Financial Results Briefing Materials for the 3Q of FY Ending in March 2025

January 28th, 2025 Nippon Gas Co., Ltd.



NICIGAS ニチガス

Summary (1) Results for the 3Q (vs. Plan) and FY Forecast

3Q Results Fell Short of the Plan due to Lower Gas Sales Volume. No Change in FY Operating Income Plan of ¥20.0B. Describes Downturn Potential

■ GP in the 3Q was ▲¥0.5B vs. the plan due to lower residential gas affected by high temperature. Controlled SG&A Expenses just as planned. Operating income was ▲¥0.6B vs. the plan. No change in FY operating income plan of ¥20.0B. Describes downturn potential based on ambiguity in temperature forecasts. Assumes GP could be affected by high temperature (¥1.0B), and that SG&A Expenses could fluctuate depending on curtailment cost and customer acquisition(¥0.6B).

(¥100M)	FYE 03/25(3Q/Apr.-Dec.) (as of 29th Oct.) (P)	(A)	FY Plan of FYE 03/25 Prev.	Revised		(Downturn)	Remarks
Gross Profit	511	**506**	760	**756**	～	746	
LP Gas	344	**340**	507	**504**	～	497	- 3Q: Usage per customer was lower due to high temperature - FY: Considering potential fluctuation in temperature forecasts
Electricity	30	**32**	51	**52**	～	52	- 3Q: Slightly exceeded the plan due to increased margin - FY: Revised the plan slightly upward. Margin will increase
City Gas	137	**134**	202	**200**	～	197	<Slide lag> - 3Q: The positive impact was ▲¥0.05B vs. the plan - FY: Newly incorporated assumed 4Q slide lag (▲¥0.27B)
Slide time lag	*+1.8*	***+1.3***	*+1.8*	***▲1.4***	～	***▲1.3***	
SG&A Expenses	421	**422**	560	**556**	～	562	- 3Q: Controlled just as planned - FY: Cost to acquire is affected by the acquisition number
Operating Income	90	**84**	200	**200**	～	184	
Net Income	63	**59**	140	**140**	～	130	- Will achieve 20% ROE through achieving ¥14.0B net income
Return to shareholders	-	**-**	132+[ ]	**162**			- **Additionally announced ¥3.0B share buyback (Please refer to P.17 for further details)**

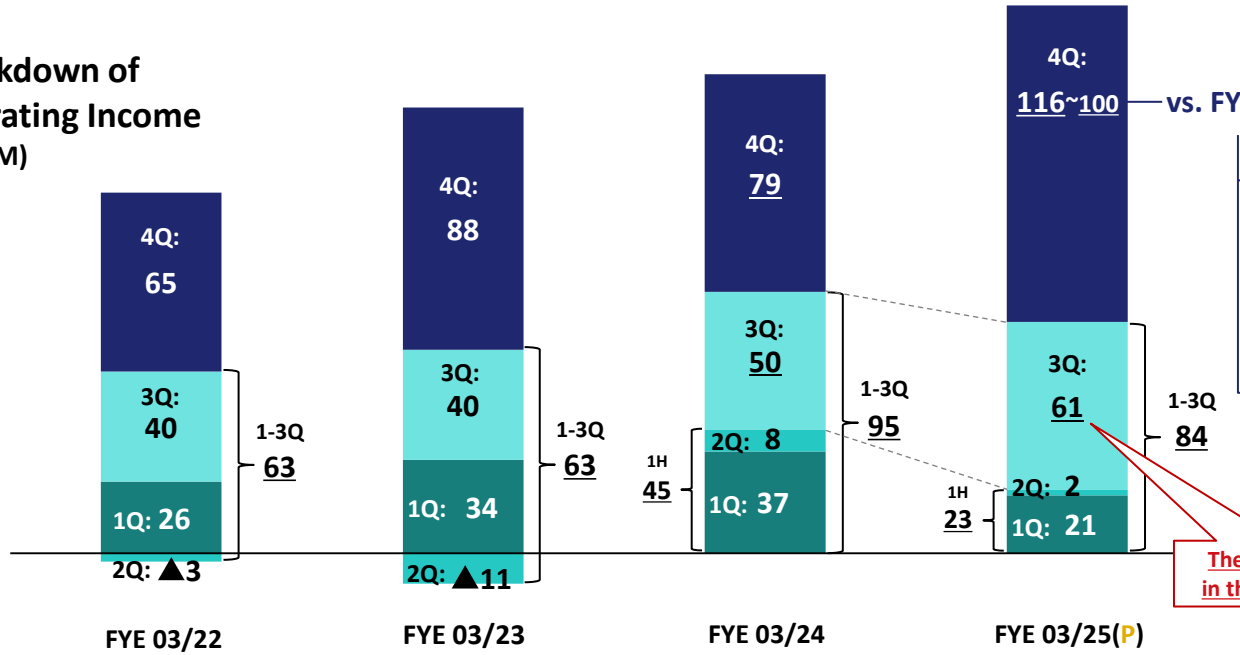
Summary (2) Operating Income Forecast for FYE 03/25

Operating Income in the 3Q(Oct.-Dec.) was +¥1.1B YoY. Toward FY plan of ¥20.0B, Will Increase by +¥3.7B YoY in the 4Q(Jan.-Mar.)

■ Operating income in the 3Q(Oct.-Dec.) was +¥1.1B YoY due to a significant decrease in cost to acquire after the Ministerial Ordinance revision law (▲¥0.7B YoY). In addition, plans to increase operating income of ¥11.6B in the 4Q by +¥3.7B YoY. While profit from Electricity is likely to increase, assumes that gas gross profits could decrease due to temperature change (¥1.0B) and that the number of customer acquisition could affect SG&A Expenses (¥0.6B).

Operating Income (¥100M)	FYE 03/22(A)	FYE 03/23(A)	FYE 03/24(A)	FYE 03/25(P)
	128	151	174	200~184

Breakdown of Operating Income (¥100M)



vs. FYE 03/24 **+¥3.7B～+¥2.1B**

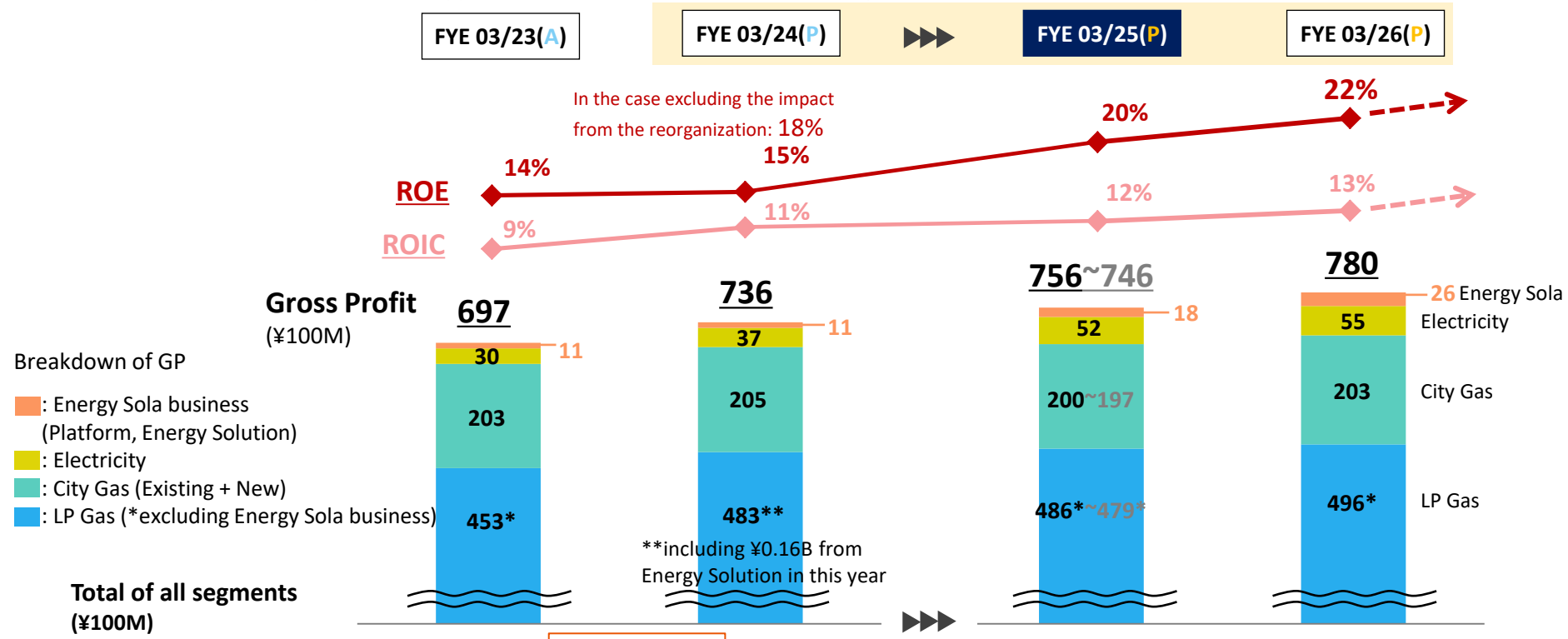
GP	+¥2.2B～	+¥1.2B
: (+) LP Gas	+¥0.6B～	▲¥0.1B
: (+) Electricity	+¥1.0B～	+¥1.0B
: (+) City Gas	+¥0.6B～	+¥0.3B
SG&A	▲¥1.5B～	▲¥0.9B
: (-) Cost to acquire	▲¥1.0B～	▲¥0.7B
: (-) Others	▲¥0.5B～	▲¥0.2B

