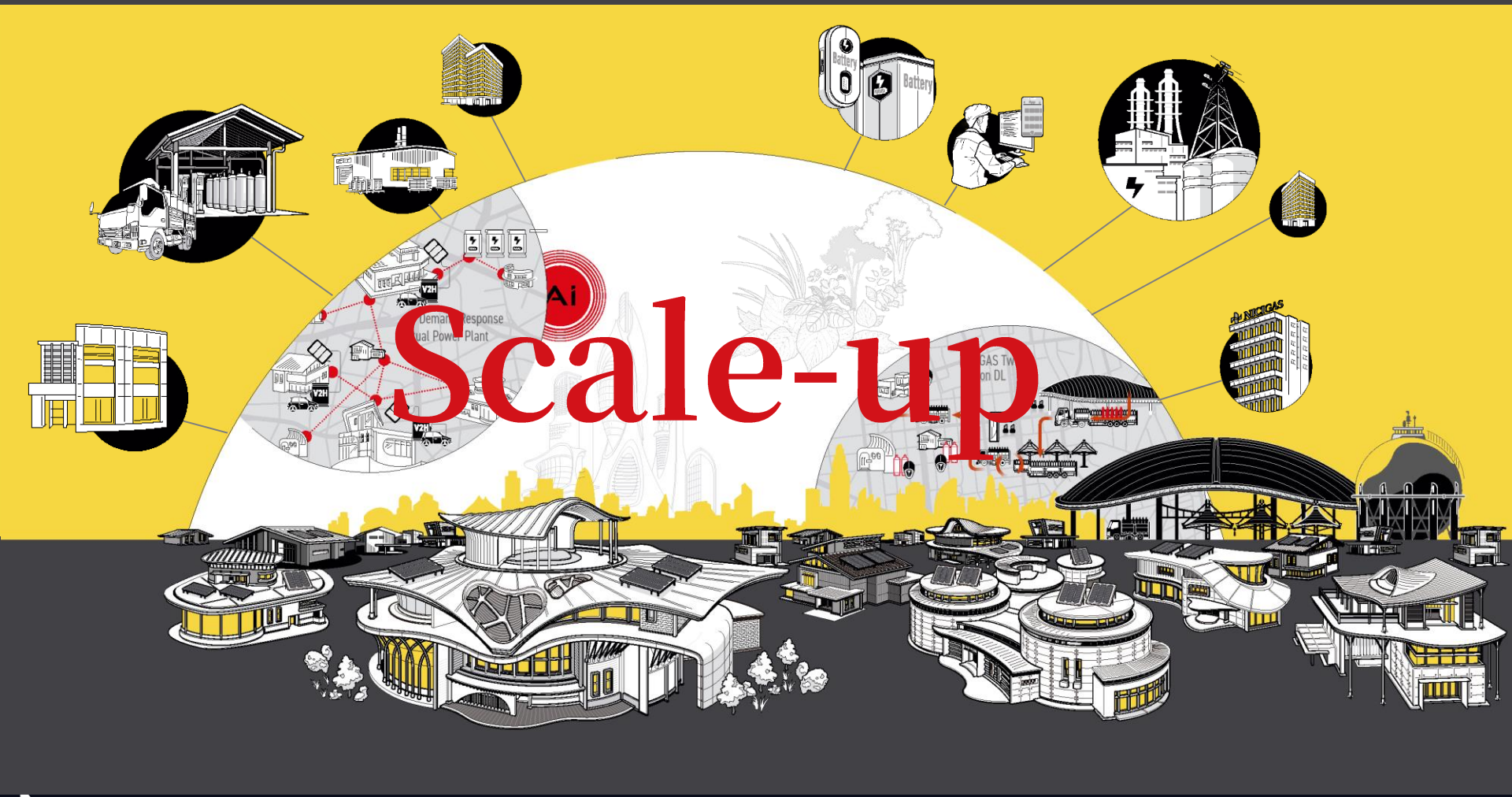
Financial Results Briefing Materials for FY Ending in March 2025 (FYE03/25)

May 1st, 2025 Nippon Gas Co., Ltd.



Summary(1) Results for FYE 03/25 and Plan for FYE 03/26

Operating Income was ¥18.5B in FYE 03/25. GP was Lower Affected by High Temperature. For FYE 03/26, Revised FY Operating Income Plan to ¥20.0B

■ FYE 03/25 Operating Income was ¥18.5B. Sales volume did not increase as much because of high temperature. Controlled SG&A Expenses within the plan. For FYE 03/26, revised FY Operating Income plan from ¥22.0B to ¥20.0B. Temperatures in the 1H are forecasted to be lower YoY, however sales volume is prudently estimated. SG&A Expenses plan of ¥56.0B is estimated on the higher side. Plans to expand return to shareholders as the result of decrease in required equity.

(¥100M)	FYE 03/25 (as of 28th Jan.) (P)	FYE 03/25 (as of 28th Jan.) (A)	FYE 03/26 (P) (as of 28th Jan.) Revised	FYE 03/26 (P) (as of 28th Jan.) Prev.	Remarks
Gross Profit	756~746	**745**	**760**	780	
LP Gas	504~497	**497**	**506**	522	- FYE 03/25: Sales volume was lower due to the highest temperature within expectation - FYE 03/26: Sales volume and COGS are prudently estimated
Electricity	52	**52**	**56**	55	- FYE 03/26: Forecasts sales volume increase due to customer growth. Margin is stable almost in line with FYE 03/25
City Gas	200~197	**196**	**198**	203	- FYE 03/26: Sales volume is prudently estimated. Forecasts residential usage increase as the number of customer turned to increase
Slide time lag	▲1.4 ~▲1.3	*0*	*+1.2*	*0*	- Slide time lag: Incorporates positive impact (+¥0.12B) in the 1Q(Apr.-Jun.), only
SG&A Expenses	556~562	**560**	**560**	560	- FYE 03/26: Plans unchanged YoY due to decrease in cost to acquire and IT related expenses
Operating Income	200~184	**185**	**200**	220	- FYE 03/26: Forecasts the record profit for 4 consecutive years
Net Income	140~130	**115**	**140**	150	- FYE 03/25: Made record high. Extraordinary loss on retirement of software, etc. was ▲¥1.9B
Return to shareholders	162	**162**	**203**	169	- FYE 03/26: Plans to expand return to shareholders as the result of decrease in required equity. ¥20.3B is consisted of ¥11.3B dividend and ¥9.0B share buyback. Will buy share at appropriate times
EPS	¥126.6~¥117.6	**¥104.5**	**¥130.6**	¥138.9	- FYE 03/26: Forecasts to increase by +25% YoY

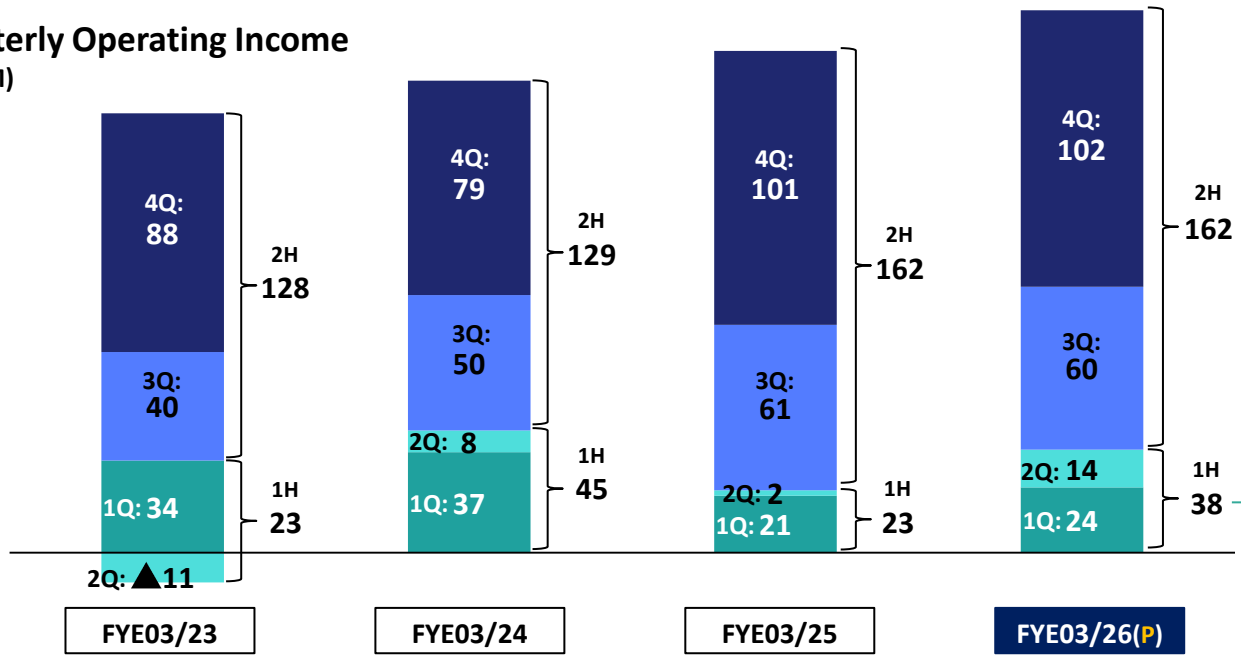
Summary(2) Operating Income Forecast for FYE 03/26

Plans to Increase Operating Income by +¥1.5B YoY in the 1H of FYE 03/26. Increase in Electricity GP and Decrease in Cost to Acquire Will Contribute to Profit Growth

■ Operating Income for FYE 03/26 is forecasted to +¥1.5B YoY in the 1H and almost flat YoY in the 2H. In the 1H, increase in Electricity GP (+¥0.5B YoY) and decrease in cost to acquire (▲¥1.0B YoY) will contribute to profit growth. While in the 2H, SG&A Expenses is prudently estimated (+¥0.7B YoY) although GP will expand (+¥0.7B YoY) .

