






**Development**

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

# 1st Half of Fiscal Year Ending March 31, 2027

# Supplementary Materials for Financial Results

November 10 2026

**Strong Defense**

Building solid business foundation in Japan, such as retail/trading, aggregation (BESS, etc.) and power generation/fuel

# erex Co., Ltd. [9517]

erex

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

# FY March 2027: First-Half Highlights

## Net sales increased year-on-year due to rising electric power market prices
## Operating income exceeded the first-half plans, however, decreased year-on-year due to changes in the electric power market environments and increased costs in overseas business

| | Net Sales | | Operating Income | | Pre-Tax Income | | Interim Net Income Attributable to the Owners of the Parent Company | |
|---|---|---|---|---|---|---|---|---|
| | 112.8 billion yen | | 500 million yen | | 100 million yen | | ▲300 million yen | |
| | Amount | Progress Rate / Year-on-Year Change | Amount | Progress Rate / Year-on-Year Change | Amount | Progress Rate / Year-on-Year Change | Amount | Progress Rate / Year-on-Year Change |
| First Half Plans | 116.6 billion yen | 96.8% | 300 million yen | 152.8% | 400 million yen | 22.1% | 100 million yen | - |
| Results for the Same Period Last Year | 86.5 billion yen | 130.4% | 3.6 billion yen | 15.8% | 3.2 billion yen | 3.4% | 1.5 billion yen | - |
| Full Year Plans | 240.6 billion yen | 46.9% | 7.8 billion yen | 7.3% | 9.2 billion yen | 1.2% | 5.4 billion yen | - |

- Net sales increased by 30.4% year-on-year. This was driven by higher sales unit prices due to rising electric power market prices, an expansion in fuel sales to third parties, and improved operating rates in overseas business
- Operating income exceeded the first-half plans, however, decreased year-on-year due to rising procurement prices in the retail business and soaring costs in overseas business. In the second half, erex Group will focus on improving profitability and will work to secure profits in the retail and trading businesses, reduce costs in overseas business, and reduce SG&A expenses company-wide
- Pre-tax income and interim net income attributable to the owners of the parent company fell short of the plans due to the negative impact of the strong yen

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# Full-Year Financial Forecasts and Future Measures

- Although first-half results exceeded the plans, uncertainties remain regarding the achievement of full-year plans due to fluctuations in the electric power market and trends in fuel and raw material prices
- In the second half, erex Group will focus on securing profits in the retail and trading, improving profitability in the overseas business, and reducing SG&A expenses company-wide
- erex Group had already planned in the previous fiscal year to accelerate plan changes for high-voltage customers in the second half of FY2026 and had secured part of the electricity needed to meet demand from existing customers. erex Group will utilize this procured volume to drive earnings generation in the second half

| Operating Income | FY March 2027 Full-Year Plans | FY March 2027 First-Half Results | FY March 2026 First-Half Results | FY March 2027: First-Half Assessment and Second-Half Measures |
|---|---|---|---|---|
| Retail & Trading | 7.4 | 1.6 | 4.3 | In the first half, KPIs such as volume achieved plans for low-voltage but fell short of plans for high-voltage due to changes in the market environments. Operating income decreased year-on-year due to rising procurement prices. In the second half, erex Group will focus on improving gross profit through plan changes and generating earnings by utilizing low-cost procured electric power |
| Power Generation & Fuel | ▲0.7 | ▲0.1 | ▲0.3 | In the first half, operating income improved year-on-year due to higher fuel sales to third parties and reduced fixed costs at domestic power plants. In the second half, erex Group will continue to focus on fuel sales to third parties and ensuring stable operations at its power plants |
| Overseas | ▲1.7 | ▲1.3 | ▲0.8 | In the first half, the Hau Giang Biomass Power Plant and the Tuyen Quang Pellet Factory improved their operating rates. However, operating income decreased year-on-year due to soaring fuel and raw material prices, as well as higher SG&A expenses. In the second half, erex Group will push forward with negotiations to raise electric power sales prices, secure a stable supply by developing new rice husk procurement sources, and reduce costs at the pellet factory. |
| Other Consolidation Adjustments | ▲0.5 | ▲0.8 | ▲0.7 | In the first half, expenses related to shareholder benefits were recorded (occurring every half-year). In the second half, erex Group expects to accelerate the reduction of SG&A expenses company-wide |
| IFRS Adjustments | 3.4 | 1.3 | 1.1 | In the first half, operating income increased year-on-year due to gains on derivatives. In the second half, a one-time gain is expected to arise from the recognition of a loss by a subsidiary's investor. |

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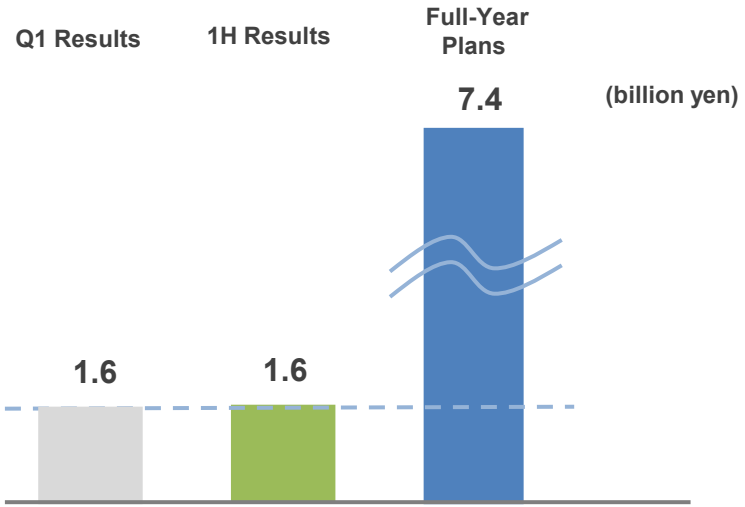
# Status of the Retail and Trading Businesses

## Operating Income (Retail and Trading)




| KPIs | First-Half Plans | First-Half Results | Status |
|---|---|---|---|
| High-Voltage Power Sales Volume | 1,515 GWh | 1,417 GWh | ▲6.5% |
| High-Voltage Contracted Capacity | 1,036 MW | 1,024 MW | Generally in line with the plans |
| Low-Voltage Power Sales Volume | 551 GWh | 556 GWh | Exceeded plans |
| Number of Low-Voltage Contracts | 274,000 | 280,000 | Exceeded plans |

**Main factors behind the decline in the first-half operating income:**

- Negative impact due to timing differences in fuel adjustment costs, etc.
- In response to changes in the market environment stemming from the situation in the Middle East, erex Group suspended the acquisition of new high-voltage fixed-rate plan customers from March to June of 2026

**Main factors behind the decline in Q2 profit:**

- Negative impact due to timing differences in fuel adjustments costs, etc.
- Power sales volume decreased year-on-year due to cool summer
- Customer defections occurred due to rising market prices, and gross profit margins were reduced to retain customers.

**Initiatives to improve profitability for the second half:**

- Improving profitability through plan changes and other measures
- Generating earnings by utilizing low-cost procured electric power

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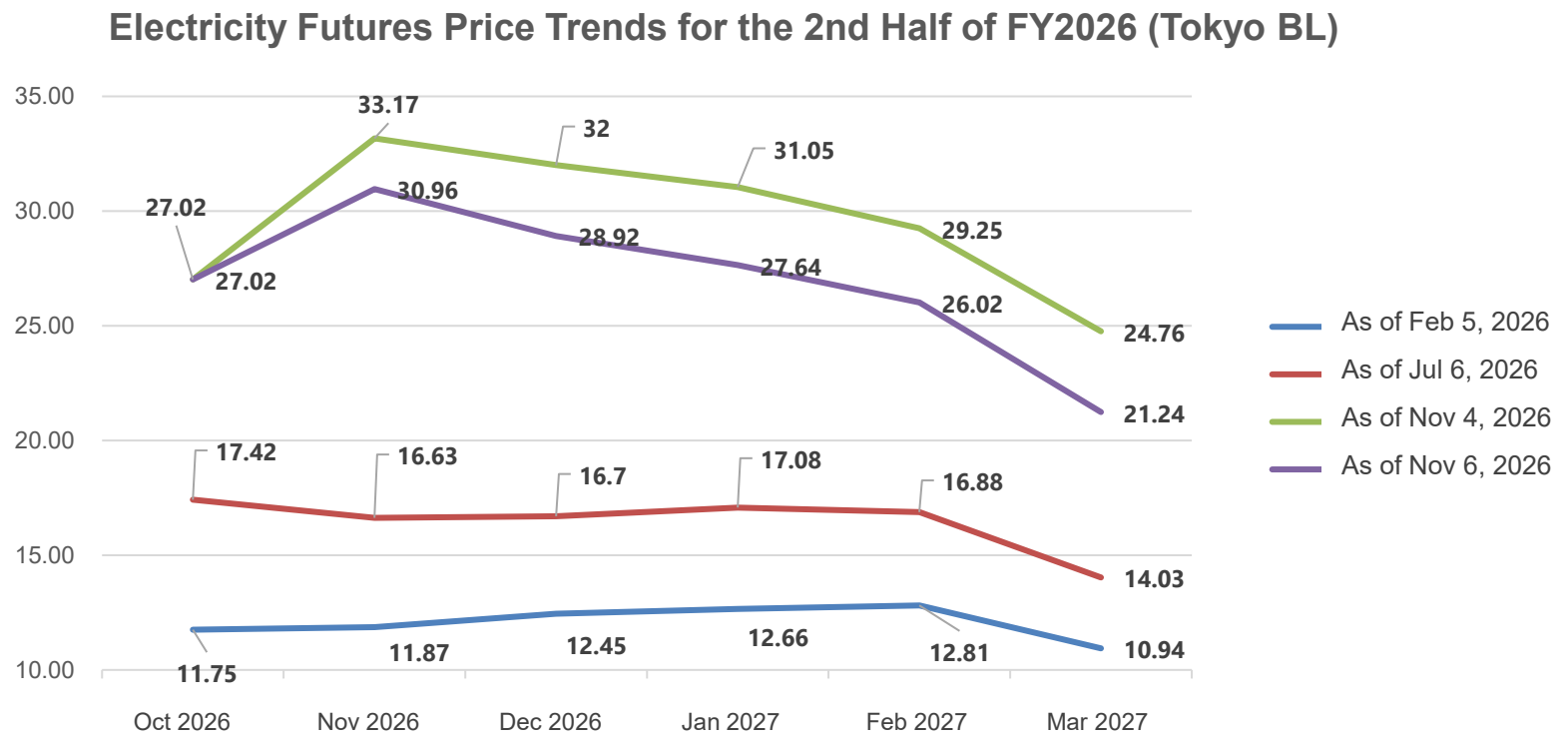
# (Reference) Electricity Futures Price Trends

