JPX PRIME
TSE Code : 3150

gremz
Energy Solutions Company

Supplementary Material Q1 FY 03/2025

gremz, Inc. (TSE Code: 3150)

August 9, 2024

https://www.gremz.co.jp/en/

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gremz
Energy Solutions Company

Q1 FY 03/2025 Financial Results

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Consolidated Financial Highlights (YoY Comparison)

(Million yen)	Q1 FY 03/2024 (Result)		Q1 FY 03/2025 (Result)		YoY change	
	Result	Profit margin (%)	Result	Profit margin (%)	Change	Change (%)
Net sales	7,507		7,653		+145	+1.9%
Operating profit	1,863	24.8%	1,663	21.7%	-200	-10.7%
Ordinary profit	1,886	25.1%	1,709	22.3%	-176	-9.4%
Profit attributable to owners of parent	1,277	17.0%	1,155	15.1%	-121	-9.5%

- Net sales rose 145 million yen or 1.9%, following an increase in net sales of the Energy Cost Solutions (ECS) Business of 15.9% year on year.
- Operating profit dropped 200 million yen, or 10.7%. This reflects a decline of 323 million yen year on year in the fuel cost adjustment amount in the Electricity Retailing (ER) Business following a fall in the electric power market price, which is a special factor in the first quarter only.
  (The reason for the profit fall in the ER Business is discussed on page 6.)
- In each segment, net sales and operating profit were higher than their respective forecast levels. (Consolidated Operating profit achieved 25.6% of the full year forecast.)

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Consolidated Financial Highlights (YoY Comparison)

(Million yen)	Q1 FY 03/2024 (Result) Results	Q1 FY 03/2024 (Result) % Sales	Q1 FY 03/2025 (Result) Results	Q1 FY 03/2025 (Result) % Sales	YoY change Change	YoY change % Change
Net sales	7,507	100.0%	7,653	100.0%	+145	+1.9%
ECS Business	2,222	29.6%	2,574	33.6%	+352	+15.9%
SHP Business	1,292	17.2%	1,140	14.9%	-151	-11.8%
ER Business	3,993	53.2%	3,938	51.5%	-55	-1.4%
Gross profit	2,834	37.7%	2,816	36.8%	-17	-0.6%
ECS Business	1,344	60.5%	1,560	60.8%	+216	+16.1%
SHP Business	580	44.9%	458	40.2%	-121	-20.9%
ER Business	909	22.8%	797	20.2%	-111	-12.3%
Operating profit	1,863	24.8%	1,663	21.7%	-200	-10.7%
ECS Business	976	43.9%	1,138	44.2%	+162	+16.7%
SHP Business	271	21.0%	142	12.5%	-129	-47.7%
ER Business	788	19.8%	652	16.6%	-136	-17.3%
Administrative expenses	-173	-	-270	-	-96	-
Ordinary profit	1,886	25.1%	1,709	22.3%	-176	-9.4%
Profit	1,277	17.0%	1,155	15.1%	-121	-9.5%

*ECS Business (Energy Cost Solutions Business): GR consulting, Inc., gremz energy, Inc., gremz power, Inc., gremz solar, Inc.
*SHP Business (Smart House Project Business): gremz solar, Inc.
*Electricity Retailing Business: gremz power, Inc.

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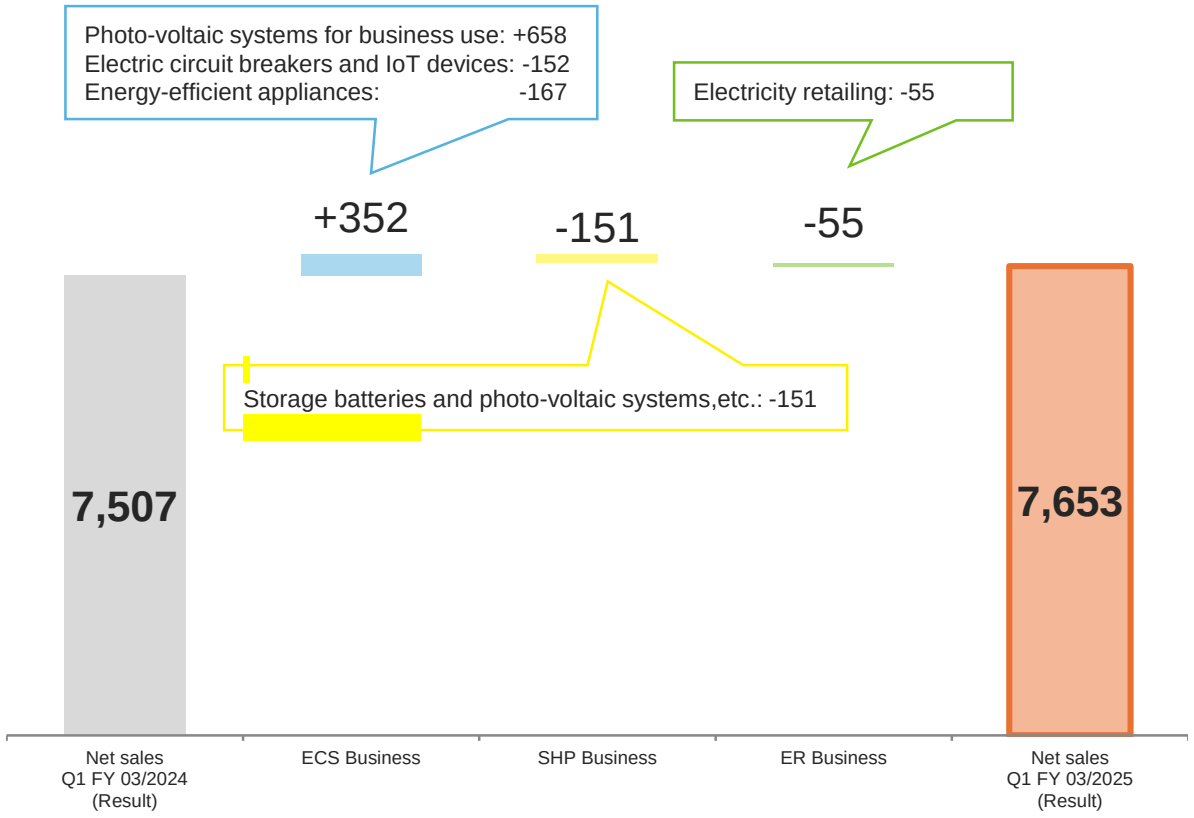
Segment Performance Highlights (Net Sales and Operating Profit)

