



TSE Code : 3150



Supplementary Material Q3 FY 03/2025

gremz, Inc. (TSE Code: 3150)

February 7, 2025

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

Q3 FY 03/2025 Financial Results

Consolidated Financial Highlights (YoY Comparison)



(Million yen)	Q3 FY 03/2024 (Cumulative) (Result)		Q3 FY 03/2025 (Cumulative) (Result)		YoY change	
	Result	Profit margin (%)	Result	Profit margin (%)	Change	Change (%)
Net sales	23,750		24,859		+1,109	+4.7%
Operating profit	4,725	19.9%	5,045	20.3%	+320	+6.8%
Ordinary profit	4,764	20.1%	5,160	20.8%	+395	+8.3%
Profit attributable to owners of parent	3,181	13.4%	3,492	14.1%	+311	+9.8%

- Net sales rose 1,109 million yen or 4.7%, following an increase in net sales of the Energy Cost Solutions (ECS) Business of 9.2%, the Electricity Retailing (ER) Business of 7.8%, year on year.
- Operating profit rose 320 million yen or 6.8%, 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 ER Business.
(The reason for the profit fall in the ER Business is discussed on page 8.)
- Consolidated Operating profit achieved 77.6% of the full year forecast.

Consolidated Financial Highlights (YoY Comparison)



		Q3 FY 03/2024 (Cumulative) (Realized)		Q3 FY 03/2025 (Cumulative) (Realized)		YoY change	
	(Million yen)	Results	% Sales	Results	% Sales	Change	% Change
Net sales		23,750	100.0%	24,859	100.0%	+1,109	+4.7%
ECS Business		6,725	28.3%	7,345	29.5%	+619	+9.2%
SHP Business		3,736	15.7%	3,195	12.9%	-540	-14.5%
ER Business		13,288	56.0%	14,318	57.6%	+1,030	+7.8%
Gross profit		7,627	32.1%	8,369	33.7%	+742	+9.7%
ECS Business		4,040	60.1%	4,485	61.1%	+445	+11.0%
SHP Business		1,571	42.1%	1,266	39.6%	-304	-19.4%
ER Business		2,015	15.2%	2,616	18.3%	+601	+29.9%
Operating profit		4,725	19.9%	5,045	20.3%	+320	+6.8%
ECS Business		2,915	43.4%	3,151	42.9%	+235	+8.1%
SHP Business		626	16.8%	350	11.0%	-276	-44.1%
ER Business		1,656	12.5%	2,154	15.0%	+498	+30.1%
Administrative expenses		-474	-	-611	-	-137	-
Ordinary profit		4,764	20.1%	5,160	20.8%	+395	+8.3%
Profit		3,181	13.4%	3,492	14.1%	+311	+9.8%

