JPX PRIME
TSE Code : 3150

gremz
Energy Solutions Company

Supplementary Material
First Half FY 03/2025

gremz, Inc. (TSE Code: 3150)

November 14, 2024

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

Copyright© gremz, Inc All Rights Reserved

gremz
Energy Solutions Company

First Half FY 03/2025 Financial Results

Copyright© gremz, Inc All Rights Reserved

Consolidated Financial Highlights (YoY Comparison)

(Million yen)	First Half FY 03/2024 (Result)		First Half FY 03/2025 (Result)		YoY change	
	Results	Profit margin (%)	Results	Profit margin (%)	Change	Change (%)
Net sales	15,944		16,778		+833	+5.2%
Operating profit	3,197	20.1%	3,372	20.1%	+175	+5.5%
Ordinary profit	3,231	20.3%	3,450	20.6%	+218	+6.8%
Profit attributable to owners of parent	2,177	13.7%	2,334	13.9%	+156	+7.2%

- Net sales rose 833 million yen or 5.2%, following an increase in net sales of the Energy Cost Solutions (ECS) Business of 11.9% year on year.
- Operating profit rose 175 million yen or 5.5%, principally due to sales growth of photovoltaic systems for business use in the ECS business as well as an increase in sales volume, a rise in the selling price and control of procurement costs in the Electricity Retailing (ER) business.

  (The reason for the profit increase in the ER Business is discussed on page 9.)
- Overall operating profit achieved 51.9% of the forecast.

Copyright© gremz, Inc All Rights Reserved

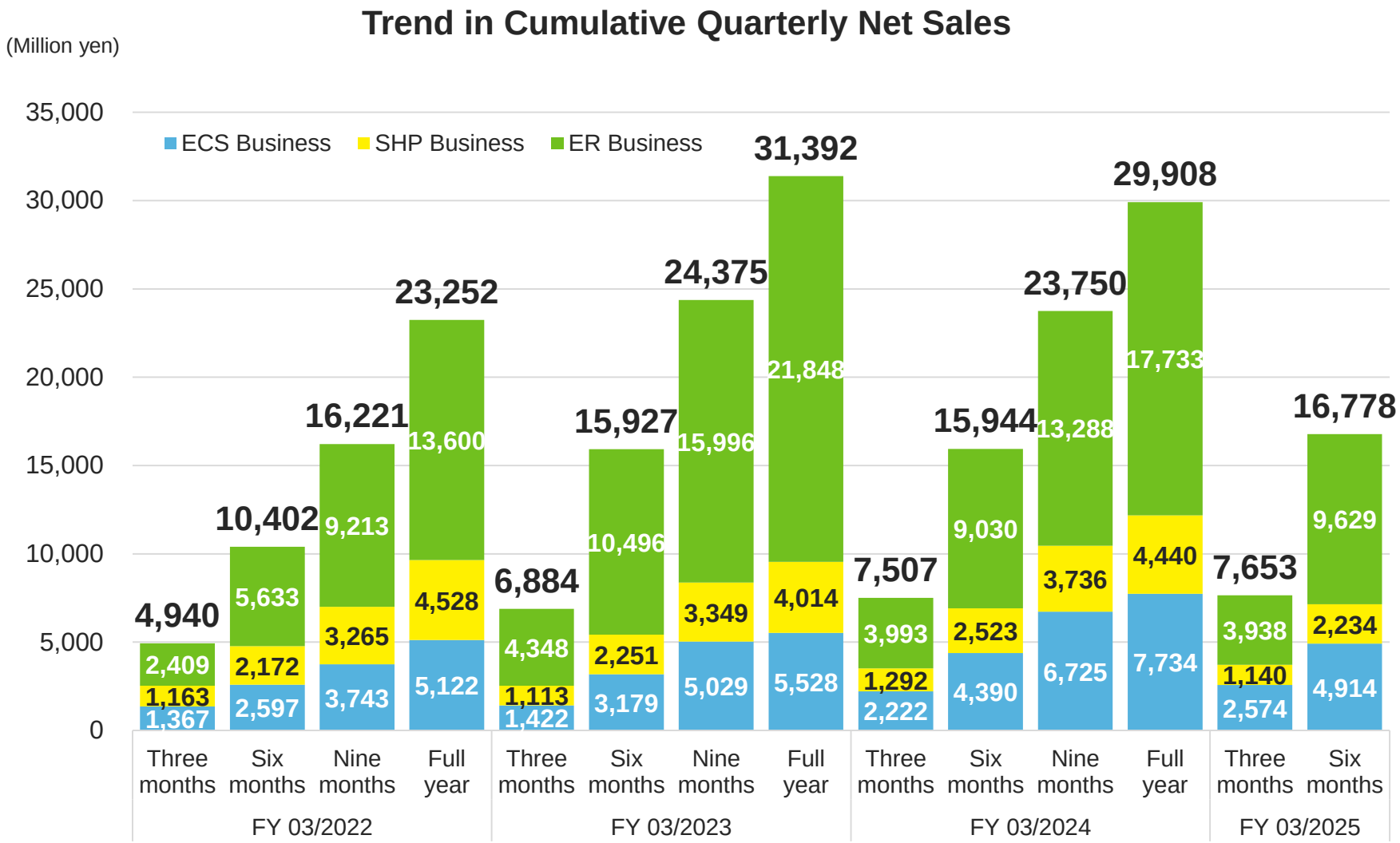
Consolidated Financial Highlights (YoY / Compared to Forecast)