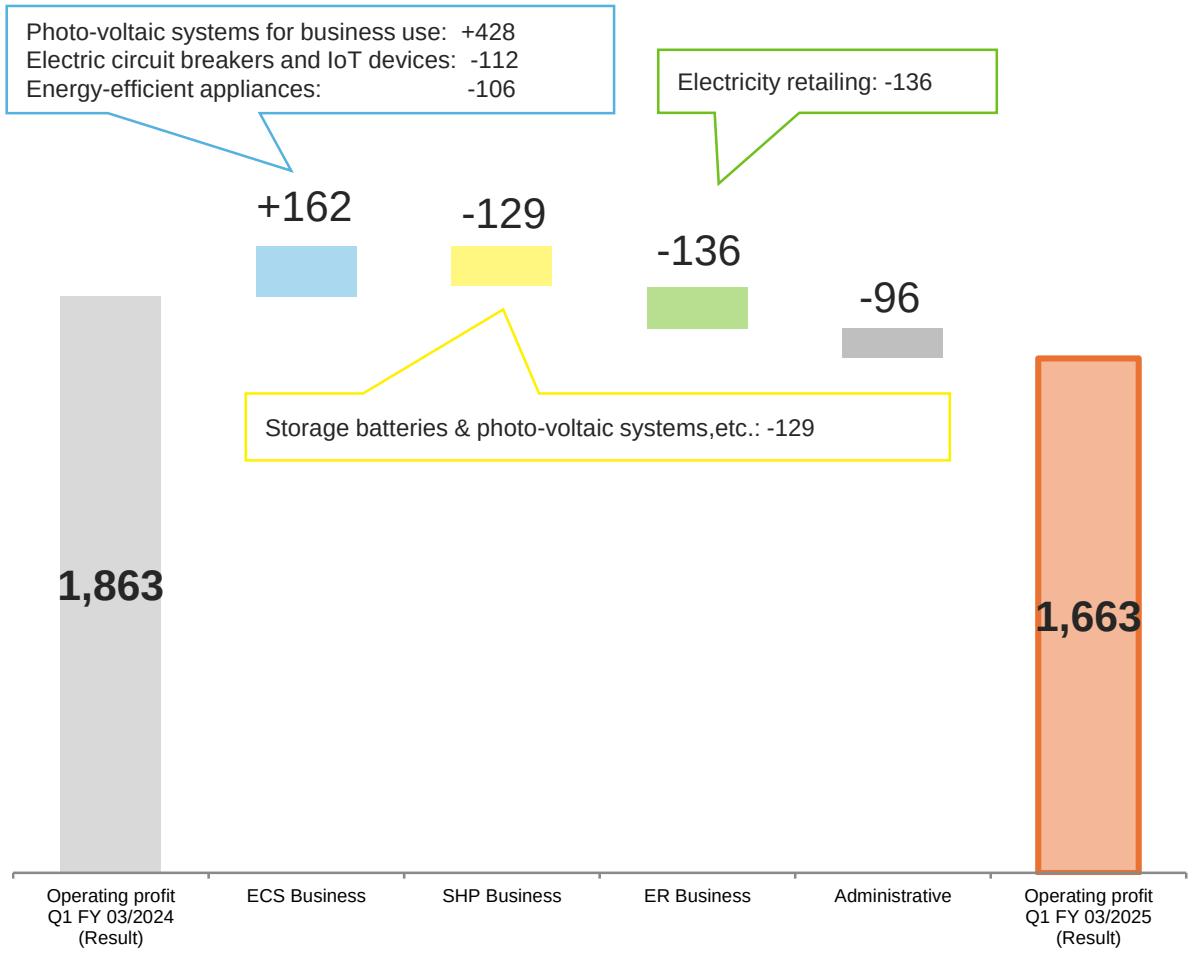
(Million yen)

Factors for Changes in Net Sales (YoY)



(Million yen)

Factors for Changes in Operating Profit (YoY)



