WE ARE

REZIL

TRANSFORM FOR RESILIENCE

August 19, 2024

Financial Results Briefing Material for the Fiscal Year Ended June 30, 2024

Rezil Inc. (Securities code: 176A)

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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:	223 (as of June 30, 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



Financial Highlights for the Fiscal Year Ended June 30, 2024



Executive Summary (Consolidated Results for the Fiscal Year Ended June 30, 2024)

Business Performance Highlights*1

Net Sales

¥38,709 million

YoY -6.2%

Excluding fuel surcharge*2 YoY+16.5%

EBITDA

¥3,759 million

YoY +31.0%

Operating Profit

¥2,793 million

YoY +56.4%

Profit attributable to owners of parent

¥1,986 million

YoY +30.0%

FY2024 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: Substantial growth compared to the previous year
- EBITDA: Up by over 30% compared to the previous year

- Distributed Energy Business: Increase in the number of contracted households due to focused sales efforts to win new contracts and switching to Rezil
- Green Energy Business: Improved earnings, including contributions from increased electricity sales volume, variable market rate plans and other measures
- Digital Transformation Support Business: Developed business with new electric power companies in which municipalities have invested, a new customer target group

*1 The fiscal year ended June 30, 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).
*2 Determined based on the fuel surcharge system and calculated using crude oil prices, liquefied natural gas prices, and other factors from trade statistics. The surcharge amount changes each month in line with average fuel prices at that time. Calculated by adding or subtracting the fuel surcharge amount in line with the change in fuel prices.

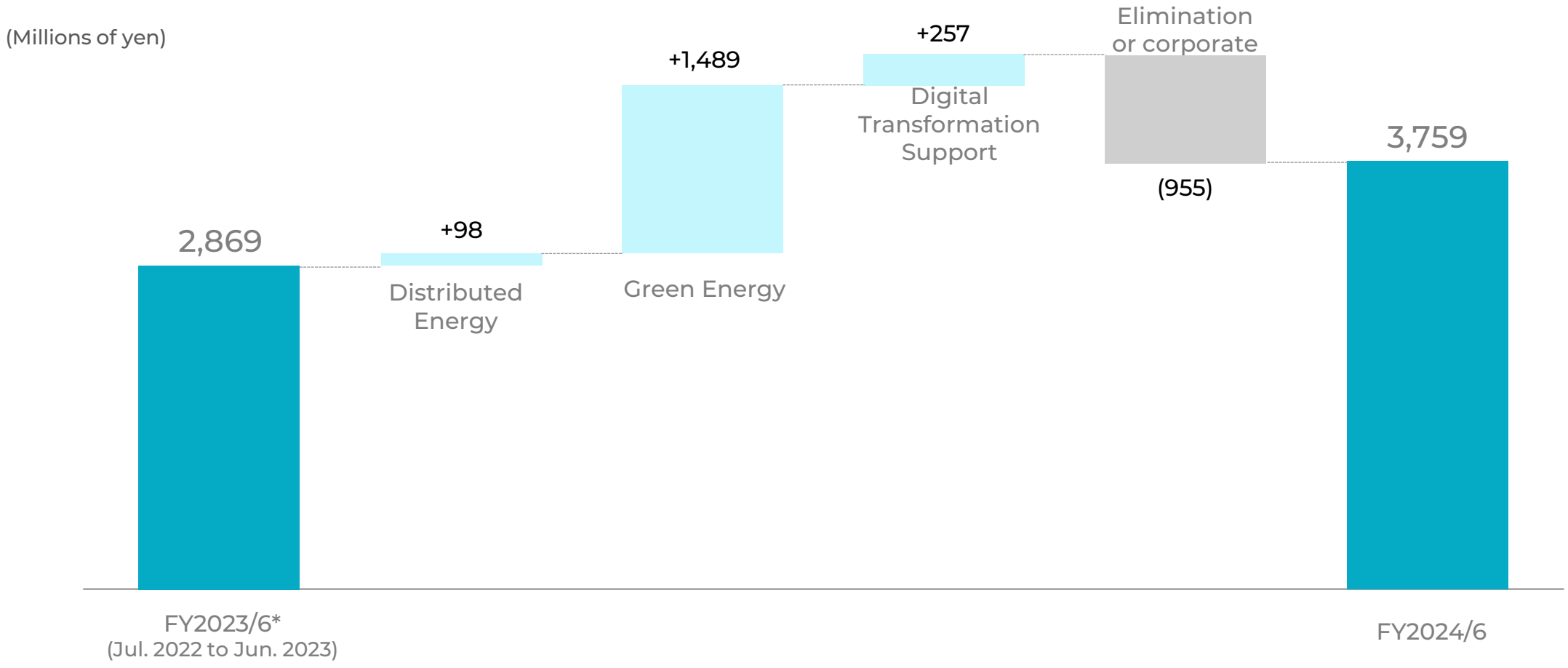
Consolidated Business Performance Highlights

(Millions of yen)	FY2023/6* (Jul. 2022 to Jun. 2023)	FY2024/6	YoY Change (%)
Net Sales	41,273	38,709	-2,563 (-6.2%)
Net sales (after excluding fuel surcharge)	33,563	39,085	+5,522 (+16.5%)
Operating Profit	1,786	2,793	+1,007 (+56.4%)
Ordinary profit	2,149	2,769	+620 (+28.9%)
Profit attributable to owners of parent	1,528	1,986	+458 (+30.0%)
EBITDA	2,869	3,759	+890 (+31.0%)

* The fiscal year ended June 30, 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)

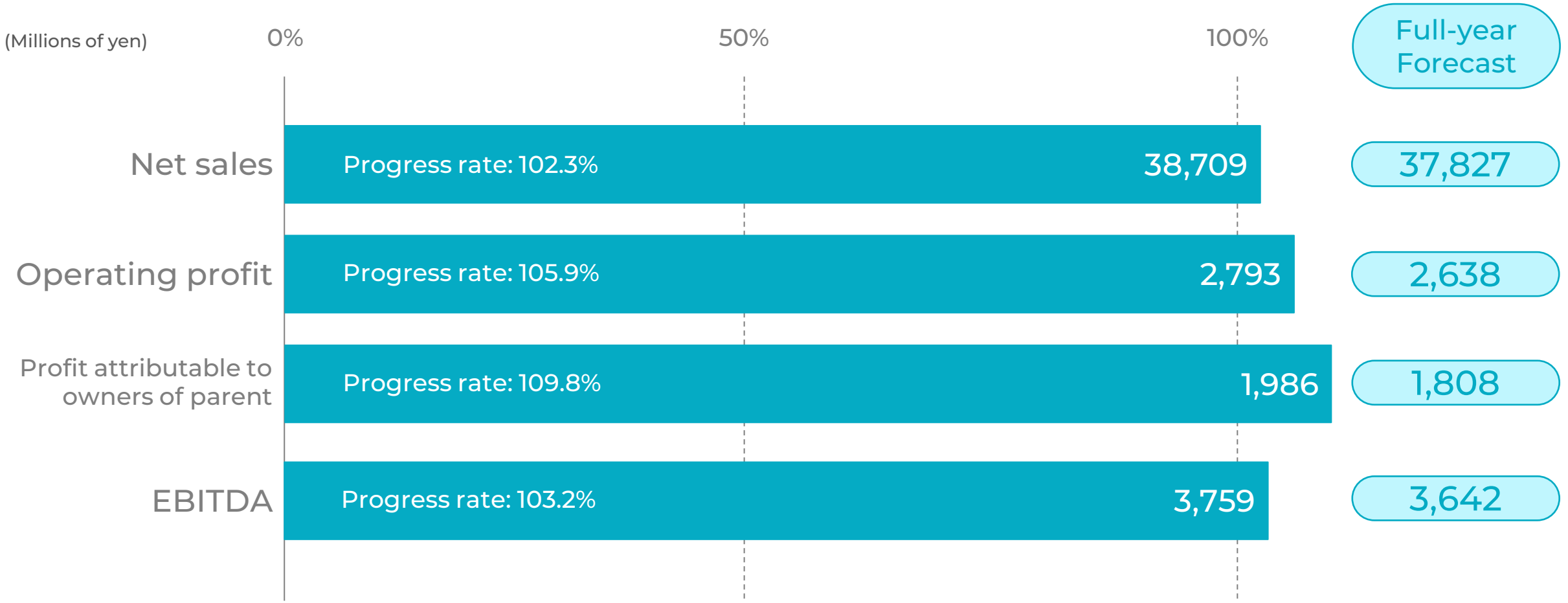
The impact from the fuel surcharge, a special factor last year, has lessened, and steps taken to hedge the steep increase in fuel prices successfully restored profit in each segment to an average level.



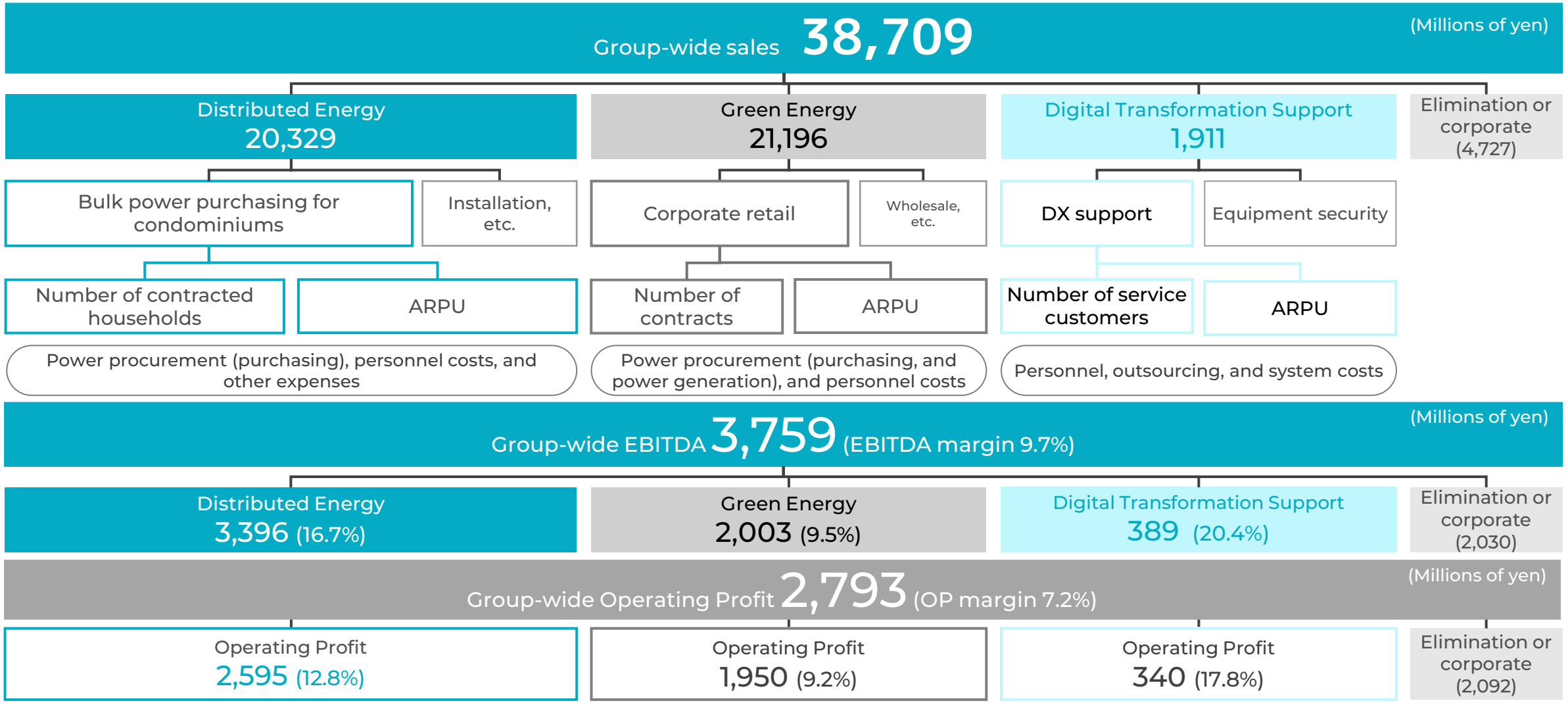
* The fiscal year ended June 30, 2023 was 15 months (April 2022 to June 2023) due to a change in fiscal year-end. To maintain comparability, the data here has been calculated a 12-month basis (from July 2022 to June 2023).

Comparison with Consolidated Earnings Forecasts

Cost increases, from listing expenses in 4Q and upfront investments, were absorbed and all plan targets were beaten.

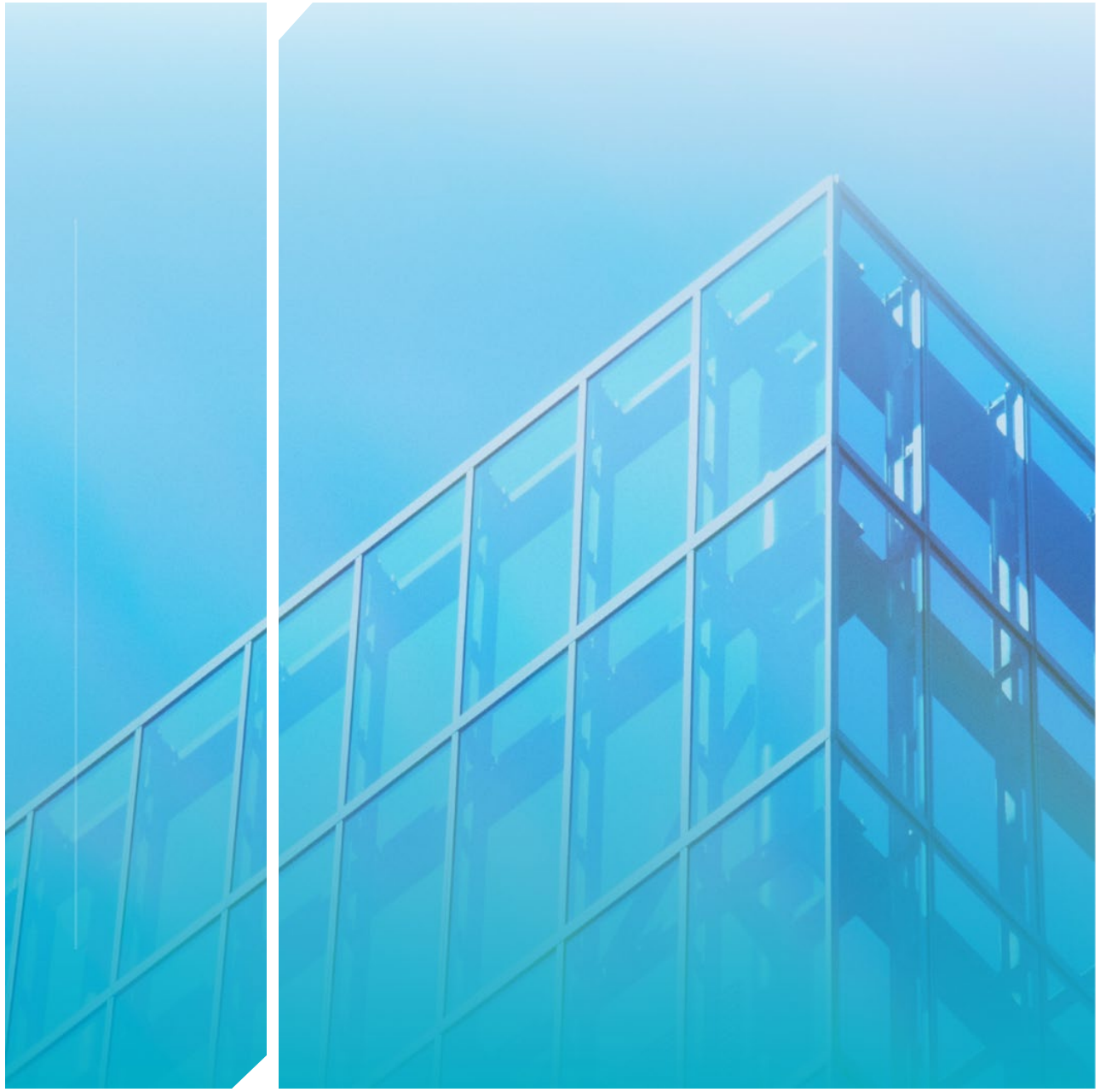


Income by Segment



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. Figures in parentheses show OP margin and EBITDA margin.

