Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 14, 2024

Consolidated Financial Results for the Three Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: Rezil Inc.
Listing: Tokyo Stock Exchange
Securities code: 176A
URL: https://rezil.co.jp/
Representative: Hozumi Tanji, Representative Director and President
Inquiries: Naotaka Yamamoto, Director and CFO
Telephone: +81-3-6846-0900

Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended September 30, 2024 (from July 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	12,585	-	1,451	-	1,446	-	1,044	-
September 30, 2023	-	-	-	-	-	-	-	-

Note: Comprehensive income For the three months ended September 30, 2024: ¥1,044 million [-%]
For the three months ended September 30, 2023: ¥ - million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 30, 2024	55.95	54.28
September 30, 2023	-	-

Note: As the Company did not prepare quarterly consolidated financial statements for the first quarter of the fiscal year ended June 30, 2024, year-on-year percentage changes for the first quarter of the fiscal year ending June 30, 2025, and figures and year-on-year percentage changes for the first quarter of the fiscal year ended June 30, 2024 are not included herein.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	17,441	8,573	49.0
June 30, 2024	17,519	8,331	47.4

Reference: Shareholders' equity
As of September 30, 2024: ¥8,543 million
As of June 30, 2024: ¥8,301 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2024	-	0.00	-	43.00	43.00
Fiscal year ending June 30, 2025	-				
Fiscal year ending June 30, 2025 (Forecast)		0.00	-	36.00	36.00

Notes: 1. Revisions to the forecast of cash dividends most recently announced: None

2. On January 25, 2024, the Company carried out a 50-for-1 stock split of its common stock. The annual dividends per share for the fiscal year ended June 30, 2024 take into account this stock split.

3. Breakdown of the year-end dividends for the fiscal year ended June 30, 2024:
Ordinary dividend of 33.00 yen, commemorative dividend of 10.00 yen

3. Consolidated financial result forecasts for the fiscal year ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	44,016	13.7	3,130	12.1	3,084	11.4	2,198	10.6	117.80

Note: Revisions to the financial result forecast most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None
Newly included: - companies
Excluded: - companies

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
(ii) Changes in accounting policies due to other reasons: Yes
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(4) Number of issued shares (common shares)
(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	18,663,300 shares
As of June 30, 2024	18,663,300 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	- shares
As of June 30, 2024	- shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended September 30, 2024	18,663,300 shares
Three months ended September 30, 2023	- shares

Notes: 1. As the Company did not prepare quarterly consolidated financial statements for the three months ended September 30, 2023, the average number of shares outstanding during the period for the first quarter of the fiscal year ended June 30, 2024 is not included herein.
2. On January 25, 2024, the Company carried out a 50-for-1 stock split of its common stock. The Company has calculated the total number of issued shares at the end of the period, number of treasury shares at the end of the period, and the average number of shares outstanding during the period based on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

Forward-looking statements in this document, including performance forecasts, are based on information currently available to the Company and certain assumptions that it deems to be reasonable, and are not intended as a guarantee that the Company will achieve these projections. Actual performance may differ materially due to various factors.

(Method of obtaining supplementary materials on financial results)

Supplementary materials on financial results can be found on the Company’s website, and is also disclosed on TDnet.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended September 30, 2024 (July 1, 2024 to September 30, 2024), the Japanese economy experienced a moderate recovery thanks to gradual improvements in the employment and income environment and positive effects from various policies. However, with impact from continued high interest rates in Europe and the U.S., and concerns surrounding the outlook of the Chinese economy, there is a risk that impact from overseas economies could put downward pressure on the Japanese economy. Moreover, due attention should be paid for impact from rising prices, the situation in the Middle East, and volatility in financial and capital markets, including interest rates.

In the energy industry in which the Group operates, the outlook remains uncertain due to the impact of the outbreak and prolongation of international conflicts and fluctuations in global demand for resources. From a long-term perspective, efforts aimed at green transformation (GX) are progressing.

Against this backdrop, based on the purpose to be "a unifying force, persistently tackling social challenges," the Group set its mission to "make decarbonization effortless," and have promoted each of its businesses to fulfil this mission.

As a result, net sales in the three months ended September 30, 2024 were 12,585,608 thousand yen. In terms of profitability, gross profit was 2,659,805 thousand yen, operating profit was 1,451,492 thousand yen, ordinary profit was 1,446,662 thousand yen, and profit attributable to owners of parent was 1,044,215 thousand yen.