- Comparison of electricity futures prices for the second half of FY2026 as of November 2026 with those from February 2026 (prior to the closure of the Strait of Hormuz) shows that prices have more than doubled
- In the first half, customers' hedging needs were limited due to developments pointing toward an early resolution of the Iran War, such as the lifting of the Strait of Hormuz blockade. Furthermore, plan changes slowed because the prices erex Group could offer customers were high. Taking market conditions into account, erex Group is also pushing forward with sales efforts for the second half. Additionally, erex Group will utilize these pre-procured volumes to drive earnings generation in the second half




Source: Prepared by erex Group based on TOCOM electricity futures prices

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# FY March 2027: Summary of the First Half

While issues remain on the revenue front, steady progress is being made in building the business foundation both domestically and internationally

## First-Half Progress

### Domestic Business

- Retail KPIs were generally in line with the plans
- The number of low-voltage contracts was on track to meet the full-year plans
- Power plants operated generally stably
- Grid-scale BESS projects No.1 and No.2 commenced operations

### Overseas Business

- Progress on hydropower plant construction in Cambodia
- Start of feasibility study for data center business in Cambodia
- The 3rd co-firing test completed

## First-Half Issues

### Domestic Business

- Slowdown in high-voltage retail sales
- Decrease in power sales volume due to cool summer
- Rising procurement costs due to higher market prices

### Overseas Business

- Soaring fuel and raw material prices
- Limited contribution to profits
- Delay in the timing of the electric power price increase

## Future Key Focus Areas

### Improvement in Profitability

- Improvement in gross profit due to changes in retail plans
- Optimization of procurement costs
- Cost reduction in overseas business

### Growth Projects

- Negotiations on changes to electric power sales prices for Hau Giang
- Start of operations at the hydropower plant in Cambodia
- Negotiations on power sales prices for newly-built biomass power plants in Vietnam
- Development of BESS business

**Simultaneously advancing initiatives to improve the profitability of existing businesses and to monetize growth projects**

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1. FY March 2027: Summary of First-Half Financial Results

2. Overall Strategy

3. Status of Initiatives - Domestic

4. Status of Initiatives - Overseas

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# FY March 2027: First Half Results (April 2026 - September 2026): IFRS Basis

**Year-on-Year**

- Net sales increased year-on-year, driven by rising market prices and the resulting increase in sales unit prices, higher fuel sales volume to third parties, and improved operating rates in overseas business
- Operating income decreased year-on-year due to rising procurement costs in the retail business, a decrease in power sales volume due to cool summer, and soaring costs in overseas business, despite reductions in SG&A expenses at domestic power plants

| (billion yen) | FY March 2026 First-Half Total (Results) | FY March 2027 First-Half Total (Results) | year-on-year (amount) | year-on-year (%) | FY March 2027 First-Half Total (Plans) | First Half vs Plans | FY March 2027 Full Year (Plans) | Full Year Progress Rate |
|---|---|---|---|---|---|---|---|---|
| Net Sales | 86.5 | 112.8 | +26.3 | +30.4% | 116.6 | 96.8% | 240.6 | 46.9% |
| Gross Profit | 9.7 | 5.9 | ▲3.7 | ▲38.5% | 6.3 | 93.5% | 19.1 | 31.2% |
| SG&A Expenses | 6.4 | 6.0 | ▲0.4 | ▲6.8% | 6.4 | 93.5% | 13.3 | 45.1% |
| Other Income and Expenses | 0.3 | 0.6 | +0.2 | +74.2% | 0.4 | 147.2% | 1.9 | 31.2% |
| Operating Income | 3.6 | 0.5 | ▲3.0 | ▲84.2% | 0.3 | 152.8% | 7.8 | 7.3% |
| Pre-Tax Income | 3.2 | 0.1 | ▲3.1 | ▲96.6% | 0.4 | 22.1% | 9.2 | 1.2% |
| Net Income*1 | 1.5 | ▲0.3 | ▲1.9 | - | 0.1 | - | 5.4 | - |

*1 Net Income: Interim net income attributable to the owners of the parent company

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# FY March 2027: First-Half Cumulative Results (Breakdown of Net Sales and Operating Income by Division[*1] )

| (billion yen) | FY March 2026 First Half Cumulative (Results) | FY March 2027 First Half Cumulative (Results) | year-on-year (amount) | FY March 2027 Full Year (Plans) | Special Notes |
|---|---|---|---|---|---|
| **Net Sales** | 86.5 | 112.8 | +26.3 | 240.6 | |
| Retail and Trading | 98.4 | 130.2 | +31.8 | 279.0 | Year-on-year increase due to rising market prices and the resulting increase in sales unit prices |
| Power Generation and Fuel | 26.7 | 27.8 | +1.1 | 57.8 | Year-on-year increase due to higher fuel sales volume to third parties |
| Overseas | 0.3 | 2.4 | +2.1 | 6.1 | Year-on-year increase due to improved operating rates at the Hau Giang Biomass Power Plant and the Tuyen Quang Pellet Factory |
| Other Consolidation Adjustments | ▲38.9 | ▲47.7 | ▲8.8 | ▲102.3 | |
| **Operating Income** | 3.6 | 0.5 | ▲3.0 | 7.8 | |
| Retail and Trading | 4.3 | 1.6 | ▲2.7 | 7.4 | Year-on-year decrease due to higher procurement costs resulting from rising market prices, a decrease in power sales volume caused by cool summer, and timing differences related to fuel adjustment costs, etc. |
| Power Generation and Fuel | ▲0.3 | ▲0.1 | +0.1 | ▲0.7 | Year-on-year increase due to higher fuel sales volume to third parties and a reduction in fixed costs resulting from a review of SG&A expenses at domestic power plants |
| Overseas | ▲0.8 | ▲1.3 | ▲0.5 | ▲1.7 | Year-on-year decrease due to soaring fuel and raw material prices and increased SG&A expenses despite improved operating rates at the Hau Giang Biomass Power Plant and the Tuyen Quang Pellet Factory |
| Other Consolidation Adjustments | ▲0.7 | ▲0.8 | ▲0.1 | ▲0.5 | Year-on-year decrease due to the recognition of expenses related to shareholder benefit plans |
| IFRS Adjustments | 1.1 | 1.3 | +0.2 | 3.4 | Year-on-year increase due to derivative gains despite a reversal effect from development fees incurred in the previous period |

*1 Figures by division are before IFRS adjustments; as erex Group operates as a single segment, these are internal estimates

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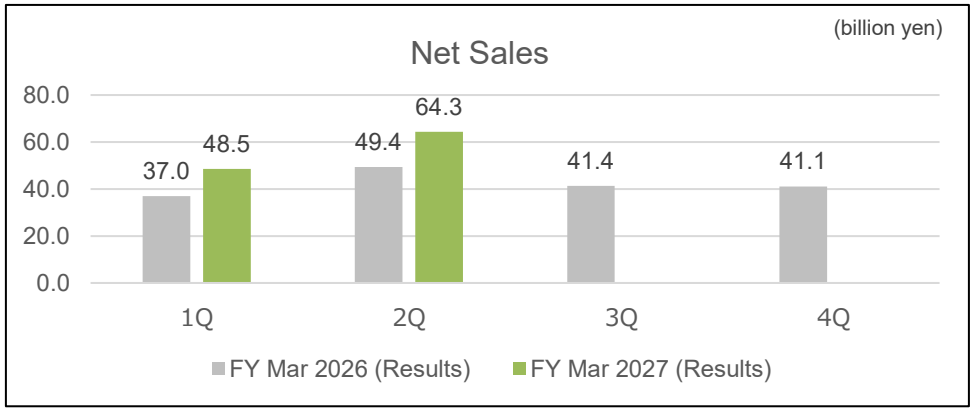
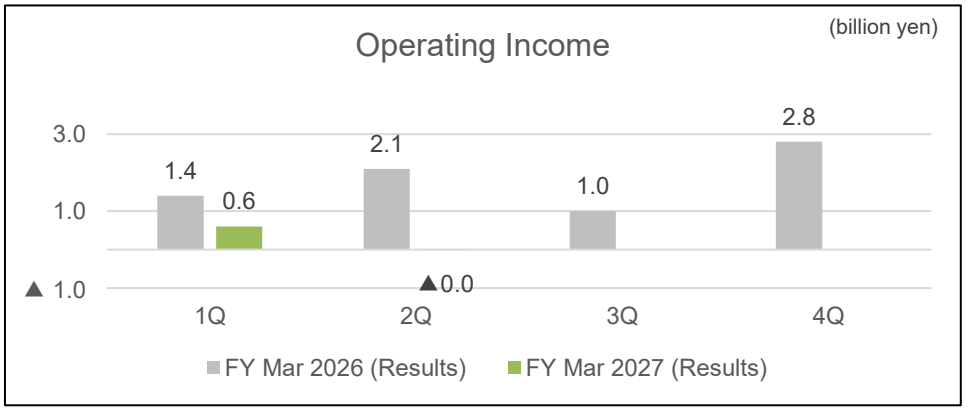
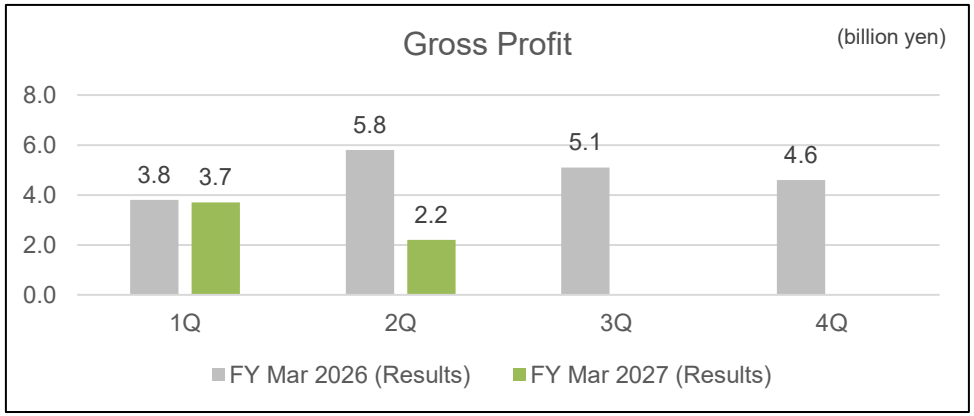
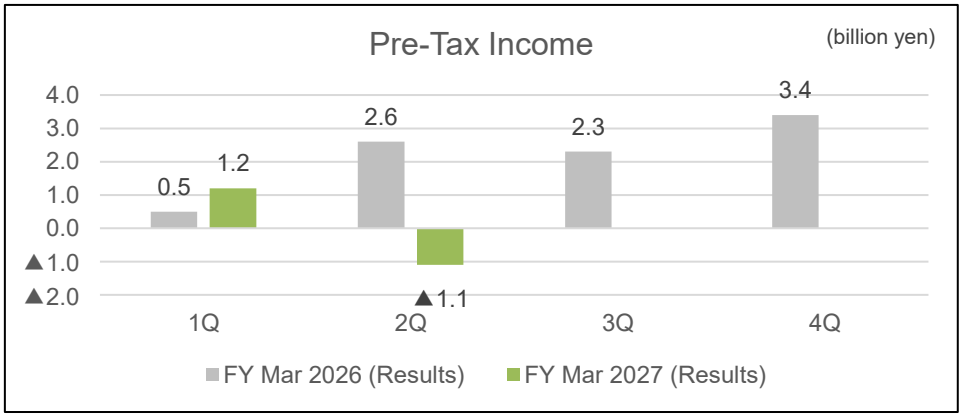
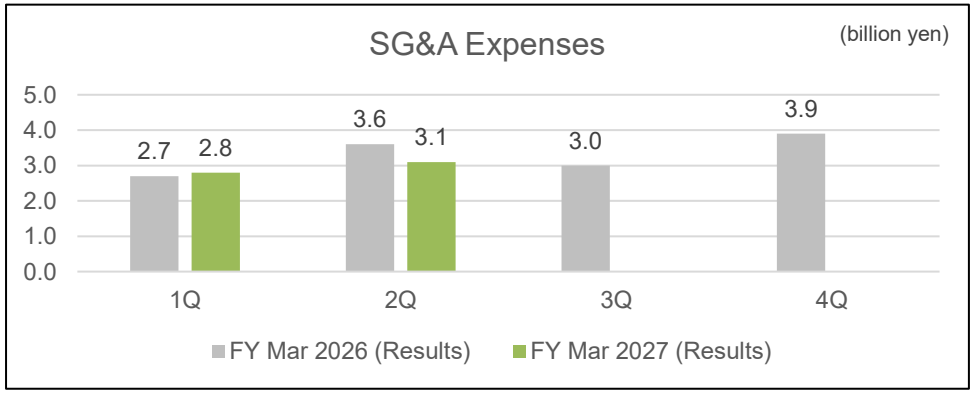
# Quarterly Trends in Key Items (Results)