FY2025/6 Plan



REZIL

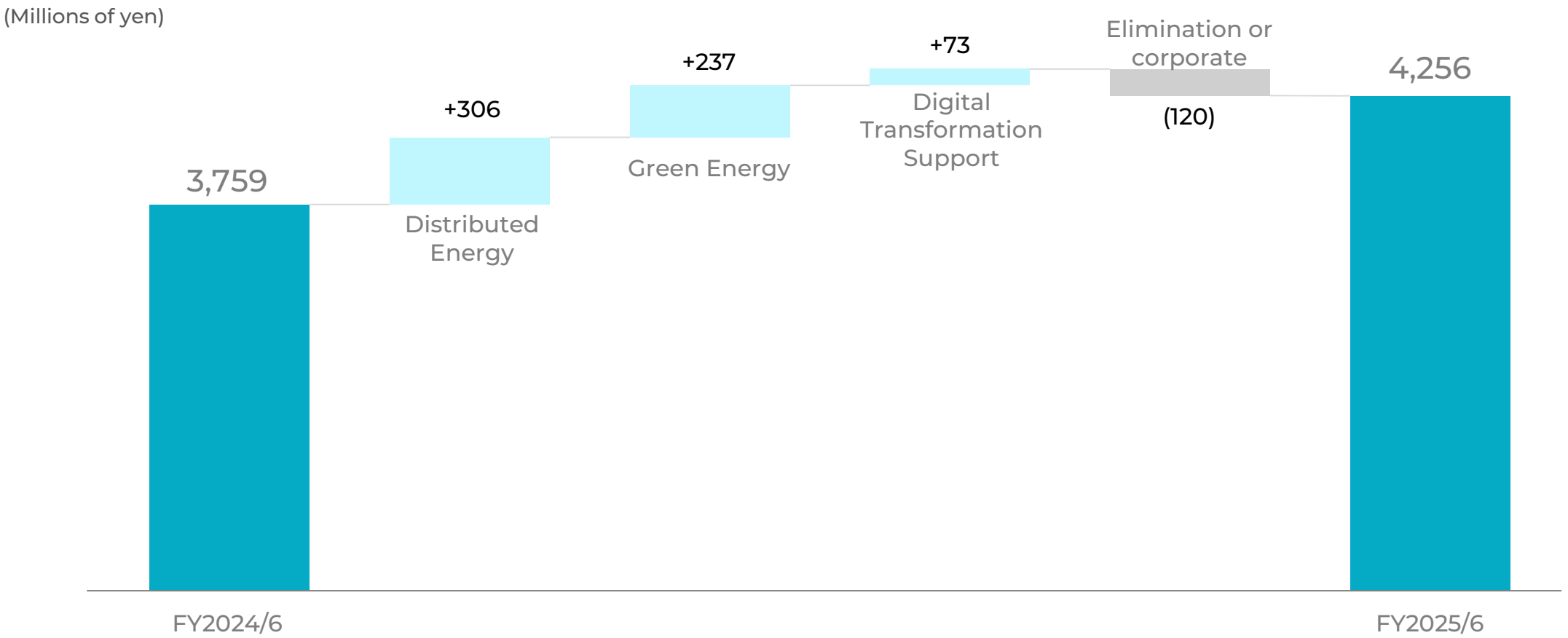
Full-year Consolidated Earnings Forecasts for the Fiscal Year Ending June 30, 2025

We aim to achieve over 10% growth in profits and EBITDA compared to the previous year and target record-breaking profits and EBITDA.

(Millions of yen)	FY2024/6 (Results)	FY2025/6 (Forecasts)	YoY Change (%)
Net Sales	38,709	44,016	+5,307 (+13.7%)
Operating Profit	2,793	3,130	+336 (+12.1%)
Ordinary profit	2,769	3,084	+315 (+11.4%)
Profit attributable to owners of parent	1,986	2,198	+211 (+10.7%)
Earnings per share (EPS) (Yen)	108.85	117.80	+8.95 (+8.2%)
EBITDA	3,759	4,256	+497 (+13.2%)

Consolidated EBITDA Forecast for the Fiscal Year Ending June 30, 2025 (Factors behind Changes)

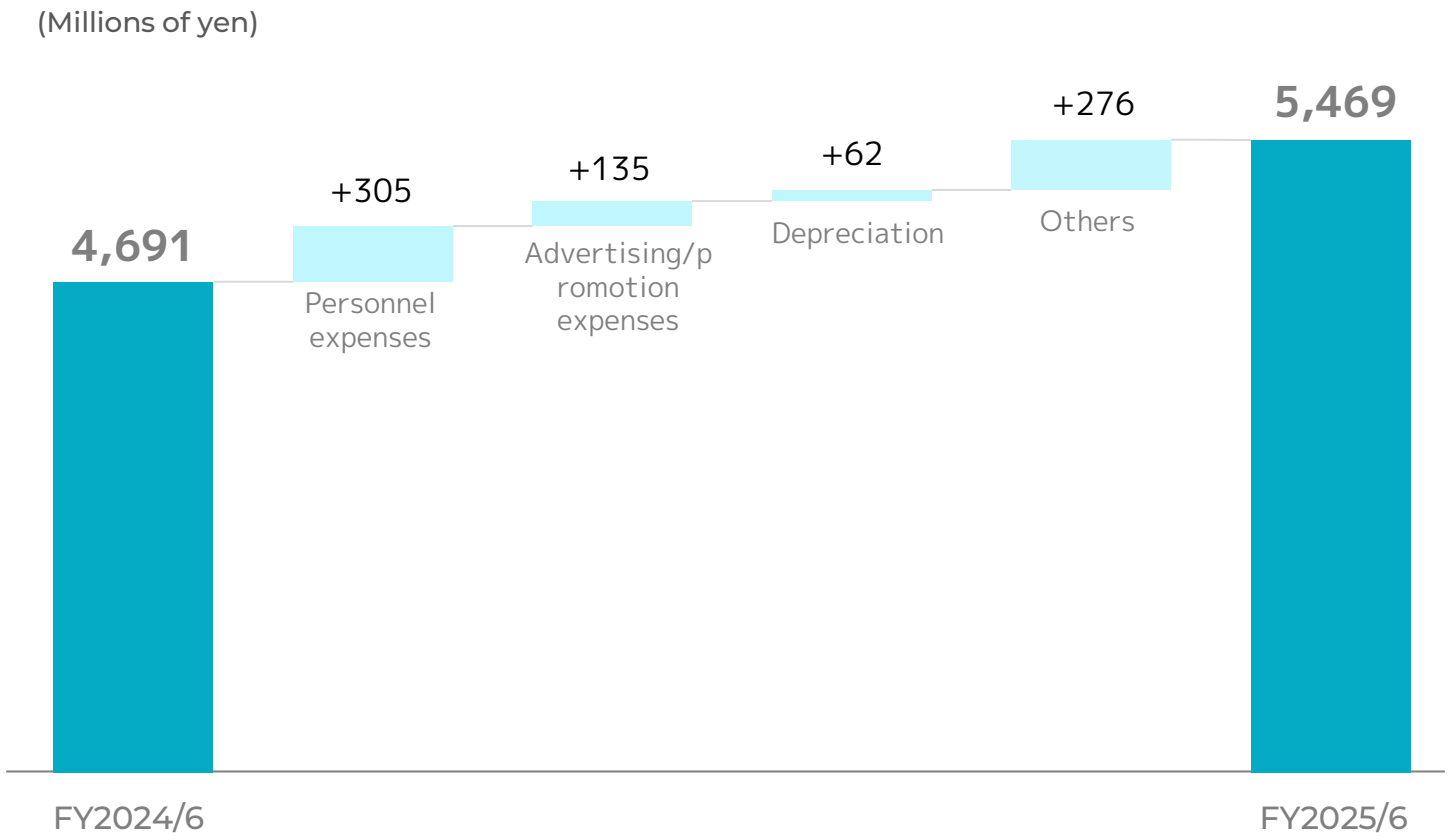
Aiming for EBITDA growth rates of over 10% in all segments



SG&A Expenses for the Fiscal Year Ending June 30, 2025 (Analysis of Factors behind Changes)

We expect an increase in SG&A expenses, including marketing expenses and full-year contributions from personnel expenses due to the increased headcount to develop systems for the company listing in the previous year and to accelerate growth.

Increase/decrease in SG&A expenses (FY2024/6 vs. FY2025/6)



Factors behind changes

Personnel expenses

- Headcount increased by 58 in FY2024/6 vs. previous fiscal year (over 20% increase).
- In FY2025/6, we expect higher personnel expenses mostly because the increased headcount will contribute across the full year.
- We also expect to increase the headcount further in FY2025/6.

Other items

- We expect marketing expenses such as advertising expenses to increase by approx. JPY140 million due to full-fledged operation of the Marketing Division newly established in the previous fiscal year.
- We will control other SG&A expenses appropriately, even including outsourcing expenses and other investments for business growth.

Segment Income Forecasts for the Fiscal Year Ending June 30, 2025

(Millions of yen)

Group-wide sales 44,016

Distributed Energy 24,207	Green Energy 21,916	Digital Transformation Support 2,601	Elimination or corporate (4,709)
Bulk power purchasing for condominiums / Installation, etc.	Corporate retail / Wholesale, etc.	DX 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 4,256 (EBITDA margin 9.7%)

Distributed Energy 3,703 (15.3%)	Green Energy 2,241 (10.2%)	Digital Transformation Support 463 (17.8%)	Elimination or corporate (2,151)

(Millions of yen)

Group-wide Operating Profit 3,130 (OP margin 7.1%)

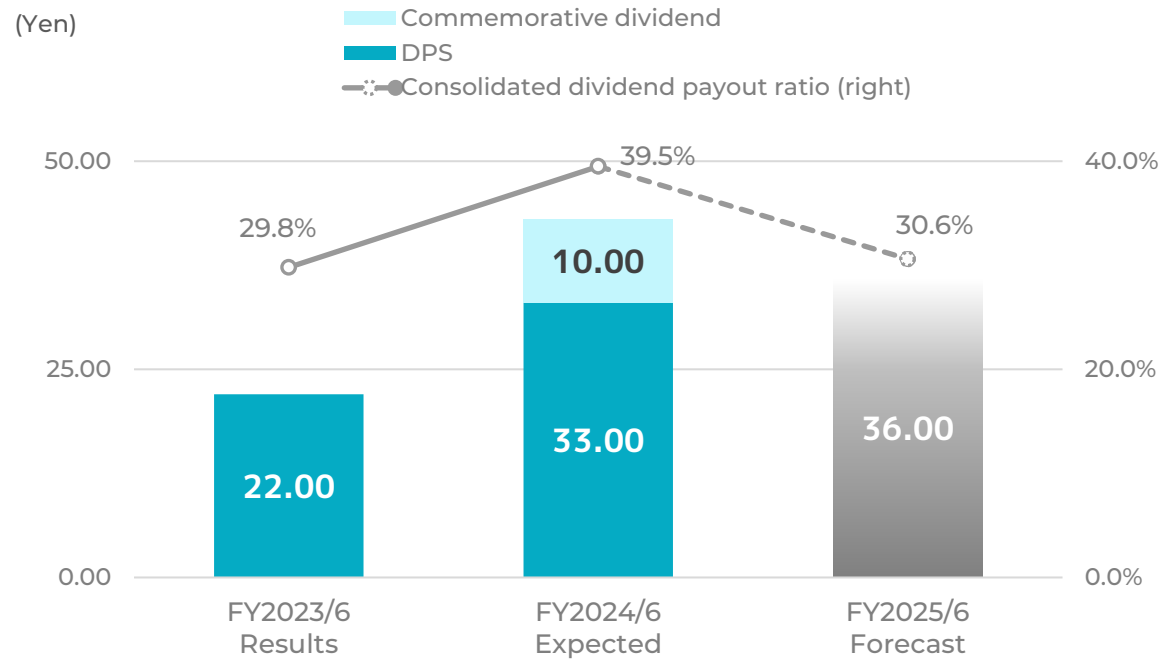
Operating Profit 2,718 (11.2%)	Operating Profit 2,190 (10.0%)	Operating Profit 433 (16.6%)	Elimination or corporate (2,211)

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. Figures in parentheses show OP margin and EBITDA margin.

Dividend Policy and Shareholder Returns

In fiscal year ended June 30, 2024, we will pay a commemorative dividend as well as a regular dividend in light of current earnings trends and the fact that 2024 marks the 30th year since the founding of the company.

Continuing a sustained and proactive approach to shareholder returns



ROE	23.4%	27.4%	24.3%
EPS* (Yen)	73.92	108.85	117.80
Total dividends (Millions of yen)	400	802	—

Our policy on shareholder returns in FY2024/6

Shareholder returns policy

- We will continue to pay stable dividends over the long term to our shareholders, while ensuring we have the internal reserves necessary for future growth.
- We prioritize (1) investment in the future growth, including capital expenditure, M&A/partnerships, and human resource development, ahead of (2) dividends.
- We base our shareholder returns on a 30% consolidated dividend payout ratio.

Pay a commemorative dividend

- FY2024/6 results
- 30th anniversary of the company's founding
- Capital requirements/share price trends

Commemorative dividend per share (yen)

10.00

Consolidated dividend payout ratio: 39.5%

Note: The amount shown for EPS in the fiscal year ended June 30, 2023 takes into account the impact of the 50:1 stock split for common shares implemented on January 25, 2024.

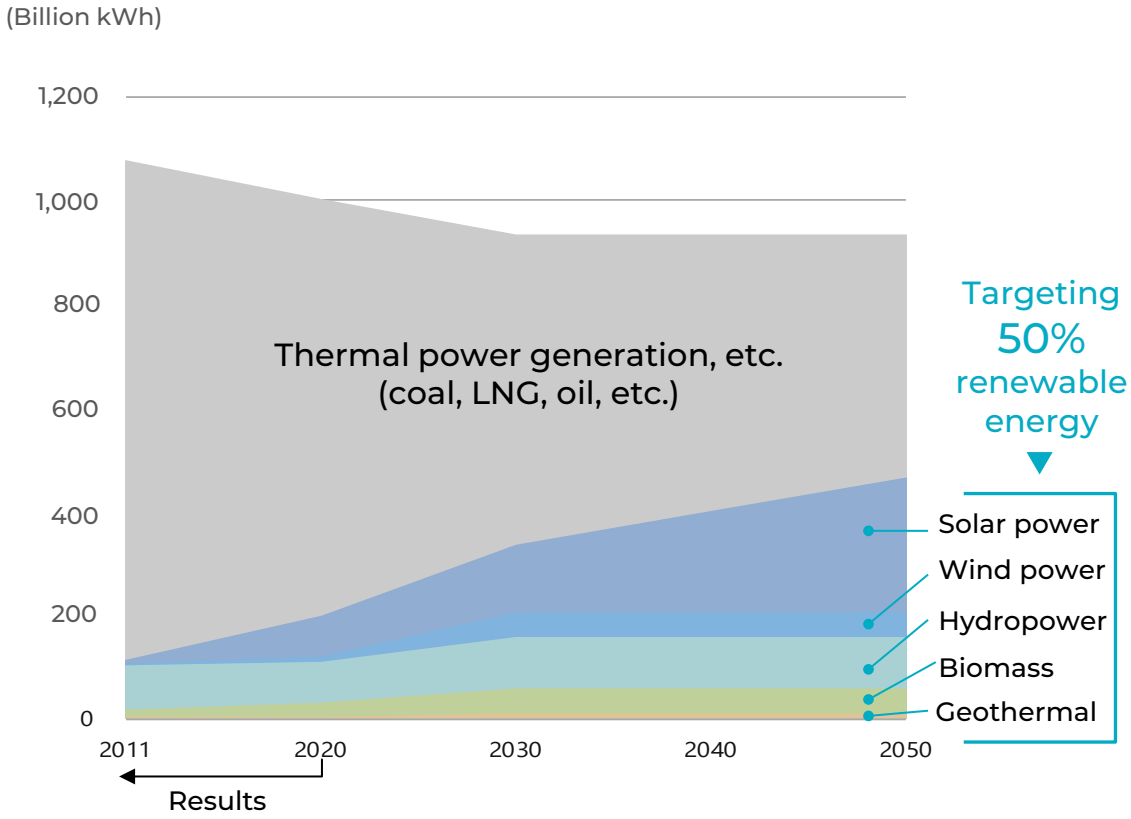
Current Situation



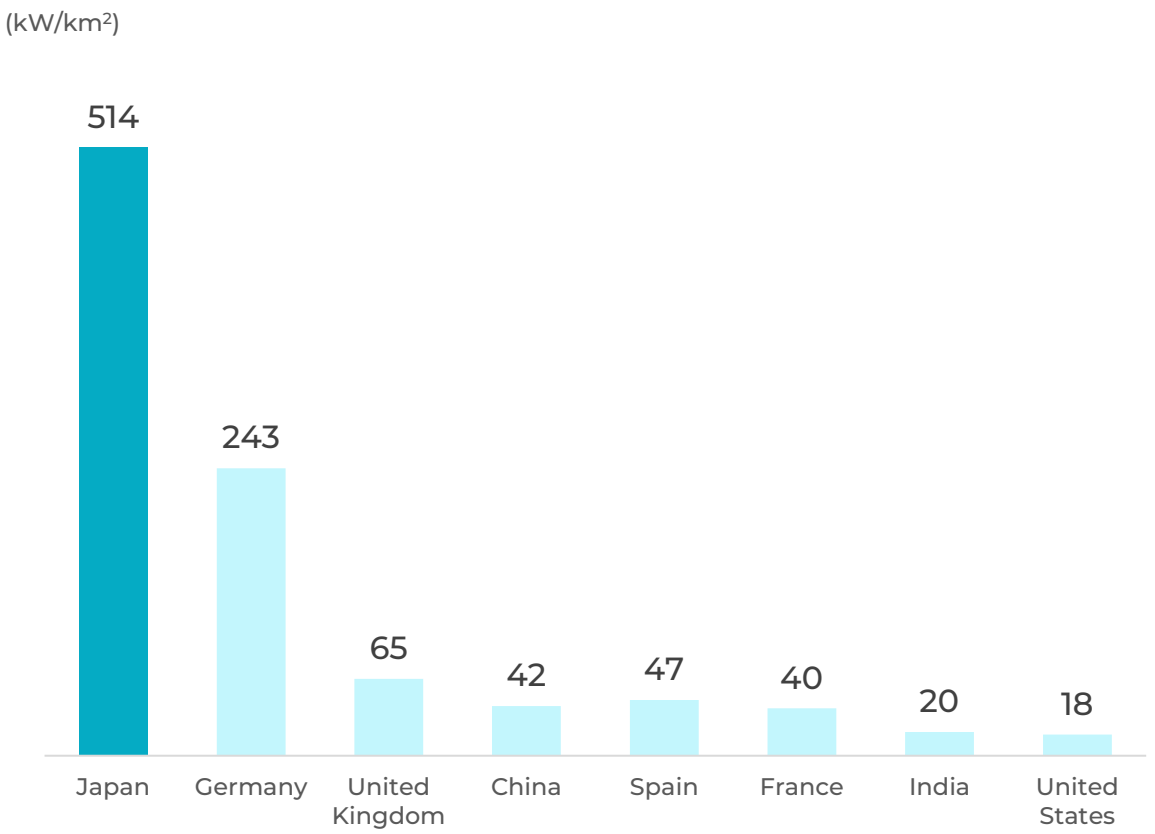
Business Environment Awareness (1)

For decarbonization, if Japan is to make its national target of 50% renewable energy, the country must make efficient use of generated power.

