Financial Results Briefing Materials for the 2Q of FY Ending in March 2025

October 29th, 2024
Nippon Gas Co., Ltd.



Summary (1) Results for the 2Q (vs. Plan) and FY Forecast

1H Results were below the Plan due to Lower Gas Sales Volume Affected by High Temperature. Revised the Assumption for the 2H and No Change in FY Plan

■ GP in the 1H was ▲¥0.7B vs. the plan due to lower residential gas affected by high temperature. SG&A Expenses was almost as planned by controlling the 2Q below the plan. For the 2H, slightly increased GP plan based on cold winter in the 4Q and exchange rate, while FY SG&A plan remains unchanged. Accordingly, no change in FY operating income plan of ¥20.0B.

(¥100M)	FYE 03/25(2Q/Apr.-Sep.) (as of 30th Jul.) (P)	(A)	FY Plan of FYE 03/25 Prev.	Revised	Remarks
Gross Profit	315	**308**	**760**	**760**	
LP Gas	207	**206**	**504**	**507**	- 1H: Usage per customer was lower due to high temperature - 2H: Forecasts lower temperature YoY
Electricity	20	**19**	**51**	**51**	- 1H: GP was in line with the plan
City Gas (Existing + New)	87	**83**	**205**	**202**	<Slide lag> - 1H: The positive impact was ▲¥0.04B vs. the plan - FY: Newly incorporated assumed 3Q impact (+¥0.07B)
Slide time lag	*+1.5*	*+1.1*	*+1.5*	*+1.8*	
SG&A Expenses	283	**285**	**560**	**560**	- 1H: SG&A was almost as planned. Cost to acquire has been gradually decreasing in line with the assumption
Operating Income	32	**23**	**200**	**200**	
Net Income	22	**16**	**140**	**140**	- Forecasting the highest record of FY net income in FYE 03/25. Will achieve ROE of 20%
Return to shareholders	-	**-**	**132+[ ]**	**132+[ ]**	

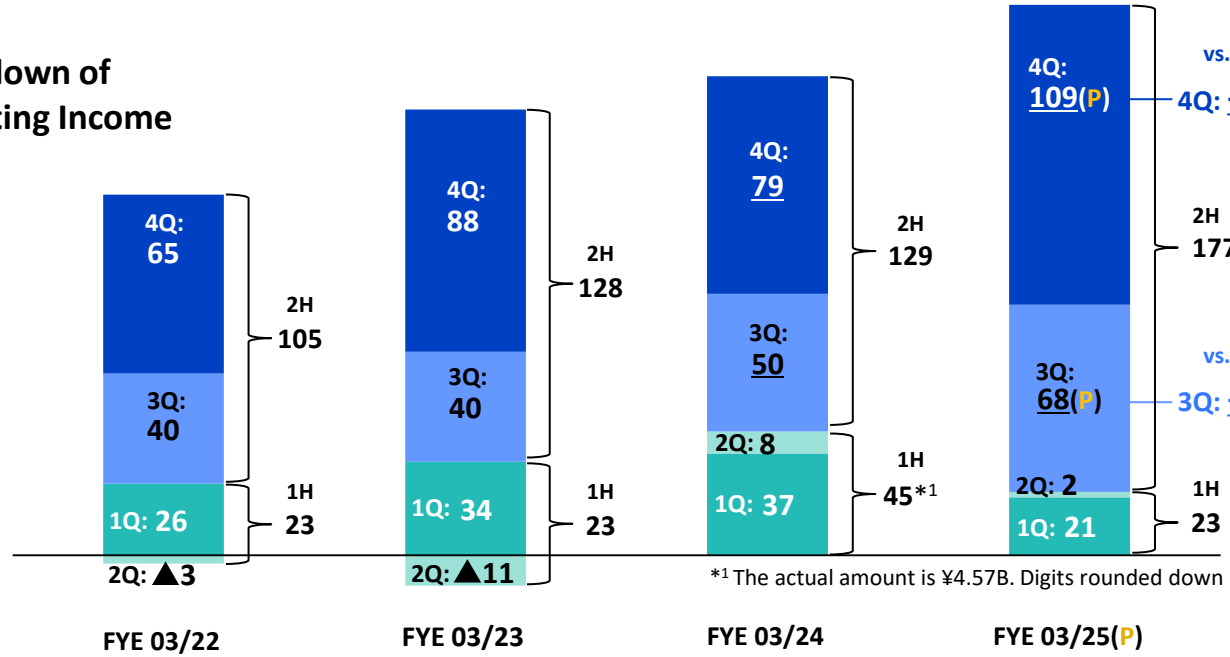
Summary (2) Operating Income Forecast for FYE 03/25

Plans ¥20.0B Operating Income in FYE 03/25. In the 2H, Plans to Increase Earnings by Expanding Profit from Gas and Electricity and Reducing SG&A Expenses

■ Plans operating income of ¥17.7B (+¥4.8B YoY) in the 2H (Oct.-Mar.). Forecasts GP in the 2H of +¥2.5B YoY, driven by higher gas sales volume due to lower temperature and higher Electricity GP (Please refer to P.9). Plans SG&A in the 2H of ▲¥2.3B YoY because of a significant reduction in cost to acquire following the revision of the Ministerial Ordinance of the LPG Act.

Operating Income (¥100M)	FYE 03/22(A)	FYE 03/23(A)	FYE 03/24(A)	FYE 03/25(P)
	128	151	174	200

Breakdown of Operating Income (¥100M)



*1 The actual amount is ¥4.57B. Digits rounded down

vs. FYE 03/24
4Q: +¥3.0B
vs. FYE 03/24
3Q: +¥1.8B

Operating Income in the 2H
+¥4.8B vs. FYE 03/24

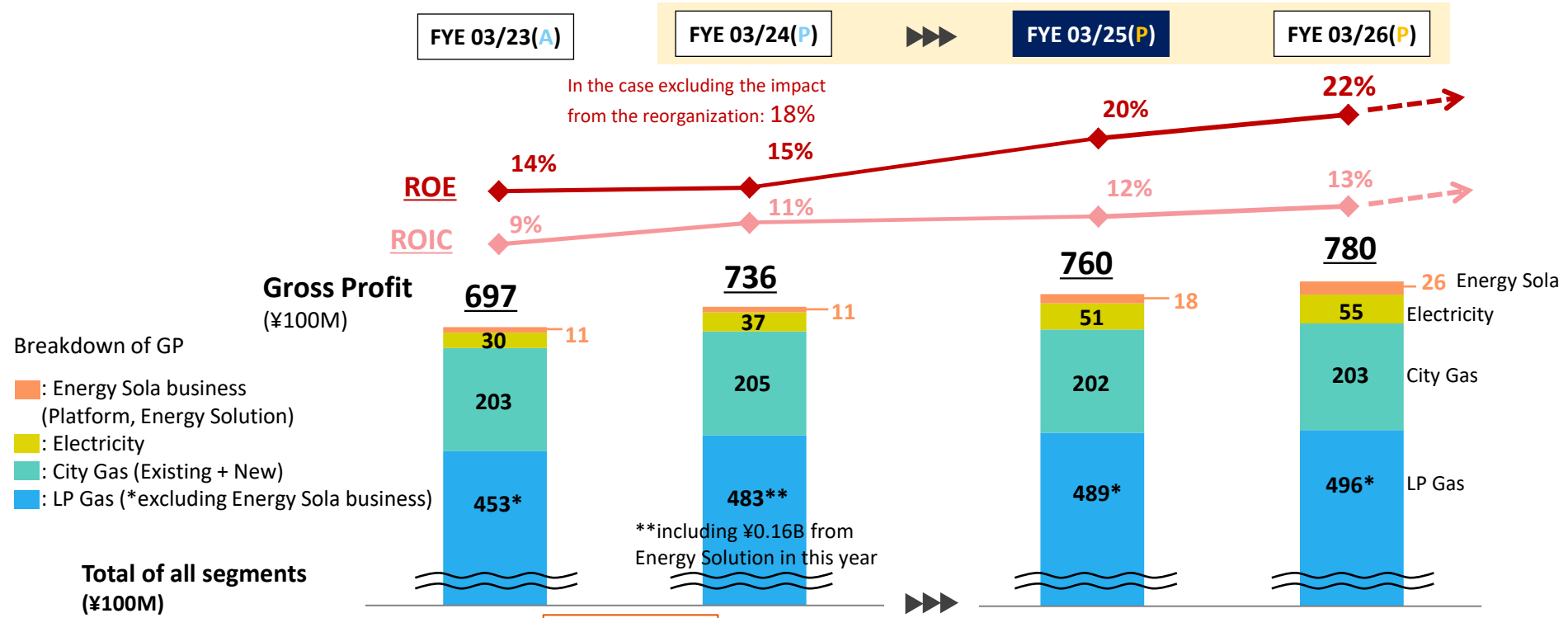
- **GP: +¥2.5B**
  - (+) LP Gas: +¥0.6B*2
  - (+) Electricity: +¥1.3B
  - (+) City Gas: +¥0.6B*2
- **SG&A: ▲¥2.3B**
  - (-) Cost to acquire: ▲¥2.0B
  - (-) Others: ▲¥0.3B

*2 vs. FYE 03/24 does not match historical materials due to the retrospective adoption of the revenue recognition standard

Summary (3) Three-Year Plan (FYE 03/24 - 03/26) The Details of Profits

Will Achieve Operating Income of ¥20.0B and ROE of 20% in FYE 03/25. Will Increase Profit Driven by Customer Growth of LP Gas and Electricity

■ Plans to increase net income to ¥14.0B in FYE 03/25 and ¥15.0B in FYE 03/26. In addition, will achieve 20% ROE and EPS growth by +32% (from ¥95.6 to ¥126.7) by optimizing capital-to-asset ratio. Based on the growth of LP and Electricity, will expand Energy Sola business in the mid to long term.