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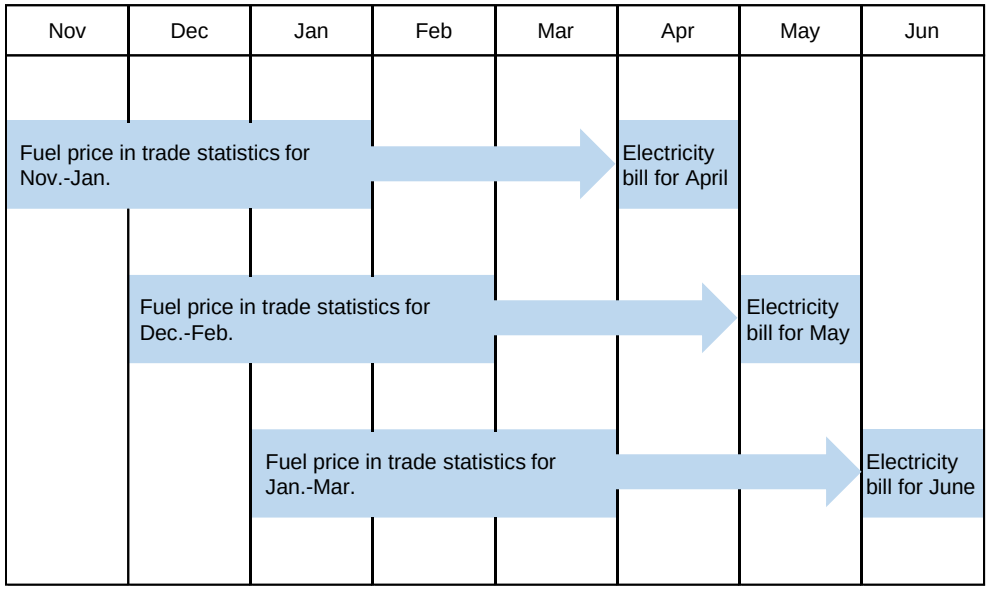
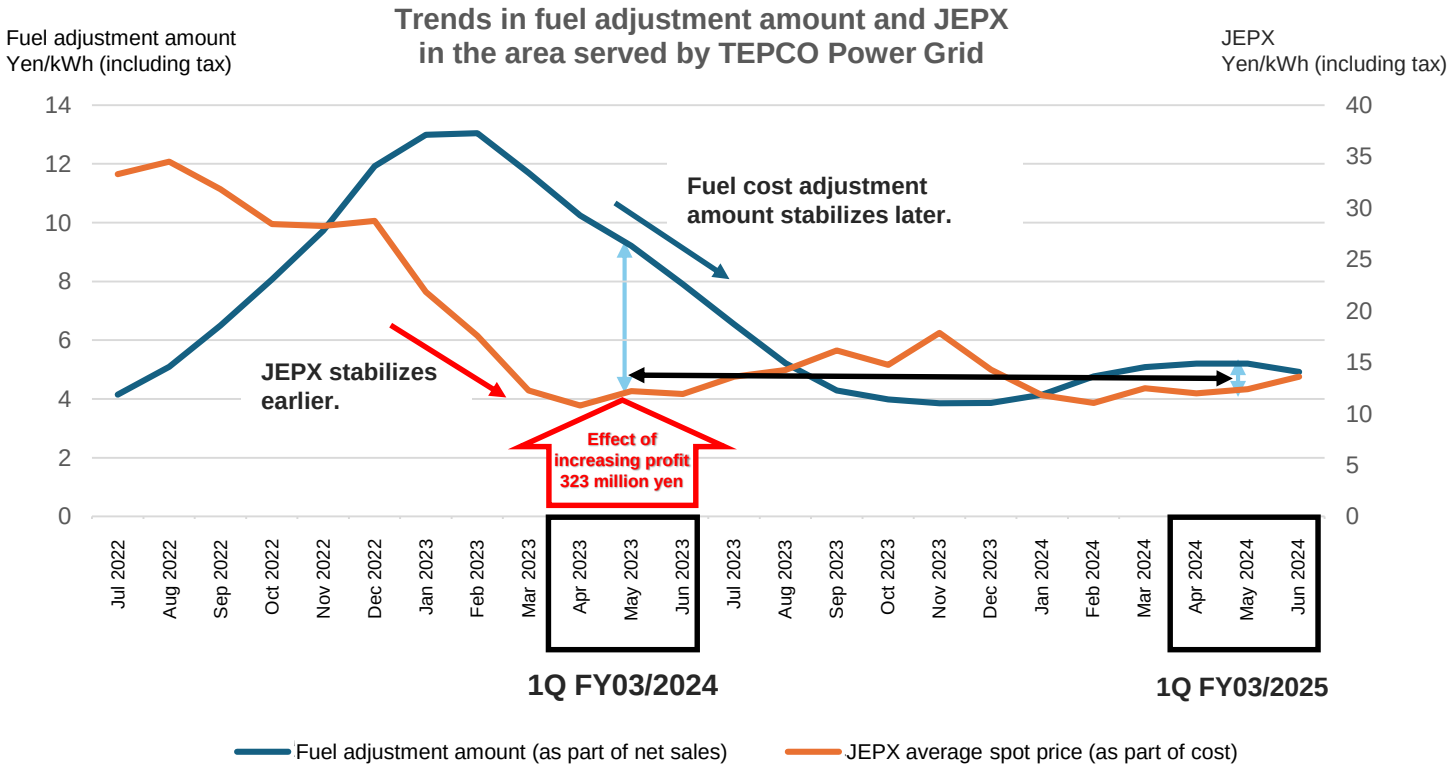
YoY Difference in ER Business

The fuel cost adjustment amount is posted as net sales for each month. Since it is calculated on the basis of the fuel price in the trade statistics three to five months earlier, there is a time-based disparity.