* Digits rounded after the decimal point * Figures do not match historical materials because of the retrospective adoption of the revenue recognition standard

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

Will Achieve ROE of 20% by Net Income of ¥14.0B in FYE 03/25. Will Increase Profit Driven by Customer Growth of LP Gas and Electricity

■ In FYE 03/25, plans operating income of ¥20.0B and net income of ¥14.0B. Will achieve 20% ROE and EPS growth by +32% (from ¥95.6 to ¥126.6), through achieving profit targets and 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**	**756**	~	**780**
SG&A Expenses	546	562	556	~ 562	560
Operating Income	**151**	**174**	**200**	~ 184	**220**
Net Income	**106**	**108**	**140**	~ 130	**150**
EPS	**¥92.6**	**¥95.6**	**¥126.6**	~ ¥117.6	**¥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 29th Oct. 2024

(¥100M)	FYE03/23(A)	FYE03/24(A)	FYE 03/25(P)	FYE 03/26(P)	Remarks
Gross Profit (Total)	**697**	**736**	**756** ～ 746	**780**	
LP Gas (including GP from equipment sales, and excluding platform GP)	**453**	**483**	★ **486** ～ 479	**496**	
Customer # at year end ('000) (YoY)	973	997(+24)	1,037(+40) ～ 1,037(+40)	1,077(+40)	- Reflecting in profit plan is prudently estimated
Sales volume ('000t) Residential/ C&I	186/121	179/114	★ 183/112 ～ 178/112	195/115	- Residential: Considering potential fluctuation in temperature forecasts
Residential margin (¥/kg)	212	233	★ 229 ～ 231	[220]	- FYE 03/25: Forecasts ¥229/kg in FY
City Gas (including GP from equipment)	**203**	**205**	★ **200** ～ 197	**203**	- FYE 03/25: Including impact from slide time lag (▲¥0.14) in FY
Sales volume ('000t) total of Residential and C&I	378	365	★ 351 ～ 349	365	- Residential: Considering potential fluctuation in temperature forecasts
Electricity	**30**	**37**	★ **52** ～ 52	**55**	
Customer # at year end ('000) (YoY)	320	345(+25)	445(+100) ～ 445(+100)	545(+100)	- Reflecting in profit plan is prudently estimated
Sales volume (GWh)	1,297	1,426	★ 1,600 ～ 1,600	1,770	- FYE 03/25: Estimates to increase due to customer growth
Margin (¥/kWh)	2.3	2.6	★ 3.3 ～ 3.3	3.1	- FYE 03/25: Forecasts to improve margin by price revision
Energy Sola Business (Platform)	**11**	**11**	**14** ～ 14	**18**	- FYE 03/25: GP in the 3Q was ¥1.05B. Increased profits from safety inspection PF and Construction PF
Energy Sola Business (Energy Solution)	**-**	**[1.6*]**	**4** ～ 4	**8**	- FYE 03/25: GP in the 3Q was ¥0.22B. Sales of hybrid water heaters was 4.0K units (more than 3 times YoY) up to 3Q

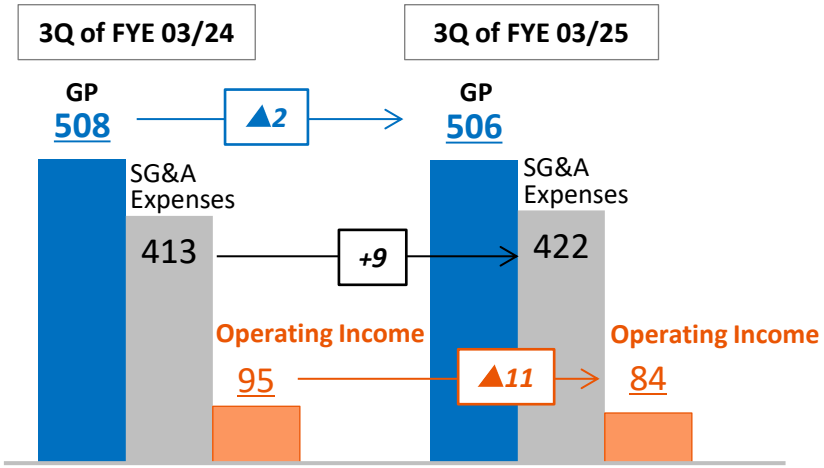
*Included in GP from LP Gas

Financial Results (1) Summary (04/24 - 12/24) (YoY)

Gross Profit was Almost Flat YoY. While Profit from LP and Electricity Increased, Profit from City Gas Decreased due to Slide Lag Impact. SG&A Expenses Increased

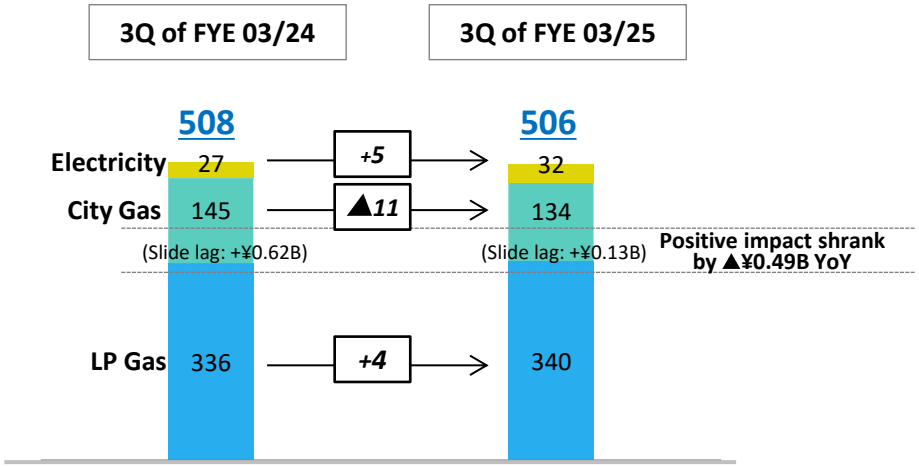
■ GP was almost flat YoY (▲¥0.2B YoY). While City Gas was affected by lower positive slide impact and lower C&I usage, there is the growth in LP Gas (+¥0.4B YoY) and Electricity (+¥0.5B YoY). In SG&A Expenses, IT expenses increased to improve productivity (+¥0.4B YoY).

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 (3Q/Apr. - Dec.)	FYE 03/25 (3Q/Apr. - Dec.)	+/-	Remarks
Gross Profit		508	**506**	**▲2**	- LP: C&I margin improved. Electricity: Customer number increased. CG: Positive slide impact shrank and C&I decreased
SG&A Expenses		413	422	+9	- IT expenses increased by +¥0.4B YoY due to the start of amortization of delivery and safety systems. Suppressed cost to acquire almost flat YoY
Operating Income		95	**84**	**▲11**	
Sales volume	LP Gas('000t)	193	192	▲1	- Residential: LP slightly increased YoY due to customer growth. Usage/customer did not increase as temperatures were flat YoY
	City Gas('000t)	252	233	▲19	- C&I: Declined in industrial customers' demand due to energy conservation. Sales volume for government facilities, etc. also decreased
	Electricity(GWh)	1,003	1,103	+100	- Increased YoY due to customer growth (Dec. 2023: 341K→Dec. 2024: 374K customers)

Financial Results (2) Breakdown of SG&A Expenses

SG&A Expenses in the 3Q was Almost as Planned. Will Continue to Use Costs More Efficiently in the 4Q

■ SG&A Expenses in the 1-3Q was almost as planned (+¥0.1B vs. the plan). Cost to acquire in the 3Q(Oct.-Dec.) fell sharply from ¥2.0B in FYE 03/24 to ¥1.3B in FYE 03/25. Revised FY plan to ¥55.6B (▲¥0.6B YoY). Will make further efficient use of IT related expenses and commission, etc. Assumes that cost to acquire could be affected by the acquisition number.