Total of all segments (¥100M)

Gross Profit	**697**	**736**	**760**	**780**
SG&A Expenses	546	562	560	560
Operating Income	**151**	**174**	**200**	**220**
Net Income	**106**	**108**	**140**	**150**
EPS	**¥92.6**	**¥95.6**	**¥126.7**	**¥138.9**

FYE 03/24(A): Net Income of ¥10.8B is after extraordinary loss (▲¥2.4B) due to the reorganization

Summary (4) Three-Year Plan. The Assumption of Profit Plan

Will Increase Profit from LP and Electricity Driven by Customer Growth. Plans to Increase to ¥2.6B GP from Energy Sola Business in FYE 03/26

★: Updated from figures as of 30th Jul. 2024

(¥100M)	FYE03/23(A)	FYE 03/24(A)	FYE 03/25(P)	FYE 03/26(P)	Remarks
Gross Profit (Total)	**697**	**736**	**760**	**780**	
LP Gas (including GP from equipment sales, and excluding platform GP)	**453**	**483**	★ **489**	**496**	
Customer # at year end ('000) (YoY)	973	997(+24)	1,037(+40)	1,077(+40)	- Reflecting in profit plan is prudently estimated
Sales volume ('000t) Residential/ C&I	186/121	179/114	★ 186/113	195/115	- FYE 03/25: Revised residential gas by ▲2Kt (188Kt→186Kt), reflecting 1H results
Residential margin (¥/kg)	212	233	220+	[220]	- FYE 03/25: Forecasts ¥228/kg
City Gas (including GP from equipment)	**203**	**205**	★ **202**	**203**	- FYE 03/25: Including positive impact from slide time lag (+¥0.18B) during the 1Q-3Q
Sales volume ('000t) total of Residential and C&I	378	365	★ 355	365	- FYE 03/25: Revised sales volume by ▲7Kt (362Kt→355Kt) , reflecting 1H results
Electricity	**30**	**37**	**51**	**55**	
Customer # at year end ('000) (YoY)	320	345(+25)	445(+100)	545(+100)	- Reflecting in profit plan is prudently estimated
Sales volume (GWh)	1,297	1,427	★ 1,616	1,770	- FYE 03/25: Forecasts to increase due to customer growth
Margin (¥/kWh)	2.3	2.6	★ 3.1	3.1	- FYE 03/25: Forecasts to improve margin by price revision
Energy Sola Business (Platform)	**11**	**11**	**14**	**18**	- FYE 03/25: GP in the 1H was ¥0.7B. Increased profits from safety inspection PF and Construction PF
Energy Sola Business (Energy Solution)	**-**	**[1.6*]**	**4**	**8**	- FYE 03/25: GP in the 1H was ¥0.13B. Sales of hybrid water heaters was 2.4K units (more than 3 times YoY) in the 1H

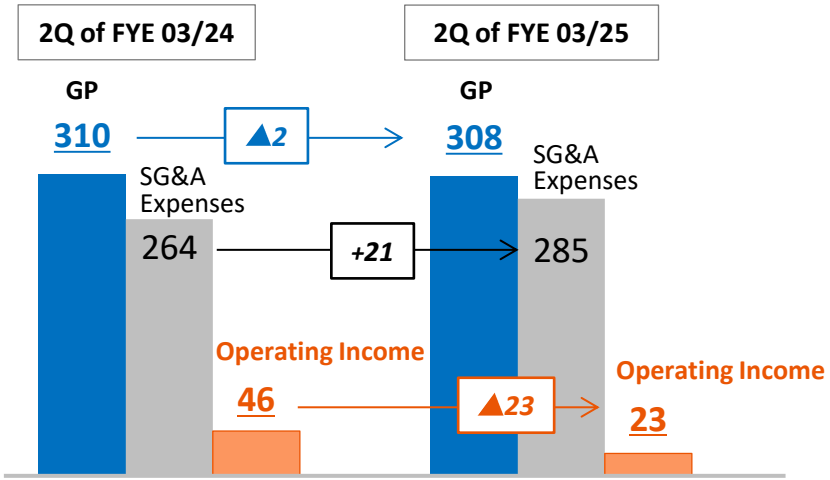
*Included in GP from LP Gas

Financial Results (1) Summary (04/24 - 09/24) (YoY)

Gross Profit was Almost Flat YoY. Profit Growth of LP Gas Absorbed the Negative Impact from City Gas Slide Time Lag. For SG&A Expenses, Cost to Acquire Increased

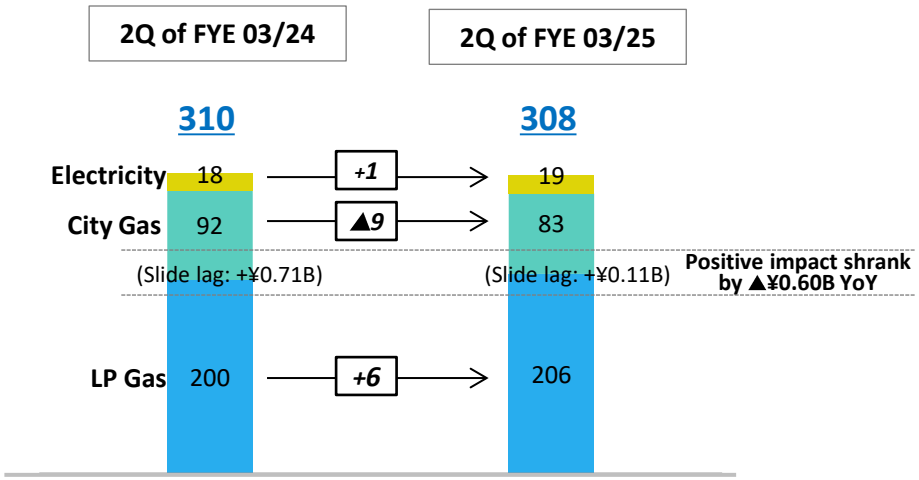
■ GP was almost flat YoY (▲¥0.2B YoY). While the positive impact from City Gas slide lag shrank, LP Gas profits grew. For SG&A Expenses, cost to acquire increased mainly (+¥0.7B YoY) due to significant growth of LP customer number.

Gross Profit (GP)/SG&A Expenses/Operating Income (¥100M)



Breakdown of GP (¥100M)

*Digits rounded after the decimal point



* For FYE 03/24 (retrospective) and FYE 03/25, newly discloses City Gas and a part of LP Gas, based on revenue recognition standard due to the reorganization

Total of all segments (¥100M)		FYE 03/24 (2Q/Apr. - Sep.)	FYE 03/25 (2Q/Apr. - Sep.)	+/-	Remarks
Gross Profit		310	**308**	**▲2**	- LP: +¥0.6B YoY due to improved C&I margin. CG: ▲¥0.9B YoY due to lower positive impact from slide lag
SG&A Expenses		264	285	+21	- Cost to acquire increased by +¥0.7B YoY due to significant growth of LP customer number. IT expenses increased by +¥0.4B YoY due to the launch of delivery and safety systems
Operating Income		46	**23**	**▲23**	
Sales volume	LP Gas('000t)	117	117	±0	- Residential: Usage/customer was not strong despite LP customer growth. CG net customer decrease shrank partly due to collaboration with a foot ball team,Tokyo Verdy - C&I: Large customers' demand decreased due to energy conservation. Sales volume for government facilities, etc. also decreased
	City Gas('000t)	159	147	▲12	
	Electricity(GWh)	665	717	+52	- Increased YoY due to customer growth (Sep. 2023: 334K→Sep. 2024: 365K customers)

Financial Results (2) Breakdown of SG&A Expenses

SG&A in the 1H was in line with the Plan. Cost to Acquire Has Decreased as Planned

■ SG&A in the 1H was almost as planned (+¥0.2B vs. the plan). Cost to acquire fell sharply from ¥2.5B in the 1Q to ¥1.4B in the 2Q due to lower sales costs for apartment building following the revision of the Ministerial Ordinance of the LPG Act. Expects further reduction in cost to acquire in the 2H, and no change in ¥56.0B FY plan.

