



## Consolidated Financial Results for the Nine Months Ended December 31, 2024 (1Q-3Q of FY March 2025, IFRS)

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

February 12, 2025

Company Name	erex Co., Ltd.	Listing Market: Tokyo Stock Exchange
Stock Code	9517	URL: <a href="https://www.erex.co.jp/en/ir/">https://www.erex.co.jp/en/ir/</a>
Representative Director	(Title) Representative Director and President	(Name) Hitoshi Honna
Contact	(Title) Executive Director	(Name) Takanobu Yasunaga
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 Nine Months Ended December 31, 2024 (April 1, 2024 – December 31, 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	%
Nine Months Ended December 31, 2024	126,583	△31.3	8,008	-	8,322	-	6,180	-
December 31, 2023	184,305	-	△14,205	-	△13,175	-	△15,246	-

	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
Nine Months Ended December 31, 2024	4,416	-	10,249	-	60.82	-
December 31, 2023	△15,204	-	△9,438	-	△256.44	-

(Note) Diluted EPS for the 1Q-3Q of FY March 2025 is not stated, as there are no dilutive shares having dilutive effects. Diluted EPS for the 1Q-3Q 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	%
December 31, 2024	159,318	75,736	66,559	41.8
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)				11.00	11.00

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

2. Please refer to the “Notice of Revision of Dividend Forecasts” released today (February 12, 2025) for details of the revision of dividend forecasts.

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 nine months ended December 31, 2024: Yes  
Removal: 1 (Company Name) T'dash G.K.

(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 December 31, 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 December 31, 2024	144,714 shares	As of March 31, 2024	142,014 shares
③ Average Number of Shares during the Period	9 Months ended December 31, 2024	72,605,939 shares	9 Months ended December 31, 2023	59,291,644 shares

(\* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm: No

(\* 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 same period 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 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 (3) Notes to Condensed Quarterly Consolidated Financial Statements (Initial Adoption)" on page 10 of the appendix.

### (1) Summary of Operating Results for the Current Quarter

During the nine months ended December 31, 2024 (1Q-3Q of the current fiscal year), while there was a global easing of inflationary pressures, the outlook remained uncertain due to factors such as the situation in Ukraine and the Middle East, and the impact of the outcome of the US presidential election. In Japan, electric power prices remained low, although they were slightly higher than last year due to the lingering summer heat.

Under these circumstances, net sales for the nine months ended December 31, 2024 were 126,583 million yen (down 31.3% year-on-year), cost of sales was 111,127 million yen (down 41.9% year-on-year), gross profit was 15,455 million yen (compared to gross loss of 7,008 million yen in the same period of the previous year), selling, general and administrative expenses were 7,926 million yen (up 4.5% year-on-year), operating income was 8,008 million yen (compared to operating loss of 14,205 million yen in the same period of the previous year), income before income taxes was 8,322 million yen (compared to loss before income taxes of 13,175 million yen in the same period of the previous year), and quarterly net income attributable to owners of the parent was 4,416 million yen (compared to quarterly loss attributable to owners of the parent of 15,204 million yen in the same period of the previous year).

In response to the substantial loss in the previous fiscal year, erex Group implemented structural reforms to optimize the balance between procurement and retail sales by changing its electric power procurement policy and by strengthening inter-divisional coordination, eliminating sales with negative spread of the previous fiscal year. In addition, in the retail sales division, new measures by capitalizing on its originality were successful, and operating income steadily progressed.

On the other hand, erex Group concluded business alliances with JFE Engineering Corporation and TODA CORPORATION, the allottees of the third-party allotment of new shares that was completed on May 30, 2024, and continues to be in concrete discussions with KYUDENKO CORPORATION and Sumitomo Mitsui Finance and Leasing Company Limited regarding business developments in Japan and overseas. Furthermore, erex Group has concluded a capital and business alliance with East Japan Railway Company, who was the allottee of the third-party allocation of shares disclosed on December 20, 2024 and completed payment on January 14, 2025, and will work to expand its domestic business.

