WE ARE

REZIL

TRANSFORM FOR RESILIENCE

May 15, 2024

Financial Results Briefing Material for the Third Quarter of the Fiscal Year Ending June 30, 2024

Rezil Inc. (Securities code: 176A)

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1-8-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan



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Who We Are

A climate tech company aiming to build a distributed energy platform based on a 30-year customer base

WE ARE
REZIL
TRANSFORM FOR RESILIENCE
私たちは変わりはじめる。

社会を変えるために、自らを変えていく

Company name:	Rezil Inc.
Locations:	Tokyo Head Office: 14F, Marunouchi Trust Tower North, 1-8-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan Osaka Head Office: 2F, Kintetsu Namba Building, 1-4-38 Minato-cho, Naniwa-ku, Osaka 556-0017, Japan
Established:	November 21, 1994
Representative:	Hozumi Tanji
Number of employees:	209 (as of February 29, 2024)
Business areas:	(1) Distributed Energy / (2) Green Energy / (3) Digital Transformation Support
Subsidiaries:	Chuo Electric Power Solutions Co., Ltd. (wholly owned subsidiary) Chuo Electric Power Energy Co., Ltd. (wholly owned subsidiary)

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
TCFD Consortium
GX League



Management Team

Attracting professionals in technology, energy, finance, and other areas to relaunch the business and thrive for the next 30 years



Representative Director and President

Hozumi Tanji

Management strategy and digital transformation

Graduated from the Graduate School of Science and Technology, Tokyo University of Science. Joined Hewlett-Packard Japan in 1997. Joined Rakuten, Inc. in 2001 and served in posts such as General Manager of Rakuten University Division and subsidiary director. Joined MISUMI Group Inc. in 2010. Successfully turned around Cygni Corporation, a subsidiary, from a decade of losses to profitability, elevating it to an industry leader. Joined Rezil Inc. in 2020 after serving in executive roles in various companies and gaining experience in turnarounds.

Became a Director and Executive Officer in April 2021, then assumed the role of Representative Director and President in December 2021.



Director and CFO

Naotaka Yamamoto

Finance and M&A

Graduated from the Faculty of Economics, University of Tokyo. Joined Central Japan Railway Company in 1998. Joined HSBC's Investment Banking Division in 2001 to acquire financial skills. Joined Japan Industrial Partners, Inc. in 2005, handling corporate acquisitions, hands-on management support, and corporate sales. Joined MISUMI Group Inc. in 2011, leading the sale of subsidiaries and acquisition of North American companies as the M&A head in the Corporate Planning Department.

Joined Rezil Inc. in February 2021, appointed Director and CFO in December of the same year.



Director

Ryuta Kitagawa

Energy and green transformation

Graduated from the Graduate School of Engineering, Osaka University. Joined the Japan Research Institute, Limited's Center for the Strategy of Emergence in 2010, focusing on consulting for companies in the environment and energy sectors, and businesses commissioned by government offices.

Joined Rezil Inc. in 2014, and was responsible for launching Rezil's electricity retail business. Became a Director in June 2015, overseeing various energy-related activities, including business partnerships with electric power companies and the development of new ventures utilizing distributed energy resources (DER). Appointed as Director of Rezil Research Institute in 2023.



Director and Audit & Supervisory Committee Member

Hiroshi Kiyota

Compliance

Graduated from the College of Liberal Arts, International Christian University. Joined Sanwa Bank, Ltd. (now MUFG Bank, Ltd.) in 1993, dedicating over 20 years to corporate finance operations. From 2016, focused on compliance-related internal structure and rule development, and dealt with overseas financial authorities as part of the Planning Group in the Compliance Division and Global Financial Crimes Control Division. Seconded to Rezil Inc. as Internal Audit Office manager in 2021.

Transferred to Rezil Inc. in January 2022, appointed as Internal Audit GM, and became a Director and Audit & Supervisory Committee Member in March 2023.



Outside Director and Audit & Supervisory Committee Member

Saki Suzuki

Legal and Accounting

Graduated from the Waseda Law School, Waseda University. Registered as an attorney in 2016 and became a certified public accountant in 2022. Joined Hori Sogo Law Office in 2017, primarily handling corporate law. After about two years in accounting audits at PwC Aarata LLC, joined the Trident law firm in 2022. Appointed as an Outside Director and Audit & Supervisory Committee Member of Rezil Inc. in June 2022.



Outside Director and Audit & Supervisory Committee Member

Kyoichiro Suzuki

Intellectual Property and Systems

Graduated from the Faculty of Engineering, Hokkaido University. Registered as a patent attorney in 2014. Led software product development at Silicon Valley ventures and listed companies for 13 years from 1991. Joined Microsoft K.K. (now Microsoft Japan Co., Ltd.) in 2004, holding roles such as Executive Officer of Developer & Platform Evangelism, CIO for Japan and Asia, and General Manager of the IT Division at the U.S. headquarters. Founded Leftright Corporation in 2012, offering intellectual property management consulting and innovation support. Appointed as Outside Director and Audit & Supervisory Committee Member of Rezil Inc. in March 2023.

TOPIC | Received the 2024 Career Ownership Management Awards for Best Corporate Culture Reform

We received the 2024 Career Ownership Management Award for Best Corporate Culture Reform for revamping the personnel system and enhancing the work environment over the last two years.

2024
Career Ownership Management Award
最優秀賞
（中堅・中小企業の部 企業文化の変革部門）



Career Ownership Management Awards[*1]

This award program solicits participation by a broad range of companies that target “career ownership management” as a practical means of maximizing the potential of human capital. The awards are presented to companies that are producing excellent output and results to celebrate them and especially to spread such initiatives to the world.

To be more specific, the awards target companies that implement systems and measures to visualize human resources who demonstrate career ownership (1. visualize), develop and attract such human resources (2. expand), and link autonomous growth of individuals to growth of the organization (3. connect).

Our initiatives in the area of human capital

- We updated our personnel system and work environment over the past two years based on the concept of “our business model will not change if we don’t change the way we work.”
- We encouraged employees to focus on their own growth and restructured our businesses.
- These initiatives resulted in a roughly four-fold increase[*2] in the number of candidates per year from 330 in 2021 to 1,322 in 2023.
- The percentage of women in management positions grew from 2.5% in 2021 to 14.5% in 2023[*2], far outstripping the average level in the electricity, gas, thermal energy supply, and water supply industries.

Evaluation points and screening comments

- Our ability to update our work environment, including the work shift system, career paths, compensation system, and many other aspects, over the short span of two years was recognized.
- The system reforms made various career paths possible, resulting in an increased number of candidates and growth in the number of women in management positions.

*1 URL for the 2024 Career Ownership Management Awards: https://co-consortium.persol-career.co.jp/com-award/ (in Japanese only)
*2 For the number of candidates, we compared data from 2021 (330 candidates) to data as of November 2023 (1,322 candidates). For the percentage of women in management positions, we compared data from 2021 (2.5%) to the data as of March 2023 (14.5%). Women in management positions refers to women in section manager positions and above.

Financial Highlights for the 3Q of FY2024



Executive Summary (3Q of Fiscal Year Ending June 30, 2024)

3Q Highlights*

Net Sales

¥30,476 million

YoY -7.9%

Excluding fuel surcharge YoY +13.4%

EBITDA

¥3,419 million

YoY +68.7%

Operating Profit

¥2,696 million

YoY +124.2%

Profit attributable to owners of parent

¥1,895 million

YoY +102.4%

3Q Topics

- Net sales: Double-digit YoY growth, excluding the fuel surcharge, which was a significant special factor last year
- Operating profit/Profit attributable to owners of parent: More than double compared to the previous year
- EBITDA: More than 1.5 times compared to the previous year

- Initial contracts concluded for emergency power reserve services for condominiums (441 households) in Distributed Energy
- Strong performance in Green Energy due in part to an increase in electricity sales volume
- Digital Transformation Support launched new business operations for local power companies established by municipalities

* The fiscal year ended June 2023 was 15 months (April 2022 to June 2023) due to a change in fiscal year-end. To maintain comparability, the data here has been calculated a 12-month basis (from July 2022 to June 2023).

Consolidated Business Performance Highlights

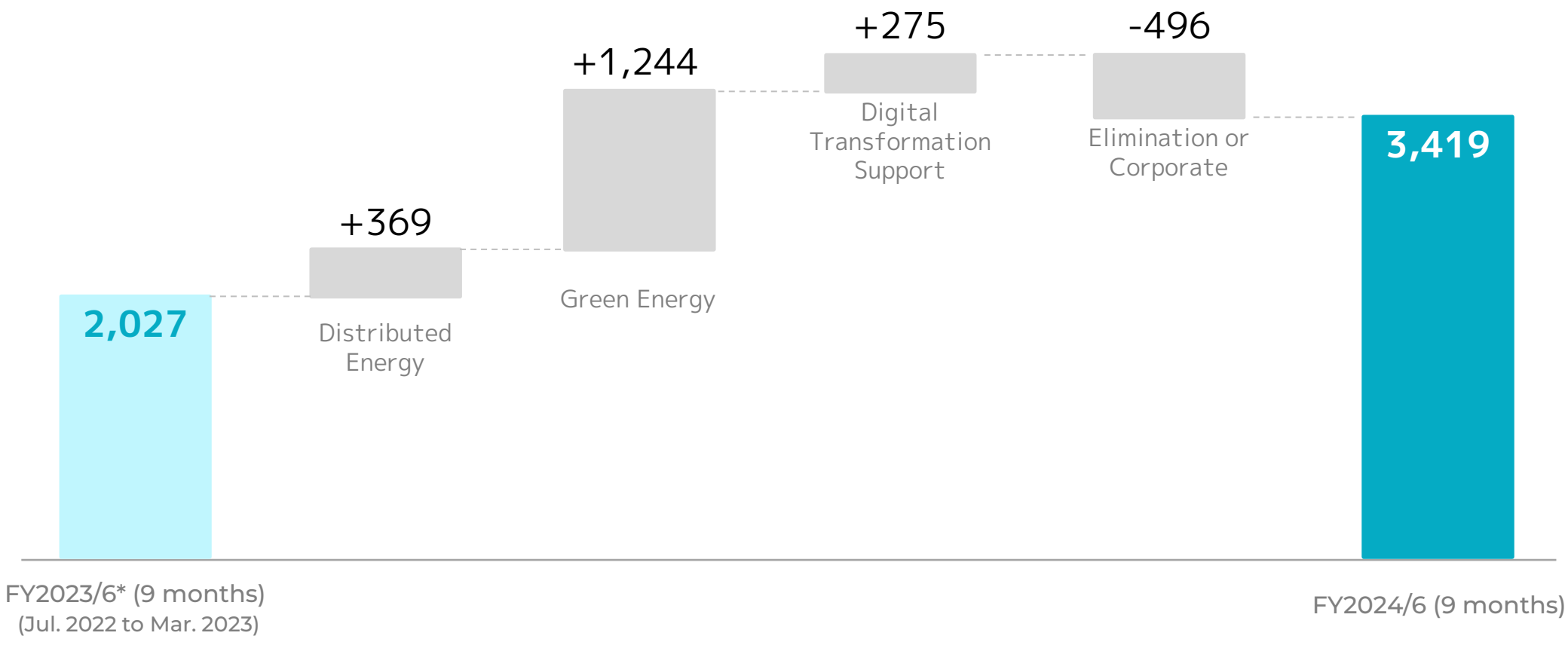
(Millions of yen)	FY2023/6* (9 months) (Jul. 2022 to Mar. 2023)	FY2024/6 (9 months)	YoY Change (%)
Net sales	33,084	**30,476**	-2,608 (-7.9%)
Net sales (after excluding fuel surcharge)	26,797	**30,383**	+3,585 (+13.4%)
Operating profit	1,202	**2,696**	+1,493 (+124.2%)
Ordinary profit	1,467	**2,676**	+1,208 (+82.4%)
Profit attributable to owners of parent	936	**1,895**	+959 (+102.4%)
EBITDA	2,027	**3,419**	+1,392 (+68.7%)

* The fiscal year ended June 2023 was 15 months (April 2022 to June 2023) due to a change in fiscal year-end. To maintain comparability, the data here has been calculated a 12-month basis (from July 2022 to June 2023).

Consolidated EBITDA (Factors behind Changes)

The impact from the fuel surcharge, a special factor last year, has lessened, and steps taken to hedge the steep increase in fuel prices successfully restored profit in each segment to an average level.

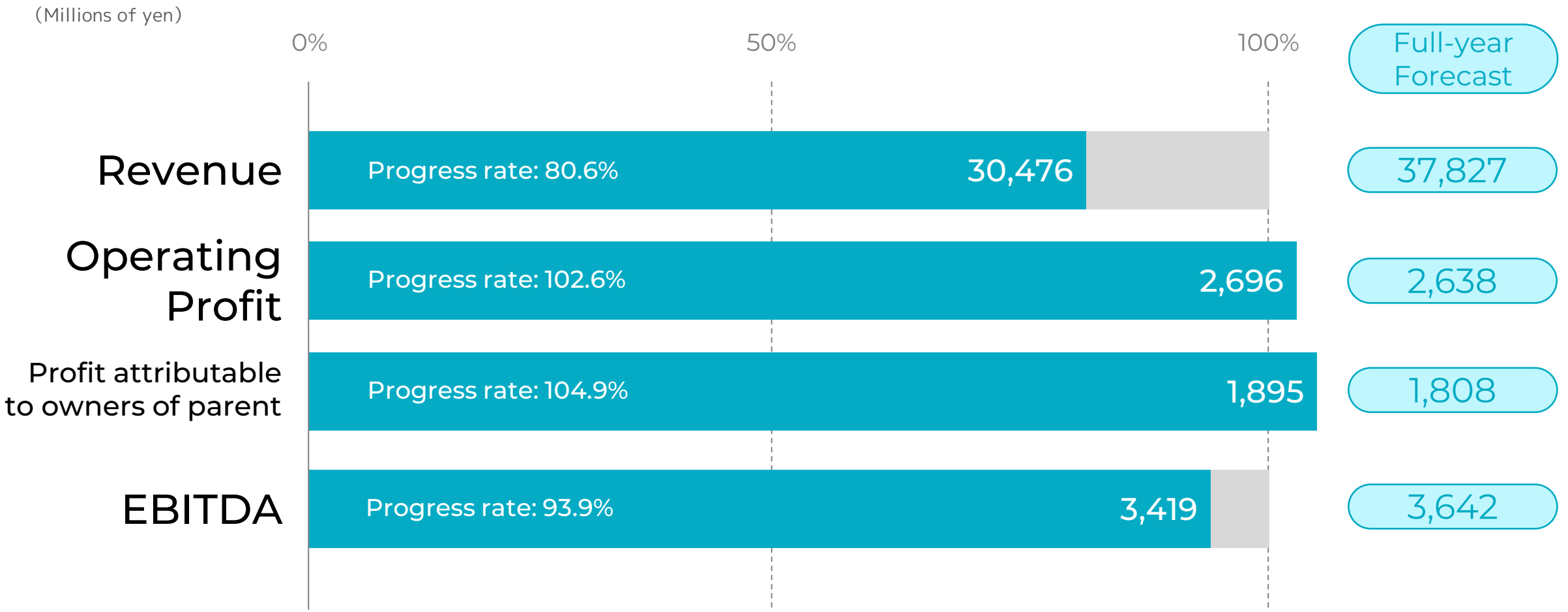
(Millions of yen)



* The fiscal year ended June 2023 was 15 months (April 2022 to June 2023) due to a change in fiscal year-end. To maintain comparability, the data here has been calculated a 12-month basis (from July 2022 to June 2023).

Progress on Consolidated Business Performance Forecast (9 months)

March was strong in the 3Q and profits exceeded 100% of the plan. However, we have left the forecast for the full year unchanged after accounting for the increase in SG&A expenses from structural strengthening, listing on the stock exchange, and other factors, as well as a gain from the slippage of last year's fuel surcharge system into a different period, during the 4Q.



Earnings structure (9 months)

(Millions of yen)

Group-wide sales 30,476

Distributed Energy 16,125	Green Energy 16,716	Digital Transformation Support 1,406	Elimination or corporate (3,772)
Bulk electric power purchasing for condominiums / Installation, etc.	Corporate retail / Wholesale, etc.	Digital transformation support / Equipment security	
Number of contracted households / ARPU	Number of contracts / ARPU	Number of service customers / ARPU	
Power procurement (purchasing), personnel costs, and other expenses	Power procurement (purchasing, and power generation), and personnel costs	Personnel, outsourcing, and system costs	

(Millions of yen)

Group-wide EBITDA 3,419 (EBITDA margin 11.2%)

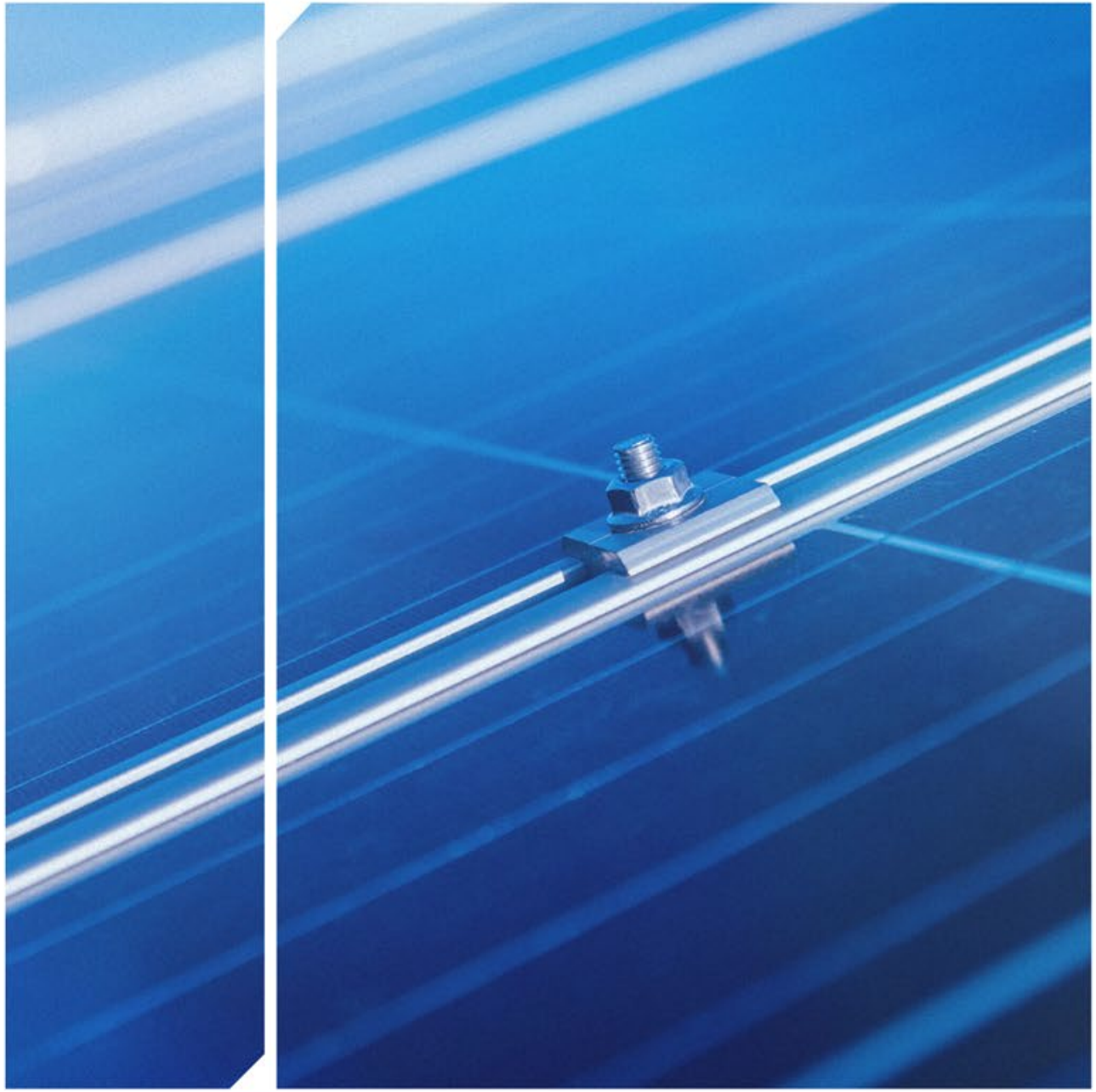
Distributed Energy 3,022 (18.7%)	Green Energy 1,307 (7.8%)	Digital Transformation Support 337 (24.0%)	Elimination or corporate (1,247)

Group-wide Operating Profit 2,696 (OP margin 8.8%)

Operating income 2,422 (15.0%)	Operating income 1,263 (7.6%)	Operating income 301 (21.4%)	Elimination or corporate (1,291)

Note: Distributed Energy + Green Energy + Digital Transformation Support + elimination or corporate = Group-wide
Elimination or corporate include intersegment sales or transfers in sales. Profits include corporate expenses that are not allocated to each segment.