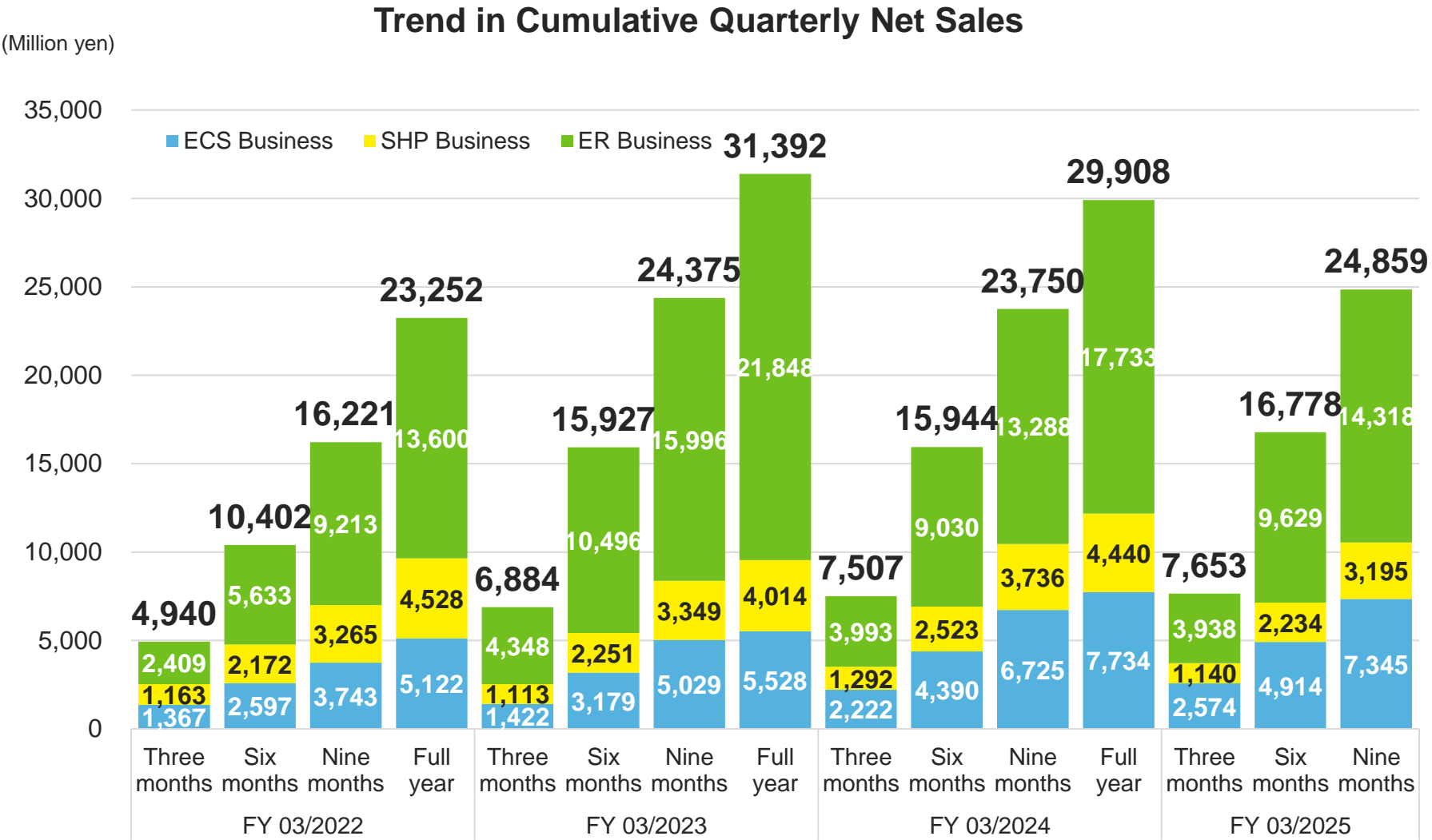
*ECS Business (Energy Cost Solutions Business): GR consulting, Inc., gremz energy, Inc., gremz power, Inc., gremz solar, Inc.

*SHP Business (Smart House Project Business): gremz solar, Inc.

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

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Consolidated Financial Highlights (Net Sales)



