<ul style="list-style-type: none"> Increase due to contract fee for securing capacity at Itoigawa Power Plant, etc.
Overseas	0.0	0.0	1.0	
Other Consolidation Adjustments	▲41.5	▲42.2	▲80.6	<ul style="list-style-type: none"> Offset due to transactions within the group
Operating Income	▲9.7	5.1	5.3	
Retail & Trading	▲5.4	6.3	9.8	<ul style="list-style-type: none"> Elimination of sales with negative spread by procurement on a case-by-case basis Increased costs due to capacity contributions
Power Generation & Fuel	▲3.3	▲0.2	▲2.1	<ul style="list-style-type: none"> Increase due to contract fee for securing capacity at Itoigawa Power Plant
Overseas	▲0.6	▲0.5	▲1.3	
Other Consolidation Adjustments	▲1.2	▲0.9	▲1.7	
IFRS Adjustments	0.9	0.5	0.6	

*Figures by division are before IFRS adjustments

*Internal calculations as erex Group has only one business segment.

[vs Plans]

- **Net sales:** Better than plans due to higher unit price in low-voltage, increase in power sales volume and hedging transactions, etc.
- **Operating income:** Better than plans due to higher unit price in low-voltage, increased power sales volume, improved profitability in the fuel division, etc.

[Year-Over-Year Changes]

- **Net sales:** ▲15.2 billion yen YoY due to lower wholesale volume such as PPA, etc. despite increase in high-voltage and low-voltage power sales volume
- **Operating income:** +8.3 billion yen YoY due to the optimization of the balance between procurement and sales as a result of elimination of sales of procured power sources with negative spread, etc.

(Billion Yen)	FY March 2024 2Q (Results)	FY March 2025 2Q (Results)	Year-Over-Year Changes (Amount)	Year-Over-Year Changes (%)
Net Sales	64.9	49.7	▲15.2	▲23.4%
EBITDA^{*1}	▲3.8	2.3	6.1	-
SG&A Expenses	2.4	2.6	0.2	8.2%
Operating Income	▲5.1	3.2	8.3	-
Income before Income Taxes	▲4.8	1.2	6.0	-
Net Income^{*2}	▲7.3	0.0	7.2	-

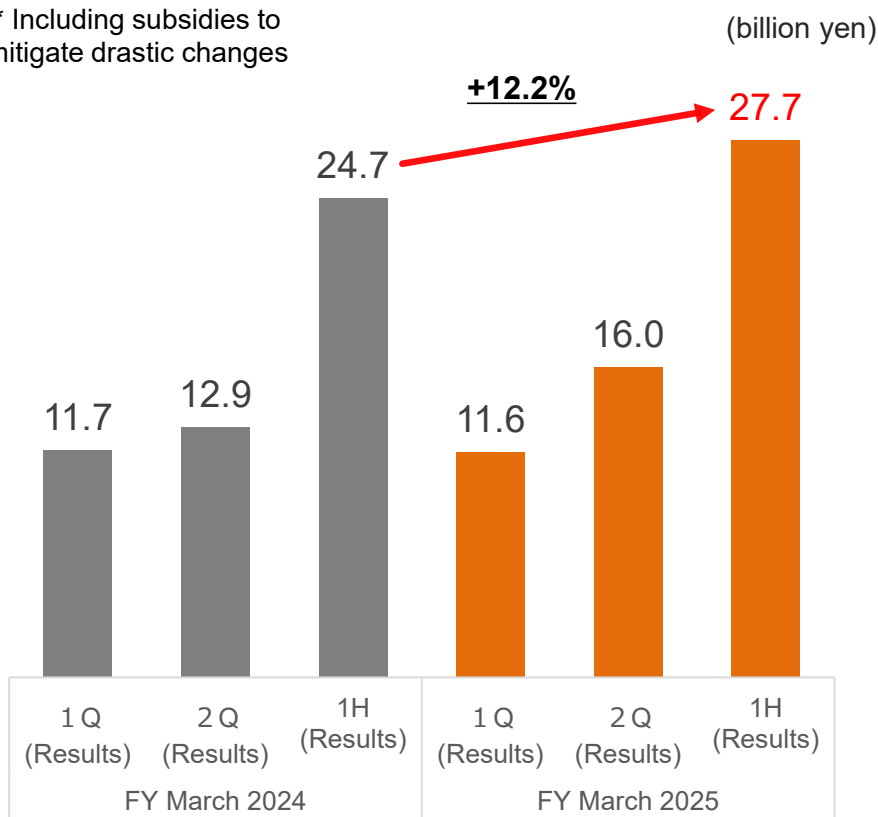
^{*1} EBITDA: Income before income taxes + Interest expense + Depreciation and amortization, etc.

