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January 31, 2023

## Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Under Japanese GAAP)

Company name: gremz, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3150  
 URL: <https://www.gremz.co.jp/en/>  
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 Scheduled date to file quarterly securities report: February 14, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated financial results for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2022	24,375	50.3	2,825	15.0	2,885	15.2	1,904	(1.4)
December 31, 2021	16,221	26.3	2,456	6.1	2,505	5.6	1,931	20.1

Note: Comprehensive income For the nine months ended December 31, 2022: ¥2,008 million [4.1%]  
 For the nine months ended December 31, 2021: ¥1,929 million [19.9%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	83.62	82.73
December 31, 2021	84.80	83.76

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2022	16,731	9,555	56.9
March 31, 2022	13,617	7,968	58.3

Reference: Equity  
 As of December 31, 2022: ¥9,514 million  
 As of March 31, 2022: ¥7,939 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 March 31, 2022	–	5.00	–	14.00	19.00
Fiscal year ending March 31, 2023	–	5.00	–		
Fiscal year ending March 31, 2023 (Forecast)				14.00	19.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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
Fiscal year ending March 31, 2023	27,526	18.4	2,700	10.2	2,722	8.3	1,796	(16.8)	78.89

Note: Revisions to the forecast of consolidated financial results most recently announced: None

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (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: None
  - (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, 2022	23,490,800 shares
As of March 31, 2022	23,490,800 shares

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

As of December 31, 2022	712,729 shares
As of March 31, 2022	712,697 shares

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

Nine months ended December 31, 2022	22,778,087 shares
Nine months ended December 31, 2021	22,771,249 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

Please note that the forecast figures presented above are outlooks based on information currently available. Actual business results may differ from the forecast figures due to changes in business conditions and other factors.

○Attached Materials

1. Qualitative information regarding financial results for the period under review .....	2
(1) Information regarding operating results .....	2
(2) Explanation of financial position .....	3
(3) Explanation of consolidated earnings forecasts and other forward-looking statements .....	3
2. Quarterly consolidated financial statements and significant notes thereto .....	4
(1) Quarterly consolidated balance sheet .....	4
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income .....	6
Quarterly consolidated statement of income (cumulative) .....	6
Quarterly consolidated statement of comprehensive income (cumulative) .....	7
(3) Notes to quarterly consolidated financial statements .....	8
Notes on premise of going concern .....	8
Notes on significant changes in the amount of shareholders' equity .....	8
Changes in accounting policies .....	8
Segment information .....	9
Subsequent events .....	10

## 1. Qualitative information regarding financial results for the period under review

### (1) Information regarding operating results

During the nine months ended December 31, 2022, the economic environment showed signs a recovery in business sentiment with continued normalization of economic activity due to the relaxation of restrictions on activities caused by the COVID-19 pandemic, but the outlook for the economic environment remained uncertain, with factors such as concerns of a prolonged situation in Ukraine, surges in the prices of raw materials and energy, and increases in commodity prices.

Regarding the business of the gremz Group (the “Group”), in a market environment characterized by high electricity costs and expanding use of renewable energy for promoting a decarbonized society, the Group worked to strengthen sales of photo-voltaic systems for business use. In addition, in the area of electricity retailing, we introduced the proprietary cost adjustment system (scheme of reflecting part of the electricity market procurement cost in electricity charges) and took steps to reduce the risk of fluctuations in electricity procurement prices by flexibly operating the system and promoting market linkage plans. Furthermore, in the area of products and services related to cost reduction, energy conservation, and renewable energy, for which demand is stable, orders were steady for both business clients and retail customers. Profit attributable to owners of parent decreased from the same period of the previous fiscal year due to the recording of extraordinary income from sale of investment securities in the same period of the previous fiscal year.

As a result of the above, the Groups’ business results for the nine months ended December 31, 2022 were as follows: net sales of ¥24,375 million (up 50.3% year on year), operating profit of ¥2,825 million (up 15.0% year on year), ordinary profit of ¥2,885 million (up 15.2% year on year), and profit attributable to owners of parent of ¥1,904 million (down 1.4% year on year).

Business results for each business segment are as follows.

#### Energy Cost Solutions Business (ECS)

In the Energy Cost Solutions Business, against a backdrop of high electricity costs, the Group made proposals to customers for improving their electricity operations and facilities. These included the promotion of consulting services for reducing costs for business owners by lowering base electricity fees, such as photo-voltaic systems for business use that propose self-consumption of self-generated electricity, and sales of various energy-efficient appliances, such as IoT devices, and LED lighting, commercial air conditioning and transformers for conserving energy.

As a result, net sales were ¥5,029 million (up 34.4% year on year), and segment profit was ¥2,226 million (up 38.8% year on year).

#### Smart House Project Business (SHP)

For the Smart House Project Business, the Group actively promoted sales of storage batteries, which are in demand due to the needs for reinforcement of household energy resilience, in addition to market conditions such as growing interest in renewable energy due to decarbonization and an increase in the number of post-FIT (feed-in tariff) matters as the 10-year FIT program for solar power generation comes to an end.