(Million yen)	First Half FY 03/2024 (Realized) Results	% Sales	First Half FY 03/2025 (Forecast) Announced on May 15, 2024 Results	% Sales	First Half FY 03/2025 (Realized) Results	% Sales	YoY change Change	% Change	Compared to the forecast Change	% Change
Net sales	15,944	100.0%	16,500	100.0%	16,778	100.0%	+833	5.2%	+278	1.7%
ECS Business	4,390	27.6%	5,311	32.2%	4,914	29.3%	+523	11.9%	-397	-7.5%
SHP Business	2,523	15.8%	2,183	13.2%	2,234	13.3%	-289	-11.5%	+51	2.4%
ER Business	9,030	56.6%	9,005	54.6%	9,629	57.4%	+599	6.6%	+623	6.9%
Gross profit	5,123	32.1%	5,550	33.6%	5,621	33.5%	+498	9.7%	+71	1.3%
ECS Business	2,670	60.8%	3,241	61.0%	3,013	61.3%	+343	12.9%	-227	-7.0%
SHP Business	1,079	42.8%	910	41.7%	901	40.3%	-178	-16.5%	-9	-1.0%
ER Business	1,373	15.2%	1,398	15.5%	1,707	17.7%	+333	24.3%	+308	22.0%
Operating profit	3,197	20.1%	3,250	19.7%	3,372	20.1%	+175	5.5%	+122	3.8%
ECS Business	1,940	44.2%	2,266	42.7%	2,143	43.6%	+203	10.5%	-123	-5.4%
SHP Business	444	17.6%	283	13.0%	260	11.7%	-183	-41.4%	-22	-8.0%
ER Business	1,133	12.6%	1,107	12.3%	1,406	14.6%	+272	24.0%	+298	26.9%
Administrative expenses	-320	-	-407	-	-438	-	-117	-	-30	-
Ordinary profit	3,231	20.3%	3,304	20.0%	3,450	20.6%	+218	6.8%	+145	4.4%
Profit	2,177	13.7%	2,190	13.3%	2,334	13.9%	+156	7.2%	+144	6.6%

*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.
*ER Business (Electricity Retailing Business): gremz power, Inc.

Copyright© gremz, Inc All Rights Reserved

Consolidated Financial Highlights (Net Sales)

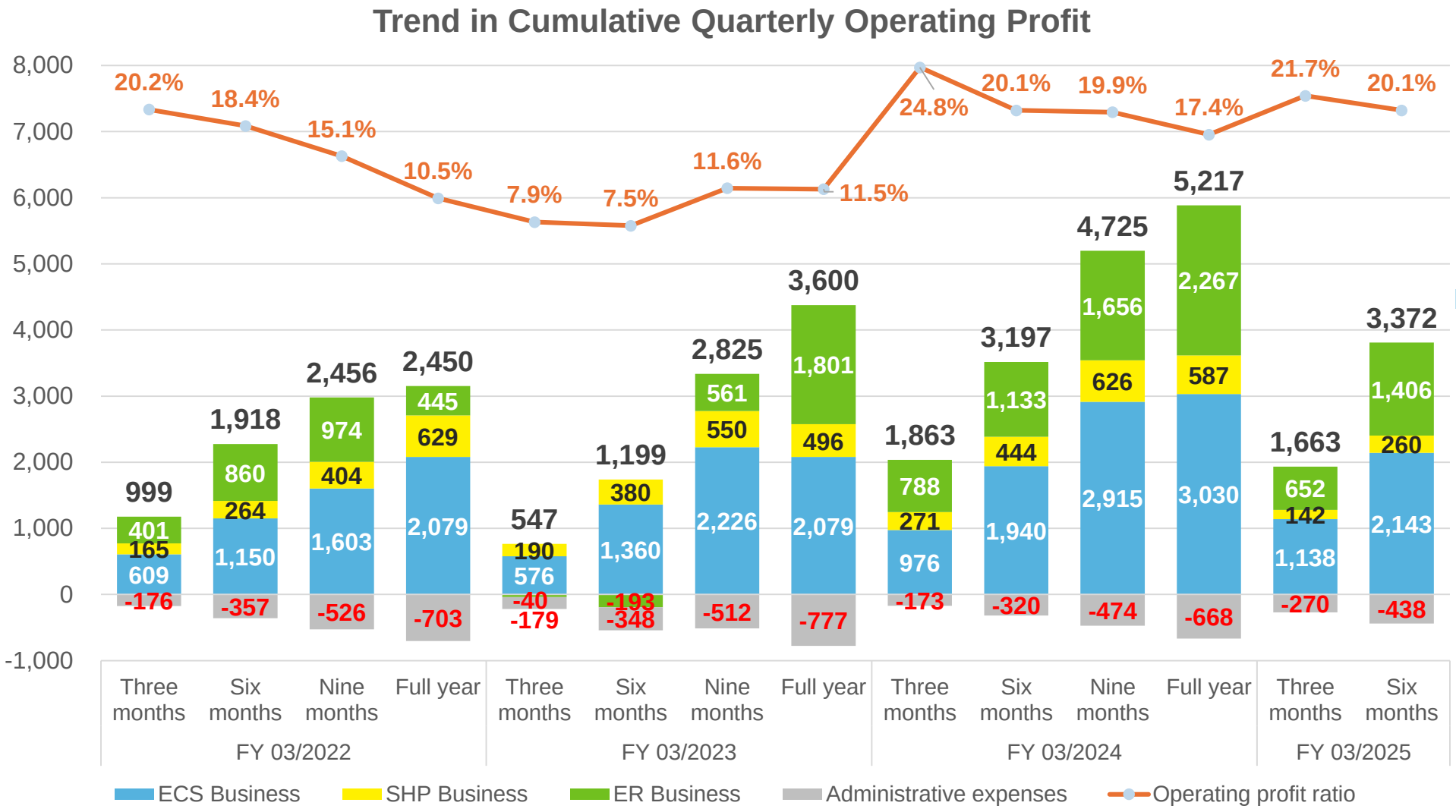


First Half FY 03/2025

- **Net sales**
  16,778 million yen
  (up 5.2% year on year)

Copyright© gremz, Inc All Rights Reserved

Consolidated Financial Highlights (Operating Profit)