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

- Net sales increased by 12.2% YoY and power sales volume increased by 49.6% YoY due to sales expansion of erex Group’s proprietary fully-fixed & hybrid plans

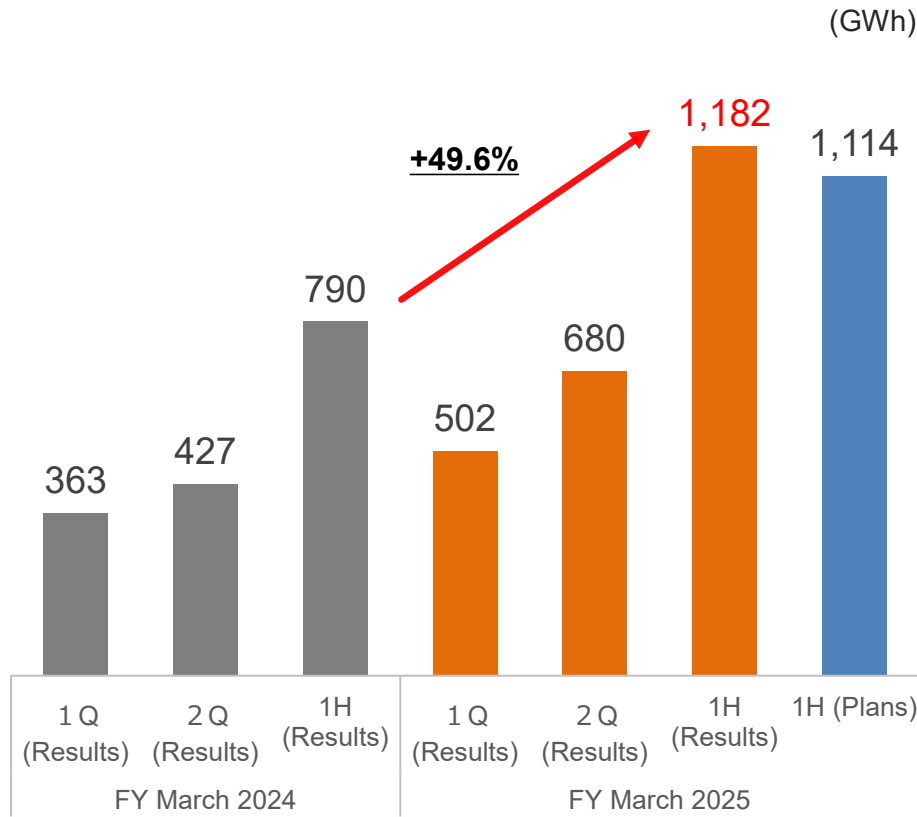
Net Sales

* Including subsidies to mitigate drastic changes (billion yen)



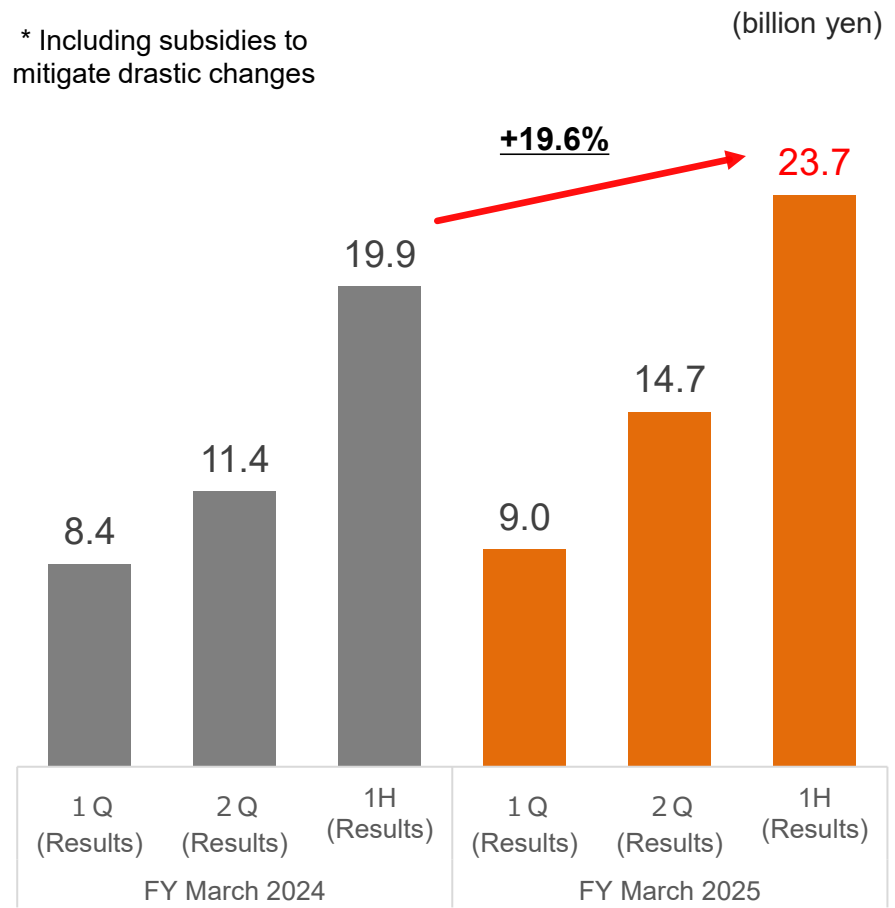
Power Sales Volume

(GWh)