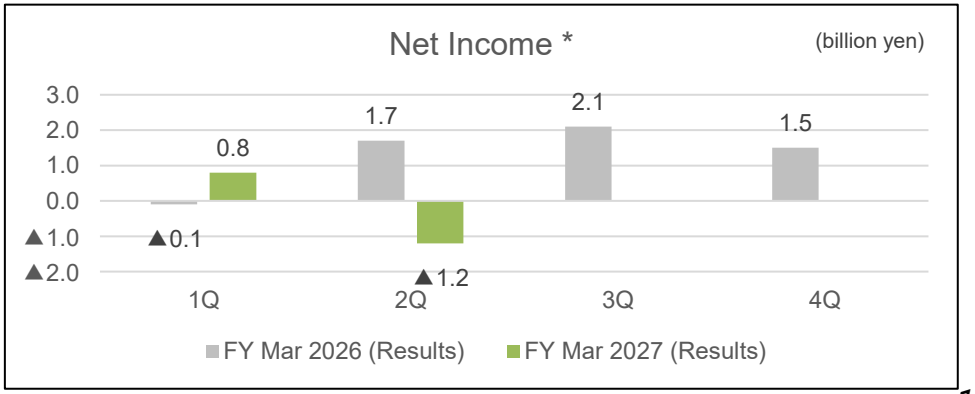
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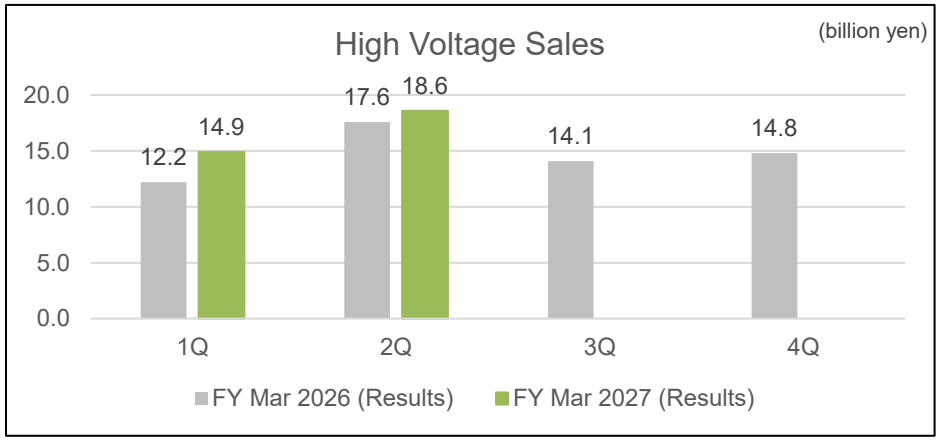
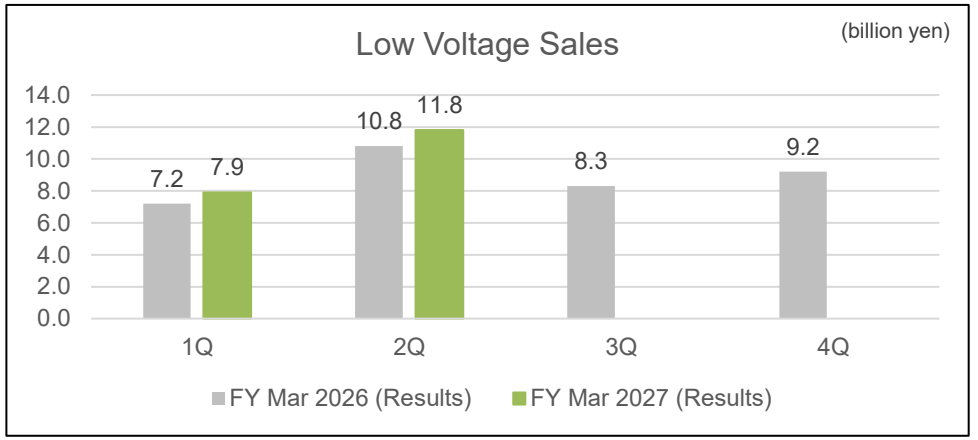
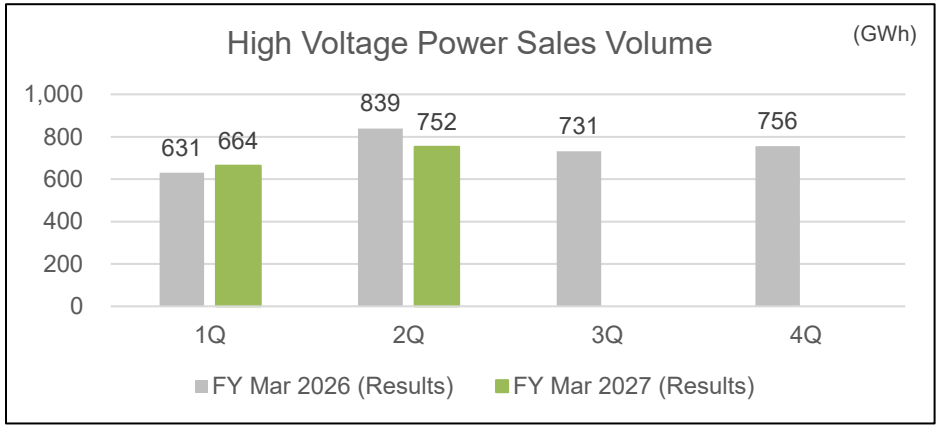
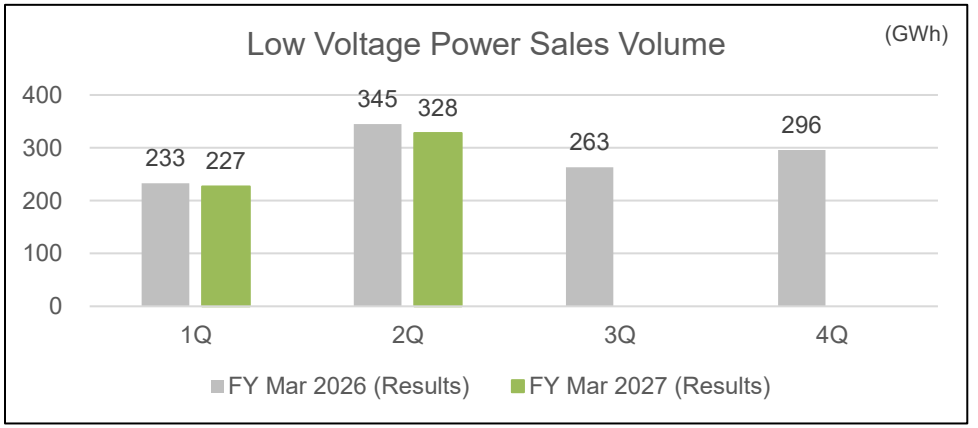
* Net income: Net income attributable to the owners of the parent company

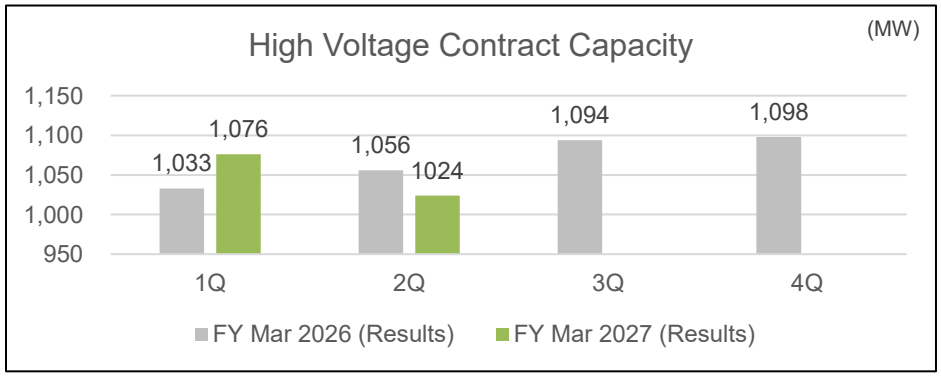
# Quarterly Trends for the Retail and Trading Division (Results)