Operating Income (¥100M)	FYE03/23(A)	FYE03/24(A)	FYE03/25(A)	FYE03/26(P)
	151 Record High	174 Record High	185 Record High	200 Record High

Quarterly Operating Income (¥100M)



2H
vs. FYE 03/25 ±¥0B

GP	**+¥0.7B**
: (+) LP Gas	+¥0.7B
: (-) Electricity	▲¥0.1B
: (+) City Gas	+¥0.1B
SG&A	**+¥0.7B**
: (+) Cost to acquire	+¥0.5B
: (+) Others	+¥0.2B

1H
vs. FYE 03/25 +¥1.5B

Due to loss of additional procurement costs in FYE 03/25

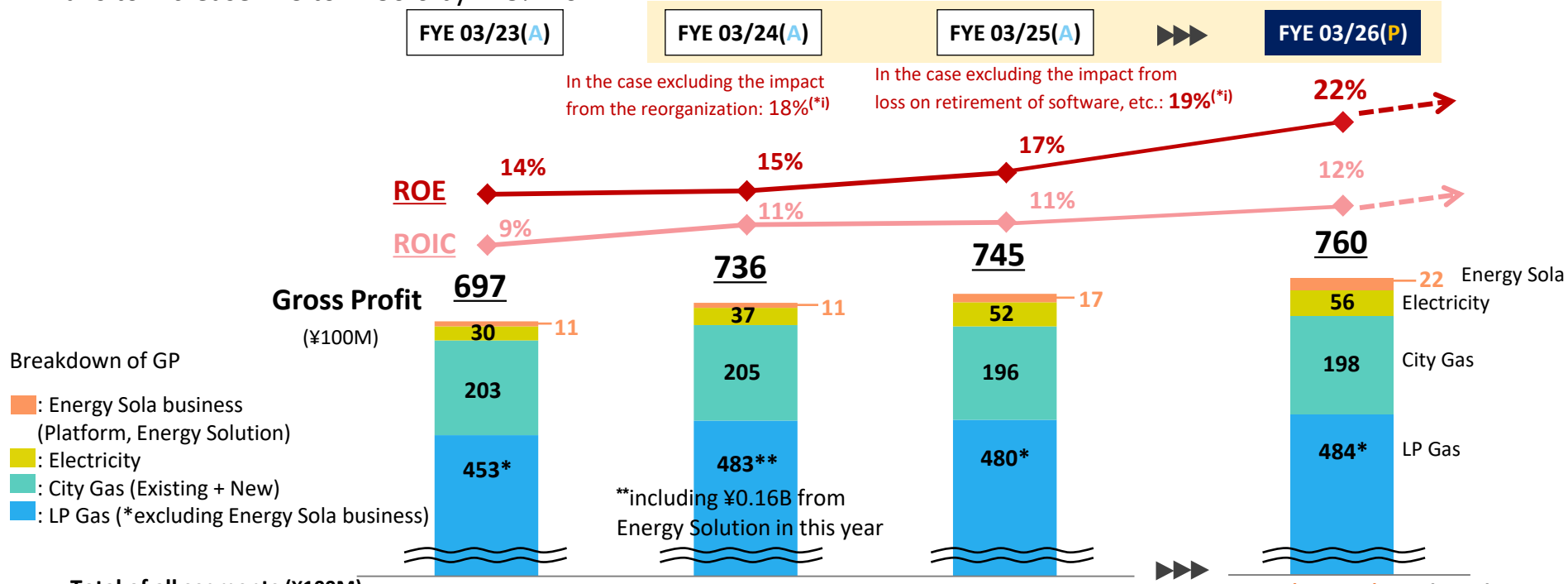
GP	**+¥0.8B**
: (+) LP Gas	+¥0.2B
: (+) Electricity	+¥0.5B
: (+) City Gas	+¥0.1B
SG&A	**▲¥0.7B**
: (-) Cost to acquire	▲¥1.0B
: (+) Others	+¥0.3B

* 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

Forecasts the Record Profit for 4 Consecutive Years in FYE 03/26. No Change in 22% ROE Target. Revised GP Plan based on the Progress

■ Revised FYE 03/26 Operating Income and Net Income to ¥20.0B and ¥14.0B, respectively. No change in 22% ROE. Will increase profits without expanding the assets. City Gas and Energy Sola business are growing as well as LP and Electricity. Plans to increase EPS to ¥130.6 by +25% YoY.



Total of all segments (¥100M)				(Revised)	(Prev.)
Gross Profit	**697**	**736**	**745**	**760**	**780**
SG&A Expenses	546	562	560	560	560
Operating Income	**151**	**174**	**185**	**200**	**220**
Net Income	**106**	**108(*ii)**	**115**	**140**	**150**
EPS	**¥92.6**	**¥95.6**	**¥104.5**	**¥130.6**	**¥138.9**

FYE 03/25(A): Net Income of ¥11.5B is after extraordinary loss on retirement of software, etc. (▲¥1.9B)

(*i) ROE, excluding the impact from extraordinary loss, is calculated by simply adding up the subject extraordinary loss (▲¥2.4B in FYE 03/24, ▲¥1.9B in FYE 03/25) to Net Income. These figures don't take into account taxes

(*ii) For FYE 03/24, 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

For FYE 03/26, Will Expand GP of City Gas and Energy Sola as well as LP and Electricity. Plans ¥2.2B GP of Energy Sola

(¥100M)	FYE 03/23 (A)	FYE 03/24 (A)	FYE 03/25 (A)	FYE 03/26 (P) Revised	FYE 03/26 (P) Prev. (as of 28th Jan.)	Remarks
Gross Profit (Total)	697	736	745	760	780	
LP Gas (including GP from equipment sales, and excluding Energy Sola GP)	453	483	480	484	496	
Customer # at year end ('000) (YoY)	973	997(+24)	1,030(+33)	1,070(+40)	1,077(+40)	- Reflecting in profit plan will be prudently estimated
Sales volume ('000t) Residential/ C&I	186/121	179/114	178/109	181/109	195/115	- FYE 03/26: Sales volume in the 1H is prudently estimated below the expectation based on the temperature sensitivity
Residential margin (¥/kg)	212	233	232	232	220	
City Gas (including GP from equipment)	203	205	196	198	203	
Sales volume ('000t) total of Residential and C&I	378	365	344	343	365	- FYE 03/26: Forecasts residential sales volume increase as the net growth for the number of customer turned to increase, and C&I sales volume decrease for government facilities, etc.
Electricity	30	37	52	56	55	
Customer # at year end ('000) (YoY)	320	345(+25)	381(+35)	431(+50)	545(+100)	- FYE 03/26: Revised net customer growth target from 100K to 50K
Sales volume (GWh)	1,297	1,427	1,587	1,759	1,770	- FYE 03/26: Forecasts sales volume increase due to customer growth
Margin (¥/kWh)	2.3	2.6	3.3	3.2	3.1	- FYE 03/25: Price revision contributed to improved margin - FYE 03/26: Margin is stable in line with FYE 03/25
Energy Sola Business (Platform)	11	11	14	16	18	- FYE 03/26: Revised GP plan from ¥1.8B to ¥1.6B. Full-range competitors' usage of PF has begun
Energy Sola Business (Energy Solution)	-	[1.6*]	3	6	8	- FYE 03/26: Revised GP plan from ¥0.8B to ¥0.6B. Plans 8K sales units of hybrid water heaters

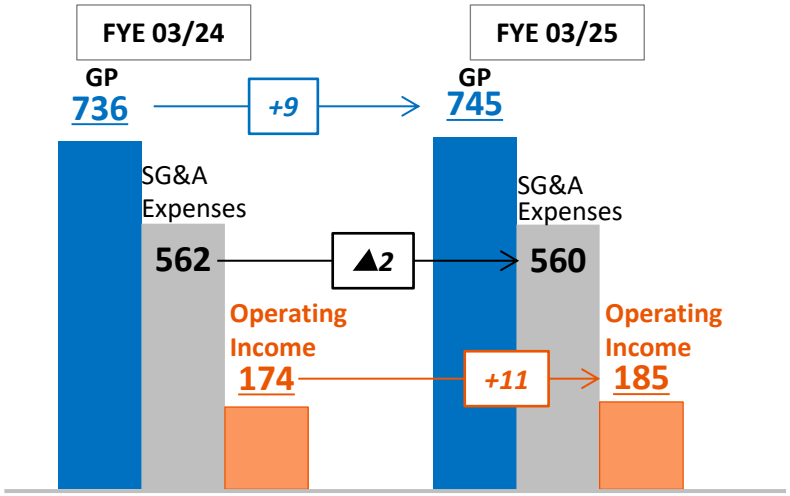
*Included in GP from LP Gas

Financial Results (1) Summary (04/24 - 03/25) (YoY)

Operating Income Rose (Made Record Profit). GP Increased Driven by LP and Electricity. Controlled SG&A Expenses Lower than FYE 03/25

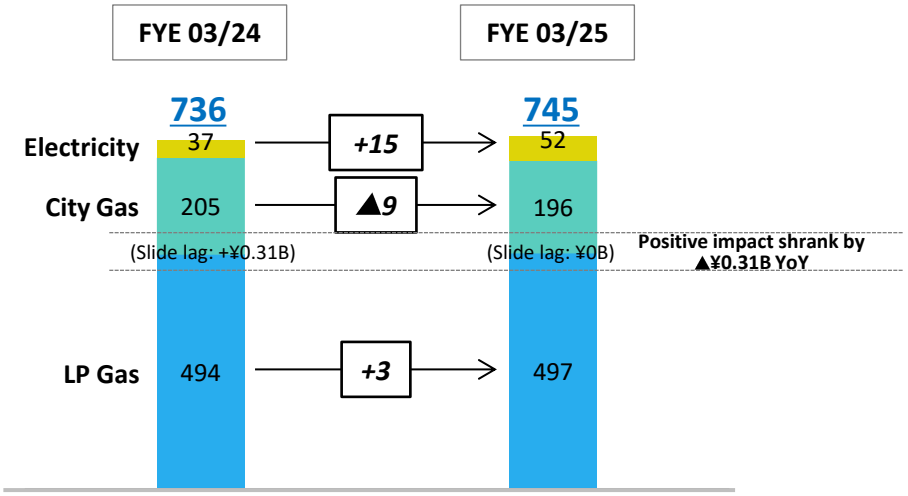
■ Operating Income has achieved record high for 3 consecutive years. GP increased by +¥0.9B YoY, driven by the growth of LP and Electricity. GP from City Gas decreased by ▲¥0.9B YoY due to temporary factors, for example, lower positive slide impact and lower C&I sales volume. Furthermore, SG&A Expenses was ▲¥0.2B YoY, absorbing the impact of inflation, etc. whilst increasing cost efficiency. The cost to acquire significantly decreased due to a revision of the acquisition policy.