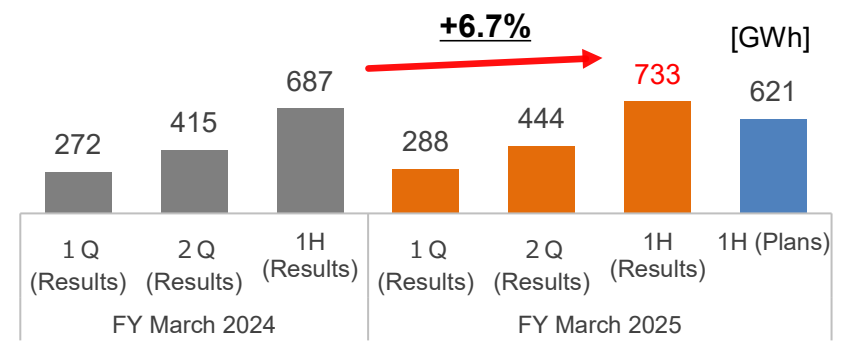


- Net sales increased by 19.6% YoY and power sales volume increased by 6.7% YoY due to increase in power sales volume as a result of increase in new applications from corporate customers with high usage and high gross profit

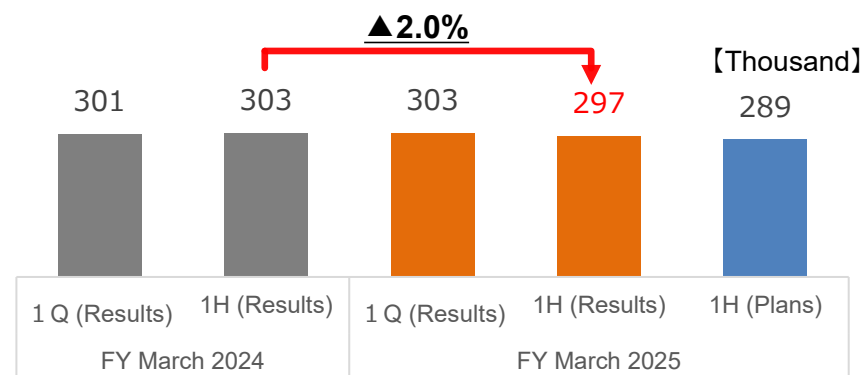
Net Sales



Power Sales Volume



Number of Customers



Summary of the Consolidated Balance Sheet

(Billion Yen)	FY March 2024 (End of the Period)	FY March 2025 1H		
		Results	Increase/ Decrease	Main Reasons for Increase/Decrease
Current Assets	66.8	67.2	0.4	<ul style="list-style-type: none"> • Increase in cash and deposits • Decrease in accounts receivable / trade due to decrease in PPA transactions • Decrease in short-term loans receivable from affiliates due to transfer to long-term
Non-Current Assets	81.1	83.7	2.6	<ul style="list-style-type: none"> • Increase in long-term loans receivable from affiliates due to transfer from short-term • Increase in derivative receivables due to mark-to-market valuation of foreign exchange contracts
Total Assets	147.9	151.0	3.0	
Current Liabilities	46.4	41.1	▲5.2	<ul style="list-style-type: none"> • Decrease in short-term loans payable due to repayment of overdrafts, etc. • Decrease in accounts payable / trade due to decrease in PPA transactions
Non-Current Liabilities	46.4	41.7	▲4.6	<ul style="list-style-type: none"> • Decrease in long-term loans payable due to transfer to current portion
Total Liabilities	92.8	82.9	▲9.9	
Interest of Owners of the Parent Company	47.6	59.5	11.8	<ul style="list-style-type: none"> • Increase in capital stock and capital surplus through third-party allotment of new shares • Increase in retained earnings due to increase in net income
Non-Controlling Interest	7.4	8.6	1.1	
Total Equity	55.1	68.1	12.9	
Cash and Deposits	18.7	27.8	9.0	<ul style="list-style-type: none"> • Increase due to third-party allotment of new shares
Interest-Bearing Debt	57.7	47.3	▲10.4	<ul style="list-style-type: none"> • Decrease in short-term loans payable due to repayment of overdrafts, etc.
Equity Ratio	32.2%	39.4%	7.2%	<ul style="list-style-type: none"> • Third-party allotment of new shares, increase in net income

*Transition to IFRS from the current fiscal year

- Net cash provided by operating activities was positive as net income was recorded
- Negative cash flow from investing activities due to HBE construction costs
- Net cash provided by financing activities was positive due to the issuance of new shares through third-party allotment, despite repayment of loans payable

