

Financial Results Briefing Materials for the 2Q of FY Ending in March 2026

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



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

Operating Income Exceeded the Plan. No Change in FY Operating Income, Estimated the 2H Plan Prudently

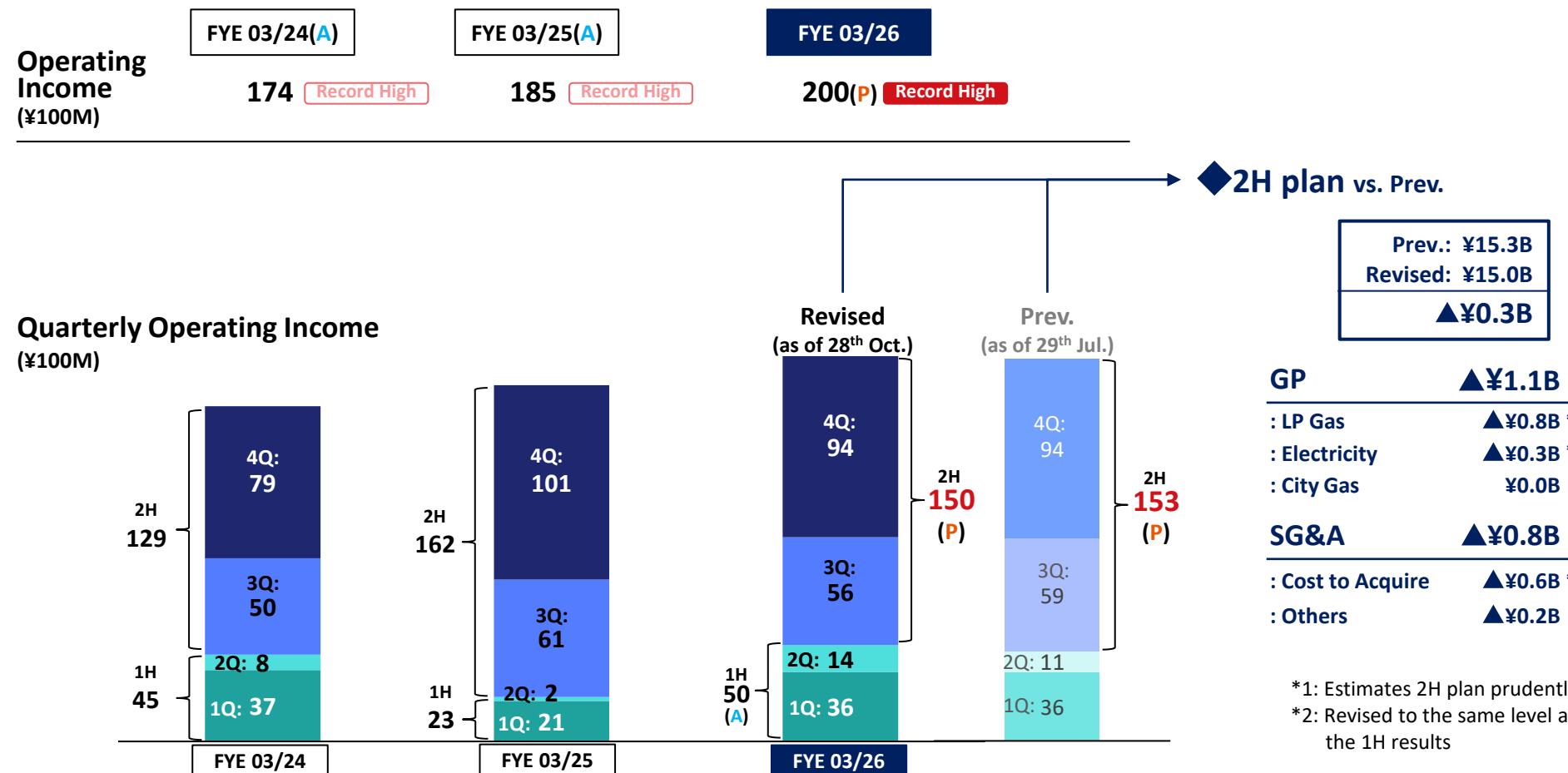
- The 1H operating income exceeded the plan by +¥0.3B, driven by increase in Electricity GP and lower cost to acquire.
- FY operating income plan of ¥20.0B remains unchanged. For the 2H, revised GP plan downward, estimated LP sales volume and Electricity margin prudently. Meanwhile, plans to lower SG&A by revising cost to acquire to the same level as in the 1H.