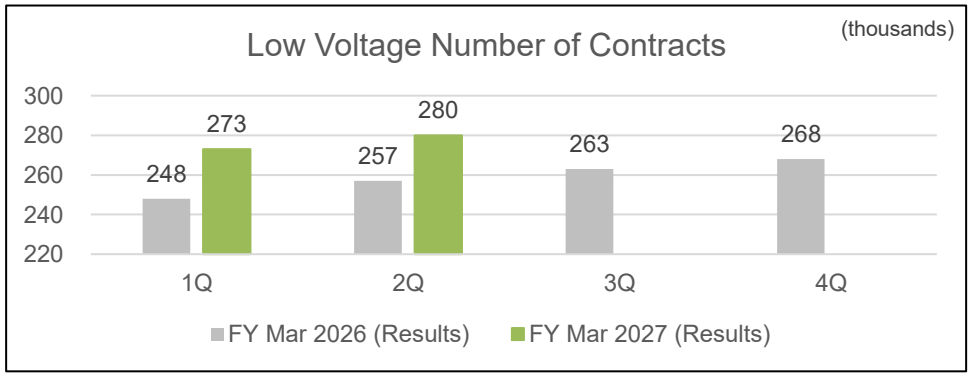
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# FY March 2027: First Half - Summary of Consolidated Balance Sheet

| (billion yen) | FY March 2026 (End of the Period) | FY March 2027 First Half | | |
|---|---|---|---|---|
| | | Results | Changes | Main Factors for the Changes |
| Current Assets | 63.8 | 71.3 | 7.5 | • Increase in cash and deposits due to the issuance of corporate bonds<br>• Increase in trade receivables due to higher retail sales |
| Noncurrent Assets | 106.2 | 108.5 | 2.2 | • Increase in construction-in-progress for the power plants in Vietnam |
| **Total Assets** | **170.0** | **179.8** | **9.7** | |
| Current Liabilities | 44.3 | 57.0 | 12.6 | • Increase in trade payables due to increased power procurement<br>• Increase due to the issuance of corporate bonds<br>• Increase in short-term borrowings |
| Noncurrent liabilities | 48.0 | 49.8 | 1.7 | • Increase due to issuance of corporate bonds |
| **Total Liabilities** | **92.4** | **106.8** | **14.4** | |
| Interest of the Owners of the Parent Company | 70.3 | 68.1 | ▲2.2 | • Decrease in retained earnings due to dividend payments |
| Non-Controlling Interests | 7.2 | 4.8 | ▲2.4 | • Decrease due to acquisition of subsidiary shares<br>• Decrease due to dividends of subsidiaries |
| **Total Equity** | **77.6** | **72.9** | **▲4.6** | |
| Cash and Deposits | 27.5 | 33.7 | 6.1 | • Increase in cash and deposits due to the issuance of corporate bonds |
| Interest-Bearing Debt | 55.8 | 64.3 | 8.4 | • Increase due to the issuance of corporate bonds and short-term borrowings |
| Equity (Attributable to the Owners of the Parent Company) Ratio | 41.4% | 37.9% | ▲3.5% | |

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## Growth investments both domestically and internationally were promoted while maintaining financial soundness through strengthened working capital management and planned fundraising

- **Cash flows from operating activities (+) due to a decrease in working capital, etc.**
- **Cash flows from investing activities (▲) due to the acquisition of property, plant and equipment, such as grid-scale BESS and the Vietnam business, as well as loans to the Cambodia business**
- **Cash flows from financing activities (+) due to an increase in corporate bonds and a decrease in long-term borrowings**

| (billion yen) | FY March 2026 First Half | FY March 2027 First Half | |
|---|---|---|---|
| | | Results | Factors Affecting Changes from the Beginning Balance |
| Cash and cash equivalents at the beginning of the period | **33.6** | **27.5** | |
| Cash flows from operating activities | **▲5.9** | **7.4** | |
| Pre-tax income or loss | 3.2 | 0.1 | |
| Depreciation and amortization | 1.9 | 1.9 | |
| Impairment loss | – | – | |
| Changes in working capital* | ▲9.2 | 7.1 | Increase in trade payables, increase in trade receivables |
| Corporate income taxes paid or refunded | ▲1.5 | ▲1.8 | |
| Others | ▲0.3 | 0.0 | |
| Cash flows from investing activities | **▲4.6** | **▲4.7** | Increased expenditures on PP&E for grid-scale BESS and the Vietnam business, etc., and increased loans to the Cambodia business |
| Cash flows from financing activities | **▲0.1** | **4.1** | Increase in corporate bonds; decrease in long-term borrowings |
| Effect of exchange rate changes on cash and cash equivalents | **▲0.4** | **▲0.2** | |
| Cash and Cash Equivalents at the end of the period | **22.2** | **34.2** | |
| Free cash flow | **▲10.6** | **2.7** | Decrease in working capital; increase in expenditures for PP&E for grid-scale BESS and the Vietnam business, etc.; and increase in loans to the Cambodia business |

*Trade receivables + inventories + other receivables - trade payables - other payables

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# FY March 2027: First Half Results / Power Generation Volume

- Power generation volume at the Buzen, Ofunato, and Nakagusuku Power Plants exceeded plans due to stable operations. The Saiki Power Plant fell short of plans slightly due to equipment malfunctions
- The Itoigawa Power Plant is suspended during the fiscal year ending March 2027
- The Tosa Power Plant has been suspended since the second half of FY March 2025

| Power Plant Name | Power Generation Volume (GWh) | | | Scheduled Maintenance |
|---|---|---|---|---|
| | Plans | Results | vs Plans | |
| Saiki | 172 | 168 | 97.9% | |
| Buzen | 241 | 244 | 101.2% | April 16 - May 7 |
| Ofunato | 231 | 235 | 102.1% | July 1 - July 31 |
| Nakagusuku | 153 | 161 | 105.0% | April 1 - April 27 |
| Itoigawa*1 | 0 | 0 | - | - |
| Tosa*2 | 0 | 0 | - | - |

*1 The Itoigawa Power Plant has been suspended since April 1, 2025
*2 The Tosa Power Plant has been suspended since September 1, 2024

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1. FY March 2027: Summary of First-Half Financial Results

2. **Overall Strategy**

3. Status of Initiatives - Domestic

4. Status of Initiatives - Overseas

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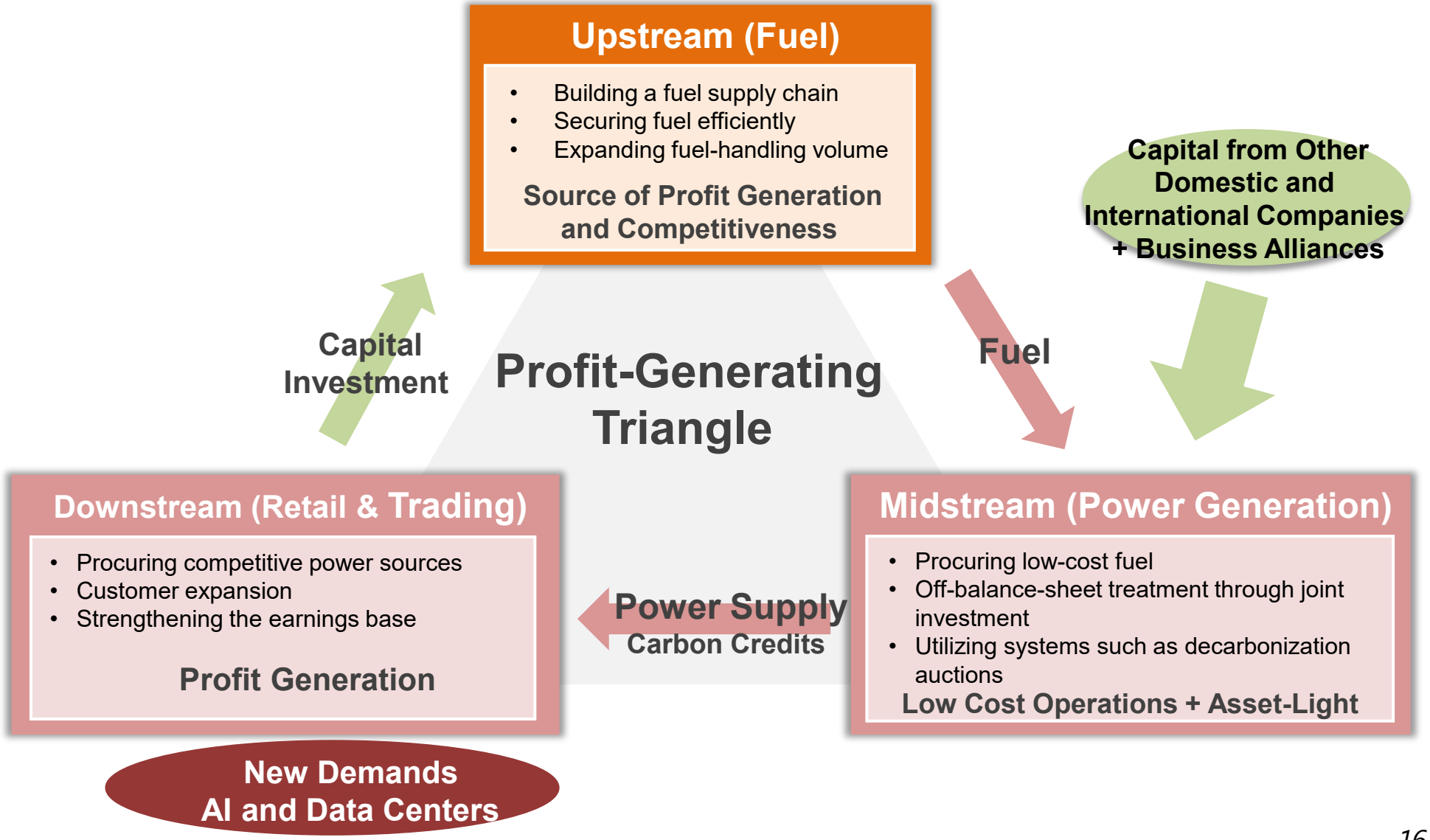
## Sustainably enhancing capital efficiency and earnings power through integrated upstream, midstream, and downstream operations

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1. FY March 2027: Summary of First-Half Financial Results

2. Overall Strategy

3. **Status of Initiatives - Domestic**

4. Status of Initiatives - Overseas

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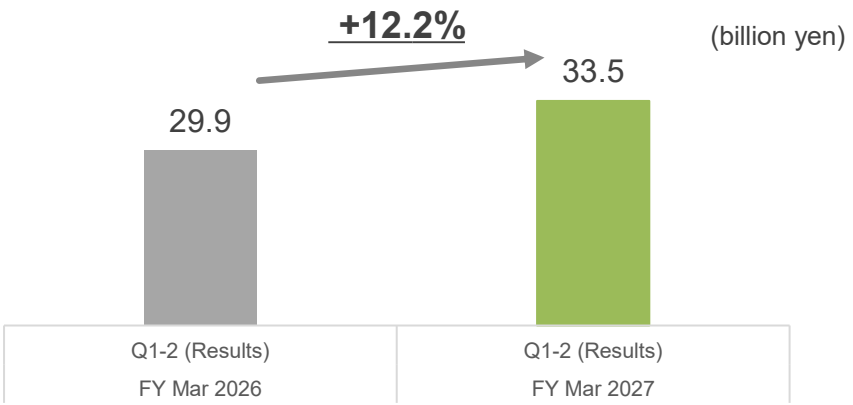
# FY March 2027: First-Half Results / High-Voltage Retail