As a result, net sales were ¥3,349 million (up 2.6% year on year), and segment profit was ¥550 million (up 36.1% year on year).

#### Electricity Retailing Business (ER)

In the Electricity Retailing Business, we have proposed to customers improved procurement of electricity. In addition, we eliminated the segment loss incurred in the six months ended September 30, 2022, through the effect of risk-hedging measures against higher electricity procurement prices such as the introduction of a proprietary cost adjustment system and the promotion of market linkage plans.

As a result, net sales were ¥15,996 million (up 73.6% year on year), and segment profit was ¥561 million (down 42.4% year on year).

## (2) Explanation of financial position

The positions of assets, liabilities, and net assets at the end of the third quarter of the current fiscal year are as follows.

### Assets

Current assets as of December 31, 2022 were ¥13,119 million, an increase of ¥2,646 million compared to the end of the previous fiscal year. This was mainly due to increases of ¥352 million in cash and deposits, ¥1,425 million in notes and accounts receivable - trade, and contract assets, ¥388 million in merchandise and ¥26 million in income taxes refund receivable. Non-current assets were ¥3,611 million, an increase of ¥467 million from the end of the previous fiscal year. This was mainly due to increases of ¥262 million in machinery and equipment, ¥81 million in software in progress and ¥249 million in leasehold and guarantee deposits, despite decreases of ¥62 million in investment securities and ¥48 million in deferred tax assets.

As a result, total assets were ¥16,731 million, an increase of ¥3,113 million from the end of the previous fiscal year.

### Liabilities

Current liabilities as of December 31, 2022 were ¥4,666 million, an increase of ¥256 million compared to the end of the previous fiscal year. This was mainly due to increases of ¥204 million in notes and accounts payable - trade, ¥416 million in current portion of long-term borrowings, ¥72 million in accounts payable - other, ¥26 million in contract liabilities and ¥27 million in deposits received, despite decreases of ¥399 million in income taxes payable and ¥96 million in accrued consumption taxes. Non-current liabilities were ¥2,508 million, an increase of ¥1,269 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,033 million in long-term borrowings and ¥46 million in deferred tax liabilities.

As a result, total liabilities were ¥7,175 million, an increase of ¥1,525 million from the end of the previous fiscal year.

### Net assets

Net assets as of December 31, 2022 were ¥9,555 million, an increase of ¥1,587 million compared to the end of the previous fiscal year. This was mainly attributable to an increase of ¥2,008 million due to comprehensive income attributable to owners of parent, while there was a decrease of ¥432 million due to dividends of surplus.

## (3) Explanation of consolidated earnings forecasts and other forward-looking statements

For the nine months ended December 31, 2022, operating profit, ordinary profit, and profit attributable to owners of parent all exceeded the consolidated earnings forecasts for the fiscal year ending March 31, 2023. The consolidated earnings forecasts for the fiscal year under review announced on May 13, 2022 remains unchanged. However, if it becomes necessary to revise them in the future, we will make an announcement promptly.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	5,517,147	5,869,644
Notes and accounts receivable - trade, and contract assets	4,057,122	5,482,893
Merchandise	351,979	740,454
Prepaid expenses	88,178	96,680
Income taxes refund receivable	3	26,827
Consumption taxes refund receivable	82,665	-
Other	389,419	918,573
Allowance for doubtful accounts	(13,330)	(15,427)
<b>Total current assets</b>	<b>10,473,185</b>	<b>13,119,645</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	99,375	90,907
Machinery and equipment, net	759,949	1,021,949
Vehicles, net	21,127	25,319
Tools, furniture and fixtures, net	90,812	82,092
Land	123,877	123,877
Construction in progress	920	-
<b>Total property, plant and equipment</b>	<b>1,096,062</b>	<b>1,344,146</b>
Intangible assets		
Software	12,530	9,192
Software in progress	36,960	118,578
<b>Total intangible assets</b>	<b>49,490</b>	<b>127,770</b>
Investments and other assets		
Investment securities	1,540,722	1,478,331
Deferred tax assets	132,804	84,159
Leasehold and guarantee deposits	288,848	538,808
Other	36,328	38,257
<b>Total investments and other assets</b>	<b>1,998,703</b>	<b>2,139,557</b>
<b>Total non-current assets</b>	<b>3,144,255</b>	<b>3,611,475</b>
<b>Total assets</b>	<b>13,617,441</b>	<b>16,731,120</b>