Operating results in each segment (before deductions for internal transactions) are as follows.

(Thousands of yen)

	Net sales	Segment profit (loss)
Distributed Energy Business	7,161,922	1,446,086
Green Energy Business	6,357,729	487,457
Digital Transformation Support Business	482,570	89,842
Adjustment (*)	(1,416,613)	(571,894)
Consolidated total	12,585,608	1,451,492

* The adjustment in net sales is the amount of inter-segment transactions (eliminations).
Internal transactions are mainly (1) transactions related to the supply and procurement of electricity between the Green Energy Business and Distributed Energy Business, and (2) transactions related to the provision of electricity safety management services for high-voltage power receiving facilities for the Distributed Energy Business by the Digital Transformation Support Business.

* The adjustment in segment profit (loss) is the company-wide expenses that are not allocated to each reported segment (selling, general and administrative expenses that do not belong to reported segments).

a. Distributed Energy Business

In the Distributed Energy Business, since April 2023 the Company has engaged in full-scale activities to acquire new clients, with the emergency power reserve service for condominiums as the main product. However, in the same manner as the condominium bulk power purchasing service, the emergency power reserve service for condominiums requires a certain lead time from proposal to implementation. As such, current activities are centered on acquiring new clients for the condominium bulk power purchasing service.

In the three months ended September 30, 2024, both sales and segment profit remained firm due to the impact from the summer heat wave as per the previous year. The current number of contracted households for the condominium bulk power purchasing service stands at 2,247 condominium buildings (178,733 households). For the emergency power reserve service for condominiums, the Company has newly concluded contracts with two condominium buildings (548 households).

As a result, net sales in the segment stood at 7,161,922 thousand yen, and segment profit at 1,446,086 thousand yen.

b. Green Energy Business

In the Green Energy Business, the Company offers an electricity retail service mainly for corporate customers, predominantly using renewable energy. Sales activities are centered on products such as variable market rate plans. Moreover, as part of initiatives to expand use of renewable energy, the Company has set a target to increase the ratio of renewable energy supplied to customers through the electricity retail service to 100% by 2030. Its policy is to promote activities to achieve this target, including efforts to improve customer understanding.

In the three months ended September 30, 2024, both sales and segment profit remained firm in line with an increase in electricity sales volume caused by the summer heat wave. As of the end of the first quarter under review, the number of contracts stood at 7,428, and the ratio of renewable energy in the electricity supplied through these contracts was 83.0%.

As a result, net sales in the segment stood at 6,357,729 thousand yen, and segment profit at 487,457 thousand yen.

c. Digital Transformation Support Business

In the Digital Transformation Support Business, the Company offers an outsourcing service (DX support service) for various back-office operations, including fee billing and collection, response to inquiries, and call center operations, with energy-related companies as its main customers.

In the three months ended September 30, 2024, in addition to continuing with outsourcing operations for existing energy company customers, the Company also continued to focus its efforts on sales activities to acquire new customers. As of the end of the first quarter under review, the number of end users (to which the Company indirectly provides services) through these energy company customers stood at 438,000.

As a result, net sales in the segment stood at 482,570 thousand yen, and segment profit at 89,842 thousand yen.

(2) Explanation of Financial Position

1) Status of Assets, Liabilities, and Net Assets

a. Assets

Current assets as of the end of the first quarter under review were 11,380,222 thousand yen, an increase of 60,907 thousand yen from the end of the previous fiscal year.

Non-current assets as of the end of the first quarter under review were 6,060,876 thousand yen, a decrease of 139,273 thousand yen from the end of the previous fiscal year.

As a result, total assets as of the end of the first quarter under review stood at 17,441,099 thousand yen, a decrease of 78,366 thousand yen from the end of the previous fiscal year.

b. Liabilities

Current liabilities as of the end of the first quarter under review were 6,756,039 thousand yen, an increase of 93,003 thousand yen from the end of the previous fiscal year.

Non-current liabilities as of the end of the first quarter under review were 2,111,757 thousand yen, a decrease of 413,062 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease in long-term borrowings of 364,996 thousand yen.