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



Breakdown of GP (¥100M*)

*Digits rounded after the decimal point



Total of all segments (¥100M)	FYE 03/24	FYE 03/25	+/-	Remarks
Gross Profit	736	745	+9	- Electricity: Increased due to improved margin and increased sales volume. LP Gas: GP from C&I increased. CG: Positive slide impact shrank and C&I decreased
SG&A Expenses	562	560	▲2	- Cost to acquire decreased ▲¥0.8B YoY. Controlled overall increase in expenses by improving cost efficiency while increasing the customer base
Operating Income	174	185	+11	
Sales volume LP Gas('000t)	293	287	▲6	- Residential was almost flat YoY due to lower usage per customer while the number of customers increased. For C&I, water heating demand for restaurants, etc. decreased
City Gas('000t)	365	344	▲21	- Slight decrease in residential was affected by net decrease of New CG customers. For C&I, sales volume for government facilities, etc. decreased
Electricity(GWh)	1,427	1,587	+160	- Increased YoY due to customer growth (FYE 03/24: 345K → FYE 03/25: 381K customers)

Financial Results (2) Breakdown of SG&A Expenses

Controlled FYE 03/25 SG&A Expenses to ¥56.0B, Lower than FYE 03/24 as Planed. For FYE 03/26, Forecasts ¥56.0B in line with FYE 03/25

■ SG&A Expenses in FYE 03/25 was ¥56.0B (▲¥0.2B YoY). The decrease in cost to acquire from the 2Q absorbed the increase in IT Expenses and commission, etc. For FYE 03/26, estimates the SG&A of ¥56.0B prudently. Will slash cost to acquire by ▲¥0.5B YoY and IT Expenses by ▲¥0.5B YoY with improving overall cost efficiency. As a result, this will absorb both rise of overhead fee, due to customer growth and inflation, and personnel cost increase.

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

Breakdown of SG&A Expenses (¥100M)	FYE 03/25 (P)	FYE 03/25 (A)	FYE 03/26 (P)	vs. FYE 03/25(A)	Remarks	FYE 03/24 (A)
1. Personnel Cost	143	141	148	+7	- Plans to increase salary per employee (+5% in FYE 03/25, +4.5% in FYE 03/26)	142
2. D&A Expenses (*i)	84	83	82	▲1	- Gradually decreases the depreciation of City gas pipeline	86
3. Cost to Acquire (*ii)	62~65	64	59	▲5	- FYE 03/26: Forecasts further decrease. Has decreased since the 2Q of FYE 03/25 after the Ministerial Ordinance revision law	72
4. IT Related Expenses	49	49	44	▲5	- FYE 03/26: Reviewed running costs. Will also decrease the amortization by scrutinizing development	47
5. Commission, etc. (*iii)	45~48	48	48	0	- Strengthening relationships with existing customers through outbound call, etc.	41
6. Gas Related Equipment, etc.	35	36	36	0	- FYE 03/25: Cylinder prices, etc. increased. For FYE 03/26, will reduce costs through efficient placement of cylinders	34
7. Cost to Deliver LP Gas Cylinders	33	33	34	+1	- FYE 03/26: Forecasts LP Gas sales volume increase and reduces unit costs by increasing delivery efficiency	32
8. Repair Expenses (*iv)	20	19	21	+2		19
9. Tax	20	20	20	0		20
10. Communication Cost (*v)	11	11	11	0		11
11. Advertising Expenses	9	9	11	+2	- Strengthens advertisement focused on communities such as the football team Tokyo Verdy. Will boost online sign-up by making web advertising more effective	8
12. Travel Expenses	6	7	7	0		6
13. Call Center	6	6	5	▲1	- FYE 03/26: Will review the operations to be more efficient through decreasing the bases	5
14. Pipeline Charge	0	0	0	0		6
15. Others	33	34	34	0		33
Total	556~562	560	560	0		562

(*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 Grew due to Higher Margin. For FYE 03/26, Forecasts Increase in Profit Growth due to Increase in Residential for Customer Growth

■ GP was +¥0.3B YoY. C&I increased due to higher margin. Residential sales volume decreased affected by high temperature. FY customer growth was 33K and the number of customer exceeded 1 million. As a mid-sized LPG company became NICIGAS' group company in Mar. 2025, market consolidation is accelerating. For FYE 03/26, forecasts further profit growth. Expects to increase residential sales volume with customer growth as well as a tailwind for slightly lower temperature.

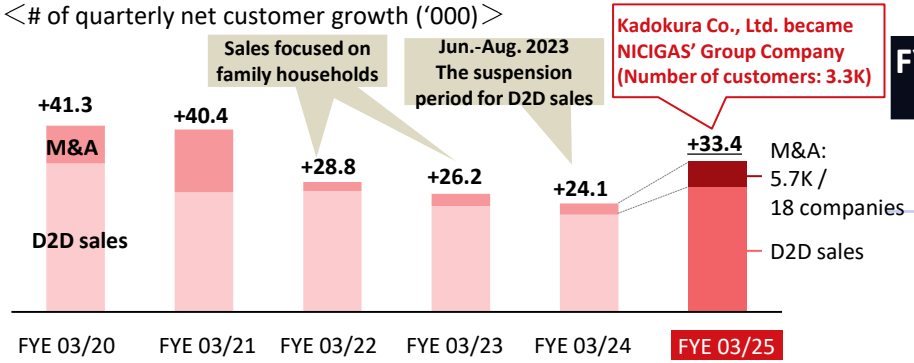
*Digits rounded after the decimal point *+/- is calculated after adjusting to ¥100M units

LP Gas Business (¥100M)	FYE 03/24	FYE 03/25	+/-	Remarks	FYE 03/26 FY (P)
Gross Profit	**494**	**497**	***+3***		**506**
Gas	**456**	**455**	***▲1***	- FYE 03/25: C&I was +¥0.2B YoY due to higher margin, while residential was ▲¥0.3B YoY due to lower sales volume	460
Per kg (Residential + C&I)	***¥156***	***¥159***	***+¥3***	- FYE 03/26: Forecasts further profit growth due to higher residential sales volume. Margin is forecasted to be stable in line with FYE 03/25	(Residential + C&I) ***¥159***
Platform (PF)	11	14	*+3*	- Safety inspection PF grew by expanding the service area. Will also expand safety service for LP from FYE 03/26 (Please refer to P.12)	16
Equipment sales, etc.(Energy Solution)	27(2)	28(3)	*+1(+1)*	- Sales volume of hybrid water heater: 5.3K units (+3.2K YoY)	30(6)
Gas sales volume('000t)	**293**	**287**	*▲6*	- Residential: Slightly decreased YoY due to lower usage per customer while the number of customer increased - C&I: Decreased YoY due to lower commercial sales volume	**290**
Residential	179	178	*▲1*		181
C&I	114	109	*▲5*		109

LP Gas Business	FYE 03/24	FYE 03/25	+/-	FYE 03/26 FY(P)
# of Total customers ('000)	**997**	**1,030**	***+33***	**1,070**
# of Net customer growth ('000)	***24***	***33***	***+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)＞

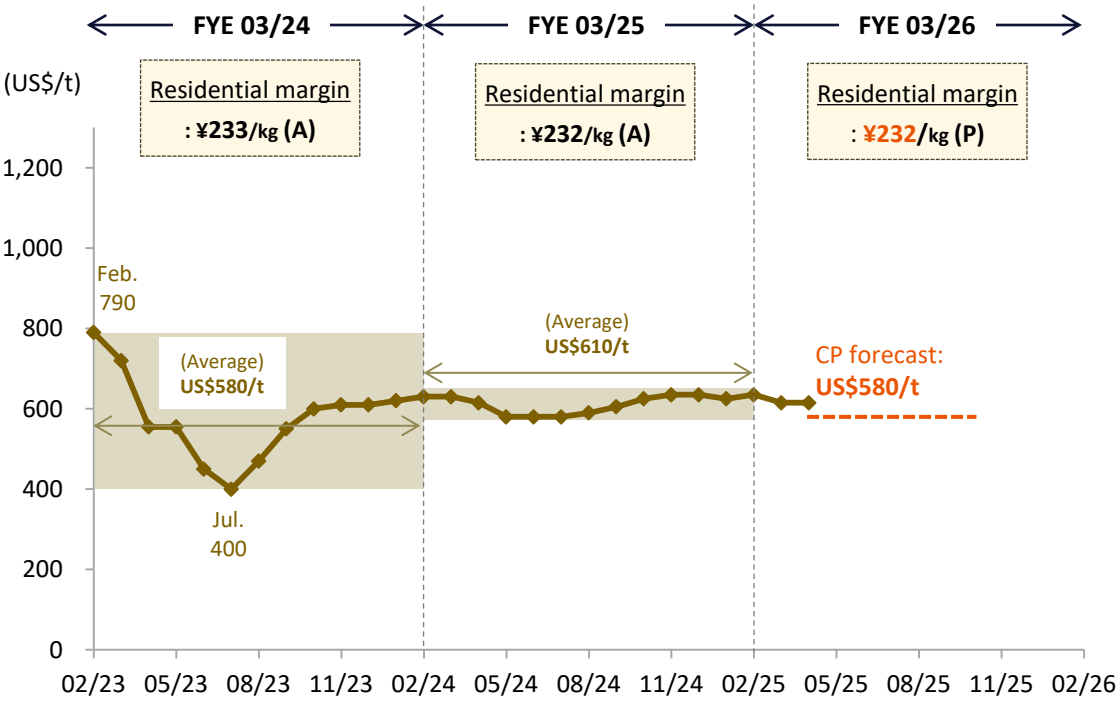


LP Gas Raw Material Price (CP)