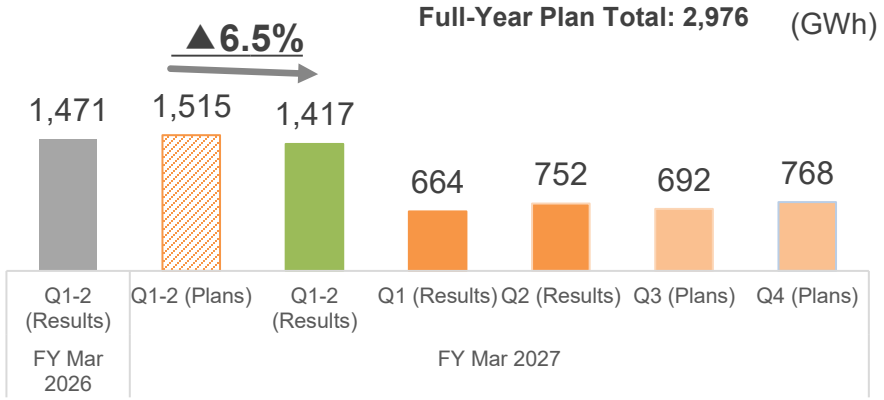
- Net sales increased due to rising market prices of electric power. In response to significant fluctuations in market prices, erex Group temporarily suspended new customer applications, and agency activities stagnated, leading to a decrease in contract capacity. Power sales volume declined due to cool summer
- erex Group will encourage customers to switch from market-linked plans to fixed-rate plans utilizing futures contracts, aiming to improve gross profit

## Net Sales

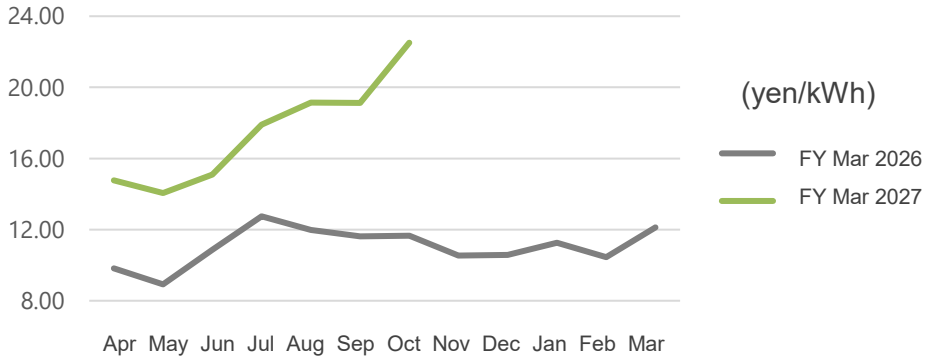
* Including subsidies to mitigate drastic changes



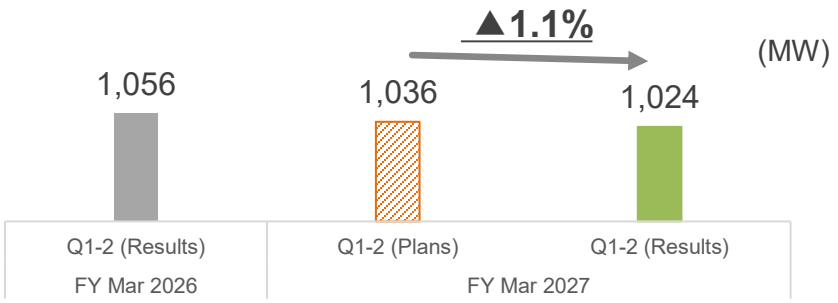

## Power Sales Volume




## Market Price Trends (JEPX System Price)




## Contract Capacity

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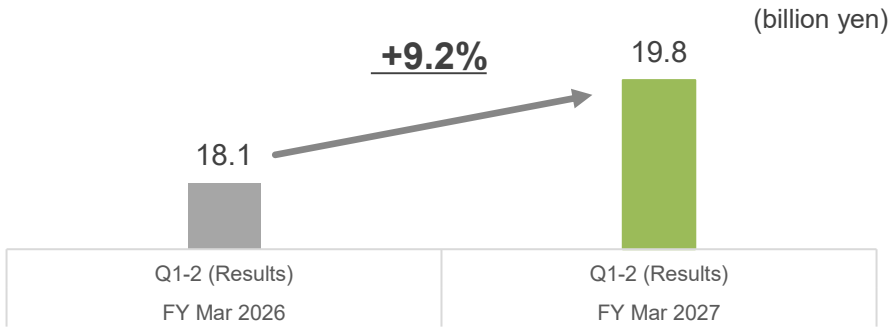
# FY March 2027: First-Half Results / Low-Voltage Retail

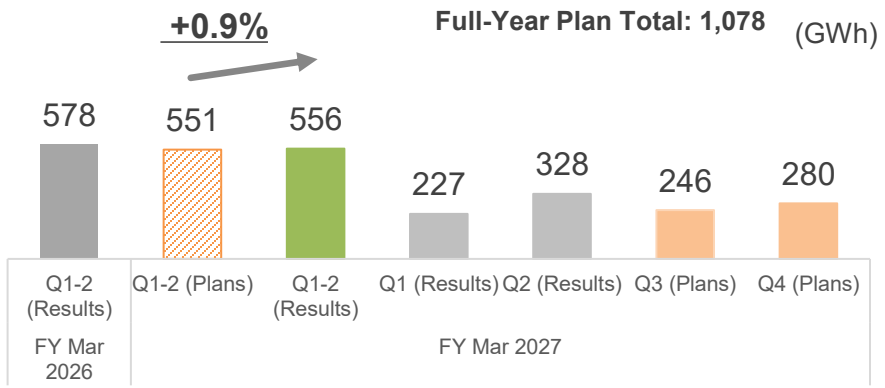
- **Acquisition through new channels (such as real estate) remained strong, with the number of supply contracts reaching 280,000 - nearly meeting the full-year plans. On the other hand, power sales volume decreased year-on-year due to a decline in power sales volume per contract and unfavorable summer weather**
- **Net sales increased 9.2% year-on-year due to rising market prices**

## Net Sales

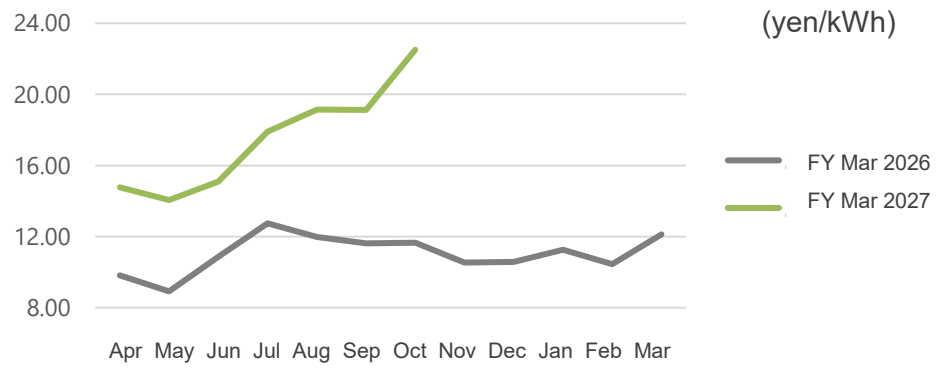
* Including subsidies to mitigate drastic changes



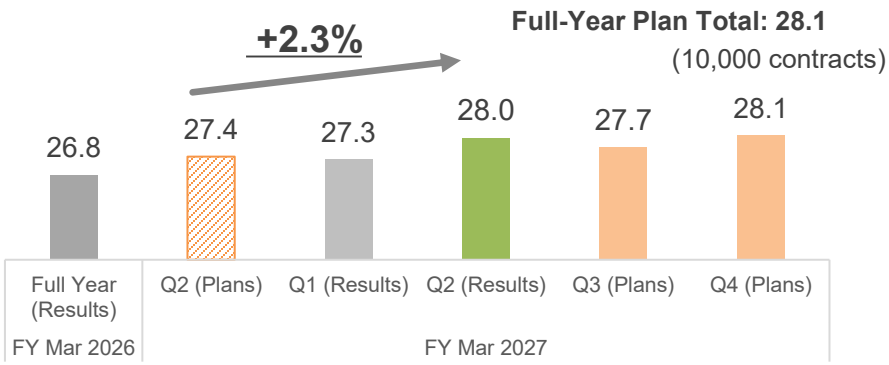

## Power Sales Volume




## Market Price Trends (JEPX System Price)




## Number of Supply Contracts

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# Launch of Aggregation Service for Grid-Scale BESS (Outsourcing of Operations)

- **In September 2026, erex Group launched an aggregation service in which erex Group acts as an aggregator to manage and conduct market transactions on behalf of third-party owners of ultra-high-voltage and high-voltage grid-scale BESS**
- **erex Group will support BESS owners in expanding their earnings opportunities through the operation of electric power markets, including the supply-demand balancing market**

**BESS Owners**

Ultra-High-Voltage and High-Voltage Grid-Scale BESS

Controlling Costs

Operation and Control
Distribution of Returns

**Aggregator**

erex

Electric Power Trading

**Trading Counterparties**

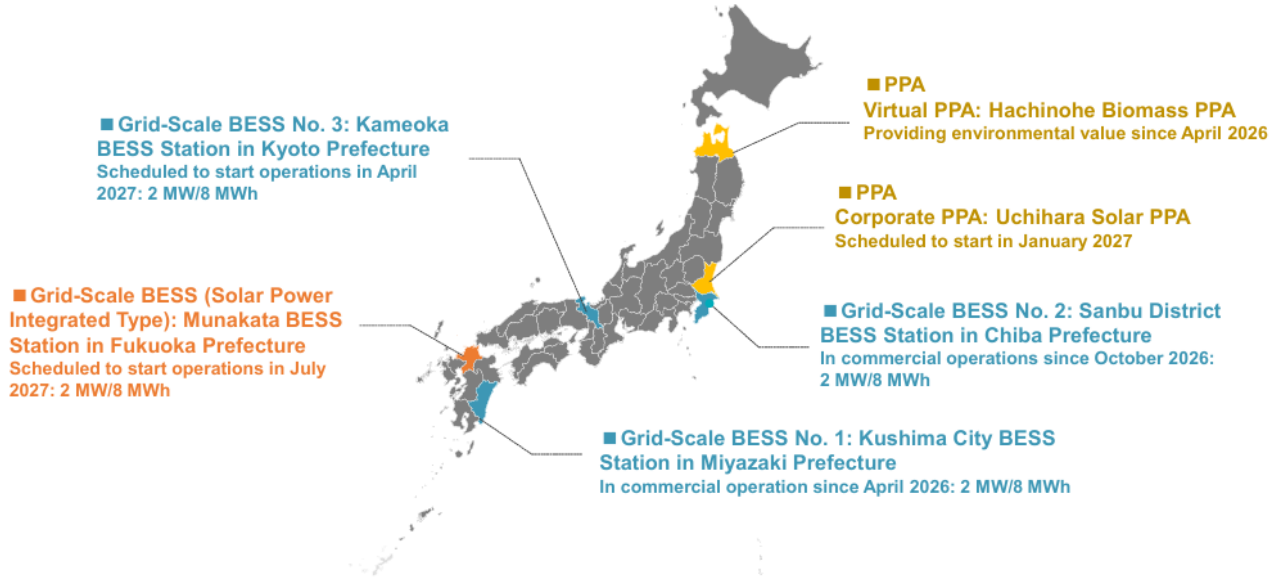
JEPX

Capacity Market

Supply-Demand Balancing Market

## Overview of the Aggregation Business

**Including in-house projects, erex Group is currently promoting with the goal of nationwide operation**

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# Start of Commercial Operations: Grid-Scale BESS Project No.2