(¥100M)	FY 03/26 (2Q/Apr.- Sep.) (as of 29 th Jul.)		FY Plan of FYE 03/26		Remarks
	(P)	(A)	Prev.	Revised	
Gross Profit	319	320	760	750	
LP Gas	210	206	507	495	- 1H: C&I decreased due to lower margin. Residential was affected by high temperatures - FY: Residential sales volume is prudently estimated. Revised C&I margin, reflecting raw material prices
Electricity	26	31	56	58	- 1H: Profit increased from the positive impact of fuel cost adjustment - FY: Revised FY plan, estimated the 2H margin prudently
City Gas	83	83	197	197	<Slide time lag> - FY: Newly incorporates positive impact (+¥0.06B) in the 3Q
<i>Slide time lag</i>	<u>+2.1</u>	<u>+1.9</u>	<u>+2.1</u>	<u>+2.5</u>	
SG&A Expenses	272	270	560	550	- FY: Revised cost to acquire for the 2H to the same level as the 1H results
Operating Income	47	50	200	200	- 1H: Made record high
Net Income	33	34	140	140	
Return to shareholders	-	-	203	203	- Announces additional ¥9.0B share buyback (Please refer to P.17 for further details)
EPS	¥30.3	¥31.5	¥130.6	¥129.6	- FY: Due to revision of expected repurchase price/stock

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

Operating Income is Backloaded in the 2H, which is a Gas Demand Season. No Significant Changes in the 2H Forecast