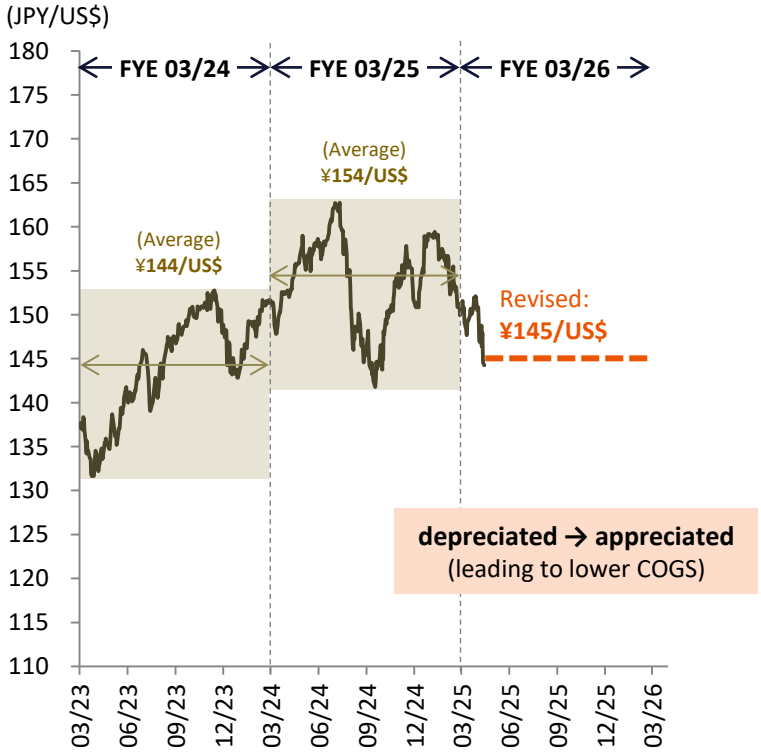
For FYE 03/26, Forecasts Decrease in COGS due to Lower Raw Material Price and Yen Appreciation. Forecasts LP Margin to be Flat YoY

- FYE 03/25: CP remained stable and Yen depreciated. Residential margin was almost flat YoY, slightly higher than expected.
- FYE 03/26: CP assumption is US$580/t and TTS is ¥145/US$. Forecasts residential margin at ¥232/kg in line with FYE 03/25.
- The impact from US tariffs will be reflected in raw material price and exchange rate. In the case of lower raw material price and yen appreciation, COGS will decrease.

LP Gas raw material price (CP)



Exchange rate (TTS)



(US$/t)	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
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
2025	625	635	615	615								

* Highlighted CP made up COGS through 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)

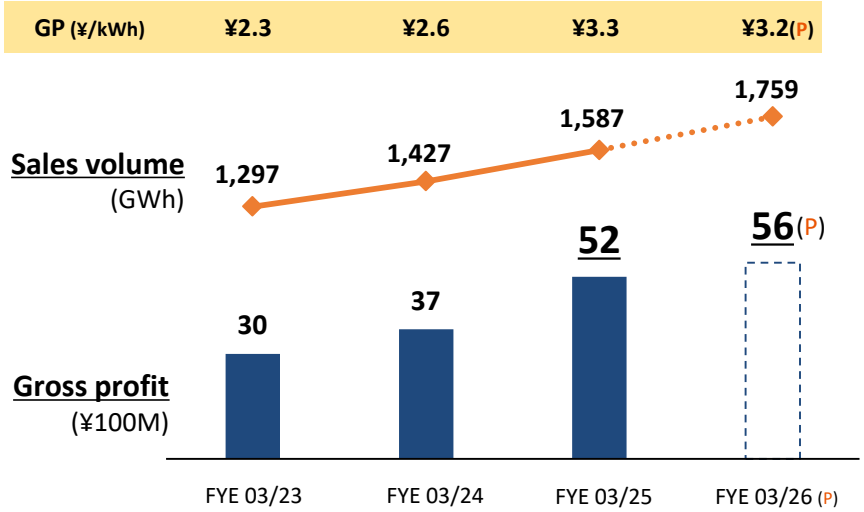
GP Significantly Grew due to Higher Sales Volume and Margin. For FYE 03/26, Plans Higher Sales Volume and Margin in line with FYE 03/25

- GP was +¥1.5B YoY. Margin expanded due to price revision. Sales volume increased due to customer growth (+11% YoY).
- For FYE 03/26, plans GP growth (+¥0.4B vs. FYE 03/25). Forecasts stable margin in line with FYE 03/25 and sales volume increase (+11% YoY) because of customer growth. Adjusted some rate menu in Apr. 2025 toward customer growth of +50K.

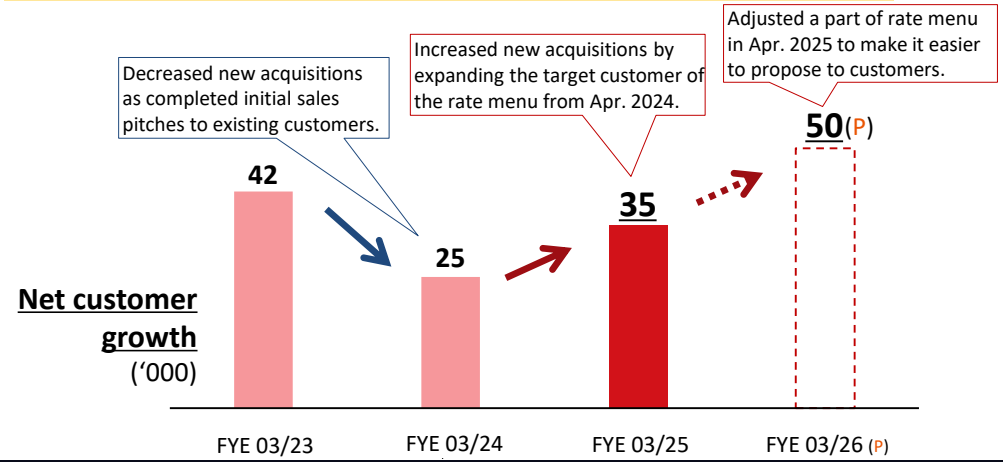
*Digits rounded after the decimal point. *+/- is calculated after adjusting to ¥100M and '000 units

Electricity	FYE 03/24	FYE 03/25	+/-	Remarks	FYE 03/26 FY (P)
Gross Profit (¥100M)	**37**	**52**	***+15***	- FYE 03/26: Plans +¥0.4B YoY. Forecasts higher sales volume and stable margin in line with FYE 03/25	**56**
Per kWh	**¥2.6**	**¥3.3**	***+¥0.7***		**¥3.2**
# of Total customers('000) (as of Mar. 31st)	**345**	**381**	***+36***	- FYE 03/25: Customer growth was +35K (+10K YoY) by expanding the target customers - FYE 03/26: Plans +50K customer growth. Adjusted a part of rate menu to make it easier to compare with other companies' rates. In addition, will increase new acquisitions via the web application	**431**
# of Net customer growth ('000)	*25*	*35*	*+10*		*50*
Sales volume (GWh)	**1,427**	**1,587**	***+160***	- FYE 03/25: Increased YoY by customer growth. Usage/customer increased slightly	**1,759**

Trend of sales volume and gross profit



Trend of net customer growth



Financial Results (5) City Gas Business (YoY)

GP was ▲¥0.9B YoY due to both Slide Time Lag and the Decrease in C&I. For FYE 03/26, Forecasts GP to Increase as Residential Sales Volume Expands

■ GP was ▲¥0.9B YoY due to lower positive slide impact (▲¥0.31B YoY). C&I decreased as a result of bidding. The # of net growth turned positive in Feb. 2025 for the first time in 3.5 years. The increasing number of New CG customers contributed greatly to this. Plans GP for FYE 03/26 to increase. On the other hand, expects to be able to avoid specific negative impact happened in FYE 03/25. Forecasts residential sales volume to expand as the number of net growth increases.

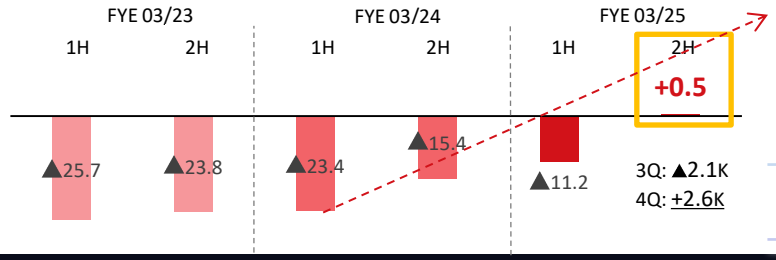
*Digits rounded after the decimal point *+/- is calculated after adjusting to ¥100M units

City Gas (¥100M)	FYE 03/24	FYE 03/25	+/-	Remarks	FYE 03/26 FY (P)
Gross Profit	**205**	**196**	***▲9***		**198**
Gas	184	174	*▲10*		176
Slide time lag	**Included in Gas GP* ***+3.1***	***0***	***▲3.1***	- FYE 03/25: FY was ¥0B (+¥0.14B vs. the plan). 4Q was ▲¥0.13B - FYE 03/26: Only incorporated 1Q (Apr.-Jun.) positive impact of +¥0.12B	**Included in Gas GP* ***+1.2***
Pipeline charge	11	11	*0*		11
Equipment sales, etc.	10	11	*+1*		11
Gas sales volume ('000 t)	**365**	**344**	**▲21**	<FYE 03/26> - Existing CG: Rise in sales for residential is expected due to the increase in customers. On the other hand, C&I will be flat YoY - New CG: Sales for residential will increase as net growth turned positive. For C&I, similarly to FYE 03/25, expects sales volume for government facilities to decrease	**343**
Existing CG (Residential/C&I)	278(103/175)	275(104/171)	▲3(+1/▲4)		277(106/171)
New CG (Residential/C&I)	87(47/40)	69(44/25)	▲18(▲3/▲15)		66(45/21)

# of Total retail customers/ (as of Mar. 31st) **Net customer growth**	**601/▲39**	**590/▲11**	***▲11/+28***	**610/+20**
Existing CG	386/+5	389/+3	*+3/▲2*	**394/+5**
New CG	214/▲45	201/▲13	*▲13/+32*	**216/+15**