* Digits rounded after the decimal point *Progress (%) is calculated after adjusting to ¥100M units

Breakdown of SG&A Expenses (¥100M)	FYE 03/25 FY(P)	FYE 03/25 2Q(A)	Progress vs. FY(P)	Remarks	FYE 03/24 FY(A)	FYE 03/24 2Q(A)
1. Personnel Cost	148	70	47%	- Planning 5% of salary increase in FYE 03/25, increasing salary per employee	142	69
2. D&A Expenses (*i)	84	41	49%		86	41
3. Cost to Acquire (*ii)	59	39	66%	- Increased by +¥0.7B YoY due to significant growth of LP customer number in the 1Q. Last year, suspended door-to-door sales for 3 months. Significantly decreased from ¥2.5B in the 1Q to ¥1.4B in the 2Q. Cost to acquire has been gradually decreasing in line with ¥5.9B FY plan	72	32
4. IT Related Expenses	51	25	49%	- D&A expenses for IT increased by +¥0.2B YoY due to the launch of delivery and safety systems	47	21
5. Commission, etc. (*iii)	43	24	56%	- Increased YoY by strengthening relationships with existing customers through outbound call, etc.	41	20
6. Gas Related Equipment, etc.	35	19	54%	- Cylinder purchase increased YoY as LP customer number increased. Partially affected by higher equipment prices	34	17
7. Cost to Deliver LP Gas Cylinders	33	14	42%	- Increased YoY due to improved pay for cylinder deliver staff from Aug. 2023	32	12
8. Repair Expenses (*iv)	21	9	43%		19	8
9. Tax	20	12	60%		20	11
10. Communication Cost (*v)	12	6	50%		11	6
11. Advertising Expenses	9	4	44%		8	3
12. Travel Expenses	6	3	50%		6	3
13. Call Center	6	3	50%		5	3
14. Pipeline Charge	0	0	-	- Transferred ¥0.6B of pipeline charge from SG&A to COGS of City Gas from FYE 03/25	6	3
15. Others	33	16	48%		33	15
Total	560	285	51%		562	264

(*i) D&A expenses for IT are included in “4. IT Related Expenses”, and amortization of goodwill is included in “15. Others” (*ii) The amount of expenses for sales and services for LP Gas, City Gas, and Electricity business (*iii) Integrated cost for “safety inspection, meter reading, etc.” into “5. Commission, etc.” from FYE 03/24 (*iv) For repairing gas cylinders, gas equipment, etc. and cylinder inspection cost (*v) For communication with customers and telecommunication cost of Space Hotaru

Financial Results (3) LP Gas Business (YoY)

GP Rose. C&I Profit Grew due to Higher Margin. Residential Sales Volume was Flat YoY. Customer Growth in the 1H was 18K

- GP was +¥0.6B YoY. C&I profit increased due to higher margin. Residential sales volume and margin were flat YoY.
- Customer growth in the 1H(Apr.-Sep.) was 18K. The number of new acquisitions and churn for apartment building declined due to the ministerial ordinance revision. Aiming for an annual target of 40K, strengthening sales activities for detached house and increasing M&A.

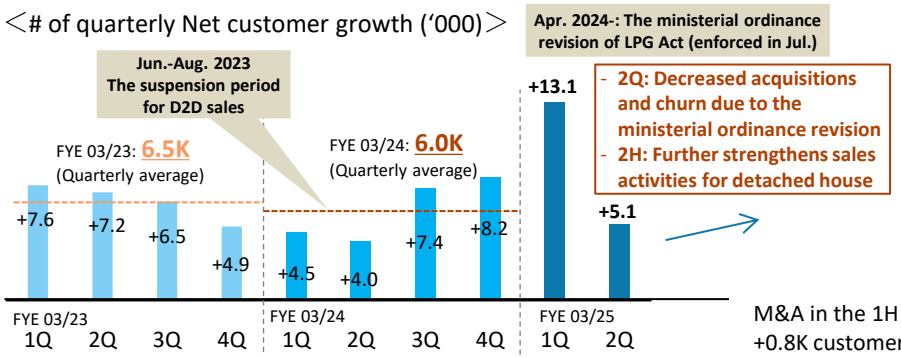
*Digits rounded after the decimal point *+/- is calculated after adjusting to ¥100M units

LP Gas Business (¥100M)	FYE 03/24 (2Q/Apr.- Sep.)	FYE 03/25 (2Q/Apr.- Sep.)	+/-	Remarks	FYE 03/25 FY (P)
Gross Profit	**200**	**206**	***+6***		**507**
Gas	**183**	**188**	***+5***	- Residential GP was flat YoY. C&I was +¥0.5B YoY - Residential margin was flat YoY. Incorporated the impact from price revision into the 2H. C&I margin expanded due to the positive impact from raw material prices	465
Per kg (Residential + C&I)	***¥156***	***¥161***	***+¥5***		(Residential + C&I) ***¥156***
Platform (PF)	6	7	*+1*		14
Equipment sales, etc. (Energy Solution)	11(0.6)	11(1.3)	*±0(+0.7)*	- Sales of hybrid water heaters: 2.4K units. Increased sales of solar panels for C&I users such as factories	28(4)
Gas sales volume ('000t)	**117**	**117**	*±0*	- Residential: Flat YoY due to lower usage/customer, although total customers increased - C&I: Flat YoY. Demand for restaurants, etc. was not strong	**299**
Residential	65	65	*±0*		186
C&I	52	52	*±0*		113

LP Gas Business	FYE 03/24 (2Q/Apr.- Sep.)	FYE 03/25 (2Q/Apr.- Sep.)	+/-	FYE 03/25 FY(P)
# of Total customers (as of Sep. 30th)	**981**	**1,015**	***+34***	**1,037**
# of Net customer growth (Apr.-Sep./6 months)	***8***	***18***	***+10***	***40***

Based on the revision of the ministerial ordinance, further strengthening sales for detached houses and reducing churn and cost to acquire.

＜# of quarterly Net customer growth ('000)＞



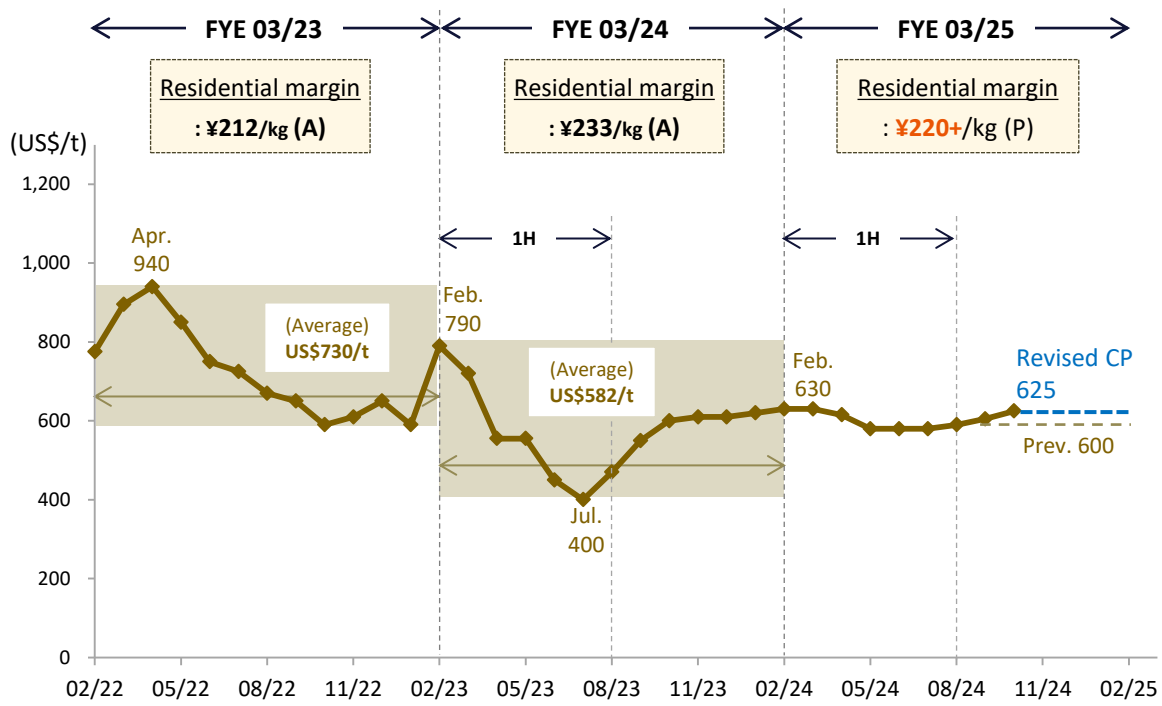
M&A in the 1H of FYE 03/25 was +0.8K customers / 9 companies

LP Gas Raw Material Price (CP)