* 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) Prev.	FYE 03/25 FY(P) Revised	FYE 03/25 3Q(A)	Progress vs. revised	Remarks	FYE 03/24 FY(A)	FYE 03/24 3Q(A)
1. Personnel Cost	148	143	107	75%	- Revised FY to reflect differences in the plan up to the 3Q. Planning 5% of salary increase in FYE 03/25, and increasing salary per employee	142	106
2. D&A Expenses (*i)	84	84	62	74%		86	64
3. Cost to Acquire (*ii)	59	62~65	52	84~80%	- Expects to decrease YoY for FY. Costs for apartment buildings decreased from 2Q after the Ministerial Ordinance revision law. Costs in the 4Q could be affected by acquisition number	72	52
4. IT Related Expenses	51	49	37	76%	- D&A expenses for IT increased by +¥0.3B YoY due to the operation commencement of delivery and safety systems	47	33
5. Commission, etc. (*iii)	43	45~48	36	80~75%	- Increased YoY by strengthening relationships with existing customers through outbound call, etc. Will scrutinize outsourced operations and saves costs	41	31
6. Gas Related Equipment, etc.	35	35	28	80%	- Increased installed gas cylinders due to an increase in acquisitions of detached houses, which requires more cylinders	34	26
7. Cost to Deliver LP Gas Cylinders	33	33	22	67%	- Increased YoY due to improved pay for cylinder deliver staff from Aug. 2023	32	21
8. Repair Expenses (*iv)	21	20	14	70%		19	14
9. Tax	20	20	15	75%		20	15
10. Communication Cost (*v)	12	11	9	82%		11	9
11. Advertising Expenses	9	9	7	78%		8	6
12. Travel Expenses	6	6	5	83%		6	5
13. Call Center	6	6	4	67%		5	4
14. Pipeline Charge	0	0	0	-	- Transferred ¥0.6B of pipeline charge from SG&A to COGS of City Gas from FYE 03/25	6	5
15. Others	33	33	24	73%		33	22
Total	560	556~562	422	76~75%		562	413

(*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. While C&I Grew due to Higher Margin, Residential Slightly Declined. Customer Growth in 9 months was 25K, with a Trend towards Recovery

■ GP was +¥0.4B YoY. C&I increased due to higher margin. Forecasts FY residential to be flat YoY due to higher sales volume in the 4Q. Customer growth in the 1-3Q was 25K. The customer acquisition is recovering after the Ministerial Ordinance revision of the LPG Act. Striving for the target of 40K, further strengthens M&A and sales activities for detached houses.

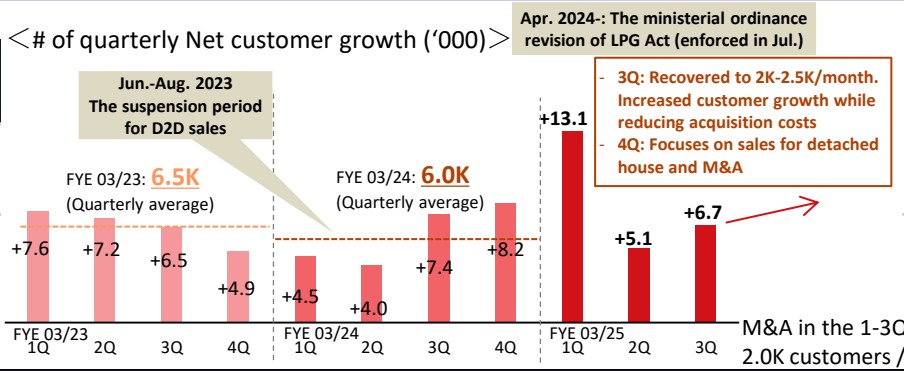
*Digits rounded after the decimal point *+/- is calculated after adjusting to ¥100M units

LP Gas Business (¥100M)	FYE 03/24 (3Q/Apr.- Dec.)	FYE 03/25 (3Q/Apr.- Dec.)	+/-	Remarks	FYE 03/25 FY (P)
Gross Profit	**336**	**340**	***+4***		**504~497**
Gas	**309**	**312**	***+3***	- GP: Residential and C&I were ▲¥0.1B and +¥0.4B YoY, respectively - Margin: While residential shrank YoY, controlled as planned. C&I expanded due to the positive impact from raw material prices	462~455
Per kg (Residential + C&I)	***¥160***	***¥163***	***+¥3***		(Residential + C&I) ***¥157***
Platform (PF)	8	11	*+3*		14
Equipment sales, etc.(Energy Solution)	19(1)	17(2)	*▲2(+1)*	- Categorized construction for customers as PF business from FYE 03/25.	28(4)
Gas sales volume('000t)	**193**	**192**	*▲1*	- Residential: Increased YoY due to customer growth, although usage/customer decreased due to high temperature - C&I: Decreased YoY. Demand for restaurants, etc. did not increase	**295~290**
Residential	112	113	*+1*		183~178
C&I	81	79	*▲2*		112

LP Gas Business	FYE 03/24 (3Q/Apr.- Dec.)	FYE 03/25 (3Q/Apr.- Dec.)	+/-	FYE 03/25 FY(P)
# of Total customers ('000) (as of Dec. 31st)	**989**	**1,022**	***+33***	**1,037**
# of Net customer growth ('000) (Apr.-Dec./9 months)	***16***	***25***	***+9***	***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)＞



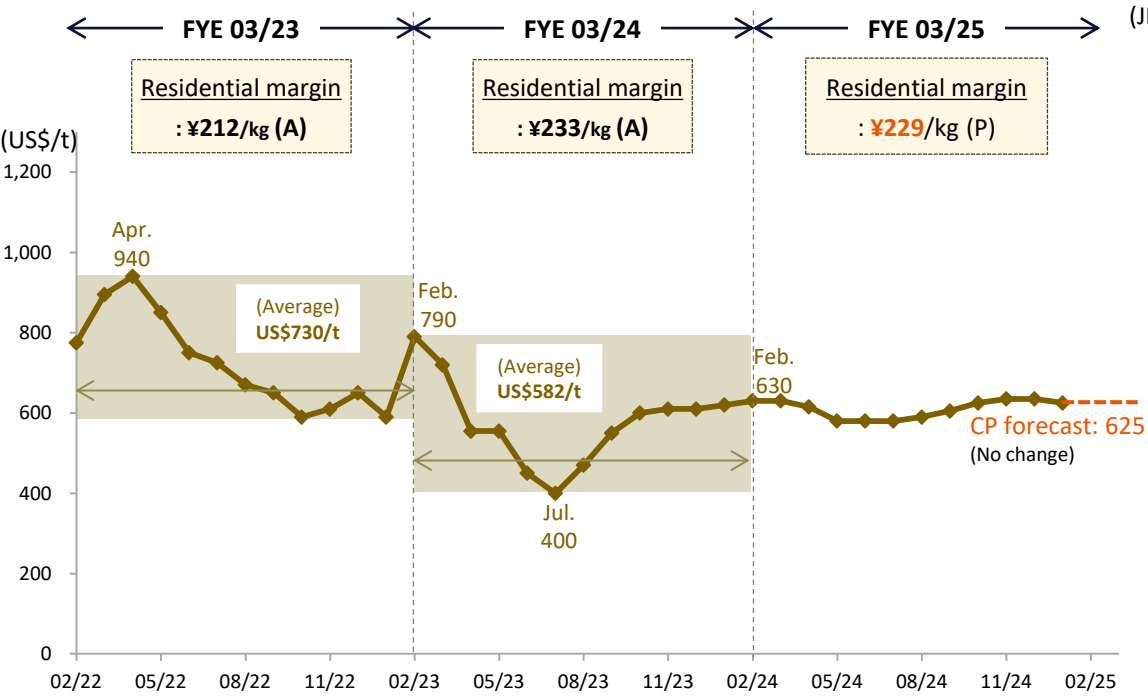
M&A in the 1-3Q of FYE 03/25 was 2.0K customers / 15 companies

LP Gas Raw Material Price (CP)

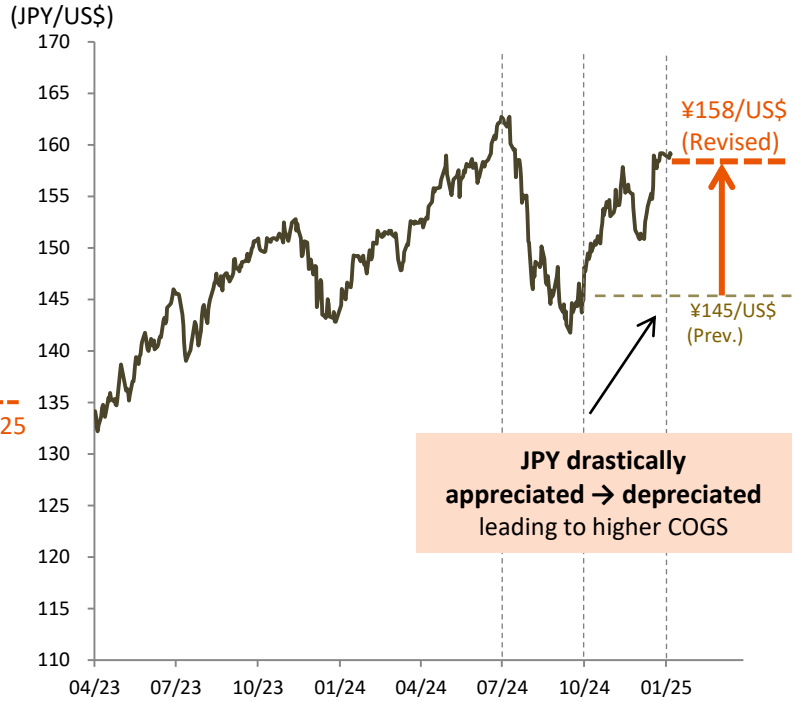
COGS in the 3Q (Oct.-Dec.) Exceeded the Assumption. Revised Exchange Rate Assumption to ¥158/US$ from Feb. 2025

■ COGS in the 3Q (Oct.-Dec.) exceeded the assumption due to weaker yen. Has already absorbed the 3Q COGS increase with the rate revision in Jan. From Feb. 2025, while CP forecast at US$625/t is unchanged, revised the exchange rate from ¥145 to ¥158/US$. The 4Q COGS will reflect raw material price until Feb. Forecasts FY residential margin of ¥229/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	635	635	625

Jan. 2025

* Highlighted CP made up COGS through the 1-3Q 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. Customer Growth in the 1-3Q was 29K with an Increase in the Number of Acquisition. GP was in Line with FY Plan of ¥5.2B

■ GP was +¥0.5B YoY due to increased sales volume with customer growth and improved margin. Customer growth in the 1-3Q was 29K with an increase in the number of acquisition by expanding the target customer in the rate menu. Forecasts to increase GP in the 4Q by +¥1.0B YoY. This is because the margin in the 4Q, when sales volume in highest, will expand due to the fixed cost for a certain level of COGS starting from FYE 03/25.