< The change in # of net customer growth ('000) >

- City Gas net customer growth turned positive for the first time in 3.5 years



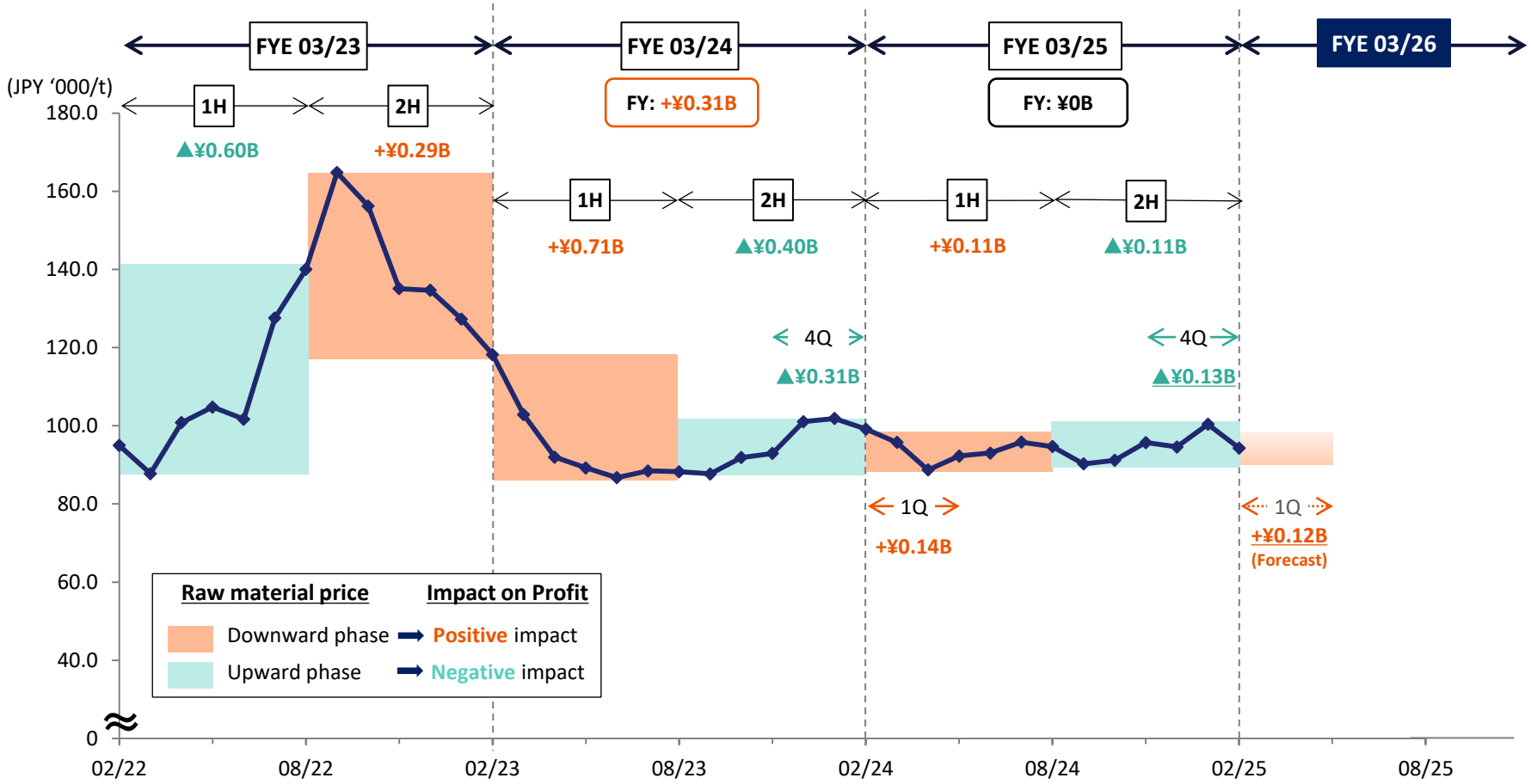
Impact from Raw Material Cost Adjustment (Slide Time Lag)

Slide Time Lag Impact in the 4Q (Jan.-Mar.) was ▲¥0.13B, while FY Impact was ¥0B. For FYE 03/26, only Incorporated Assumed 1Q (Apr.-Jun.) of +¥0.12B

■ Slide impact in the 4Q was ▲¥0.13B. FY was ¥0B, thus the positive impact shrank YoY from +¥0.31B in FYE 03/24 to ¥0B in FYE 03/25. Only incorporated assumed 1Q positive impact of +¥0.12B(▲¥0.02B YoY) into FYE 03/26 profit plan.

Trend of LNG CIF price*

*CIF: Average price of LNG imported to Japan



Financial Results (6) Energy Sola Business

GP Grew. The Competitors' Usage of Platform is Increasing, and at the same time Equipment Sales of Energy Solution are Growing. For FYE 03/26, Plans GP of ¥2.2B

- FYE 03/25: Safety inspection PF for CG expanded. Sales of hybrid water heaters increased (+3.2K units YoY).
- FYE 03/26: Forecasts total GP of ¥2.2B(+¥0.5B vs. FYE 03/25). Will start full-range usage of PF for LP competitors and **provide one-stop services for filling, delivery, meter reading, and safety inspection**. In addition, expects to provide large-scale safety inspection services for the LP company. The target of hybrid water heaters sales is 8.0K units.

Platform (¥100M)	FYE 03/24	FYE 03/25		FYE 03/26(P)
	(A)	(P)	(A)	
Gross Profit	10.5	14.0	**14.4**	**16**
1). LPG Network Service (Smart meter, Filling and Delivery, New Safety inspection PF*)	*2.6*	*3.7*	***5***	***6***
2). New City Gas PF, PF apps, Construction PF, and others	*7.9*	*10.3*	***9.4***	***10***

*From this time forward, discloses New safety inspection PF under category 1)., not under category 2).

Energy Solution (¥100M)	FYE 03/24	FYE 03/25		FYE 03/26(P)
	(A)	(P)	(A)	
Gross Profit	1.6	4	**2.8**	**6**
Hybrid water heaters (units)	*2.1K*	*5K*	***5.3K***	***8K***

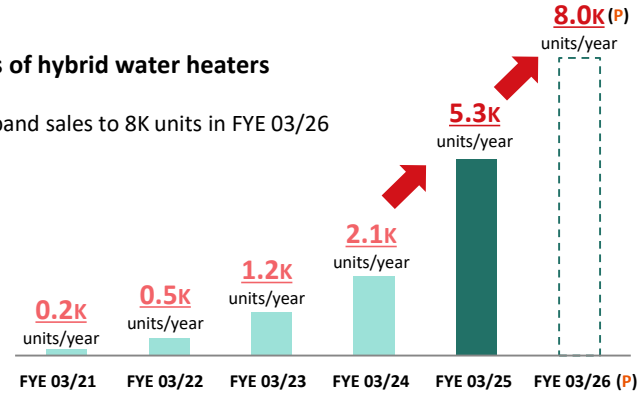
Remarks

<FYE 03/25>
- New safety inspection PF: Increased number of deals by expanding the service area for CG (+20K deals YoY).
- Construction PF: Since FYE 03/25, categorized construction for customers as PF business

<FYE 03/26>
- LPG network service: Increasing demand from growth-oriented companies. Will expand the competitors' usage of PF
- New safety inspection PF: Demand for system use and outsourcing will increase due to labor shortage. Will further expand services for large City Gas companies

■ **Sales of hybrid water heaters**

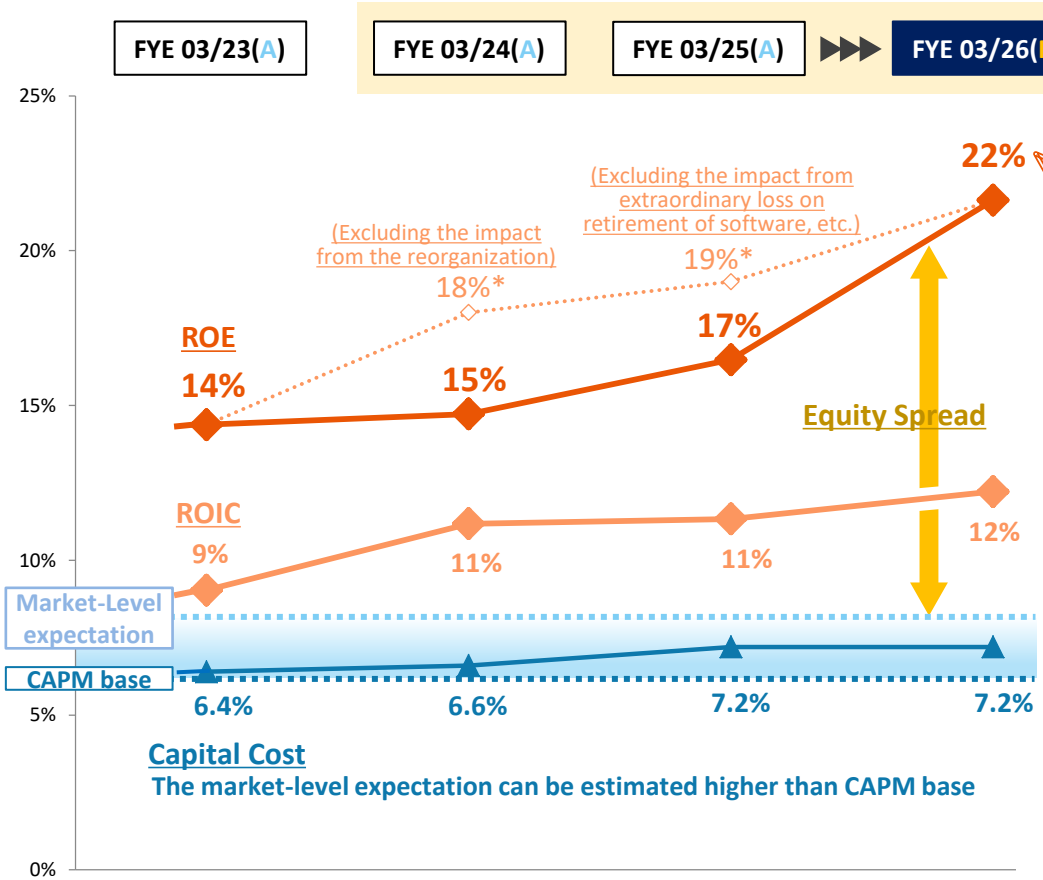
- Will expand sales to 8K units in FYE 03/26



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

FYE 03/26 Targets for ROIC and ROE are 12% and 22%, respectively. Without Holding Unnecessary Shareholders' Equity, will Increase Net Income

■ Increased ROE from 15% to 17% in FYE 03/25. For FYE 03/26, ROE target is 22%. Without holding unnecessary shareholders' equity, will achieve the ROE target by optimizing capital structure and increasing ROIC. Thus, will further widen the gap between ROE and capital cost (equity spread).