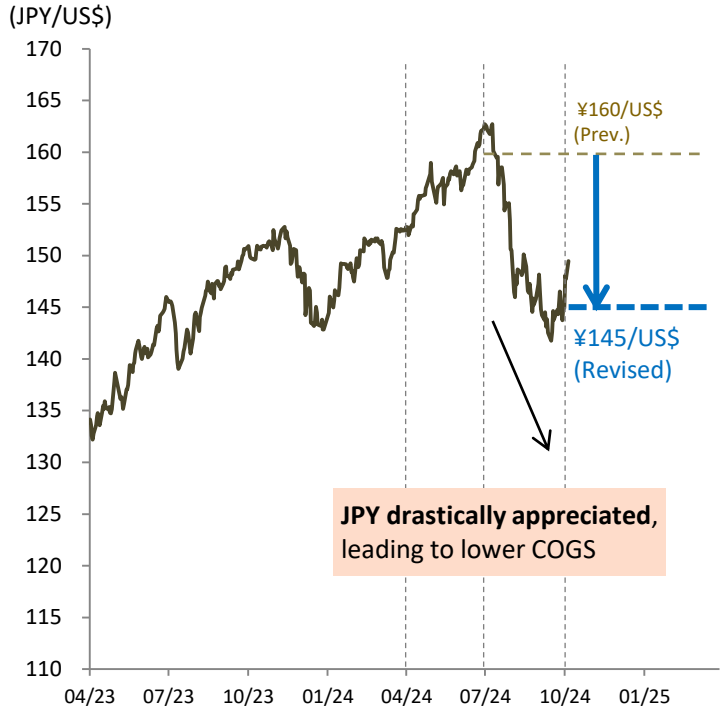
COGS in the 1H was Slightly Lower than Expected. Revised COGS Forecasts for the 2H, based on Strong yen

- COGS in the 1H was slightly lower than expected, as yen drastically appreciated. CP was in line with the assumption.
- For the 2H, revised CP assumption from US$600 to US$625/t and the exchange rate from ¥160 to ¥145/US$. No significant change in residential margin in the 2H, and expects FY margin of ¥228/kg (the previous forecast: ¥225/kg).

LP Gas raw material price (CP)



Exchange rate (TTS)



(US$/t)	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
2022	740	775	895	940	850	750	725	670	650	590	610	650
2023	590	790	720	555	555	450	400	470	550	600	610	610
2024	620	630	630	615	580	580	580	590	605	625		

* Highlighted CP made up COGS through the 1H of FYE 03/25
* CP makes up COGS after about 2-3 months.
* Cost pass-through **with almost no time lag** can be possible.
(except some menus with certain terms and conditions)

Financial Results (4) Retail Electricity Business (YoY)

GP Grew YoY. Accelerating Customer Growth through Expanding the Target Customer in Electricity Rate Menu. GP was in line with FY Plan of ¥5.1B

■ GP in the 1H was +¥0.1B YoY due to customer growth. Net customer number growth, 19K of the 1H, has accelerated by expanding the target customer in the rate menu. GP was in line with FY plan of ¥5.1B. Forecasts to increase GP in the 4Q (Jan.-Mar.) by +¥1.1B YoY, due to improved margin in the 4Q, when sales volume is highest, while a certain level of COGS is accounted for by fixed costs, which started from FYE 03/25.

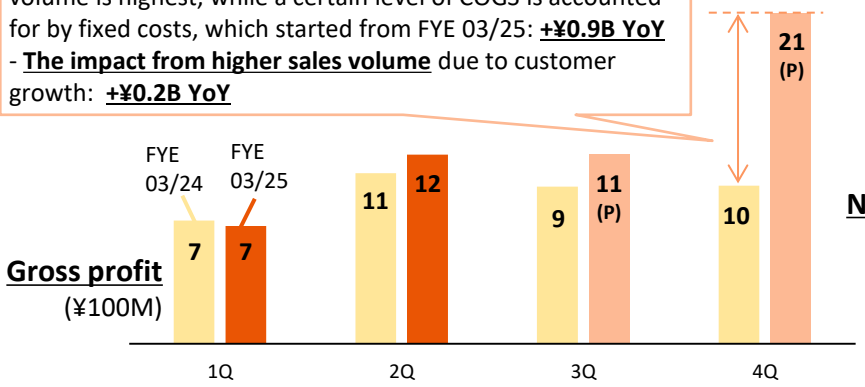
*Digits rounded after the decimal point. *+/- is calculated after adjusting to ¥100M units

Electricity	FYE 03/24 (2Q/Apr.- Sep.)	FYE 03/25 (2Q/Apr.- Sep.)	+/-	Remarks	FYE 03/25 FY (P)
Gross Profit (¥100M)	**18**	**19**	***+1***	- GP was +¥0.1B YoY due to customer growth	**51**
Per kWh	**¥2.7**	**¥2.6**	***▲¥0.1***	- GP was in line with FY plan of ¥5.1B. Forecasts ¥1.1B in the 3Q and ¥2.1B in the 4Q	**¥3.1**
# of Total customers('000) (as of Sep. 30th)	**334**	**365**	***+31***	- E&G bundled: 23% (+2% YoY)	**445**
# of Net customer growth ('000) (Apr.-Sep./6 months)	*14*	*19*	*+5*	- Average # in the 1H was 3.2K/month, accelerating to a pace of 40K in FY	*100*
Sales volume (GWh)	**665**	**717**	***+52***	- Sales volume increased by customer number growth	**1,616**

Quarterly gross profit (YoY)

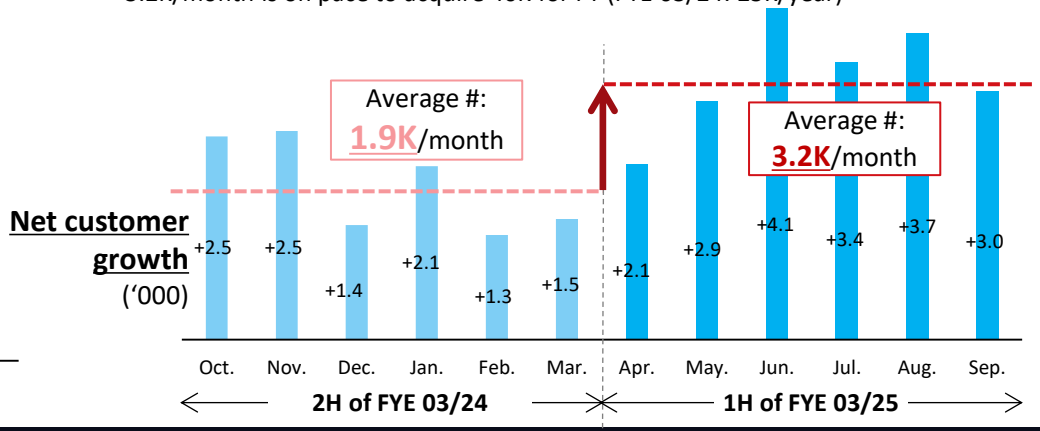
Assumption for the 4Q: +¥1.1B YoY

- **The impact from improved margin** in the 4Q, when sales volume is highest, while a certain level of COGS is accounted for by fixed costs, which started from FYE 03/25: **+¥0.9B YoY**
- **The impact from higher sales volume** due to customer growth: **+¥0.2B YoY**



Trend of net customer growth

- Has accelerated customer growth by expanding the target customer in the rate menu since Apr. 2024 (Average # of net customer growth: 1.9K→3.2K/month)
- 3.2K/month is on pace to acquire 40K for FY (FYE 03/24: 25K/year)



Financial Results (5) City Gas Business (YoY)

GP was ▲¥0.9B YoY due to Lower Positive Slide Impact (▲¥0.6B YoY). C&I Sales Volume Decreased

■ GP in the 1H was ▲¥0.9B YoY due to lower positive slide impact (▲¥0.6B YoY), as raw material price moved slightly. Residential sales volume was almost flat YoY, while C&I for government facilities decreased as a results of bidding. The net decrease in customer number continues to shrink.

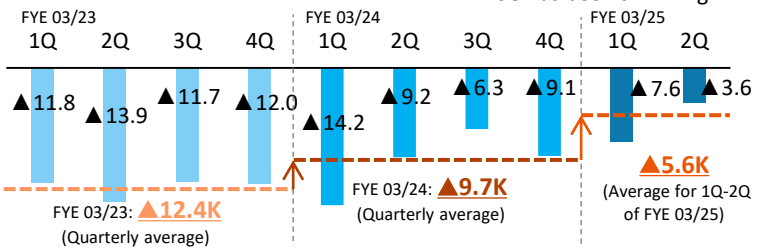
*Digits rounded after the decimal point *+/- is calculated after adjusting to ¥100M units

*Additionally adopted the revenue recognition standard for CG due to the reorganization. Discloses 2Q of FYE 03/24 results based on the standard, retroactively