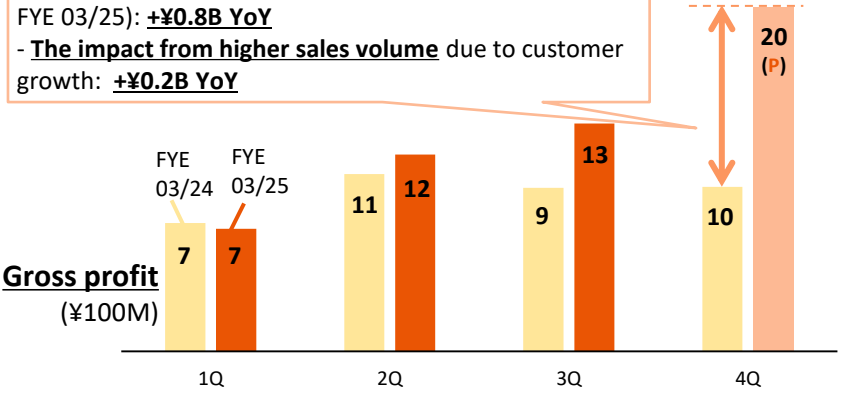
*Digits rounded after the decimal point. *+/- is calculated after adjusting to ¥100M units

Electricity	FYE 03/24 (3Q/Apr.- Dec.)	FYE 03/25 (3Q/Apr.- Dec.)	+/-	Remarks	FYE 03/25 FY (P)
Gross Profit(¥100M)	**27**	**32**	***+5***	- GP: +¥0.5B YoY due to higher sales volume with customer growth - Margin: Forecasts ¥3.3/kWh for FY. Margin will expand in the 4Q, when sales volume is highest	**52**
Per kWh	**¥2.7**	**¥2.9**	***+¥0.2***		**¥3.3**
# of Total customers('000) (as of Dec. 31st)	**341**	**374**	***+33***	- E&G bundled: 23% (+2% YoY) - Average # in the 3Q(Apr.-Dec.) was 3.2K/month, strengthening sales for power producer and supplier' (PPS) users.	**445**
# of Net customer growth ('000) (Apr.-Dec./9 months)	*20*	*29*	*+9*		*100*
Sales volume (GWh)	**1,003**	**1,103**	***+100***	- Increased by customer number growth	**1,600**

Quarterly gross profit (YoY)

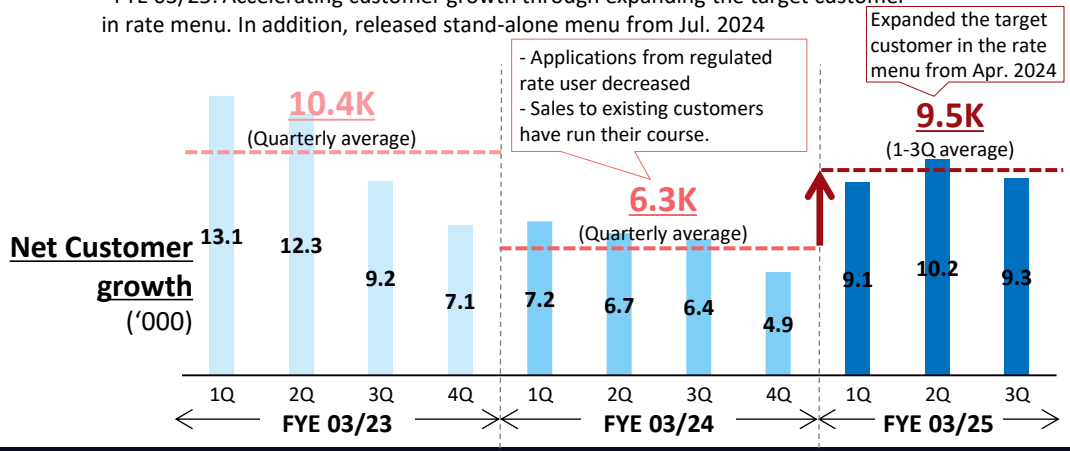
Assumption for the 4Q: +¥1.0B YoY

- **The impact from improved margin** in the 4Q, when sales volume is highest, due to fixed COGS(started from FYE 03/25): **+¥0.8B YoY**
- **The impact from higher sales volume** due to customer growth: **+¥0.2B YoY**



Trend of net customer growth

- FYE 03/24: The number of acquisition decreased as applications from regulated rate users declined and sales was conducted to most existing gas customers
- FYE 03/25: Accelerating customer growth through expanding the target customer in rate menu. In addition, released stand-alone menu from Jul. 2024



Financial Results (5) City Gas Business (YoY)

GP was ▲¥1.1B YoY due to Lower Positive Slide Impact (▲¥0.5B YoY) and Lower C&I Sales Volume

■ GP in the 3Q was ▲¥1.1B YoY due to lower positive slide impact (▲¥0.5B YoY). Residential sales volume declined slightly due to the decrease in net customer base, and C&I for government facilities decreased as a results of bidding. The net decrease in customer number continues to shrink by reducing cancellations.

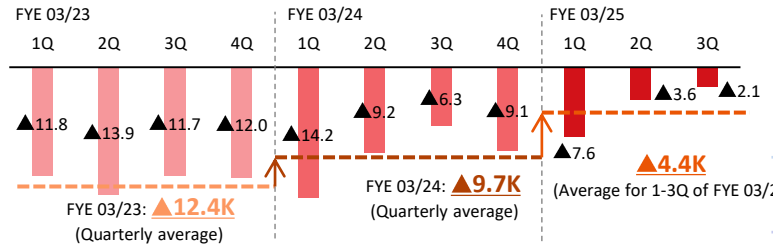
*Digits rounded after the decimal point *+/- is calculated after adjusting to ¥100M units

*Additionally adopted the revenue recognition standard for CG due to the reorganization. Discloses FYE 03/24 3Q results based on the standard, retroactively

City Gas (¥100M)	FYE 03/24 (3Q/Apr.- Dec.)	FYE 03/25 (3Q/Apr.- Dec.)	+/-	Remarks	FYE 03/25 FY (P)
Gross Profit	**145**	**134**	***▲11***		**200~197**
Gas	131	119	*▲12*	- Due to lower positive slide impact and lower C&I sales volume	177~174
Slide time lag **Included in Gas GP* ***+6.2***		***+1.3***	***▲4.9***	- 3Q(Apr.-Dec.): +¥0.13B(▲¥0.05B vs. the plan) - FY: Newly incorporated 4Q(Jan.-Mar.) negative impact of ▲¥0.27B	**Included in Gas GP* ***▲1.4~▲1.3***
Pipeline charge	7	7	*0*		11
Equipment sales, etc.	7	8	*+1*		12
Gas sales volume ('000 t)	**252**	**233**	**▲19**	- Residential: Almost 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	**351~349**
Existing CG (Residential/C&I)	191(63/128)	187(63/124)	▲4(0/▲4)		282~280
New CG (Residential/C&I)	61(30/31)	46(28/18)	▲15(▲2/▲13)		69
# of Total retail customers/ (as of Dec. 31st) **Net customer growth** (Apr.-Dec./9 months)	**610/▲30**	**588/▲13**	***▲22/+17***		**628/+27**
Existing CG	384/+3	388/+2	*+4/▲1*		**393/+7**
New CG	226/▲33	200/▲15	*▲26/+18*		**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 3Q (Apr.-Dec.) was +¥0.13B. Additionally Incorporated Assumed 4Q (Jan.-Mar.) Impact of ▲¥0.27B into FY Plan