Business Strategy



Rezil's Milestones

The essence of our business is to tackle social challenges and drive growth through continuous self-improvement in management.



Seiji Nakamura, Founder

- Serial entrepreneur
- Goal of developing 1,000 company presidents

Turn Chuo Electric Power (former company name) into a company that achieves sustainable growth



Yasutoshi Hirano, 2nd President

- Former member of Mitsubishi Corporation and former president of Diamond Power Corporation
- Many years of expertise, experience, and business connections in the electric power industry

Use the customer base to build a platform



Hozumi Tanji, current President

- Record of accomplishments at Rakuten and other platform providers
- An engineer with management expertise

Relaunch to transform the Company

1994–2003	2004–2013	2014–2024	For the next 30 years

Changes in main businesses and services

Energy conservation and reduction in electricity costs (from 1994)

Condominium bulk power purchasing service (from 2004)

Electric works/Electricity safety investigation service (from 2012)

Geothermal power generation (Furusato Netsu-den Co., Ltd./launched in 2012, excluded from affiliated companies in 2022)

Electricity retail service (from 2016)

Gas retail service (from 2018)

Solar power generation (from 2021)

Distributed energy resources platform

Renewable energy procurement and supply

Provision of systems/BPaaS

Emergency power reserve service/AI-controlled rechargeable batteries/VPP

Management Strategy for Generating Synergies among the Three Businesses

We are optimizing resource allocation and business portfolio to build a distributed energy platform



Green Energy

Renewable energy procurement and supply

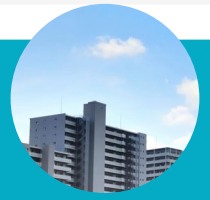
Number of contracts for supplying renewable energy to companies and municipalities
(As of March 31, 2024)

Approx. 7,500

Renewable energy adoption percentage: 66.4%

Stabilization of electricity procurement

Improvement in Rezil's operational efficiency



Distributed Energy

Bulk electricity purchasing + Emergency power reserves and decarbonization

Number of households using Rezil's condominium bulk power purchasing service
(As of March 31, 2024)

Approx. 178,000

Renewable rate: 100%

Systems and operational expertise



Digital Transformation Support

Provision of systems
BPaaS = SaaS + BPO

Number of contracted service customers of electric power companies
(As of March 31, 2024)

Approx. 402,000

Renewable rate: 100%

Note: The renewal rate for condominium bulk power purchasing indicates the rate of renewal for the initial renewal period. The renewal rate for Digital Transformation Support indicates the rate of renewal based on the number of client company contract renewals after services begin.

Key Offering: Long-Term Bulk Electricity Purchasing Service for Condominium Buildings

A collective purchasing group consisting of 2,200 condominium buildings and 178,000 households increases our **buying** power, allowing us to provide residents with discounted electricity.

Electricity purchase and sale contracts are concluded between the electric companies and Rezil

Rezil is positioned as an electricity consumer

Electric power companies

Power plant

Electricity

Procurement cost

REZIL

Substation, meter reading, bill calculations, billing, electric works, electricity safety investigations

Charge as electricity bill

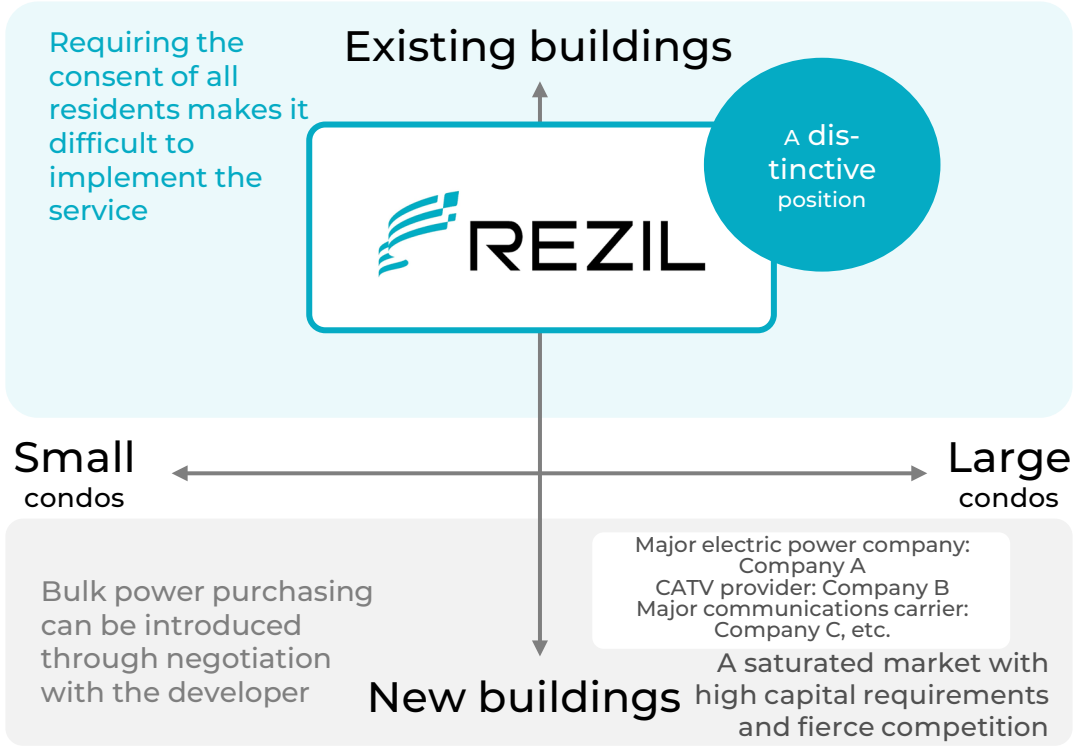
A large-scale purchasing group, consisting of 178,000 households

Initial contracts span 10 to 15 years, with automatic renewals for one to three years thereafter. Only one building has terminated a contract in the 20-year history of the service.

Distributed Energy | Competition Status and Barriers to Entry (1)

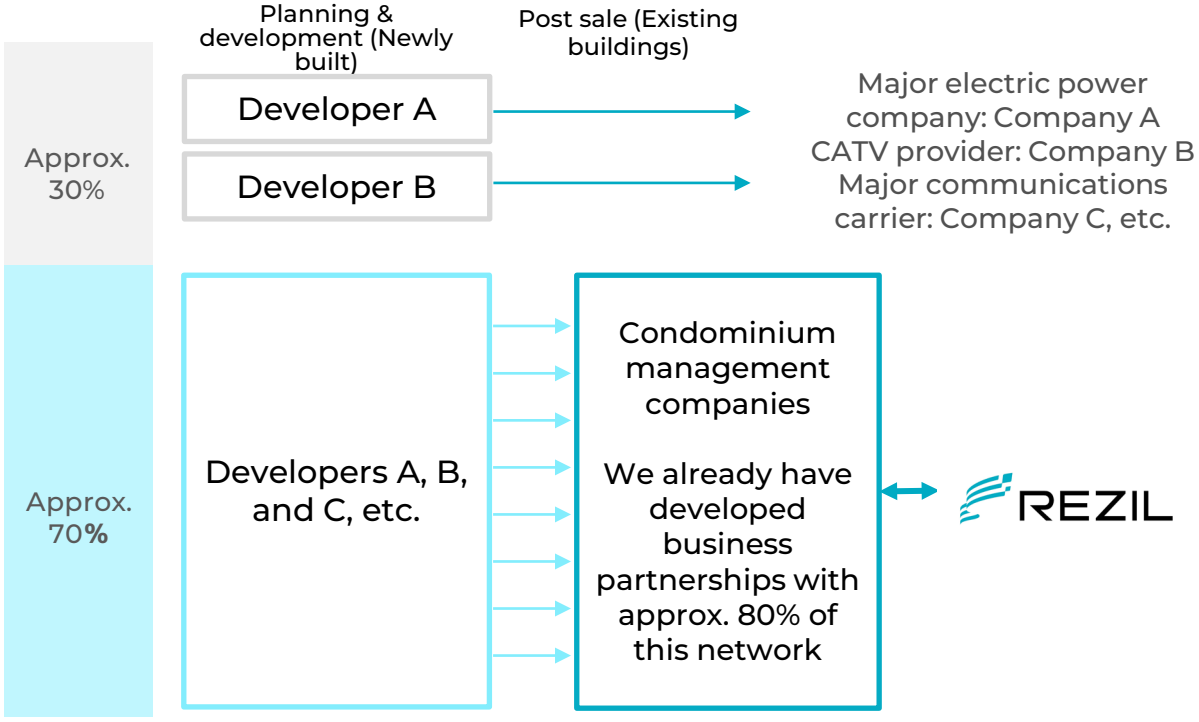
The Company currently holds the highest market share for existing condominiums, as our competitors have started to withdraw. We have also established partnerships with around 80% of all condominium management companies in Japan, through which we expect to generate business leads for newly built condominiums.

Market positioning: Bulk power purchasing for condominiums



Business lead channel for newly built condominium market

About 30% of large-scale condominiums contract for bulk power purchasing. The remaining 70% are our target clients.



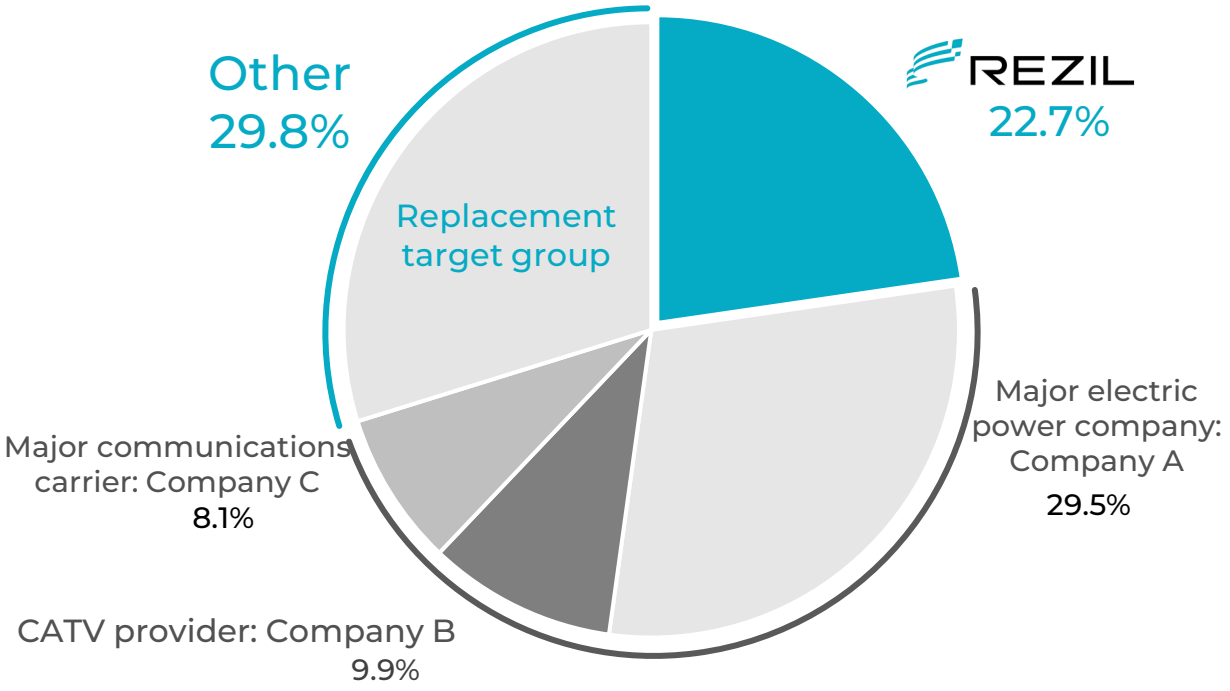
Note: The diagram at left shows our proprietary analysis and evaluation of the market. Definitions of large and small condos: 100+ units and 20+ units of residential buildings, respectively. The size of the market envisioned for existing and new buildings is based on the following figures: 6.94 million units for existing condos (Ministry of Land, Infrastructure, Transport and Tourism [MLIT] "Comprehensive Survey on Condominiums in 2018"), an annual increase of 100,000 units for new-build (refer to the number of new units supplied from 2018 to 2022 in the MLIT "Sales Trends for Condominium Stock"). Condominium management company coverage is calculated by the Company based on the number of household units managed by members of condominium management associations that do business with the Company.
Source: For the status of introduction of bulk power purchasing service in new condominiums for sale, see the report by the Mansion Mirai Kachi Kenkyujo ("Future Condominium Value Research Institute").
https://www.daiwalifenext.co.jp/miraikachiken/report/230928_report_01 (in Japanese only)

Distributed Energy | Competition Status and Barriers to Entry (2)

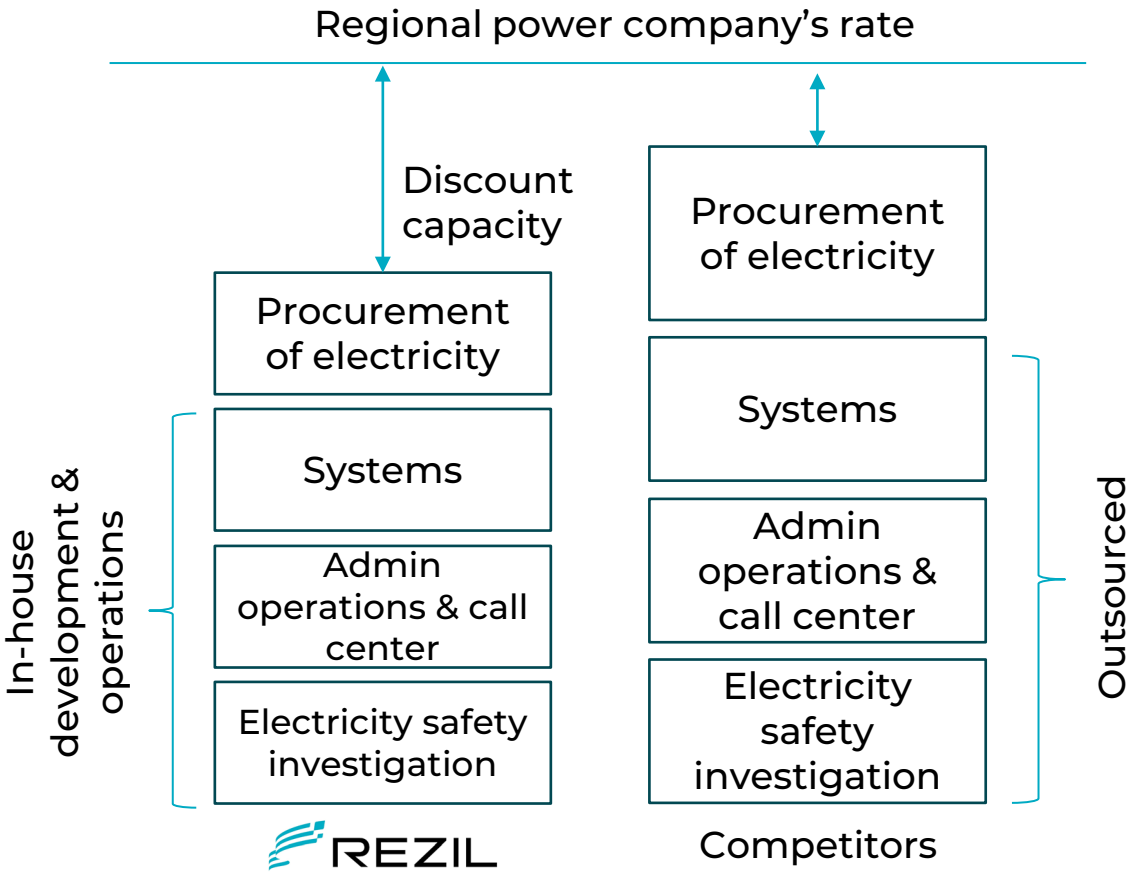
We are experiencing a shift from small-scale businesses to Rezil, driven by our enhanced cost competitiveness through scale benefits and internalization.

Market positioning: Bulk power purchasing for condominiums

Exhaustion from the steep increases in energy prices and declining profitability in recent years has caused a shift to Rezil, driven by our enhanced cost competitiveness.