This disparity in fuel cost adjustment amount had an effect of achieving higher profit for the first quarter of the previous fiscal year by 323 million yen (special factor in Q1 only) than in the same period of the current fiscal year. As a result, operating profit was down 136 million yen, but it was higher than forecasted.

Period for calculation of fuel cost adjustment amount (as part of net sales) and timing of reflection in electric power rates





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Balance Sheet

With the equity ratio of 62.4%, gremz continues maintaining a good financial position.

(Million yen)	End of Mar. 2024	End of Jun. 2024	Change	Main factors	
Current assets	16,913	16,766	-147	Merchandise Accounts receivable – trade Consumption taxes refund	-274 +46 +48
Non-current assets	4.698	4,594	-104	Deferred tax assets	-166
Total assets	21,612	21,361	-251		
Current liabilities	5,810	5,199	-611	Income taxes payable	-684
Non-current liabilities	2,810	2,749	-61	Long-term borrowings	-69
Total liabilities	8,620	7,948	-672		
Total net assets	12,991	13,413	+421	Comprehensive income Dividend on retained earnings	+1,154 -739
Total liabilities and net assets	21,612	21,361	-251		

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Energy Solutions Company

Financial Results and Dividend Forecast for FY03/2025

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Results Forecast for FY 03/2025

- **ECS Business**
  Expected to drive growth in FY 03/2025, primarily through the installation of photovoltaic systems on the roof of factories and other facilities, allowing SMEs to use the electricity generated (self-consumption) thereby reducing their energy bill. Within this scope, gremz seeks to differentiate itself from other industry players by focusing on SMEs as our core target market segment. We also have plans to grow cross-selling with storage batteries, allowing clients to store for future use surplus energy exceeding on-site consumption requirements.

- **SHP Business**
  Families no longer eligible for the FIT program present a significant potential demand source when it comes to the installation of storage batteries for household use. We expect stable results in this business, over the foreseeable future.

- **Electricity Retailing Business**
  Through to the end of FY 03/2024, gremz worked in earnest to put in place a business model allowing us to hedge procurement risks. We now have a business model allowing us to avoid negative spread margins and capable of delivering stable profits. Futures prices have also been stable starting with the beginning of LFY, so in FY 03/2025, we will work to grow our business by increasing the number of contracts. (58,000 at the start of FY → 63,000 at EoFY)

- **Company-wide Results**
  Carry out active investment in personnel, together with the expansion of the ECS Business and stable growth in the ER Business. Through these, we expect to break a new operating profit record. Operating profit for Q1 achieved 25.6% of the full-year forecast.

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Results Forecast for FY 03/2025

(Millions of yen)	1Q FY 03/2025 (Realized) Results	1Q FY 03/2025 (Realized) % Sales	2Q FY 03/2025 (Forecast) (Announced 5/15/2024) Results	2Q FY 03/2025 (Forecast) (Announced 5/15/2024) % Sales	FY 03/2025 (Forecast) (Announced 5/15/2024) Results	FY 03/2025 (Forecast) (Announced 5/15/2024) % Sales	1Q progress (% of the full year forecast)	FY 03/2024 (Realized) Results	FY 03/2024 (Realized) % Sales
Net Sales	7,653	100.0%	16,500	100.0%	34,000	100.0%	22.5%	29,908	100.0%
ECS Business	2,574	33.6%	5,311	32.2%	10,906	32.1%	23.6%	7,734	25.9%
SHP Business	1,140	14.9%	2,183	13.2%	4,310	12.7%	26.5%	4,440	14.8%
ER Business	3,938	51.5%	9,005	54.6%	18,783	55.2%	21.0%	17,733	59.3%
Gross Profit	2,816	36.8%	5,550	33.6%	11,200	32.9%	25.1%	9,257	31.0%
ECS Business	1,560	60.8%	3,241	61.0%	6,654	61.0%	23.4%	4,645	60.1%
SHP Business	458	40.2%	910	41.7%	1,803	41.8%	25.4%	1,845	41.6%
ER Business	797	20.2%	1,398	15.5%	2,742	14.6%	29.1%	2,766	15.6%
Operating Profit	1,663	21.7%	3,250	19.7%	6,500	19.1%	25.6%	5,217	17.4%
ECS Business	1,138	44.2%	2,266	42.7%	4,575	42.0%	24.9%	3,030	39.2%
SHP Business	142	12.5%	283	13.0%	575	13.4%	24.7%	587	13.2%
ER Business	652	16.6%	1,107	12.3%	2,082	11.1%	31.3%	2,267	12.8%
Administrative Ex.	▲270	-	▲407	-	▲733	-		▲668	-
Ordinary Profit	1,709	22.3%	3,304	20.0%	6,570	19.3%	26.0%	5,268	17.6%
Profit	1,155	15.1%	2,190	13.3%	4,320	12.7%	26.7%	3,540	11.8%

*ECS Business (Energy Cost Solutions Business): GR consulting, Inc., gremz energy, Inc., gremz power, Inc., gremz solar, Inc.
*SHP Business (Smart House Project Business): gremz solar, Inc.
*Electricity Retailing Business: gremz power, Inc.

