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August 14, 2023

## Consolidated Financial Results for the Three Months Ended June 30, 2023 (Under Japanese GAAP)

Company name: gremz, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3150  
 URL: <https://www.gremz.co.jp/en/>  
 Representative: Masaomi Tanaka, President and Chief Executive Officer  
 Inquiries: Yoshio Abe, Financial Planning Director  
 Telephone: +81-3-5769-3500  
 Scheduled date to file quarterly securities report: August 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

#### (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	%
Three months ended								
June 30, 2023	7,507	9.1	1,863	240.6	1,886	239.8	1,277	259.8
June 30, 2022	6,884	39.3	547	(45.3)	555	(45.2)	355	(48.9)

Note: Comprehensive income For the three months ended June 30, 2023: ¥1,331 million [344.2%]  
 For the three months ended June 30, 2022: ¥299 million [(56.8)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	55.75	55.34
June 30, 2022	15.59	15.43

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	17,521	10,956	62.2
March 31, 2023	17,217	10,008	57.8

Reference: Equity  
 As of June 30, 2023: ¥10,897 million  
 As of March 31, 2023: ¥9,955 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, 2023	–	5.00	–	17.00	22.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		5.00	–	17.00	22.00

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, 2024 (from April 1, 2023 to March 31, 2024)

(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
Six months ending September 30, 2023	15,798	(0.8)	2,533	111.2	2,546	109.5	1,652	111.9	72.13
Fiscal year ending March 31, 2024	32,144	2.4	4,320	20.0	4,350	18.0	2,826	14.7	123.34

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: None
  - (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 June 30, 2023	23,630,800 shares
As of March 31, 2023	23,630,800 shares

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

As of June 30, 2023	712,793 shares
As of March 31, 2023	712,763 shares

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

Three months ended June 30, 2023	22,918,027 shares
Three months ended June 30, 2022	22,778,103 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.

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

### (1) Information regarding operating results

During the three months ended June 30, 2023, the economic environment showed a mild recovery in business sentiment with continued normalization of economic activity from the COVID-19 pandemic. On the other hand, the outlook remained uncertain with factors such as surges in the prices of raw materials and energy and increases in the price of goods against a backdrop of depreciation of the yen.

Regarding the gremz Group (the “Group”), amid soaring electricity costs, and the growing uptake of renewable energy which is bringing about the realization of GX (green transformation), the Group worked to expand sales with a core focus on the growth of photo-voltaic systems for business use. In addition, in the area of electricity retailing, we took steps to reduce the risk of fluctuations in electricity procurement prices by implementing the operation of the proprietary cost adjustment system (scheme of reflecting part of the electricity market procurement cost in electricity charges) for low voltage and promotion of market linkage plans for high voltage in addition to introducing new plans for low voltage (“value plan” and “simple plan”) in response to the regulatory rate revisions of the major electric power companies. Furthermore, in the area of products and services related to cost reduction, energy conservation, and renewable energy, for which there is stable demand, orders were steady for both business clients and retail customers.

As a result of the above, the Groups’ business results for the three months ended June 30, 2023 were as follows: net sales of ¥7,507 million (up 9.1% year on year), operating profit of ¥1,863 million (up 240.6% year on year), ordinary profit of ¥1,886 million (up 239.8% year on year), and profit attributable to owners of parent of ¥1,277 million (up 259.8% year on year).

Business results for each business segment are as follows.

#### Energy Cost Solutions Business (ECS)

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

As a result, net sales were ¥2,222 million (up 56.2% year on year), and segment profit was ¥976 million (up 69.4% year on year).

#### Smart House Project Business (SHP)

For the Smart House Project Business, the Group 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 ¥1,292 million (up 16.0% year on year), and segment profit was ¥271 million (up 42.5% year on year).

#### Electricity Retailing Business (ER)

In the Electricity Retailing Business, although we worked to keep procurement prices down by shifting to more stable electricity market prices, our sales declined as a result of a decrease in sales of high voltage electricity.

As a result, net sales were ¥3,993 million (down 8.2% year on year), and segment profit was ¥788 million (compared to segment loss of ¥40 million in the same period of the previous fiscal year).

## (2) Explanation of financial position

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

### Assets

Current assets as of June 30, 2023 were ¥13,195 million, a decrease of ¥972 million compared to the end of the previous fiscal year. This was mainly due to decreases of ¥454 million in cash and deposits, ¥597 million in notes and accounts receivable - trade, and contract assets, and ¥10 million in prepaid expenses, despite an increase of ¥93 million in merchandise. Non-current assets were ¥4,326 million, an increase of ¥1,276 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1,398 million in investment securities, despite decreases of ¥16 million in machinery and equipment, ¥12 million in software, and ¥85 million in deferred tax assets.

As a result, total assets were ¥17,521 million, an increase of ¥303 million from the end of the previous fiscal year.

### Liabilities

Current liabilities as of June 30, 2023 were ¥4,221 million, a decrease of ¥441 million compared to the end of the previous fiscal year. This was mainly due to a decrease of ¥464 million in accounts payable - other. Non-current liabilities were ¥2,343 million, a decrease of ¥202 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥223 million in long-term borrowings.

As a result, total liabilities were ¥6,565 million, a decrease of ¥643 million from the end of the previous fiscal year.