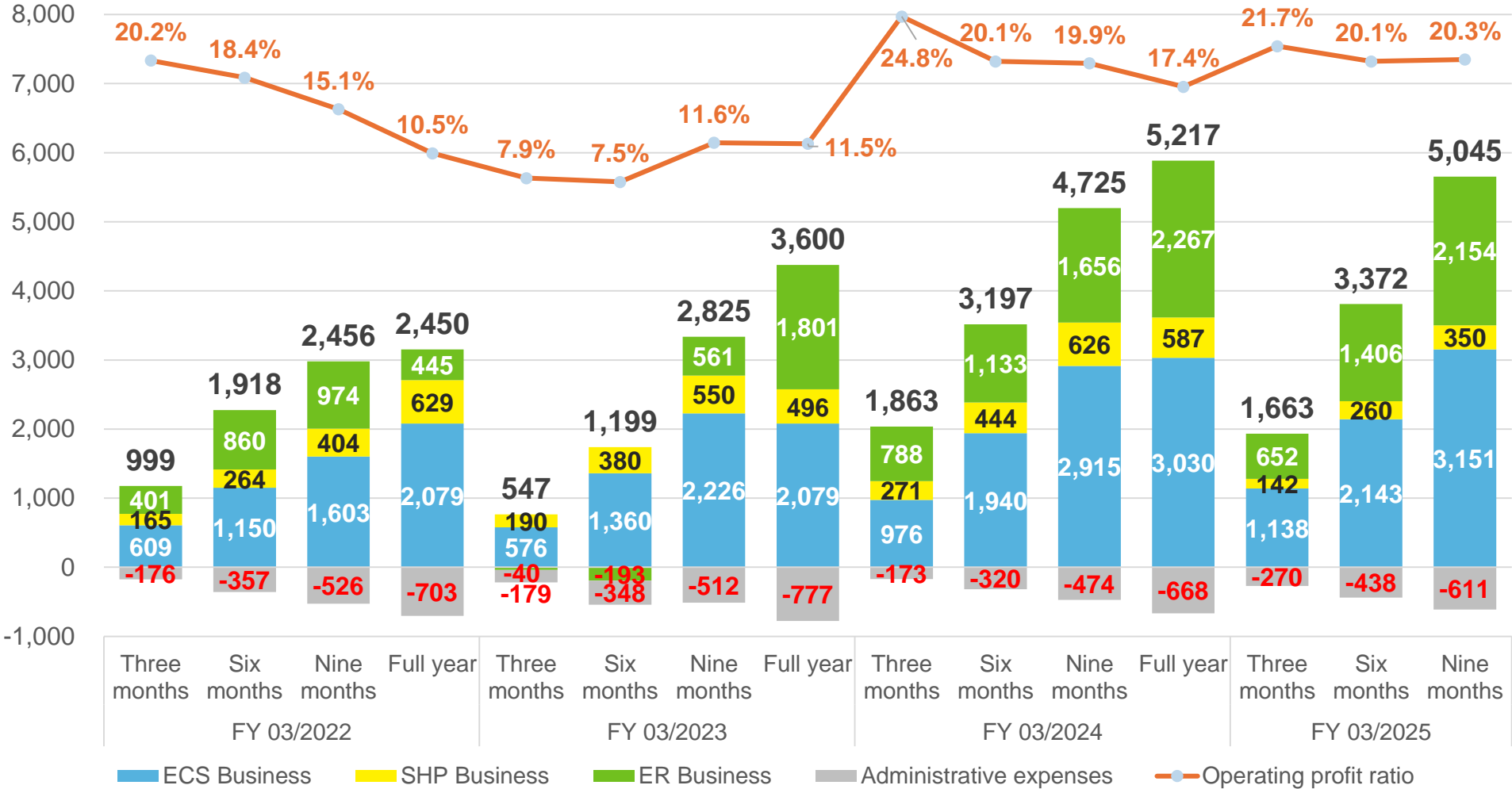
Third Quarter FY 03/2025 Cumulative

- **Net sales**
24,859 million yen
(up 4.7% year on year)
- **Record Q3 cumulative net sales**

Consolidated Financial Highlights (Operating Profit)



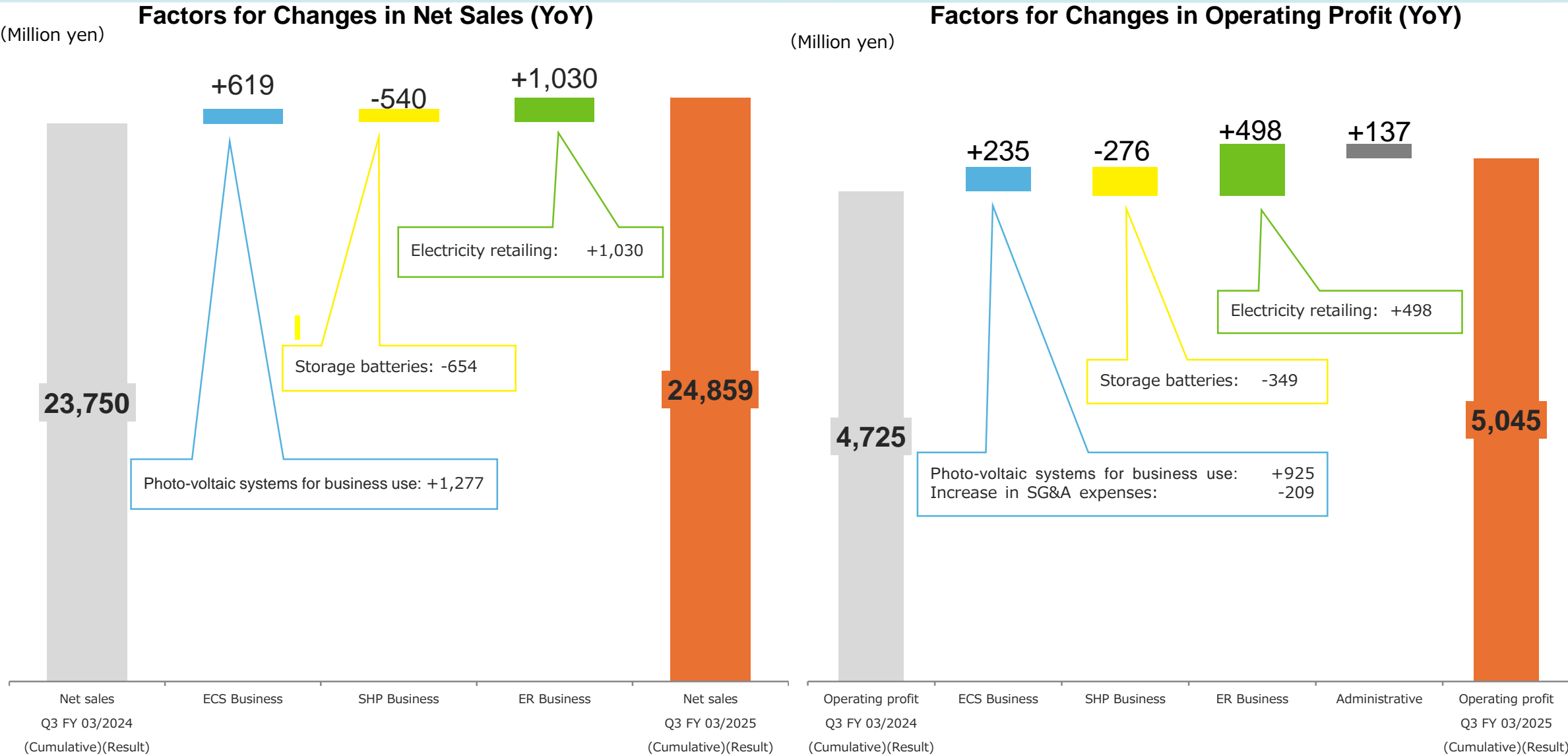
Trend in Cumulative Quarterly Operating Profit