(Billion Yen)	FY March 2024 1H	FY March 2025 1H	
		Results	Factors Causing Changes from the Beginning Balance
Cash and cash equivalents at the beginning of the period	33.4	19.6	
Cash flow from operating activities	▲14.8	9.7	
Income (loss) before income taxes	▲8.6	4.3	
Depreciation and amortization	1.9	1.8	
Increase/decrease in working capital*	▲2.9	▲5.0	Increase in accounts receivable / trade due to strong retail business
Corporate income taxes refunded or paid	▲3.8	0.5	
Others	▲1.3	8.0	
Cash flow from investing activities	▲7.3	▲2.7	Significantly negative in the previous fiscal year due to the exclusion of BNE from consolidation
Cash flow from financing activities	10.3	1.6	Repayment of short/long-term loans payable, third-party allotment of new shares
Effect of exchange rate changes on cash and cash equivalents	0.3	▲0.4	
Cash and cash equivalents at end of the period	22.0	27.8	
Free cash flow	▲22.1	6.9	Increase in net cash provided by operating activities
Net Interest-Bearing Debt	32.2	19.5	

*Changes in trade and other receivables + Changes in inventories + Changes in trade and other payables

- Saiki, Buzen, and Nakagusuku were largely in line with plans. Power generation volume of the Ofunato Power Plant decreased due to facility inspections
- PKS co-firing test was conducted at the Itoigawa Power Plant

Power Plant Name	Power Generation Volume (GWh)		
	Plans	Results	vs Plans
Saiki	175	187	107%
Buzen	243	246	101%
Ofunato	236	198	84%
Nakagusuku	156	165	106%
Itoigawa	48	83	173%
Tosa (Suspended since Sep 1)	0	0	-

1. Financial Highlights
2. Mid/Long-Term Growth Strategy
3. Summary of Financial Results for the 1st Half of FY March 2025
- 4. Outlook for the FY March 2025 Full-Year Plans**

- Steady progress in the retail business and improved profitability in the fuel division have led to better-than-planned progress
- erex Group currently expects steady progress toward the 2nd half, but as to the revision to the full year plans, it is currently examining the impact of fluctuation risks such as overseas trends (situation in the Middle East and Ukraine, exchange rates, etc.), electric power market conditions, and fuel market conditions, and will consider announcing revisions based on the results of these examinations

(Billion Yen)	FY March 2025 1H (Results)	FY March 2025 Full Year (Plans)	Progress Rate vs Full Year Plans
Net Sales	83.2	155.4	53.5%
Operating Income	5.1	5.3	95.7%
Income before Income Taxes	4.3	4.3	99.2%
Net Income *	1.6	1.8	89.5%

* Quarterly net income attributable to the owners of the parent company

	Topics
Retail	<ul style="list-style-type: none"> • Sales of fully-fixed and hybrid plans are expanding. No risk, stable earnings secured (high voltage) • Timely integrated management of supply/demand among divisions is implemented. No mismatch between sales unit price and procurement unit price (high and low voltage) • New rate plans are under development to meet customer needs. Scheduled to be released by the end of this fiscal year (low voltage) • Ongoing discussions with multiple companies regarding aggregation business and corporate PPA
Trading	<ul style="list-style-type: none"> • Establishment of a neutral position that does not generate surplus/deficiency in procurement for power retail sales • Procurement is secured by referring to electricity futures at the time of the subject retail plan contract, stabilizing earnings because they are not affected by fluctuations in electricity market prices
Power Generation	<ul style="list-style-type: none"> • Biomass PKS co-firing test was conducted at the Itoigawa Power Plant (coal-fired power plant). In the future, tests will be conducted with different fuels and co-firing ratios for higher loads, aiming for a power plant capable of biomass high-ratio co-firing and single-fuel-firing • Establishment of a system to accept wood pellets (WP) at the Saiki Power Plant to hedge risks when PKS procurement is difficult (e.g., when prices soar) (WP can be accepted at the Saiki Power Plant, the Nakagusuku Biomass Power Plant, and the Buzen Biomass Power Plant)
Fuel	<ul style="list-style-type: none"> • Improving profitability by utilizing inexpensive spot procurement during declining PKS market conditions • Accepting and effectively utilizing surplus biomass fuel at low cost due to trouble at other companies, etc. • Pursuit of further expansion of external sales to capture fuel demands for biomass power plants that will start operations next fiscal year
Overseas	<ul style="list-style-type: none"> • Hau Giang Biomass Power Plant to start operations in December 2024 (Vietnam) • Tuyen Quang Pellet Factory to be completed in December 2024 (Vietnam) • EPC contract for biomass power plant (50MW) scheduled to be signed (Cambodia)