Plan of ROE

Will achieve by **(1) increasing net income** and **(2) optimizing the capital structure following a review of required equity.**

	FYE 03/25	→ FYE 03/26
ROE*	17%	21.6% = 140 ÷ (674+620)/2 × 100
Net income	¥11.5B	¥14.0B
Total equity	¥67.4B	¥62.0B (Prev.: ¥66.0B)

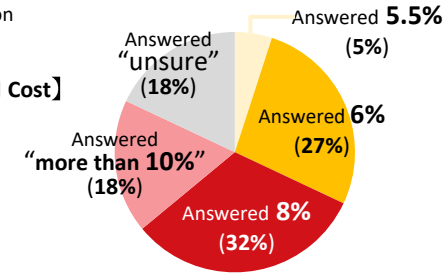
* ROE=Net Income (current year) / (average of current FYE and previous FYE of total equity)

Premise of NICIGAS Capital Cost (CAPM method calculation)

Risk free rate (*1)		Market beta (β) (*2)	×	Market risk premium	+	Liquidity risk premium	=	Cost of shareholders' equity
2.5%	+	0.6	×	5.9%	+	1.1%	=	7.2%

(*1) Using 30 years government bond yield
(*2) Using the 104-week β with low distortion

【Shareholders survey results on Capital Cost】
(Conducted 02/24)

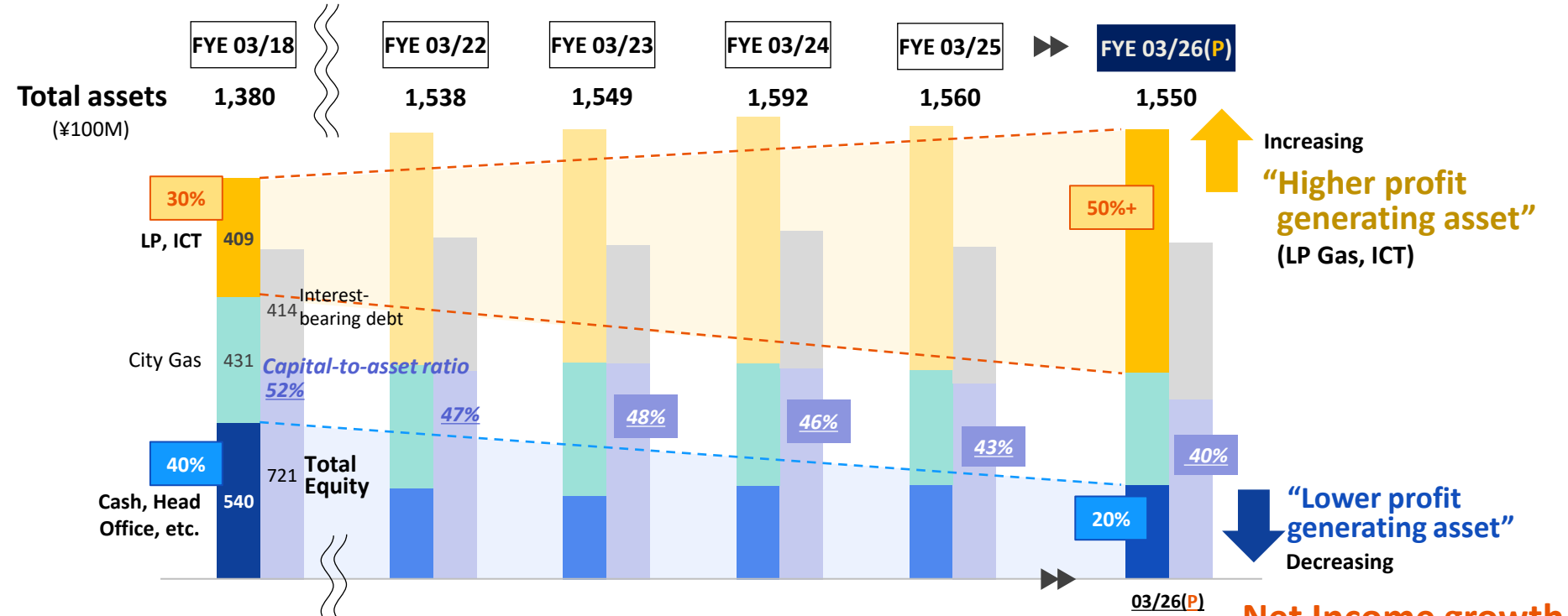


*ROE, excluding the impact from extraordinary loss, is calculated by simply adding up the subject extraordinary loss (▲¥2.4B in FYE 03/24, ▲¥1.9B in FYE 03/25) to Net Income. These figures don't take into account taxes

Financial Strategy(2) B/S

Increased ROIC by Replacing Assets. Will Increase ROE by Growing Profits without Expanding the Asset Size

■ Will enhance ROIC from 7% in FYE 03/18 to 12% in FYE 03/26. While increasing higher profit generating asset, will also grow other profitable businesses, such as Electricity, that is not included in the balance sheet assets. On the right hand side of balance sheet, will increase ROE without holding unnecessary shareholders' equity.



	FYE 03/18	FYE 03/22	FYE 03/23	FYE 03/24	FYE 03/25	FYE 03/26(P)
Net Income(¥100M)	78	100	106	108	115	140
ROIC(*1)	7%	8%	9%	11%	11%	12%
ROE(*2)	11%	14%	14%	15%	17%	22%

Net Income growth

with almost flat equity

	03/18	03/26(P)
Net income	¥7.8B	¥14.0B
Total equity	¥72.1B	¥62.0B
ROE	11%	22%

(*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

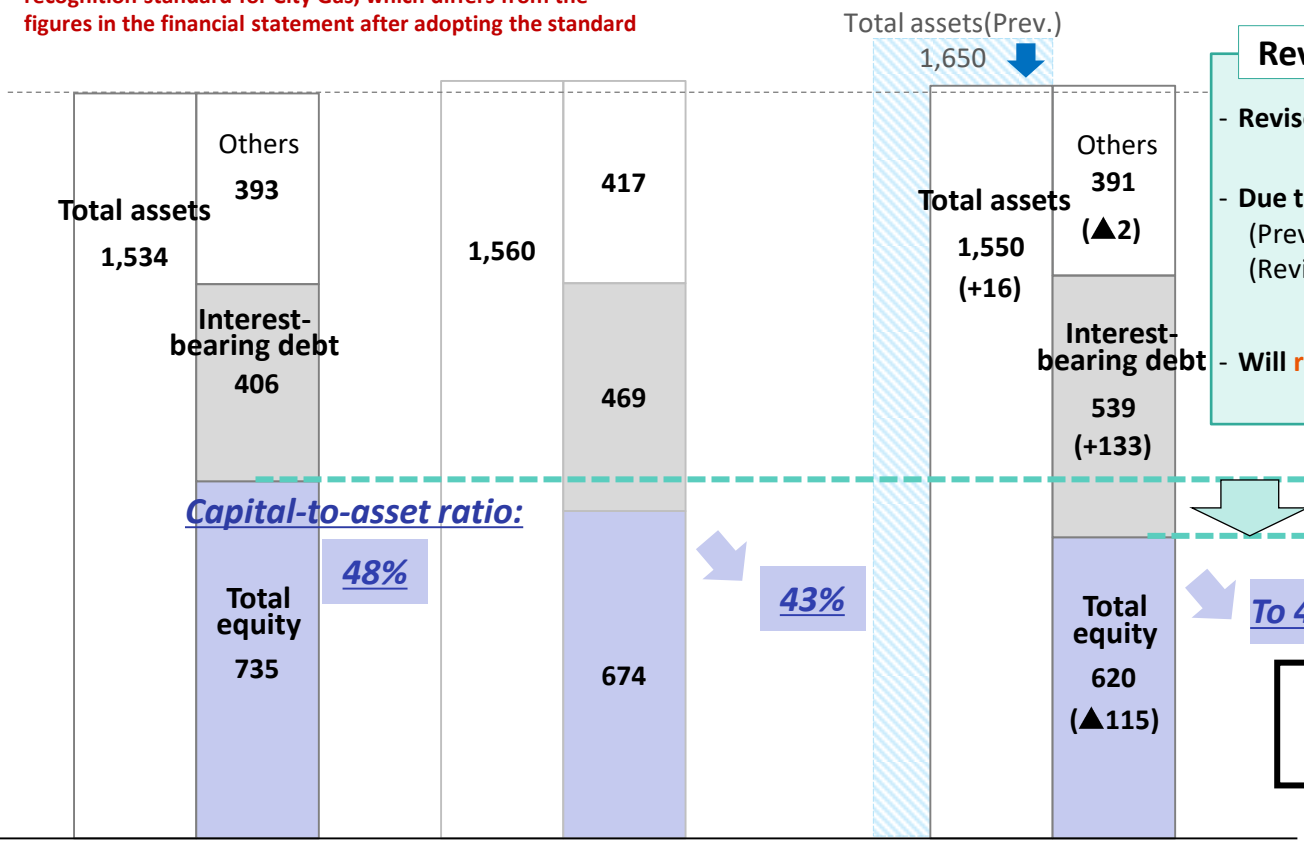
Will Decline Capital-to-asset Ratio to 40%. Reviewed Total Assets Expected and Will Decline Required Equity

■ Capital-to-asset ratio declined from 48% to 43% over 2 years. Will optimize the ratio to 40% in FYE 03/26. Revised total assets expected and will decline required equity. Will return unnecessary equity to shareholders.