City Gas (¥100M)	FYE 03/24 (2Q/Apr.- Sep.)	FYE 03/25 (2Q/Apr.- Sep.)	+/-	Remarks	FYE 03/25 FY (P)
Gross Profit	**92**	**83**	***▲9***		**202**
Gas	83	73	*▲10*	- Positive slide impact shrank (FYE 03/24: +¥0.71B→FYE 03/25: +¥0.11B)	181
Slide time lag *Included in Gas GP ***+7.1***		***+1.1***	***▲6.0***	- 1H(Apr.-Sep.): +¥0.11B (▲¥0.04 vs. the plan) - FY: Newly incorporated 3Q(Oct.-Dec.) positive impact of +¥0.07B	*Included in Gas GP* ***+1.8***
Pipeline charge	5	5	*±0*		11
Equipment sales, etc.	4	5	*+1*		10
Gas sales volume ('000 t)	**159**	**147**	**▲12**	- Residential: Existing CG was flat YoY. New CG decreased YoY affected by net customer base decrease - C&I: Large customers' demand decreased due to energy conservation. For New CG, decreased YoY as a result of bidding	**355**
Existing CG (Residential/C&I)	121(35/86)	118(35/83)	▲3(±0/▲3)		284(107/177)
New CG (Residential/C&I)	38(18/20)	29(17/12)	▲9(▲1/▲8)		71(42/29)
# of Total retail customers/ (as of Sep. 30th) **Net customer growth** (Apr.-Sep./6 months)	**616/▲23**	**590/▲11**	***▲26/+12***		**628/+27**
Existing CG	382/+2	388/+1	*+6/▲1*		**393/+7**
New CG	234/▲25	202/▲12	*▲32/+13*		**234/+20**

< # of quarterly net customer growth ('000) >

- The net decrease for New CG has been shrinking



Impact from Raw Material Cost Adjustment (Slide Time Lag)

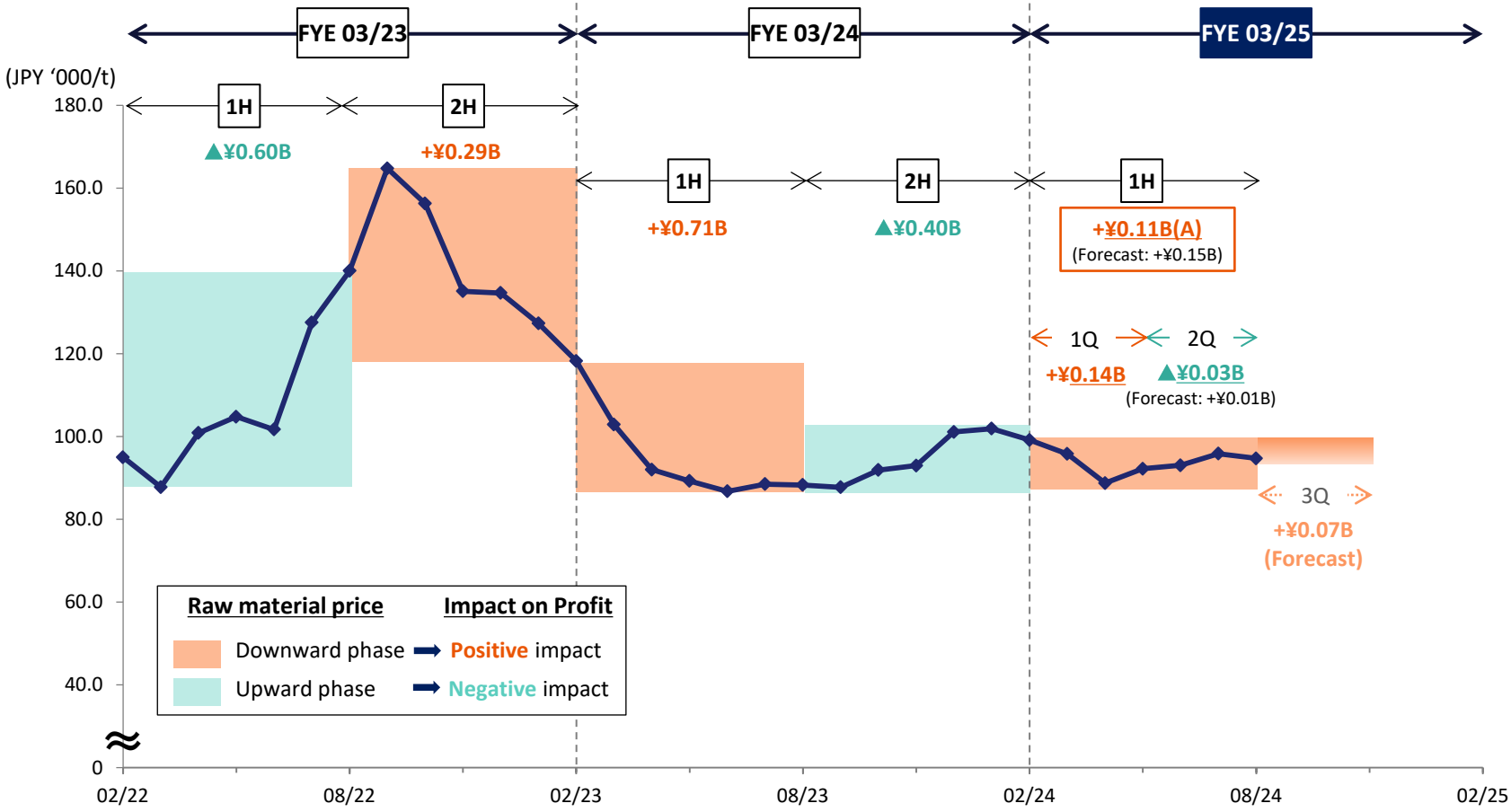
Slide Time Lag Impact in the 1H (Apr.-Sep.) was +¥0.11B. Additionally Incorporated Assumed 3Q (Oct.-Dec.) Impact of +¥0.07B into FY Plan

■ Slide impact in the 1H was +¥0.11B. Positive impact shrank from +¥0.71B in FYE 03/24 to +¥0.11B in FYE 03/25 (▲¥0.60B YoY). Expects raw material price to move slightly in the 2H. Additionally incorporated assumed 3Q (Oct.-Dec.) impact of +¥0.07B into FY Plan.

Trend of LNG CIF price*

**Figures are slide time lag impact based on the revenue recognition standard (Total of Existing & New CG)

*CIF: Average price of LNG imported to Japan



Financial Results (6) Energy Sola Business

GP was as Planned. To Achieve FY GP Plan of ¥1.8B, Focuses on BtoB Sales across Industries in Platform Business and Equipment Sales in Energy Solution Business

- Platform (PF): GP was in line with the plan. For safety inspection PF, increasing the number of safety inspection for CG by expanding service areas. For digital ordering system, will expand users from other industries.
- Energy Solution: Sales of hybrid water heaters has increased significantly (more than 3 times YoY). Will accelerate sales of energy solution equipment such as solar panels and storage batteries to achieve FY GP plan of ¥0.4B.

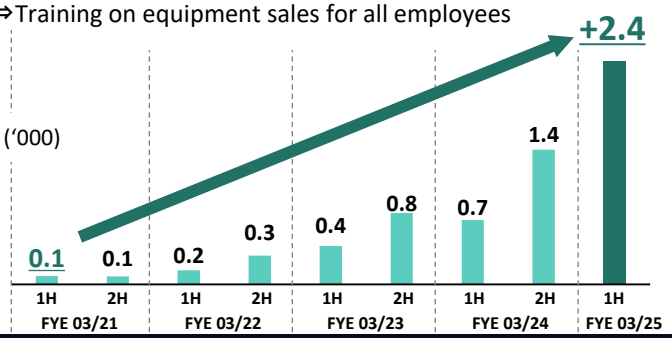
Platform (¥100M)	FYE 03/24 2Q(A)	FYE 03/25 2Q(A)	FYE 03/25 FY (P)	FYE 03/26(P)	Remarks
Gross Profit	5.5	6.8	**14**	**18**	- Established BtoB sales team through the group reorganization, and increasing # of companies to approach
1). LPG Network Service (Space Hotaru, Filling and Delivery)	*0.2*	*0.2*	***1***	***2***	- Has Increased # of companies introducing Space Hotaru on a small scale
2). PF for new entrants (New City Gas PF, Safety inspection PF), PF apps, and Construction PF	*5.3*	*6.6*	***13***	***16***	- Safety inspection PF: Will provide services for LP as well as CG. With labor shortages, demand for outsourced safety inspection services and system use is increasing - Digital ordering system: Will expand users from other industries by improving usability

Energy Solution(¥100M)	FYE 03/24 2Q(A)	FYE 03/25 2Q(A)	FYE 03/25 FY (P)	FYE 03/26(P)
Gross Profit	0.6	1.3	**4**	**8**
Hybrid water heaters (units)	*0.7K*	*2.4K*	***5K***	***8K***