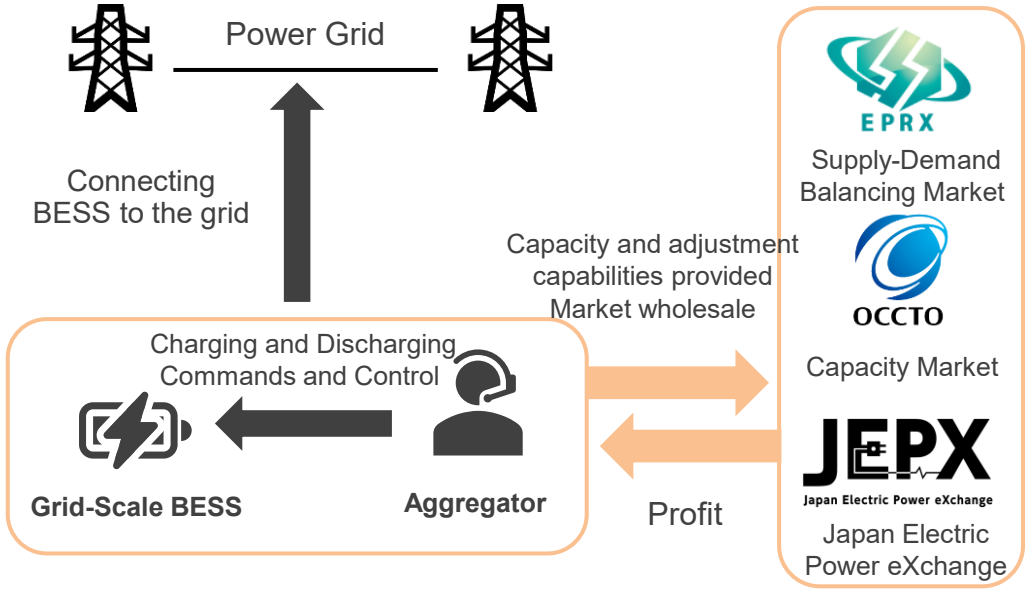
- **Grid-scale BESS Project No. 2 “Sanbu District BESS Station in Chiba Prefecture” started commercial operations on October 20, 2026**
- **This follows the Project No.1, which started commercial operations in April 2026, and contributes to erex Group’s expansion of aggregation business and creation of earnings opportunities**

Sanbu District BESS Station in Chiba Prefecture



| Project No. 2 | |
|---|---|
| Area | Sanbu District, Chiba Prefecture |
| Capacity | Output: 2 MW, Storage Capacity: 8 MWh |
| Start of Operations | October 2026 |

## Scheme Diagram

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1. FY March 2027: Summary of First-Half Financial Results

2. Overall Strategy

3. Status of Initiatives - Domestic

4. **Status of Initiatives - Overseas**

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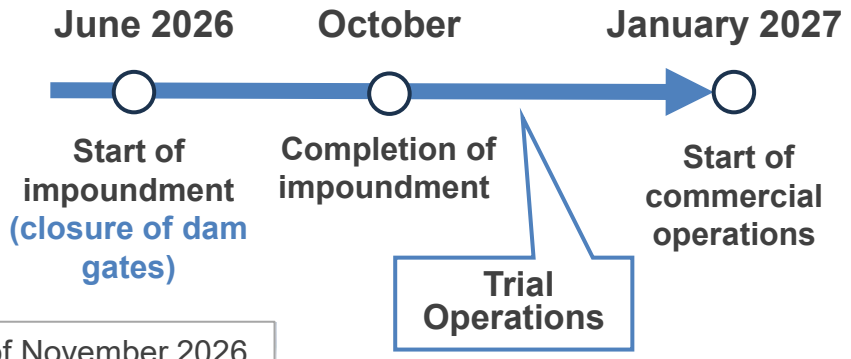
# Cambodia: Hydropower Business / Government Approval Obtained for Feasibility Study for Data Center and Investment

- Construction of a hydroelectric power plant (80 MW) is underway in Pursat Province. Earthwork for the dam embankment and excavation of the headrace tunnel have been completed, and installation of the power generation turbines is currently underway. The dam gates were closed in June 2026 to start impoundment. Under a BOT (*) arrangement, a 35-year power purchase agreement has been signed with Electricite de Cambodge
- In July 2026, erex Group obtained government approval to conduct a feasibility study and make investments for a data center project in Pursat Province, where the hydropower plant is under construction. The cooling capacity derived from the hydropower plant's reservoir could serve as the foundation for the data center business in Cambodia










* Abbreviation for Build, Operate, and Transfer. A model in which a private operator constructs a facility, manages and operates it for a set period to recoup its investment, and then transfers the facility to the public sector.

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# Cambodia Hydropower Business - As of November 2026



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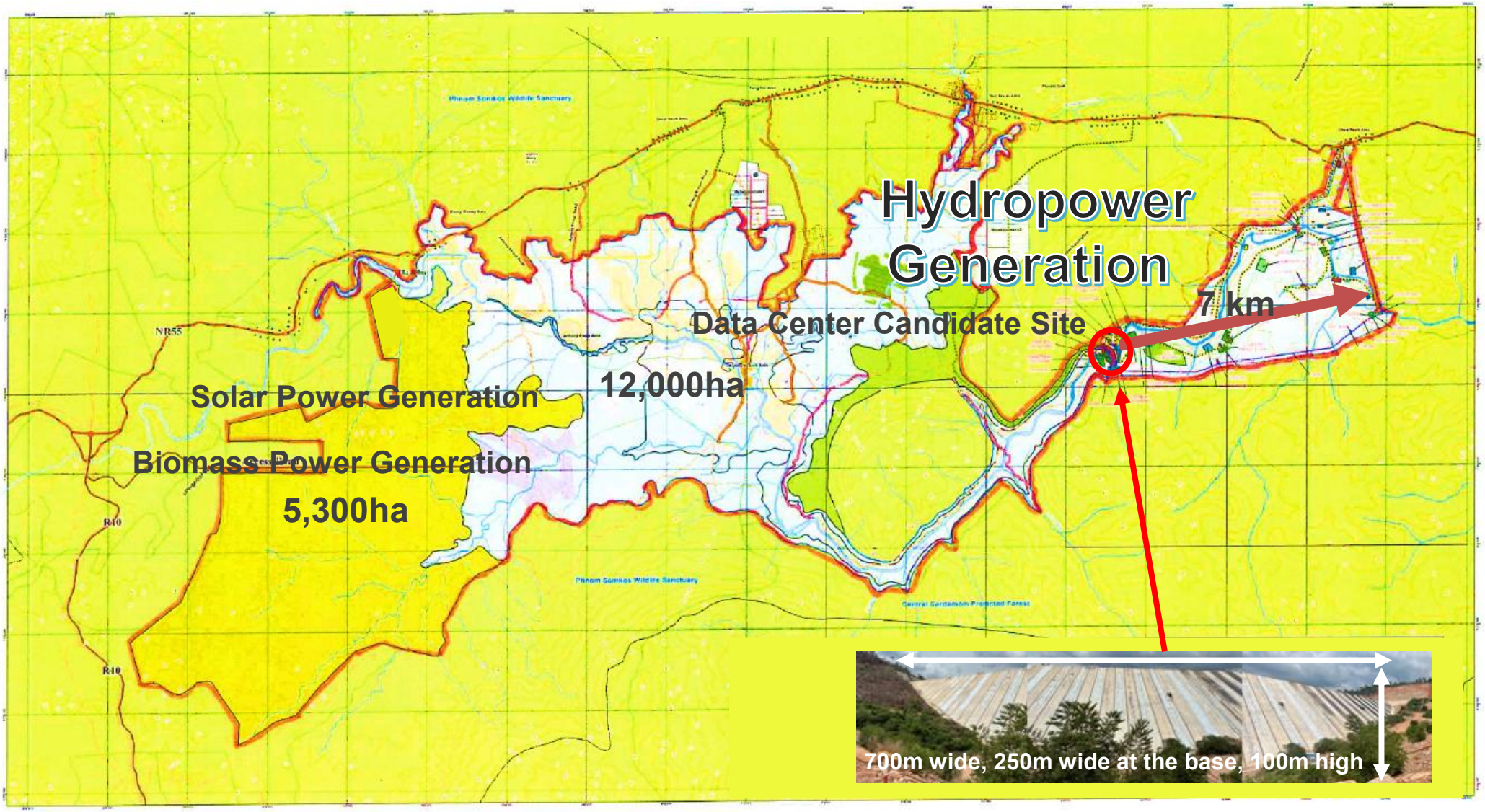
# (Repeated) Overview of the Cambodia Project

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# Vietnam Coal-Fired Power: Third Co-Firing Test Completed

- **Biomass co-firing tests had been conducted at two coal-fired power plants owned by Vinacomin Power (Na Duong Power Plant: September – November 2025, Cao Ngan Power Plant: December 2025 – January 2026)**
- **As the third unit, co-firing test was completed in October 2026 at the Nong Son Coal-Fired Power Plant, owned by Vinacomin Power. This project utilized the Ministry of Economy, Trade and Industry's 2025 "Subsidy Program for Decarbonization and Energy Transition Technologies in Resource-Rich Countries".**

**Overview of the Co-Firing Test**

| | |
|---|---|
| Output | 30 MW |
| Test Period | September - October 2026 |
| Co-Firing Ratio | Wood pellets: 5 - 30%<br>Wood chips: 5% |
| Fuels for Co-Firing | Tests conducted separately with wood chips and pellets |

- For wood pellets, co-firing ratio of 30% - exceeding the target of 20% - was achieved
- On the other hand, for wood chips, the test was completed at a co-firing ratio of 5% against the target of 20%. This was because wood chips were found to be accumulating in the feeding equipment, so priority was given to ensuring stable operation of the equipment
- Another objective of the test was to determine the co-firing ratios achievable without modifying the existing equipment. Additionally, given the small size of the feeding equipment, the test helped identify areas requiring modification to improve the co-firing ratio
- The co-firing test results and a proposal for a co-firing project was submitted to Vietnam's Ministry of Industry and Trade

Status of wood pellet–coal mixture feeding



Status of wood chip feeding




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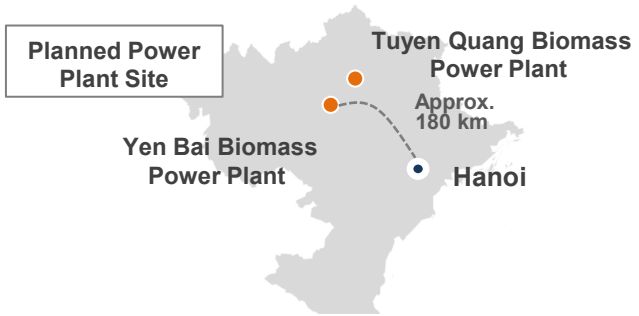
# Newly-Built Biomass Power Plants in Vietnam