In addition, its overseas business is steadily progressing toward profitability. In Vietnam, erex Group plans to start commercial operations of the Hau Giang biomass power plant (\*) in February 2025 and the Tuyen Quang pellet plant in March 2025. In addition, erex Group started construction of two biomass power plants (Yen Bai and Tuyen Quang) (\*) in October 2024 with the aim of starting operations in the summer of 2027. erex Group also received government approval for the construction of 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., e-sell Co., Ltd., and T'dash G.K. (shares were sold to a third party dated December 31, 2024) are also engaged in sales activities. In the high-voltage sector, power sales volume increased by 56.4% year-on-year to 1,799 million kWh due to expanded sales of erex Group's proprietary plans, such as fully-fixed plans and hybrid plans. Net sales increased by 22.4% year-on-year due to a decline in unit selling prices as a result of a drop in fuel adjustment cost. In the low-voltage sector, power sales volume increased by 5.1% to 1,054 million kWh due to an increase in new applications from corporate customers with high usage and high gross profit, and the number of customers decreased by 4.2% to 293,000 year-on-year, resulting in 16.4% increase in net sales.

In the trading business, the risk of having excess supply capacity decreased as a result of the strategy of procuring power on a case-by-case basis at an appropriate volume and price for fixed sales volume. The business has eliminated excess capacity for wholesale and other external sales, and both wholesale power sales volume and net sales in particular declined significantly year-on-year, but the profit has stabilized, resulting in being better than the business plan. In addition, erex Group also worked on developing and structuring its own retail sales menus and schemes by using its trading know-how for the retail business, such as trading on the wholesale electricity trading market (JEPX), PPA with other companies, and electric power derivatives trading, which contributed to erex Group's retail sales.

In the power generation business, the Saiki, Buzen, and Nakagusuku Biomass Power Plants generally operated as planned, but the power generation volume of the Ofunato Power Plant decreased due to equipment inspection. In addition, the Itoigawa Power Plant continued to operate while taking into consideration the price of coal and the electricity market, and the power generation volume during this period remained low. The operation of the Tosa Power Plant is currently being suspended due to its low efficiency and aging facilities.

In the fuel business, erex Group was able to take advantage of the decline in the market price of PKS and wood pellets due to problems and delays in the start of operations at other operators' domestic biomass power plants, resulting in lower purchase prices than planned, although the majority of its procurement of biomass fuel is under long-term contracts. In addition, erex Group continues to utilize unused biomass fuels such as wood residues, mainly in Vietnam, and develop new biomass fuels.

(\*) 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 3Q of the current fiscal year were 69,952 million yen, an increase of 3,104 million yen as compared to the end of the previous fiscal year. This was mainly due to an increase in cash and cash equivalents, trade and other receivables, which was partially offset by a decrease in other current assets, other financial assets (current), and income taxes receivable. Non-current assets were 89,365 million yen, an increase of 7,602 million yen from the end of the previous fiscal year. This was mainly due to an increase in property, plant and equipment and other financial assets (non-current), which was partially offset by a decrease in goodwill due to the interest transfer of T'dash G.K.

As a result, total assets were 159,318 million yen, an increase of 10,706 million yen from the end of the previous fiscal year.

### (Liabilities)

Current liabilities at the end of the 3Q of the current fiscal year were 40,312 million yen, a decrease of 6,090 million yen from the end of the previous fiscal year. This was mainly due to a decrease in borrowings (current). Non-current liabilities were 43,269 million yen, a decrease of 3,337 million yen from the end of the previous fiscal year. This was mainly due to a decrease in bonds and borrowings (non-current).

As a result, total liabilities were 83,582 million yen, a decrease of 9,427 million yen from the end of the previous fiscal year.

### (Equity)

Total equity at the end of the 3Q of the current fiscal year was 75,736 million yen, an increase of 20,134 million yen from the end of the previous fiscal year. This was mainly due to an increase in common stock and capital surplus as a result of third-party allotment of new shares and net income attributable to the owners of the parent company.