Japan's energy mix forecast*1



Solar power capacity per square kilometer of flat land*2

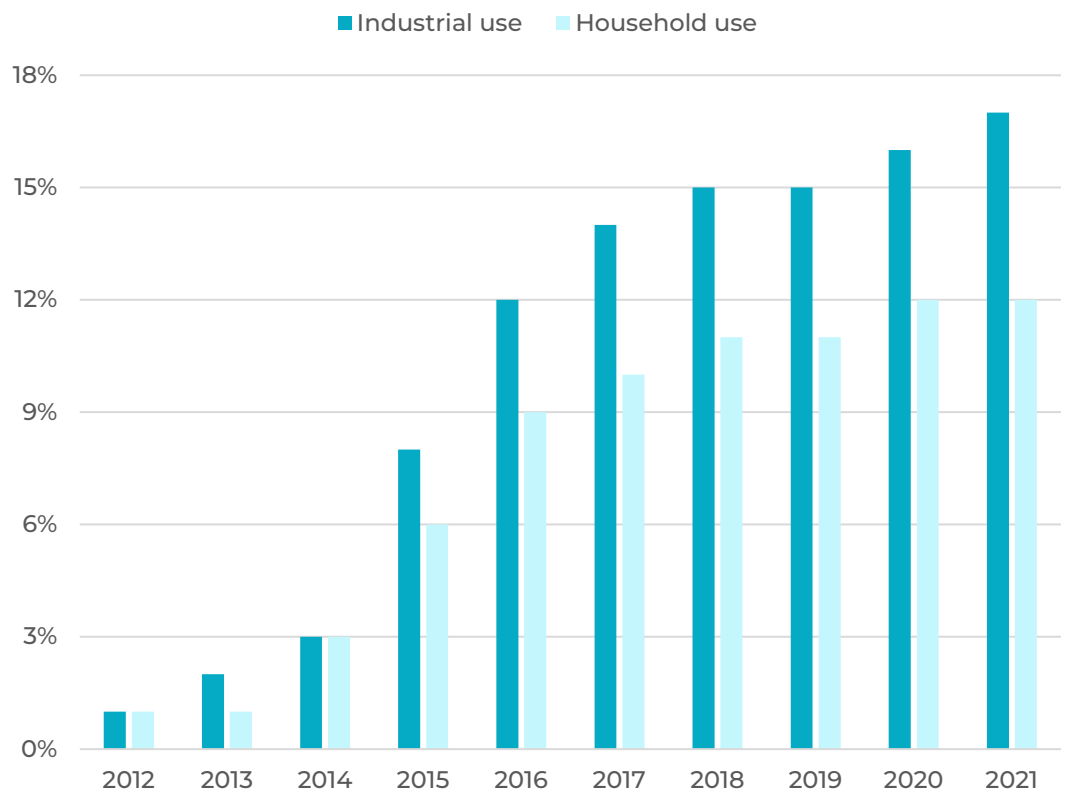


* 1 Source: Reference to FY2020 Energy Supply and Demand Report (Revised Report), Ministry of Economy, Trade and Industry, April 2022 Graph shows our estimates for the energy mix breakdown in 2050 if renewable energy were 50% of the total, assuming the same amount of power generation and renewable energy mix in 2050 as in 2030
* 2 Source: Future Renewable Energy Policies, Agency for Natural Resources and Energy, June 2023

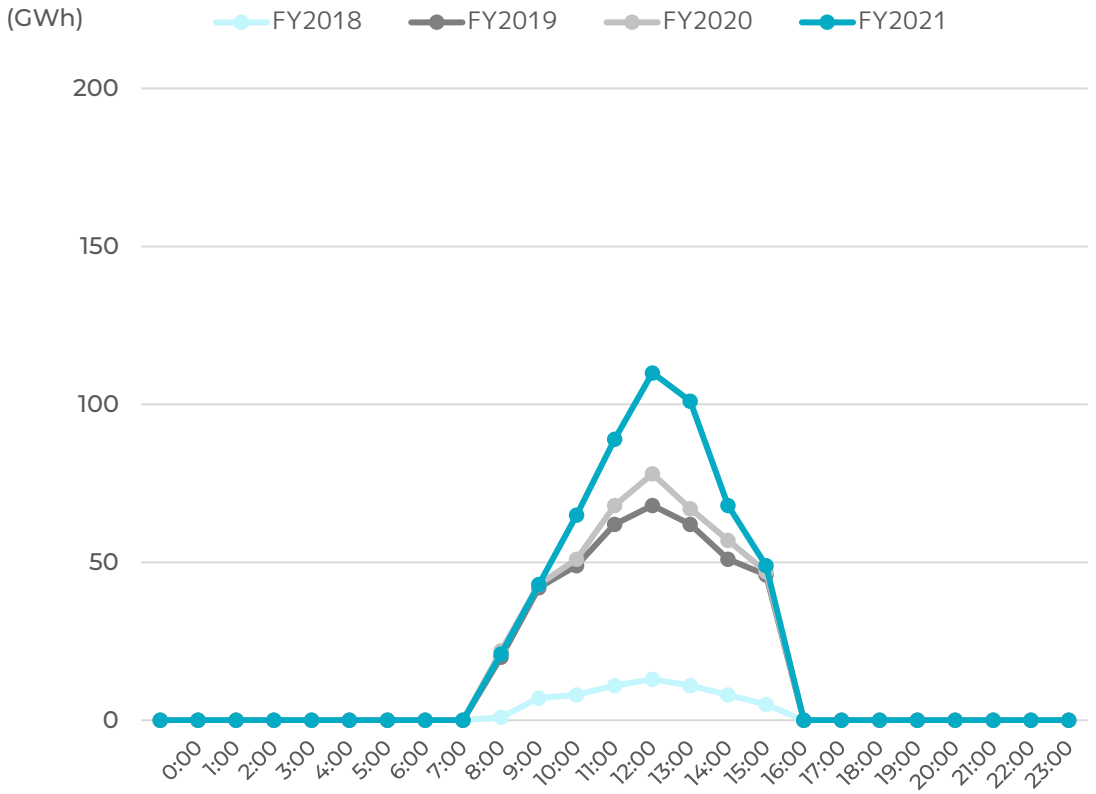
Business Environment Awareness (2)

The Japanese people will face increased costs in the move toward renewable energy, and at the same time there will be more output control. There need to be adjustments on the demand side as well as on the power supply side.

Renewable energy surcharges as a percentage of power/lighting charges*1



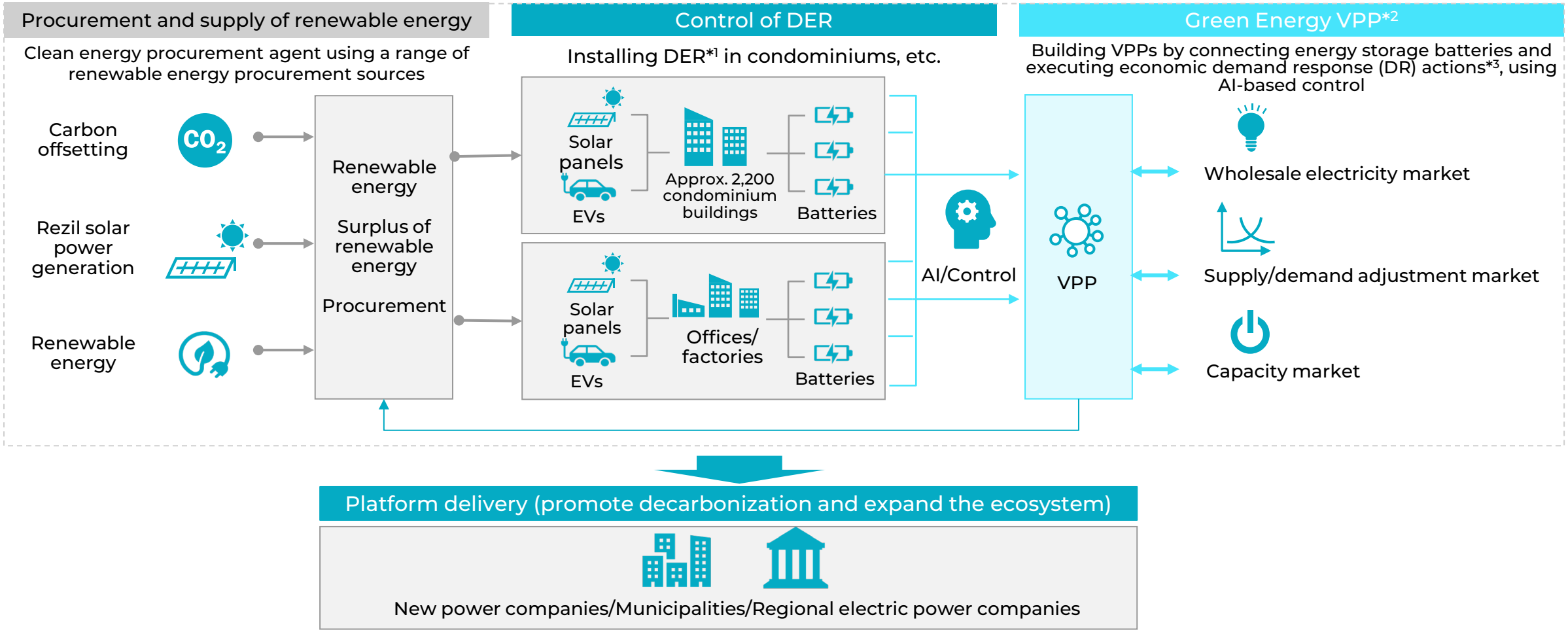
Total output control by time of day for solar and wind power in the Kyushu area



*1 Source: Created by Rezil using materials from the Ministry of Economy, Trade and Industry and the Agency for Natural Resources and Energy
*2 Source: Outlook for Distributed Energy Resources (DER), Nomura Research Institute, December 2022

Our Goal: Creation of a DER Platform

We aim to create a control system on the demand side to manage unstable renewable energy and to deliver this as a low-cost platform, thereby stabilizing Japan's energy resources and contributing to decarbonization for the nation.



*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 energy storage systems with a focus on economic benefits

Our Purpose / Mission

PURPOSE

A unifying force, persistently tackling social challenges.

MISSION

We make decarbonization effortless

Looking Back | Initiatives and Results Over the Past Two Fiscal Years

Over the two years since President Tanji took over the reins, Rezil has rebuilt its business model and stabilized earnings structures, transformed organizational structures, and laid the groundwork for further dramatic change.

Further progress with sustainability of stable cash generation

Up to FY2024/6

1 Recovery in the number of new business prospects
aimed at increasing the number of contracted households

- Bulk power purchasing service enrollments recovered to 3,000 households a year
- Orders also finalized for the emergency power reserve service (released in 2023)
- Progress in expanding business into rental condominiums and newly built condominiums

2 Earnings structures stabilized, strengthened

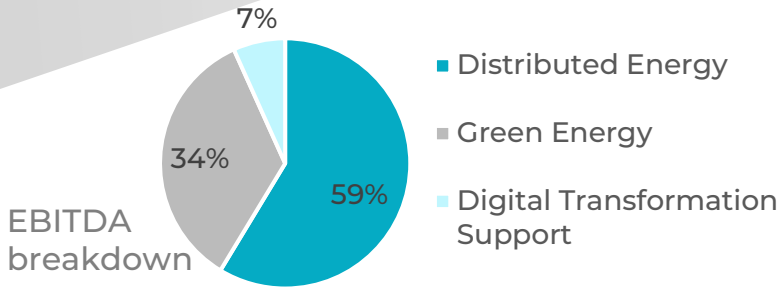
- Executed risk-off hedging measures, such as abolishing upper limits, to respond to fluctuating resource prices.
- Improved earnings power and renewal rates in the fiercely competitive Green Energy business, contributing to company-wide performance.

3 Organization restructured

- Headcount increased by 58 in FY2024/6 vs. previous fiscal year (over 20% increase)
- Won Grand Prize at the Career Ownership Management Award.
- Developed and implemented our own HR performance review system.

Output

Stabilized the business portfolio and built new earnings pillars.



Pursuit of growth acceleration

FY2025/6

Explore new sources of income
using business resources (customers, services, facilities, power capacity)

- Searched for potential new value propositions that combine Rezil's business resources with the restructured business foundation.
- Positioned as the first step to achieve stronger growth in the future.

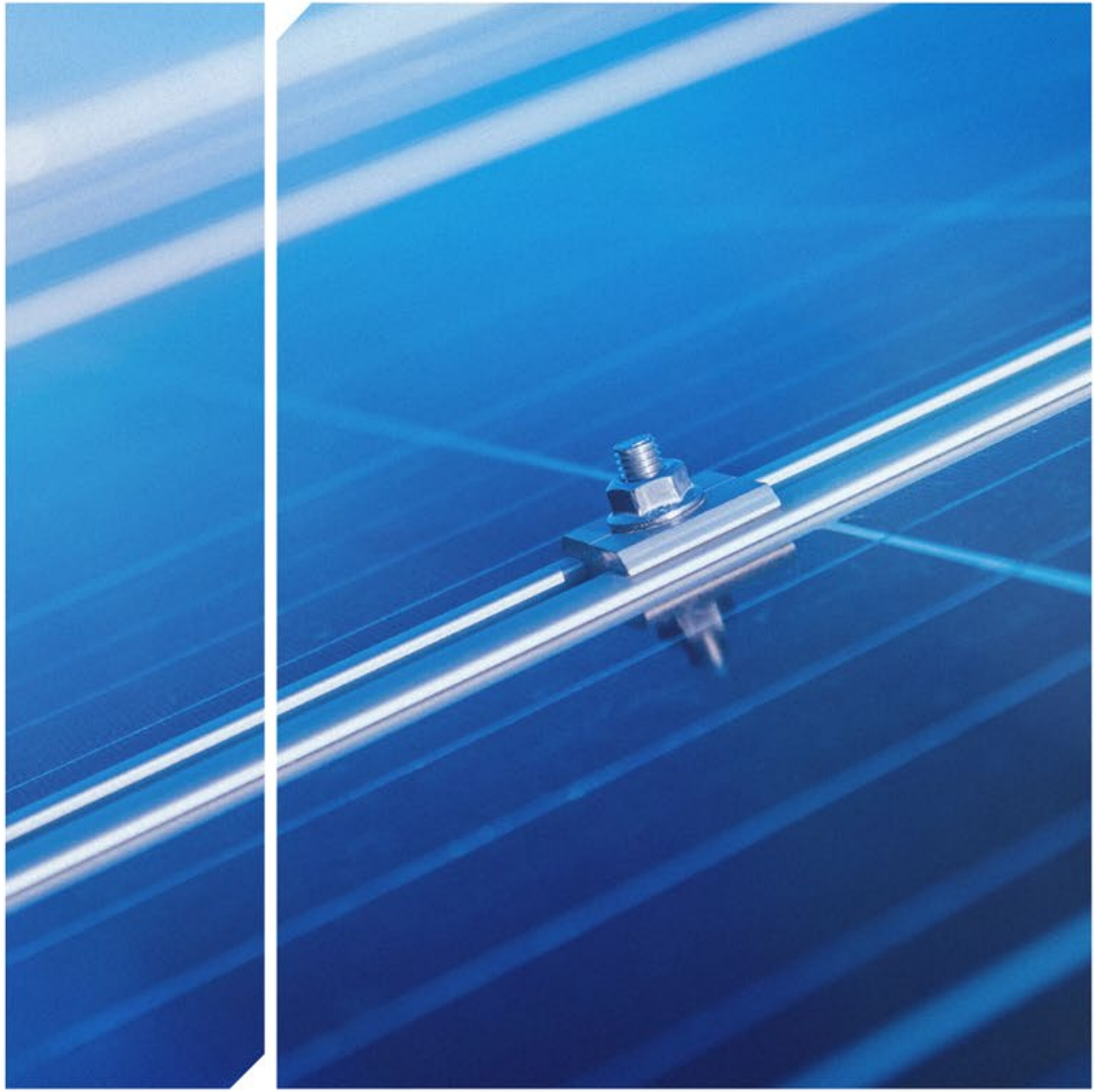
Current Challenges Identified

Having identified internal and external challenges, we will steadily execute the next actions for growth.

Challenges identified	Next actions
Inadequate space to install energy storage systems in condominiums	■ Explore the use of EVs as substitutes for energy storage systems (V2H*). ■ Start exploring the development of small-scale battery networks for household use. ■ Move into newly built condominiums where it is easier to incorporate these facilities from the design stage.
Electricity price instability	■ Stabilize supplies using electricity futures and adjustment markets. ■ Explore installation of storage batteries for solar power generation systems beyond the Feed-In-Tariff (FIT) period.
Improvement in profitability per employee	■ Introduce a new performance review system (Role-agnostic career progression system). ■ Close sales faster through alliances.

* Vehicle to Home: A system that uses the high-capacity batteries in EVs or plug-in hybrid EVs (PHEVs) as a source of power for the home

Business Strategy



REZIL

Management Strategy for Generating Synergies among the Three Businesses (From FY2024/6)

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



Green Energy

Renewable energy procurement and supply

Stabilization of electricity procurement

Improvement in Rezil's operational efficiency



Distributed Energy

Bulk electricity purchasing
+
Emergency power reserve service and Decarbonization

Systems and operations



Digital Transformation Support

Provision of systems
BPaaS = SaaS + BPO

Number of contracts for supplying renewable energy to companies and municipalities
(As of June 30, 2024)
Approx. 7,500
Renewable energy adoption percentage: 82.5%

Number of households using Rezil's condominium bulk power purchasing service
(As of June 30, 2024)
Approx. 178,000
Renewal rate: 100%

Number of contracted service customers of electric power companies
(As of June 30, 2024)
Approx. 425,000
Renewal 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.

Establishing a New Business to Maximize the Growth Potential of Our Three Existing Businesses

The Decarbonization Solution business will be established as a functional hub that connects our three existing businesses. Supports expansion of customer target groups in existing businesses, with a focus on “public.”



