

erex Announces Issuance of New Shares through Third-party Allotment—Easing Downward Pressure on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on erex Co., Ltd. (security code: 9517)'s announcements of its financial results for the fiscal year ended March 2024 (FY2023), financial forecasts for FY2024, capital increase through third-party allotment, etc.

- (1) On May 10, 2024, erex Co., Ltd. (the "Company") announced its financial results for FY2023, financial forecasts for FY2024, capital increase through third-party allotment, etc. The results for FY2023 were an ordinary loss of 18.3 billion yen (forecast at the time of the announcement of the results for the 9 months of FY2023 was an ordinary loss of 19.8 billion yen) and a net loss attributable to the owner of the parent company of 22.2 billion yen (a net loss of 22.0 billion yen at the time above), which did not deviate in particular from JCR's assumptions made when reviewing the ratings (February 2024).
- (2) The subscriber to the third-party allotment (expected amount to be raised: 11.8 billion yen) is a business partner who is involved in businesses that have a high affinity with the overseas business promoted by the Group of the Company and who may complement it in their future business initiatives. The funds are planned to be used for investments in the growth of the Company's overseas business and others and to reduce interest-bearing debt. Through this transaction, the Company's equity capital, which was impaired in FY2023, is expected to recover to a certain extent and contribute to an improvement in its financial structure, which can then ease the downward pressure on the rating.
- (3) For FY2024, the Company forecasts an income before income taxes (IFRS) of 4.3 billion yen due to reasons including the review of business promotion structure, changes in strategy, and elimination of negative spread for the surplus of power procured over its initially planned sales volume in the previous year. Although the income will return to the black, JCR considers that it will remain at a slightly lower level as compared with the level for FY2022 and before. Going forward, JCR will determine the degree of improvement and stability of the profit of the domestic retail business, as well as the impact of investments in overseas business on the financial structure to be reflected in the rating.

Shigenobu Tonomura, Tadashi Ono

<Reference>

Issuer: erex Co., Ltd.

Long-term Issuer Rating: A- Outlook: Negative

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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