- **On April 1, 2024, the "Implementation Plan for Vietnam's 8th National Power Development Plan (PDP8)" was approved (including erex Group's 18 projects). Both the Yen Bai Biomass Power Plant and the Tuyen Quang Biomass Power Plant are scheduled to start operations by the end of FY March 2027**
- **A new electric power pricing system that reflects fluctuations in fuel costs is expected to be applied to both power plants**
- **These projects were selected for FY2023 "Subsidy Programme for Joint Crediting Mechanism (JCM) Facility Introduction" (*1) (*2)**

| | |
|---|---|
| Overview | ☐ Capacity: 50 MW per unit<br>☐ Fuel: Woody residues<br>☐ Ownership: erex 100%<br>(Domestic and international companies are currently considering investment participation) |
| Future Outlook | ☐ Plans to enter into a Power Purchase Agreement (PPA) with Vietnam Electricity under a new system where fluctuations in fuel costs are reflected in the electric power sales price |




Construction Status of the Yen Bai Biomass Power Plant



(*1) Ministry of the Environment, Japan has been implementing the Subsidy Programme for the JCM Facility Introduction, which provides financial support of up to a 1/2 of the initial investment cost for projects. Representative participants in the projects shall conduct measurement, reporting, and verification (MRV) of GHG emission reductions. In addition, this financing support programme is expected to contribute to global decarbonization by disseminating and deploying advanced decarbonizing technologies while ascertaining in detail the needs of partner countries. This project is being implemented with the cooperation of the Cambodian and Japanese governments
(*2) The announcement was made on March 22, 2024

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# Two Initial Projects in Vietnam

- As erex Group's initial overseas projects, the following two projects in Vietnam have already started operations. The Hau Giang Biomass Power Plant started operations in April 2025. At the Tuyen Quang Pellet Factory, production of certified wood pellets started in March 2025
- erex Group is currently working to improve operating rates, reduce fuel and raw material costs, and build up early stockpiles of fuel and raw materials to ensure stable operations
- erex Group is negotiating to improve profitability through an increase in the electric power sales price

## Hau Giang Biomass Power Plant (20 MW, fuel: 130,000 tons of rice husks)



- Subsidy: Selected for the Ministry of the Environment's FY2022 "Subsidy Programme for Joint Crediting Mechanism (JCM) Facility Introductionan [*1] [*2]

- With rice husk prices continuing to rise, erex Group is working to reduce costs and ensure a stable supply by developing new procurement sources
- To achieve profitability, erex Group is continuing negotiations to raise the electric power sales price. Once the price is raised, erex Group aims to improve the plant's utilization rate

*Actual capacity utilization rates: FY2026 Q1 82%, Q2 57%
In the latter half of Q2, in light of the increasing likelihood of a rise in the electric power sales price, operations were temporarily suspended to limit losses

## Tuyen Quang Pellet Factory (150,000 tons of wood pellets per year)



- Shipments to third party companies' biomass power plants in Japan have already started

- erex Group is procuring low-cost plywood waste and stockpiling materials at nearby warehouses in preparation for the rainy season and major holidays
- Currently, operations are limited to nighttime hours when electric power rates are lower. erex Group is working to reduce costs by optimizing staffing levels and transitioning to direct employment

*Raw material prices continue to rise, and a loss is projected for this fiscal year

(*1) Ministry of the Environment, Japan has been implementing the Subsidy Programme for the JCM Facility Introduction, which provides financial support of up to a 1/2 of the initial investment cost for projects. Representative participants in the projects shall conduct measurement, reporting, and verification (MRV) of GHG emission reductions. In addition, this financing support programme is expected to contribute to global decarbonization by disseminating and deploying advanced decarbonizing technologies while ascertaining in detail the needs of partner countries. This project is being implemented with the cooperation of the Cambodian and Japanese governments
(*2) The announcement was made on July 1, 2022

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# Status of Overseas Business

- Projects integrating power generation and fuel are underway in Vietnam and Cambodia, and development and construction of follow-up projects are also progressing
- In Vietnam, amid rising utilization rates of coal-fired power plants, preparations are underway to launch full-scale biomass co-firing business
- erex Group is working to establish a diversified earnings model through the creation of carbon credits in power generation projects

| Projects Under Development | Significance | Vietnam | Cambodia |
|---|---|---|---|
| Newly-Built Biomass Power Plant | Addressing strong electric power demand | Two units under construction (Tuyen Quang, Yen Bai)<br>Scheduled to start operations at the end of FY2027 | Biomass and solar power plants under development |
| Co-Firing | Support for decarbonization | FY2025: Co-firing tests completed at two sites<br>FY2026: Co-firing tests conducted at the Nong Son Power Plant<br>FY2026: Currently in discussions with Vinacomin regarding commercial operations | - |
| Hydropower | Reduction of electric power import | - | Under construction; scheduled to start operations in January 2027 |
| Carbon Credits | Contribution to decarbonization in Japan | JCM Credits: Currently in allocation discussions with the Vietnamese government<br>Preparing a task force to establish a Vietnamese ETS market | Biomass power plant was selected for JCM equipment subsidy program |
| Fuel | Stable fuel supply to biomass power plants | Starting direct transactions with suppliers<br>Initiating fuel negotiations with primary producers | Collection of woody biomass from hydroelectric power plant sites and potential afforestation sites,<br>Afforestation for biomass power plants has already started |

**Generating power revenues (long-term PPAs), ensuring a stable fuel supply, and expanding earnings through carbon credits**

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# Schedule Image for Expanding Earnings Contribution from New Businesses

| | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | Average Annual Profit Potential (Pre-Tax Income) |
|---|---|---|---|---|---|---|
| **■ Domestic** | | | | | | |
| Grid-Scale BESS No.1 (2 MW/8 MWh) | Start of Operations | | | | | 80-90 million yen |
| Grid-Scale BESS No.2 (2 MW/8 MWh) | Start of Operations | | | | | 80-90 million yen |
| Grid-Scale BESS No.3 (2 MW/8 MWh) | | Start of Operations | | | | 80-90 million yen |
| Solar-Integrated BESS (2 MW/8 MWh) | | Start of Operations | | | | 60 million yen |
| Niigata Biomass Power Plant | | | | Start of Operations | | Not Disclosed |
| **■ Overseas** | | | | | | |
| Cambodia Hydropower | Start of Trial Operations | Start of Operations | | | | 11 MUSD |
| Coal-Fired Biomass Co-Firing at 55 MW × 2 units (20% co-firing) | | Start of Operations | Start of Credit Issuance | | | 3 MUSD |
| Newly-Built Biomass Power Plants in Vietnam (two units) | | Start of Operations | Start of Credit Issuance | | | 10MUSD |
| Cambodia Solar and Biomass | | Start of Operations | Considering the Use of JCM Credits | | | 8 MUSD |

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# appendix

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# Publication of the Integrated Report 2026

- **Integrated Report 2026 was published in November 2026**
- **Aiming to “Become a Pioneer in the New Era of Electric Power with Renewable Energy at Its Core”, the report presents an overview of erex Group’s value creation through domestic and international businesses, viewing structural changes in the electric power market, such as growing demand for AI and data centers, the expanded adoption of renewable energy, and rising electric power demand in Asia, as growth opportunities.**




Download URL for “Integrated Report 2026” (on erex Group’s website)
https://www.erex.co.jp/assets/pdf/pages/common/integrated_report_2026.pdf

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# Launch of the Shareholder Benefit Program

- **To enhance stock liquidity and to broaden investor base, erex Group newly launched “erex Premium Benefit Club“, an exclusive website for shareholders of erex starting in May 2026**
- **erex Group will actively utilize database to promote the digital transformation of shareholder management. Furthermore, erex Group will distribute PR information, financial results, timely disclosure information, etc. from time to time to strengthen dialogue with shareholders**

| | |
|---|---|
| Eligible Shareholders | Shareholders recorded or listed in the shareholder registry of erex as of the last day of March and September each year, starting in 2026, who hold 300 shares or more are eligible |
| Content of Benefits | Eligible shareholders will receive points that can be exchanged for over 5,000 different products, etc., including gourmet food such as rice and brand beef, sweets, drinks, fine sake, electrical appliances, and a selection of experience gifts, etc. |

| Number of Shares Held | Points Awarded<br>End of March<br>/End of September |
|---|---|
| 300 - 399 shares | 2,000 |
| 400 - 499 shares | 3,000 |
| 500 - 599 shares | 5,000 |
| 600 - 999 shares | 7,000 |
| 1,000 - 1,499 shares | 12,000 |
| 1,500 - 1,999 shares | 20,000 |
| 2,000 - 2,999 shares | 25,000 |
| 3,000 shares or more | 35,000 |











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# Key PL Items: Quarterly Trends (Results)