Procurement

Green Energy

Renewable energy procurement and supply

Stabilization of electricity procurement



Control

Distributed Energy

Bulk electricity purchasing + Emergency power reserve service and Decarbonization

Improvement in Rezil’s operational efficiency

Systems and operations



Systems

Digital Transformation Support

Provision of systems

BPaaS = SaaS + BPO

Expansion of customer base

Service improvements

Decarbonization Solution Division

Ongoing support for regions and companies to decarbonize
(systematic decarbonization for households, public housing, and companies; promoting locally produced and consumed power)

Number of collaborative/support projects proposed/underway

(As of June 30, 2024)

8

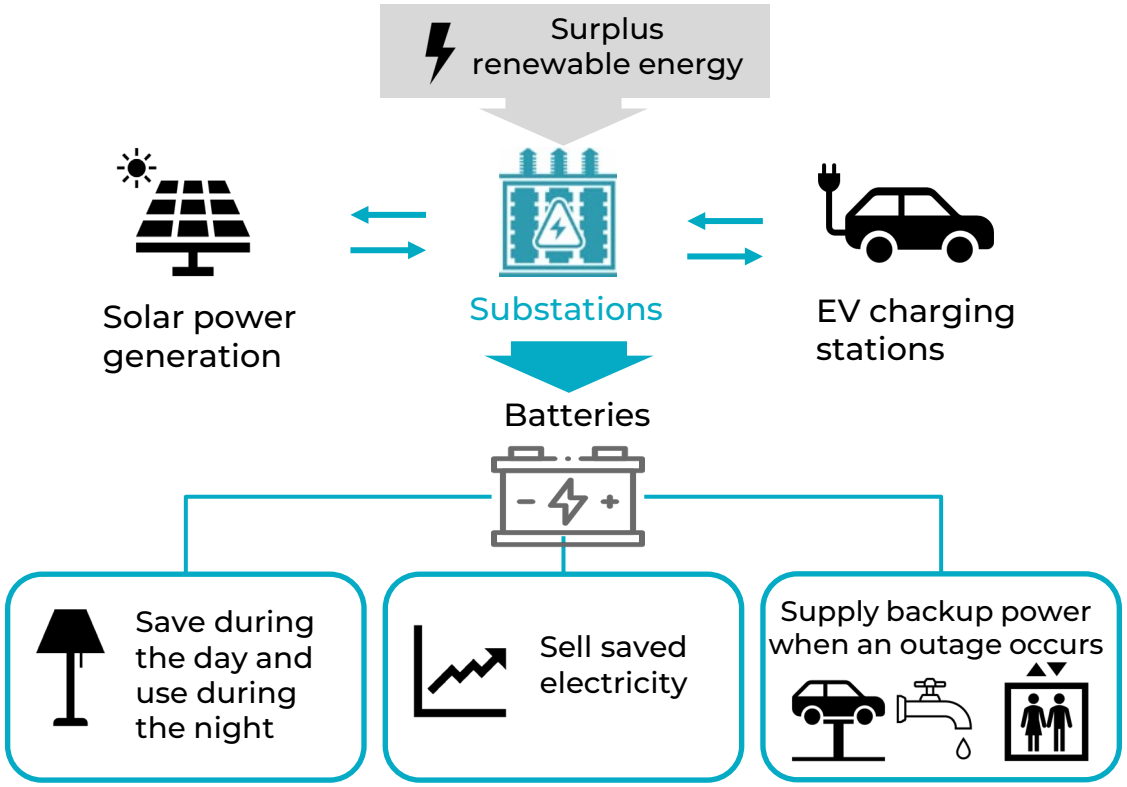
KPIs (planned): CO_2 emissions reductions

Distributed Energy | Improve Resilience Solutions

Condominiums x Distributed energy resources (DER) x Digital electricity control contributes to optimized energy use and decarbonization

Expansion of business model through DER implementation

Equipment for bulk power purchasing/emergency power reserve service is installed at no cost. The business model recovers equipment costs and service fees as electricity charges.



Value proposition of condominium bulk power purchasing/emergency power reserve service

Developers/rental property owners

Economic value	**Increase the value of condominiums at no extra cost** Rezil pays for the installation of substation/DER equipment.
Environmental value	**Compliant with Scope 3 emissions** Use of effectively renewable energy reduces GHG emissions to zero.

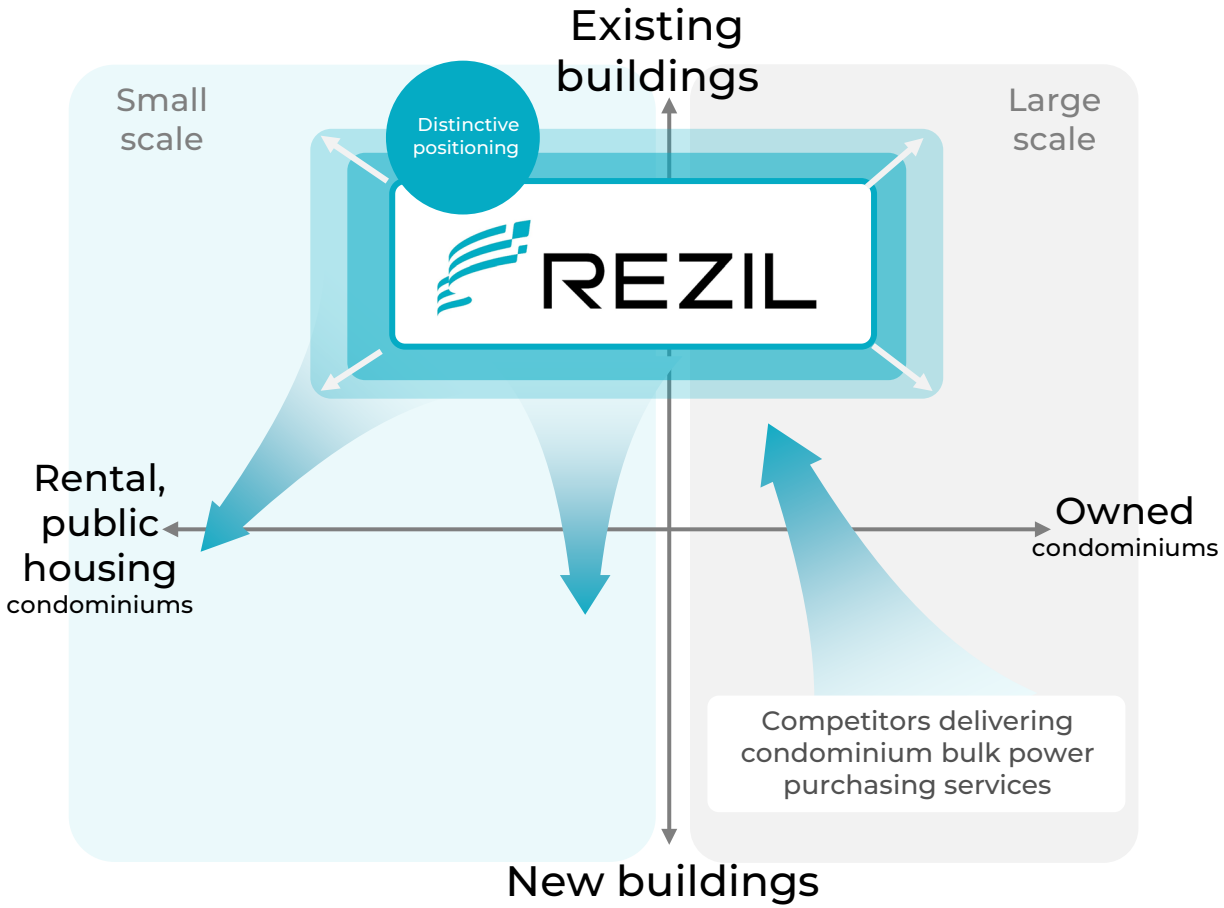
Residents

Economic value	**Reduction of electricity charges** Bulk purchasing allows electricity supplies at lower rates than from a regional power company.
Environmental value	**Decarbonization and preparation for disasters/emergencies** Achieve decarbonization plus greater resilience during disasters, etc.

Distributed Energy | Strategic Positioning in Sales Activities

We will expand sales areas into newly built owned, rental, and public housing condominiums. For existing buildings, we will focus on switching to Rezil when contracts are up for renewal.

Sales development positioning



For rental condominiums, already have a track record with REIT projects

Case study

Introduction of bulk power purchasing at rental condominiums owned by Starts Proceed Investment Corporation (REIT project)

- 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, the firm wanted to expand the number of its properties that use 100% renewable energy.

Emergency power service + Environmental value

Promotion

100% of power use is effectively renewable energy*

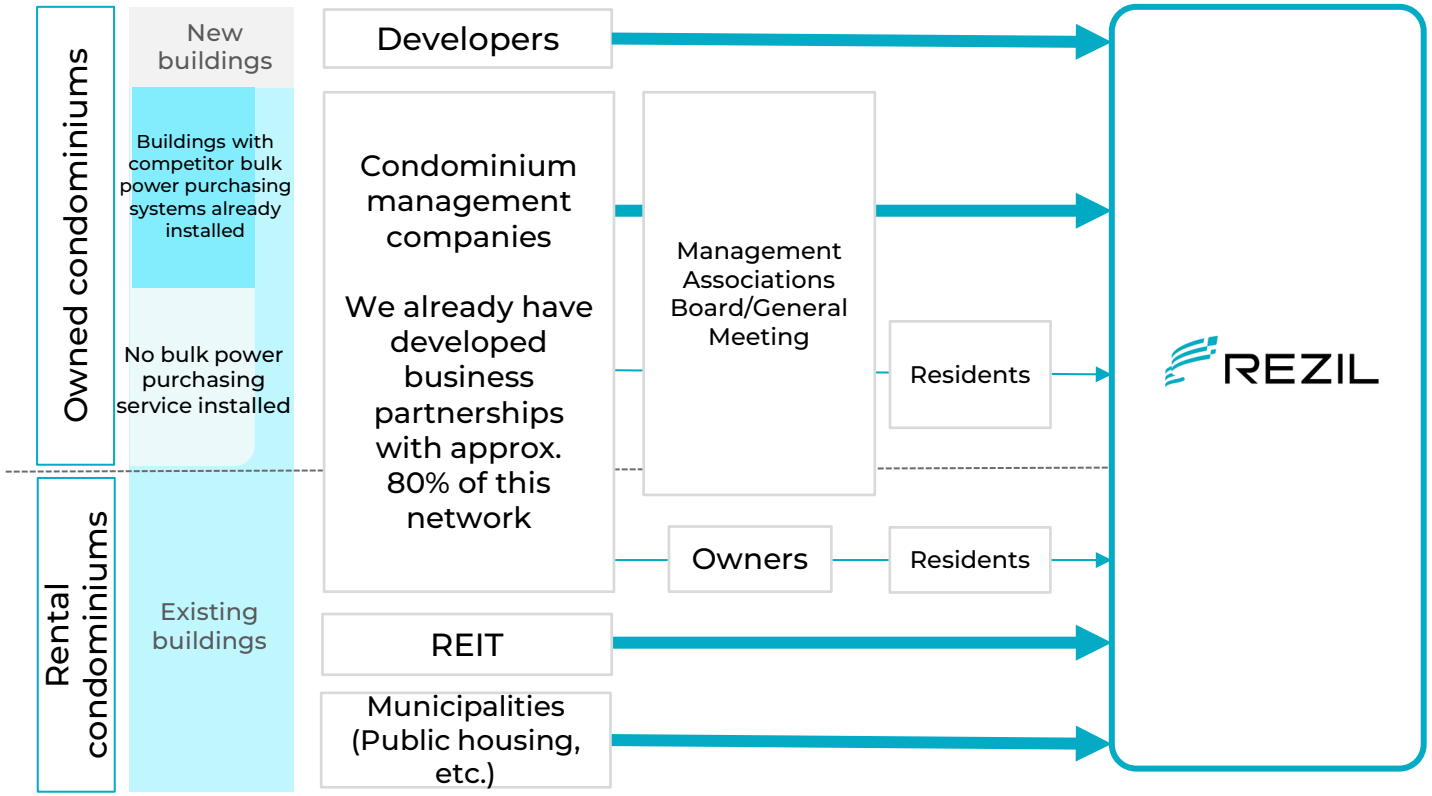
* Energy supplied with Non-fossil Fuel Energy Certificates with Tracking Information

Distributed Energy | Strategy to Capture New Customers

For bulk power purchasing, we focus on switching customers to Rezil as this helps to reduce installation lead times.
We will open up new areas by expanding sales of the emergency power reserve service.

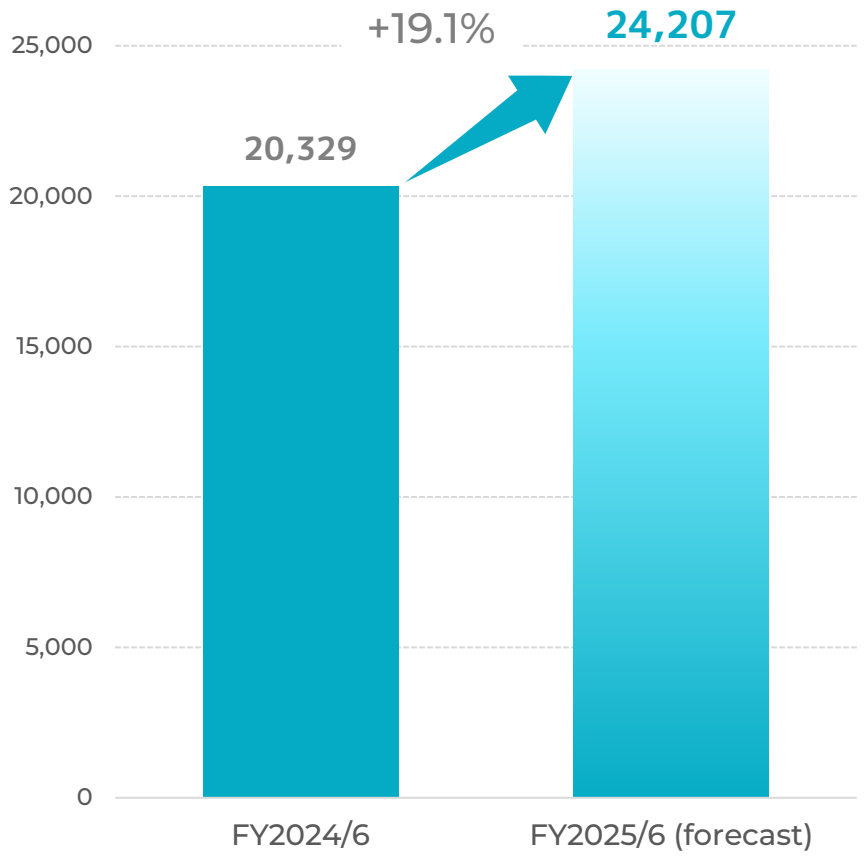
Business lead channel for newly built condominium market

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



Sales target

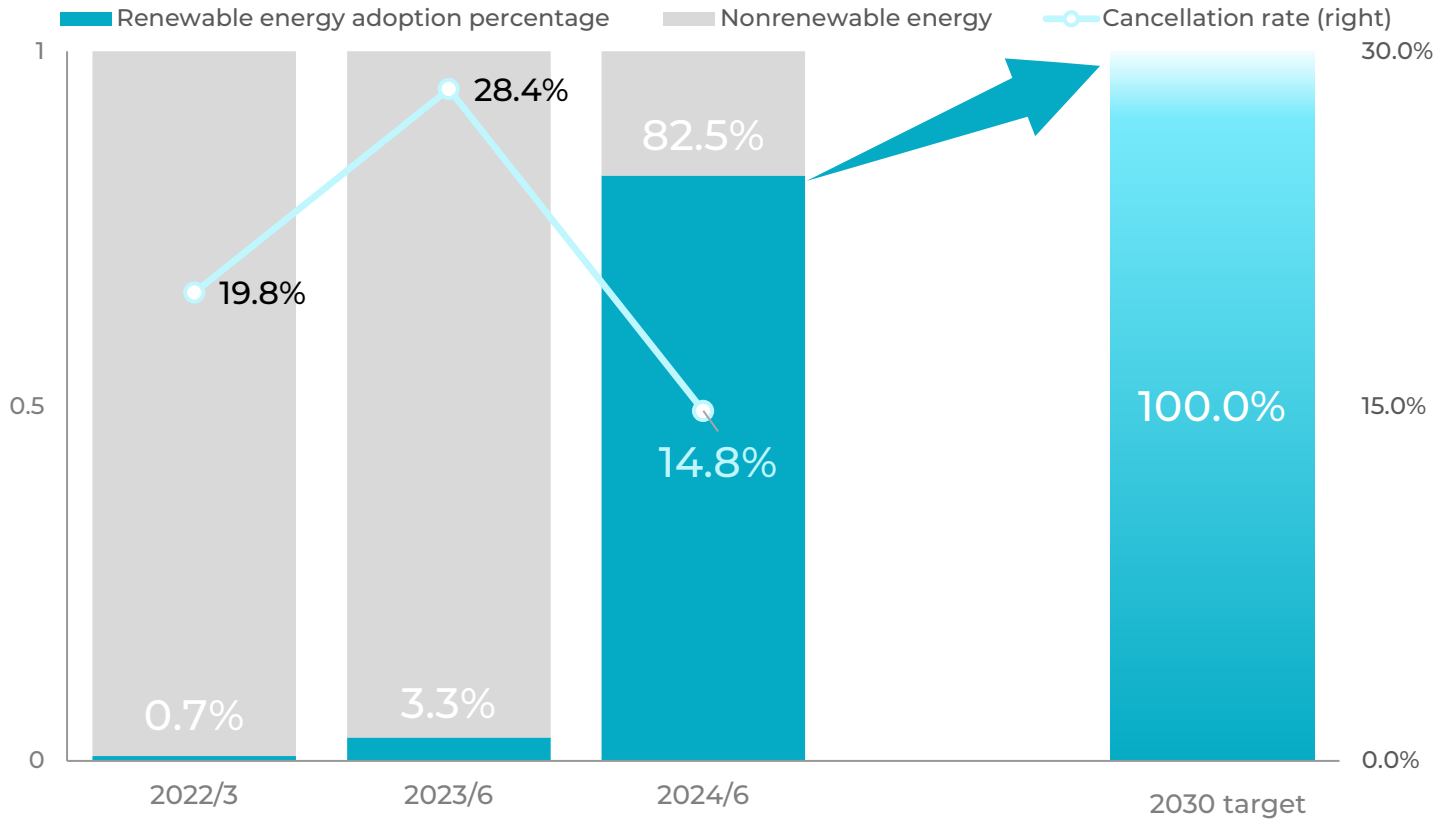
(Millions of yen)



Green Energy | Promoting Improvement in the Renewable Energy Adoption Ratio

We will continue to sell only renewable energy (including effectively renewable energy), achieving an enrollment rate in excess of 80% as of June 30, 2024.