First Half FY 03/2025

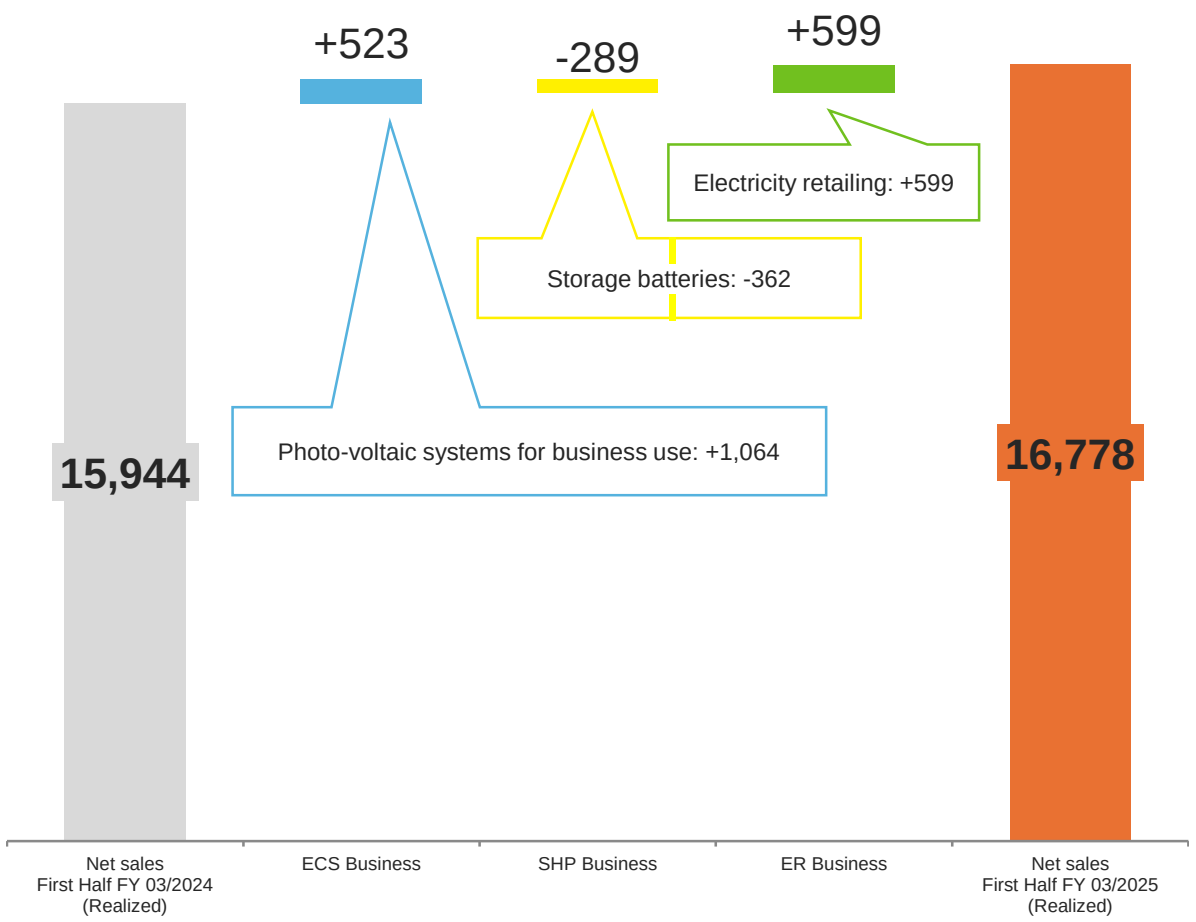
- **Operating profit**
  3,372 million yen
  (up 5.5% year on year)

Copyright© gremz, Inc All Rights Reserved

Segment Performance Highlights (Net Sales)

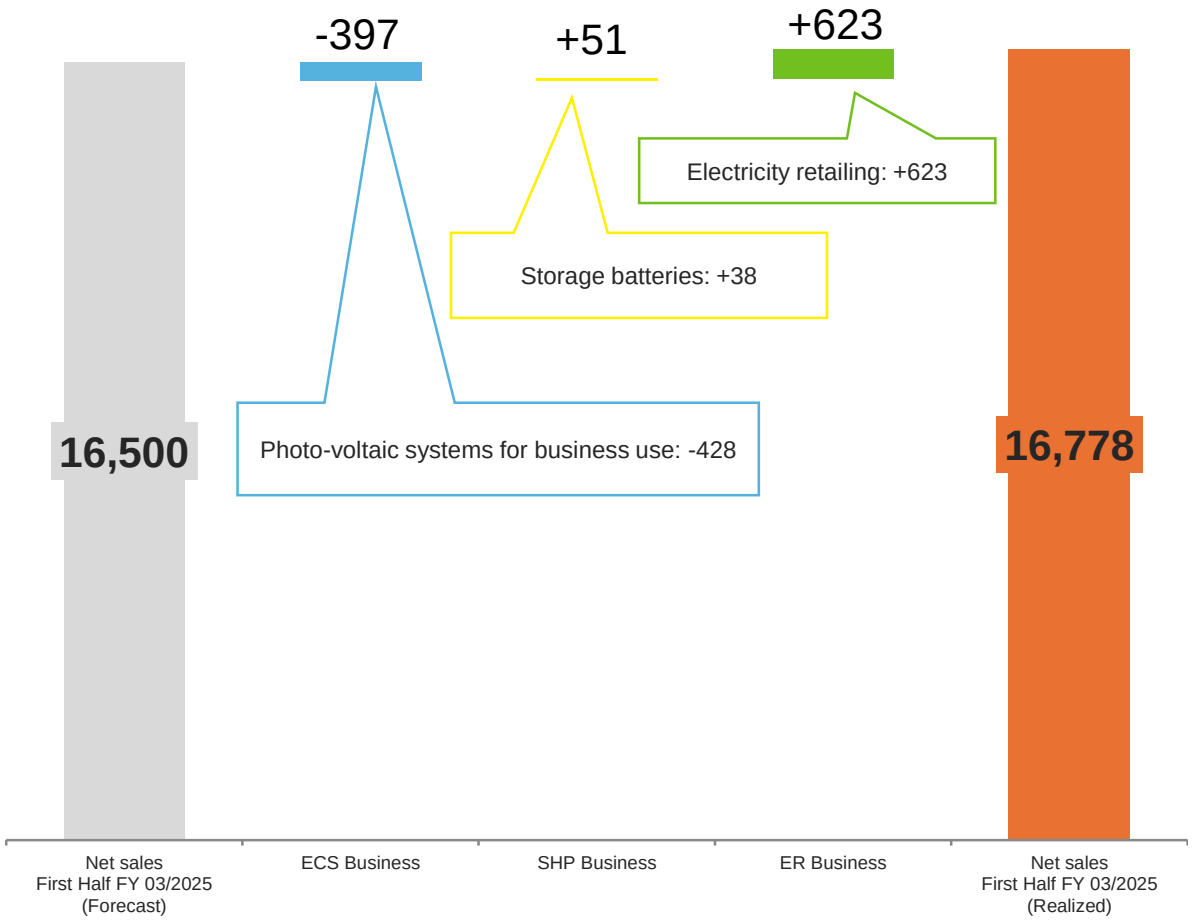
(Million yen)