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ECS Business

GR consulting

For business use

Consulting services to lower clients' electricity bill & the sale of energy-efficient appliances

GREMZ ENERGY

For business use

Sale of photo-voltaic systems for business use, IoT devices, and energy-efficient appliances

Segment OP		Segment OP
3.0B yen	➡	**4.5B yen**
FY 03/2024 (Realized)		FY 03/2025 (Forecast)

Total solutions to improve operational efficiency, facilities & lower procurement cost of electricity

Improve operational efficiency

Allows clients to lower their base electricity fee by **reviewing electricity use & contract details.**

IoT devices
Remotely monitor electricity consumption via IoT sensors.



Electronic circuit breakers
Coupled with a contract review, the introduction of ECBs allows for the stable operation of machinery equipment and for clients to lower the cost of electricity.



Improve facilities

Lower electricity usage fees by **migrating clients' facilities** into facilities with better energy-saving effects.

Concentrate resources

Photo-voltaic systems for business use
Reduce electricity costs by installing photo-voltaic systems on factory roofs, etc., and consuming the electricity generated.



LED illumination
Lower electricity consumption; product lifespan approximately 4x that of fluorescent lamps.



A/C units (business use) / Transformers / Energy-efficient appliances

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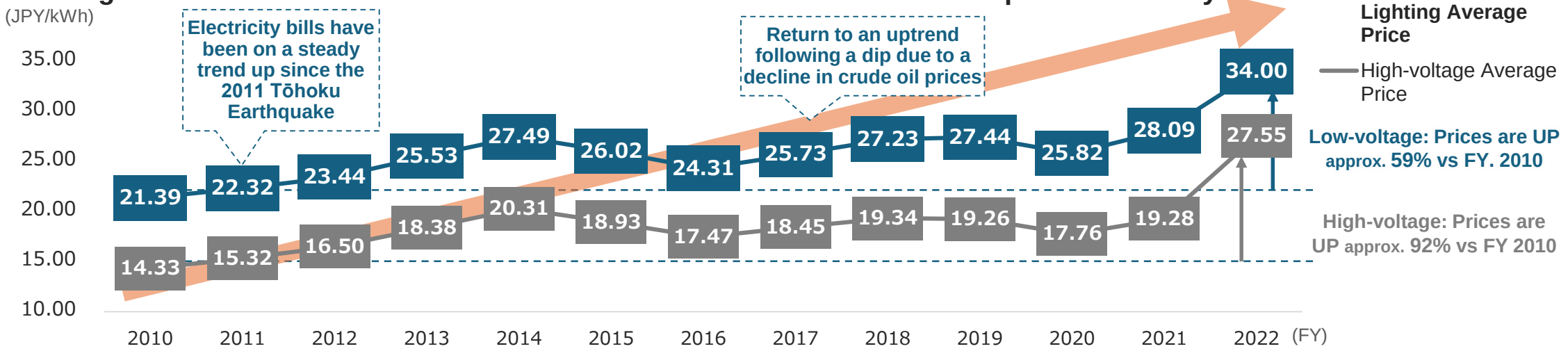
Reasons for Growth in gremz' ECS Business

Electricity bills have been on a steady trend up since the 2011 Tōhoku Earthquake, and the greater the economic benefits to our clients from the introduction of photo-voltaic systems.



■ **Electricity bills for gremz target client group (low-voltage)**
TEPCO Energy Partner, Inc. Metered Lighting Plans B & C (As of May 2024)

		Unit	Price (Incl. tax)
Base electricity fee		kVA	311.75 yen
Electricity usage	～120kWh	kWh	29.80 yen
	120～300kWh	kWh	36.40 yen
	300kWh～	kWh	40.49 yen
Fuel adjustment amount		kWh	Variable month/month
Renewable energy surcharge		kWh	3.49 yen

Economic benefits

Larger » **Smaller**

■ **Electricity bills for competitors' target client group (high-voltage)**
TEPCO Energy Partner, Inc. High-voltage Plan A (As of May 2024)

		Unit	Price (Incl. tax)
Base electricity fee		kVA	1,390.87 yen
Electricity usage	Summer	kWh	20.41 yen
	Other	kWh	19.28 yen
Fuel adjustment amount		kWh	Variable month/month
Renewable energy surcharge		kWh	3.49 yen

Introducing photo-voltaic systems allows clients to generate electricity for 10 – 15 yen/kWh, as opposed to purchasing it for the prices shown in the table. gremz targets clients with low-voltage requirements, which see large economic benefits from photo-voltaic systems, so client satisfaction is therefore high.