- Contracts for fully-fixed and hybrid plans **expanded to 33.8%** of all high voltage contracts (as of October 2024), driving the expansion of power sales volume
- Inquiries have been increasing mainly from customers who want to increase the predictability of electricity costs. **These plans are not affected by market prices and do not generate negative spreads in erex Group's profits** because procurement is fixed in advance by referring to electricity futures

Fully-Fixed Plan

- ❑ Fixed unit price
* Unit price varies depending on the season
- ❑ No impact from fuel price fluctuations, etc,
Easy to predict electricity costs

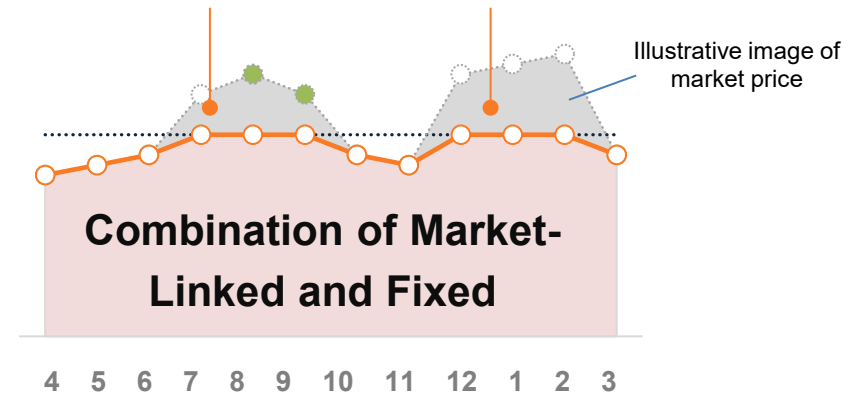
No risk of fluctuation



Hybrid Plan

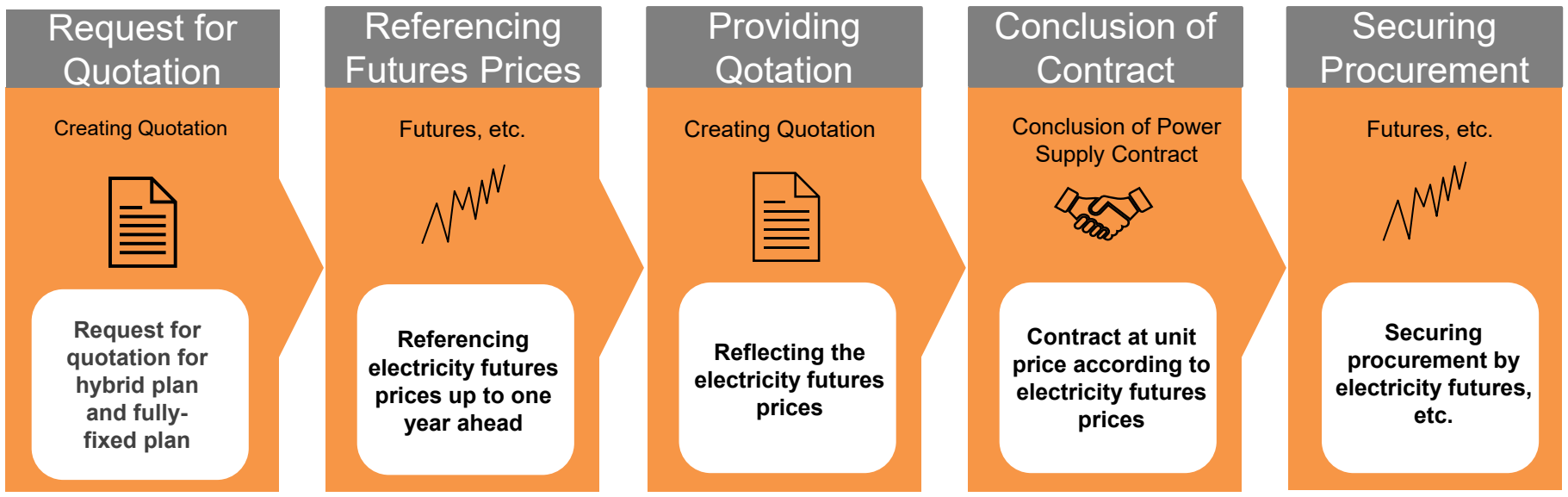
- ❑ Combination of market-linked and fully-fixed
- ❑ Avoiding the risk of large fluctuations while enjoying the benefits of inexpensive markets

Avoiding the risk of soaring prices



Fully-fixed and hybrid plans are contracted at unit price that references the electricity futures price, and the necessary procurement is secured through electricity futures immediately after the contract is concluded.