Factors for Changes in Net Sales (YoY)



(Million yen)

Factors for Changes in Net Sales (Compared to Forecast)

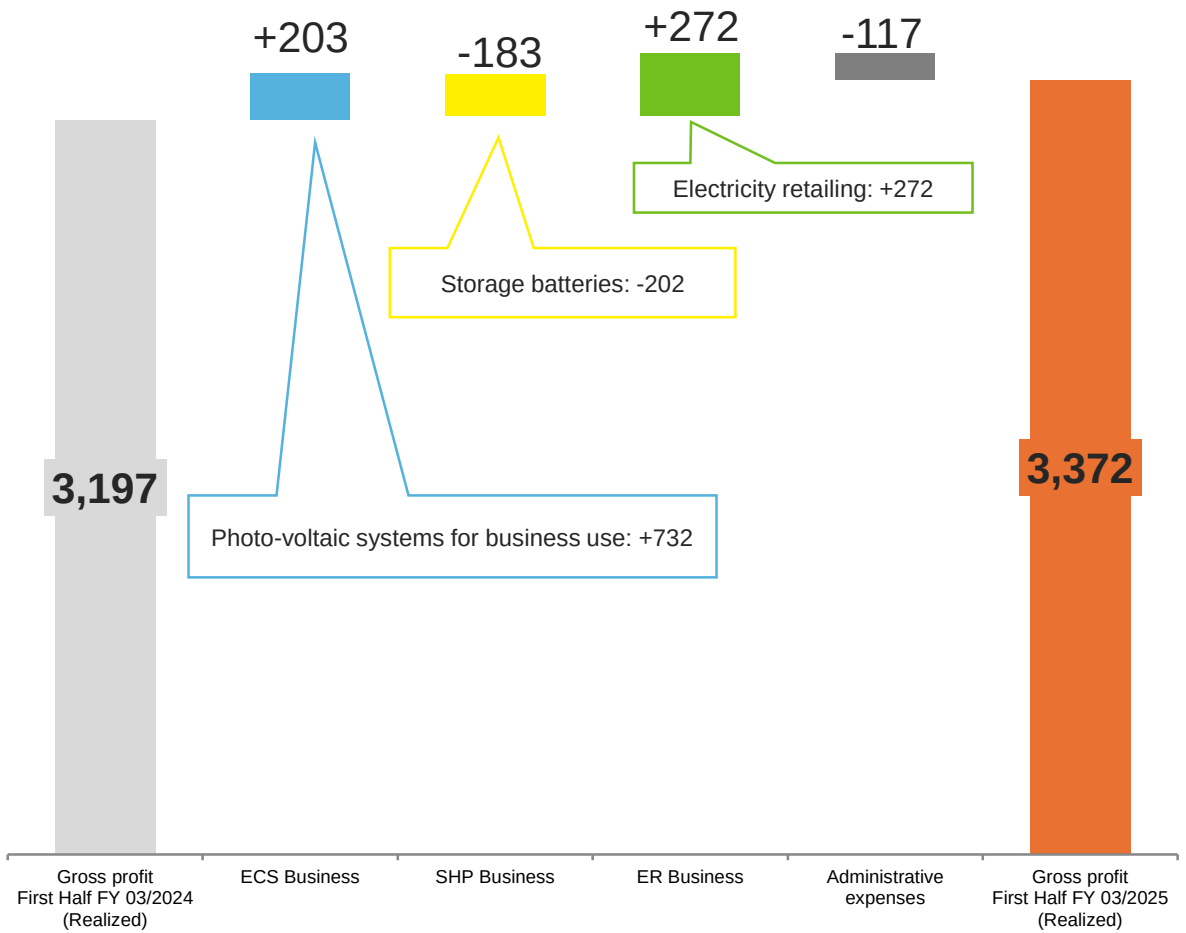


Copyright© gremz, Inc All Rights Reserved

Segment Performance Highlights (Operating Profit)

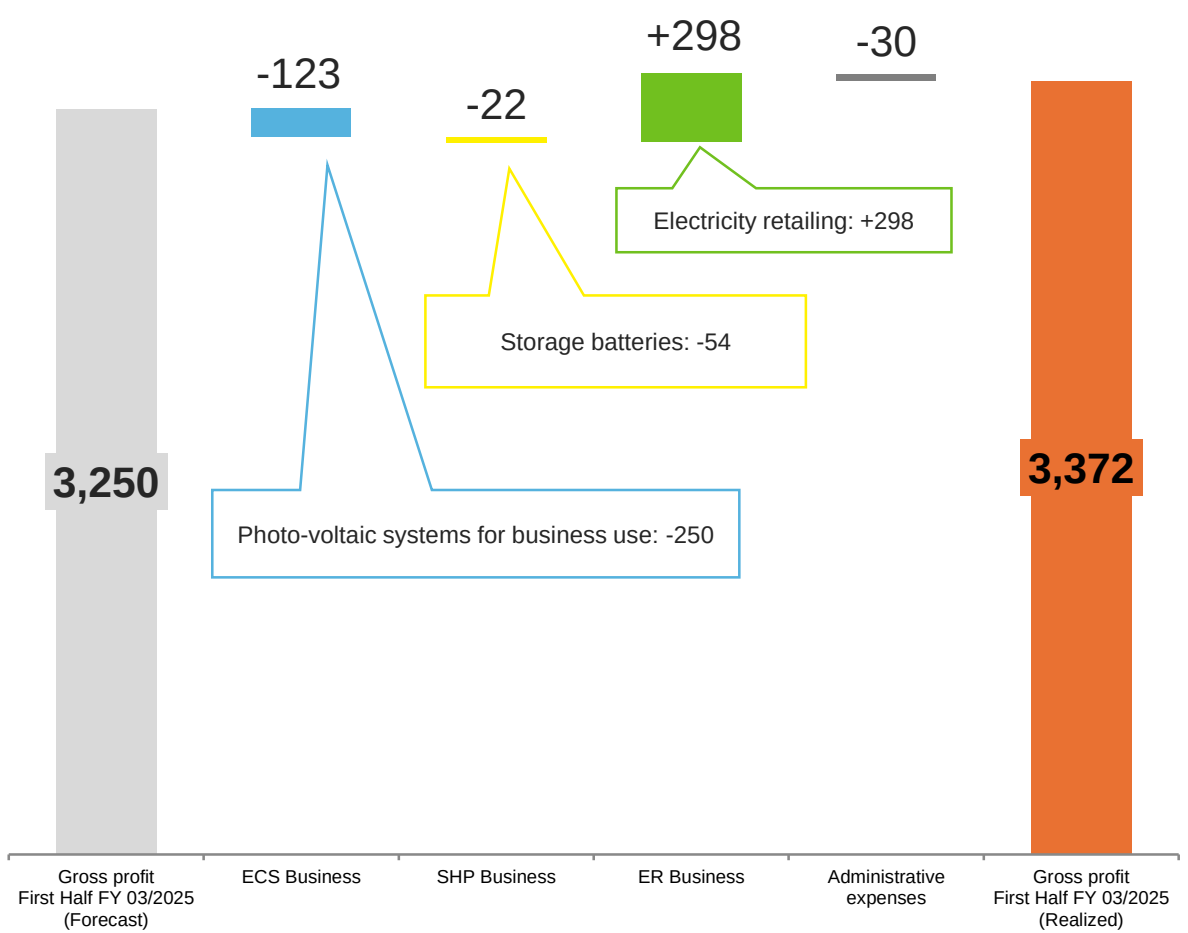
(Million yen)