How we generate cost competitiveness (illustration)

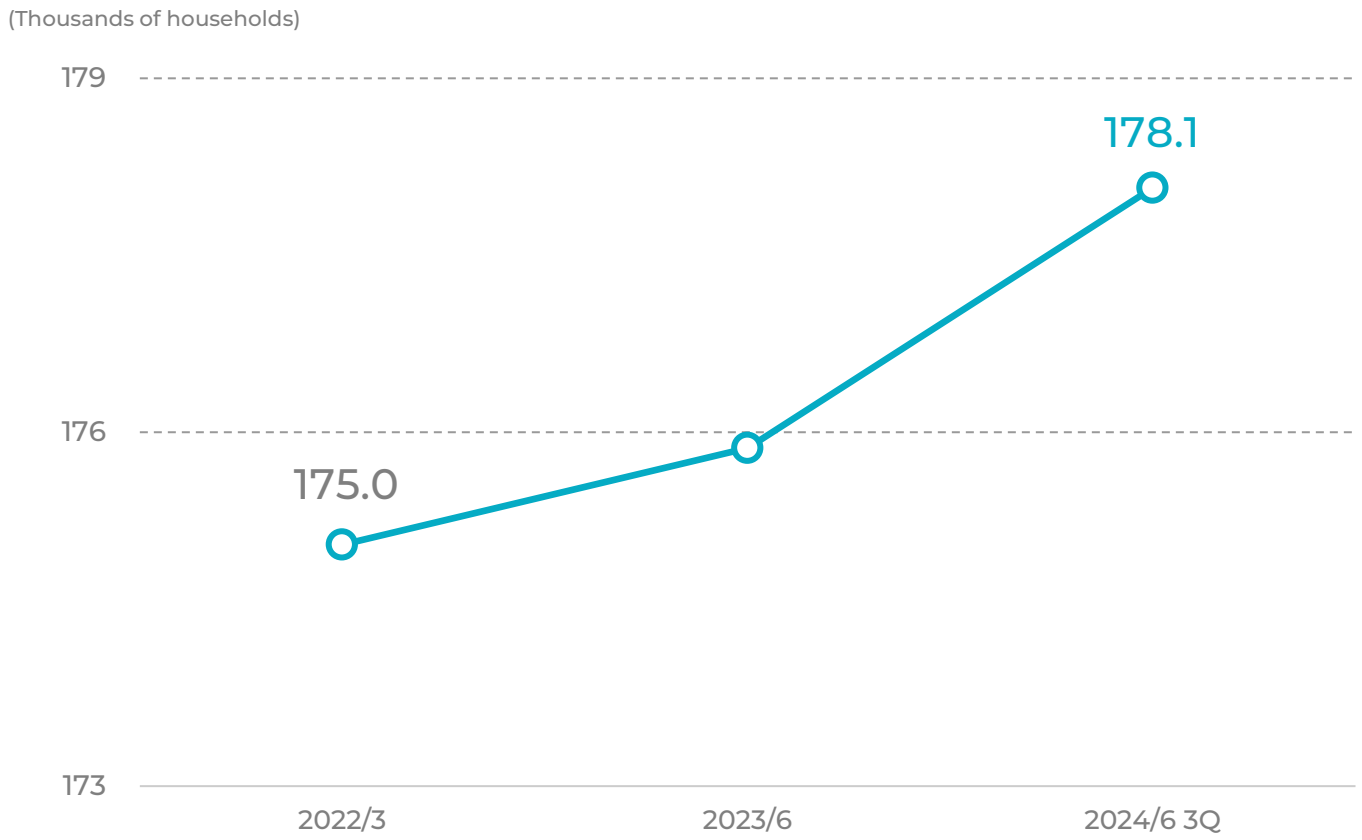


Source: Market share data based the Fuji Keizai Group Co., Ltd. "2023 Comprehensive survey of markets related to energy management and power systems."

Distributed Energy | Trend in Service Contracted by Household

The big shift in our sales strategy led to the successful acquisition of new households. We have reallocated our sales force to acquire more new households.

Number of contracted households



Action plan for expanding the number of contracted households

Strengthen sales resources

Reallocate the sales force to accelerate acquisition of new contracts.

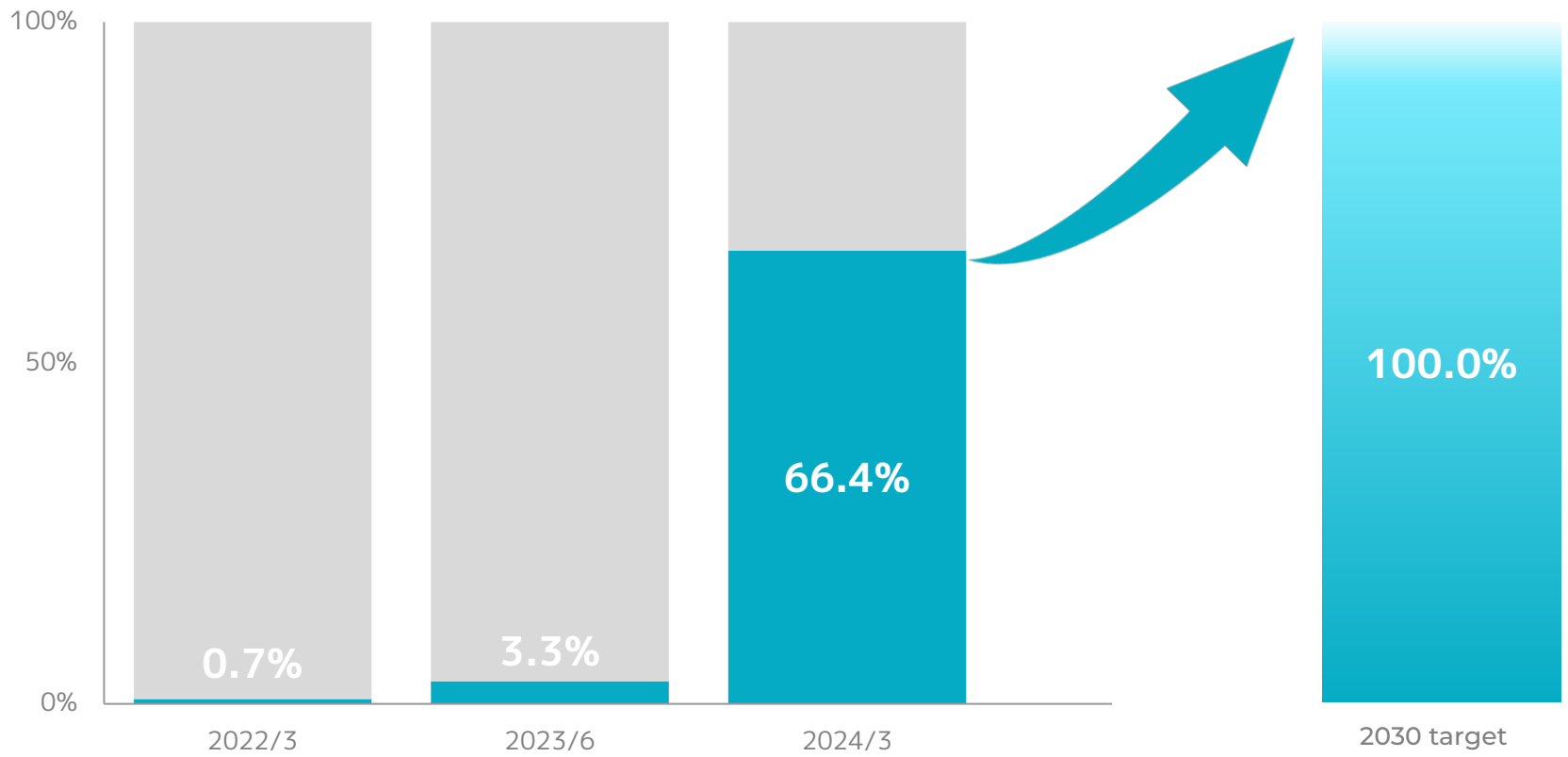
Leverage Rezil's distinctive position in the existing building market.

With our expertise and cost competitiveness as a pioneer in bulk electric power purchasing for condominiums, we can actively encourage customers to switch to us from other providers.

Green Energy | Promoting Improvement in the Renewable Energy Adoption Ratio

We sell only renewable energy (including de facto renewable energy) to new customers. We aim for a renewable energy adoption ratio of 100% by 2030.

Increase in renewable energy adoption ratio

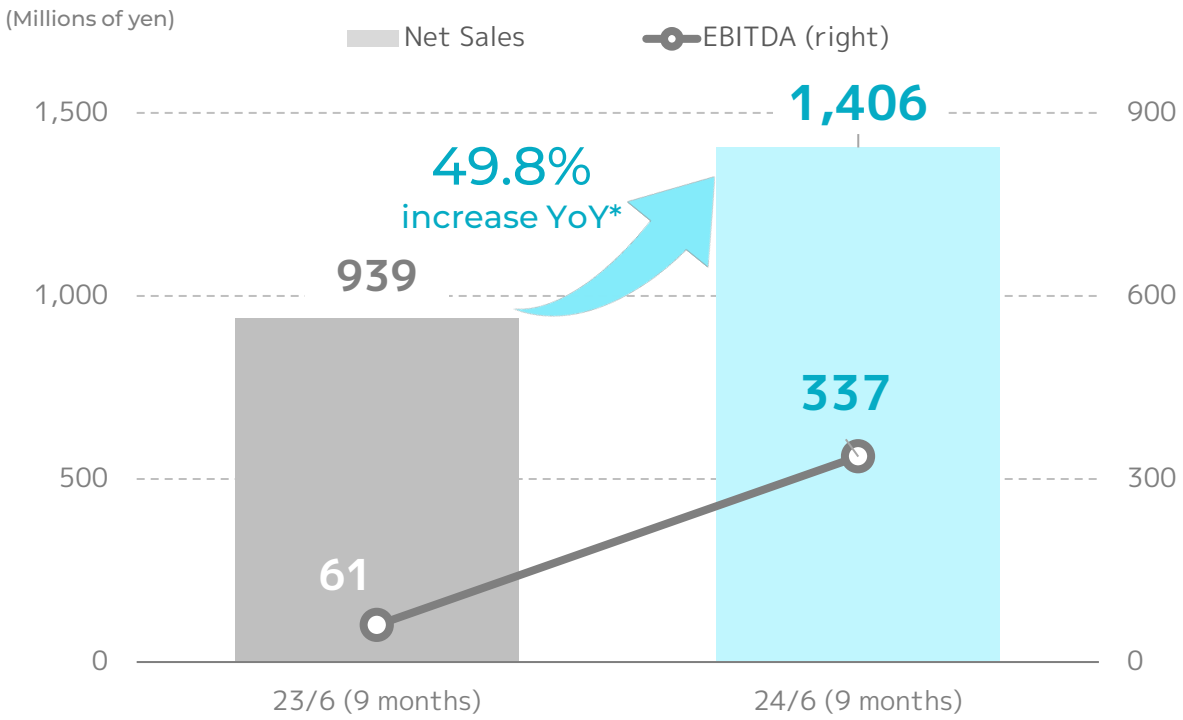


Note: The ratio is based on the number of electricity supply contracts.

Digital Transformation Support | Is There Demand in Power Companies?

Our priority for sales expansion is energy companies with many contract customers. We'll also expand our offerings to existing customers.

Half-year performance for Digital Transformation Support



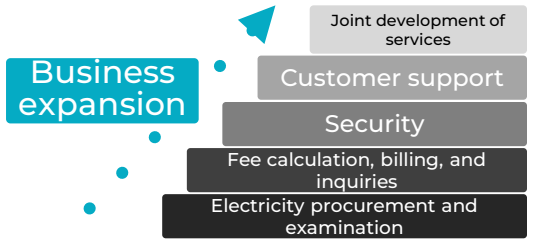
Realizing significant EBITDA growth due to top line increase

Expansion of earnings through the expansion of the customer base and the expansion of services provided

Expanding the customer base mainly among PPS companies and major regional power companies

Strategically expanding the services provided to existing customers to increase the average customer spend

In addition to providing tools, we aim to increase the average spend per customer by expanding our services such as security and customer support.

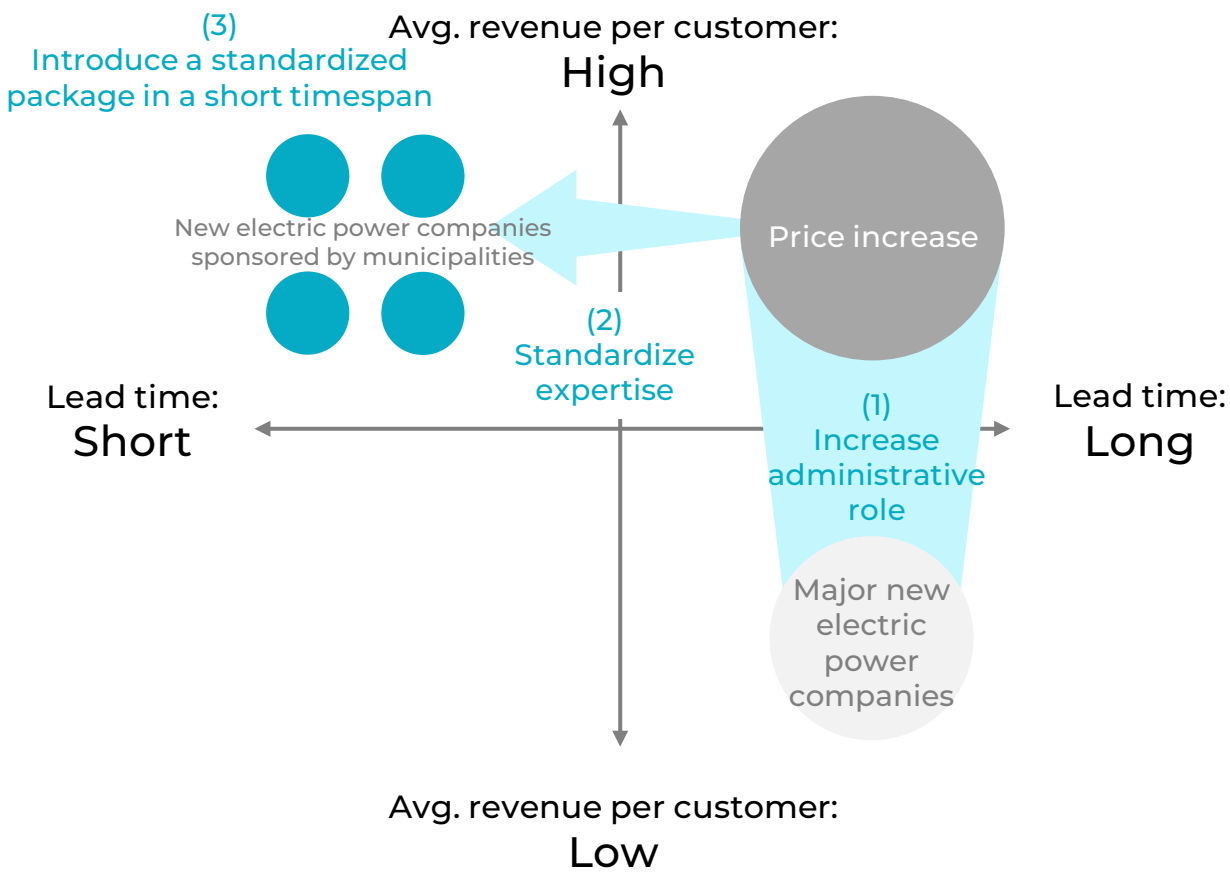


* Calculation comparing the period from July 2022 to March 2023 to the period from July 2023 to March 2024.

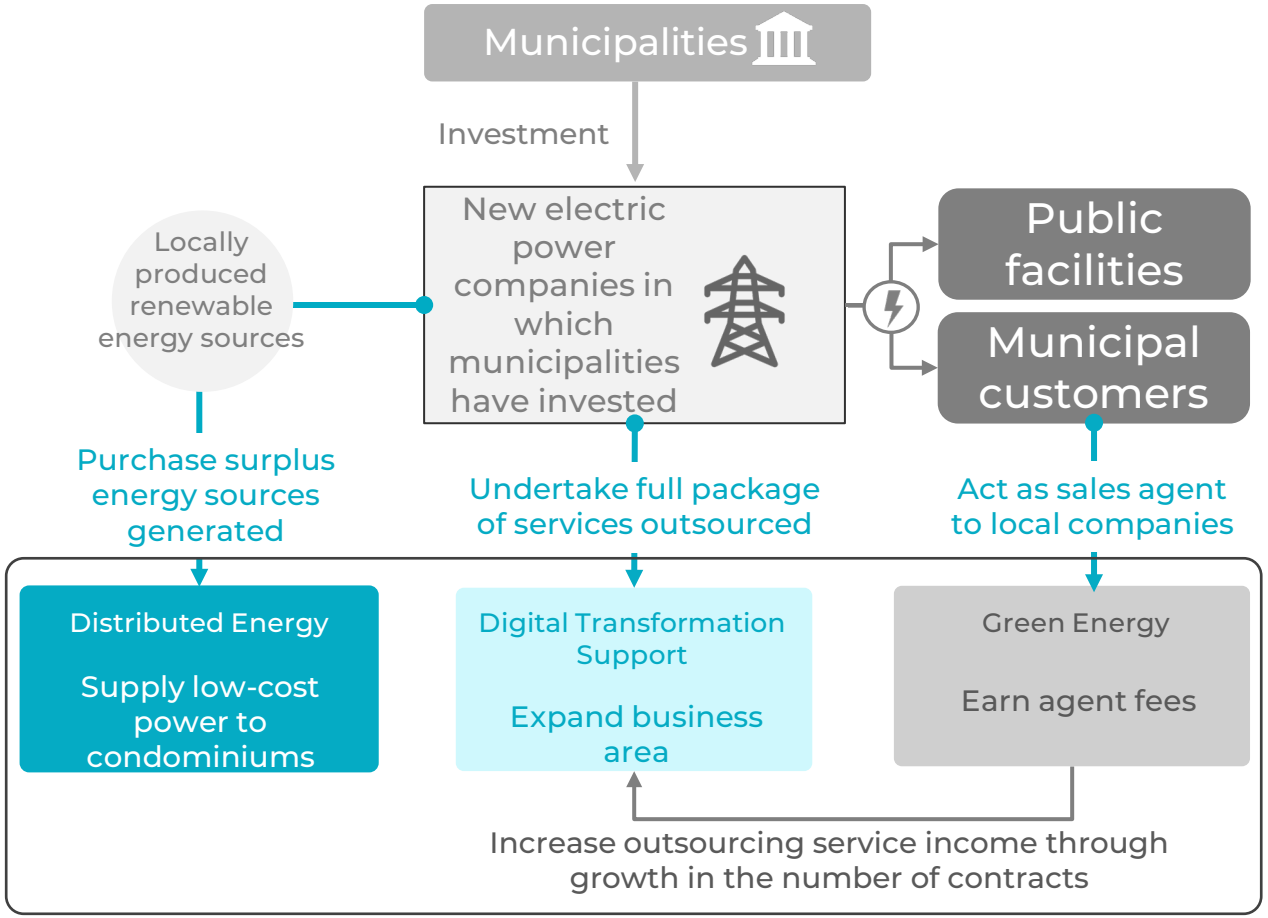
Digital Transformation Support | Multifaceted Approach to Expand the Customer Base and Revenue/Profit

We plan to develop a standardized package using our operational and administrative expertise and broaden our scope to encompass local municipalities.

Introduction of a standardized package of accumulated expertise



Collaboration with electric power companies invested by municipal governments to maximize revenue opportunities for our key businesses



Digital Transformation Support | Tendency to Add Services

Our clients tend to add more menu services over the years once we provide them with a service menu.