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	2,406,380	2,611,322
Current portion of long-term borrowings	457,700	874,014
Accounts payable - other	405,236	477,924
Income taxes payable	825,555	426,546
Accrued consumption taxes	275,290	179,038
Contract liabilities	25,981	52,926
Deposits received	13,371	40,912
Asset retirement obligations	–	3,850
Other	257	88
<b>Total current liabilities</b>	<b>4,409,774</b>	<b>4,666,624</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,163,080	2,196,708
Deferred tax liabilities	–	46,317
Asset retirement obligations	76,577	75,030
Other	–	190,703
<b>Total non-current liabilities</b>	<b>1,239,657</b>	<b>2,508,759</b>
<b>Total liabilities</b>	<b>5,649,431</b>	<b>7,175,383</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	640,874	640,874
Capital surplus	379,487	379,487
Retained earnings	7,409,768	8,881,600
Treasury shares	(482,249)	(482,304)
<b>Total shareholders' equity</b>	<b>7,947,879</b>	<b>9,419,657</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(8,562)	(16,657)
Deferred gains or losses on hedges	–	111,941
<b>Total accumulated other comprehensive income</b>	<b>(8,562)</b>	<b>95,283</b>
<b>Share acquisition rights</b>	<b>28,693</b>	<b>40,796</b>
<b>Total net assets</b>	<b>7,968,010</b>	<b>9,555,736</b>
<b>Total liabilities and net assets</b>	<b>13,617,441</b>	<b>16,731,120</b>



(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
 Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	16,221,922	24,375,834
Cost of sales	11,011,874	18,865,170
Gross profit	5,210,047	5,510,663
Selling, general and administrative expenses	2,753,447	2,685,354
Operating profit	2,456,599	2,825,309
Non-operating income		
Interest income	36	21
Dividend income	2,310	29,817
Commission income	20,310	33,338
Subsidy income	36,130	524
Other	6,837	4,198
Total non-operating income	65,626	67,901
Non-operating expenses		
Interest expenses	4,245	5,380
Commission expenses	10,801	0
Other	1,736	2,298
Total non-operating expenses	16,782	7,679
Ordinary profit	2,505,442	2,885,531
Extraordinary income		
Gain on sale of investment securities	367,754	–
Gain on sale of non-current assets	401	558
Total extraordinary income	368,156	558
Extraordinary losses		
Loss on retirement of non-current assets	5,763	2,812
Loss on sale of non-current assets	1,348	789
Total extraordinary losses	7,111	3,602
Profit before income taxes	2,866,487	2,882,487
Income taxes - current	990,751	938,533
Income taxes - deferred	(55,357)	39,337
Total income taxes	935,393	977,871
Profit	1,931,094	1,904,616
Profit attributable to owners of parent	1,931,094	1,904,616

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	1,931,094	1,904,616
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,424)	(8,094)
Deferred gains or losses on hedges	–	111,941
Total other comprehensive income	(1,424)	103,846
Comprehensive income	1,929,669	2,008,462
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,929,669	2,008,462

(3) Notes to quarterly consolidated financial statements

**Notes on premise of going concern**

Not applicable.

**Notes on significant changes in the amount of shareholders' equity**

Not applicable.

**Changes in accounting policies**

*Application of Implementation Guidance on Accounting Standard for Fair Value Measurement*

The Group has applied the “Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Guidance on Fair Value Measurement”) from the beginning of the current fiscal year, and in accordance with the transitional treatment prescribed in paragraph 27-2 of the Guidance on Fair Value Measurement, the new accounting policies set forth in the Guidance on Fair Value Measurement have been applied prospectively.

## Segment information

I Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

### 1. Information on the amounts of net sales, profit or loss by reportable segment

(Thousands of yen)

	Reportable segments			Total
	ECS	SHP	ER	
Net sales				
Sales to external customers	3,743,098	3,265,172	9,213,650	16,221,922
Intersegment sales or transfers	–	–	–	–
Total	3,743,098	3,265,172	9,213,650	16,221,922
Segment profit	1,603,843	404,601	974,407	2,982,851

### 2. Difference between the aggregate amount of profit or loss by reportable segments and the quarterly consolidated financial statement amounts and major descriptions of such difference (difference adjustments and related matters)

(Thousands of yen)

Income	Amount
Reportable segments total	2,982,851
Corporate expenses (Note)	(526,252)
Operating profit on quarterly consolidated statement of income	2,456,599

Note: Corporate expenses mainly consist of general and administrative expenses of the holding company not attributable to the reportable segments.

### 3. Information about impairment loss of non-current assets or goodwill by reportable segment

Not applicable.

II Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

1. Information on the amounts of net sales, profit or loss by reportable segment

(Thousands of yen)

	Reportable segments			Total
	ECS	SHP	ER	
Net sales				
Sales to external customers	5,029,048	3,349,859	15,996,926	24,375,834
Intersegment sales or transfers	–	–	–	–
Total	5,029,048	3,349,859	15,996,926	24,375,834
Segment profit	2,226,312	550,688	561,220	3,338,221

2. Difference between the aggregate amount of profit or loss by reportable segments and the quarterly consolidated financial statement amounts and major descriptions of such difference (difference adjustments and related matters)

(Thousands of yen)

Income	Amount
Reportable segments total	3,338,221
Corporate expenses (Note)	(512,911)
Operating profit on quarterly consolidated statement of income	2,825,309

Note: Corporate expenses mainly consist of general and administrative expenses of the holding company not attributable to the reportable segments.

3. Information about impairment loss of non-current assets or goodwill by reportable segment

Not applicable.

**Subsequent events**

Not applicable.