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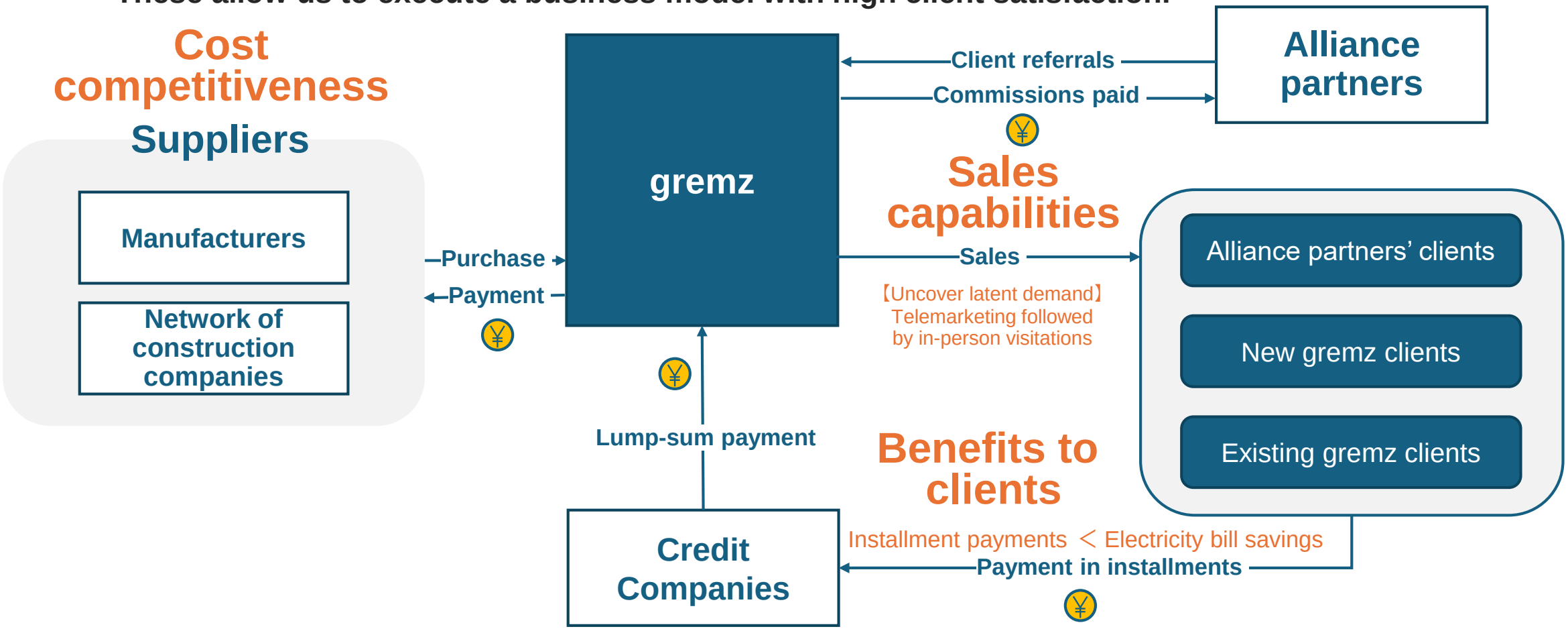
Source: JAPAN'S ENERGY 2022 Edition - 10 questions for understanding the current energy situation (Agency for National Resources and Energy)
(https://www.enecho.meti.go.jp/en/category/brochures/pdf/japan_energy_2023.pdf#page=4) – Presented here with formatting and stylistic changes

Profit Structure: Photo-voltaic Systems for Business Use

**Integrated oversight covering the procurement of equipment and construction orders.
In addition to our own proprietary sales efforts, our sales capabilities also include client referrals from gremz alliance partners and finance proposals leveraging credit companies.
These allow us to execute a business model with high client satisfaction.**



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Stable Recurring Revenue in the ER Business

- **Risk-hedging measures in Phase 1 to 3 have already been implemented for the low-voltage service. The high voltage service specializes in market-linkage plan contracts.**
- **Aim for stable growth through increase in contract numbers this FY and beyond.**

Voltage type	Risk-hedging measures		Break-even power supply procurement price
Low voltage	Phase 1	Acquired a high-quality client base, i.e., with base electricity fees accounting for a large share of the overall electric bill and boasting comparatively higher unit prices. (FY 03/2024 load factor* average of 9.0%)	Approx. 17.5 yen/kWh (w/o our proprietary cost adjustment system)
	Phase 2	Applied a proprietary cost adjustment system to all clients, consisting of the cost passthrough of a portion of the procurement costs from wholesale exchanges.	Approx. 40 yen/kWh (Prop. cost adj.: approx. 22.5 yen/kWh)
	Phase 3	Portion of procurement risk position not covered by our proprietary cost adjustment system (approx. 30% of low-voltage demand) covered by 1-on-1 contract agreements.	**No break-even price (Negates risk of negative spread margins)**
High voltage	We specialize in market-linkage plan contracts, through a system that passes on to clients the full wholesale market procurement costs.		**No break-even price (Negates risk of negative spread margins)**

* Load Factor: Yearly Electricity Use (kWh) ÷ (Contract Power (kW) X 24 hours X 365 days) X 100

YoY improvement in the power supply procurement environment (see futures prices for market price forecasts)

Procurement type	FY 03/2024 (Initial)	FY 03/2024 (Realized)	FY 03/2025 (Forecast)
Market price	16.30 yen/kWh *1	11.50 yen/kWh	**13.71 yen/kWh *2**
1-on-1 agreement	22.88 yen/kWh	22.31 yen/kWh	**12.91 yen/kWh**

*1 Weighted average of the price of electricity on the TOCOM futures market as of 4/25/2023, based on gremz procurement forecast.
*2 Weighted average of the price of electricity on the TOCOM futures market as of 4/30/2024, based on gremz procurement forecast.