As a result, the ratio of equity attributable to the owners of the parent company was 41.8%.

## (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 Statements of Financial Position

	Transition Date (April 1, 2023)	Previous Consolidated Fiscal Year (March 31, 2024)	3Q of Current Consolidated Fiscal Year (December 31, 2024)
	JPY million	JPY million	JPY million
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	33,488	19,670	31,397
Trade and Other Receivables	29,719	27,312	28,732
Inventory	2,311	2,388	2,675
Other Financial Assets	11,288	8,108	5,341
Income Taxes Receivable	402	2,360	21
Other Current Assets	2,109	7,008	1,783
<b>Total Current Assets</b>	<b>79,320</b>	<b>66,848</b>	<b>69,952</b>
<b>Noncurrent Assets</b>			
Property, Plant and Equipment	57,373	34,618	36,517
Right-of-Use-Assets	4,096	1,676	1,459
Goodwill	3,943	3,078	1,095
Intangible Assets	1,707	1,629	1,500
Investments Accounted for Using the Equity Method	3,258	9,644	9,655
Other Financial Assets	25,042	29,860	37,682
Deferred Tax Assets	885	590	538
Other Noncurrent Assets	729	663	915
<b>Total Noncurrent Assets</b>	<b>97,036</b>	<b>81,763</b>	<b>89,365</b>
<b>Total Assets</b>	<b>176,356</b>	<b>148,611</b>	<b>159,318</b>

	Transition Date (April 1, 2023)	Previous Consolidated Fiscal Year (March 31, 2024)	3Q of Current Consolidated Fiscal Year (December 31, 2024)
	JPY million	JPY million	JPY million
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	21,968	17,644	17,728
Borrowings	14,761	22,386	16,200
Lease Liabilities	531	383	245
Other Financial Liabilities	4,529	320	91
Income Taxes Payable	4,611	1,727	1,263
Other Current Liabilities	3,020	3,941	4,783
<b>Total Current Liabilities</b>	<b>49,424</b>	<b>46,403</b>	<b>40,312</b>
<b>Noncurrent Liabilities</b>			
Bonds and Borrowings	40,265	33,516	29,393
Lease Liabilities	3,495	1,495	1,406
Other Financial Liabilities	409	421	459
Retirement Benefit Liabilities	1,011	886	841
Allowances	6,840	5,424	5,477
Deferred Tax Liabilities	2,677	4,862	5,691
<b>Total Noncurrent Liabilities</b>	<b>54,700</b>	<b>46,606</b>	<b>43,269</b>
<b>Total Liabilities</b>	<b>104,124</b>	<b>93,009</b>	<b>83,582</b>
<b>Equity</b>			
Common Stock	11,313	11,362	17,307
Capital Surplus	10,225	11,013	16,928
Retained Earnings	35,797	13,283	17,690
Treasury Stock	△124	△124	△124
Other Components of Equity	3,407	12,568	14,758
<b>Equity Attributable to the Owners of the Parent Company</b>	<b>60,620</b>	<b>48,104</b>	<b>66,559</b>
Non-Controlling Interests	11,612	7,497	9,176
<b>Total Equity</b>	<b>72,232</b>	<b>55,601</b>	<b>75,736</b>
<b>Total Liabilities and Equity</b>	<b>176,356</b>	<b>148,611</b>	<b>159,318</b>

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

(Condensed Quarterly Consolidated Statements of Income)