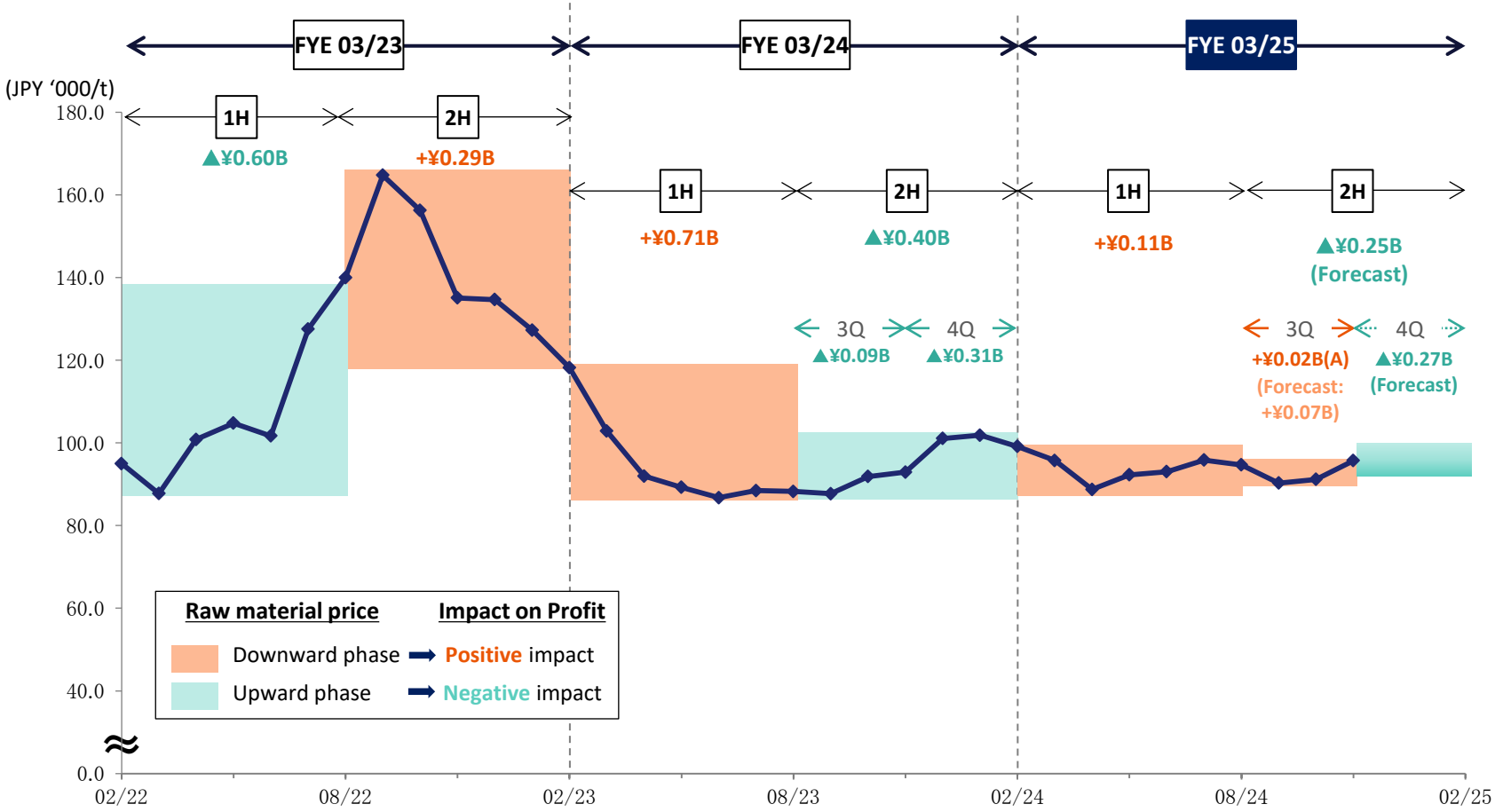
■ Slide impact in the 3Q was +¥0.13B. Positive impact shrank from +¥0.62B in FYE 03/24 to +¥0.13B in FYE 03/25 (▲¥0.49B YoY). Additionally incorporated assumed 4Q (Jan.-Mar.) impact of ▲¥0.27B into FY Plan, which is expected to be ▲¥0.14B.

Trend of LNG CIF price*

*CIF: Average price of LNG imported to Japan

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

***4Q(Forecast) is based on the plan of ¥14.0B net income



Financial Results (6) Energy Sola Business

GP was Almost as Planned. Gradually Expanding Competitors' Usage of our Platform and Accelerating the Equipment Sales in Energy Solution Business

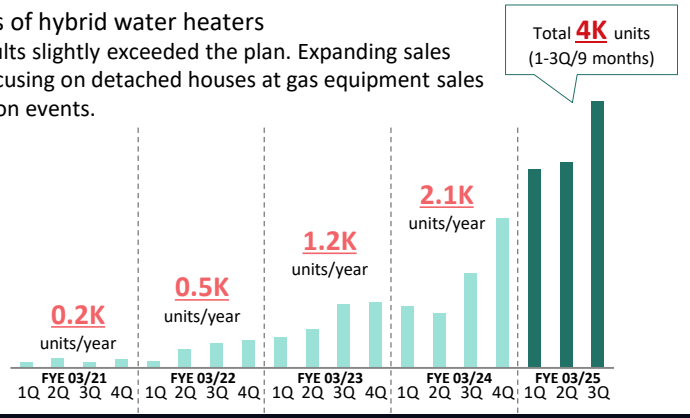
- Platform (PF): GP was almost as planned. For safety inspection PF, increasing sales for CG. Demand in PF from competitors is gradually increasing due to labor shortage and cost increase throughout the industry.
- Energy solution: Sales of hybrid water heaters exceeded the plan. Will further enhance our staff's skills to strengthen sales of solar panels, storage batteries, etc.

Platform (¥100M)	FYE 03/24	FYE 03/25		FYE 03/26(P)	Remarks
	3Q(A)	3Q(A)	FY(P)		
Gross Profit	8.2	10.5	**14**	**18**	
1). LPG Network Service (Smart meter, Filling and Delivery)	*0.3*	*0.4*	***1***	***2***	- Smart meter: The competitors' usage is gradually expanding in the Kanto region
2). PF for new entrants (New City Gas PF, Safety inspection PF), PF apps, and Construction PF	*7.9*	*10.1*	***13***	***16***	- Safety inspection PF: Expanding the service area for CG. Will expand safety inspection for LP - Digital ordering system: Gradually increasing the number of users. Expects to expand profits by increasing the number of orders

Energy Solution (¥100M)	FYE 03/24	FYE 03/25		FYE 03/26(P)
	3Q(A)	3Q(A)	FY(P)	
Gross Profit	1.1	2.2	**4**	**8**
Hybrid water heaters (units)	*1.2K*	*4K*	***5K***	***8K***

■ Sales of hybrid water heaters

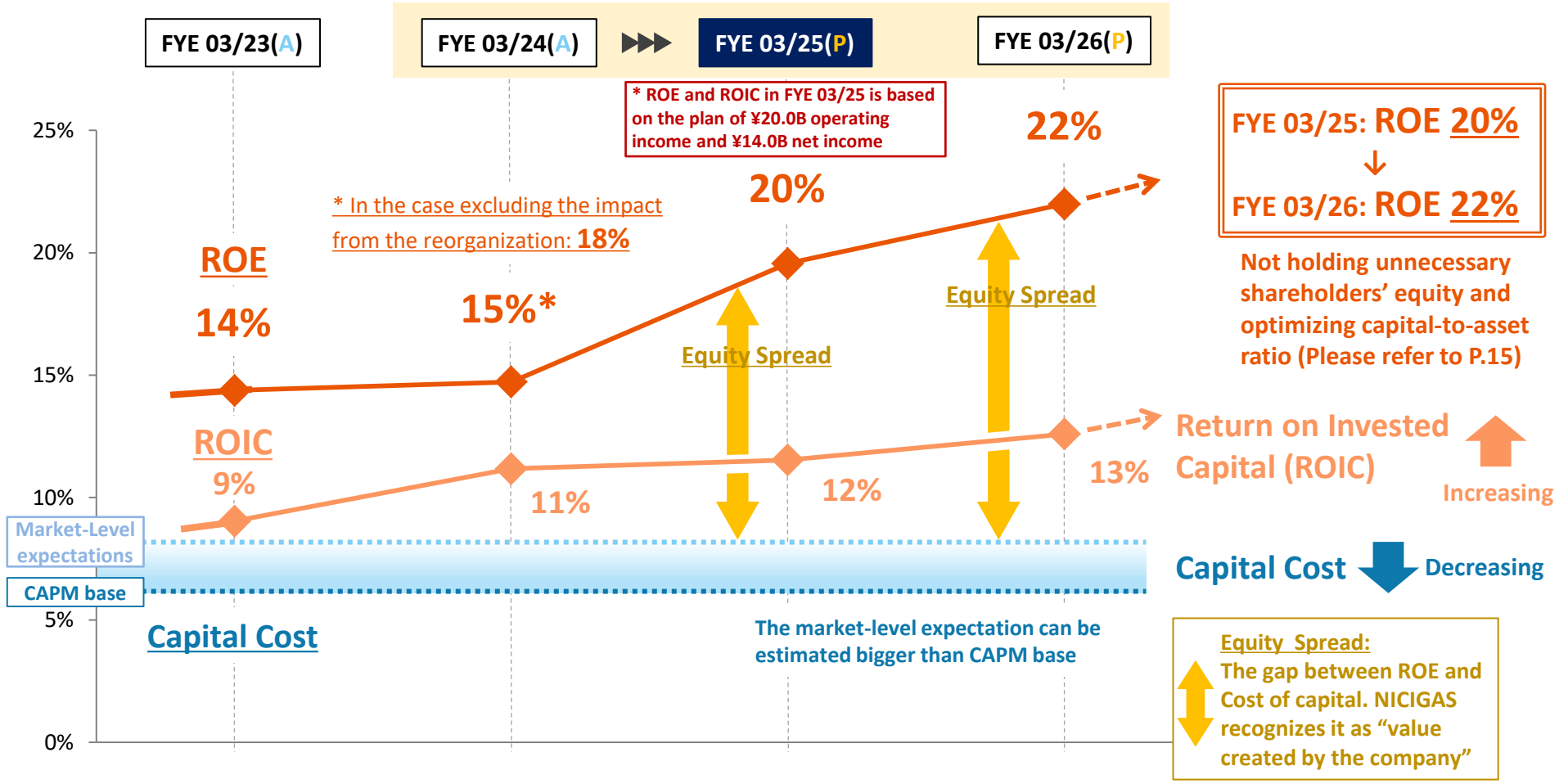
- 3Q results slightly exceeded the plan. Expanding sales while focusing on detached houses at gas equipment sales promotion events.