● is new introductions as of 3Q

Service areas	Service menu	Client companies								
Company		A	B	C	D	E	F	G	H	I
Contract durations in order		Short-term → Long-term								
Systems	ID/customer management				●	●	●	●	●	●
	System development		●		●	●	●	●	●	●
	Billing					●	●	●	●	●
Consulting	Operation efficiency improvement	●	●	●			●	●	●	●
BPOs	Management of billing	●				●	●	●	●	●
	Contracting admins	●	●	●		●	●	●	●	●
	Call centre	●	●	●	●	●	●	●	●	●
	In-house call centre		●	●		●	●	●	●	●
	Electricity safety investigation						●	●	●	●

Green Energy | Launching New Business Operations for Regional Power Companies Established by Municipalities

We assist local governments in reducing carbon emissions by collaborating with decarbonization consulting firms.

We can provide comprehensive solutions tailored to each municipality's issues, ranging from power procurement to distributed energy resource installation and operation in housing complexes.

I. Decarbonization of public housing complexes



Provision of emergency power reserve service/Installation of EV chargers

II. Recirculation of surplus energy generated by biomass power generation



Use of in-house systems/our retail business operations

III. Operation of regional power companies



Use of in-house systems/administrative services

×



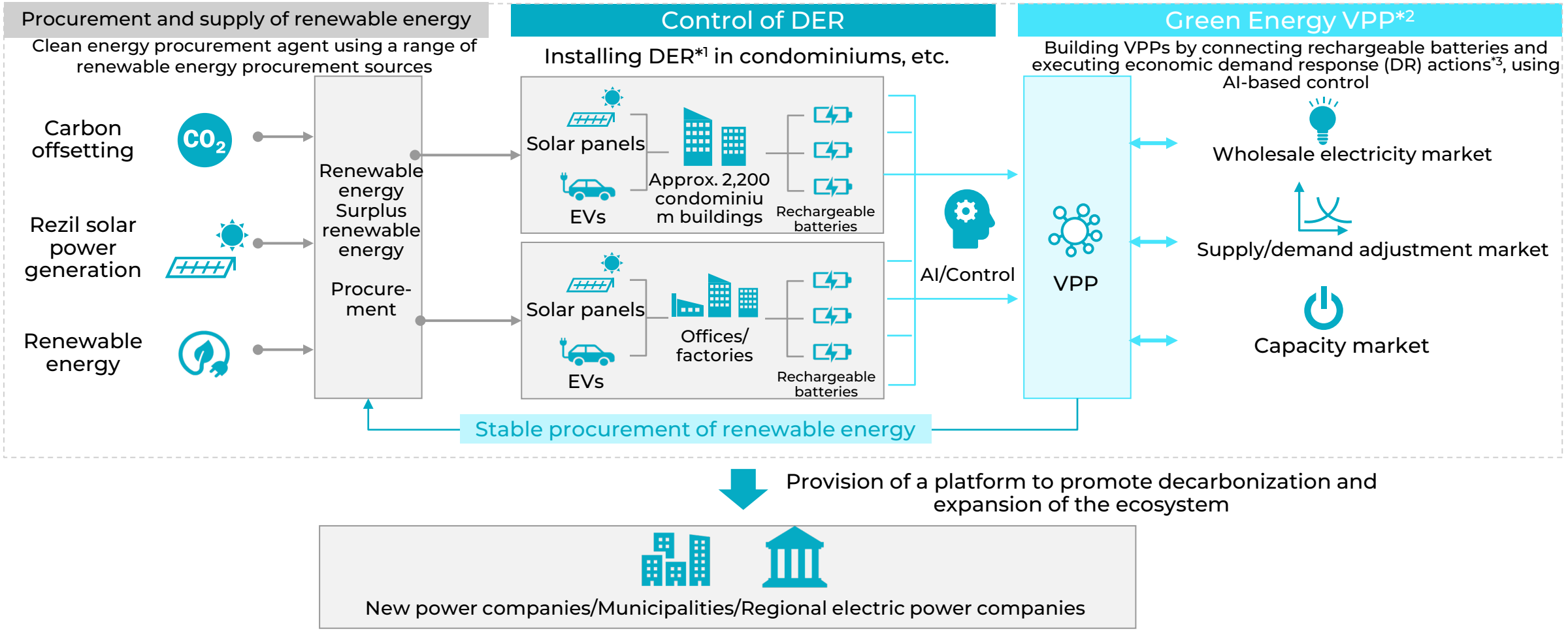
Companies providing consulting on decarbonization, etc.

Growth Strategy



Our Goal: Creation of a DER Platform

We will transform our large-scale electricity consumer group into a large-scale energy network by utilizing our customer base and existing business assets, through digital technologies.

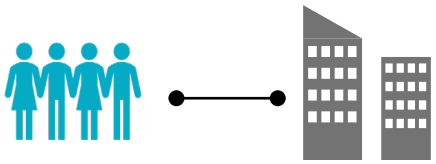


*1 Distributed energy resources (DER): Energy sources such as solar power generation systems that are decentralized and owned by consumers in various locations
*2 Virtual power plant (VPP): A network of remote DERs that functions as if it were a single power plant based on integration and coordination by a central control system
*3 Controlling DERs such as rechargeable batteries with a focus on economic benefits

Milestones We Need to Achieve to Reach Our Goal

Make steady progress on the four milestones while earning business revenue.

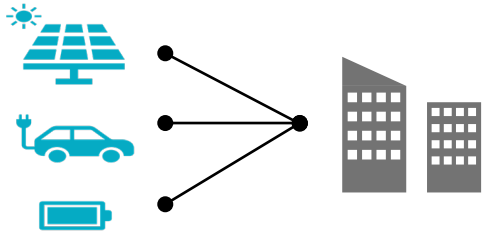
Connecting residents



Condominium sustainability

- Condominiums 2,200 buildings, 178,000 households

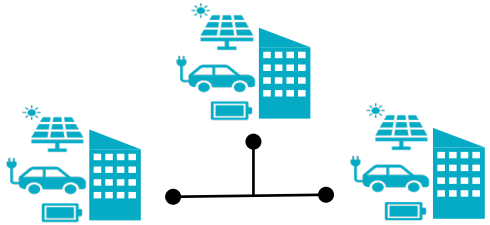
Connecting DERs



Resilience and energy saving

- EV charging stations: 34 buildings
- Rechargeable batteries: 2 buildings
- Solar power generators: Approximately 100
- Development of rechargeable batteries exclusively for condominiums

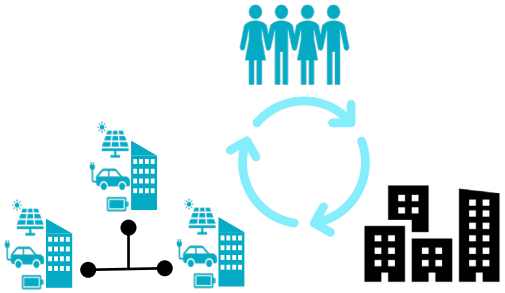
Connecting buildings



Energy optimization

- Implementation of IoT rechargeable battery monitoring
- Development of optimal control of VPPs using AI
- Approximately 7,500 sites that we supply electricity to

Platform



Realizing a decarbonized society

- Our systems and BPO are currently provided to 8 electric power companies

Note: Numbers as of March 31, 2024.

With the Rise of Renewable Energy, the Power Trading Markets Are Now Fully Operational

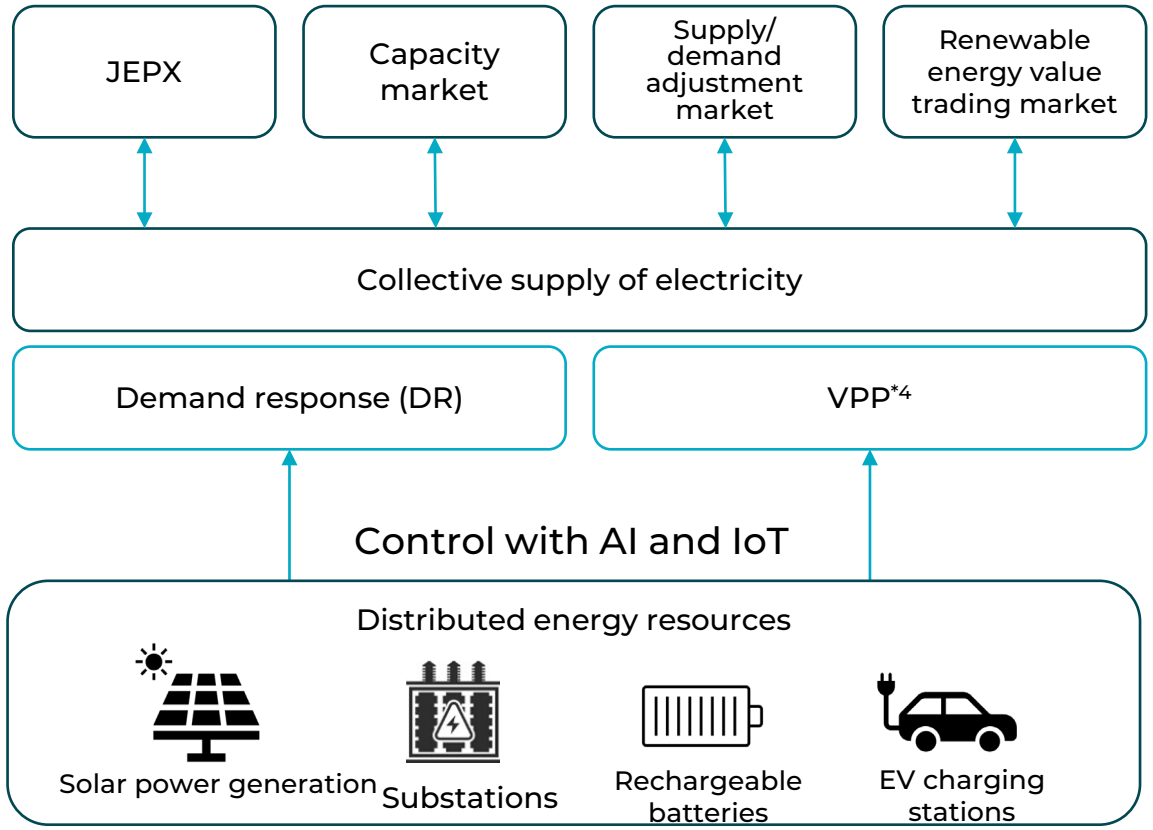
The capacity market and demand/supply adjustment market are now fully operational in 2024. Trading in the market is increasing the importance of power control using DER*1 equipment.

Wholesale electricity market: daytime vs nighttime*2

With the spread of solar power generation, the share of renewable energy has increased to 21.7%*3. With surplus power during the day, the gap between daytime and nighttime wholesale electricity prices can sometimes reach 2,000 times.

	Hokkaido	Tohoku	Tokyo	Chubu	Hokuriku	Kansai	Chugoku	Shikoku	Kyushu
10:00–10:30	8.04	8.04	8.04	5	0.1	0.1	0.1	0.1	0.01
10:30–11:00	7.8	7.8	7.8	1	0.01	0.01	0.01	0.01	0.01
11:00–11:30	4.81	4.81	7.34	0.87	0.01	0.01	0.01	0.01	0.01
11:30–12:00	3.01	3.01	3.01	0.09	0.01	0.01	0.01	0.01	0.01
12:00–12:30	1	1	1	0.09	0.09	0.09	0.09	0.09	0.01
12:30–13:00	1.02	1.02	1.02	0.1	0.1	0.1	0.1	0.1	0.01
13:00–13:30	4.81	4.81	7.5	2.12	2.12	2.12	2.12	2.12	0.01
13:30–14:00	7.88	7.88	7.88	3.12	3.12	3.12	3.12	3.12	0.01
14:00–14:30	8.76	8.76	8.76	5.39	3.82	3.82	3.82	3.82	0.01
14:30–15:00	9.24	9.24	9.24	9.24	0.01	0.01	0.01	0.01	0.01
15:00–15:30	9.63	9.63	9.63	9.29	0.1	0.1	0.1	0.1	0.01
15:30–16:00	9.99	9.99	9.99	9.99	5	5	5	5	0.01
16:00–16:30	10.61	10.61	10.61	10.61	7.03	7.03	7.03	7.03	7.03
16:30–17:00	12.33	12.33	12.33	12.33	8.55	8.55	8.55	8.55	8.55
17:00–17:30	15.13	15.13	15.13	15.13	9.89	9.89	9.89	9.89	9.89
17:30–18:00	15.13	15.13	15.13	15.13	15.13	15.13	15.13	15.13	15.13
18:00–18:30	15.13	15.13	15.13	15.13	15.13	15.13	15.13	15.13	15.13
18:30–19:00	15.13	15.13	15.13	15.13	15.13	15.13	15.13	15.13	15.13

Key elements of Japan's electricity market are now fully operational



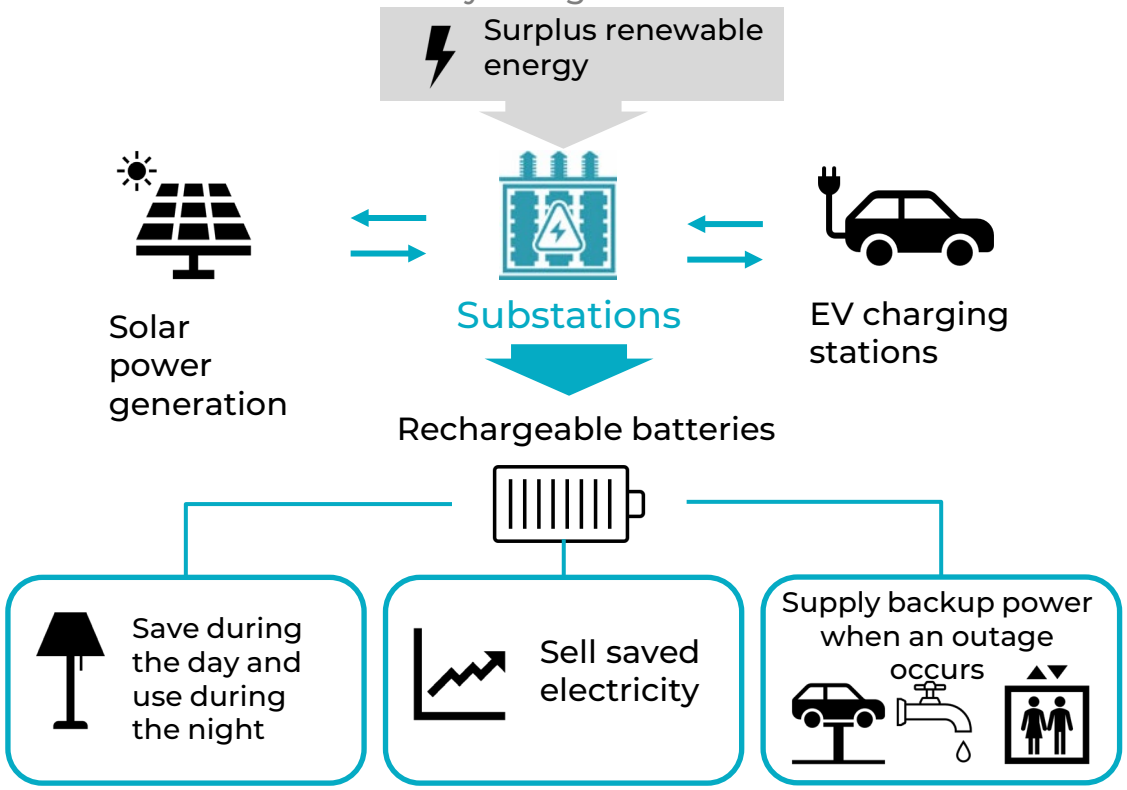
*1 Distributed energy resources (DER): Energy sources such as solar power generation systems that are decentralized and owned by consumers in various locations
*2 Source: JPEX, Trading Market Data (As of March 18, 2024)
*3 Source: Ministry of Economy, Trade and Industry "FY2022 Energy Supply and Demand Results (Preliminary Report)"
*4 Virtual power plant (VPP): A network of remote DERs that functions as if it were a single power plant based on integration and coordination by a central control system

Enabling Condos to Decarbonize and Increase Resilience through Our Business Model, Which Leverages New Tech and Synergies between Key Elements

Housing complexes x Distributed energy resources (DER) x Digital electricity control

Expansion of business model through DER implementation

Equipment is installed for free for bulk electric power purchasing. The business model bills equipment cost and service fees as electricity charges.



Rechargeable battery area

Procuring rechargeable batteries, **a core technology of the distributed energy resources platform, from CONNEXX SYSTEMS Corporation**

- Entered business partnership in October 2023
- Decided to use the "LUVIS™" rechargeable battery developed by CONNEXX for our condominium emergency power reserve service
- Rezil has created a network of rechargeable batteries. We are currently developing our own virtual power plant (VPP) control system to provide integrated optimal control of the batteries and other equipment using IoT devices.



CONNEXX SYSTEMS

An R&D-based start-up that develops innovative, next-generation rechargeable batteries.
Focusing on deploying rechargeable battery systems for industrial use while pursuing R&D.

Using AI to Control Multiple Distributed Energy Resources (DER)

Combining IoT, AI, and cloud technology to control DERs in condominiums, we are optimizing electricity savings, usage, and sales based on the most cost-efficient methods.

Control technology area

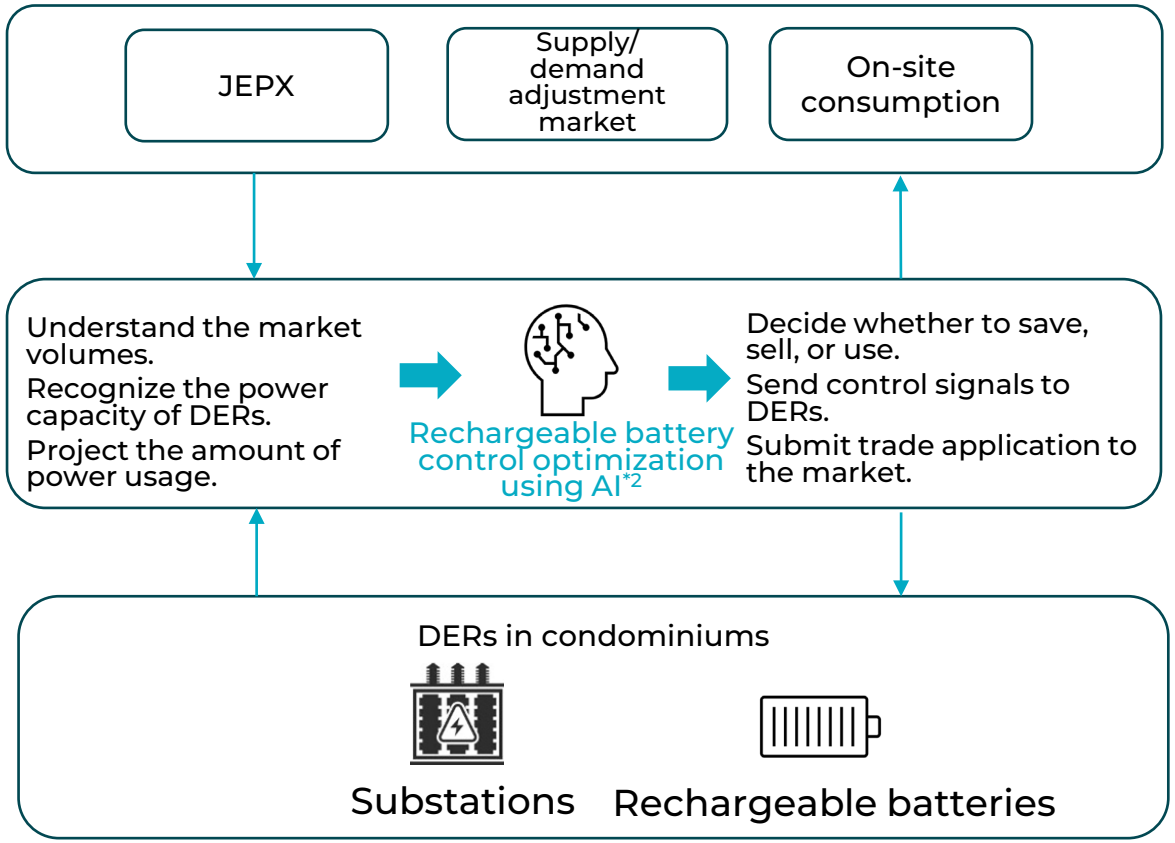
We invested in Sassor Inc., a company that specializes in rechargeable battery control technology, to advance energy resource control.