Third Quarter FY 03/2025
Cumulative

- Operating profit
5,045 million yen
(up 6.8% year on year)
- Record Q3 cumulative
operating profit

Segment Performance Highlights (Net Sales and Operating Profit)



Reason for Profit Increase in ER Business

■ Reasons for 3Q (cumulative) profit increase year on year

Factors of gross profit increase of 601MM yen are as follows: ①+②+③.

① Gross profit increased due to increased sales volume

	3Q Sales (MWh)	3Q Sales (MWh) (cumulative)	Increase impact (¥1MM)
FY 03/2025	144,598	450,864	<u>+336</u>
LFY	138,355	436,275	

② Impact of market fluctuations (Price: JPY/kWh; Other units: ¥1MM)

While sales were down on lower fuel adjustment amounts, this was offset by the decrease in procurement costs.

	Fuel adj.	Market	1-on-1	Sales	COGS	Diff.
FY 03/2025	3.77	13.74	13.29	13,251	10,566	2,685
LFY	5.35	11.97	22.90	13,288	11,273	2,015
Increase impact	-1.58	1.77	-9.61	-37	-707	<u>+670</u>

③ Start of capacity market payment (Unit: ¥1MM)

The ongoing FY marked the start of costs related to the capacity market(*1). This was a factor in the decline in gross profit that we cover part of the cost without incorporating it into the price.

Costs passed on	Costs assumed by gremz	Impact of the fall
+783	-1,224	<u>-441</u>

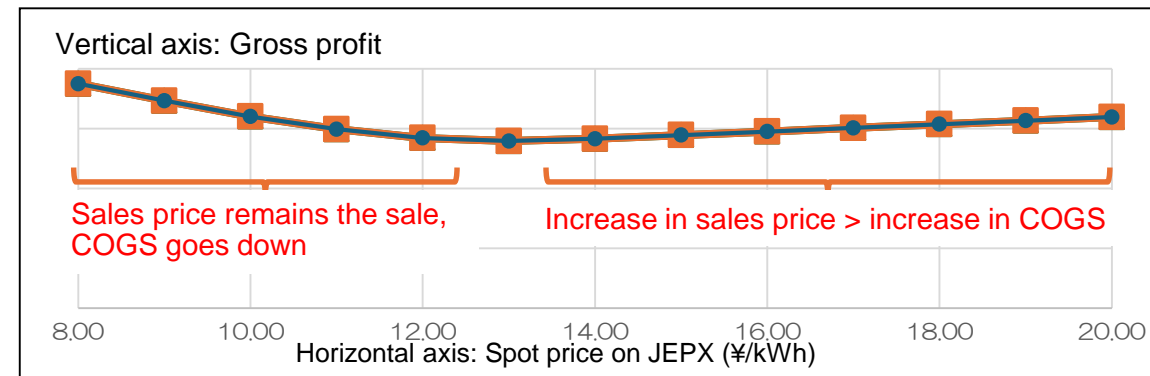
*1 Government system promoting investment in infrastructure to ensure the stable supply of electricity on the part of power producers. Electricity retailers & others bear this cost.