	1Q-3Q of Previous Consolidated Fiscal Year (April 1, 2023 – December 31, 2023)	1Q-3Q of Current Consolidated Fiscal Year (April 1, 2024 – December 31, 2024)
	JPY million	JPY million
Net Sales	184,305	126,583
Cost of Sales	191,314	111,127
Gross Profit/Loss(Δ)	Δ7,008	15,455
Selling, General, and Administrative Expenses	7,583	7,926
Other Revenues	431	597
Other Expenses	45	117
Operating Income/Loss(Δ)	Δ14,205	8,008
Financial Income	1,255	799
Financial Expenses	383	478
Share of Profit/Loss(Δ) of Investments Accounted for Using the Equity Method	158	Δ7
Income/Loss(Δ) before Income Taxes	Δ13,175	8,322
Income Taxes	2,071	2,141
Net Income/Loss(Δ)	Δ15,246	6,180
Net Income/Loss(Δ) Attributable to		
Owners of the Parent Company	Δ15,204	4,416
Non-Controlling Interests	Δ42	1,764
Net Income/Loss(Δ)	Δ15,246	6,180
Net Income/Loss(Δ) Per Share		
Basic Net Income/Loss(Δ) Per Share	Δ256.44	60.82

(Note) Diluted EPS for the 1Q-3Q of FY March 2024 is not stated as dilutive shares exist, but they are anti-dilutive. Diluted EPS for the 1Q-3Q of FY March 2025 is not stated as there are no dilutive shares having dilutive effects.



(Condensed Quarterly Consolidated Statements of Comprehensive Income)

	1Q-3Q of Previous Consolidated Fiscal Year (April 1, 2023 – December 31, 2023)	1Q-3Q of Current Consolidated Fiscal Year (April 1, 2024 – December 31, 2024)
	JPY million	JPY million
Net Income/Loss(Δ)	Δ15,246	6,180
Other Comprehensive Income		
Items that will not be Reclassified to Profit or Loss		
Financial Assets at Fair Value through Other Comprehensive Income	698	702
Total of Items that will not be Reclassified to Profit or Loss	698	702
Items that may be Reclassified Subsequently to Profit or Loss		
Cash Flow Hedges	5,171	3,128
Exchange Differences on Translating Foreign Operations	Δ74	235
Share of Other Comprehensive Income of Investments Accounted for Using the Equity Method	12	2
Total of Items that may be Reclassified Subsequently to Profit or Loss	5,109	3,366
Total Other Comprehensive Income, Net of Tax	5,808	4,069
Comprehensive Income	Δ9,438	10,249
Comprehensive Income/Loss(Δ) Attributable to		
Owners of the Parent Company	Δ9,415	8,494
Non-Controlling Interests	Δ22	1,755
Comprehensive Income/Loss(Δ)	Δ9,438	10,249

### (3) Notes to Condensed Quarterly Consolidated Financial Statements

#### (Basis of Preparation)

The condensed quarterly consolidated financial statements of erex Group are prepared in accordance with Article 5, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. (however, the omission of a statement as stipulated in Article 5, Paragraph 5 of the Standards for Preparation of Quarterly Financial Statements, etc. is applied).

#### (Important Changes in the Scope of Consolidation)

1Q-3Q of the previous consolidated fiscal year (from April 1, 2023 to December 31, 2023)

erex Group owns a majority of the equity of Buzen New Energy G.K. on its own account. However, due to the conclusion of a memorandum of understanding between the investors on April 1, 2023 regarding changes to the agreement between the investors, decisions on important matters now require the consent of all investors, and erex Group no longer controls decisions on the company's financial and business policies. As a result, Buzen New Energy G.K. was excluded from the scope of consolidation and became an equity method affiliate from the 1Q of the previous consolidated fiscal year. Since no sale of equity interest was involved, no consideration was received, and also there was no change in ownership ratio.

In addition, from the 1Q-3Q of the previous consolidated fiscal year, EREX INTERNATIONAL CO., LTD, EREX SAKURA BIOMASS YEN BAY CO., LTD and EREX SAKURA BIOMASS TUYEN QUANG CO., LTD were newly established and were included in the scope of consolidation.