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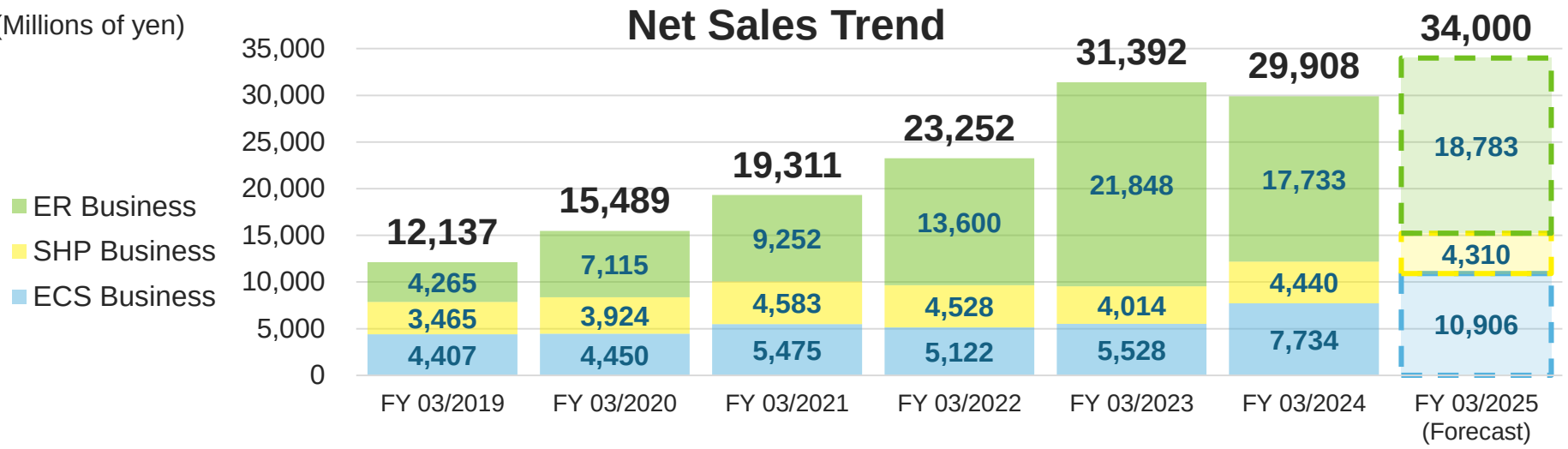
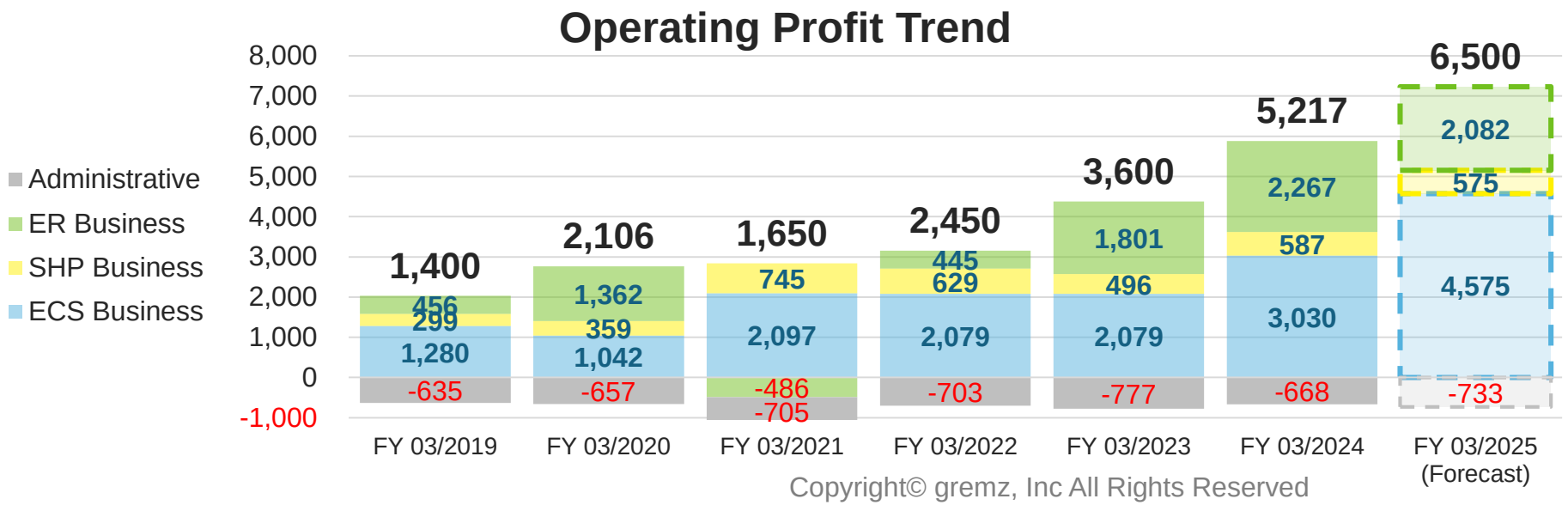
Consolidated Financial Highlights (Net Sales / Operating Profit)

(Millions of yen)





FY 03/2025 (Forecast)

- **Net sales: 34,000 MM yen (YoY: +13.7%)**
- **Operating Profit: 6,500 MM yen (YoY: +24.6%)**