Renewable energy adoption rates and cancellation rates



Working on both decarbonization and earnings stabilization

Decarbonization

Aim to achieve 2030 targets early, and for contracts from FY2024/6, all energy supplied being effectively renewable energy.

Earnings stabilization

Aim to stabilize earnings by improving renewal rates through better customer service, in combination with ongoing improvements in procurement and introduction of variable market rate plans.

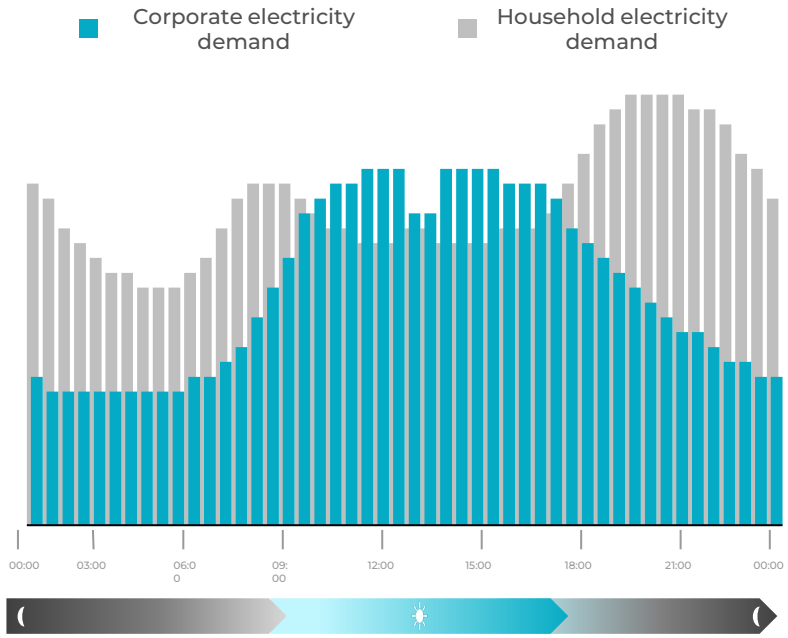
Note: The ratio is based on the number of electricity supply contracts.

Green Energy | Risk Hedging in Procurement

Plan to execute risk hedging through power trading, such as seasonal and regional swaps, as well as balancing day and night demand.

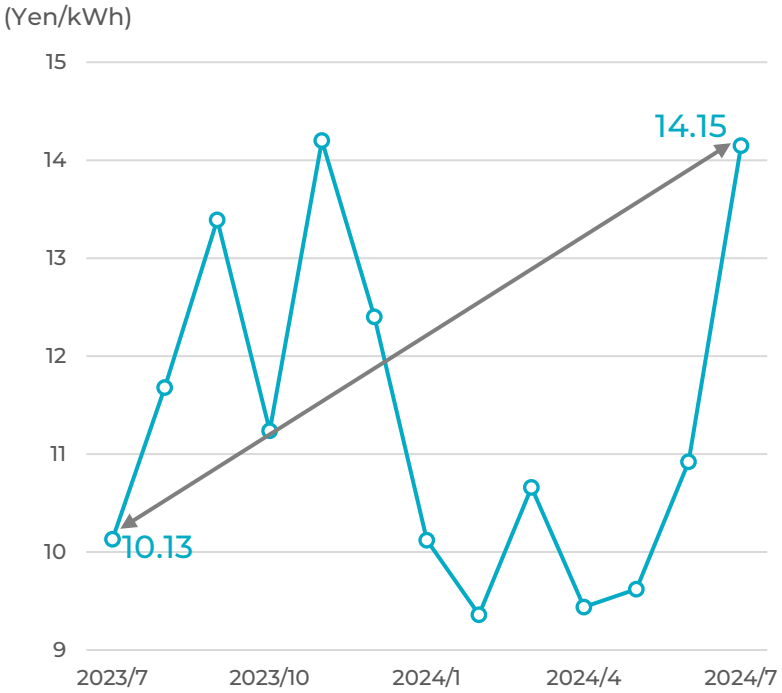
New electricity demand curve

Ensuring a certain level of electricity demand (base power source) throughout the day



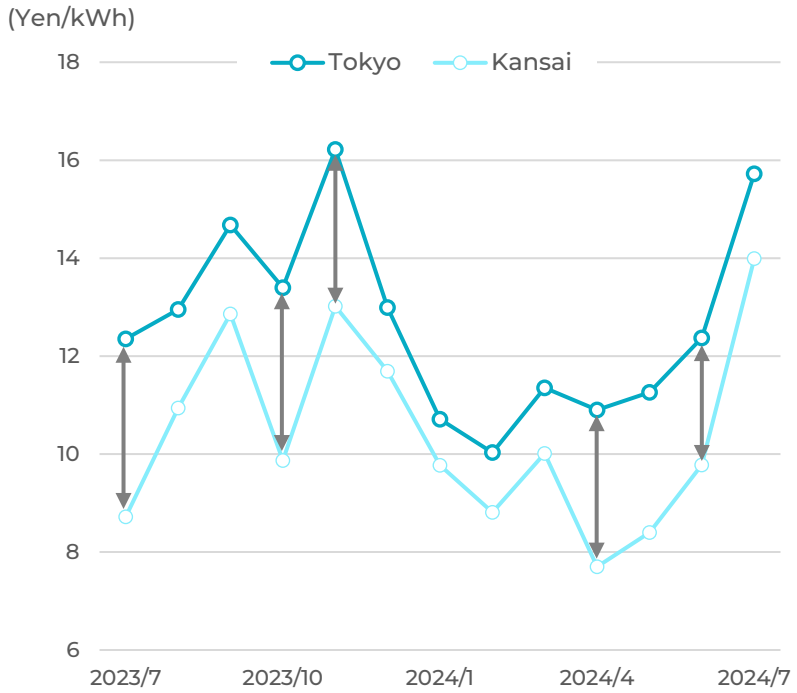
Seasonal fluctuations

Risk hedging of wholesale price differentials (up to 1.5x) through electricity futures trading



Regional swaps

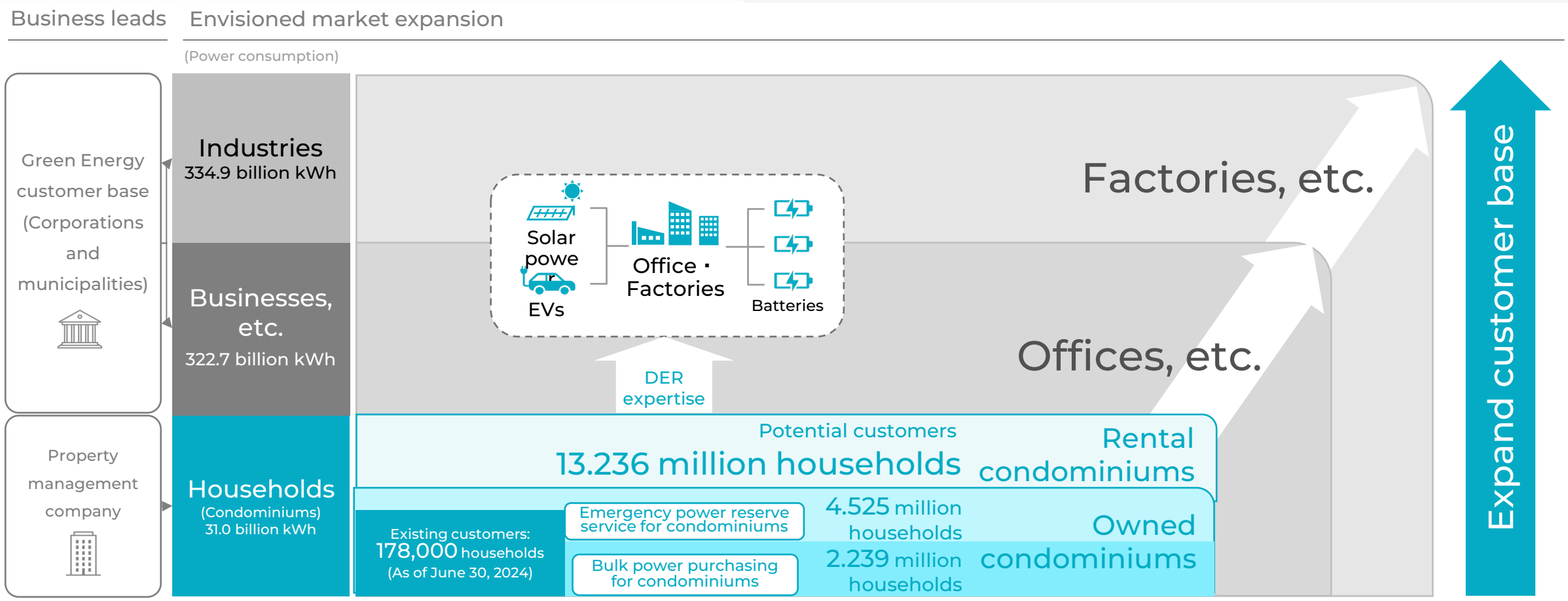
Leveraging price differences between the east and west caused by the operational status of nuclear and solar power plants



Source: The left graph was created by Rezil based on the electricity demand of condominiums and companies. The middle and right graphs were created by Rezil using Japan Electric Power Exchange (JEPX) market trading data.

Green Energy | Developing Business in New Fields, Starting with Emergency Power Reserve Service for Condominiums

In addition to expanding from previously built/owned condominiums to newly built/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.

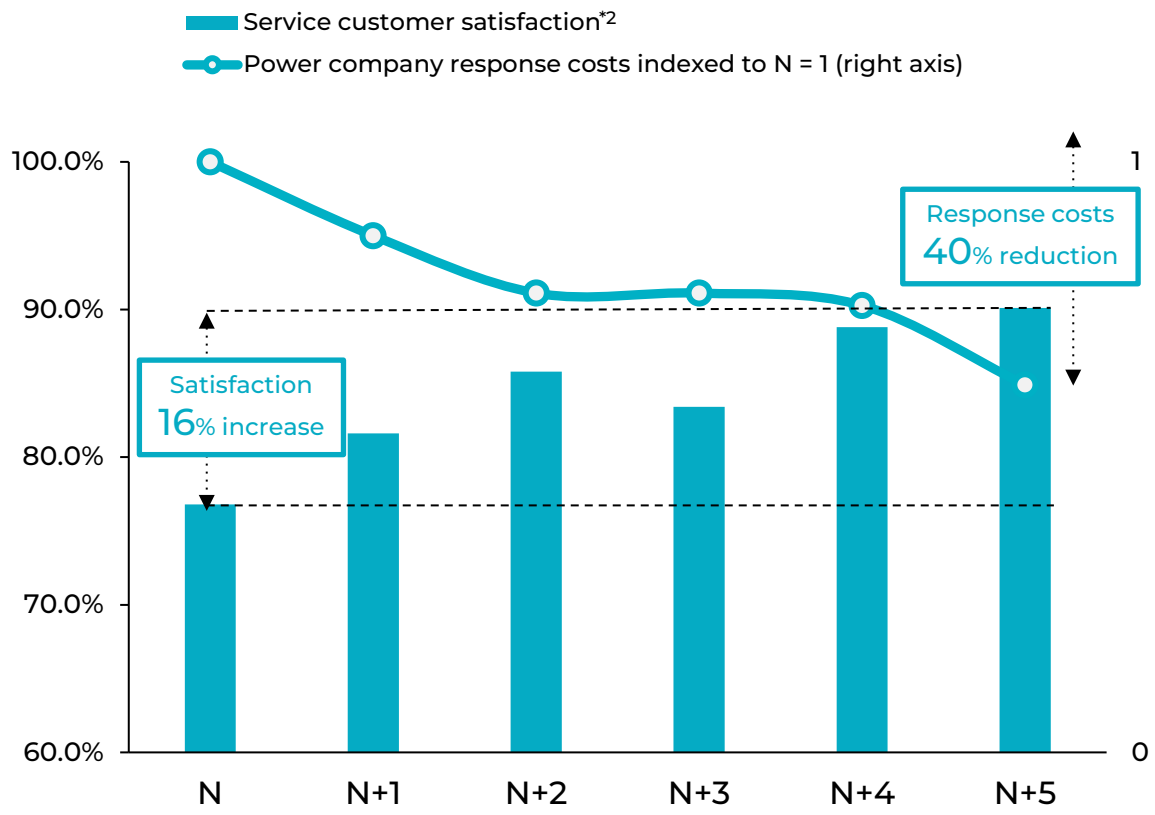
Digital Transformation Support | Our Competitiveness

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)



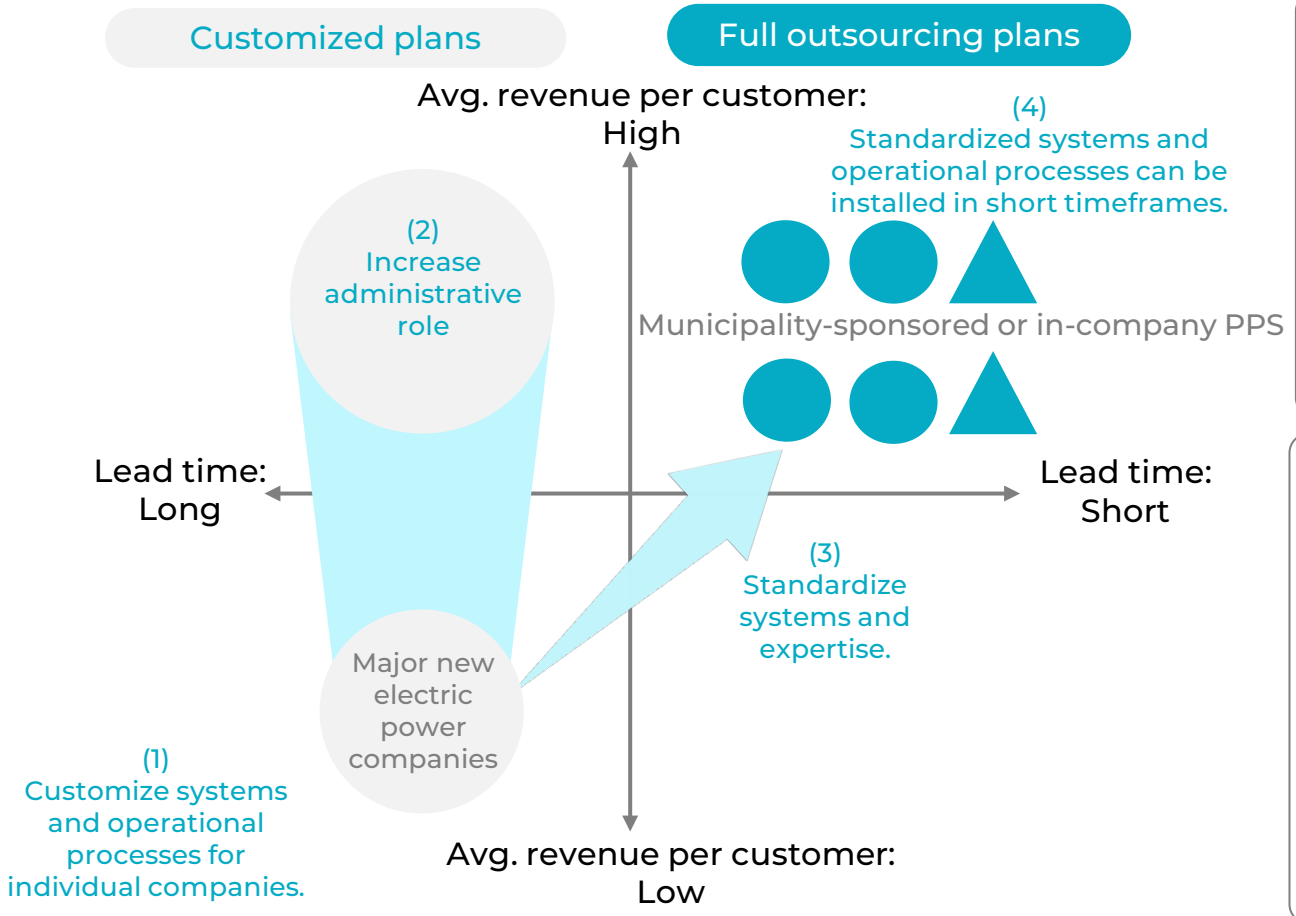
*1 The yes/no indications (○/×) are based on Rezil's own analysis and determinations
*2 Service customer satisfaction: Based on the results of an email survey conducted among service customers regarding energy company response to inquiries

Digital Transformation Support | Action Plan for Target Customer Groups and Expansion

We will increase our project workload by providing packaged outsourcing plans for new electric power companies (PP sponsored by municipalities or private companies in addition to our existing customized plans for major PPS.

As the demand for off-site power purchase agreements (PPAs) increases due to restrictions on self-wheeling contracts, we will target PPS, which lacks the necessary expertise as a new customer group.

