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For Immediate Release

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Notice of revision to full-year financial results forecasts

The Company announces that a Board of Directors meeting held today resolved to revise our financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024) that had been announced on May 12, 2023, as follows.

Details

1. Revision to full-year financial results forecasts

(1) Revisions to the full-year consolidated results forecasts for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	million yen	million yen	million yen	million yen	Yen
Previously announced forecasts (A)	360,000	2,000	2,300	1,300	119.22
Revised forecasts (B)	380,000	(800)	(200)	(700)	(64.28)
Change (B-A)	20,000	(2,800)	(2,500)	(2,000)	(183.50)
Change (%)	5.6%	—	—	—	—
(Reference) Previous year's results (FY 2022)	342,254	895	1,227	478	43.82

(2) Reasons for revision

Net sales are expected to exceed the initial forecast owing to the increase in crude oil prices and propane contract prices, which affect the purchasing prices in our mainstay area of petroleum and LP gas.

On the other hand, in terms of profit and loss, gross profit mainly in the electricity business is expected to fall significantly below initial assumptions, and as mentioned above, we have decided to revise the full-year consolidated financial results forecasts.

Regarding this point, during the previous fiscal year, the Group had secured relative energy source in preparation for the risk of higher purchase prices in the current fiscal year, assuming that the wholesale electricity market price would exceed 30 yen/kwh. However, contrary to assumptions, monthly average

prices in the wholesale electricity market (spot price in Tokyo) remained at slightly less than 12 yen per kwh in the first six months of the current fiscal year, making procurement power supply prices relatively high.

Under these circumstances, a surplus of procured power supplies was generated due to losing some customers and other factors, and we were forced to sell such surplus power supplies at a negative spread, which were affected by prices in the wholesale electricity market. In addition, the power surplus generated due to lower-than-expected demand during the summer months had to be sold at a negative spread, resulting in gross profit for the first six months of the current fiscal year that was significantly lower than our initial assumptions.

For the second half of the year, while the retail price revisions and expanded sales of market-linked plans that have been underway since the beginning of the year are progressing as expected, it is anticipated that they will not be sufficient to offset the decreased sales outlook due to loss of customers and demand reduction, and similar to the first half, sales are expected to fall below initial assumptions. In addition, we will proceed with a fundamental review of the electricity business, including business restructuring, going forward. The Company takes its earnings situation seriously, including the revision of the full-year earnings forecast, and will clarify management responsibility for it. The details will be announced as soon as they are finalized.

2. Dividend forecast

The Company considers returning profit to shareholders the most important management policy. Our basic policy is to provide stable dividends with a consolidated payout ratio of 30% or more.

Although the financial results forecasts have been revised downward, in accordance with the basic policy of maintaining stable dividends, no revisions have been made to the year-end dividend forecast for the fiscal year ending March 31, 2024.

Note: The forecasts above have been prepared based on information currently available to us. Actual results may vary due to various factors.

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