We expect to break new records

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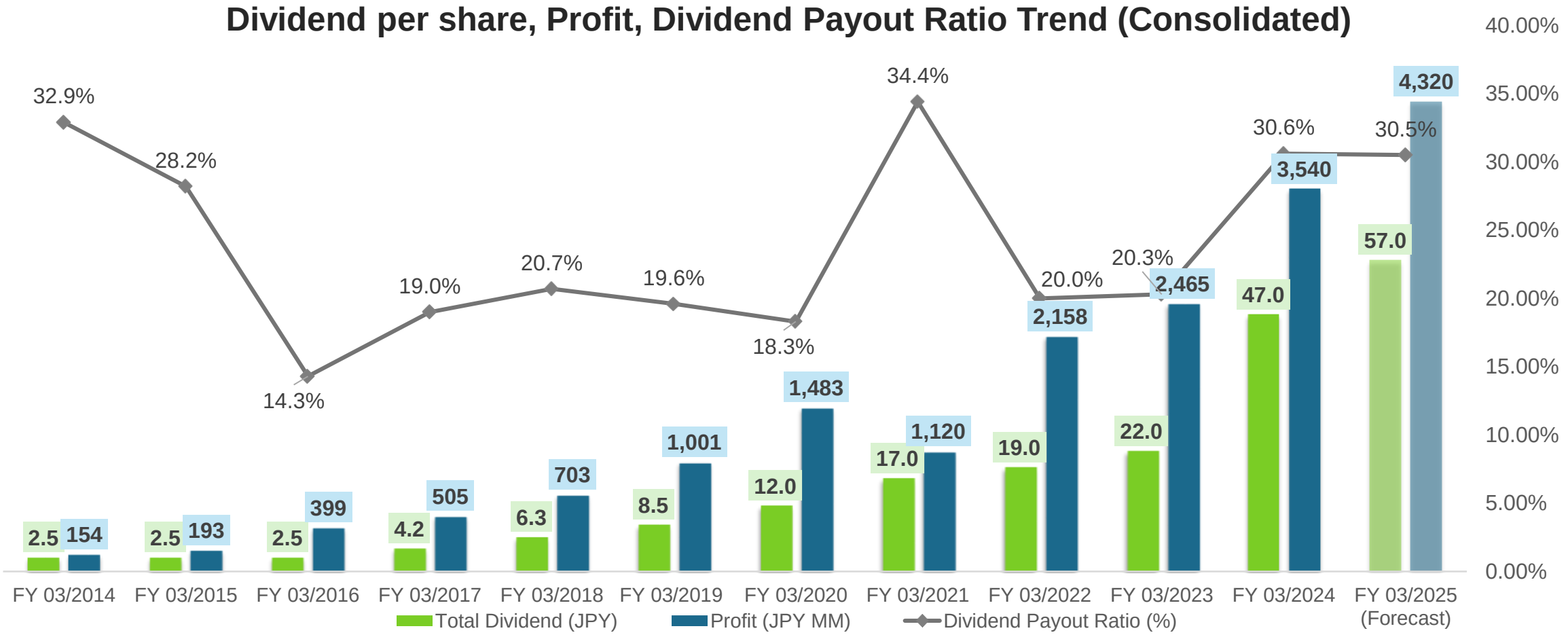
Dividend Forecast for FY 03/2025

Starting FY 03/2024, we are aiming for a dividend payout ratio of 30%.
For FY 03/2025, we expect an interim dividend of 20 yen/share + a year-end dividend of 37 yen/share.



*Dividends per share have been retroactively adjusted for the impact of stock splits of 1:2 on January 1, 2014, 1:1.5 on October 1, 2017, 1:2 on August 1, 2018, and 1:2 on September 1, 2020.

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ESG at gremz, Inc.

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ESG at gremz, Inc.

gremz, Inc. will continue growing by offering environmentally-friendly products and services in the domains of energy-saving solutions, energy generation, and energy storage, and contribute to the building and sustainable development of a prosperous and safe society.

Environment

- Contribute to the improvement of energy efficiency through the sale of advanced energy-saving products.
- Contribute to building a decarbonized society through the sale of products related to renewable energies, such as photo-voltaic systems and storage batteries.
- gremz has stated its support for Task Force on Climate-related Financial Disclosures (TCFD).

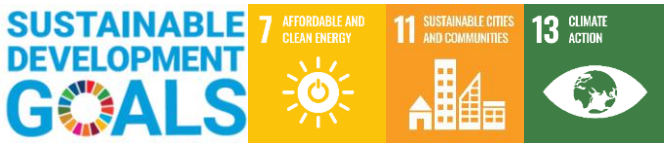
Society

- We will aim to continue progressing alongside society through the provision of products and services attuned to the needs of society.

Governance

- Assumed a Board of Directors structure consisting of at least 1/3 outside directors (1 female) to ensure that Company directors execute management functions in an adequate manner. Additionally, gremz' Compliance and Risks Management Committees assess and manage key management challenges.

Related SDGs



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Filling the World with Inspiration and Joy

In this world of constant change, we want to remain thankful for our customers' continued support.
We want to continue building a symbiotic relationship with society.

We hope to eradicate information asymmetries and contribute to the widespread use of high value-added product solutions that make people's lives safer and more comfortable.

Our Corporate Vision

Our Customers
Consistently deliver quality service to our customers.

Our Employees
Create a positive work environment leading to a fulfilled and highly motivated workforce.

Our Shareholders
Reward our shareholders with continuous and sustainable growth.

Society
Stay on top of Social needs and offer high value-added solutions.

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