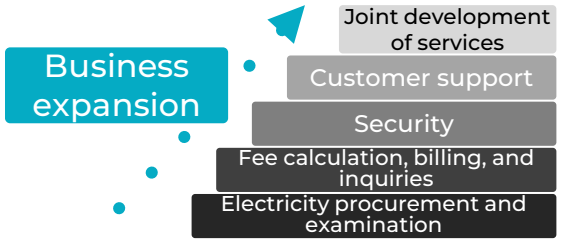
Two lines of approach to customer groups



Earnings growth through the expansion of the customer base and services provided

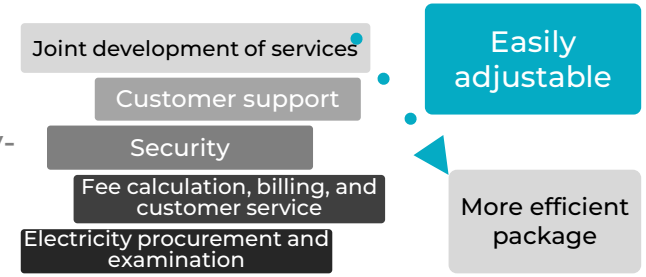
Earnings growth from customized plans will increase average customer spend

Earnings expansion from increased range of operations handled and delivery of better quality and reduced costs through operational improvements, particularly for PPS



Full outsourcing plans will increase the number of contracted companies in a short period of time

Deliver all power supply management operations, reducing the burden for relatively small municipality-sponsored or in-company PPS that are primarily aimed at decarbonization.



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.

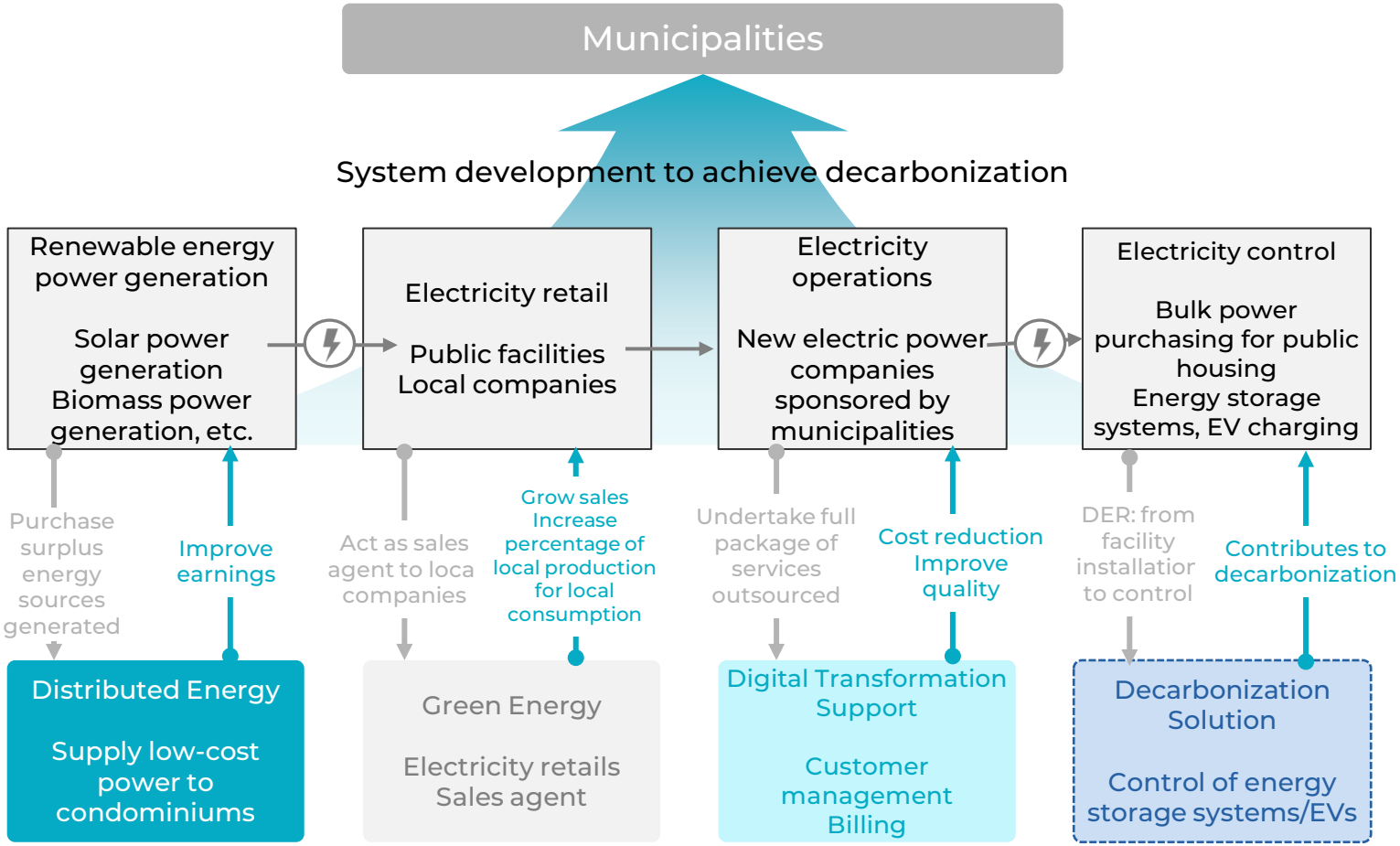
● Shows new enrollment results as of 4Q.

Service areas	Service menu	K	J	I	H	G	F	E	D	C	B	A
Company												
	Contract durations	Short →										Long
Systems	ID/customer management		●				●	●	●	●	●	●
	System development		●	●			●	●	●	●	●	●
	Billing		●					●	●	●	●	●
Consulting	Operation efficiency improvement	●	●	●	●	●			●	●	●	●
Business process outsourcing (BPO)	Management of billing		●					●	●	●	●	●
	Contracting admins		●	●		●		●	●	●	●	●
	Call center contracting		●	●		●		●	●	●	●	●
	In-house call center				●				●	●	●	●

Decarbonization Solution | Multifaceted Approach to Expand the Customer Base and Earnings

We deliver optimized solutions by combining our accumulated expertise in services, operations, and processes to address the challenges faced by municipalities/companies.

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



Positioning of the Decarbonization Solution business

Positioning

- Established as a new organization in August 2024
- Supports expansion of customer target groups in existing businesses, with a focus on “public.”

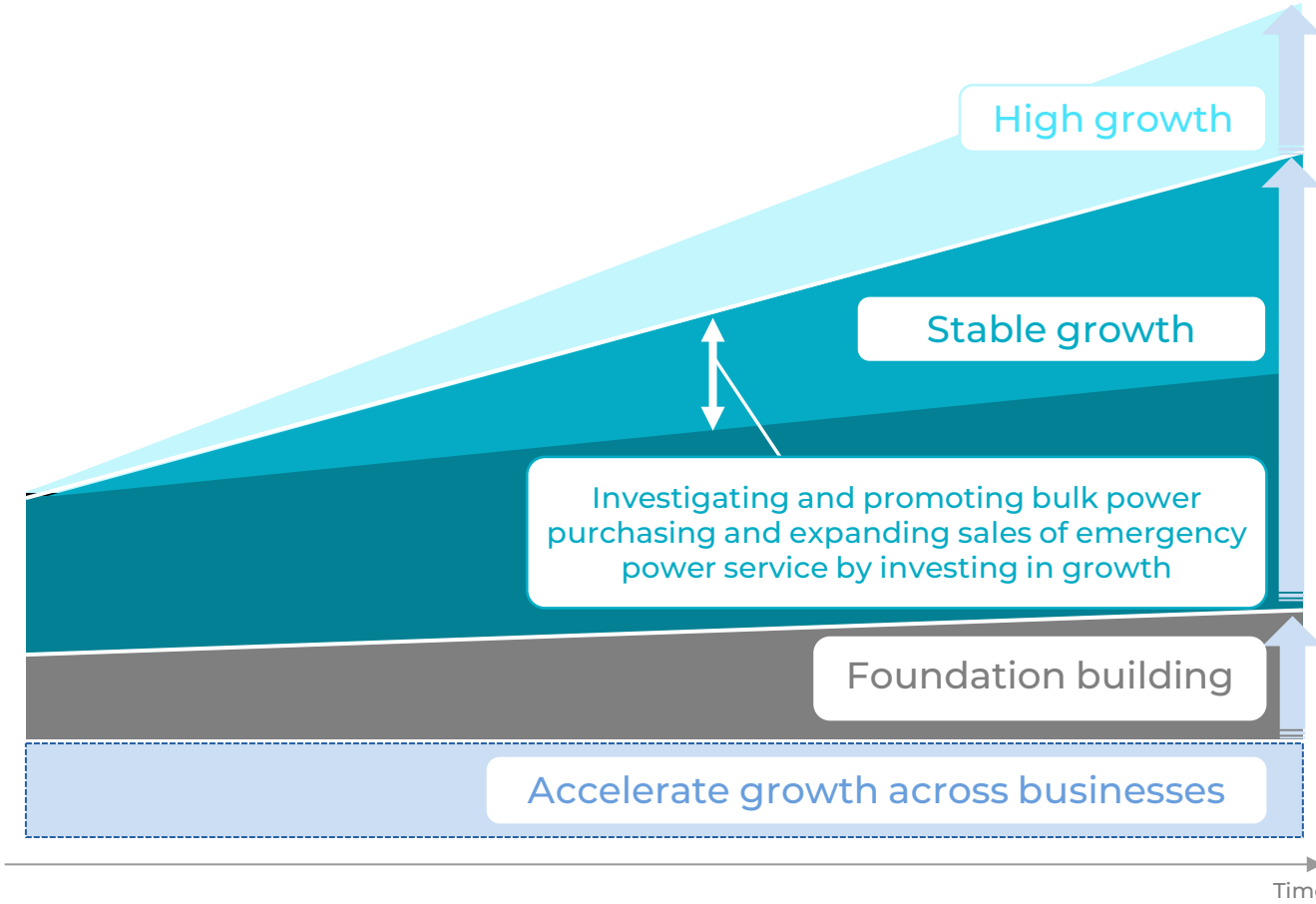
Value proposition action plan

- Seek to maximize the likelihood of achieving carbon neutrality from a regional perspective
- Utilize Rezil business resources and develop new services that actively promote customer carbon neutrality and a broader customer base in existing businesses
- Work to create social impact as well as economic value

Our Roadmap to Medium- and Long-Term Growth

As well as business growth in each segment, we aim to coordinate the activities of our three businesses to contribute to decarbonization across society.

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



Growth strategies

Digital Transformation Support

New customers
- Customized plans
- Full outsourcing

Upselling existing customers

Distributed Energy

Emergency power reserve service for condominiums

Investment for growth
Market emergency power reserve service to newly-built and repair-reserve-rich condominiums condominiums

Bulk power purchasing for condominiums

Investment for growth
Business replacement from existing operators
Business acquisitions

Investment for growth
Move into new buildings for condominiums, public housing, etc.

Green Energy

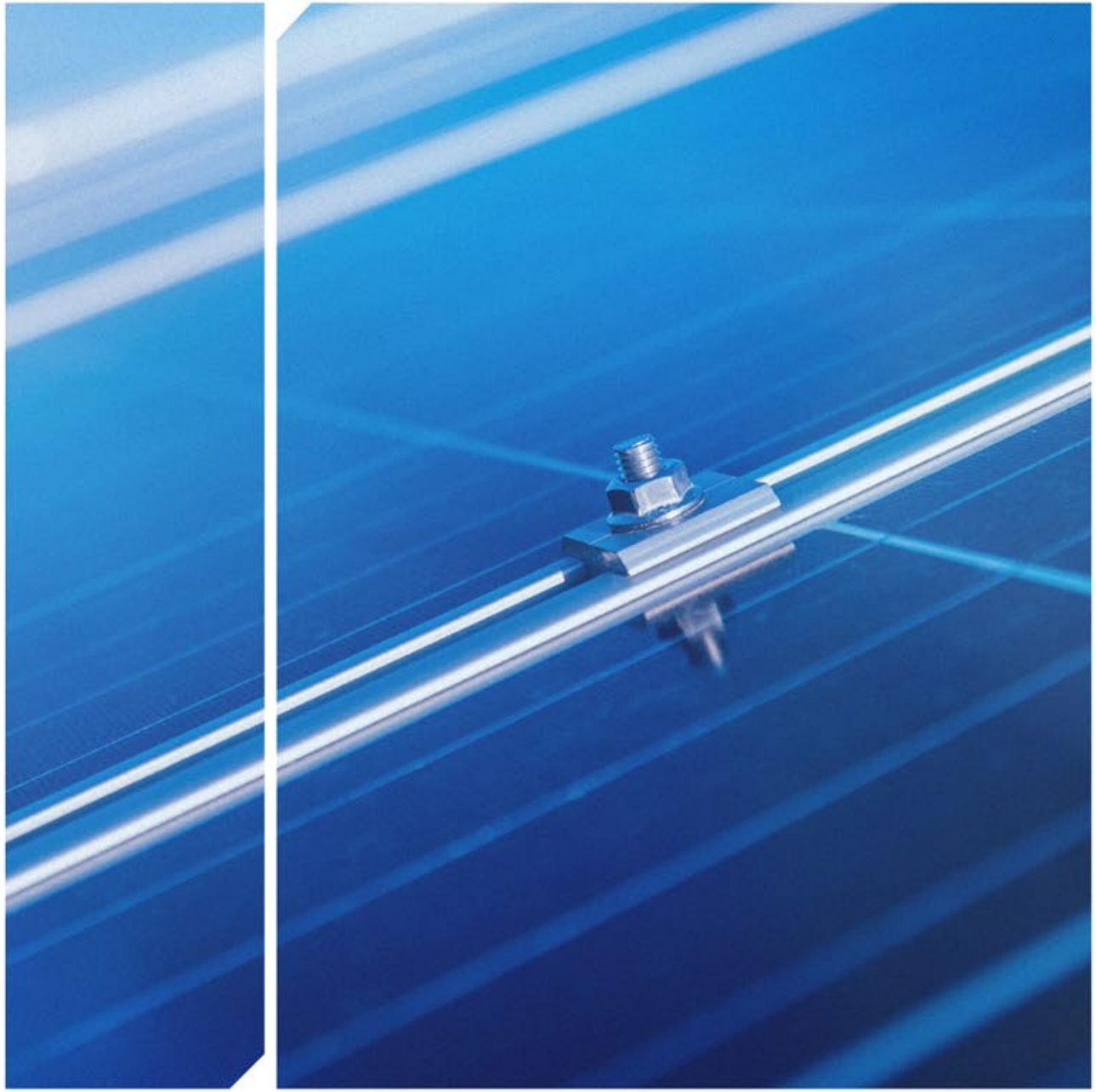
Enhancing power procurement abilities

Renewable energy 100% ratio (2030 target)

Provision of decarbonization solutions

Combine, optimize service packages to address challenges

Appendix



Consolidated Statement of Income

(Millions of yen)	FY2022/6 (12 months)	FY2023/6 (12 months)	FY2023/6 (15 months)	FY2023/6 1Q (Apr to Jun)	FY2023/6 2Q (Jul to Sep)	FY2023/6 3Q (Oct to Dec)	FY2023/6 4Q (Jan to Mar)	FY2023/6 5Q (Apr to Jun)	FY2024/6 Total	FY2024/6 1Q (Jul to Sep)	FY2024/6 2Q (Oct to Dec)	FY2024/6 3Q (Jan to Mar)	FY2024/6 4Q (Apr to Jun)
Net Sales	32,545	41,273	48,867	7,594	11,507	10,274	11,303	8,188	38,709	11,207	9,061	10,208	8,232
Distributed Energy	20,080	23,802	28,066	4,264	6,697	5,800	6,981	4,323	20,329	6,099	4,404	5,622	4,203
Number of contracted households	175,325	175,866	175,866	175,325	175,528	175,748	175,785	175,866	178,502	175,964	178,026	178,069	178,502
Green Energy	15,868	21,301	25,251	3,950	5,869	5,455	5,452	4,523	21,196	6,033	5,284	5,398	4,479
Number of contracts	8,559	7,663	7,663	—	—	—	—	—	7,511	—	—	—	—
Digital Transformation Support	1,170	1,389	1,704	314	306	309	323	450	1,911	443	475	487	505
Number of service customers (thousand)	322	444	444	—	—	—	—	—	425	—	—	—	—
Elimination or corporate	(4,574)	(5,220)	(6,155)	(934)	(1,365)	(1,291)	(1,454)	(1,108)	(4,727)	(1,368)	(1,103)	(1,300)	(955)
Cost of sales	27,966	35,876	42,836	6,960	10,417	8,992	9,764	6,700	31,224	9,009	7,487	8,180	6,546
Gross profit	4,578	5,396	6,031	634	1,089	1,281	1,538	1,487	7,485	2,198	1,573	2,027	1,685
(Gross profit margin)	14.1%	13.1%	12.3%	8.4%	9.5%	12.5%	13.6%	18.2%	19.3%	19.6%	17.4%	19.9%	20.5%
Selling, general and administrative expenses	3,036	3,610	4,394	784	783	787	1,135	903	4,691	924	1,080	1,098	1,588
Operating profit	1,542	1,786	1,636	(149)	305	494	402	583	2,793	1,274	493	928	97
(Operating profit margin)	4.7%	4.3%	3.3%	-2.0%	2.7%	4.8%	3.6%	7.1%	7.2%	11.4%	5.4%	9.1%	1.2%
Ordinary profit	1,418	2,149	1,972	(176)	280	471	716	681	2,769	1,245	484	945	93
Profit attributable to owners of parent	1,271	1,528	1,344	(183)	172	339	425	592	1,986	885	329	680	91
EBITDA	2,668	2,869	2,997	127	581	767	676	842	3,759	1,511	747	1,160	340
(EBITDA margin)	8.2%	7.0%	6.1%	1.7%	5.1%	7.5%	6.0%	10.3%	9.7%	13.5%	8.2%	11.4%	4.1%
Distributed Energy	3,729	3,297	3,788	488	950	816	885	644	3,396	1,305	666	1,050	374
(EBITDA margin)	18.6%	13.9%	13.5%	11.4%	14.2%	14.1%	12.7%	14.9%	16.7%	21.4%	15.1%	18.7%	8.9%
Green Energy	(85)	514	362	(152)	(153)	187	29	451	2,003	459	423	424	695
(EBITDA margin)	-0.5%	2.4%	1.4%	-3.8%	-2.6%	3.4%	0.5%	10.0%	9.5%	7,6%	8.0%	7.9%	15.5%
Digital Transformation Support	230	131	171	41	26	13	22	70	389	100	105	131	52
(EBITDA margin)	19.7%	9.5%	10.2%	13.1%	8.5%	4.3%	6.9%	15.6%	20.4%	22.6%	22.3%	26.9%	10.5%
Elimination or corporate	(1,206)	(1,074)	(1,324)	(249)	(241)	(249)	(260)	(323)	(2,030)	(353)	(448)	(445)	(782)