1Q-3Q of the current consolidated fiscal year (from April 1, 2024 to December 31, 2024)

At the board of directors meeting held on November 29, 2024, erex Group resolved to transfer all of its equity interests in T'dash G.K., a wholly owned subsidiary, to HBD Inc. and completed the transfer on December 31, 2024. As a result, T'dash G.K. was removed from the scope of consolidation.

The gain related to the loss of control is included in "other income" in the condensed quarterly consolidated statement of income.

#### (Segment Information)

Summary of the reportable segment

1Q-3Q of the previous consolidated fiscal year (April 1, 2023 – December 31, 2023) and 1Q-3Q of the current consolidated fiscal year (April 1, 2024 – December 31, 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 in Case of Significant Changes in the Amount of Equity Attributable to Owners of the Parent Company)

1Q-3Q of the previous consolidated fiscal year (April 1, 2023 – December 31, 2023)

Not applicable.

1Q-3Q of the current consolidated fiscal year (April 1, 2024 – December 31, 2024)

erex Group resolved at the board of directors meeting held on May 10, 2024 to issue new shares by way of third-party allotment to JFE Engineering Corporation, TODA CORPORATION, KYUDENKO CORPORATION and Sumitomo Mitsui Finance and Leasing Company Limited, and all payment procedures were completed as of May 30, 2024.

As a result, common stock and capital surplus increased by 5,928 million yen and 5,898 million yen during the 1Q-3Q of the current consolidated fiscal year, respectively. Direct issuance costs of 29 million yen (after tax effect) related to the issuance of new shares were deducted from capital surplus.

#### (Notes Related to Going Concern Assumptions)

Not applicable.

#### (Notes to Condensed Quarterly Consolidated Statements of Cash Flows)

No condensed quarterly consolidated statements of cash flows have been prepared for the 1Q-3Q of the current fiscal year. Depreciation and amortization expenses for the 1Q-3Q of the current fiscal year are as follows.

	1Q-3Q of Previous Consolidated Fiscal Year (April 1, 2023 – December 31, 2023)	1Q-3Q of Current Consolidated Fiscal Year (April 1, 2024 – December 31, 2024)
	JPY million	JPY million
Depreciation & Amortization Expenses	3,029	2,724

(Material Subsequent Events)

At the board of directors meeting held on December 20, 2024, erex Group resolved to issue new shares through a third-party allotment as detailed below. All payment procedures were completed on January 14, 2025.

(1) Method of Offering	Third Party Allotment
(2) Type and Number of Shares Offered	Common Shares, 3,646,500 Shares
(3) Allotment Price	570 yen / Share
(4) Amount of Capital to be Increased	285 yen / Share
(5) Total Amount of Allotment Price	2,078 million yen
(6) Total Amount of Capital to be Increased	1,039 million yen
(7) Payment Date	January 14, 2025
(8) Allottee	East Japan Railway Company (hereinafter referred to as "JR East")
(9) Use of Funds	Funds for business investments related to collaboration with JR East on de-carbonization, such as aggregation business and storage batteries, and for establishing domestic de-carbonization business infrastructure of erex Group

erex Group signed a capital and business alliance agreement with JR East on December 20, 2024.

(First-Time Adoption)