■ Impact of changes in electricity market prices

Low-voltage electricity sales: Proprietary cost adjustments – which go into effect once the market price for electricity exceeds a certain threshold (around an average of ¥13/kWh) – allow us to pass on costs to all clients.

This fiscal year, 1-on-1 contract agreements and successful hedging in the futures market has offset the amount of risk borne by gremz resulting from our decision not to pass on costs to clients. Consequently, even in the face of soaring market prices, the [increase in sales > increase in procurement costs], and even if prices fall, the following inequality holds true: [decrease in sales < decrease in procurement costs].

The average price for the cumulative third quarter was 13.74 yen. The unit price of sales increased due to proprietary cost adjustment system, but the increase in cost was limited due to the effect of risk hedging.



Balance Sheet



With the equity ratio of 59.7%, at the end of the previous fiscal year to 64.0% at the end of the third quarter of the current fiscal year. A desirable financial position is maintained.

(Million yen)	End of Mar. 2024	End of Dec. 2024	Change	Main factors	
Current assets	16,913	18,824	+1,911	Cash and deposits	+1,235
				Accounts receivable-trade	+526
Non-current assets	4,698	4,953	+254	Machinery and equipment,net	- 52
				Construction in progress	+118
				Investment securities	+100
				Deferred tax assets	-88
				Leasehold and guarantee deposits	+221
Total assets	21,612	23,777	+2,165		
Current liabilities	5,810	5,918	+108	Accounts payable-trade	+119
				Current portion of long-term borrowings	+95
				Accounts payable-other	- 250
				Income taxes payable	- 300
				Accrued consumption taxes	+216
				Provision for bonuses	+262
Non-current liabilities	2,810	2,551	- 258	Long-term borrowings	- 248
Total liabilities	8,620	8,470	- 150		
Total net assets	12,991	15,307	+2,315	Comprehensive income	+3,511
				Dividend on retained earnings	- 1,201
Total liabilities and net assets	21,612	23,777	+2,165		

Financial Results and Dividend Forecast for FY03/2025

■ **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 Q3 (cumulative) achieved 77.6% of the full-year forecast.

Results Forecast for FY 03/2025



	3Q FY 03/2025 (Cumulative) (Realized)		FY 03/2025 (Forecast) (Announced 5/15/2024)		3Q(Cumulative) progress (% of the full year forecast)	FY 03/2024 (Realized)	
	(Millions of yen)	Results	% Sales	Results	% Sales	Results	% Sales
Net Sales		24,859	100.0%	34,000	100.0%	29,908	100.0%
ECS Business		7,345	29.5%	10,906	32.1%	7,734	25.9%
SHP Business		3,195	12.9%	4,310	12.7%	4,440	14.8%
ER Business		14,318	57.6%	18,783	55.2%	17,733	59.3%
Gross Profit		8,369	33.7%	11,200	32.9%	9,257	31.0%
ECS Business		4,485	61.1%	6,654	61.0%	4,645	60.1%
SHP Business		1,266	39.6%	1,803	41.8%	1,845	41.6%
ER Business		2,616	18.3%	2,742	14.6%	2,766	15.6%
Operating Profit		5,045	20.3%	6,500	19.1%	5,217	17.4%
ECS Business		3,151	42.9%	4,575	42.0%	3,030	39.2%
SHP Business		350	11.0%	575	13.4%	587	13.2%
ER Business		2,154	15.0%	2,082	11.1%	2,267	12.8%
Administrative Ex.		-611	-	-733	-	-668	-
Ordinary Profit		5,160	20.8%	6,570	19.3%	5,268	17.6%
Profit		3,492	14.1%	4,320	12.7%	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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For business use

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



For business use

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

Segment OP

3.0B yen

FY 03/2024 (Realized)

Segment OP

4.5B yen

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.