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 Widen the Gap between ROE and Capital Cost

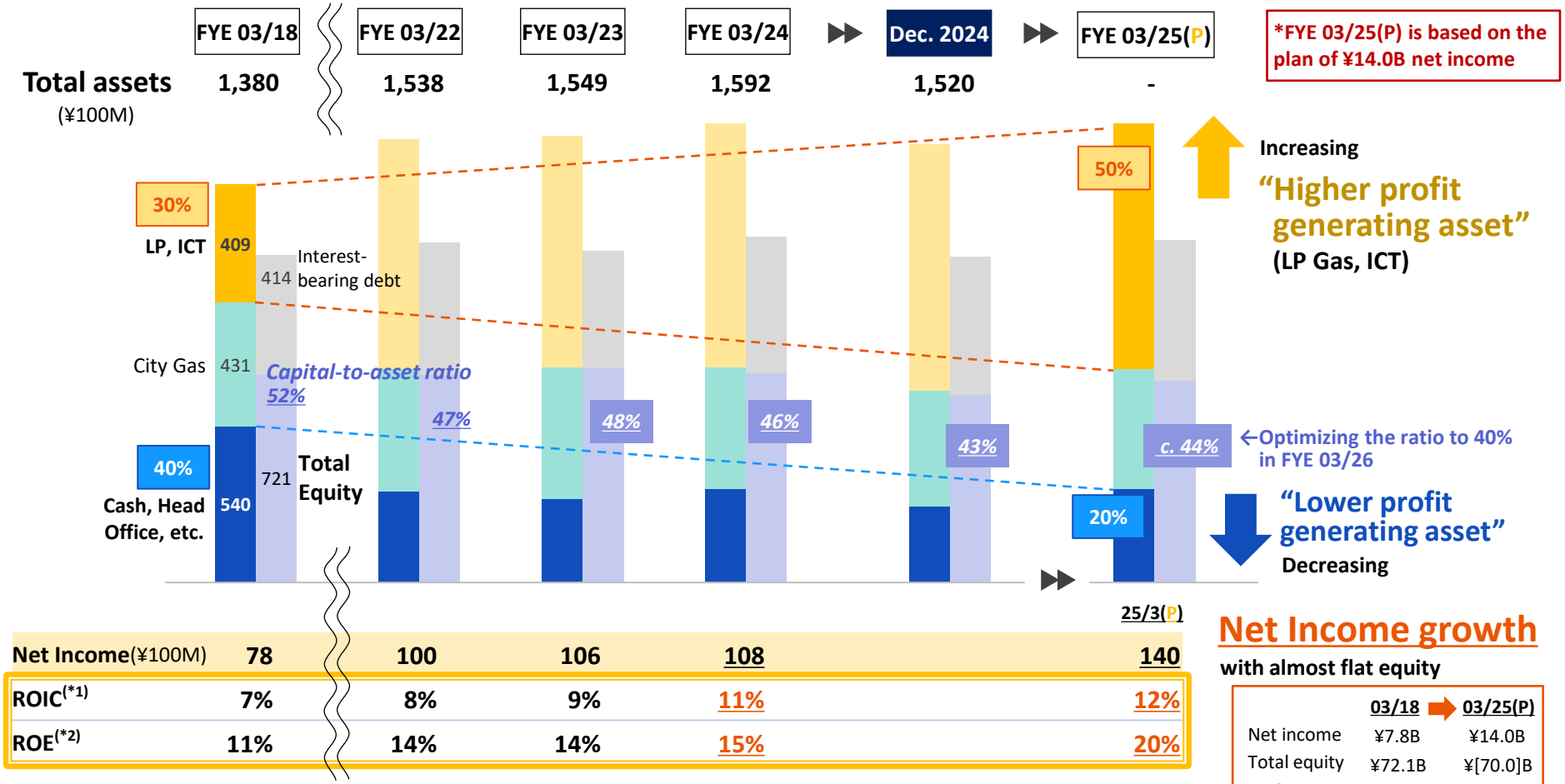
■ Plans ROE of 20% in FYE 03/25. Will enhance ROIC by increasing higher profit generating asset, and optimize capital-to-asset ratio without holding unnecessary shareholders' equity. Thus, will further widen the gap between ROE and capital cost (equity spread) through increasing ROE.



Financial Strategy(2) B/S

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

■ Has enhanced ROIC by increasing the proportion of higher profit generating asset without largely expanding the size of asset. On the right side of balance sheet indicates, without holding unnecessary shareholders' equity, growth of ROIC directly leads to ROE.



					25/3(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

with almost flat equity

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

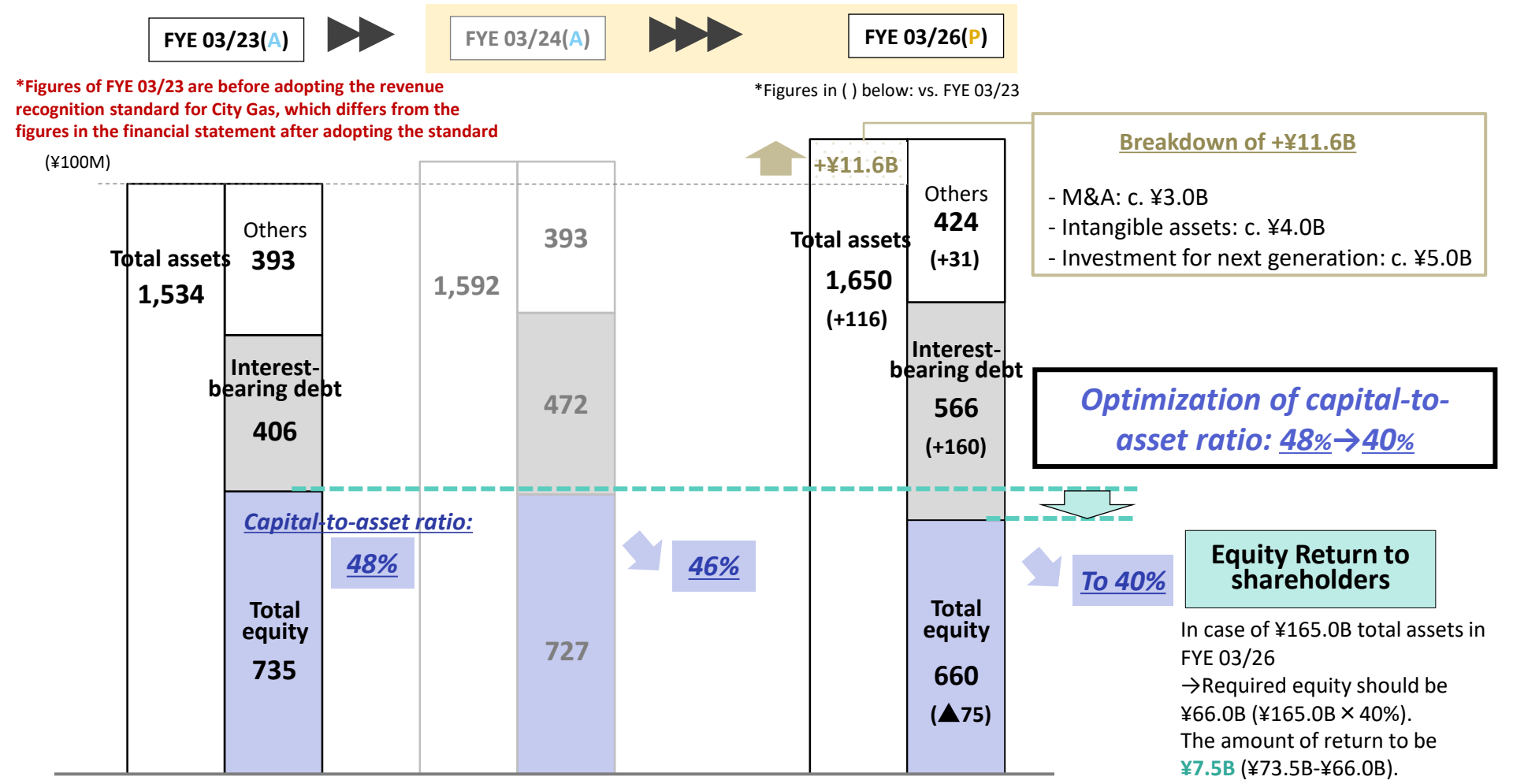
(*1) ROIC=NOPAT (current year) / (average of current FYE and previous FYE of "Interest-bearing debt + Total Equity")