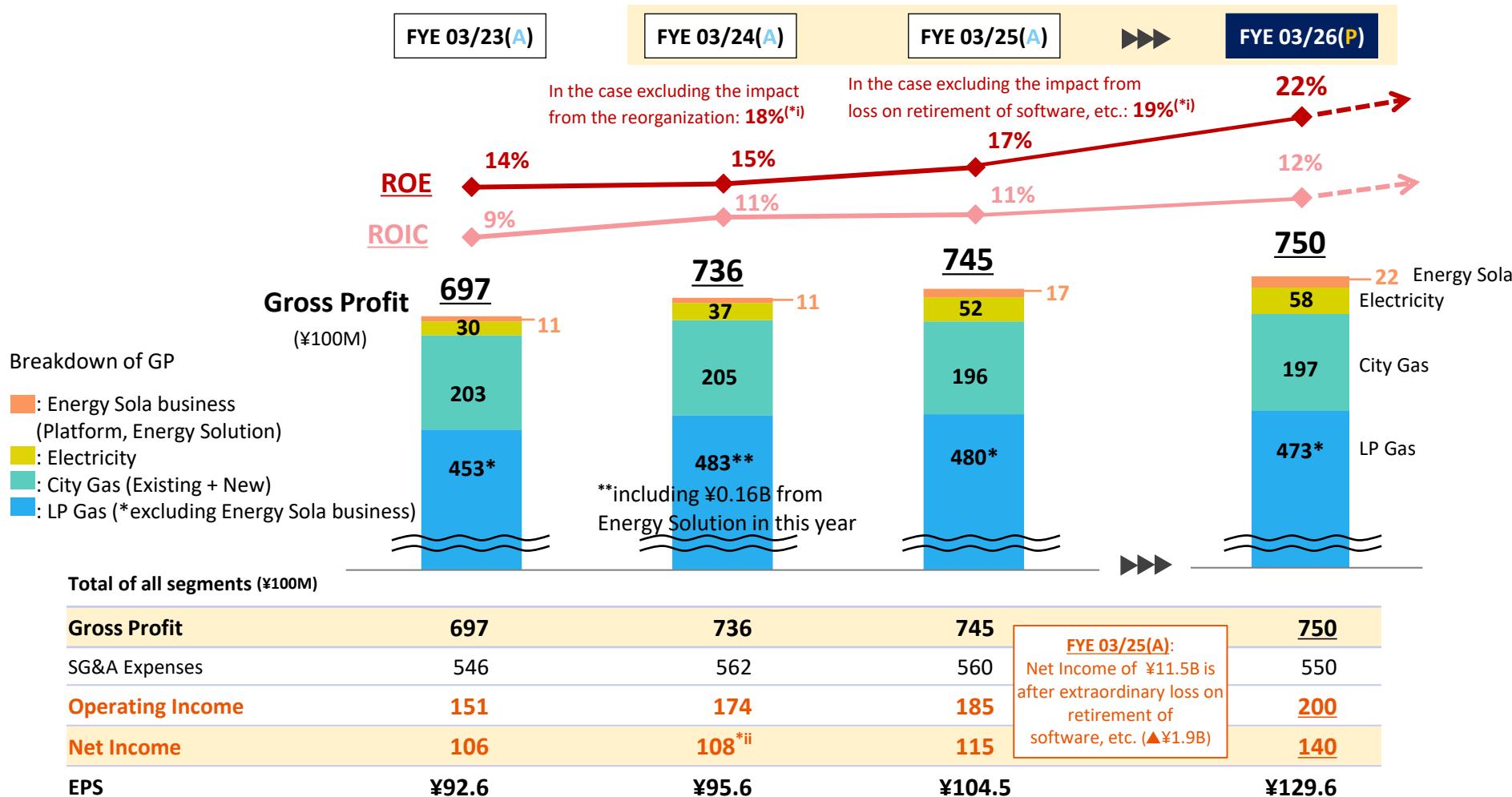
- The 1H operating income progressed steadily. Plans three quarters of the profit in the 2H, which is a gas demand season.
- No significant change in the 2H operating income plan. Revised GP plan downward cautiously, while SG&A is expected to decrease, reflecting 1H results.



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

Will Achieve ¥20.0B Operating Income and 22% ROE in FYE 03/26. Will Increase EPS with Capital Optimization

- FYE 03/26 is the final year of the 3-year plan. Will attain the target of operating income and ROE. The key points of next mid-term plan are LP market consolidation and the growth of Platform business.



(*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 Grow with GP expansion of City Gas, Energy Sola, and Electricity

(¥100M)	FYE 03/23 (A)	FYE 03/24 (A)	FYE 03/25 (A)	FYE 03/26 (P)	Changes from the initial plan (as of 29 th Jul.)
Gross Profit (Total)	697	736	745	<u>750</u>	- ¥76.0B→¥75.0B
LP Gas (including GP from equipment sales, and excluding Energy Sola GP)	453	483	480	<u>473</u>	- ¥48.5B→¥47.3B
Customer # at year end ('000) (YoY)	973	997(+24)	1,030(+33)	1,070(+40)	
Sales volume ('000t) Residential/ C&I	186/121	179/114	178/109	<u>179/105</u>	- Revised residential from 181Kt to 179Kt and C&I from 107Kt to 105Kt, reflecting 1H results
Residential margin (¥/kg)	212	233	232	232	
City Gas (including GP from equipment)	203	205	196	<u>197</u>	
Sales volume ('000t) total of Residential and C&I	378	365	344	<u>339</u>	- Revised by ▲3Kt (342Kt→339Kt), reflecting 1H results
Electricity	30	37	52	<u>58</u>	- ¥5.6B→¥5.8B
Customer # at year end ('000) (YoY)	320	345(+25)	381(+35)	431(+50)	
Sales volume (GWh)	1,297	1,427	1,587	<u>1,723</u>	- Revised from 1,760GWh to 1,723GWh, reflecting the customer number
Margin (¥/kWh)	2.3	2.6	3.3	<u>3.4</u>	- ¥3.2/kWh→¥3.4/kWh
Energy Sola Business (Platform)	11	11	14	<u>16</u>	
Energy Sola Business (Energy Solution)	-	[1.6*]	3	<u>6</u>	