- Invested in October 2023
- Rezil participated in the FY2023 Demonstration Project for Further Utilization of Distributed Energy Resources[*1] and adopted Sassor's resource aggregator (RA).
- To enhance profitability and decrease electricity bills for our customers, we plan to implement optimal control strategies by utilizing the RA system we are developing in partnership with Sassor. We also aim to engage in power trading activities on wholesale and supply/demand adjustment markets.
- We tested new battery control technology in a condominium, confirming its effectiveness and benefits.

SASSOR

Performs service design using IoT technology.
Develops and provides ENES software for rechargeable battery control optimization using IoT and AI technologies.

How DER control works (illustration)



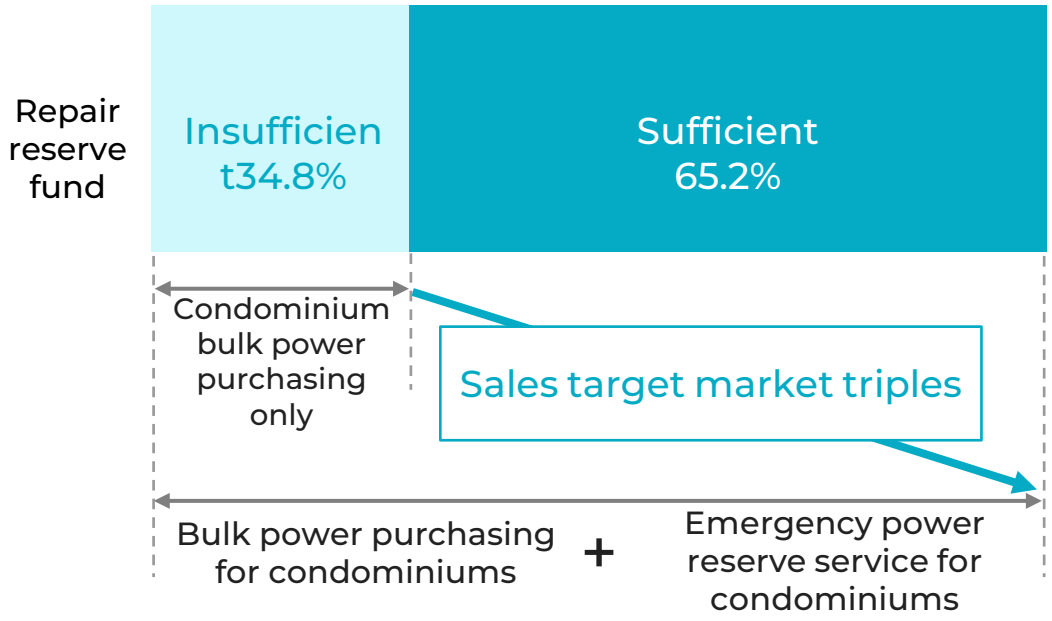
*1 Ministry of Economy, Trade and Industry's FY2023 Demonstration Project for Further Utilization of Distributed Energy Resources (DER Aggregation Demonstration Project)
*2 Reference: ENES URL, https://sassor.com/enes (in Japanese only)

Focus on Increasing Sales of Emergency Power Reserve Service

Our emergency power reserve service now allows us to approach condominium residents who have sufficient repair funds, while our bulk power purchasing service will continue to attract households who have concerns over insufficient condominium repair funds.

Target group

6.94 million households in condominiums across Japan



Business advantages

1 Necessary equipment is purchased and installed in condominiums as Rezil assets

In addition to substation equipment enabling bulk power purchasing, energy resilience can be enhanced without any upfront investment by condominium associations or residents

Rechargeable batteries | Rooftop solar power generation | EV charging stations

Purchased by Rezil

2 Reducing electricity costs using AI-based equipment control

Using distributed energy resources (DER) equipment and AI arbitrage, we can generate revenue by taking advantage of daytime and nighttime price differences by controlling electricity demand.

Procurement of electricity → DER equipment / Electricity storage → Electricity provision

Generating profits by utilizing rate differences

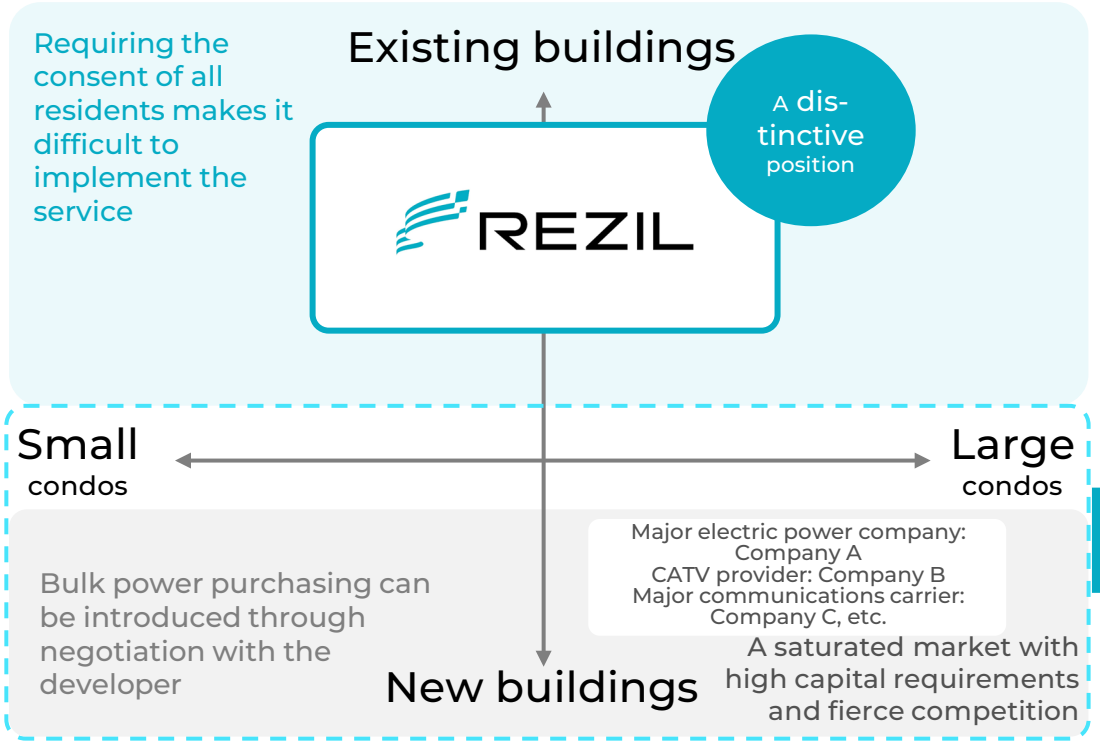
Note: See the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) “Comprehensive Survey on Condominiums in 2022” for the number of condominium households across Japan, and the MLIT “Comprehensive Survey on Condominiums in 2018” for the shortage rates for repair reserve funds.
DER equipment: Distributed energy resource equipment such as power substations, solar panels, rechargeable batteries, and EV charging stations

Penetration of Newly Built Condominium Market | Helping Real Estate Companies Reduce Scope 3 Emissions

Our service helps condominiums achieve decarbonization from electricity use. With the expansion of our value proposition, we can establish a foothold in the newly built condominium market.

Market positioning: Bulk power purchasing for condominiums

Our in-house operations, including the installation of substations, billing, security, and customer service, gives us a **substantial cost advantage** and allows us to serve even small condominiums.



Making sales approaches in the new construction market with condominium emergency power service

Case

Rental condominiums owned by a J-REIT that specializes in housing

- The investment firm had set a goal of reducing GHG emissions by an average of 1% annually over the five years starting in fiscal 2021
- To achieve its goal, it wanted to expand the number of its properties that use 100% renewable energy

Emergency power service + **Environmental value**

Promoted

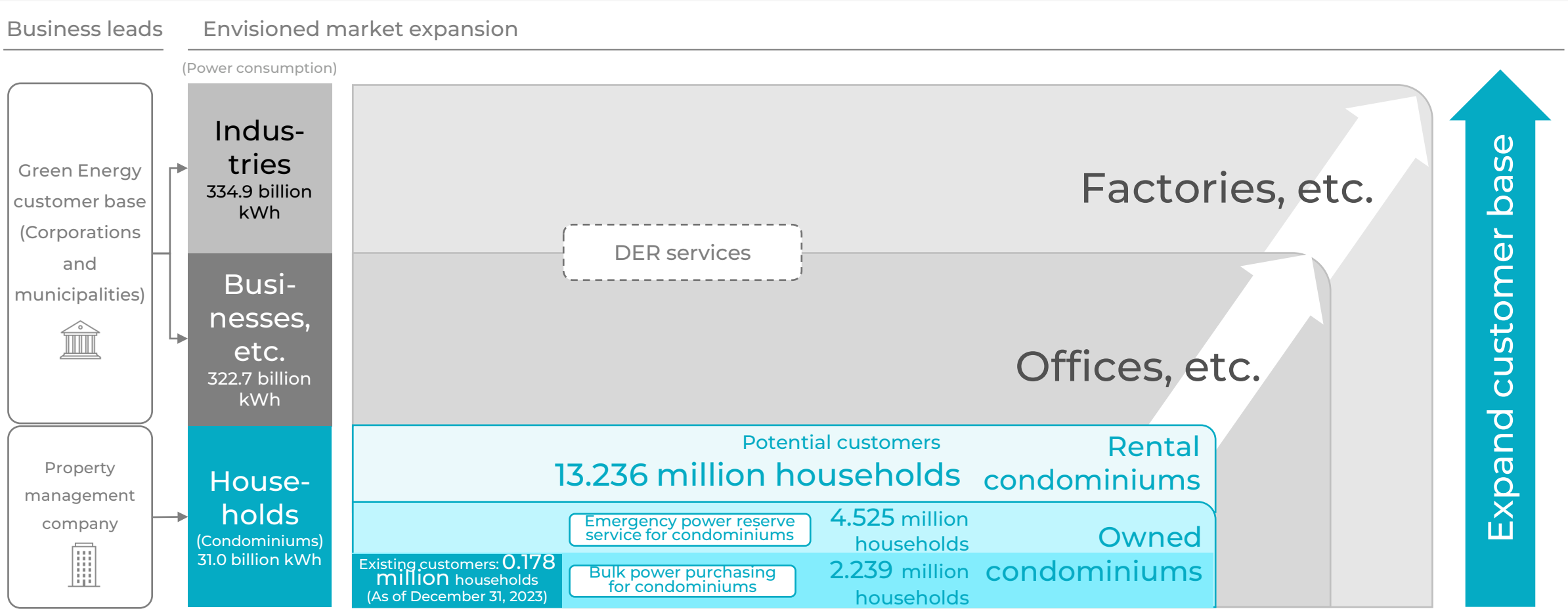
Comparison with the company's fiscal 2022 target after installation of emergency power service (installation of power substation and distributed energy resources equipment) in one building

Energy use	GHG emissions
Approx. 10% ↓	Approx. 50% ↓

Note: The diagram at left shows our proprietary analysis and evaluation of the market. Definitions of large and small condos: 100+ units and 20+ units of residential buildings, respectively. The size of the target market envisioned for existing and new buildings is based on the following figures: 6.94 million units for existing condos (Ministry of Land, Infrastructure, Transport and Tourism "Comprehensive Survey on Condominiums in 2018"), annual increase of 70,000 units for new-build (Real Estate Economic Institute Co., Ltd. "2022 Nation-wide Survey on New-Build Condominium Market Trend."). The market share of condominium bulk power purchasing is based on the Fuji Keizai Group Co., Ltd. "2023 Comprehensive survey of markets related to energy management and power systems."

Accelerating Sales of Distributed Energy Resources (DER) by Starting with Emergency Power Reserve Service for Condominiums

In addition to expanding from owned condominiums to rental condominiums, we aim to expand our customer base through DER services for office buildings and municipalities.

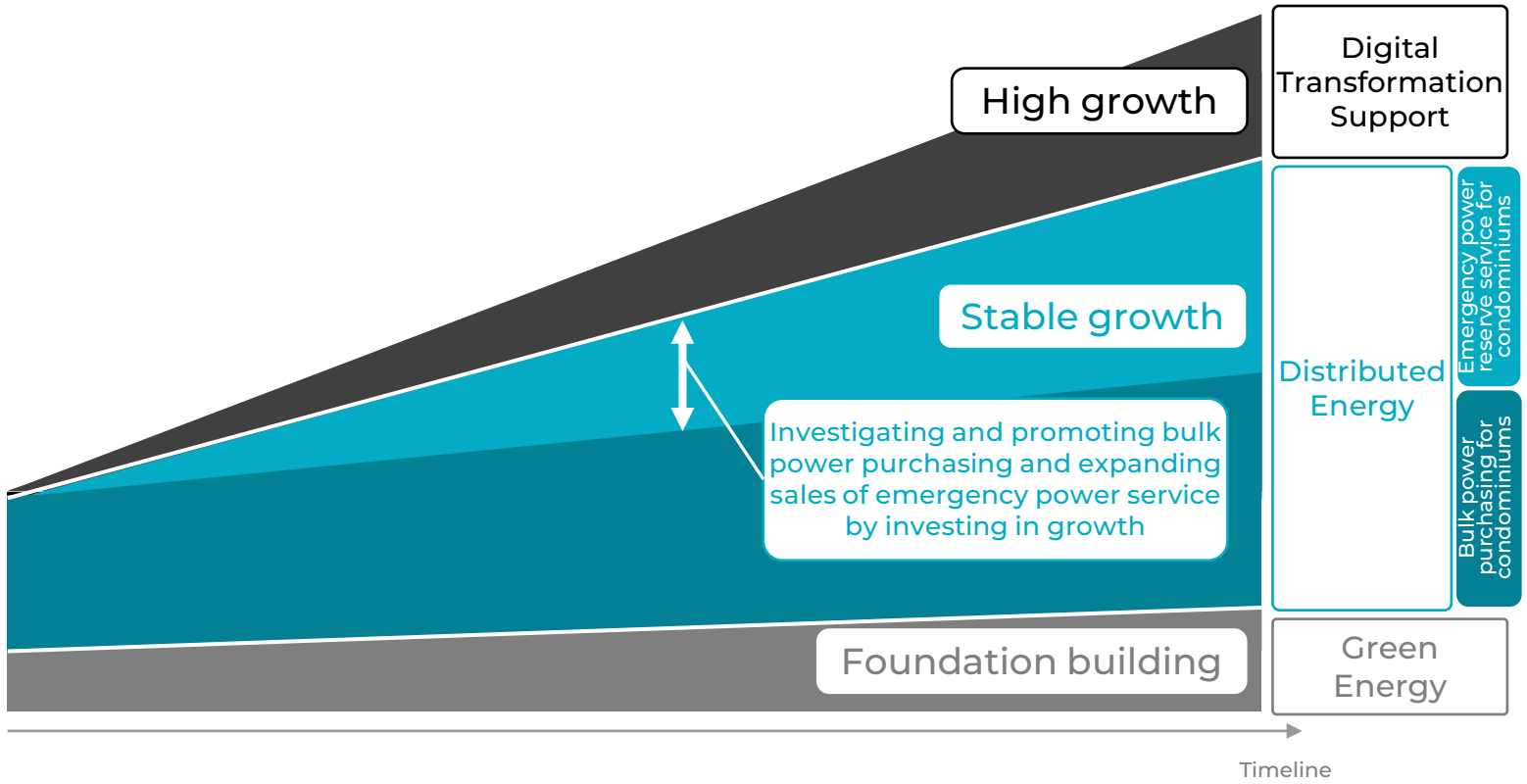


Note: Electricity consumption by asset type is based on the final electric power consumption by sector (2021 results) in the Energy White Paper 2023 issued by the Agency for Natural Resources and Energy under Japan's Ministry of Economy, Trade and Industry. The number of households is based on materials from the Ministry of Land, Infrastructure, Transport and Tourism's "Comprehensive Survey on Condominiums (FY2018)." Household (condominium) electric power consumption is calculated by multiplying household power consumption by the percentage of condominium households (6.94 million condominium households ÷ 55.83 million households nationwide (2020 census; as of October 2020). The number of potential customers for the bulk power purchasing service for condominiums is calculated by multiplying the nationwide number of condominium households (6.94 million households) by the percentage of shortfall in repair reserve funds (34.8%), and deducting the number of existing customers (178,000 households). The number of potential customers for emergency power reserve service for condominiums is calculated by multiplying the nationwide number of condominium households (6.94 million households) by the adequacy of repair reserve funds (100% - the percentage of shortfall in repair reserve funds).For the number of potential customers for rental condominiums, please refer to the 2018 Housing and Land Survey (Private Rental Units_Housing Complexes), prepared by the Statistics Bureau, Ministry of Internal Affairs and Communications.

Our Roadmap to Further Growth

We are dedicated to growing our Distributed Energy business while expanding our customer base to increase profitability in our Digital Transformation Support business.