Note: EBITDA = Operating profit + Depreciation

Consolidated Balance Sheet and Statement of Cash Flows

(Millions of yen)	As of Jun 30, 2023	As of Jun 30, 2024
Total assets	14,948	17,519
Current assets	7,877	11,318
Cash and deposits	2,199	4,758
Accounts receivable - trade, and contract assets	5,278	6,167
Other current assets	399	392
Non-current assets	7,071	6,200
Property, plant and equipment	4,927	4,846
Intangible assets	342	235
Investments and other assets	1,801	1,118
Total liabilities	8,726	9,187
Current liabilities	5,026	6,663
Accounts payable - trade	2,436	2,562
Short-term interest-bearing debt	1,780	1,750
Other current liabilities	809	2,350
Non-current liabilities	3,699	2,524
Long-term interest-bearing debt	3,590	2,481
Other non-current liabilities	109	43
Total net assets	6,222	8,331
Shareholder's equity	6,198	8,301
Other net assets	24	29

(Millions of yen)	FY2023/6	FY2024/6
Operating cash flow	3,136	3,798
Investing cash flow	(2,120)	(643)
Free cash flow	1,016	3,155
Financing cash flow	(1,158)	(595)
Net increase (decrease) in cash and cash equivalents	(141)	2,559
Cash and cash equivalents at end of period	2,199	4,758

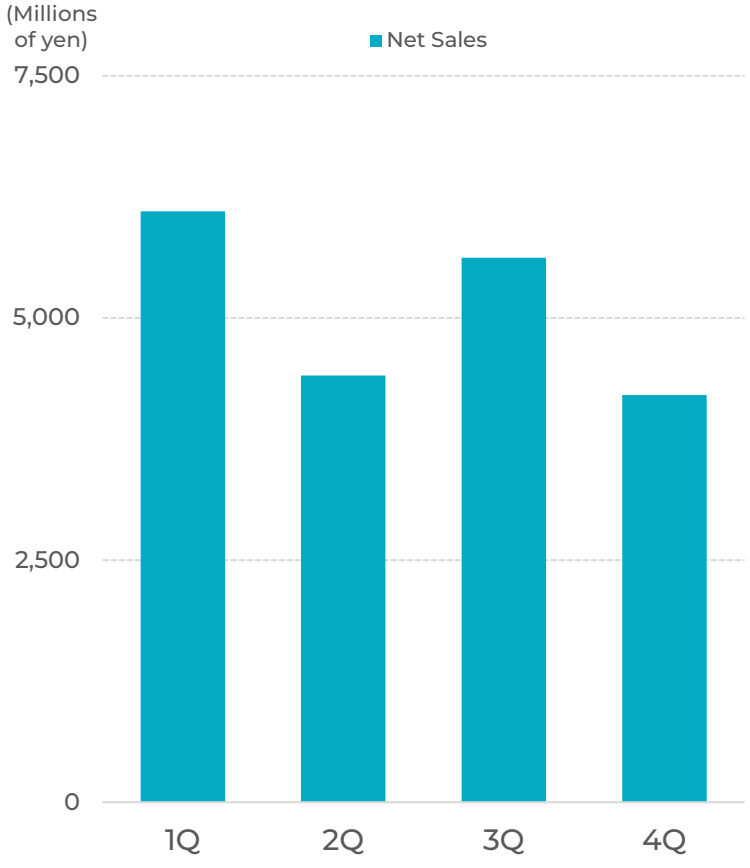
Main management indicators

* Figures in parentheses separately show the average number of temporary workers.

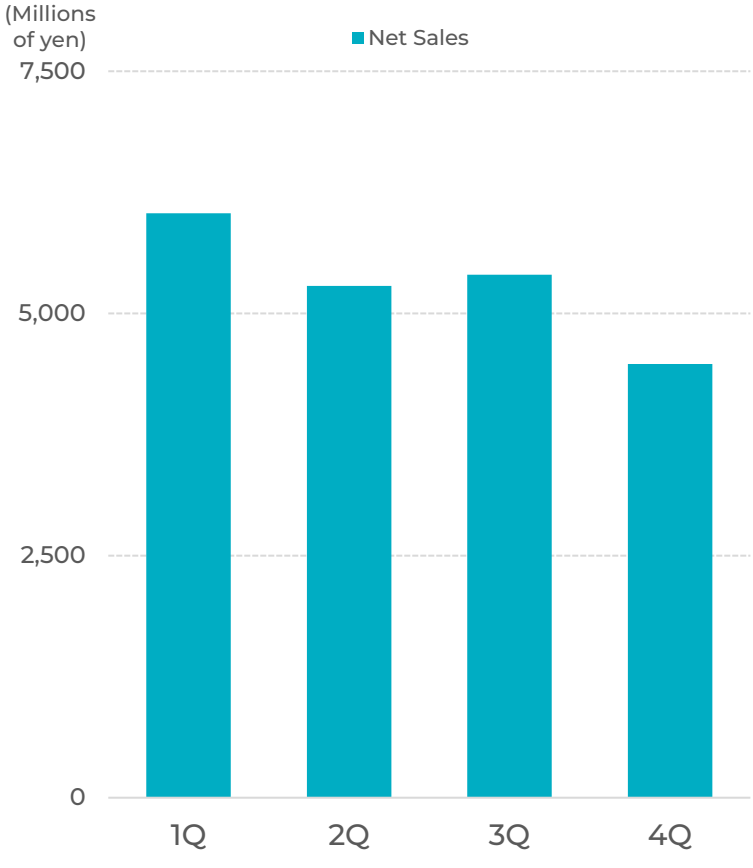
(Millions of yen)	FY2023/6	FY2024/6
Equity ratio (%)	41.5	47.4
D/E ratio (times)	0.87	0.50
Net D/E ratio (times)	0.51	-0.06
Dividend payout ratio (%)	29.8	39.5
Number of employees*	181	223
Distributed Energy	47 (8)	47 (10)
Green Energy	36 (2)	48 (4)
Digital Transformation Support	61 (80)	65 (90)
Shared	37 (9)	63 (11)

Business Performance by Segment

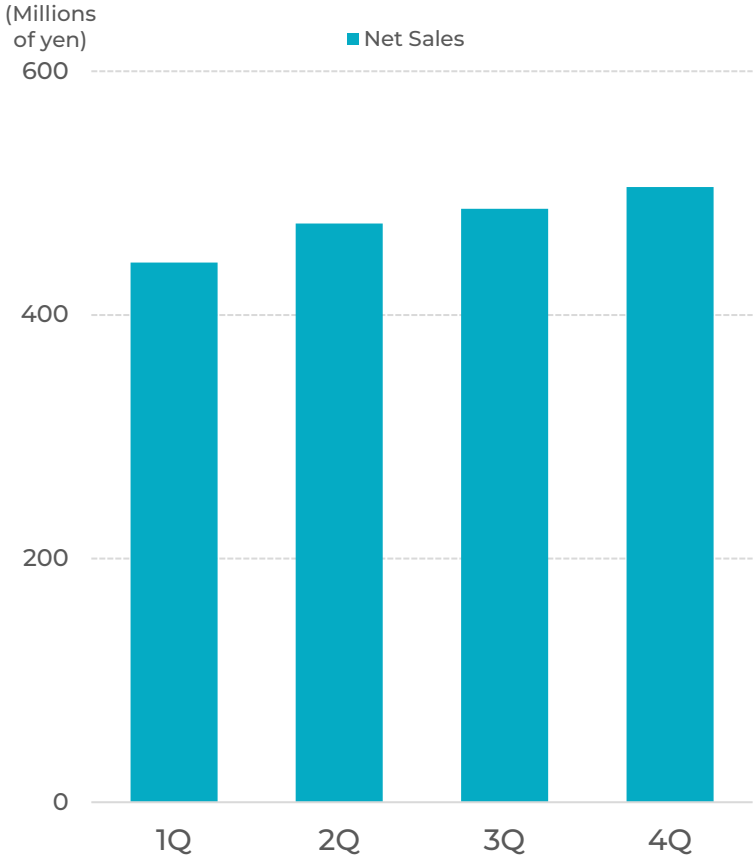
Distributed Energy



Green Energy



Digital Transformation Support

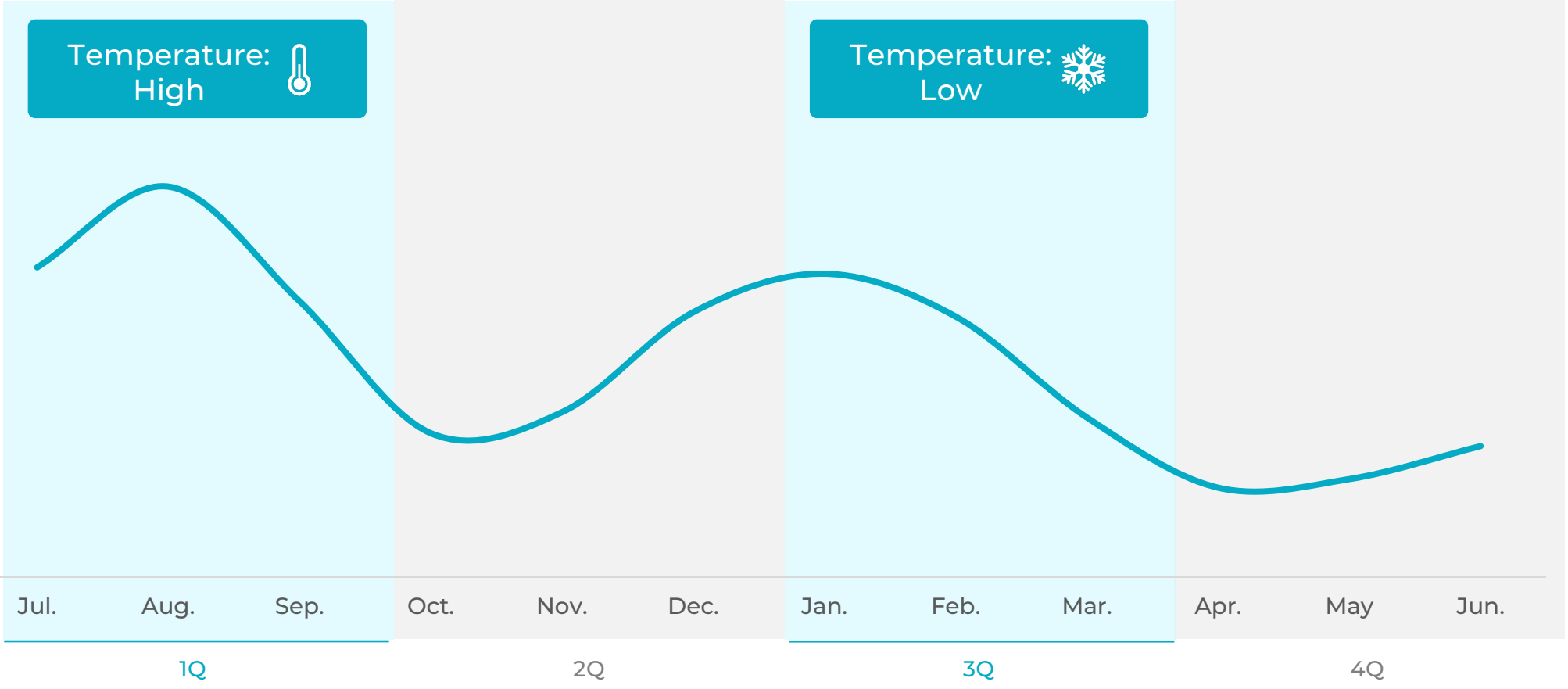


Note: Net sales include intersegment sales or transfers.

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.

Rezil's Milestones

The essence of our company is to develop the businesses needed to tackle the social challenges of our times. We 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 batteries/VPP

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 1998. 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

Ryohta 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.

Key Offering: Long-Term Bulk Electricity Purchasing Service for Housing Complexes

Create a large collective purchasing group consisting of 2,200 condominium buildings and 178,000 households to increase 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

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

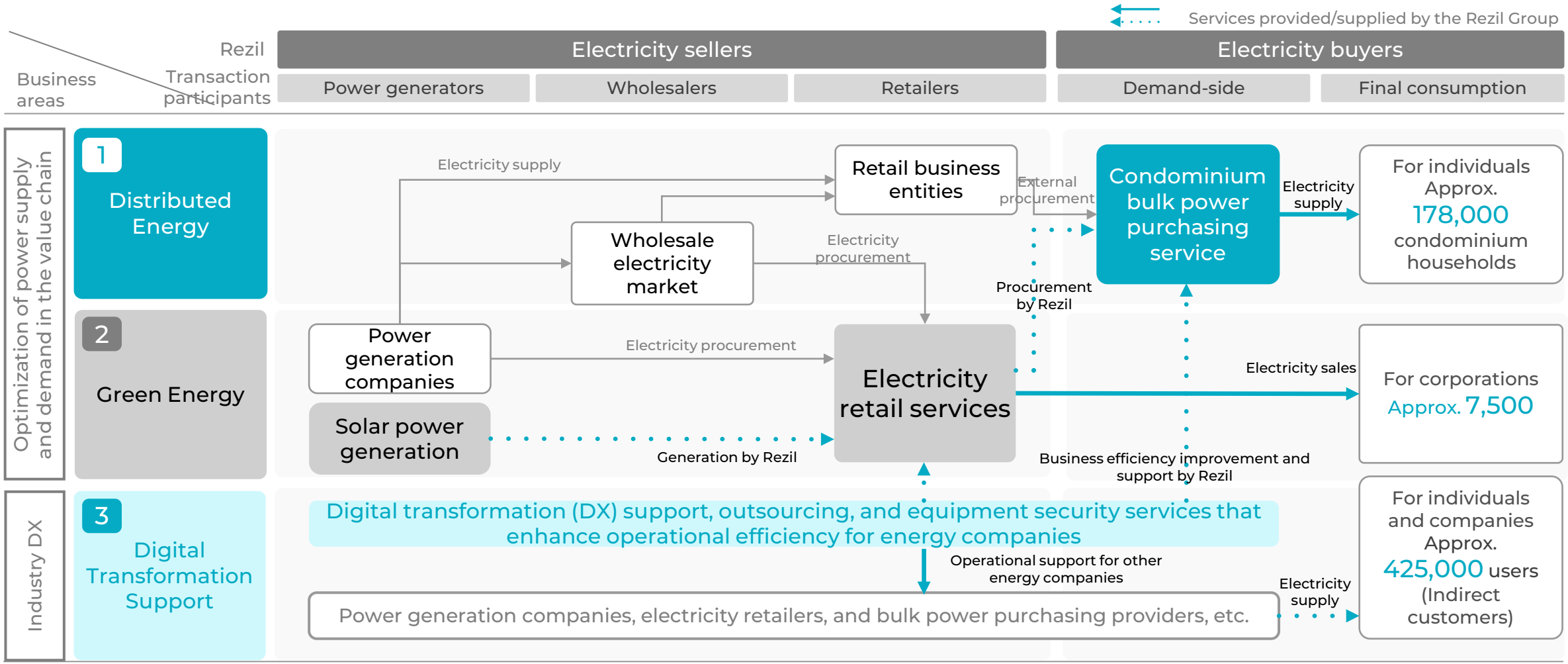
Initial contracts span 10 to 15 years, with automatic renewals for one to three years thereafter.

Equipment supply, meter readings, fee calculation, billing, electricity works, power supply security

Charge as electricity bill

Business Flow

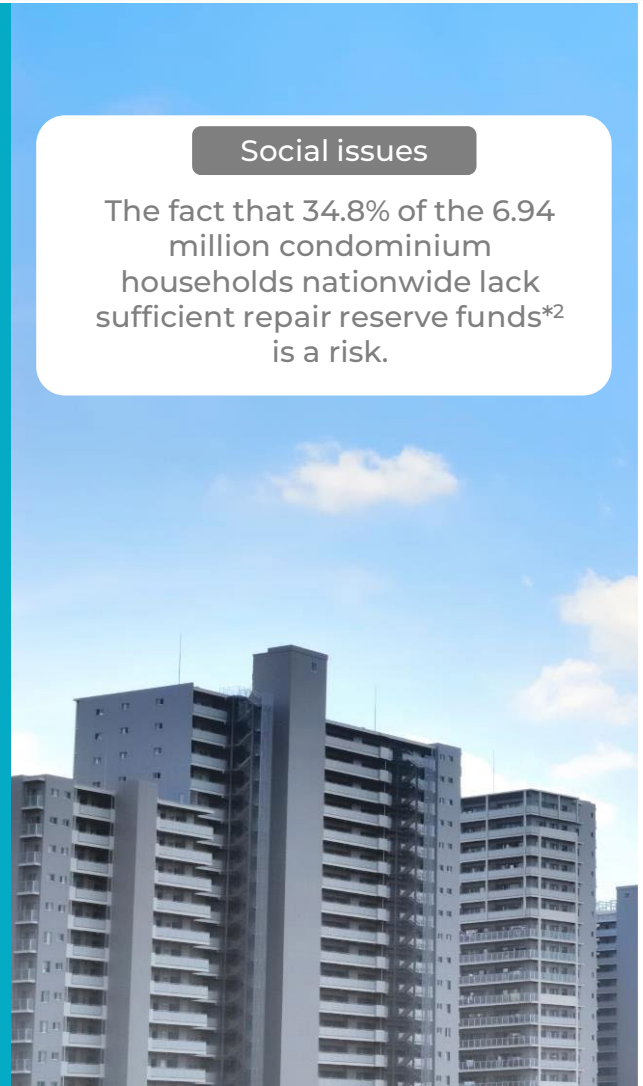
We interweave our three dynamic business cores to increase the value added while also building a system to deliver value to diverse stakeholders.