As a result, total liabilities as of the end of the first quarter under review stood at 8,867,797 thousand yen, a decrease of 320,059 thousand yen from the end of the previous fiscal year.

c. Net assets

Net assets as of the end of the first quarter under review were 8,573,302 thousand yen, an increase of 241,693 thousand yen from the end of the previous fiscal year. This was mainly due to the recording of a profit attributable to owners of parent.

As a result, equity ratio stood at 49.0% (47.4% as of the end of the previous fiscal year).

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The full-year consolidated financial results forecast announced by the Company on August 14, 2024 remains unchanged, as performance in the first quarter under review remained in line with the forecast and the Company does not expect any major changes in the business environment compared to the assumptions made at the beginning of the fiscal year.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of June 30, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	4,758,708	2,290,198
Accounts receivable-trade, and contract assets	6,167,806	8,644,844
Inventories	54,781	121,720
Consumption taxes refund receivable	16,083	-
Other	385,062	380,203
Allowance for doubtful accounts	(63,128)	(56,745)
Total current assets	11,319,314	11,380,222
Non-current assets		
Property, plant and equipment		
Buildings	347,590	357,790
Accumulated depreciation	(45,161)	(49,687)
Buildings, net	302,429	308,103
Machinery and equipment	7,384,846	7,571,183
Accumulated depreciation and impairment	(3,967,698)	(4,111,202)
Machinery and equipment, net	3,417,147	3,459,981
Land	251,389	258,174
Leased assets	4,382,663	4,025,005
Accumulated depreciation and impairment	(3,836,820)	(3,629,172)
Leased assets, net	545,843	395,832
Construction in progress	44,382	110,836
Other	485,207	507,215
Accumulated depreciation and impairment	(200,183)	(223,344)
Other, net	285,023	283,871
Total property, plant and equipment	4,846,215	4,816,800
Intangible assets		
Software	182,992	153,226
Other	52,165	60,695
Total intangible assets	235,158	213,922
Investments and other assets		
Investment securities	236,056	236,056
Deferred tax assets	214,171	138,057
Deposit	636,908	628,815
Other	31,641	27,225
Total investments and other assets	1,118,776	1,030,154
Total non-current assets	6,200,150	6,060,876
Total assets	17,519,465	17,441,099

(Thousands of yen)

	As of June 30, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	2,562,081	3,274,133
Current portion of long-term borrowings	1,553,284	1,520,084
Accounts payable - other	658,429	366,689
Deposits received	458,827	606,589
Lease liabilities	197,345	164,127
Income taxes payable	779,465	367,750
Provision for bonuses	71,988	71,988
Other	381,613	384,676
Total current liabilities	6,663,036	6,756,039
Non-current liabilities		
Long-term borrowings	2,241,706	1,876,710
Lease liabilities	239,724	208,100
Other	43,389	26,946
Total non-current liabilities	2,524,820	2,111,757
Total liabilities	9,187,856	8,867,797
Net assets		
Shareholders' equity		
Share capital	358,501	358,501
Capital surplus	1,242,192	1,242,192
Retained earnings	6,701,192	6,942,886
Total shareholders' equity	8,301,887	8,543,580
Share acquisition rights	29,721	29,721
Total net assets	8,331,608	8,573,302
Total liabilities and net assets	17,519,465	17,441,099

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Three Months Ended September 30

(Thousands of yen)

	For the three months ended September 30, 2024
Net sales	12,585,608
Cost of sales	9,925,803
Gross profit	2,659,805
Selling, general and administrative expenses	1,208,312
Operating profit	1,451,492
Non-operating income	
Interest income	393
Rental income from real estate	2,036
Outsourcing service income	1,422
Contribution for construction	3,853
Other	3,571
Total non-operating income	11,277
Non-operating expenses	
Interest expenses	8,105
Commission expenses	3,547
Other	4,454
Total non-operating expenses	16,107
Ordinary profit	1,446,662
Profit before income taxes	1,446,662
Income taxes - current	331,566
Income taxes - refund	(5,233)
Income taxes - deferred	76,113
Total income taxes	402,446
Profit	1,044,215
Profit attributable to owners of parent	1,044,215

Quarterly Consolidated Statement of Comprehensive Income

Three Months Ended September 30

(Thousands of yen)

	For the three months ended September 30, 2024
Profit	1,044,215
Comprehensive income	1,044,215
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	1,044,215