Illustration of assumed growth based on our strategy by business segments over time



Growth strategies

Digital Transformation Support

Expanding service lineup for front desk operations

Developing new customers

Upselling existing customers

Distributed Energy

Emergency power reserve service for condominiums

Investment for growth

Proposing emergency power reserve service to condominiums that have sufficient repair reserve funds

Investment for growth

Upselling of emergency power reserve service for condominiums to existing customers

Bulk power purchasing for condominiums

Investment for growth

Business replacement from existing operators and business acquisitions

Accelerating the speed of acquiring new enrollments by reallocating sales reps to acquire new business

Green Energy

Enhancing power procurement abilities

Renewable energy 100% power supply ratio (2030 target)

Appendix



Consolidated Statement of Income

(Millions of yen)	2022/6 (12 months)	2023/6 (12 months)	2023/6 (15 months)	2023/6 1Q (Apr. to Jun.)	2Q (Jul. to Sep.)	3Q (Oct. to Dec.)	4Q (Jan. to Mar.)	5Q (Apr. to Jun.)	2024/6 1Q to 3Q	1Q (Jul. to Sep.)	2Q (Oct. to Dec.)	3Q (Jan. to Mar.)
Net sales	32,545	41,273	48,867	7,594	11,507	10,274	11,303	8,188	30,476	11,207	9,061	10,208
Distributed Energy	20,080	23,802	28,066	4,264	6,697	5,800	6,981	4,323	16,125	6,099	4,404	5,622
Number of contracted households	175,325	175,866	175,866	175,325	175,528	175,748	175,785	175,866	178,069	175,964	178,026	178,069
Green Energy	15,868	21,301	25,251	3,950	5,869	5,455	5,452	4,523	16,716	6,033	5,284	5,398
Digital Transformation Support	1,170	1,389	1,704	314	306	309	323	450	1,406	443	475	487
Elimination or corporate	(4,574)	(5,220)	(6,155)	(934)	(1,365)	(1,291)	(1,454)	(1,108)	(3,772)	(1,368)	(1,103)	(1,300)
Cost of sales	27,966	35,876	42,836	6,960	10,417	8,992	9,764	6,700	24,677	9,009	7,487	8,180
Gross profit	4,578	5,396	6,031	634	1,089	1,281	1,538	1,487	5,799	2,198	1,573	2,027
(Gross profit margin)	14.1%	13.1%	12.3%	8.4%	9.5%	12.5%	13.6%	18.2%	19.0%	19.6%	17.4%	19.9%
Selling, general and administrative expenses	3,036	3,610	4,394	784	783	787	1,135	903	3,102	924	1,080	1,098
Operating profit	1,542	1,786	1,636	(149)	305	494	402	583	2,696	1,274	493	928
(Operating profit margin)	4.7%	4.3%	3.3%	-2.0%	2.7%	4.8%	3.6%	7.1%	8.8%	11.4%	5.4%	9.1%
Ordinary profit	1,418	2,149	1,972	(176)	280	471	716	681	2,676	1,245	484	945
Profit attributable to owners of parent	1,271	1,344	1,528	(183)	172	339	425	592	1,895	885	329	680
EBITDA	2,668	2,869	2,997	127	581	767	676	842	3,419	1,511	747	1,160
(EBITDA margin)	8.2%	7.0%	6.1%	1.7%	5.1%	7.5%	6.0%	10.3%	11.2%	13.5%	8.2%	11.4%
Distributed Energy	3,729	3,297	3,788	488	950	816	885	644	3,022	1,305	666	1,050
(EBITDA margin)	18.6%	13.9%	13.5%	11.4%	14.2%	14.1%	12.7%	14.9%	18.7%	21.4%	15.1%	18.7%
Green Energy	(85)	514	362	(152)	(153)	187	29	451	1,307	459	423	424
(EBITDA margin)	–0.5%	2.4%	1.4%	-3.8%	-2.6%	3.4%	0.5%	10.0%	7.8%	7,6%	8.0%	7.9%
Digital Transformation Support	230	131	171	41	26	13	22	70	337	100	105	131
(EBITDA margin)	19.7%	9.5%	10.2%	13.1%	8.5%	4.3%	6.9%	15.6%	24.0%	22.6%	22.3%	26.9%
Elimination or corporate	(1,206)	(1,074)	(1,324)	(249)	(241)	(249)	(260)	(323)	(1,247)	(353)	(448)	(445)

Note: EBITDA = Operating profit + Depreciation

Consolidated Balance Sheet and Statement of Cash Flows

(Millions of yen)	As of Mar. 31, 2022	As of Jun. 30, 2023	As of Mar. 31, 2024
Total assets	15,360	14,948	16,645
Current assets	8,885	7,877	9,653
Cash and deposits	2,341	2,199	2,632
Accounts receivable - trade, and contract assets	5,879	5,278	6,781
Other current assets	664	399	239
Non-current assets	6,474	7,071	6,992
Property, plant and equipment	5,141	4,927	4,945
Intangible assets	444	342	264
Investments and other assets	888	1,801	1,781
Total liabilities	10,071	8,726	8,920
Current liabilities	6,005	5,026	5,969
Accounts payable - trade	2,452	2,436	2,624
Short-term interest-bearing debt	2,158	1,780	1,804
Other current liabilities	1,394	809	1,540
Non-current liabilities	4,065	3,699	2,950
Long-term interest-bearing debt	3,866	3,590	2,890
Other non-current liabilities	199	109	59
Total net assets	5,289	6,222	7,725
Shareholder's equity	5,271	6,198	7,693
Other net assets	17	24	31

(Millions of yen)	FY2022/3	FY2023/6
Operating cash flow	1,781	3,136
Investing cash flow	105	(2,120)
Free cash flow	1,887	1,016
Financing cash flow	(1,449)	(1,158)
Net increase (decrease) in cash and cash equivalents	437	(141)
Cash and cash equivalents at end of period	2,341	2,199

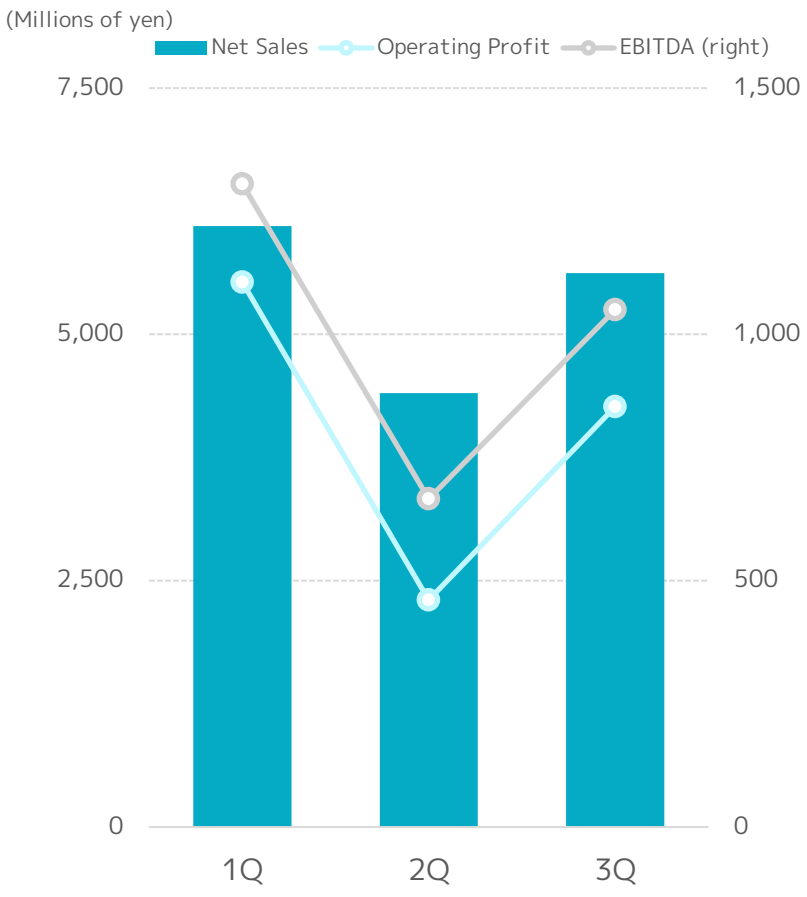
Main management indicators

* The average number of temporary employees is a figure from an outside source.

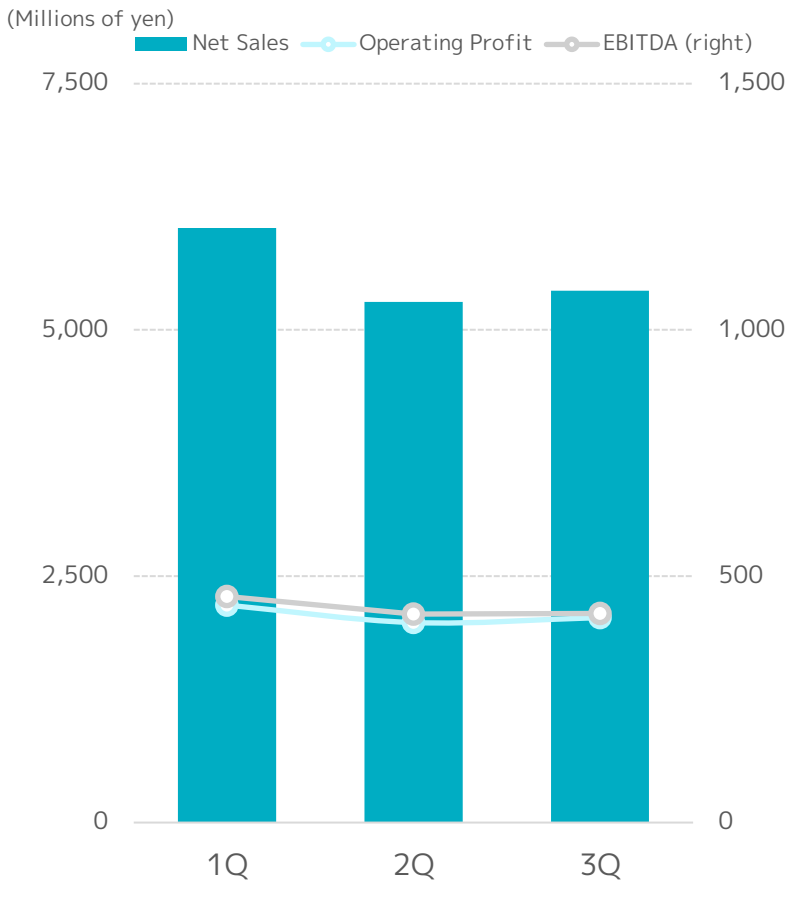
(Millions of yen)	FY2022/3	FY2023/6
Equity ratio (%)	34.3	41.5
D/E ratio (times)	1.14	0.87
Net D/E ratio (times)	0.70	0.51
Dividend payout ratio (%)	55.1	31.1
Number of employees*	198	181
Distributed Energy	—	47 (8)
Green Energy	—	36 (2)
Digital Transformation Support	—	61 (80)
Shared	—	37 (9)

Business Performance by Segment

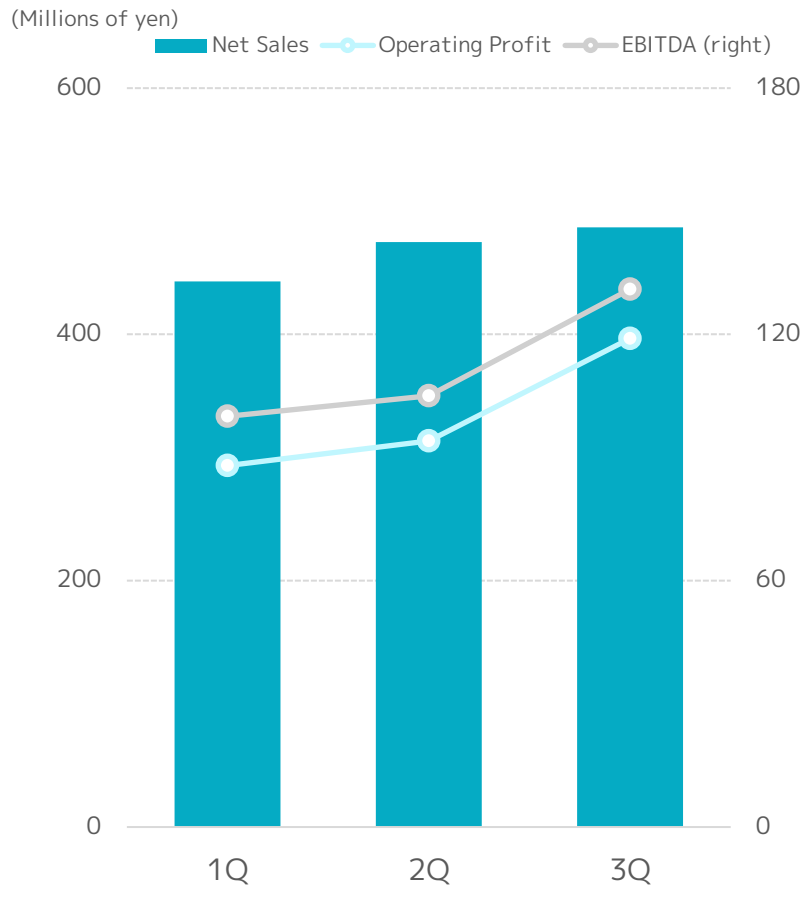
Distributed Energy Business



Green Energy Business



Digital Transformation Support Business

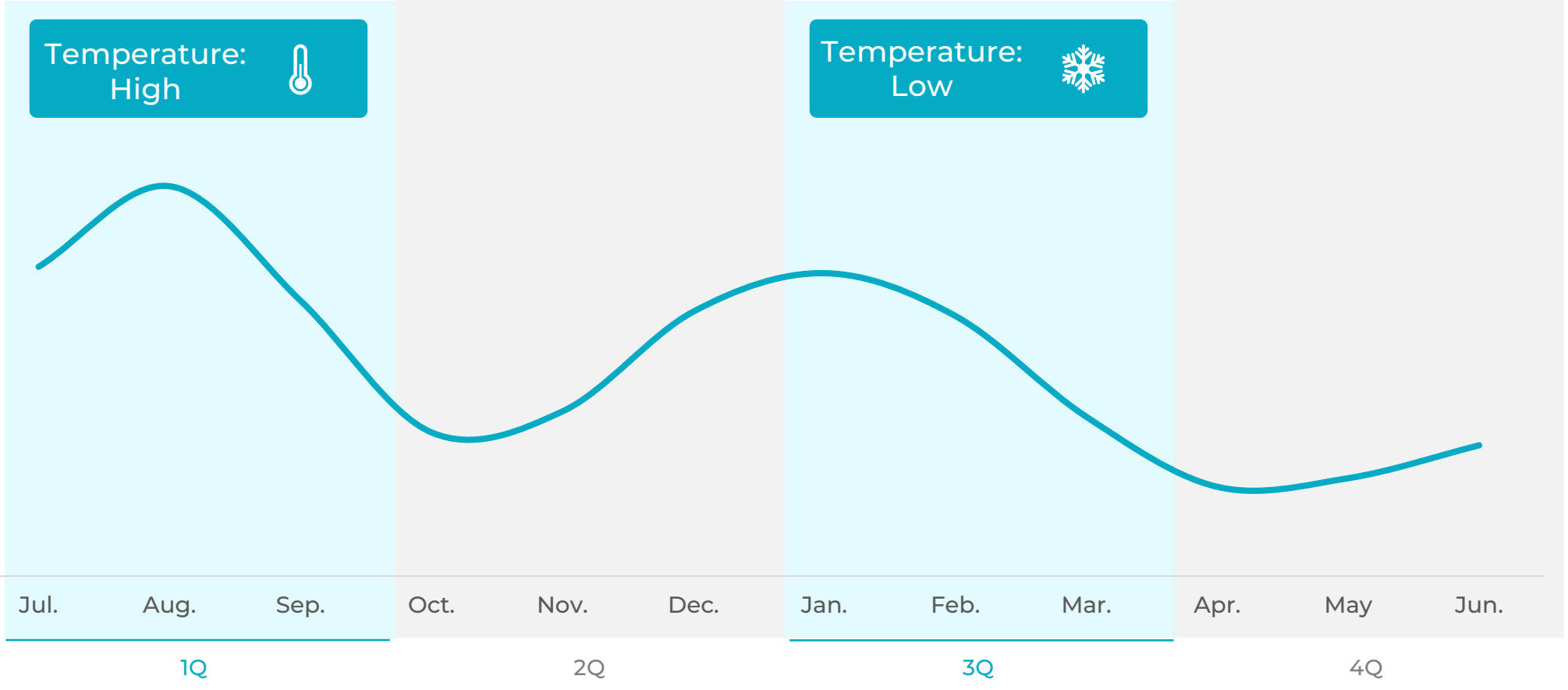


Note: Net sales include intersegment sales or transfers.

Seasonality in Sales (Illustration)

Sales tend to increase in the summer (1Q) and the winter (3Q) when electricity demand is robust and electricity sales volume tends to increase. Summer season demand has tended to increase in recent years, in particular.

Illustration of sales throughout the year



Note: The graph is an illustration and does not indicate specific numerical results or forecasts.

Investing in New Businesses by Leveraging Our Capacity to Generate Consistent Cash Flow

Building on our deep understanding of both the supply and demand sides of bulk purchasing for condominiums and electricity retail sales, we launched digital transformation support services to help clients and expand our business.

How we have expanded our business

2021 onward
Launch of digital transformation support services for energy companies
- Internally developed SaaS
- BPO
- Consulting

2016 onward
Entered the electricity retail market
- Credit generation
- Credit procurement

2004 onward
Launch of bulk electric power purchasing service for condominiums
- Rechargeable battery control
- Rooftop solar power generation
- EV charging stations (FY2024/6 onward)

1993 onward
Company founded as consulting agency for cost reduction

Accumulated expertise in the electric power and energy field

Secured a broad base of power customers

Accumulated expertise for improving operational efficiency of both electricity demand and supply

Use of technology to control rechargeable batteries, etc.