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

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.



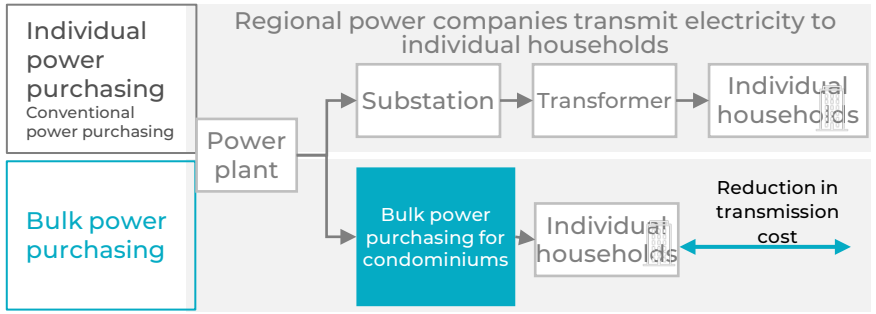
Social issues

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.

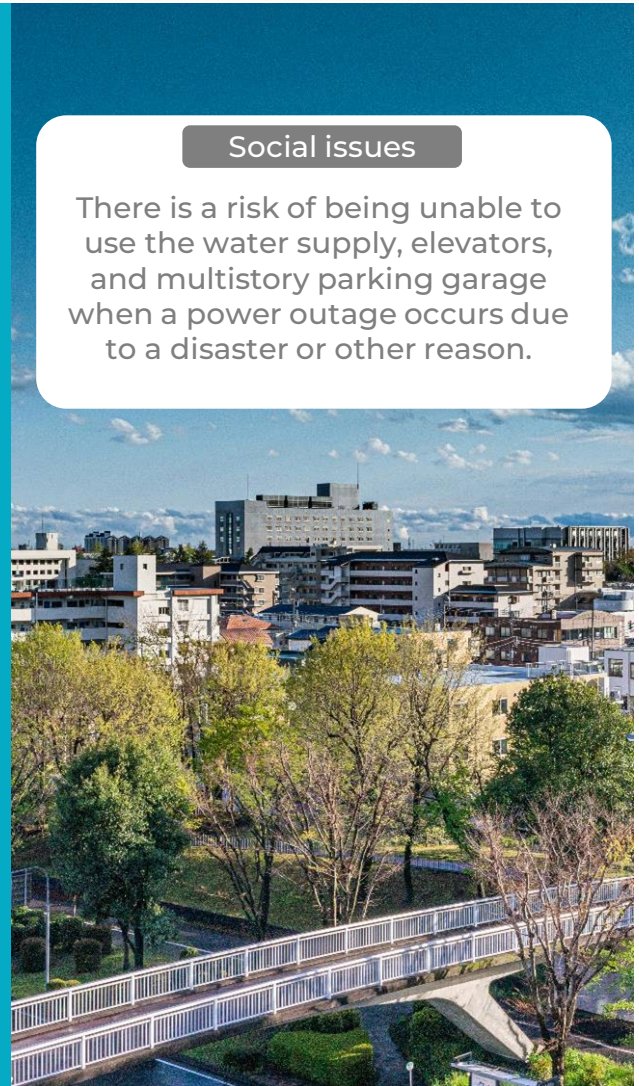
Income — Electricity rates for exclusive use areas



*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 energy storage systems, 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

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, energy storage systems → 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 + Battery control

Decarbonization

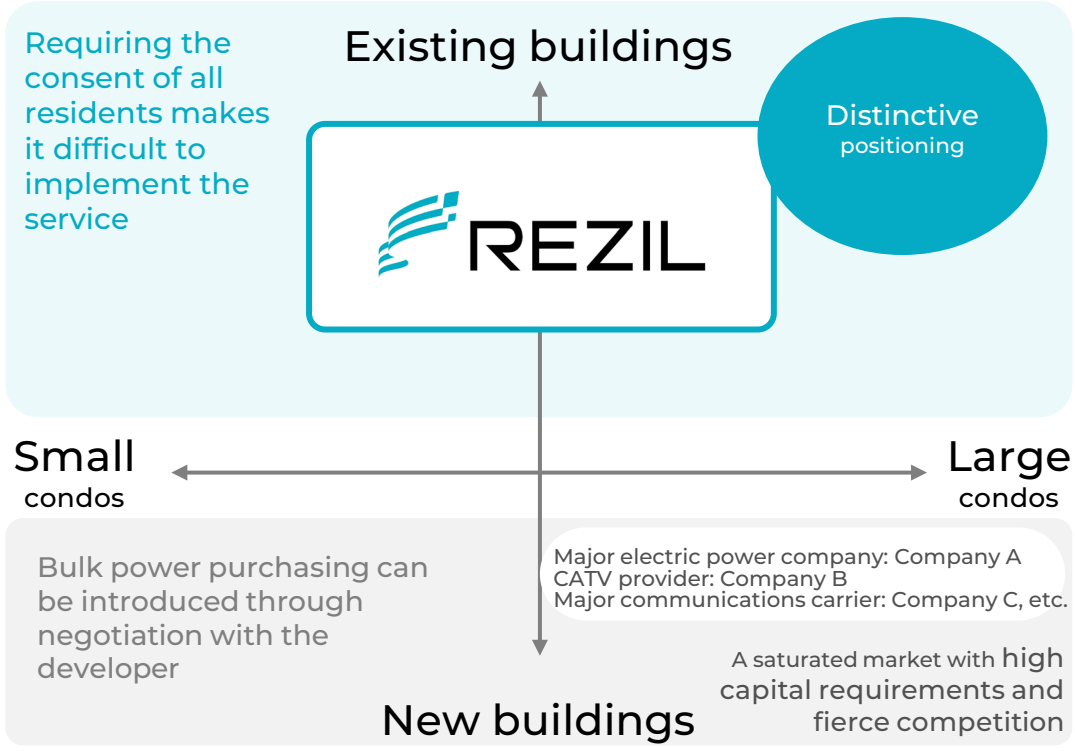


*1 Distributed energy resources (DER) equipment: Equipment for distributed energy resources such as substations, solar power generation, batteries, and EV charging stations
*2 Upselling services to provide discounted electricity rates through bulk power purchasing to free up funds for increasing energy resilience through the use of batteries, etc.

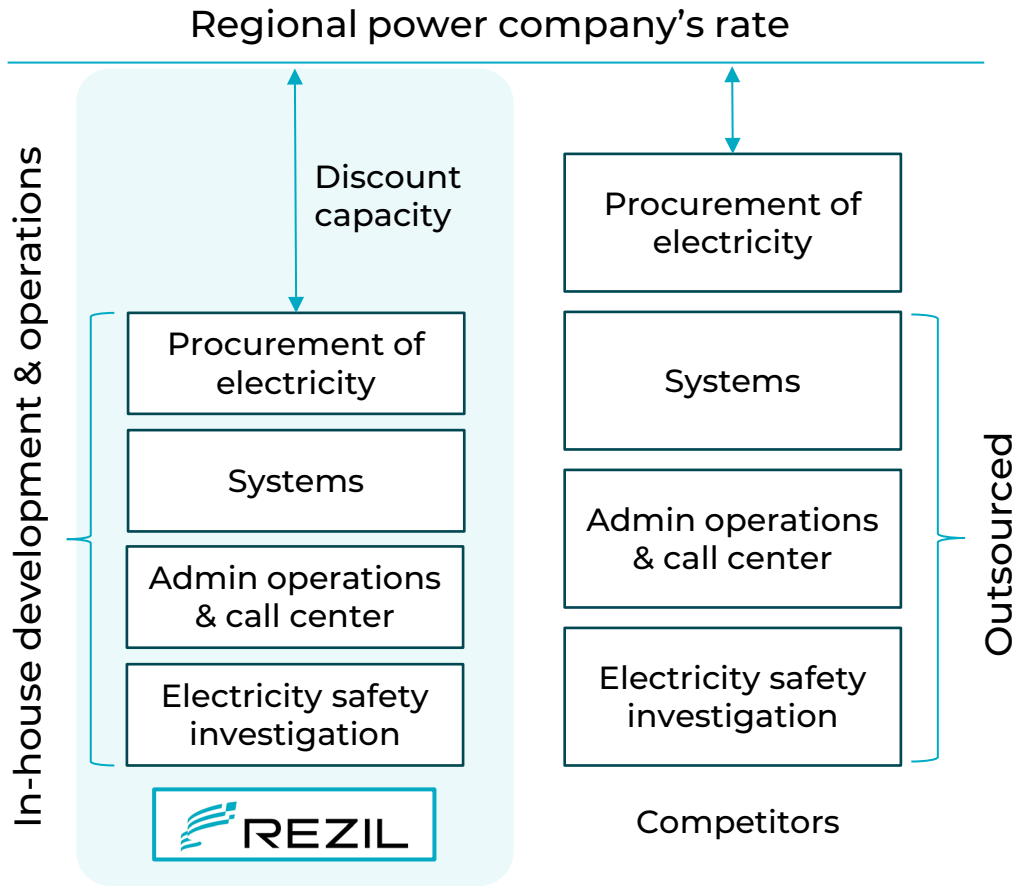
Distributed Energy | Our Competitiveness

As well as our core market with existing buildings, we now aim to win business in new customer segments, with a focus on the emergency power reserve service.

Market positioning: Bulk power purchasing for condominiums



How we generate cost competitiveness (illustration)



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)

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, but 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

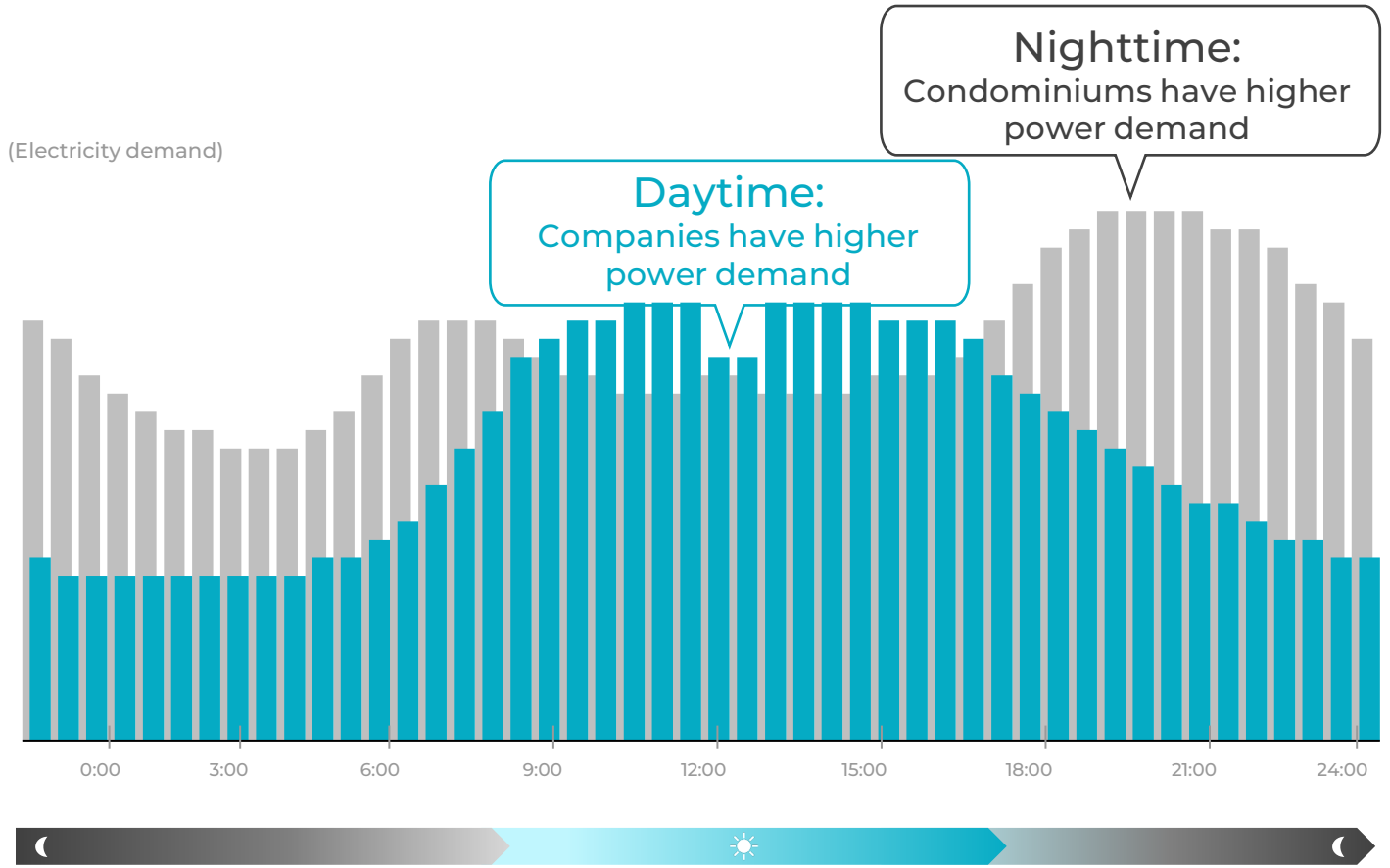


*1 See the Ministry of Economy, Trade and Industry "FY2022 Energy Supply and Demand Results (Preliminary Report)."
*2 A certificate that allows the environmental value of electricity generated from non-fossil fuel sources, namely those that do not emit CO_2, to be separated and traded.

Green Energy | Our Competitiveness

We have established a competitive advantage through our purchasing power that utilizes volume discounts and demand flattening based on daily electricity demand.

Electricity demand curve (condominiums vs companies)



Strengths in procurement

Demand flattening based on daily electricity demand

We flatten the demand curve by aligning the demand curve of condominiums with bulk power purchasing and the supply curve in electricity retail

Positioning as a large-scale demand-side player

We procure green energy and attract volume discounts for large-scale consumption, including the bulk power purchasing for condominiums

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 | 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

Value proposition

For electric power companies

Reduction in operating cost

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

Cost reduction

Expertise + SaaS = Improvement in operational efficiency



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."

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."

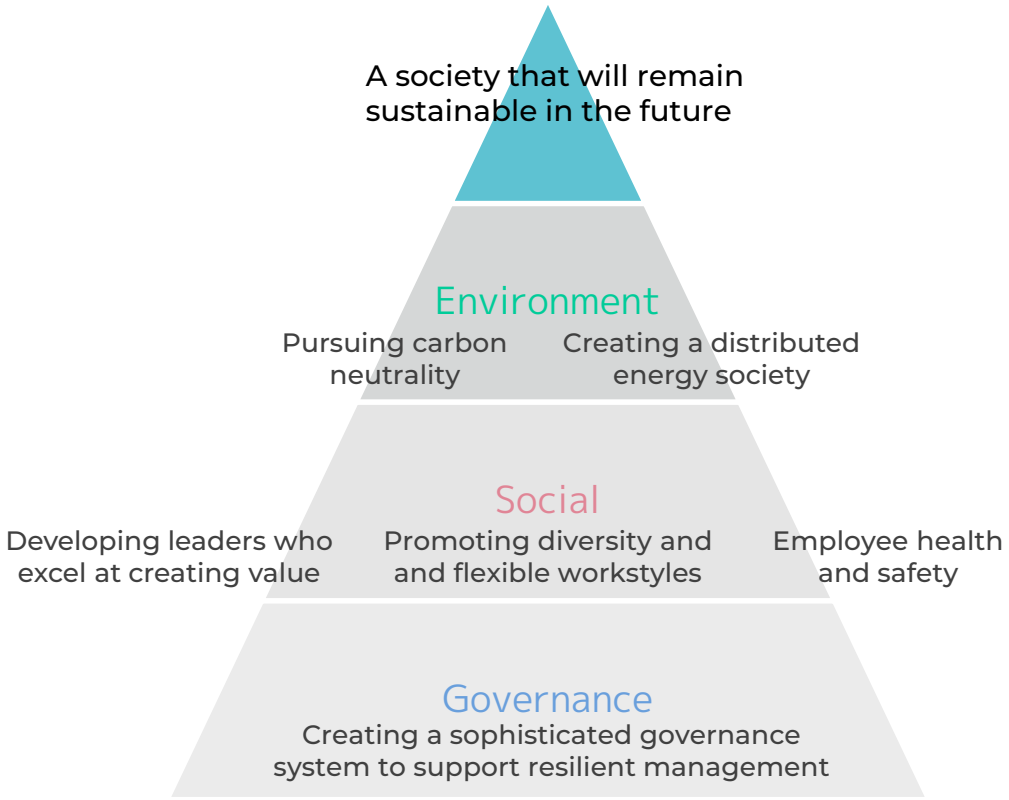
To realize this purpose as a company, we have established the following Basic Sustainability Policy.

- 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 toward 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

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 diversity and and flexible workstyles	• 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

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- 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).
- Factors that affect actual results include, but are not limited to, fluctuation in interest rates and foreign exchange rates, and the economic conditions in Japan and overseas, in addition to trends in the industries pertinent to Rezil.
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