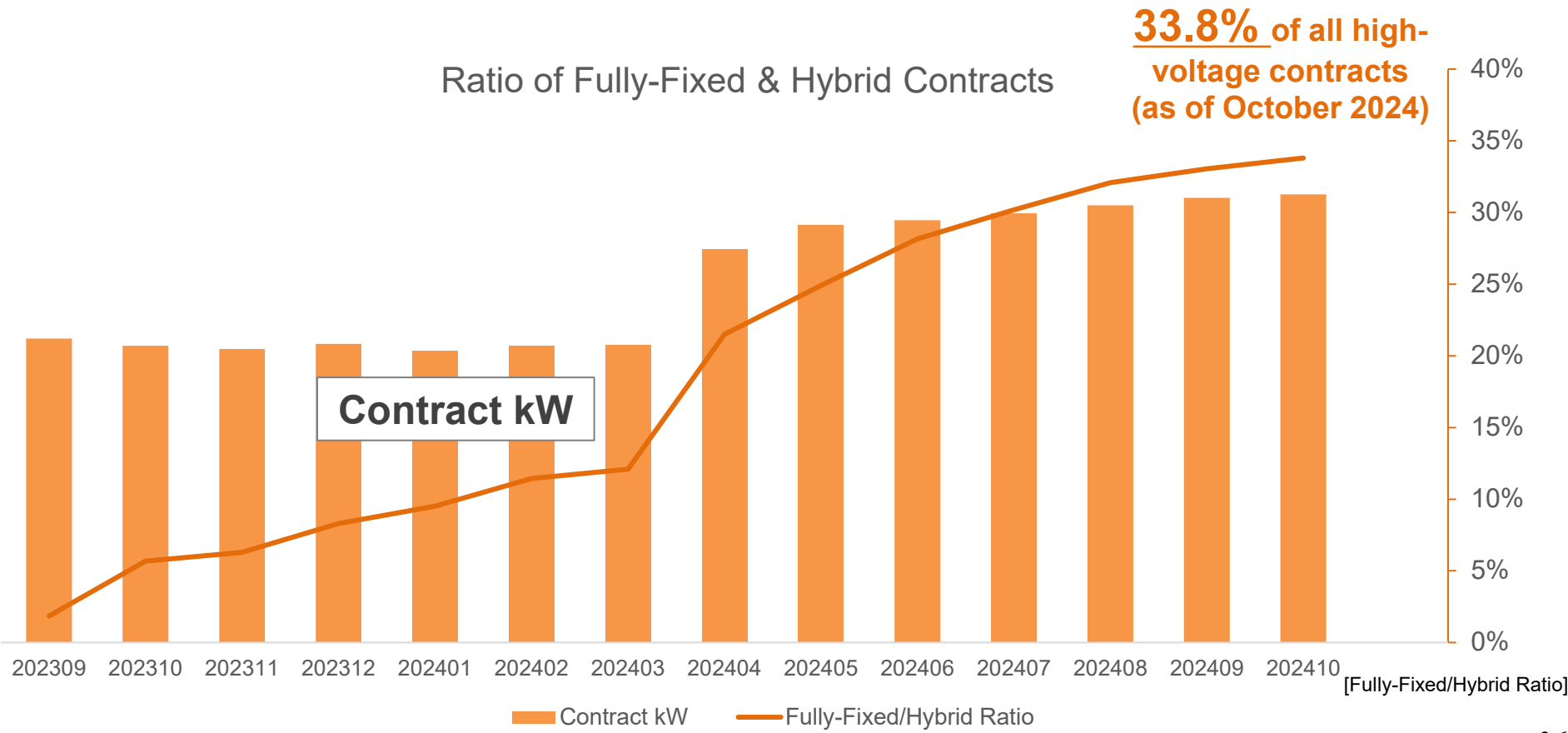
These plans ensure certain profits that are not affected by market price fluctuations during the contract period.



