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February 14, 2025

Consolidated Financial Results for the Six Months Ended December 31, 2024 (Under Japanese GAAP)

Company name: Rezil Inc.
Listing: Tokyo Stock Exchange
Securities code: 176A
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Scheduled date to file semi-annual securities report: February 14, 2025
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 six months ended December 31, 2024 (from July 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	22,129	9.2	1,798	1.7	1,799	4.0	1,281	5.4
December 31, 2023	20,268	-	1,767	-	1,730	-	1,215	-

Note: Comprehensive income For the six months ended December 31, 2024: ¥1,281 million [5.3%]
For the six months ended December 31, 2023: ¥1,217 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
December 31, 2024	68.61	66.25
December 31, 2023	66.82	-

Notes: 1. As the Company did not prepare semi-annual consolidated financial statements for the first half of the fiscal year ended June 30, 2023, year-on-year percentage changes for the first half of the fiscal year ended June 30, 2024 are not included herein.

2. Diluted earnings per share for the first half of the fiscal year ended June 30, 2024 are not shown in the above table as the Company's shares were not listed as at the end of that period and thus the average share price over the period could not be determined, although there were potentially dilutive securities.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	19,051	8,887	46.5
June 30, 2024	17,519	8,331	47.4

Reference: Shareholders' equity
As of December 31, 2024: ¥8,859 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	-	0.00			
Fiscal year ending June 30, 2025 (Forecast)			-	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 semi-annual 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 December 31, 2024	18,741,100 shares
As of June 30, 2024	18,663,300 shares

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

As of December 31, 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)

Six months ended December 31, 2024	18,673,128 shares
Six months ended December 31, 2023	18,195,000 shares

Note: 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.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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. Overview of Operating Results, etc.

(1) Explanation of Operating Results

During the six months ended December 31, 2024, the Japanese economy experienced a moderate recovery thanks to 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, future policy trends in the U.S., 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 fulfill this mission.

As a result, net sales in the six months ended December 31, 2024 were 22,129,127 thousand yen (up 9.2% year on year). In terms of profitability, gross profit was 4,161,025 thousand yen (up 10.3% year on year), operating profit was 1,798,258 thousand yen (up 1.7% year on year), ordinary profit was 1,799,520 thousand yen (up 4.0% year on year), and profit attributable to owners of parent was 1,281,133 thousand yen (up 5.4% year on year).

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

(Thousands of yen)

	Net sales	Segment profit (loss)
Distributed Energy Business	12,012,712	1,651,003
Green Energy Business	11,664,250	1,065,933
Digital Transformation Support Business	958,283	179,911
Adjustment (*)	(2,506,118)	(1,098,590)
Consolidated total	22,129,127	1,798,258

* 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 six months ended December 31, 2024, performance remained firm on the whole, mainly due to the summer heat wave that caused an increase in electricity sales volume in the three months ended September 30, 2024. The current number of contracted households for the condominium bulk power purchasing service stands at 2,250 condominium buildings (179,224 households), of which two buildings (120 households) have adopted the emergency power reserve service for condominiums. For the emergency power reserve service for condominiums, the Company has newly concluded contracts with three condominium buildings (587

households).

As a result, net sales in the segment stood at 12,012,712 thousand yen (up 14.4% year on year), and segment profit at 1,651,003 thousand yen (up 5.3% year on year).

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 six months ended December 31, 2024, performance remained firm on the whole, mainly due to the summer heat wave that caused an increase in electricity sales volume in the three months ended September 30, 2024. As of the end of the six months under review, the number of contracts stood at 7,424. The ratio of renewable energy in the electricity supplied through these contracts was 100.0%, reaching the target for 2030 ahead of schedule.

As a result, net sales in the segment stood at 11,664,250 thousand yen (up 3.1% year on year), and segment profit at 1,065,933 thousand yen (up 25.7% year on year).

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 six months ended December 31, 2024, while continuing with and making additions to outsourcing operations for existing energy company customers, the Company also carried out recruitment and other activities, which led to an increase in personnel expenses. As of the end of the six months under review, the number of end users (to which the Company indirectly provides services) through these energy company customers stood at 452,000.