Photo-voltaic systems for business use

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

Concentrate resources



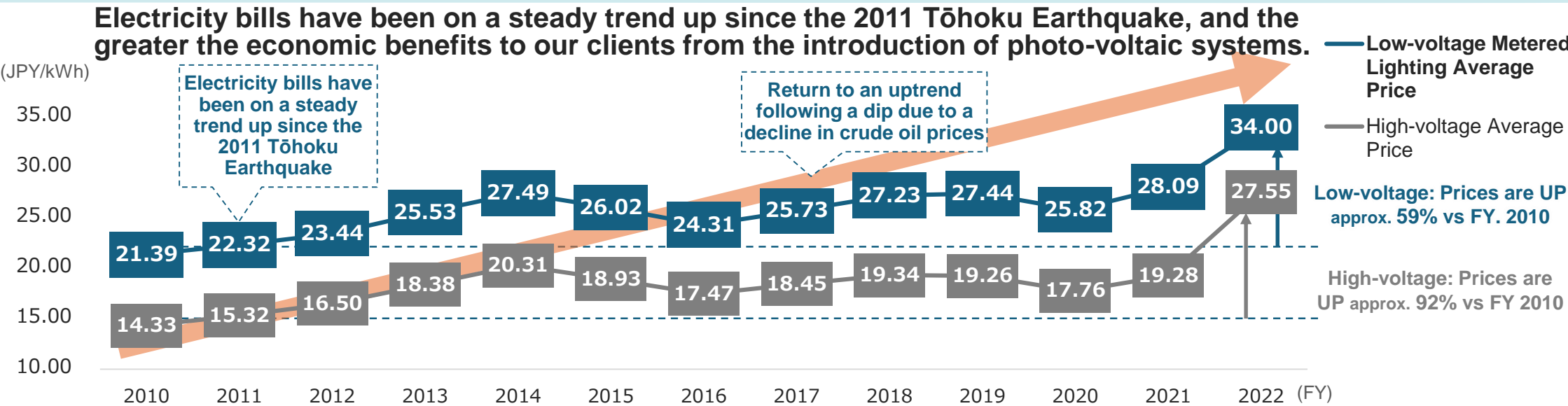
LED illumination

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



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

Reasons for Growth in gremz' ECS Business



■ 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

■ 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

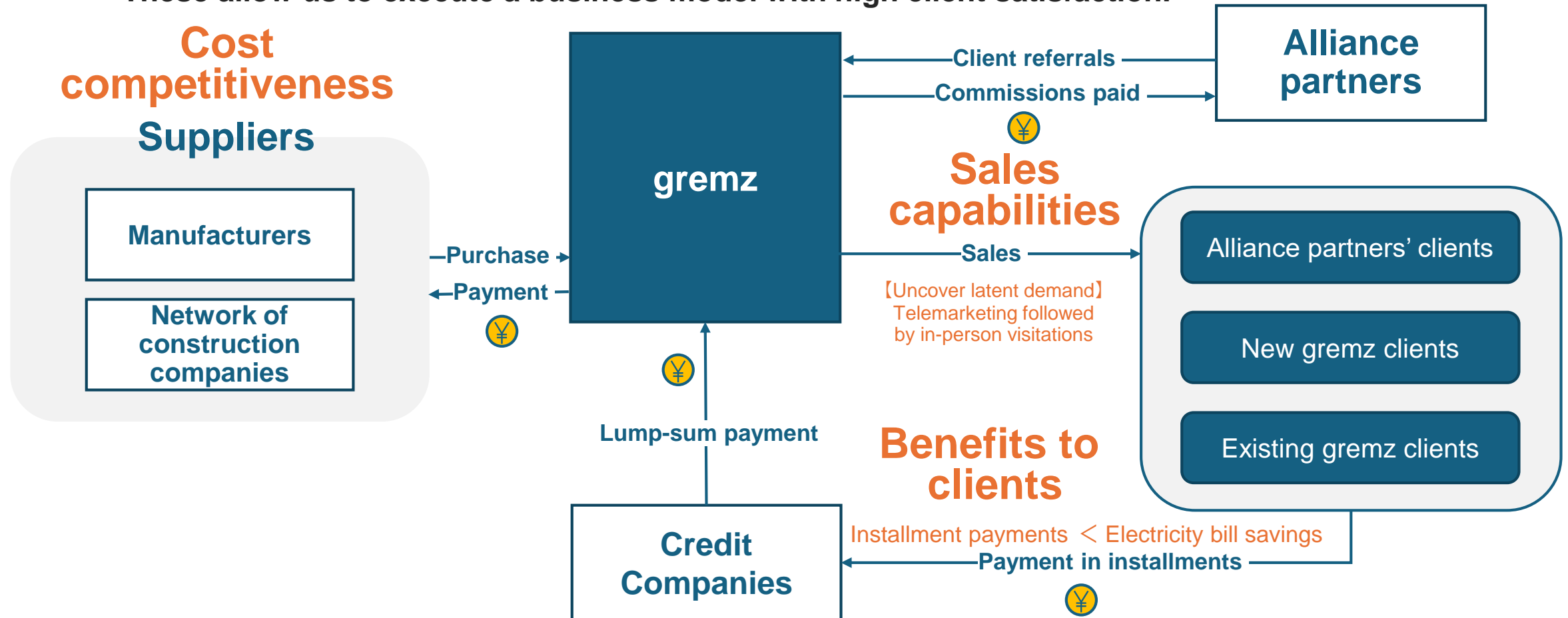
Economic benefits

Larger >> Smaller

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.