No risk / Stable earnings expected

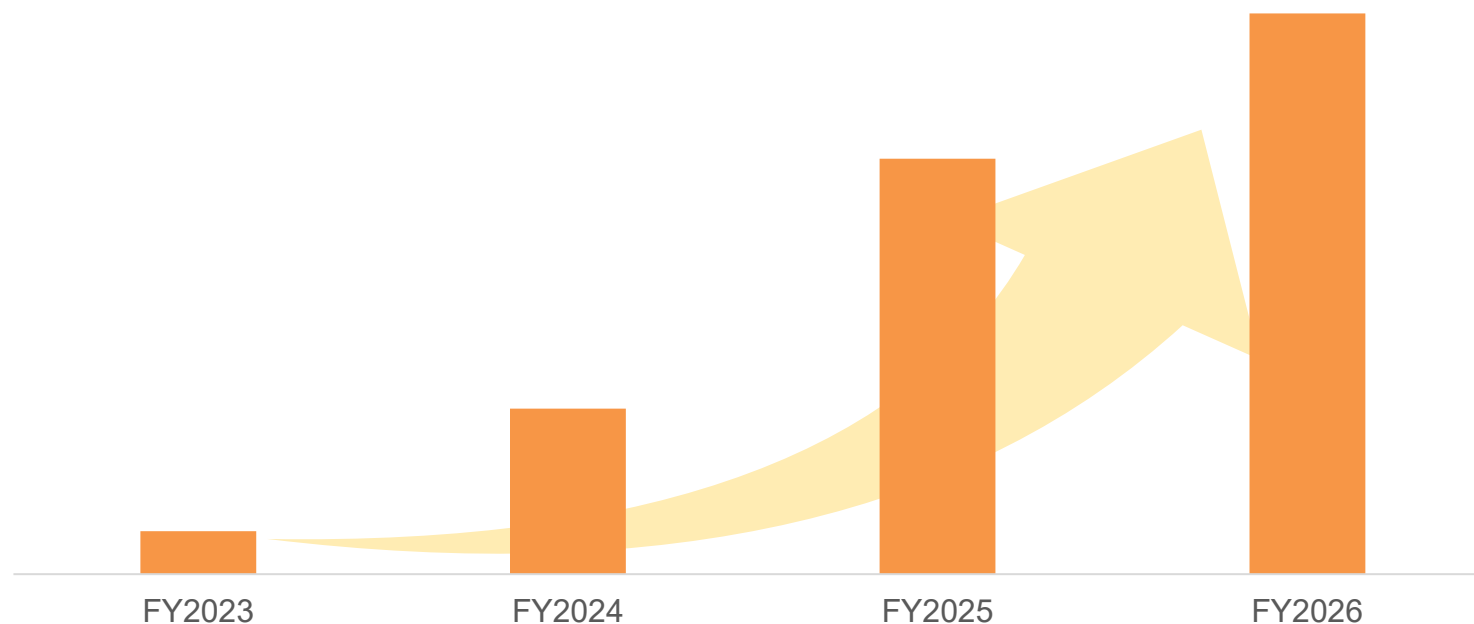
Inquiries for fully-fixed and hybrid plans have been increasing, driving growth in power sales volume

Inquiries have been increasing mainly from customers who want to increase predictability of electricity costs



- erex Group plans to significantly expand sales of fuel to 3rd parties from 2025 by procuring fuel from local suppliers in Southeast Asia and from in-house pellet factory that is scheduled to start operations

Trends in Fuel Sales Volume to 3rd Parties (Plan)



Status of Initiatives to Date

- Test plantings have been conducted at several locations with different climates, soils, and other conditions, mainly in southern Vietnam
- Issues have been extracted after careful examination of cultivation conditions and various countermeasures have been implemented
- Yield, cost, etc. have been confirmed under different environments

Current Evaluation Based on the Test Planting Results

- Soil conditioning, including fertilization and moisture, is extremely important
- Yield is about 70% of target
- Costs have not reached commercialization level

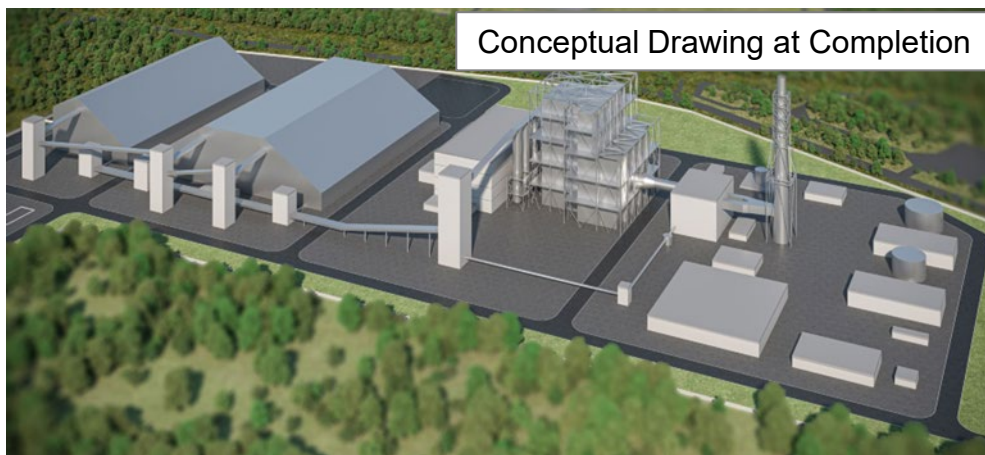
Future Actions

- The study is to be continued by reducing the scale of the test plantings
- Development of new fuels, including other varieties, is to be continued to reduce costs