As a result, net sales in the segment stood at 958,283 thousand yen (up 4.3% year on year), and segment profit at 179,911 thousand yen (down 1.3% year on year).

(2) Explanation of Financial Position

1) Status of Assets, Liabilities, and Net Assets

a. Assets

Current assets as of the end of the six months under review were 13,095,963 thousand yen, an increase of 1,776,649 thousand yen from the end of the previous fiscal year. This was mainly due to increases in cash and deposits of 955,624 thousand yen and accounts receivable-trade, and contract assets of 950,370 thousand yen.

Non-current assets as of the end of the six months under review were 5,955,930 thousand yen, a decrease of 244,220 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease in deferred tax assets of 102,146 thousand yen.

As a result, total assets as of the end of the six months under review stood at 19,051,894 thousand yen, an increase of 1,532,428 thousand yen from the end of the previous fiscal year.

b. Liabilities

Current liabilities as of the end of the six months under review were 6,663,381 thousand yen, an increase of 345 thousand yen from the end of the previous fiscal year. This was mainly due to an increase in accounts payable - trade of 603,554 thousand yen, despite decreases in accounts payable - other of 342,668 thousand yen and income taxes payable of 302,361 thousand yen.

Non-current liabilities as of the end of the six months under review were 3,501,192 thousand yen, an

increase of 976,372 thousand yen from the end of the previous fiscal year. This was mainly due to an increase in long-term borrowings of 1,070,004 thousand yen.

As a result, total liabilities as of the end of the six months under review stood at 10,164,574 thousand yen, an increase of 976,717 thousand yen from the end of the previous fiscal year.

c. Net assets

Net assets as of the end of the six months under review were 8,887,319 thousand yen, an increase of 555,711 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 46.5% (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 six months 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. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	As of June 30, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	4,758,708	5,714,333
Accounts receivable-trade, and contract assets	6,167,806	7,118,177
Inventories	54,781	66,988
Consumption taxes refund receivable	16,083	-
Other	385,062	252,119
Allowance for doubtful accounts	(63,128)	(55,654)
Total current assets	11,319,314	13,095,963
Non-current assets		
Property, plant and equipment		
Buildings	347,590	357,790
Accumulated depreciation	(45,161)	(54,244)
Buildings, net	302,429	303,546
Machinery and equipment	7,384,846	7,877,160
Accumulated depreciation and impairment	(3,967,698)	(4,260,320)
Machinery and equipment, net	3,417,147	3,616,840
Land	251,389	259,429
Leased assets	4,382,663	3,765,369
Accumulated depreciation and impairment	(3,836,820)	(3,477,160)
Leased assets, net	545,843	288,209
Construction in progress	44,382	31,157
Other	485,207	524,283
Accumulated depreciation and impairment	(200,183)	(247,704)
Other, net	285,023	276,579
Total property, plant and equipment	4,846,215	4,775,761
Intangible assets		
Software	182,992	134,614
Other	52,165	53,480
Total intangible assets	235,158	188,094
Investments and other assets		
Investment securities	236,056	236,056
Deferred tax assets	214,171	112,024
Deposit	636,908	620,760
Other	31,641	23,232
Total investments and other assets	1,118,776	992,073
Total non-current assets	6,200,150	5,955,930
Total assets	17,519,465	19,051,894

(Thousands of yen)

	As of June 30, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	2,562,081	3,165,636
Current portion of long-term borrowings	1,553,284	1,703,488
Accounts payable - other	658,429	315,761
Deposits received	458,827	459,965
Lease liabilities	197,345	139,953
Income taxes payable	779,465	477,104
Provision for bonuses	71,988	-
Other	381,613	401,472
Total current liabilities	6,663,036	6,663,381
Non-current liabilities		
Long-term borrowings	2,241,706	3,311,710
Lease liabilities	239,724	178,665
Other	43,389	10,817
Total non-current liabilities	2,524,820	3,501,192
Total liabilities	9,187,856	10,164,574
Net assets		
Shareholders' equity		
Share capital	358,501	397,772
Capital surplus	1,242,192	1,281,463
Retained earnings	6,701,192	7,179,804
Total shareholders' equity	8,301,887	8,859,039
Share acquisition rights	29,721	28,280
Total net assets	8,331,608	8,887,319
Total liabilities and net assets	17,519,465	19,051,894