■ **Sales of hybrid water heaters**

- **Sales units increased c. 24 times over the past 4 years**

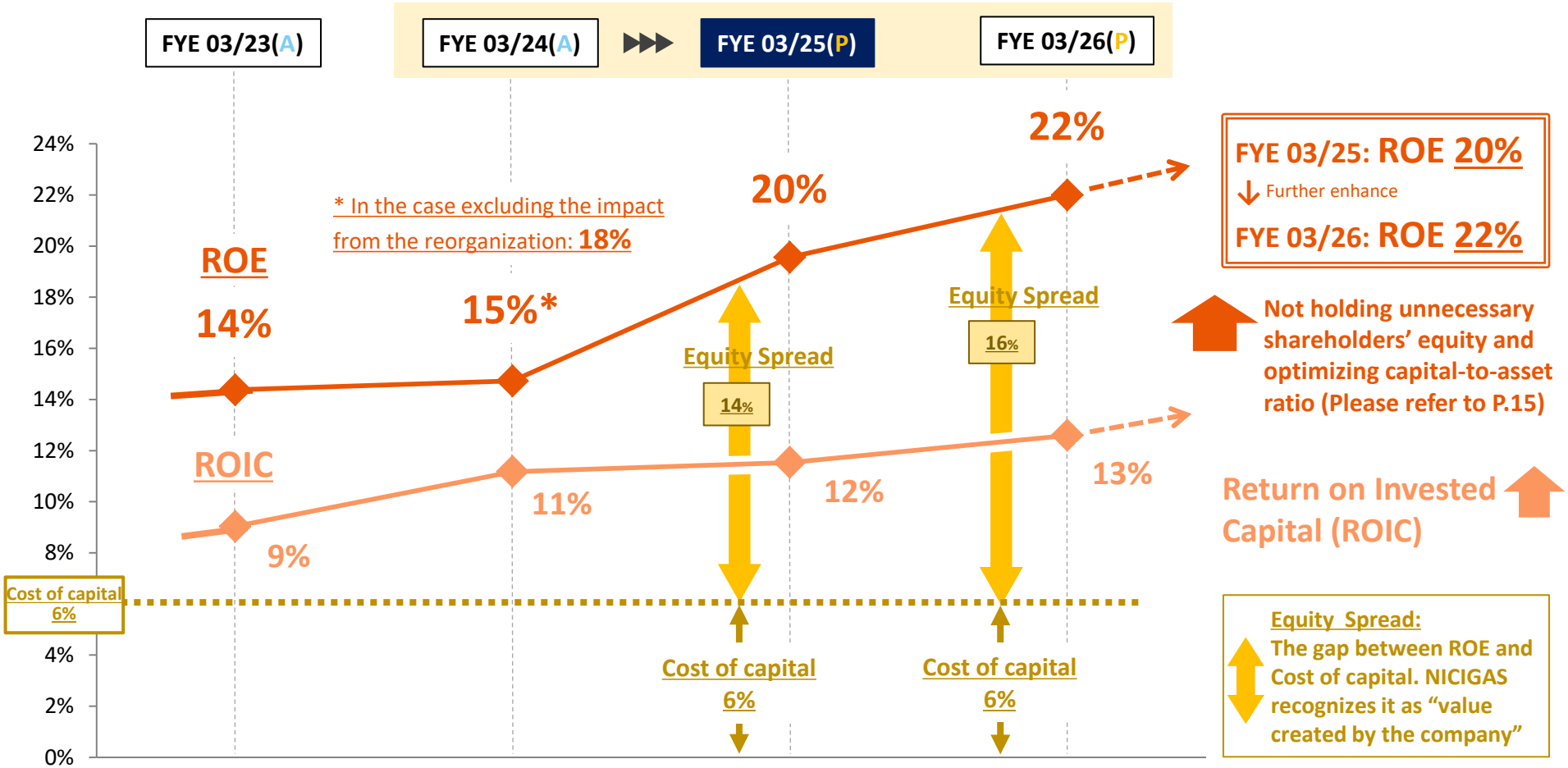
⇒Training on equipment sales for all employees



Financial Strategy(1) Plan of ROIC and ROE (FYE03/24-FYE03/26)

ROE Targets are 20% in FYE 03/25 and 22% in FYE 03/26. Will Further Enhance ROE from FYE 03/27

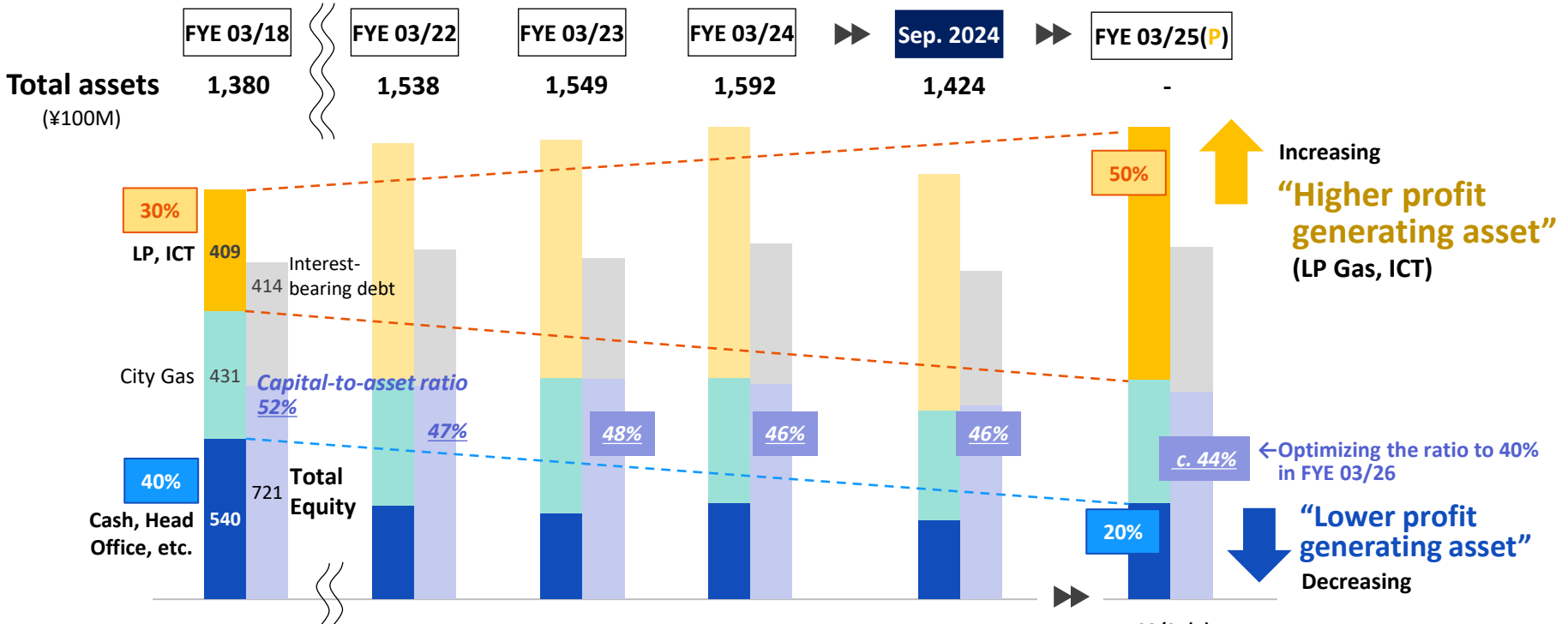
■ Plans ROE of 20% in FYE 03/25. Will enhance ROIC by increasing higher profit generating asset. Not holding unnecessary shareholders' equity and optimizing capital-to-asset ratio. Will further enhance ROE from FYE 03/27.



Financial Strategy(2) B/S

Will Enhance ROE through Improving ROIC by Increasing the Proportion of Higher Profit Generating Asset

■ Has enhanced ROIC by increasing the proportion of higher profit generating asset (LP Gas, IT) without largely expanding the size of total assets. On the right side of balance sheet, without holding unnecessary shareholders' equity, growth of ROIC directly leads that of ROE.



				03/25(P)
Net Income(¥100M)	78	100	106	108	140
ROIC(*1)	7%	8%	9%	11%	12%
ROE(*2)	11%	14%	14%	15%	20%