erex Group adopted IFRS from the 1Q 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 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 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
Non-Current Assets						Non-Current 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
Affiliated Companies' Shares	2,708	-	550	3,258	(e)(m)	Accounted for Using the Equity Method
Deferred Tax Assets	808	-	77	885	(q)	Deferred Tax Assets
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 Non-Current Assets
Allowance for Doubtful Accounts	△550	550	-	-	(c)	
Total Non-Current Assets	92,775	△50	4,312	97,036		Total Non-Current 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
Borrowings	9,440	5,342	△20	14,761	(f)(o)	Borrowings
Current Portion of Long-Term Borrowings	5,342	△5,342	-	-	(f)	
Accounts Payable /Other than Trade	-	12	519	531	(k)	Lease Liabilities
Income Taxes Payable	2,462	1,995	71	4,529	(b)(c)(p)	Other Financial Liabilities
Income Taxes Payable	4,611	-	-	4,611		Income Taxes Payable
Provision for Bonuses	323	△323	-	-	(d)	
Derivative Liabilities	4,452	△4,452	-	-	(c)	
Others	2,629	305	85	3,020	(d)(r)	Other Current Liabilities
Total Current Liabilities	48,400	-	1,023	49,424		Total Current Liabilities
Non-Current Liabilities						Non-Current Liabilities
Bonds Payable Long-Term Borrowings	5,000	35,345	△80	40,265	(f)(o)	Bonds and Borrowings
Borrowings	35,345	△35,345	-	-	(f)	
Retirement Benefit Liabilities	-	5	3,490	3,495	(k)	Lease Liabilities
Asset Retirement Obligations	286	-	725	1,011	(r)	Retirement Benefit Liabilities
Deferred Tax Liabilities	6,419	-	421	6,840	(d)(j)	Allowances
Deferred Tax Liabilities	2,161	-	515	2,677	(q)	Deferred Tax Liabilities
Derivative Liabilities	151	△151	-	-	(c)	
Others	387	145	△123	409	(c)(t)	Other Financial Liabilities
Total Non-Current Liabilities	49,751	-	4,948	54,700		Total Non-Current Liabilities
Total Liabilities	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
Non-Controlling Interests	11,939	-	△327	11,612	(u)	Non-Controlling Interests
Total Net Assets	73,953	-	△1,720	72,232		Total Equity
Total Liabilities and Net Assets	172,105	-	4,251	176,356		Liabilities and Equity

Adjustments to Equity as at December 31, 2023 (3Q 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	25,419	-	-	25,419	(a)	Cash and Cash Equivalents
Accounts Receivable/Trade	22,737	△5,206	-	27,943	(b)	Trade and Other Receivables
Materials and Supplies	3,103	-	-	3,103		Inventory
Short-Term Loans to Affiliated Companies	3,777	2,618	-	6,395	(a)(c)	Other Financial Assets
Accrued Revenue	5,206	△5,206	-	-	(b)	
Consumption Taxes Receivable, etc.	3,653	△3,653	-	-	(d)	
Derivative Receivables	2,265	△2,265	-	-	(c)	
	-	87	△21	65	(d)(q)	Income Taxes Receivable
Others	2,068	3,213	△85	5,196	(d)(i)(t)	Other Current Assets
Total Current Assets	68,230	-	△106	68,124		Total Current Assets
Non-Current Assets						Non-Current Assets