2023 highlights

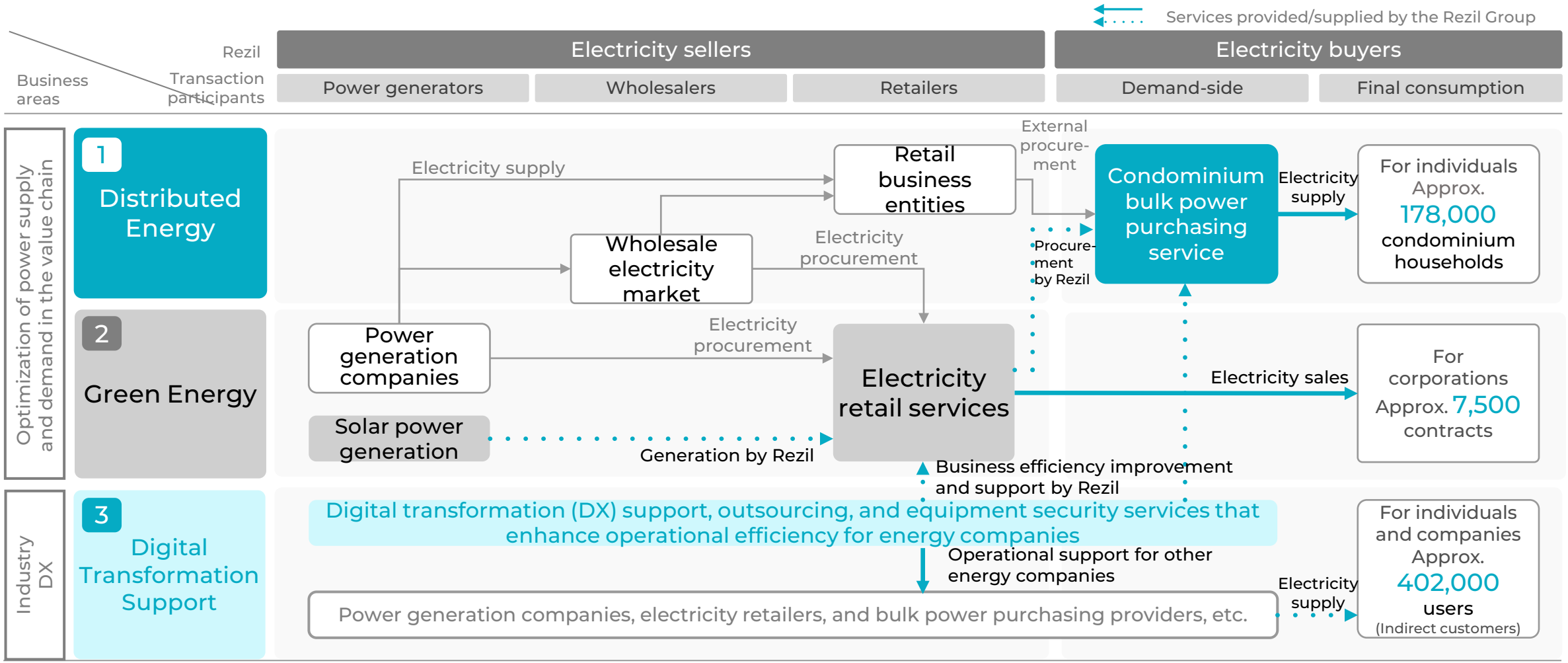
Distributed Energy
- Launch of condominium emergency power reserve service
- Selected for demonstration experiment involving hybrid control of rechargeable battery system installed in condominiums
- Investment in Sassor Inc.
- Business partnership with CONNEX SYSTEMS Corporation

Digital Transformation Support
- Launch of Carbon Neutral as a Service
- Launch of generative AI software for call centers

Green Energy
- Launch of condominium virtual power plant
- Launch of a service for turning environmental value into J-Credits

Business Flow

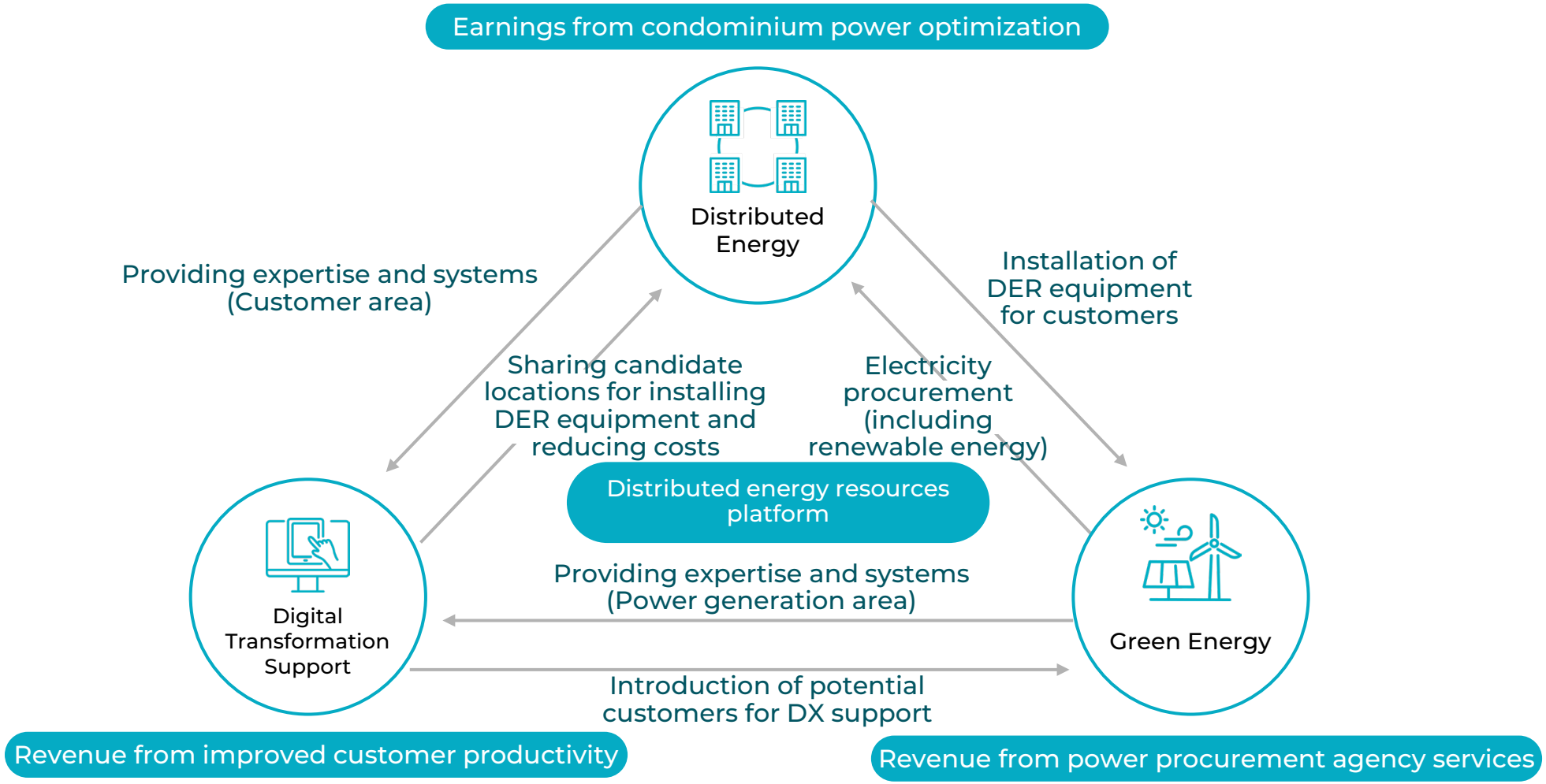
We interweave our three dynamic business cores to increase the value added while also building a system to deliver value to diverse stakeholders.



Note: Final consumption figures above are the figures as of March 2024.

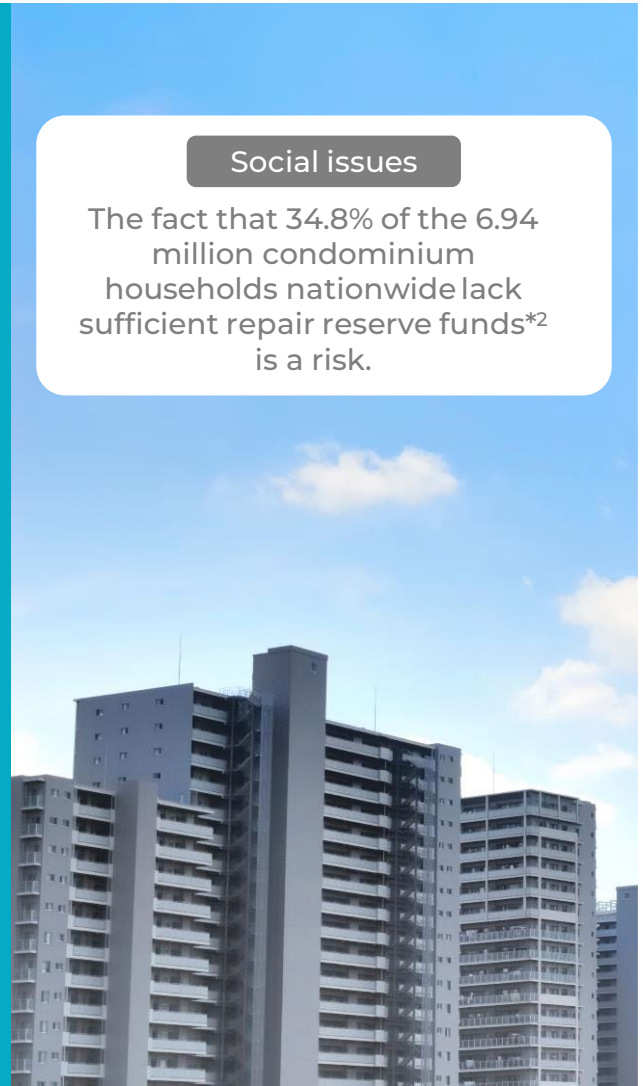
A Management Model That Capitalizes on Synergies among Three Business Areas to Create a Virtuous Cycle

Promoting all three businesses enables them to positively affect each other and create a growth spiral.



Distributed Energy | Condominium Bulk Power Purchasing

Substations are provided to existing condominiums*1 that lack sufficient repair reserve funds without any upfront investment. We reduce electricity rates mainly for common areas and support the accumulation of reserve repair funds.



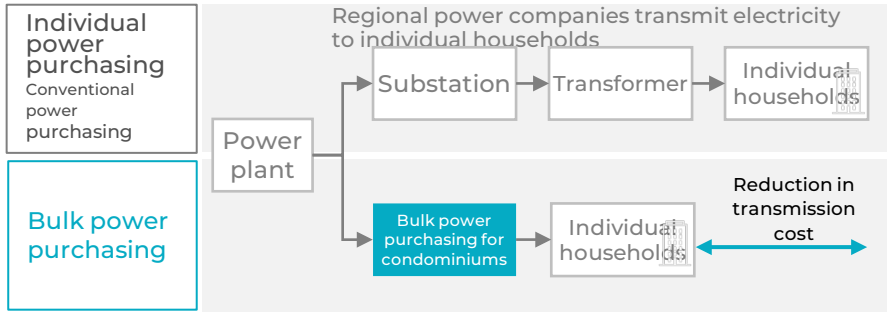
Social issues

The fact that 34.8% of the 6.94 million condominium households nationwide lack sufficient repair reserve funds*2 is a risk.

Business advantages

1 Substations are installed in condominiums

This service enables bulk power purchasing for condominiums and reduces power transmission costs.



2 Rezil procures and installs the necessary equipment

This makes it possible to reduce electricity rates for condominium management associations and residents without any upfront investment.



Substations



Meter

Purchased by Rezil ¥

Value proposition

For condominium management associations

Increase in repair reserve funds

Reducing electricity rates for common areas helps condominiums to accumulate repair reserve funds.

Administrative fees — Electricity rates for common areas



For condominium residents

Reduction in electricity cost burden

Reducing electricity rates for exclusive use areas reduces the burden on the household budget.

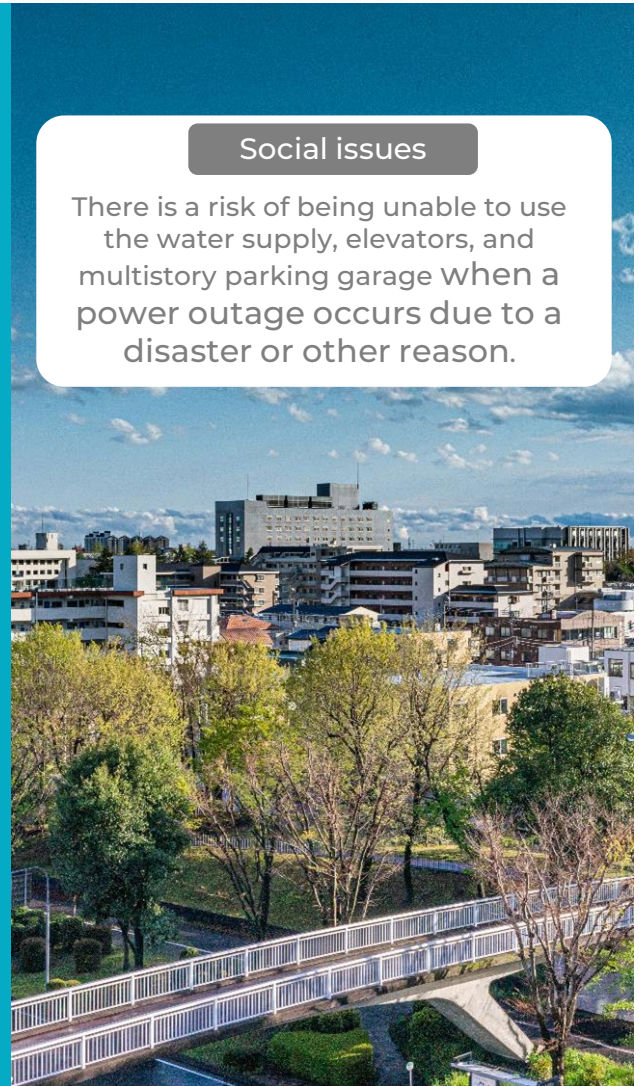
Income — Electricity rates for exclusive use areas



*1 Main targets are properties with 20 or more households per building, mainly in the Kanto and Kansai areas.
*2 See the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) “Comprehensive Survey on Condominiums in 2022” for the number of condominium households across Japan, and the MLIT “Comprehensive Survey on Condominiums in 2018” for the shortage rates for repair reserve funds.

Distributed Energy | Emergency Power Reserve Service for Condominiums (Bulk Power Purchasing + DER Equipment*1)

In addition to installation of substation equipment through bulk power purchasing, we provide a full range of services for installation and control of rechargeable batteries and power generators and other equipment to enhance energy resilience*2



Social issues

There is a risk of being unable to use the water supply, elevators, and multistory parking garage when a power outage occurs due to a disaster or other reason.

Business advantages

1 Necessary equipment is **purchased and installed in condominiums as Rezil assets**

In addition to substation equipment enabling bulk power purchasing, energy resilience can be enhanced without any upfront investment by condominium associations or residents

Rechargeable batteries | Rooftop solar power generation | EV charging stations | On-demand bus service

Purchased by Rezil

2 **Reducing electricity costs using AI-based equipment control**

By using DER equipment and AI arbitrage to control electricity demand, we can generate revenue by taking advantage of the daytime/nighttime price differential.

Procurement of electricity → DER and rechargeable batteries → Electricity provision

Generating profits by utilizing rate differences

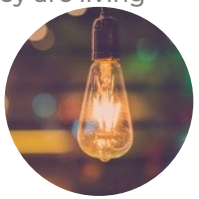
Value proposition

For condominium residents

Power supply during an outage

The service resolves the lack of freedom and concerns residents have because they are living in a housing complex.

Water pump (for restrooms) | Elevator operation | Emergency power source | Multistory parking garage



By optimizing electric power supply and demand

Increased value from decarbonization

We promote decarbonization by controlling electricity with DER equipment.

Bulk power purchasing + Solar power generation + Recharge-able battery control

Decarbonization



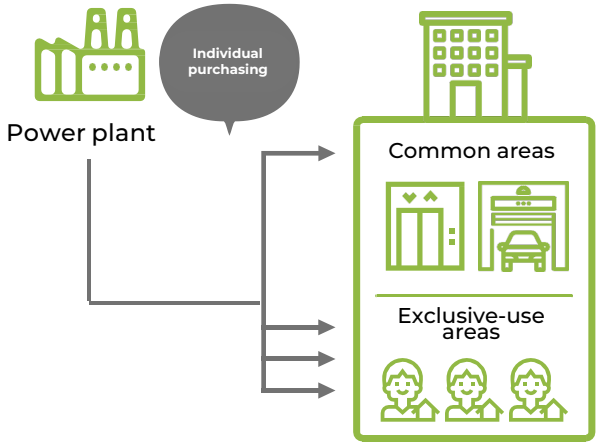
*1 Distributed energy resources (DER) equipment: Equipment for distributed energy resources such as substations, solar power generation, rechargeable batteries, and EV charging stations

*2 Upselling services to provide discounted electricity rates through bulk power purchasing to free up funds for increasing energy resilience through the use of rechargeable batteries, etc.

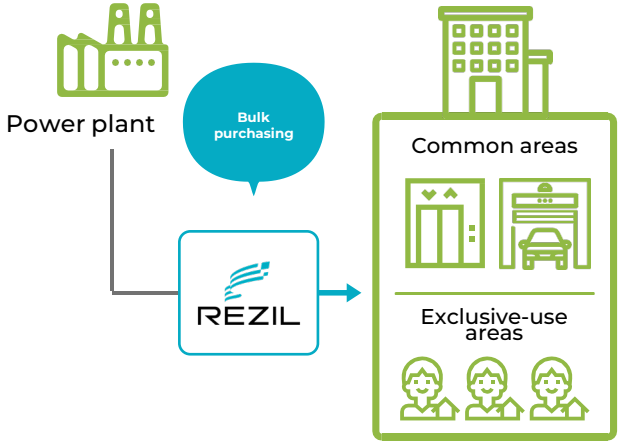
Distributed Energy | Bulk Power Purchasing and Emergency Power Reserve Services for Condominiums

Condominium bulk power purchasing service

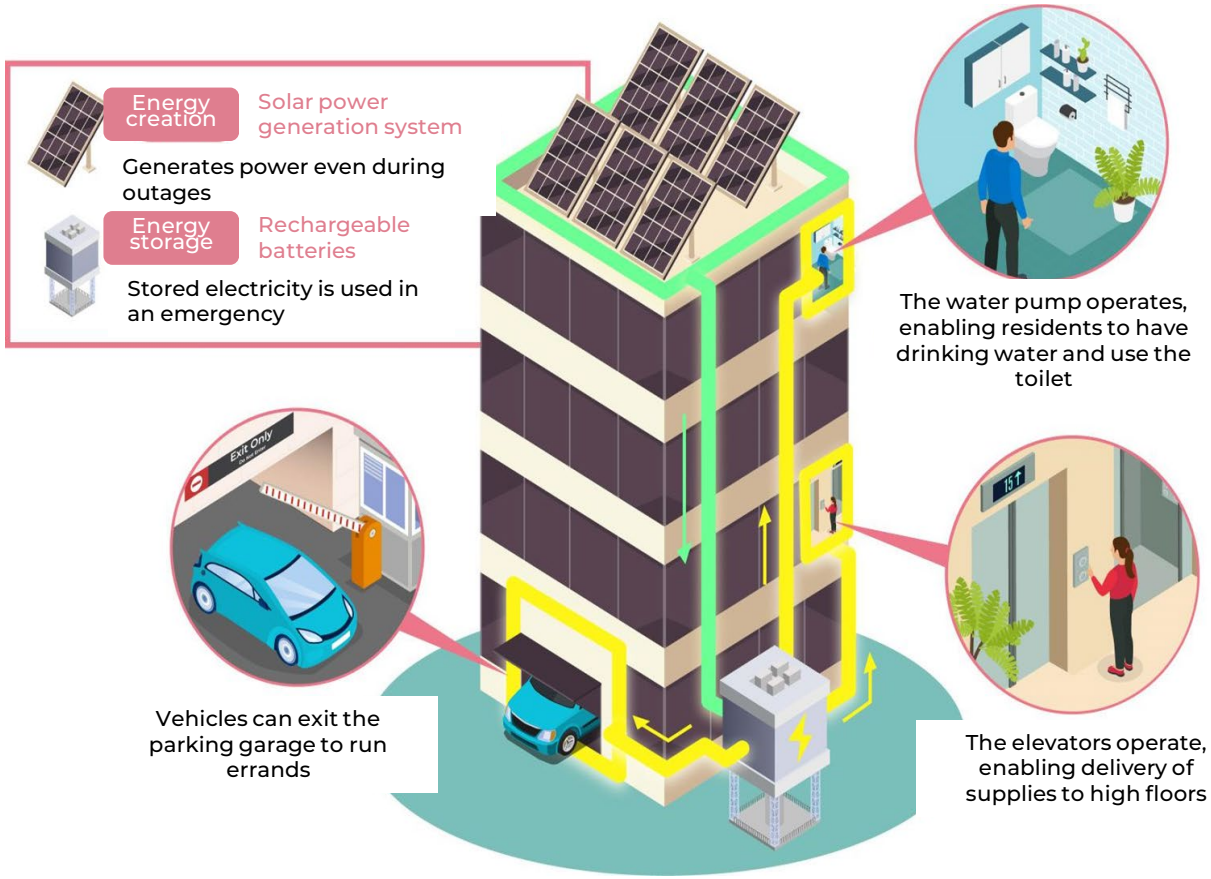
Before introduction



After introduction



Emergency power reserve service



Green Energy

Our retail electricity services include in-house solar power generation, carbon offsetting, and collaboration with various power companies.