Factors for Changes in Operating Profit (YoY)



(Million yen)

Factors for Changes in Operating Profit (Compared to Forecast)



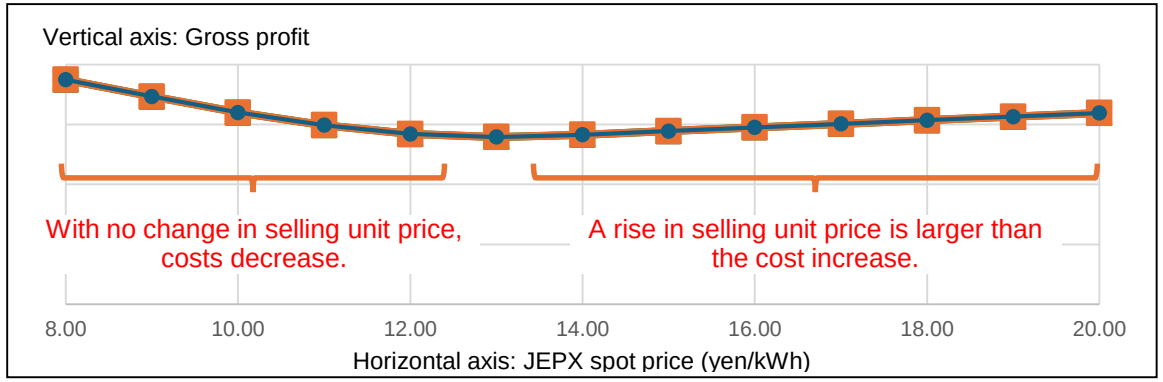
Copyright© gremz, Inc All Rights Reserved

Reason for Profit Increase in ER Business

■ Reasons for first-half profit increase from forecast

In low-voltage electricity sales, our proprietary cost adjustment system applies to all customers, according to which when the market price crosses a predetermined threshold around 13 yen per kWh on average the price starts to be incorporated into selling prices.

For the period in question, the portion in which we covers the risk without passing it to customers is smaller than the portion in which we manage to hedge the risk with power transactions through 1on1 agreements and futures. Therefore, the sales rise will be larger than the cost increase if the market price surges, and the sales fall will be smaller than the cost decrease if the market price drops. ⇨The higher profit for the first half was due to a higher selling unit price than forecast.



	Market price (Yen/KWh)	Net sales*1 (Million yen)	Cost of sales*2 (Million yen)	Net balance (Million yen)
Result	13.76	9,369	3,389	5,980
Plan	12.66	8,879	3,132	5,747
Impact of increase	1.10	490	257	233

*1 Excluding the surplus imbalance settlement price and fees
*2 Cost of procurement from the market

■ Reasons for first-half profit increase year on year

■ Return to the growth strategy

An increase in contracts led to a rise in sales volume and to profit growth.

	Q1 sales volume (MWh)	First-half sales volume (MWh)	Impact of increase (million yen)
Fiscal year under review	126,910	306,266	＋168
Previous fiscal year	125,545	297,920	

■ Impact of market fluctuations (in yen/kWh for prices and in million yen for other figures)

A drop in fuel cost adjustment price led to a sales decline but the fall in costs was larger.

	Fuel cost adjustment price	Market price	1on1 agreement price	Net sales	Cost of sales	Net balance
Fiscal year under review	3.81	13.76	13.27	8,853	7,070	1,783
Previous fiscal year	6.18	11.36	23.45	8,964	7,632	1,332
Impact of increase	-2.37	2.40	-10.18	-111	＋562	＋451

■ Start of capacity market payment (Million yen)

From the current fiscal year onwards, we are obliged to pay a contribution to the capacity market(*3). In our high-voltage electricity sales, the selling price is linked with the market and the cost hike is fully incorporated into it. In low-voltage electricity sales, to ensure competitiveness we cover part of the cost hike without incorporating it into the price.

Amount of contribution to capacity market payment incorporated into selling price	Amount of contribution to capacity market payment by the Company	Impact of the fall
＋530	-823	-293

*3 A system that encourages power generation utilities to make the necessary investments in power sources for stable supply and that places the cost burden on electricity retailers and others

Copyright© gremz, Inc All Rights Reserved

Balance Sheet

The equity ratio increased from 59.7% at the end of the previous fiscal year to 61.4% at the end of the first half of the current fiscal year. A desirable financial position is maintained.