Property, Plant and Equipment	35,273	△1	△15	35,257	(j)	Property, Plant and Equipment
	-	1	3,252	3,253	(k)	Right-of-Use Assets
Intangible Assets	5,374	△1,652	221	3,943	(l)	Goodwill
	-	1,652	-	1,652		Intangible Assets
Investment Securities	2,318	22,944	453	25,716	(c)(n)	Other Financial Assets
Long-Term Loans to Affiliated Companies	1,500	△1,500	-	-		
Affiliated Companies' Shares	2,662	6,102	646	9,411	(e)(m)	Investments Accounted for Using the Equity Method
Investments in Affiliated Companies	6,102	△6,102	-	-	(e)	
Deferred Tax Assets	672	-	3	675	(q)	Deferred Tax Assets
Long-Term Prepaid Expenses	638	△638	-	-	(d)	
Lease and Guarantee Deposits	3,066	△3,066	-	-	(c)	
Derivative Receivables	10,629	△10,629	-	-	(c)	
Others	8,158	△7,520	21	659	(c)(d)	Other Non-Current Assets
Allowance for Doubtful Accounts	△410	410	-	-	(c)	
Total Non-Current Assets	75,985	-	4,582	80,568		Total Non-Current Assets
Total Assets	144,216	-	4,476	148,692		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	14,674	2,259	7	16,941	(b)(s)	Current Liabilities Trade and Other Payables
Borrowings	15,430	3,440	-	18,870	(f)(o)	Borrowings
Current Portion of Long-Term Borrowings	3,440	△3,440	-	-	(f)	
Accounts Payable /Other than Trade	-	2	529	531	(k)	Lease Liabilities Other Financial Liabilities
Income Taxes Payable	2,259	△577	-	1,681	(b)(c)(p)	Income Taxes Payable
Provision for Bonuses	1,408	-	△15	1,392	(q)	
Derivative Liabilities	86	△86	-	-	(d)	
Others	1,677	△1,677	-	-	(c)	
Total Current Liabilities	975	79	125	1,181	(d)(r)	Other Current Liabilities
Non-Current Liabilities	39,952	-	646	40,598		Total Current Liabilities Non-Current Liabilities
Bonds Payable Long-Term Borrowings	11,000	26,327	△43	37,284	(f)(o)	Bonds and Borrowings
Retirement Benefit Liabilities	26,327	△26,327	-	-	(f)	
Asset Retirement Obligations	-	4	2,673	2,677	(k)	Lease Liabilities Retirement Benefit Liabilities
Deferred Tax Liabilities	335	-	672	1,007	(r)	
Derivative Liabilities	5,290	-	507	5,798	(d)(j)	Allowances Deferred Tax Liabilities
Others	3,327	-	592	3,920	(q)	
Total Non-Current Liabilities	61	△61	-	-	(c)	Other Financial Liabilities
Total Liabilities	386	57	△123	320	(c)(t)	Total Non-Current Liabilities
Net Assets	46,729	-	4,278	51,008		Total Liabilities
Common Stock	86,682	-	4,924	91,606		Equity
Capital Surplus	11,356	-	-	11,356		Common Stock
Retained Earnings	10,130	-	95	10,226	(t)	Capital Surplus
Treasury Stock Accumulated Other Comprehensive Income	19,121	-	164	19,286	(x)	Retained Earnings
Non-Controlling Interests	△124	-	0	△124		Treasury Stock Other Components of Equity
Total Net Assets	8,273	-	△380	7,892	(n)(v)(w)	Equity Attributable to the Owners of the Parent Company
Total Liabilities and Net Assets	-	-	△120	48,637		Non-Controlling Interests
	8,776	-	△328	8,448	(u)	Total Equity Liabilities and Equity
	57,534	-	△448	57,085		
	144,216	-	4,476	148,692		