(*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, with Appropriate Leverage

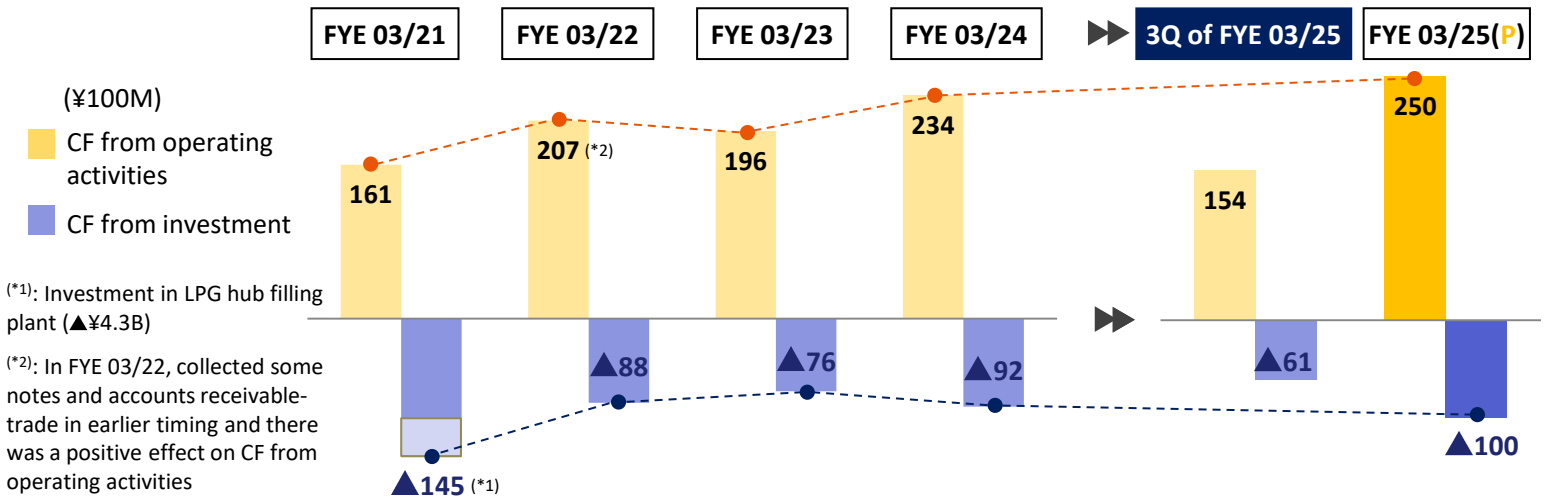
■ In 3 years from FYE 03/24 to FYE 03/26, will optimize capital-to-asset ratio from 48% to 40%. No change in capital raising policy of enhancing the value of shareholders' equity with appropriate leverage.



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 while highlighting on investment discipline. 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

*FYE 03/25(P) is based on the plan of ¥14.0B net income

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**	**+93**	**+150**
CF from finance	▲57	▲74	▲161	▲87	▲139	▲140

Breakdown of CF from investment(¥100M)	**FYE 03/21**	**FYE 03/22**	**FYE 03/23**	**FYE 03/24**	**3Q of FYE 03/25**	**FYE 03/25(P)**	D&A
LPG	87	34	16	25	13	30	▲41
LPG M&A	**Included in LPG 18*	*3*	*3*	*5*	*3*	**Included in LPG 15*	*▲10*
ICT	15	21	29	30	17	25	▲20
Existing City Gas	53	43	33	41	32	45	▲54
Others (Investment in securities, etc.)	▲10*	▲10*	▲2*	▲5*	▲1*	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

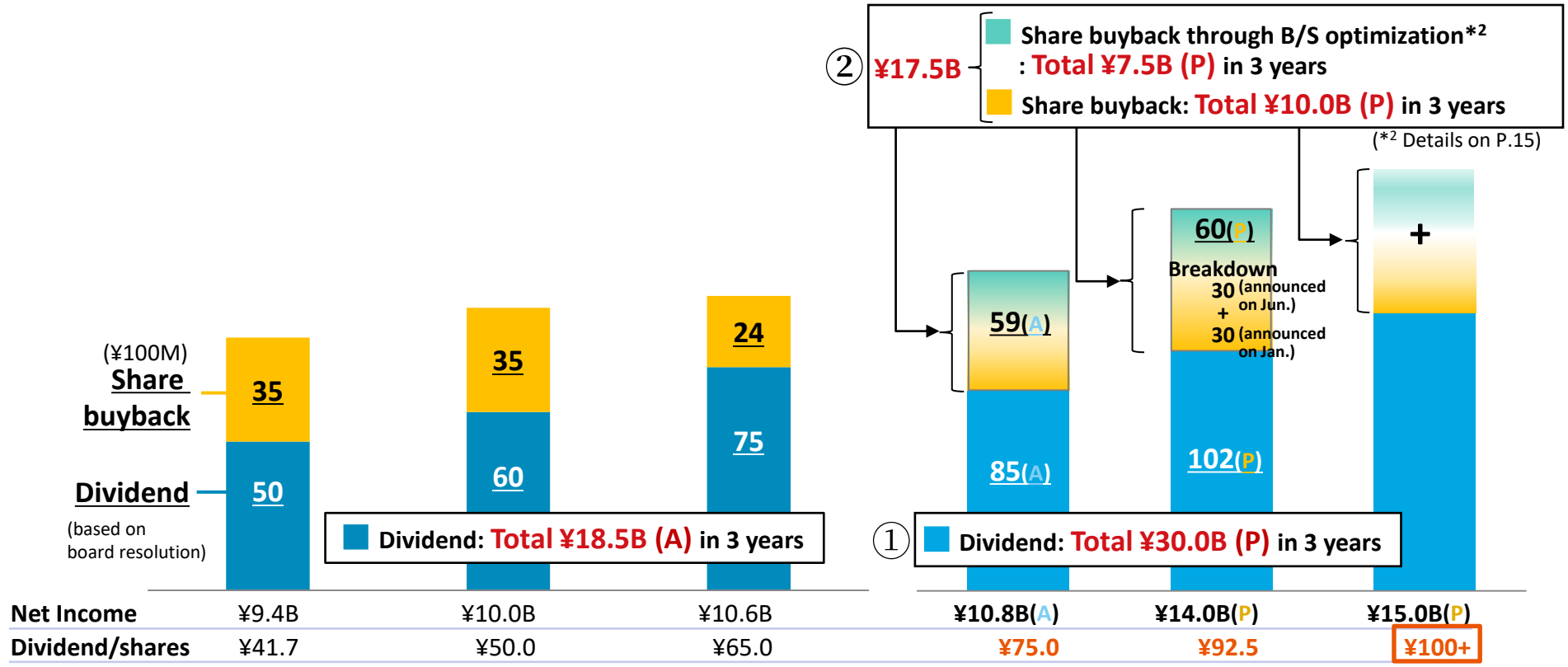
Financial Strategy(5) Return to Shareholders

Plans Total Return Ratio of 116% for FYE 03/25. Announced Additional Share Buyback of ¥3.0B in Jan. 2025

■ Conducts a shareholder return policy based on the outlook of shareholder equity required. Plans total return ratio of 116% for FYE 03/25, in line with the three-year plan. Announced additional share buyback of ¥3.0B (maximum)/ Repurchase period: Jan. 29th - Apr. 30th, 2025, along with share buyback of ¥3.0B announced in Jun. 2024.