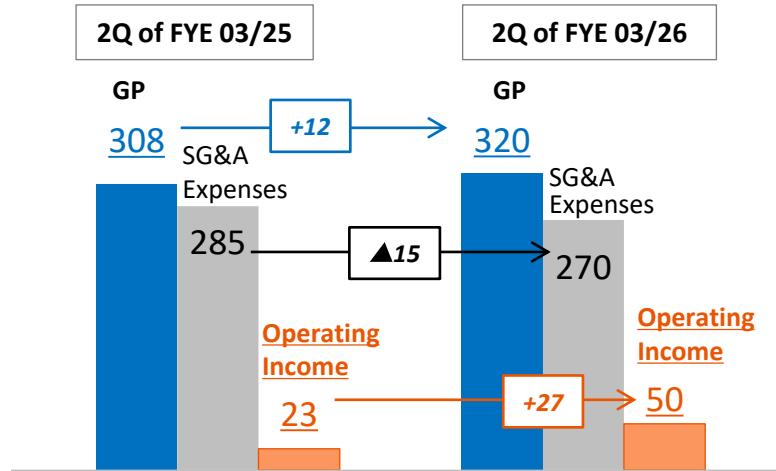
* Included in GP from LP Gas

Financial Results (1) Summary (04/25 - 09/25) (YoY)

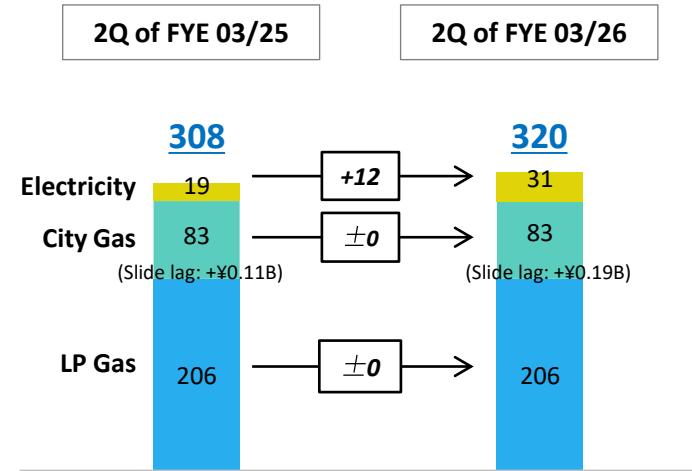
Operating Income Grew Significantly and was Record High. GP Increased Driven by Electricity. For SG&A Expenses, Cost to Acquire Decreased Substantially

- Operating income was +¥2.7B YoY. GP rose by +¥1.2B YoY driven by customer growth and improved margin for Electricity. GP of LP and City Gas was almost flat YoY, as residential increased due to customer growth, while C&I decreased due to lower sales volume. SG&A Expenses was ▲¥1.5B YoY because of a significant decrease in cost to acquire.