Net Income growth

Without largely expanding equity

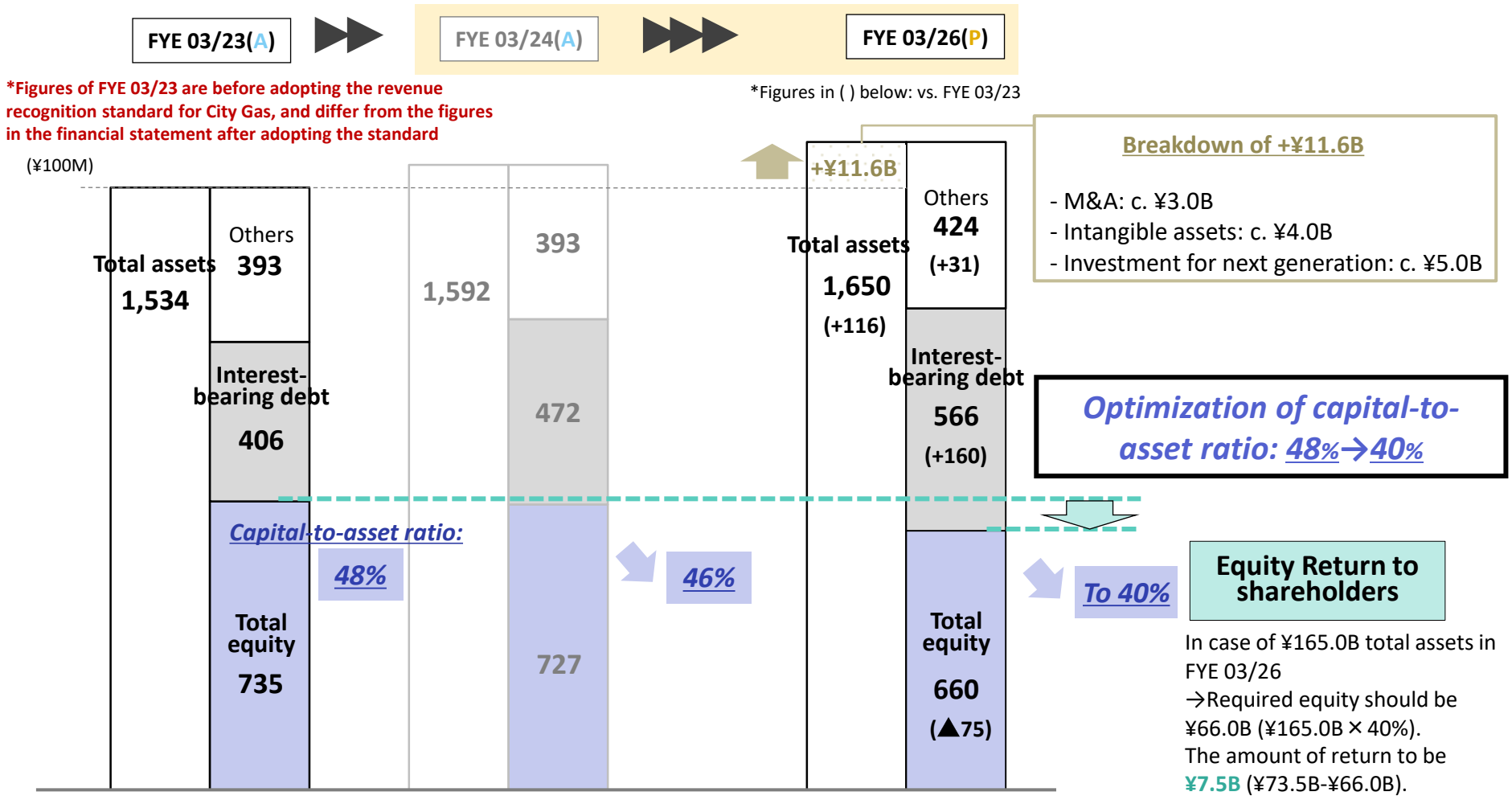
	03/18	03/25(P)
Net income	¥7.8B	¥14.0B
Total equity	¥72.1B	¥[70.0]B
ROE	11%	20%

(*1) ROIC=NOPAT (current year) / (average of current FYE and previous FYE of "Interest-bearing debt + Total Equity")
(*2) ROE=Net Income (current year) / (average of current FYE and previous FYE of Total Equity) (*1) (*2) Digits rounded after the first decimal point

Financial Strategy(3) Optimizing of Capital-to-asset Ratio

Will Optimize Capital-to-asset Ratio from 48% to 40% in 3 years. There is Enough Capability to Finance M&A

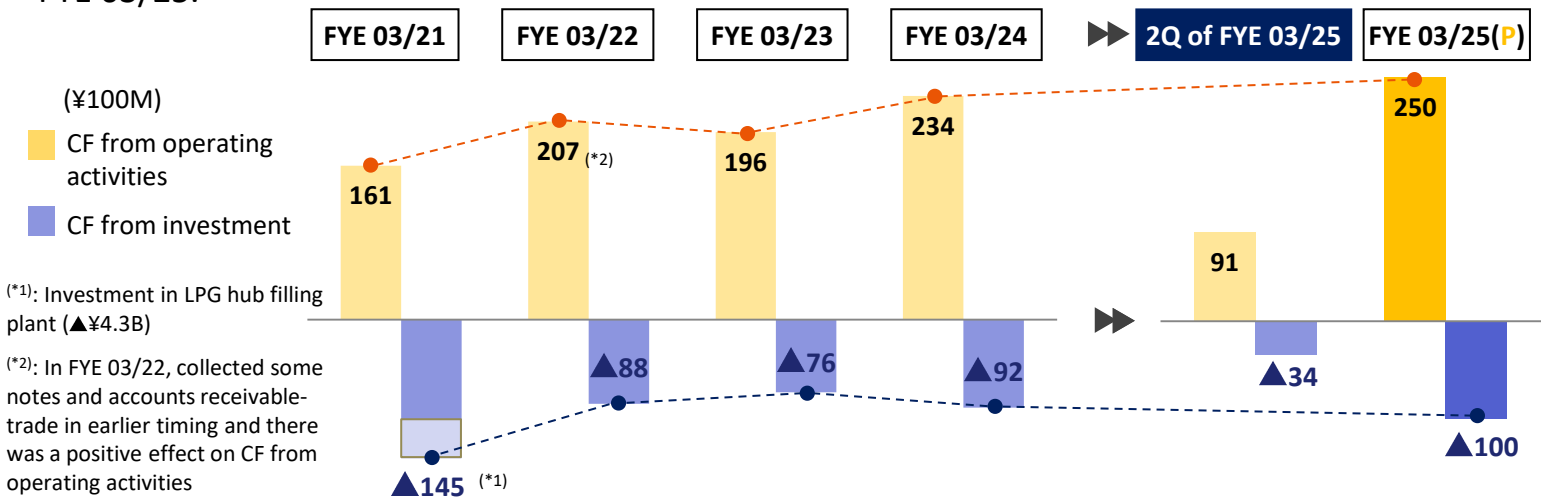
■ In 3 years to FYE 03/26, will optimize capital-raising instruments by decreasing capital-to-asset ratio from 48% to 40%. The capital structure after the initiative is sufficient to deal with M&A for industry consolidation.



Financial Strategy(4) Cash Flow

Will Increase CF from Operating Activities to Expand FCF, Driven by LP Gas and Electricity. For CF from Investment, No Plans for Large-scale Investment

■ Will expand CF from operating activities by customer growth of LP and Electricity. No plans for large-scale investment, as LP infrastructures are in place. Increasing LP M&A investment that NICIGAS focuses on. Will continuously expand FCF in FYE 03/25.



(*1): Investment in LPG hub filling plant (▲¥4.3B)

(*2): In FYE 03/22, collected some notes and accounts receivable-trade in earlier timing and there was a positive effect on CF from operating activities

CF from operating activities
Expanding CF from operating activities with growth of LP and Electricity

***CF from investment**
LP infrastructure is in place, and no plans for large-scale investment

FCF	+16	+119	+120	+142	+57	+150
CF from finance	▲57	▲74	▲161	▲87	▲113	▲140

*Breakdown of CF from investment(¥100M)	FYE 03/21	FYE 03/22	FYE 03/23	FYE 03/24	2Q of FYE 03/25	FYE 03/25(P)	D&A
LPG	87	34	16	25	2	35	▲41
LPG M&A	*Included in LPG 18*	*3*	*3*	*5*	*1*	*Included in LPG 20*	*▲10*
ICT	15	21	29	30	13	25	▲20
Existing City Gas	53	43	33	41	19	40	▲54
Others (Investment in securities, etc.)	▲10*	▲10*	▲2*	▲5*	0	0	-

(*▲ is a positive effect on CF)

- ✓**LPG**: Increasing M&A investment
- ✓**ICT**: Shifts to operating phase from FYE 03/25, gradually decreasing new investment
- ✓**CG**: Reducing gradually

Financial Strategy(5) Return to Shareholders

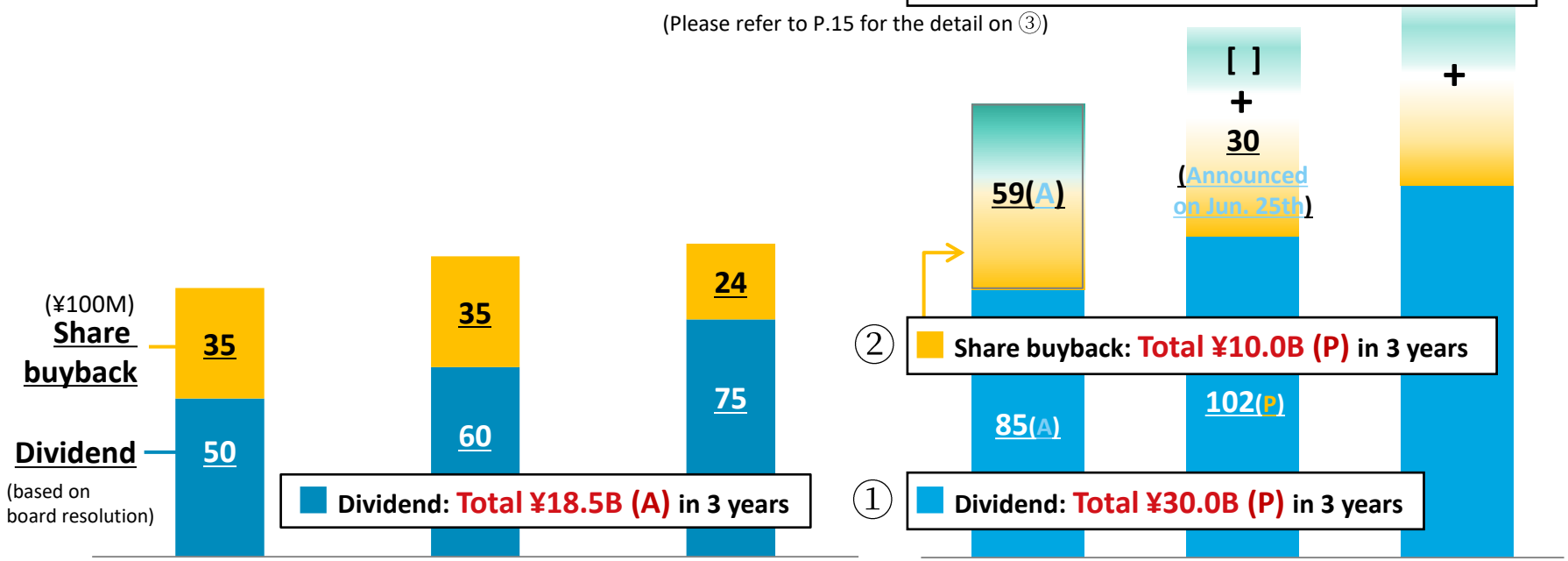
Will Increase Return to Shareholders with Profit Growth. Planning 100%+ Total Return Ratio in 3 years from FYE 03/24 to FYE 03/26