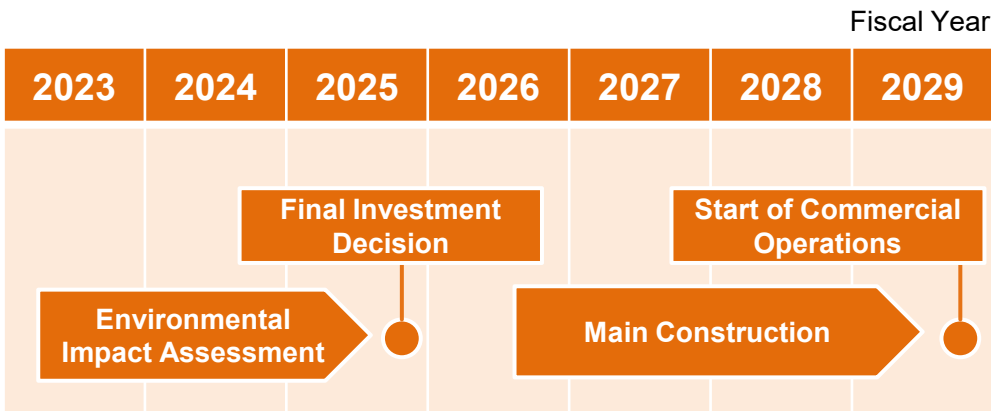


Non-FIT Mega Biomass Power Plant

- Environmental impact assessment methodology was submitted in November 2023, and residents' briefing sessions were held in December (Niigata City and Seiro Town), and environmental assessment is progressing smoothly
- erex Group received Niigata Prefecture Governor's Opinion on March 29, after passing the review boards of Niigata Prefecture, Niigata City, and Seiro Town from January to March, 2024
- Examination was completed at the 1st METI Environmental Examination Advisory Committee for FY2024, Thermal Power Subcommittee (April 23, 2024)
- erex Group received the Notice from the Minister of Economy, Trade and Industry that “no recommendation is required” on May 13, 2024 (method statement procedures have been completed), and preparation document is currently being created

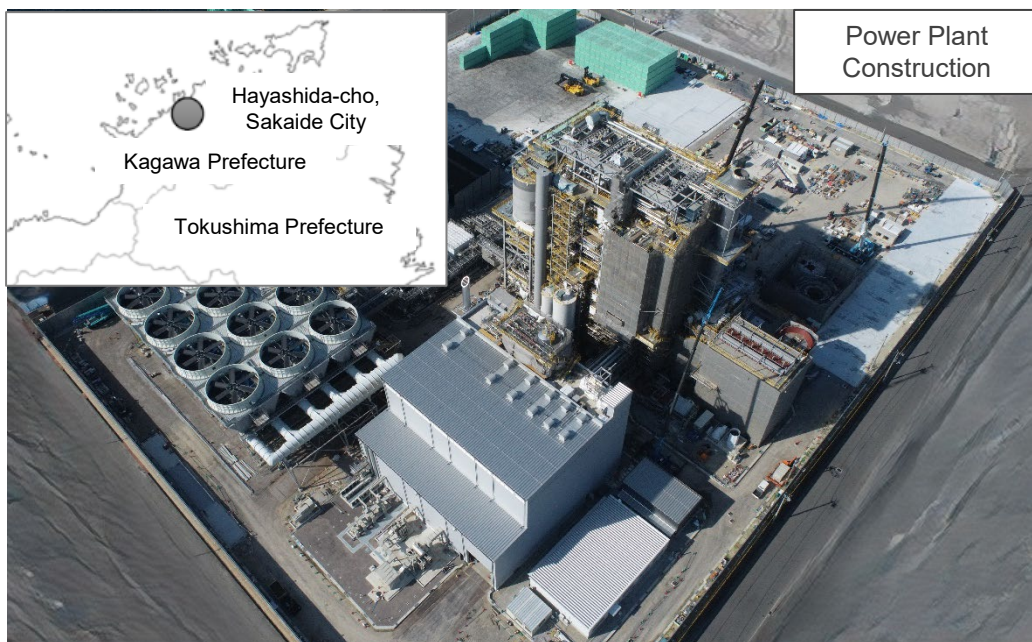


Conceptual Drawing at Completion



Facility Output	300MW (World's Largest Level)
Planned Construction Site	Near Higashikou, Seiro Town, Niigata Prefecture
Boiler Type	Ultra-Supercritical Pressure Re-Fired Boiler (Biomass Combustion Method)
Assumed Annual Power Generation	Approx. 2,000 GWh
CO2 Reduction	Approx. 1 million tons/ year

- Sakaide Power Plant (Kagawa Prefecture) is scheduled to start operations in June 2025
- 75MW biomass power plant, using wood pellets as main fuel



Power Plant Name	Sakaide Biomass Power Plant
Planned Construction Site	Hayashida-cho, Sakaide City, Kagawa Prefecture
Business Entity	Sakaide Biomass Power G.K.
Investing Companies	Shikoku Electric Power: 36% Ando Hazama: 20% Prominet Power: 15% erex: 14% Shinko Denso: 10% Sakaide Yusengumi: 5%
Generation Output	75MW
Annual Power Generation	Approx. 530 million kWh
Fuel	Wood Pellets (approx. 320,000 t/year)
Selling Price	24 yen/kWh (FIT)
Scheduled Time of Construction	Start of construction: November 2022 Commercial operation: June 2025

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