(Million yen)	End of Mar. 2024	End of Sep. 2024	Change	Main factors	
Current assets	16,913	18,890	+1,976	Cash and deposits Accounts receivable – trade Consumption taxes refund receivable	+691 +1,468 -182
Non-current assets	4,698	4,736	+37	Machinery and equipment Software Investment securities	-33 -26 +100
Total assets	21,612	23,626	+2,014		
Current liabilities	5,810	6,570	+760	Accounts payable - trade Accounts payable - other Provision for bonuses	+980 -366 +166
Non-current liabilities	2,810	2,452	-357	Long-term borrowings	-363
Total liabilities	8,620	9,023	+402		
Total net assets	12,991	14,603	+1,611	Comprehensive income Dividend on retained earnings	+2,344 -739
Total liabilities and net assets	21,612	23,626	+2,014		

Copyright© gremz, Inc All Rights Reserved

Cash Flows (C/F)

(Million yen)	First Half FY 03/2024	First Half FY 03/2025	Main items for first half of FY03/2025	
Cash flows from operating activities	3,083	2,119	Profit before income taxes Increase in trade receivable Increase in consumption taxes refund receivable Increase in trade payables Income taxes paid	+3,447 -1,468 +182 +980 -1,064
Cash flows from investing activities	-1,355	-264	Purchase of investment securities	-200
Cash flows from financing activities	-778	-1,162	Decrease in short-term borrowings Proceeds from long-term borrowings Repayment of long-term borrowings Dividends paid	-100 +300 -623 -739
Increase or decrese in cash and cash equivalents	950	691		
Cash and cash equivalents at end of period	9,175	11,165		

Copyright© gremz, Inc All Rights Reserved

Energy Solutions Company

Financial Results and Dividend Forecast for FY03/2025

Copyright© gremz, Inc All Rights Reserved

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 the first half attained 51.9% of the forecast.

Copyright© gremz, Inc All Rights Reserved

FY 03/2025 Forecasts

(Million yen)	First Half FY 03/2025 (Realized) Results	% Sales	FY 03/2025 Forecasts (Announced on May 15, 2024) Results	% Sales	First Half progress (% of the full year forecast)	FY 03/2024 (Realized) Results	% Sales
Net sales	16,778	100.0%	34,000	100.0%	49.3%	29,908	100.0%
ECS Business	4,914	29.3%	10,906	32.1%	45.1%	7,734	25.9%
SHP Business	2,234	13.3%	4,310	12.7%	51.8%	4,440	14.8%
ER Business	9,629	57.4%	18,783	55.2%	51.3%	17,733	59.3%
Gross profit	5,621	33.5%	11,200	32.9%	50.2%	9,257	31.0%
ECS Business	3,013	61.3%	6,654	61.0%	45.3%	4,645	60.1%
SHP Business	901	40.3%	1,803	41.8%	50.0%	1,845	41.6%
ER Business	1,707	17.7%	2,742	14.6%	62.2%	2,766	15.6%
Operating profit	3,372	20.1%	6,500	19.1%	51.9%	5,217	17.4%
ECS Business	2,143	43.6%	4,575	42.0%	46.9%	3,030	39.2%
SHP Business	260	11.7%	575	13.4%	45.2%	587	13.2%
ER Business	1,406	14.6%	2,082	11.1%	67.5%	2,267	12.8%
Administrative expenses	-438	-	-733	-		-668	-
Ordinary profit	3,450	20.6%	6,570	19.3%	52.5%	5,268	17.6%
Profit	2,334	13.9%	4,320	12.7%	54.0%	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.
*ER Business (Electricity Retailing Business): gremz power, Inc.

Copyright© gremz, Inc All Rights Reserved

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.