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
Non-Current Assets						Non-Current 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
Long-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 Non-Current Assets
Allowance for Doubtful Accounts	△344	344	-	-	(c)	
Total Non-Current Assets	78,277	-	3,485	81,763		Total Non-Current 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
Non-Current Liabilities						Non-Current 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 Non-Current Liabilities	48,536	-	△1,929	46,606		Total Non-Current 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
Non-Controlling 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 December 31, 2023 (1Q-3Q 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	184,305	-	-	184,305		Net Sales
Cost of Sales	191,555	-	△241	191,314	(j)(k)(r)(s)	Cost of Sales
Gross Loss (△)	△7,249	-	241	△7,008		Gross Loss (△)
Selling, General, and Administrative Expenses	7,903	△17	△302	7,583	(h)(i)(k)(l)(o)(r)(s)	Selling, General, and Administrative Expenses
	-	431	-	431	(g)	Other Revenues
	-	74	△29	45	(g)	Other Expenses
Operating Loss (△)	△15,153	373	573	△14,205		Operating Loss (△)
Non-Operating Income	1,683	△1,683	-	-	(g)	
Non-Operating Expenses	388	△388	-	-	(g)	
	-	1,251	3	1,255	(g)(n)	Financial Income
	-	297	85	383	(g)(o)	Financial Expenses
	-	△15	173	158	(g)(m)	Share of Profit/Loss(△) of Investments Accounted for Using the Equity Method
Loss before Income Taxes (△)	△13,857	17	665	△13,175		Loss before Income Taxes (△)
Income Taxes	1,773	260	37	2,071	(h)(q)	Income Taxes
Income Taxes Deferred	243	△243	-	-	(h)	
Net Loss (△)	△15,874	-	627	△15,246		Net Loss(△)
						Net Loss(△) Attributable to
Net Loss (△) Attributable to the Owners of the Parent Company	△15,887	-	682	△15,204		Owners of the Parent Company
Net Loss (△) Attributable to Non-Controlling Interests	12	-	△55	△42	(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 ( $\Delta$ )	$\Delta 15,874$	-	627	$\Delta 15,246$		Net Loss ( $\Delta$ )
Other Comprehensive Income						Other Comprehensive Income
Valuation Difference on Available-for-Sale Securities	33	-	664	698	(n)	Items that will not be Reclassified to Profit or Loss Financial Assets at Fair Value through Other Comprehensive Income
Deferred Hedge Gain/Loss	- 3,876	-	664 1,295	698 5,171	(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	$\Delta 74$	-	-	$\Delta 74$		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	20	-	$\Delta 7$	12		Items that may be Reclassified Subsequently to Profit or Loss Total Other Comprehensive Income, Net of Tax
Total Other Comprehensive Income	3,856	-	1,287	5,109		Comprehensive Income
Comprehensive Income	$\Delta 12,018$	-	2,579	$\Delta 9,438$		Comprehensive Income/Loss( $\Delta$ ) Attributable to
Comprehensive Income Attributable to the Owners of the Parent Company	$\Delta 12,034$	-	2,618	$\Delta 9,415$		Owners of the Parent Company
Comprehensive Income Attributable to Non- Controlling Interests	16	-	$\Delta 38$	$\Delta 22$	(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 ( $\Delta$ )	$\Delta 22,570$	-	953	$\Delta 21,616$		Net Loss ( $\Delta$ )
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 Financial Assets at Fair Value through Other Comprehensive Income
	-	-	147	147	(r)	Remeasurement of Defined Benefit Plans
Deferred Hedge Gain/Loss	-	-	1,141	2,272		Items that will not be Reclassified to Profit or Loss
Foreign Currency Translation Adjustments	6,848	-	1,907	8,756	(w)	Items that may be Reclassified Subsequently to Profit or Loss Cash Flow Hedges Exchange Differences on Translating Foreign Operations
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	204	-	-	204		Share of Other Comprehensive Income of Investments Accounted for Using the Equity Method
	54	-	$\Delta 0$	54		Items that may be Reclassified Subsequently to Profit or Loss
Total Other Comprehensive Income	-	-	1,907	9,015		Total Other Comprehensive Income, Net of Tax
Comprehensive Income	8,239	-	3,048	11,287		Comprehensive Income
	$\Delta 14,331$	-	4,002	$\Delta 10,328$		Comprehensive Income/Loss( $\Delta$ ) 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 (non-current)", that were separately presented, and investments, etc. included in "others" in non-current assets under Japanese GAAP, have been reclassified and presented as "other financial assets (non-current)" under IFRS.

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

"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 (non-current)", that were separately presented under Japanese GAAP, have been reclassified and presented as "other financial liabilities (non-current)" 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 non-current assets under Japanese GAAP, have been reclassified and presented as "other non-current 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 assets under Japanese GAAP, have been reclassified and presented as "other current liabilities" under IFRS, and "asset retirement obligations", that were separately presented in non-current liabilities, have been reclassified and presented as "allowances (non-current)" 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 (non-current)" 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 has 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 non-current 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)	3Q of the Previous Consolidated Fiscal Year (December 31, 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	890	912
Recognition of Right-of-Use Assets and Lease Liabilities	△491	△468	△432
Adjustments related to Goodwill	-	304	366
Adjustments related to Asset Retirement Obligations	△350	△343	△126
Adjustments related to Retirement Benefit Accounting	△650	△607	△465
Transfer of Accumulated Translation Differences related to Foreign Subsidiaries	431	431	431
Others	△279	△42	△153
Total	△518	164	531