Social issues[*1]

21.7% compared to Japan's target ratio of 36% to 38% in 2030.

Business advantages

1 Two rate plans provided according to the customer's needs

Customers can select a rate plan that fits their needs.

Fixed	Conforms to the standard rate structure of the major regional power companies
Variable market rate	Electricity rate is linked to the transaction price on the Japan Electric Power Exchange (JEPX)

2 Electricity procurement based on stable demand from bulk power purchasing for condominiums

This not only gives us bargaining power in procuring electricity, it contributes to maintaining the electric power supply chain for other businesses as well.

Bulk power purchasing for condominiums + Customers = Large-scale electricity demand

Value proposition

For customers

Reduction in electricity cost burden

Reducing electricity rates reduces the fixed cost burden on the customer.

Income — Cost of electricity



For customers

Decarbonization without any special effort

Conventional electric power is offset through non-fossil fuel energy certificates[*2].

Conventional electric power + Non-fossil fuel certificates = CO_2-free electric power



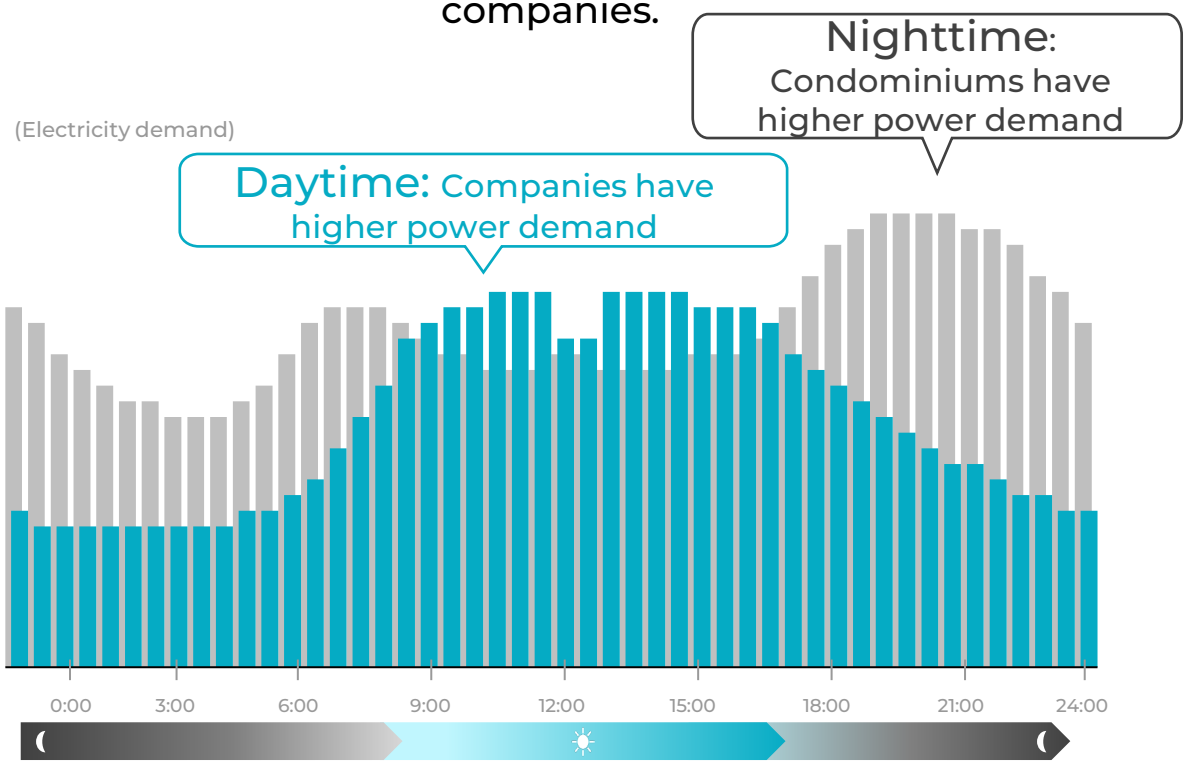
*1 See the Ministry of Economy, Trade and Industry "FY2022 Energy Supply and Demand Results (Preliminary Report)."
*2 A certificate that allows the environmental value of electricity generated from non-fossil fuel sources, namely those that do not emit CO_2, to be separated and traded.

Green Energy | Our Competitiveness

We can maintain high purchasing power with volume discounts and demand flattening based on daily electricity demand from condominiums. Solar power generation is also utilized.

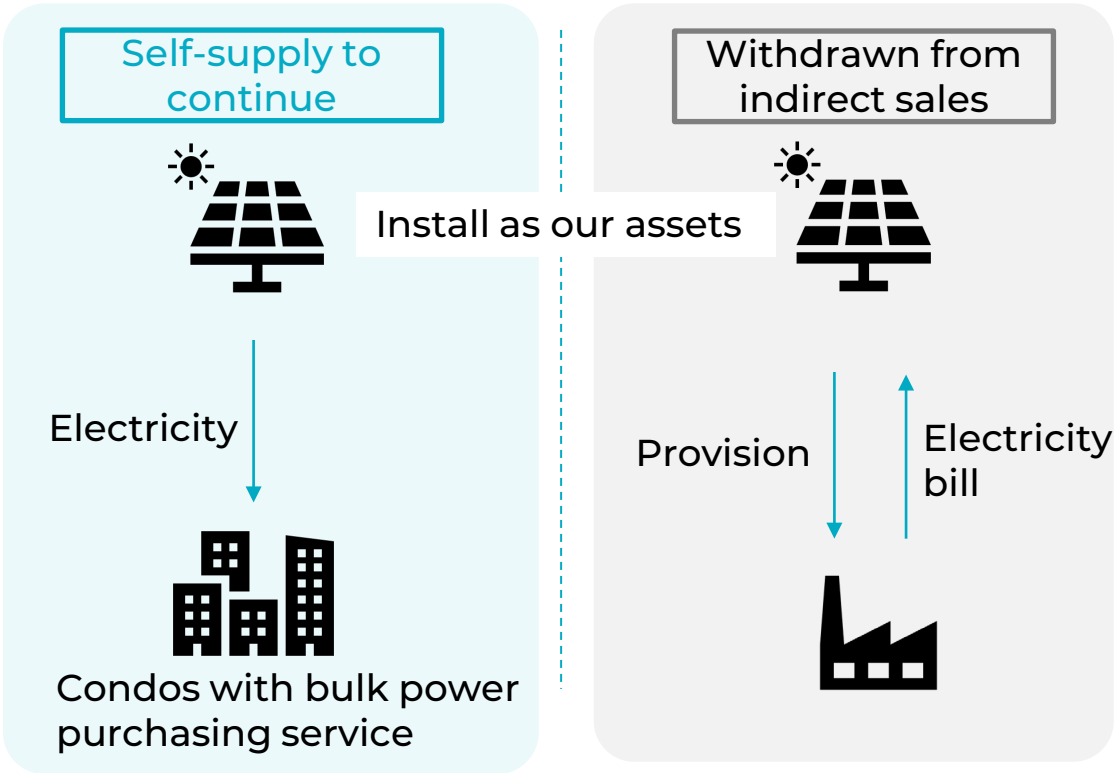
Electricity demand curve (condominiums and companies)

We level out overall demand
by supplying electricity to both condominiums and companies.



Use of Rezil's own solar power generation

We own around 100 small solar power plants and supply electricity to some of our condominium clients.



Source: The figure above was created by Rezil based on the electricity demand of condominiums and companies.

Digital Transformation Support

We provide a wide range of back-end operations as digital transformation (DX) support in addition to equipment security services utilizing Rezil's resources, expertise, and data.



Social issues

DX has not progressed in **77.4%** of the energy industry.

Business advantages

DX support

1 The necessary expertise in back-end operations is **provided without any upfront investment**

We provide consulting and expertise without any upfront investment while operating a software as a service (SaaS) model based on the number of service customers times the amount spent on services.

Expertise | Software SaaS | Business process outsourcing (BPO)

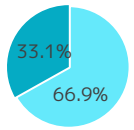
Equipment security

2 Providing electricity safety management services that **utilize our resources** in equipment security and inspection

We undertake services in equipment security and inspection for substations and other electric power equipment. A database containing records on past inspection results and other data supports optimal equipment management.

Maintenance and management

Net sales composition (FY2023/6)



Value proposition

For electric power companies

Reduction in operating cost

Providing DX support and equipment security services improves the efficiency of back-end operations.

Expertise + SaaS = Improvement in operational efficiency (Cost reduction)



For electric power companies

Increase in ability to pursue new businesses

Outsourcing back-end operations frees up resources for allocation to key areas.

All operations − Non-key areas = Key areas



Note: The ratio of unachieved DX of 77.4% on the upper left of the slide is the percentage calculated by aggregating the percentage of respondents to the survey in the source who responded "have not implemented and will consider implementing in the future" and "have not implemented and do not intend to in the future." N = 4,559 companies surveyed.
Source: See the Ministry of Internal Affairs and Communications "Status of Digital Transformation Initiatives" (Japan, 2021) and "Research Survey on the Economic Impact of Digital Transformation."

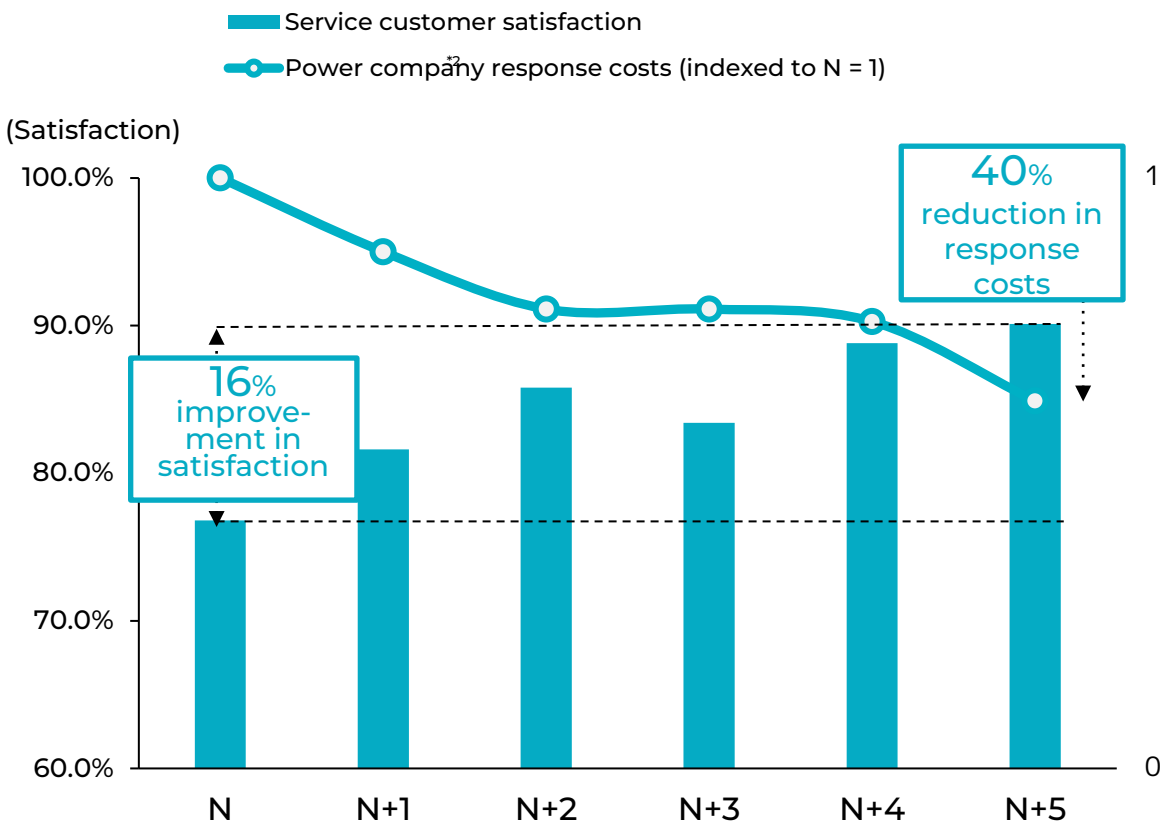
Digital Transformation Support | Our Competitiveness

The expertise that we have cultivated as an energy company enables us to provide integrated services ranging from operating improvement consulting to system provision and business process outsourcing (BPO).

Applicable scope*1

	Industry knowledge	Business improvement expertise	System development	Business operations
REZIL	✓	✓	✓	✓
Consulting	✓	✓	×	×
SIer	×	×	✓	×
Business process outsourcing (BPO)	×	×	×	✓

Business improvement: Monthly transition results (Company X)



*1 The yes/no indications (○/×) are based on Rezil's own analysis and determinations
*2 Service customer satisfaction: Based on the results of an email survey conducted among service customers regarding energy company response to inquiries

Sustainability | Rezil's Sustainability Transformation (SX)

We will pursue benefits for all by creating shared value with all stakeholders based on a corporate purpose.

Basic Sustainability Policy

Our purpose is to be "a unifying force, persistently tackling social challenges."

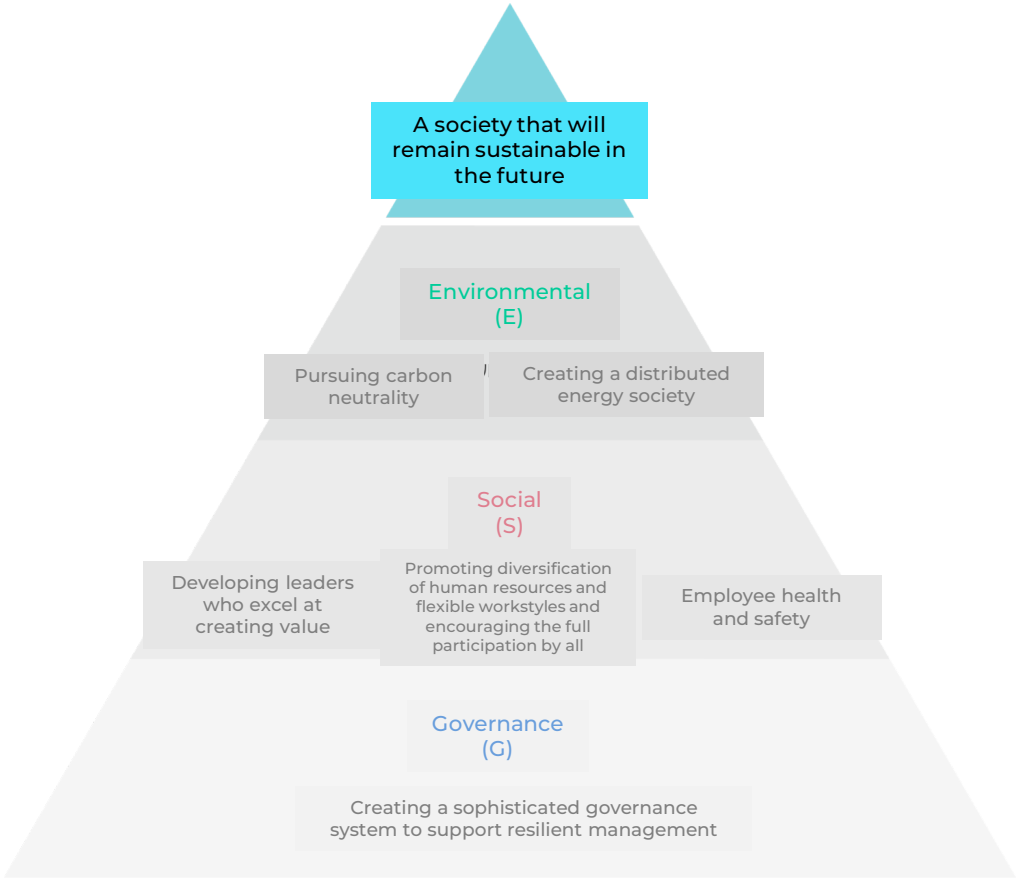
To realize this purpose as a company, we have established the following Basic Sustainability Policy.

- United by expertise, we continue to break down barriers—between companies, industries, countries—to tackle pressing social issues.
- Thriving on diversity, we empower individuals to shine through fair and equal opportunities.
- We will design optimal energy management systems that propel society towards decarbonization.
- We eliminate rigidity, break away from inertia, and encourage taking on new challenges with the support of our sophisticated governance system.

Sustainability | Rezil's Sustainability Transformation (SX)

With our purpose to be "a unifying force, persistently tackling social challenges," we strive to create shared value for all stakeholders.

Identification of double materiality



	Material issues	Value created
E	Promoting decarbonization	• A society that sustains affluent lifestyles while mitigating global warming
E	Creating a distributed energy society	• Low energy costs and environmental impact • Stable energy supply even in emergencies
S	Developing value-creating leaders	• Developing human resources who contribute to society
S	Promoting the diversification and full participation of all human resources by offering flexible work styles	• Workplaces where diverse human resources can work with support and thrive
S	Health and safety of employees	• Promoting employee success based on workplaces with high degrees of psychological safety
G	Creating a sophisticated governance system to support resilient management	• Transparent, fair, and rapid decision-making in management • Information security • Safe business continuity during disasters and pandemics

Disclaimer

- The information provided in this material includes forecasts and forward-looking statements. These forecasts and forward-looking statements were prepared by Rezil based on information available at the time they were prepared.
- They do not guarantee future performance and are subject to risks and uncertainties. Please note that actual results may differ materially from the forecasts due to the changes in the environment and other factors (due to uncertainties).
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