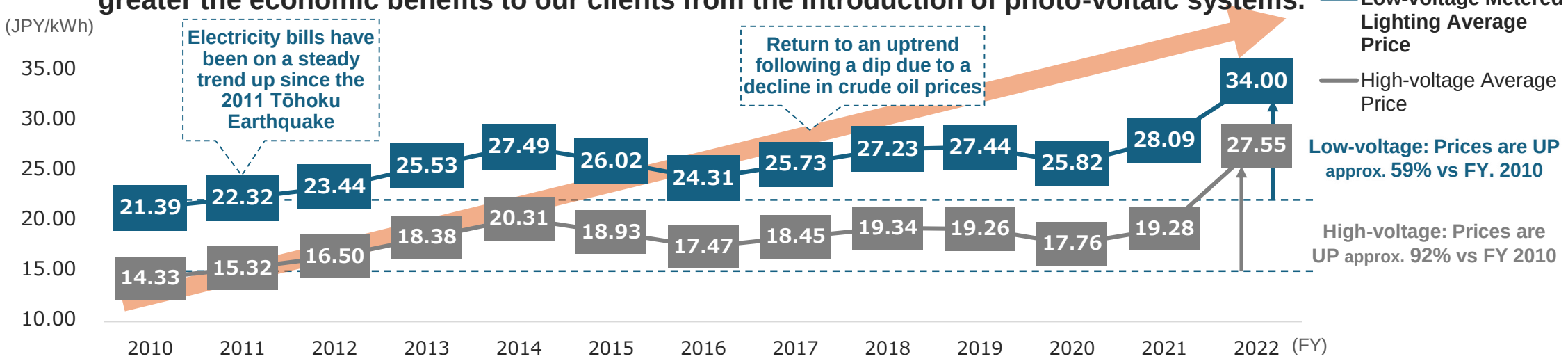


A/C units (business use) / Transformers / Energy-efficient appliances

Copyright© gremz, Inc All Rights Reserved

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

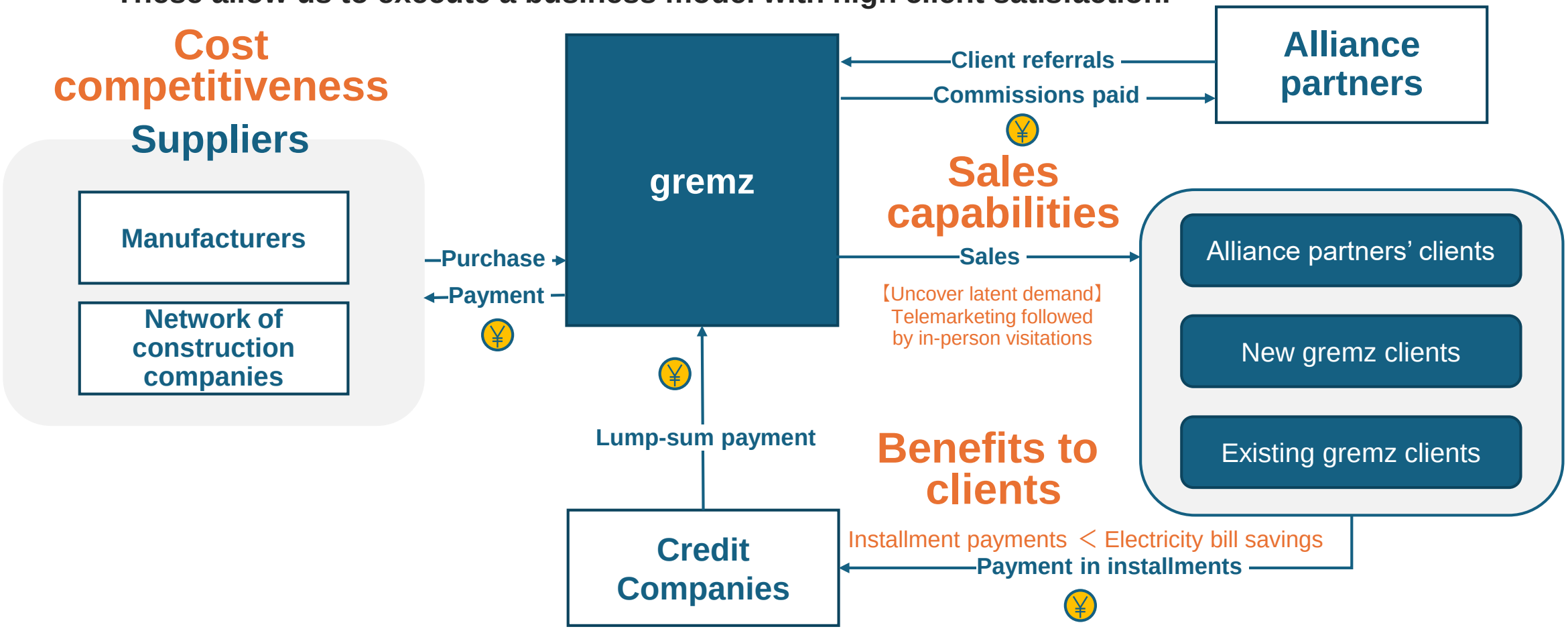
Introducing photo-voltaic systems allows clients to generate electricity for 10 – 15 yen/kWh, as opposed to purchasing it for the prices shown in the table. gremz targets clients with low-voltage requirements, which see large economic benefits from photo-voltaic systems, so client satisfaction is therefore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

Copyright© gremz, Inc All Rights Reserved

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.**



Copyright© gremz, Inc All Rights Reserved

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)

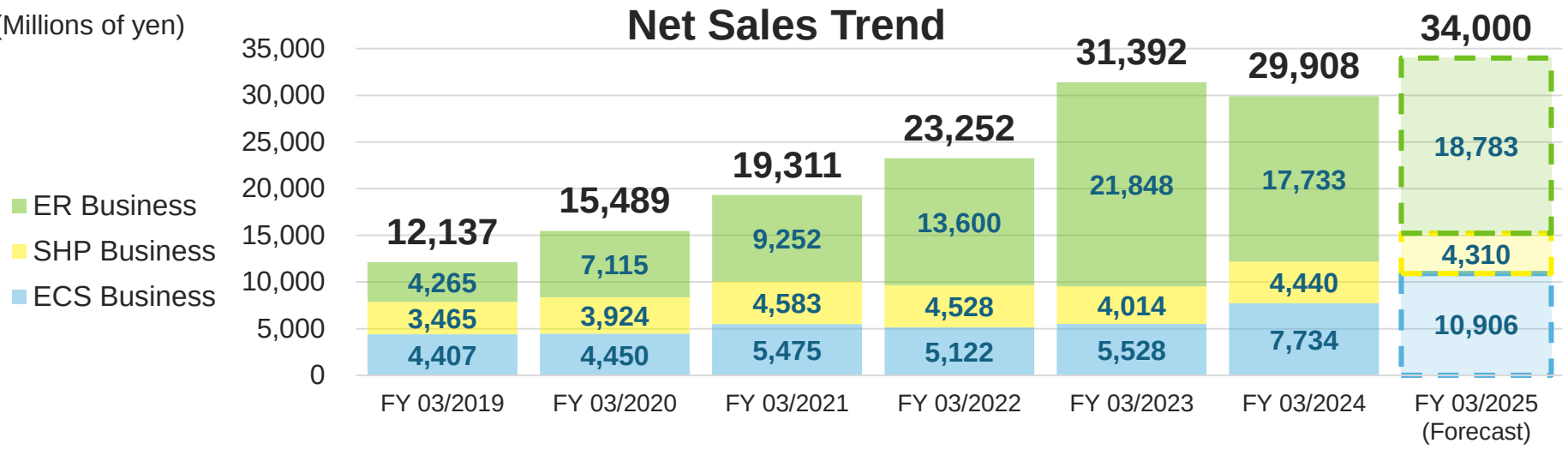
Procurement type	FY 03/2024 (Initial)	FY 03/2024 (Realized)	FY 03/2025 (Forecast)
Market price	16.30 yen/kWh *1	11.50 yen/kWh	**13.71 yen/kWh *2**
1-on-1 agreement	22.88 yen/kWh	22.31 yen/kWh	**12.91 yen/kWh**

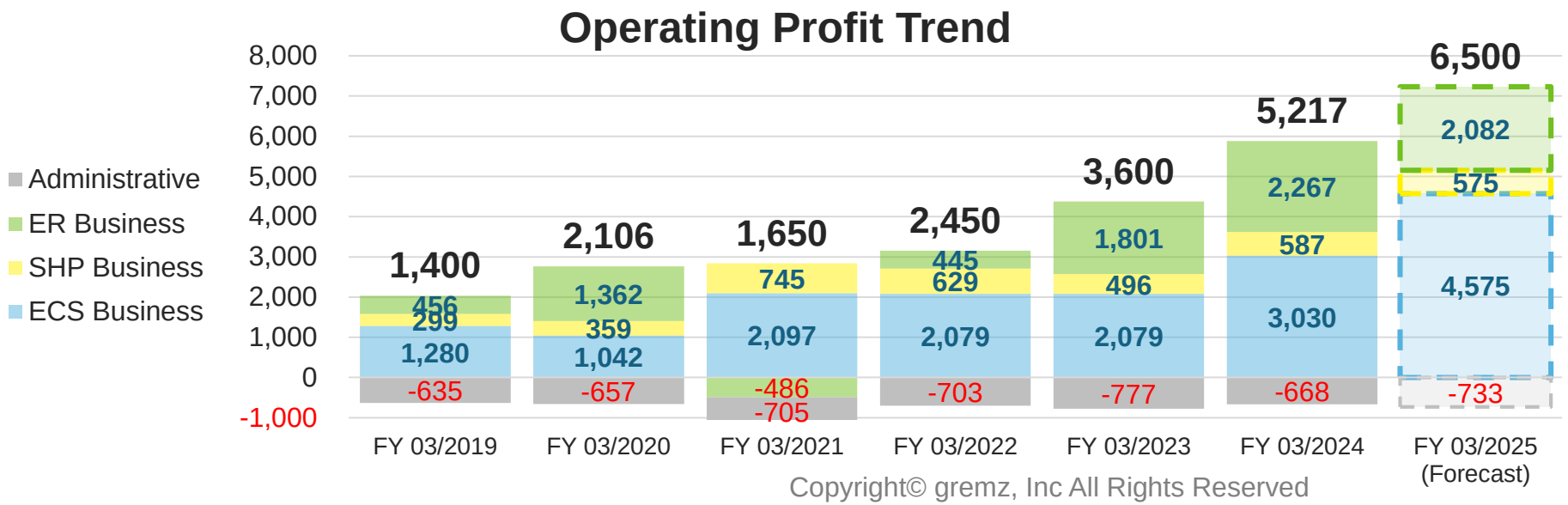
*1 Weighted average of the price of electricity on the TOCOM futures market as of 4/25/2023, based on gremz procurement forecast.
*2 Weighted average of the price of electricity on the TOCOM futures market as of 4/30/2024, based on gremz procurement forecast.