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 03/25 (2Q/Apr.-Sep.)	FYE 03/26 (2Q/Apr.-Sep.)	+/-	Remarks
Gross Profit	308	320	+12	
SG&A Expenses	285	270	▲15	- Cost to acquire decreased by ▲¥1.5B YoY
Operating Income	23	50	+27	
Sales volume LP Gas('000t)	117	114	▲3	- Residential was almost flat YoY, while C&I decreased due to reconsidering some contracts with low-margin
City Gas('000t)	147	142	▲5	- Residential was almost flat YoY, and C&I decreased as demand for products did not grow in industrial use
Electricity(GWh)	717	811	+94	- Increased due to customer growth. Usage/customer also increased YoY

Financial Results (2) Breakdown of SG&A Expenses

SG&A Expenses in the 1H was below the Plan. Revised FY Plan from ¥56.0B to ¥55.0B. Revised the 2H Cost to Acquire to the Same Level as the 1H Results

- The 1H SG&A Expenses was ▲¥0.2B vs. the plan due to lower cost to acquire. Absorbed the 1Q deferral within the 2Q, with no impact on the 2H. For the 2H, plans to decrease SG&A Expenses vs. the plan by revising cost to acquire to the same level as the 1H results. For FY, forecasts ¥55.0B, which is ▲¥1.0B vs. the plan and YoY.

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

Breakdown of SG&A Expenses (¥100M)	FYE 03/26		Progress vs. FY(P)	Remarks	FYE 03/25	
	FY (P)	2Q (A)			FY (A)	2Q (A)
1. Personnel Cost	148	72	49%	- Salary increase in FYE 03/26 is 4.5%, increasing salary per employee	141	70
2. D&A Expenses (*i)	82	40	49%		83	41
3. Cost to Acquire (*ii)	59 → 50	24	48%	- 1H: ▲¥0.3B vs. the plan through increasing customers mainly in detached houses - FY: Revised the plan by ▲¥0.9B, and expects the 2H at the same level as the 1H	64	39
4. IT Related Expenses	44	23	52%	- 1H: ▲¥0.2B YoY due to optimized outsourced operations such as system maintenance. Will further decrease in the 2H	49	25
5. Commission, etc. (*iii)	48	25	52%		48	24
6. Gas Related Equipment, etc.	36	20	56%	- Prebought gas cylinders and meters in the 1H, thus the 2H expenses will decrease	36	19
7. Cost to Deliver LP Gas Cylinders	34	13	38%		33	14
8. Repair Expenses (*iv)	21 → 20	9	45%	- FY: Revised the plan, reflecting the 1H result	19	9
9. Tax	20	11	55%		20	12
10. Communication Cost (*v)	11	5	45%		11	6
11. Advertising Expenses	11	4	36%		9	4
12. Travel Expenses	7	4	57%		7	3
13. Call Center	5	2	40%	- 1H: ▲¥0.1B YoY. Realized labour saving and base consolidation, which was attained via enhancing operational efficiency with AI Chatbots customer service and in-house training system	6	3
14. Others	34	18	53%		34	16
Total	560 → 550	270	49%		560	285

(*i) D&A expenses for IT are included in "4. IT Related Expenses", and amortization of goodwill is included in "14. 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

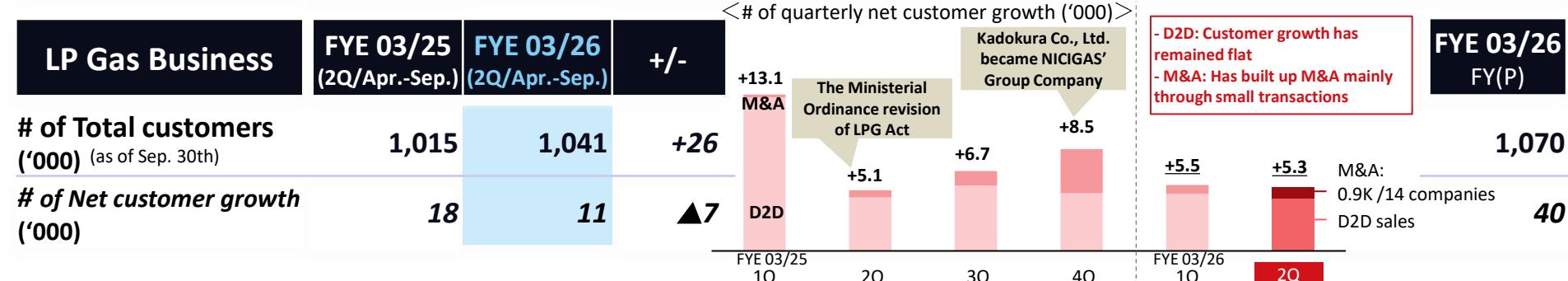
Financial Results (3) LP Gas Business (YoY)