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.



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

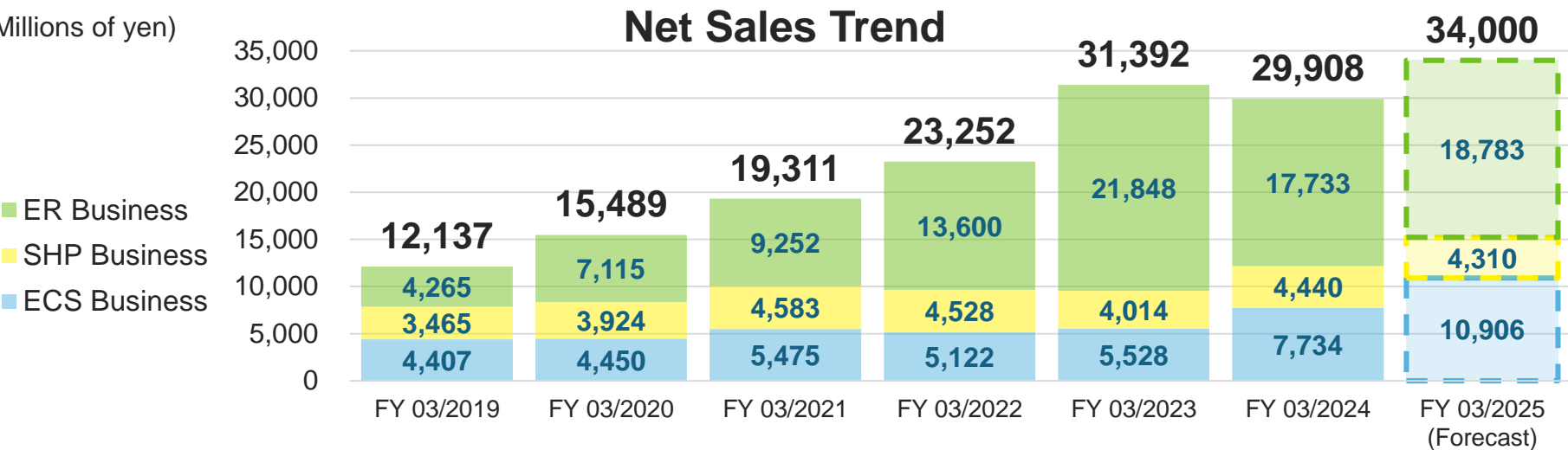
*₁ Weighted average of the price of electricity on the TOCOM futures market as of 4/25/2023, based on gremz procurement forecast.

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

Consolidated Financial Highlights (Net Sales / Operating Profit)



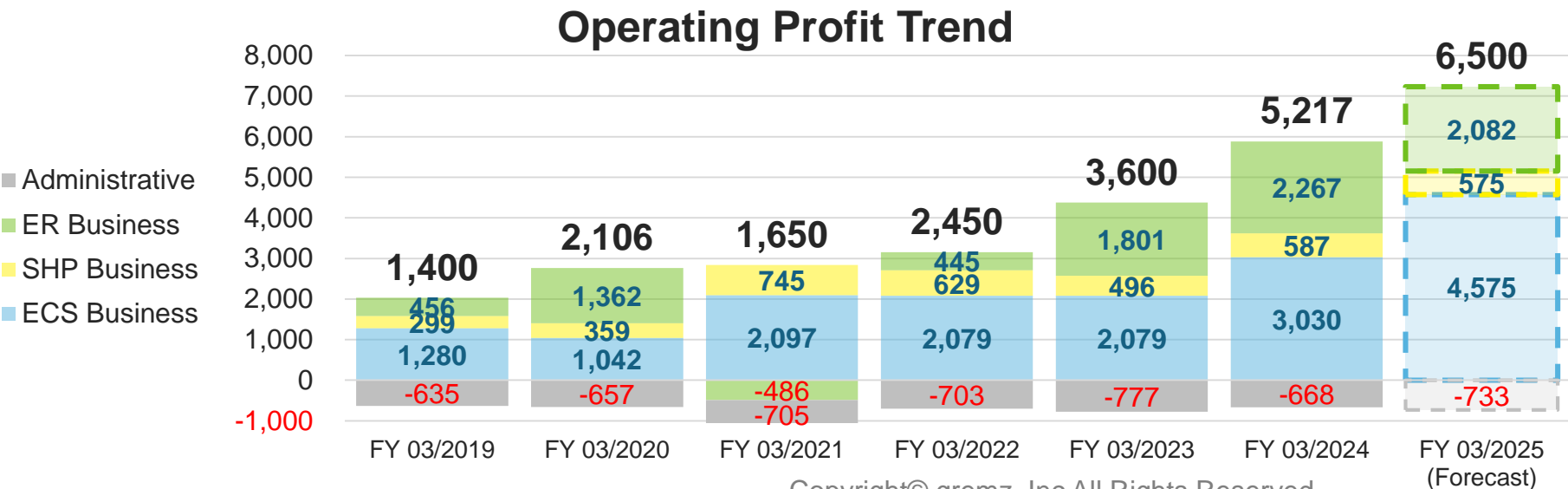
(Millions of yen)