FYE 03/23(A) ▶▶ FYE 03/25(A) ▶▶▶ FYE 03/26(P)

*Figures of FYE 03/23 are before adopting the revenue recognition standard for City Gas, which differs from the figures in the financial statement after adopting the standard

*Figures in ( ) below: vs. FYE 03/23



Revision of return to shareholders

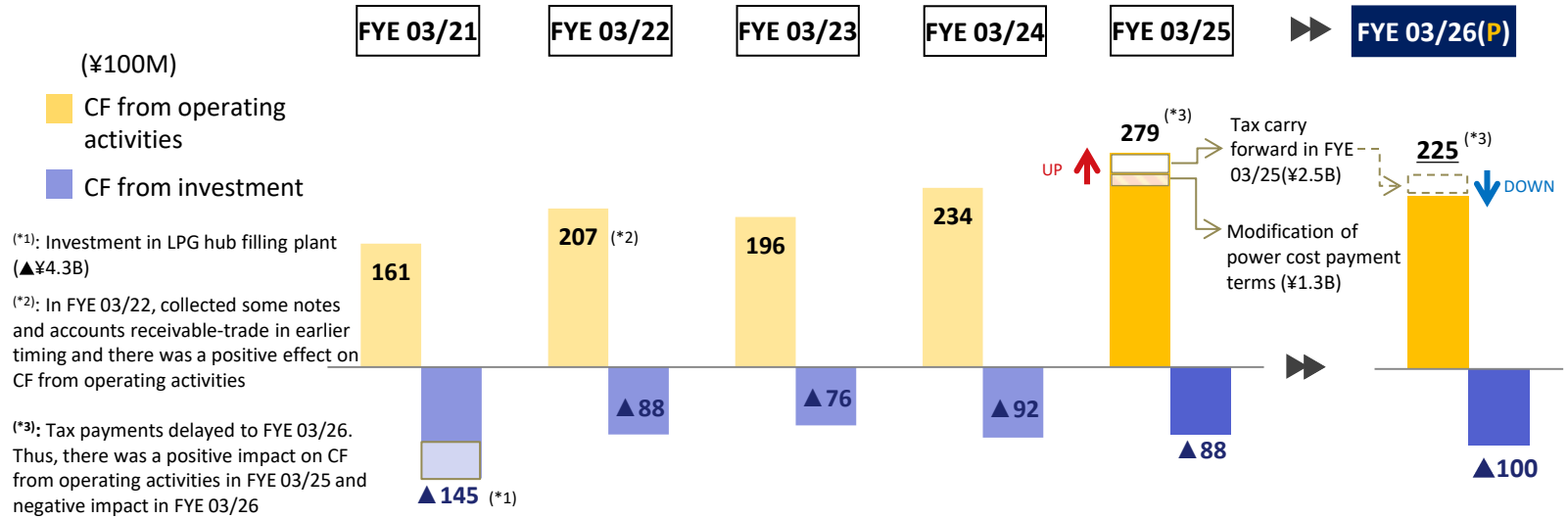
- Revised FYE 03/26 total assets (¥165.0B → ¥155.0B)
- Due to this, required equity will decrease
  (Prev.) ¥165.0B × 40% = ¥66.0B
  (Revised) ¥155.0B × 40% = ¥62.0B
  ▲¥4.0B
  Capital-to-asset ratio
- Will return unnecessary equity (¥4.0B)

Optimization of capital-to-asset ratio: 48%→40%

Financial Strategy(4) Cash Flow

CF from Operating Income in FYE 03/26 Will Decrease due to Loss of Positive Impact in FYE 03/25. For CF from Investment, No Plans for Large-scale Infrastructure Investment

■ FCF in FYE 03/25 expanded due to the increase in CF from operating activities. Tax payments delayed to FYE 03/26. Thus, there was a positive impact on CF from operating activities in FYE 03/25(+¥2.5B) and negative impact in FYE 03/26. For CF from investment, LP infrastructure is in place and no plans for large-scale investment.



(*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

(*3): Tax payments delayed to FYE 03/26. Thus, there was a positive impact on CF from operating activities in FYE 03/25 and negative impact in FYE 03/26

CF from operating activities
Expanding CF from operating activities with growth of City Gas and Energy Sola, besides LP and Electricity

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

	FYE 03/21	FYE 03/22	FYE 03/23	FYE 03/24	FYE 03/25	FYE 03/26(P)
FCF	+16	+119	+120	+142	+191	+125
CF from finance	▲57	▲74	▲161	▲87	▲184	▲125

Breakdown of CF from investment(¥100M)	FYE 03/21	FYE 03/22	FYE 03/23	FYE 03/24	FYE 03/25	FYE 03/26(P)	D&A
LPG	87	34	16	25	24	45	▲40
LPG M&A	**Included in LPG* *18*	*3*	*3*	*5*	*11*	**Included in LPG* *25*	*▲9*
ICT	15	21	29	30	21	10	▲17
Existing City Gas	53	43	33	41	45	45	▲52
Others (Investment in securities, etc.)	▲10*	▲10*	▲2*	▲5*	▲2*	0	-

(*▲ is a positive effect on CF)

✓**LPG**: Will increase M&A investment as required

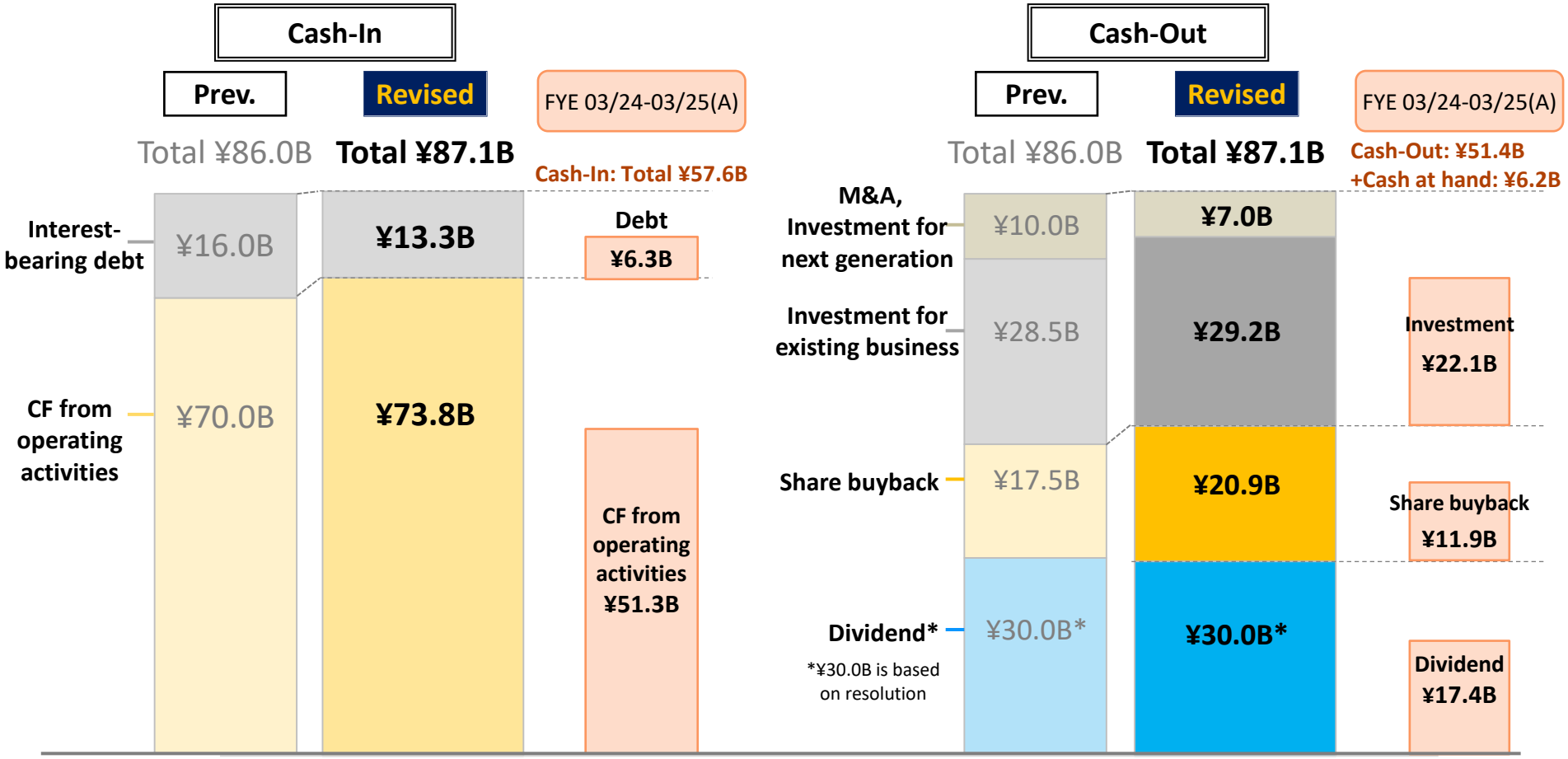
✓**ICT**: Shifts to operating phase from FYE 03/25, gradually decreasing new investment

Financial Strategy(5) Cash Allocation

Revised Cash-In Assumption for 3 years because of Expansion of CF from Operating Activities.
For Cash-Out, Will Expand Return to Shareholders based on the Progress of Investment

■ For 3 years Cash-In, revised interest-bearing debt under the assumption that CF from operating activities will expand. In regards to Cash-Out, will allocate unspent cash to return to shareholders based on the progress of investment. No significant change in the investment for existing business.

◆Total Amount during FYE 03/24 - 03/26(P)



Financial Strategy(6) Return to Shareholders

Plans Total Return Ratio of 145% for FYE 03/26. Will Expand Share Buyback in accordance with Lowered Required Shareholders' Equity

■ Total return ratio was 141% in FYE 03/25. Plans total return ratio of 145% for FYE 03/26. Will increase dividend per share to ¥103 by +¥10.5 YoY. In addition, forecasts total share buyback increase from ¥5.6B to ¥9.0B (to be announced during FY).