GP was almost Flat YoY. Residential slightly Increased due to Customer Growth, while C&I Margin was Affected by COGS

- GP was flat YoY. Residential increased by +¥0.1B due to customer growth, while C&I margin shrank affected by fuel cost adjustment. The customer growth was 11K in the 1H. Has lowered cost to acquire while increasing customer base, mainly in detached houses. Revised 2H GP plan, based on prudent estimates of usage/customer, reflecting the latest temperature forecast.

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

LP Gas Business (¥100M)	FYE 03/25 (2Q/Apr.-Sep.)	FYE 03/26 (2Q/Apr.-Sep.)	+/-	Remarks	FYE 03/26 FY (P)
Gross Profit	206	206	0		495
Gas	188	186	▲2	- GP: Residential increased by +¥0.1B YoY, while C&I decreased by ▲¥0.3B YoY	448
Per kg (Residential + C&I)	¥161	¥163	+¥2	- Margin: Residential was almost flat YoY. C&I shrank YoY affected by COGS. Overall margin improved due to an increase in the ratio of residential	(Residential + C&I) ¥158
Platform (PF)	7	7	0		16
Equipment sales, etc. (Energy Solution)	11(1.3)	13(1.9)	+2(+0.6)	- Increased sales of high-performance gas water heaters	31(6)
Gas sales volume ('000t)	117	114	▲3	- Residential: Almost flat YoY. The number of customer increased, while usage/customer decreased YoY	284
Residential	65	65	0		179
C&I	52	49	▲3	- C&I: Decreased YoY because of decreasing low-margin contracts	105