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

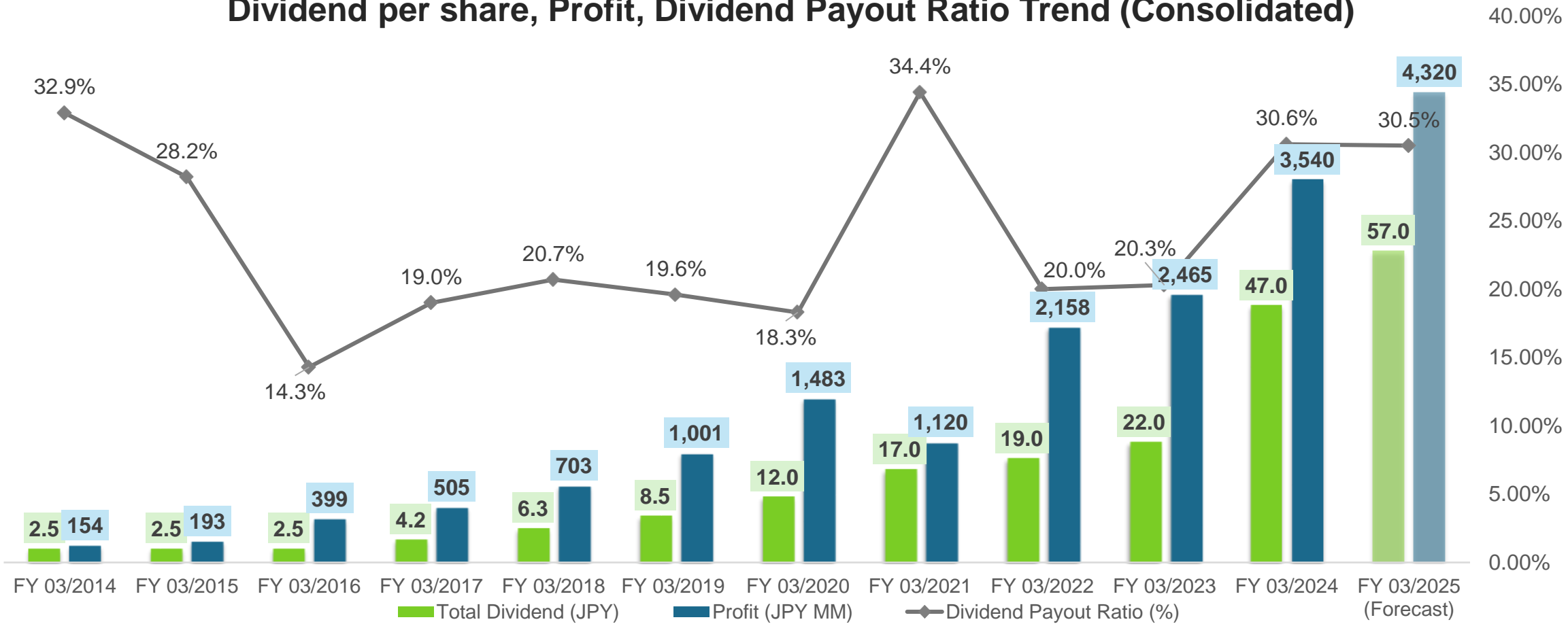


Dividend Forecast for FY 03/2025



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.

Dividend per share, Profit, Dividend Payout Ratio Trend (Consolidated)



*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.

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



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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