### Net assets

Net assets as of June 30, 2023 were ¥10,956 million, an increase of ¥947 million compared to the end of the previous fiscal year. This was mainly attributable to an increase of ¥1,331 million due to comprehensive income attributable to owners of parent, while there was a decrease of ¥389 million due to dividends of surplus.

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

No changes have been made to the financial results forecast announced on May 15, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	8,224,617	7,770,568
Notes and accounts receivable - trade, and contract assets	4,313,972	3,716,010
Merchandise	1,261,023	1,354,562
Prepaid expenses	117,576	106,621
Income taxes refund receivable	28,919	28,612
Consumption taxes refund receivable	66,169	66,169
Other	201,112	195,239
Allowance for doubtful accounts	(44,935)	(42,303)
<b>Total current assets</b>	<b>14,168,455</b>	<b>13,195,481</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	90,001	86,879
Machinery and equipment, net	1,022,351	1,005,723
Vehicles, net	23,744	22,792
Tools, furniture and fixtures, net	76,689	72,724
Land	123,877	123,877
Construction in progress	8,415	9,475
<b>Total property, plant and equipment</b>	<b>1,345,080</b>	<b>1,321,473</b>
Intangible assets		
Software	237,812	225,218
Software in progress	12,980	12,980
<b>Total intangible assets</b>	<b>250,792</b>	<b>238,198</b>
Investments and other assets		
Investment securities	778,100	2,176,326
Deferred tax assets	246,715	161,663
Leasehold and guarantee deposits	381,307	381,339
Other	47,509	47,410
<b>Total investments and other assets</b>	<b>1,453,632</b>	<b>2,766,739</b>
<b>Total non-current assets</b>	<b>3,049,505</b>	<b>4,326,411</b>
<b>Total assets</b>	<b>17,217,961</b>	<b>17,521,893</b>

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,063,894	2,023,367
Current portion of long-term borrowings	909,074	888,444
Accounts payable - other	841,210	376,735
Income taxes payable	667,770	566,153
Accrued consumption taxes	102,620	203,278
Contract liabilities	65,418	35,612
Deposits received	12,866	65,006
Provision for bonuses	–	63,233
Other	257	28
Total current liabilities	4,663,113	4,221,860
Non-current liabilities		
Long-term borrowings	2,248,337	2,024,966
Asset retirement obligations	78,820	78,891
Other	218,742	239,957
Total non-current liabilities	2,545,900	2,343,815
Total liabilities	7,209,014	6,565,676
<b>Net assets</b>		
Shareholders' equity		
Share capital	670,011	670,011
Capital surplus	408,624	408,624
Retained earnings	9,442,237	10,330,272
Treasury shares	(482,394)	(482,470)
Total shareholders' equity	10,038,479	10,926,438
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(16,650)	(17,714)
Deferred gains or losses on hedges	(66,367)	(11,008)
Total accumulated other comprehensive income	(83,018)	(28,722)
Share acquisition rights	53,485	58,501
Total net assets	10,008,947	10,956,217
Total liabilities and net assets	17,217,961	17,521,893



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

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	6,884,098	7,507,934
Cost of sales	5,434,838	4,673,821
Gross profit	1,449,259	2,834,112
Selling, general and administrative expenses	902,223	970,876
Operating profit	547,036	1,863,235
Non-operating income		
Dividend income	5,597	12,724
Commission income	3,655	3,659
Insurance claim income	–	6,155
Subsidy income	407	–
Other	77	3,650
Total non-operating income	9,738	26,190
Non-operating expenses		
Interest expenses	1,098	3,078
Other	564	4
Total non-operating expenses	1,663	3,083
Ordinary profit	555,111	1,886,342
Extraordinary income		
Gain on sale of non-current assets	19	4
Total extraordinary income	19	4
Extraordinary losses		
Loss on retirement of non-current assets	713	1,162
Loss on sale of non-current assets	121	360
Total extraordinary losses	834	1,523
Profit before income taxes	554,295	1,884,823
Income taxes - current	141,151	550,935
Income taxes - deferred	58,007	56,246
Total income taxes	199,159	607,182
Profit	355,136	1,277,641
Profit attributable to owners of parent	355,136	1,277,641

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	355,136	1,277,641
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,284)	(1,063)
Deferred gains or losses on hedges	(50,026)	55,359
Total other comprehensive income	(55,311)	54,295
Comprehensive income	299,824	1,331,936
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	299,824	1,331,936

(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.

**Segment information***Segment information*

I Three months ended June 30, 2022 (from April 1, 2022 to June 30, 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	1,422,166	1,113,843	4,348,088	6,884,098
Intersegment sales or transfers	–	–	–	–
Total	1,422,166	1,113,843	4,348,088	6,884,098
Segment profit (loss)	576,099	190,624	(40,490)	726,233

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	726,233
Corporate expenses (Note)	(179,196)
Operating profit on quarterly consolidated statement of income	547,036

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 Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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	2,222,134	1,292,413	3,993,385	7,507,934
Intersegment sales or transfers	–	–	–	–
Total	2,222,134	1,292,413	3,993,385	7,507,934
Segment profit	976,013	271,656	788,967	2,036,637

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	2,036,637
Corporate expenses (Note)	(173,401)
Operating profit on quarterly consolidated statement of income	1,863,235

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.