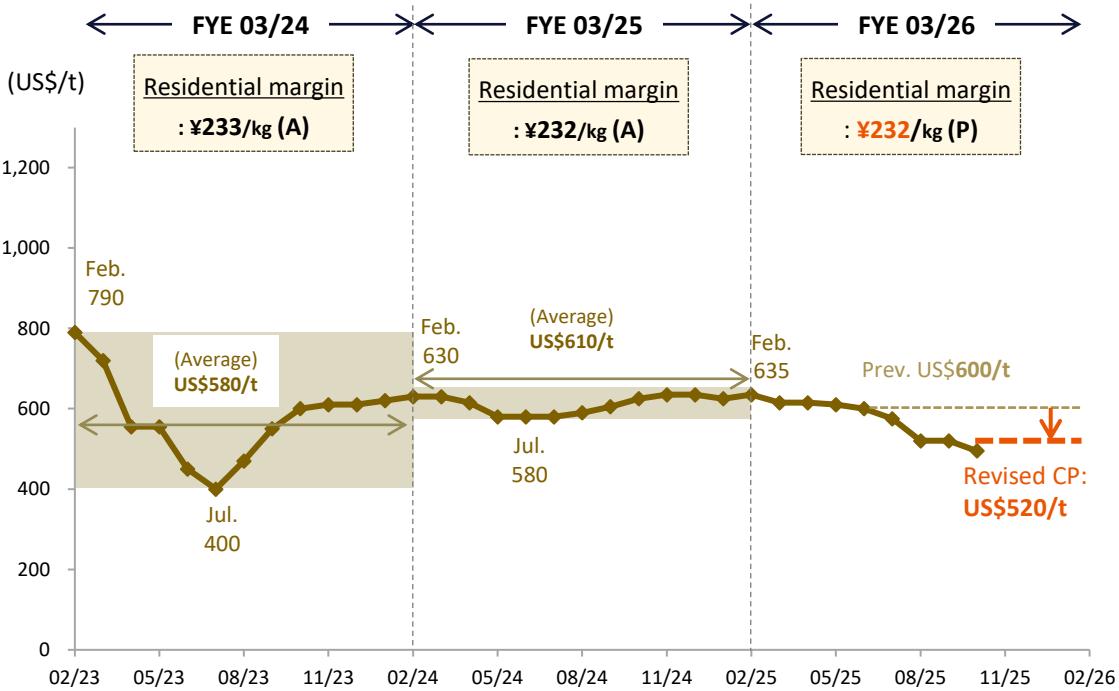


LP Gas Raw Material Price (CP)

COGS in the 1H was in line with the Assumption. Revised CP and Exchange Rate (TTS) Assumption for the 2H. FY Residential Margin Remains Unchanged

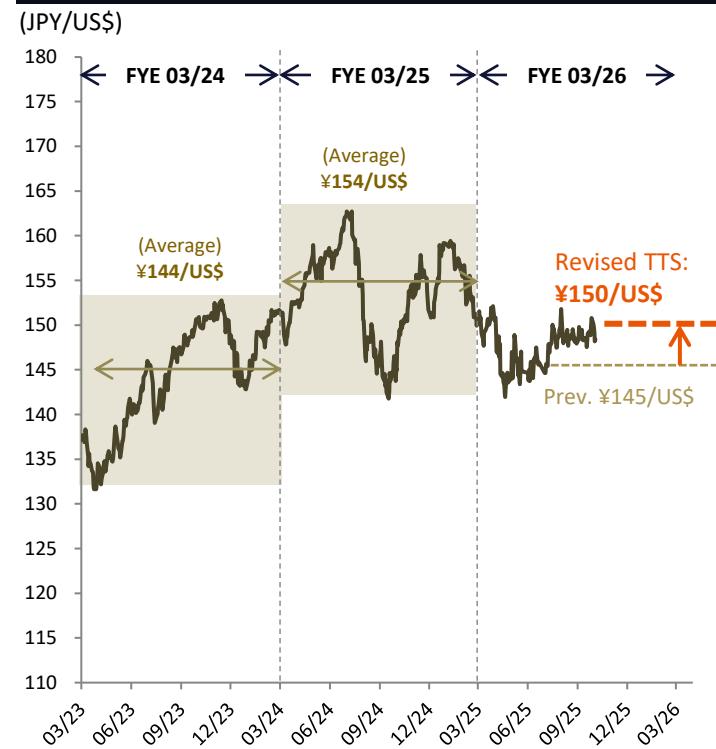
- COGS in the 1H was in line with the assumption, thus residential margin was almost flat YoY and as planned. FY residential margin remains unchanged at ¥232/kg. Forecasts CP at US\$520/t and TTS at ¥150/US\$ in the 2H.

LP Gas raw material price (CP)



(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	610	600	575	520	520	495		

Exchange rate (TTS)



- Highlighted CP made up COGS through the 1H of FYE 03/26
- 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)

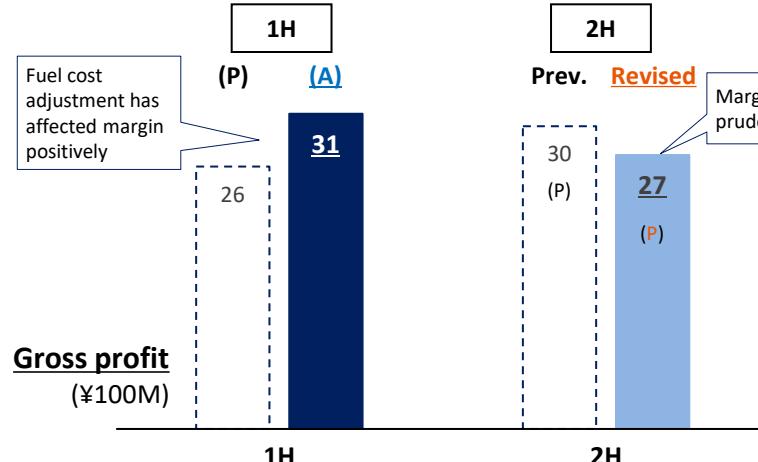
GP Grew Significantly and Exceeded the Plan due to Increased Sales Volume and Improved Margin.
Revised FY Plan to ¥5.8B