| | FY March 2026 (Results) | | | | | | | | | FY March 2027 (Results) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1H | 1Q-3Q | 2H | 1Q-4Q | FY Plans | 1Q | 2Q | 3Q | 4Q | 1H | 1Q-3Q | 2H | 1Q-4Q | FY Plans |
| **Net Sales** | **370** | **494** | **414** | **411** | **865** | **1,279** | **826** | **1,691** | **1,761** | **485** | **643** | | | **1,128** | | | | **2,406** |
| YoY | 110.8% | 99.4% | 95.5% | 92.3% | 104.0% | 101.1% | 93.9% | 98.8% | 102.9% | 131.0% | 130.0% | | | 130.4% | | | | 142.3% |
| **Gross Profit** | **38** | **58** | **51** | **46** | **97** | **148** | **97** | **194** | **183** | **37** | **22** | | | **59** | | | | **191** |
| Gross Margin | 10.5% | 11.8% | 12.3% | 11.3% | 11.2% | 11.6% | 11.8% | 11.5% | 10.4% | 7.7% | 3.5% | | | 5.3% | | | | 8.0% |
| YoY | 96.6% | 97.7% | 93.3% | 92.4% | 97.3% | 95.9% | 92.9% | 95.0% | 89.5% | 96.3% | 38.3% | | | 61.5% | | | | 98.4% |
| **SG&A Expenses** | **27** | **36** | **30** | **39** | **64** | **95** | **70** | **134** | **121** | **28** | **31** | | | **60** | | | | **133** |
| YoY | 128.6% | 138.7% | 98.1% | 132.9% | 134.2% | 120.0% | 115.0% | 123.5% | 111.2% | 102.1% | 86.5% | | | 93.2% | | | | 99.0% |
| **Operating Income** | **14** | **21** | **10** | **28** | **36** | **46** | **38** | **75** | **86** | **6** | **▲0** | | | **5** | | | | **78** |
| Operating Margin | 3.9% | 4.4% | 2.5% | 7.0% | 4.2% | 3.6% | 4.7% | 4.4% | 4.9% | 1.3% | ▲0.1% | | | 0.5% | | | | 3.2% |
| YoY | 76.0% | 67.0% | 36.1% | ▲ 328.6% | 70.4% | 58.1% | 195.6% | 105.3% | 120.5% | 43.4% | - | | | 15.8% | | | | 103.8% |
| Retail&Trading | 20 | 23 | 22 | 18 | 43 | 66 | 41 | 85 | 86 | 16 | ▲0 | | | 16 | | | | 74 |
| Power Generation&Fuel | ▲ 5 | 2 | 5 | 1 | ▲ 3 | 2 | 7 | 4 | ▲ 6 | 0 | ▲2 | | | ▲1 | | | | ▲ 7 |
| Overseas | ▲ 3 | ▲ 5 | ▲ 6 | ▲ 11 | ▲ 8 | ▲ 14 | ▲ 17 | ▲ 25 | ▲ 12 | ▲ 6 | ▲6 | | | ▲13 | | | | ▲ 17 |
| Other Consolidation Adjustments | ▲ 3 | ▲ 3 | ▲ 4 | ▲ 9 | ▲ 7 | ▲ 11 | ▲ 13 | ▲ 20 | ▲ 16 | ▲ 4 | ▲3 | | | ▲8 | | | | ▲ 5 |
| IFRS Adjustments | 7 | 4 | ▲ 7 | 28 | 11 | 3 | 20 | 32 | 36 | 0 | 12 | | | 13 | | | | 34 |
| **Pre-Tax Income** | **5** | **26** | **23** | **34** | **32** | **55** | **57** | **89** | **75** | **12** | **▲11** | | | **1** | | | | **92** |
| % vs Net Sales | 1.4% | 5.4% | 5.7% | 8.3% | 3.7% | 4.4% | 7.0% | 5.3% | 4.3% | 2.6% | ▲1.8% | | | 0.1% | | | | 3.9% |
| YoY | 17.0% | 221.6% | 59.3% | ▲ 171.0% | 73.8% | 66.9% | 291.2% | 141.8% | 118.6% | 232.3% | - | | | 3.4% | | | | 103.5% |
| **Net Income *1** | **▲ 1** | **17** | **21** | **15** | **15** | **37** | **37** | **53** | **34** | **8** | **▲12** | | | **▲3** | | | | **54** |
| % vs Net Sales | ▲ 0.4% | 3.5% | 5.2% | 3.9% | 1.8% | 2.9% | 4.5% | 3.2% | 1.9% | 1.8% | ▲1.9% | | | ▲0.3% | | | | 2.2% |
| YoY | - | - | 78.8% | ▲ 69.4% | 94.1% | 84.6% | 869.8% | 251.7% | 161.3% | - | - | | | - | | | | 101.4% |

*1 Net Income: Quarterly net income attributable to the owners of the parent company

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# Retail and Trading Division: Quarterly Trends (Results)

| | | FY March 2026 (Results) | | | | | | | | | FY March 2027 (Results) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1Q | 2Q | 3Q | 4Q | 1H | 1Q-3Q | 2H | 1Q-4Q | FY Plans | 1Q | 2Q | 3Q | 4Q | 1H | 1Q-3Q | 2H | 1Q-4Q | FY Plans |
| **High-Voltage** | | | | | | | | | | | | | | | | | | | |
| **Net Sales** | **(100 million yen)** | **122** | **176** | **141** | **148** | **299** | **440** | **289** | **588** | **588** | **149** | **186** | | | **335** | | | | **757** |
| YoY | | 105.5% | 109.7% | 99.0% | 101.4% | 107.9% | 104.9% | 100.2% | 104.0% | 99.1% | 121.8% | ▲3.5% | | | 112.2% | | | | 128.6% |
| **Power Sales Volume** | **(GWh)** | **631** | **839** | **731** | **756** | **1,471** | **2,202** | **1,488** | **2,959** | **2,778** | **664** | **752** | | | **1,417** | | | | **2,976** |
| YoY | | 125.8% | 123.5% | 118.5% | 118.5% | 124.4% | 122.4% | 118.5% | 121.4% | 114.0% | 105.3% | 89.6% | | | 96.3% | | | | 100.6% |
| **Contract Capacity** | **(MW)** | **1,033** | **1,056** | **1,094** | **1,098** | **1,056** | **1,094** | **1,098** | **1,098** | **1,076** | **1,076** | **1,024** | | | **1,024** | | | | **1,059** |
| YoY | | 119.0% | 115.8% | 114.2% | 115.6% | 115.8% | 114.2% | 115.6% | 115.6% | 113.3% | 104.1% | 97.0% | | | 97.0% | | | | 96.4% |
| **Low-Voltage** | | | | | | | | | | | | | | | | | | | |
| **Net Sales** | **(100 million yen)** | **72** | **108** | **83** | **92** | **181** | **264** | **175** | **356** | **363** | **79** | **118** | | | **198** | | | | **412** |
| YoY | | 80.8% | 73.5% | 75.8% | 92.4% | 76.3% | 76.1% | 83.7% | 79.8% | 81.3% | 109.4% | ▲21.8% | | | 109.2% | | | | 115.5% |
| **Power Sales Volume** | **(GWh)** | **233** | **345** | **263** | **296** | **578** | **842** | **559** | **1,138** | **1,113** | **227** | **328** | | | **556** | | | | **1,078** |
| YoY | | 80.6% | 77.7% | 82.1% | 99.3% | 78.9% | 79.9% | 90.4% | 84.1% | 82.3% | 97.8% | 95.2% | | | 96.2% | | | | 94.7% |
| **Number of Contracts** | **(1,000 contracts)** | **248** | **257** | **263** | **268** | **257** | **263** | **268** | **268** | **246** | **273** | **280** | | | **280** | | | | **281** |
| YoY | | 82.0% | 86.6% | 90.1% | 111.6% | 86.6% | 90.1% | 111.6% | 111.6% | 102.6% | 109.7% | 109.0% | | | 109.0% | | | | 104.8% |

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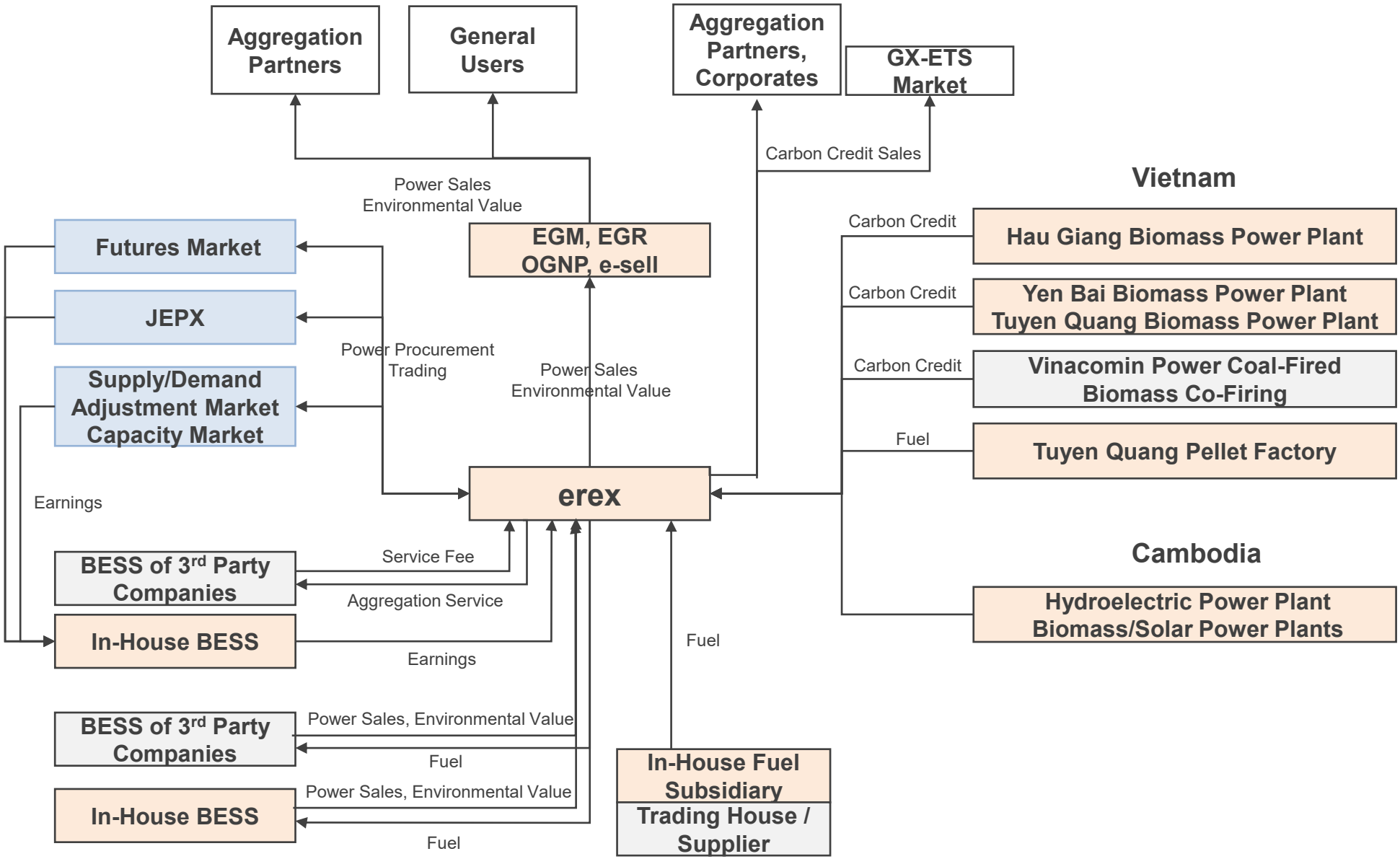
# erex Group's Business Model

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# Financing of Overseas Projects

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

**erex**

| Vietnam Biomass Co-Firing with Existing Coal-Fired Power Generation | Vietnam Biomass Power Generation | Vietnam Pellet Factory | Cambodia Hydroelectric Power Generation | Cambodia Biomass Power Generation |
|---|---|---|---|---|
| Assuming fuel supply and facility modification | **Finance**<br>**Project Finance**<br>**-Governmental Financial Institutions**<br>**-Private Financial Institutions** | **Finance**<br>**Corporate Finance**<br>**-Governmental Financial Institutions**<br>**-Private Financial Institutions** | **Finance**<br>Deferred payment by EPC contractor | **Finance**<br>Deferred payment by EPC contractor |
| **Equity**<br>**erex**<br>**Equity Partner**<br>-Vietnamese Business Companies | **Equity**<br>**erex**<br>**Equity Partner**<br>-Domestic Financial Institutions<br>-Domestic/Foreign Business Companies | **Equity**<br>**erex**<br>**Equity Partner**<br>-Vietnamese Business Companies | **Equity**<br>**erex**<br>**Equity Partner**<br>-Cambodian Business Companies | **Equity**<br>**erex**<br>**Equity Partner**<br>-Domestic/Foreign Business Companies |

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