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
Net sales	20,268,602	22,129,127
Cost of sales	16,496,703	17,968,102
Gross profit	3,771,899	4,161,025
Selling, general and administrative expenses	2,004,446	2,362,767
Operating profit	1,767,452	1,798,258
Non-operating income		
Interest income	500	393
Rental income from real estate	1,153	4,047
Subsidy income	100	-
Outsourcing service income	310	2,355
Interest on tax refund	966	86
Contribution for construction	-	5,453
Cancellation penalty	-	6,504
Other	721	7,633
Total non-operating income	3,752	26,473
Non-operating expenses		
Interest expenses	21,037	16,183
Foreign exchange losses	902	438
Commission expenses	10,510	3,867
Other	8,055	4,721
Total non-operating expenses	40,506	25,211
Ordinary profit	1,730,698	1,799,520
Extraordinary income		
Gain on sale of non-current assets	1,654	-
Total extraordinary income	1,654	-
Extraordinary losses		
Loss on retirement of non-current assets	12,091	-
Loss on sale of shares of subsidiaries and associates	9,120	-
Total extraordinary losses	21,212	-
Profit before income taxes	1,711,140	1,799,520
Income taxes - current	485,071	426,182
Income taxes - refund	-	(9,941)
Income taxes - deferred	8,925	102,146
Total income taxes	493,996	518,387
Profit	1,217,143	1,281,133
Profit attributable to non-controlling interests	1,418	-
Profit attributable to owners of parent	1,215,724	1,281,133

Semi-annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
Profit	1,217,143	1,281,133
Comprehensive income	1,217,143	1,281,133
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,215,724	1,281,133
Comprehensive income attributable to non-controlling interests	1,418	-

(3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,711,140	1,799,520
Depreciation	491,197	466,724
Amortization of long term prepaid expenses	6,810	5,909
Increase (decrease) in provision for bonuses	7,899	(71,988)
Increase (decrease) in allowance for doubtful accounts	3,734	(7,474)
Interest and dividend income	(500)	(393)
Interest expenses	21,037	16,183
Loss on retirement of non-current assets	12,091	-
Decrease (increase) in trade receivables	(1,004,876)	(950,370)
Increase (decrease) in trade payables	98,792	603,554
Increase (decrease) in accrued consumption taxes	49,162	35,584
Decrease (increase) in other current assets	322,191	98,056
Increase (decrease) in other current liabilities	54,344	(303,695)
Increase (decrease) in other non-current liabilities	211,356	-
Subtotal	1,984,381	1,691,610
Interest and dividends received	500	393
Interest paid	(20,742)	(16,165)
Income taxes paid	(9,664)	(728,543)
Income taxes refund	8,365	9,941
Net cash provided by (used in) operating activities	1,962,840	957,237
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,167,253)	(337,331)
Purchase of investment securities	(97,356)	-
Purchase of intangible assets	(15,072)	(10,365)
Payments of leasehold and guarantee deposits	(192,825)	(38)
Proceeds from refund of leasehold and guarantee deposits	1,560	-
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(26,023)	-
Purchase of long-term prepaid expenses	(53,960)	-
Other, net	-	(1,774)
Net cash provided by (used in) investing activities	(1,550,931)	(349,510)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,073,489	2,000,000
Repayments of long-term borrowings	(738,528)	(779,792)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	78,541
Repayments of installment payables - property and equipment	(29,329)	(30,520)
Repayments of lease liabilities	-	(118,450)
Dividends paid	(400,290)	(801,879)
Net cash provided by (used in) financing activities	(94,659)	347,898
Net increase (decrease) in cash and cash equivalents	317,249	955,624
Cash and cash equivalents at beginning of period	2,199,322	4,758,708
Cash and cash equivalents at end of period	2,516,571	5,714,333