Copyright© gremz, Inc All Rights Reserved

Consolidated Financial Highlights (Net Sales / Operating Profit)

(Millions of yen)





FY 03/2025 (Forecast)

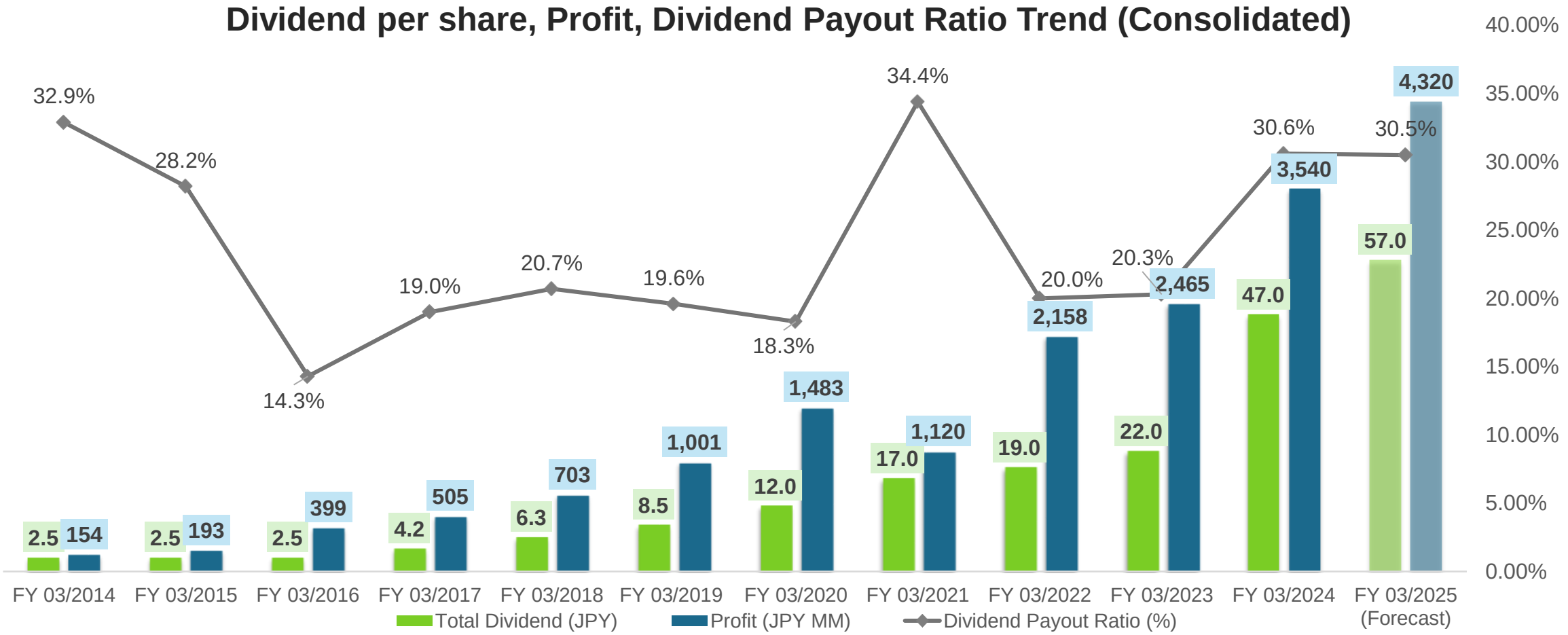
- **Net sales: 34,000 MM yen (YoY: +13.7%)**
- **Operating Profit: 6,500 MM yen (YoY: +24.6%)**

We expect to break new records

Copyright© gremz, Inc All Rights Reserved

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.

Copyright© gremz, Inc All Rights Reserved

gremz
Energy Solutions Company

ESG at gremz, Inc.

Copyright© gremz, Inc All Rights Reserved

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).

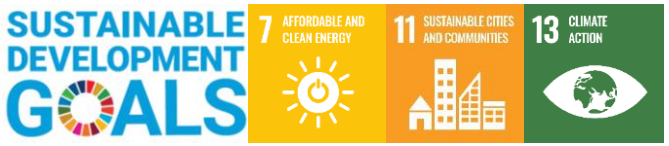
Society

- 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



Copyright© gremz, Inc All Rights Reserved

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.

Copyright© gremz, Inc All Rights Reserved

Please direct your inquiries following number and e-mail address:

TEL 03-5769-3500

ir@gremz.co.jp

(Disclaimer)

This slide presentation is not an official disclosure document as defined by the Financial Instruments and Exchange Act.

We offer no guarantee regarding the accuracy of any or all information contained herein.
This document is for information purposes only and does not constitute an offer to sell or solicit an offer to buy any products or securities associated with gremz,Inc.

Any statements concerning the Company's future business performance are based on information available as of the creation of this slide presentation and are premised on certain assumptions deemed to be reasonable by the company. As such, we reserve the right to change, without notice, any such forecasts contained within the present document.

Copyright© gremz, Inc All Rights Reserved