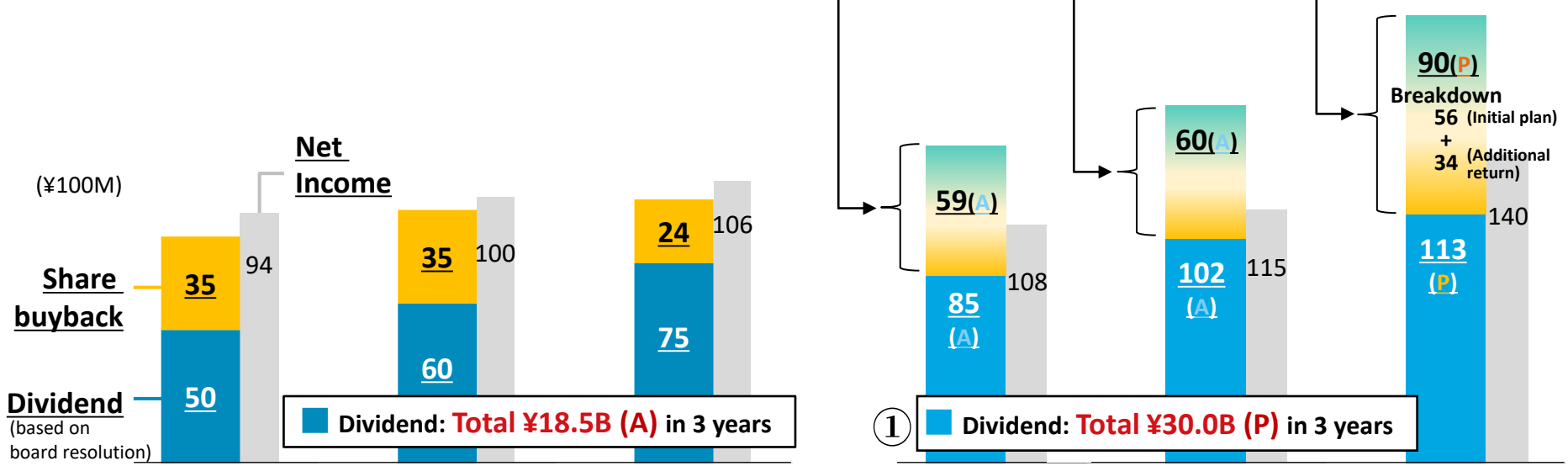
	FYE 03/21	FYE 03/22	FYE 03/23	FYE 03/24(A)	FYE 03/25(A)	FYE 03/26(P)
Total Return ratio	90%	95%	93%	133%	141%	145%(P)

← 100%+ in 3 years →

② Share buyback through B/S optimization
Share buyback
Total ¥20.9B(P) in 3 years (Prev.: ¥17.5B)

FYE 03/26: Increases ¥5.6B → ¥9.0B(P) as required shareholders' equity is lowered.

(* Details on P. 15)

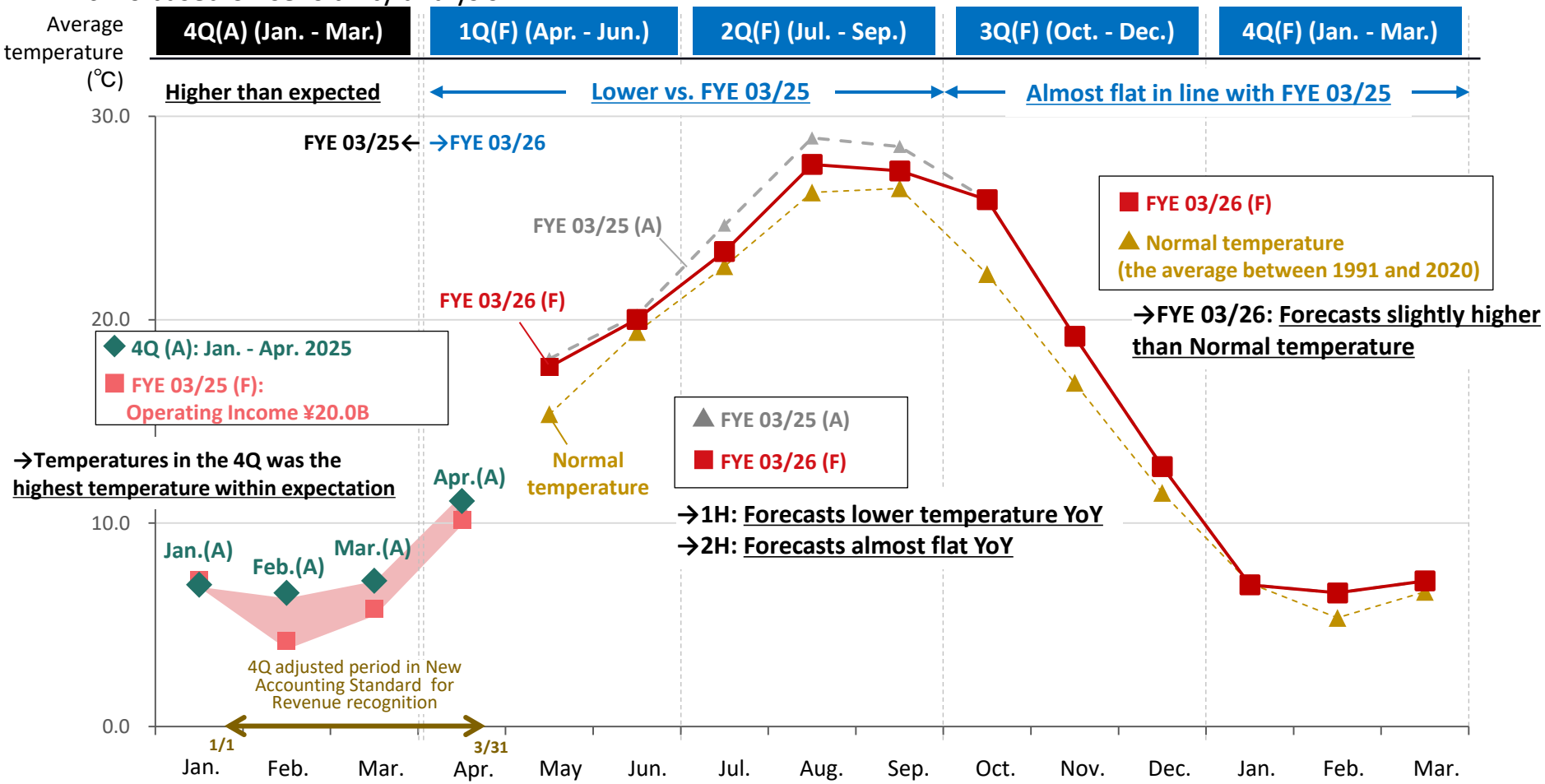


Dividend/shares	¥41.7	¥50.0	¥65.0	¥75.0	¥92.5	¥103

Average Temperature

Average Temperature in the 4Q of FYE 03/25 was Warm Temperature. For FYE 03/26, Forecasts Temperature to be Lower YoY in the 1H and Almost Flat YoY in the 2H

■ Temperatures in the 4Q of FYE 03/25 were the highest within expectation range. There was a period when cold air weakened and temperatures rose. For FYE 03/26, forecasts lower in the 1H than FYE 03/25, when it was record-breaking heatwave, and almost flat YoY in the 2H. However, gas sales volume in the 1H is estimated to be lower than expected, which is based on sensitivity analysis.



(*1): NICIGAS assumes temperature for FYE 03/26, 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 03/26

For FYE 03/26, Expects GP from CG in addition to LP and Electricity to Increase. Prudently Estimates Usage per Customer

	1H (Apr. - Sep.)			2H (Oct.-Mar.)			FY	
	03/25 (A)	03/26 (P)	Remarks	03/25 (A)	03/26 (P)	Remarks	03/25 (A)	03/26 (P)
LPG(Residential)	(as of May. 1)			(as of May. 1)			(as of May. 1)	
Gross Profit (¥100M)	**172**	**173**		**243**	**247**		**415**	**420**
Sales volume('000t)	65	**66**	- FYE 03/26: Forecasts lower usage per customer than FYE 03/25	113	**115**	- FYE 03/26: Forecasts lower usage per customer than FYE 03/25	**178**	**181**
GP/kg	**¥266**	**¥262**	- For FYE 03/26, assumes CP as US$580/t and TTS as ¥145/US$	**¥214**	**¥215**	- Same as left	**¥232**	**¥232**
Usage/customer	**76kg**	**75kg**	- FYE 03/26: Estimates prudently against slightly lower temperature assumption	**132kg**	**129kg**	- FYE 03/26: Forecasts temperature to be flat YoY	**208kg**	**204kg**
LPG(C&I)								
Gross Profit (¥100M)	17	17	- FYE 03/26: Plans margin in line with FYE 03/25	23	23	- FYE 03/26: Plans margin in line with FYE 03/25	40	40
Sales volume('000t)	52	52		57	57		109	109
City Gas								
Gross Profit (¥100M)	73	74	- FYE 03/26: Only incorporated slide time lag impact in the 1Q (¥+0.12B)	101	102	- Expects residential sales volume to increase	174	176
Sales volume('000t)	147	145	- FYE 03/26: Expects C&I sales volume for government facilities, etc. to decrease	197	198	- FYE 03/26: Forecasts temperature to be flat YoY	344	343
Electricity (mainly residential)								
Gross Profit (¥100M)	19	24		33	32		52	56
Sales volume(GWh)	717	798	- FYE 03/26: Expects higher usage because of customer growth	870	961	- FYE 03/26: Expects higher usage because of customer growth	1,587	1,759
GP/kWh	**¥2.6**	**¥3.0**	- FYE 03/26: Will expand margin due to loss on impact of additional procurement costs	**¥3.9**	**¥3.3**	- FYE 03/26: Assumes lower margin due to expected increase in 3Q sales volume (reduction in GP/kWh of basic fee)	**¥3.3**	**¥3.2**