■ Has increased return to shareholders with profit growth. In 3 years from FYE 03/24 to FYE 03/26, planning 100%+ total return ratio with equity return to shareholders through B/S optimization. Plans to increase dividend per share from ¥92.5 in FYE 03/25 to ¥100+ in FYE 03/26.

	FYE 03/21	FYE 03/22	FYE 03/23	FYE 03/24(A)	FYE 03/25(P)	FYE 03/26(P)
Total Return ratio	90%	95%	93%	133%	[ ]%	[ ]%
				←	100%+ in 3 years	→

③ Share buyback through B/S optimization : Total ¥7.5B (P) in 3 years

(Please refer to P.15 for the detail on ③)

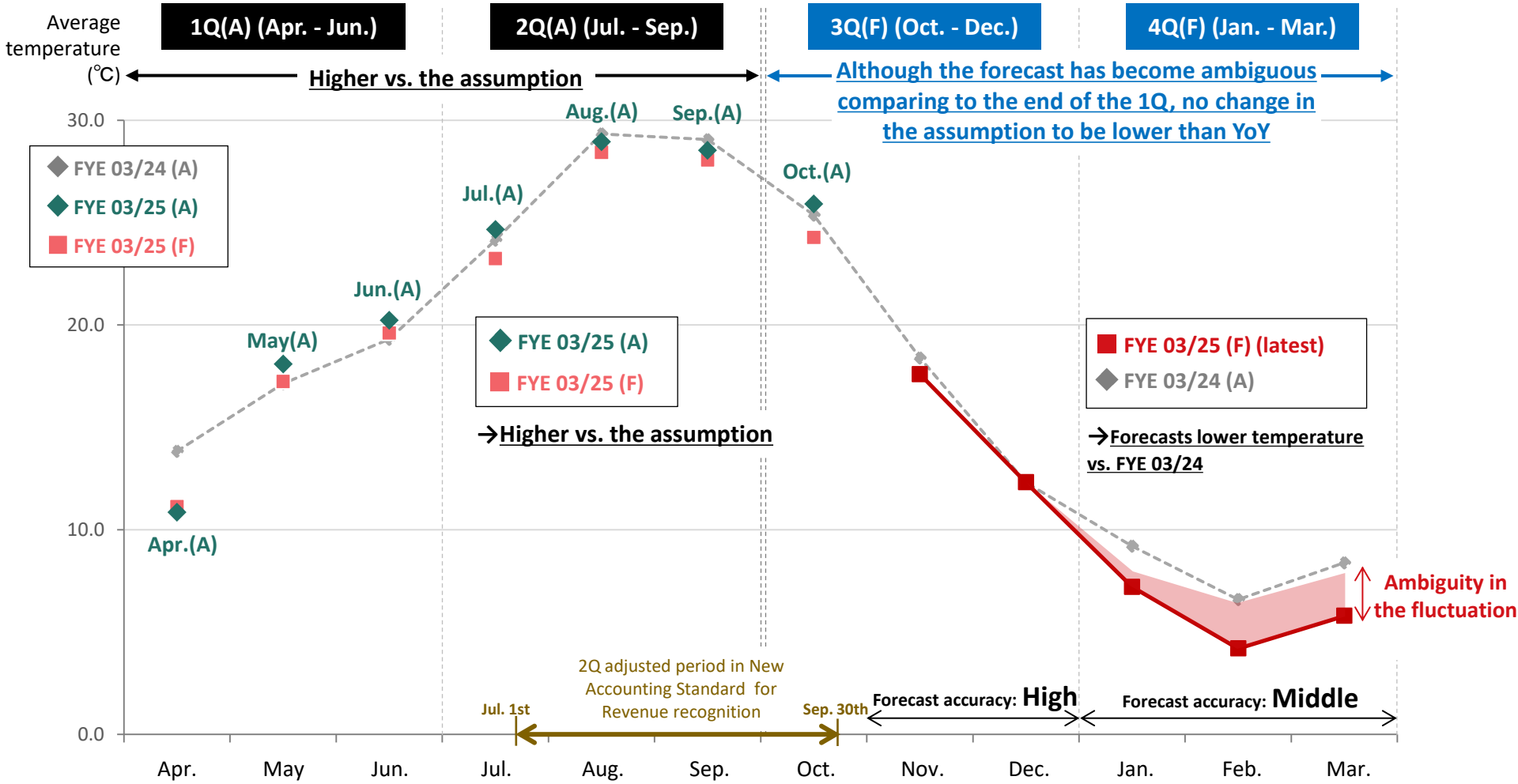


Net Income	¥9.4B	¥10.0B	¥10.6B	¥10.8B(A)	¥14.0B(P)	¥15.0B(P)
Dividend/shares	¥41.7	¥50.0	¥65.0	¥75.0	¥92.5	¥100+

Average Temperature

Average Temperature in the 1H was Slightly Higher vs. the Assumption. No Change in the Assumption for the 2H to be Lower than YoY

■ Average temperature in the 2Q(Jul.-Sep.) was slightly higher vs. the assumption and flat YoY due to the intense heat that lasted until mid-Sep. Although the latest forecast for Jan.-Mar. has become ambiguous comparing to the end of the 1Q, no change in the assumption to be lower than YoY.



(*1): NICIGAS assumes temperature for FYE 03/25, based on information provided by weather specialized agency. (*2): (A) is actual average temperature in Tokyo (Source: Japan meteorological)

The Details of Profit Plan for the FYE 03/25

Changes for the 2H: Additionally Incorporated Assumed 3Q Positive Slide Impact of City Gas. No Significant Change in LP Margins

■ No significant change in LP residential margin in the 2H, and expects FY margin of ¥228/kg (the previous forecast: ¥225/kg). For CG, additionally incorporated assumed 3Q positive slide impact (+¥0.07B).

	1H (Apr.-Sep.)				2H (Oct.-Mar.)				FY	
	03/24 (A)	03/25 (P)	03/25 (A)	Remarks	03/24 (A)	03/25(P) Prev. (as of Jul. 30)	03/25(P) Revised (as of Oct. 29)	Remarks	03/25(P) Prev. (as of Jul. 30)	03/25(P) Revised (as of Oct. 29)
LPG(Residential)										
Gross profit (¥100M)	**173**	**174**	**172**		**247**	**250**	**252**	- Almost no change in margin as NICIGAS revised retail price assumption, while COGS could decline by strong yen	**424**	**424**
Sales volume('000t)	65	**67**	**65**		115	**121**	**121**		**188**	**186**
GP/kg	**¥265**	**¥259**	**¥266**	- 2Q: Retail price was above the plan	**¥215**	**¥207**	**¥208**		**¥225**	**¥228**
Usage/customer	**78kg**	**78kg**	**76kg**	- Lower demand by high temperature	**136kg**	**140kg**	**140kg**	- Forecasts lower temperature YoY	**218kg**	**216kg**
LPG(C&I)										
Gross profit (¥100M)	11	17	17	- Higher margin YoY by preferable raw material trend	26	22	23		39	40
Sales volume('000t)	52	53	52		62	62	61		115	113
City Gas										
Gross profit (¥100M)	83	78	73	- Positive slide time lag impact shrank YoY	101	106	108	- Newly incorporated slide time lag impact in the 3Q (+¥0.07B)	184	181
Sales volume('000t)	159	154	147	- Decreased sales volume for government facilities as lost bids	207	207	208		362	355
Electricity (mainly residential)										
Gross profit (¥100M)	18	20	19		19	31	32		51	51
Sales volume(GWh)	665	688	717	- Higher air-conditioning demand by high temperature	762	888	899		1,576	1,616
GP/kWh	**¥2.7**	**¥3.0**	**¥2.6**	- Cost of sales was above the plan	**¥2.5**	**¥3.5**	**¥3.5**	- Profits expand in the 4Q, when sales volume is higher (Please refer to P.9)	**¥3.2**	**¥3.1**