	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%	116%*1(P)	[ ]%
				←	100%+ in 3 years	→

*1 Total return ratio for FYE 03/25 is calculated based on net income of ¥14.0B

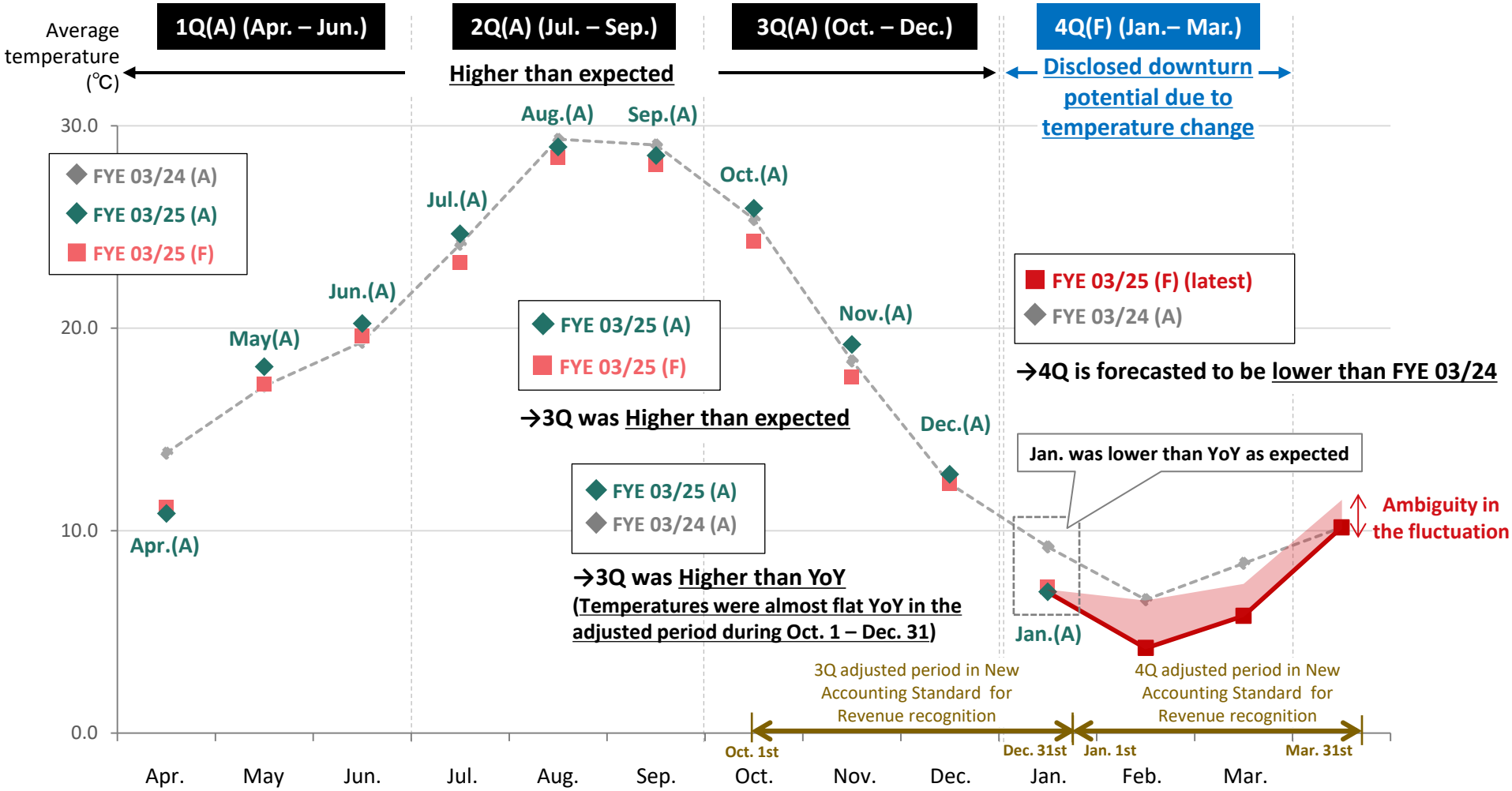


Net Income	¥9.4B	¥10.0B	¥10.6B	¥10.8B(A)	¥14.0B(P)	¥15.0B(P)
Dividend/shares	¥41.7	¥50.0	¥65.0	¥75.0	¥92.5	¥100+

Average Temperature

Average Temperature in the 3Q was Higher than Expected. Temperatures in the 4Q are Expected to be Lower than YoY, however Temperatures could Fluctuate

- Temperatures in the 3Q(Oct.-Dec.) were higher than expected and than YoY due to the record high temperature until Nov.
- 4Q temperatures are expected to be lower than YoY. Disclosed downturn potential in GP due to temperature change.



(*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(1)

Describes the Plan for the 4Q (Jan.-Mar.) to Explain Further Details of "Summary (1)" (P.1)

■ Plans ¥20.0B of FY operating income and ¥11.6B in the 4Q (Jan.-Mar.). Assumes the possibility of a downward swing in residential gas sales volume (LP: ▲¥0.7B, CG: ▲¥0.3B) as temperature fluctuation is ambiguous. For SG&A Expenses, assumes +¥0.6B of the fluctuation in cost saving and cost to acquire.

(100M)	1-3Q(Apr.-Dec.)			4Q(Jan.-Mar.) (P)				Remarks	FY(P)	
	(P) (as of 29th Oct.)	(A) ①	+/-	Prev. (as of 29th Oct.)	Revised ②	(Downturn) ③	+/-		Revised ①+②	①+③
Gross Profit	511	506	▲5	249	**250** ~	240	**+1** ~	▲9	756 ~	746
LP Gas	344	340	▲4	163	**164** ~	157	**+1** ~	▲6	504 ~	497
Residential	286	284	▲2	138	**136** ~	129	**▲2** ~	▲9	420 ~	413
C&I	28	28	0	12	**14** ~	14	**+2** ~	+2	42 ~	42
Platform and Equipment sales, etc.	30	28	▲2	13	**14** ~	14	**+1** ~	+1	42 ~	42
Electricity	30	32	+2	21	**20** ~	20	**▲1** ~	▲1	52 ~	52
City Gas	137	134	▲3	65	**66** ~	63	**+1** ~	▲2	200 ~	197
SG&A Expenses	421	422	+1	139	**134** ~	140	**▲5** ~	+1	556 ~	562
Operating Income	90	84	▲6	110	**116** ~	100	**+6** ~	▲10	200 ~	184

- Residential: Forecasts lower sales volume due to high temperature
- C&I: Forecasts higher margin with reverse slide time lag (When raw material price is in upward phase, impact on profit is positive)
- Residential: Forecasts lower sales volume due to high temperature. Has incorporated slide time lag impact in the 4Q (▲¥0.27B)
- Assumes the fluctuation in cost to acquire and commissions, etc.

The Details of Profit Plan for the FYE 03/25(2)

Changes for the 2H: No Change in the Assumption for temperatures in the 4Q to be Lower YoY. No Significant Change in FY LP Margin

■ LP usage per customer in the 3Q fell short of the plan due to high temperature. No change in the assumption for temperatures in the 4Q to be lower than YoY. Expects FY LP residential margin of ¥229/kg. For CG, additionally incorporated assumed 4Q negative slide impact (▲¥0.27B).

* The revised FYE 03/25(P) is based on operating income of ¥20.0B and net income of ¥14.0B

	1H (Apr.-Sep.)			2H (Oct.-Mar.)				FY	
	03/24 (A)	03/25 (A)	Remarks	03/24 (A)	03/25(P) Prev. (as of Oct. 29)	03/25(P) Revised (as of Jan. 28)	Remarks	03/25(P) Prev. (as of Oct. 29)	03/25(P) Revised (as of Jan. 28)
LPG(Residential)									
Gross profit (¥100M)	**173**	**172**		**247**	**252**	**248**	- 3Q: Margin improved as retail price exceeded the plan. Revised retail price in Jan. - 4Q: No significant change in LP Margin	**424**	**420**
Sales volume('000t)	65	**65**		115	**121**	**118**		**186**	**183**
GP/kg	**¥265**	**¥266**		**¥215**	**¥208**	**¥209**		**¥228**	**¥229**
Usage/customer	**78kg**	**76kg**	- Lower demand due to high temperature	**136kg**	**140kg**	**137kg**	- 3Q: Water heating demand decreased due to high temperature - 4Q: Forecasts lower temperature YoY	**216kg**	**213kg**
LPG(C&I)									
Gross profit (¥100M)	11	17	- Higher margin YoY due to the reverse slide time lag (When raw material price is in upward phase, impact on profit is positive)	26	23	25	- 4Q: Expects higher margin due to higher raw material prices (the reverse sliding time lag impact)	40	42
Sales volume('000t)	52	52		62	61	59		113	112
City Gas									
Gross profit (¥100M)	83	73	- Positive slide time lag impact shrank YoY	101	108	104	- 4Q: Newly incorporated slide time lag impact (▲¥0.27B)	181	177
Sales volume('000t)	159	147	- Decreased sales volume for government facilities due to the bid results	207	208	204		355	351
Electricity (mainly residential)									
Gross profit (¥100M)	18	19		19	32	33		51	52
Sales volume(GWh)	665	717	- Higher air-conditioning demand due to high temperature	762	899	883	- 3Q: Heating demand decreased due to high temperature - 4Q: Forecasts lower temperature YoY	1,616	1,600
GP/kWh	**¥2.7**	**¥2.6**		**¥2.5**	**¥3.5**	**¥3.7**	- Profits expand in the 4Q, when sales volume is higher (Please refer to P.9)	**¥3.1**	**¥3.3**