- GP was +¥1.2B YoY due to increased sales volume with customer growth. Improved margin was affected by cost adjustment.
The customer growth was 14K in the 1H. Strengthening sales activities for communities and applications via Web.
- Revised FY GP plan from ¥5.6B to ¥5.8B, based on prudent estimates for the 2H.

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

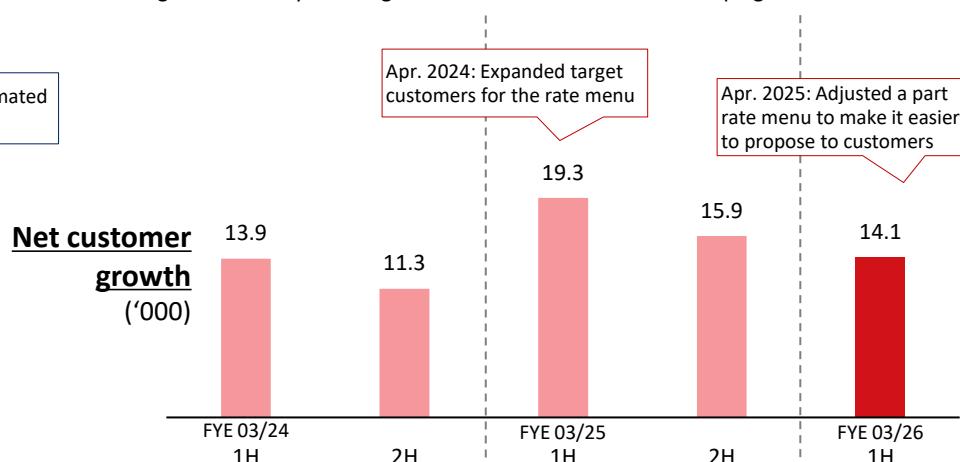
Electricity	FYE 03/25 (2Q/Apr.- Sep.)	FYE 03/26 (2Q/Apr.- Sep.)	+/-	Remarks	FYE 03/26 FY (P)
Gross Profit(¥100M)	19	31	+12	- GP: 1H increased by +¥1.2B YoY and exceeded the plan by +¥0.5B - Margin: Plans ¥3.4/kWh for FY	58
Per kWh	¥2.6	¥3.8	+¥1.2		¥3.4
(as of Sep. 30th) # of Total customers('000)	365	395	+30	- E&G bundled: 24% (+1% YoY) - Implemented a sales promotion campaign in Jul.-Sep. 2025, thus increased applications via Web	431
# of Net customer growth ('000)	19	14	▲5		50
Sales volume (GWh)	717	811	+94	- Sales volume increased by customer growth. Usage/customer also increased YoY	1,723

Gross profit for FYE 03/26 (vs. plan)



Trend of net customer growth

- 2H: Strengthens sales by focusing on communities. Plans some campaigns



Further strengthening of acquisition via web

Financial Results (5) City Gas Business (YoY)

GP was almost Flat YoY. Residential GP Increased due to Positive Slide Time Lag Impact, while C&I Sales Volume Decreased. Net Customer Growth was 8K

- GP was almost flat YoY. Residential GP increased due to improved margin with positive slide lag impact, while C&I sales volume decreased due to lower large customers' demand. The customer growth was 8K in the 1H. Sales activities through communities such as sports are progressing well, thus the customer number continues to grow.

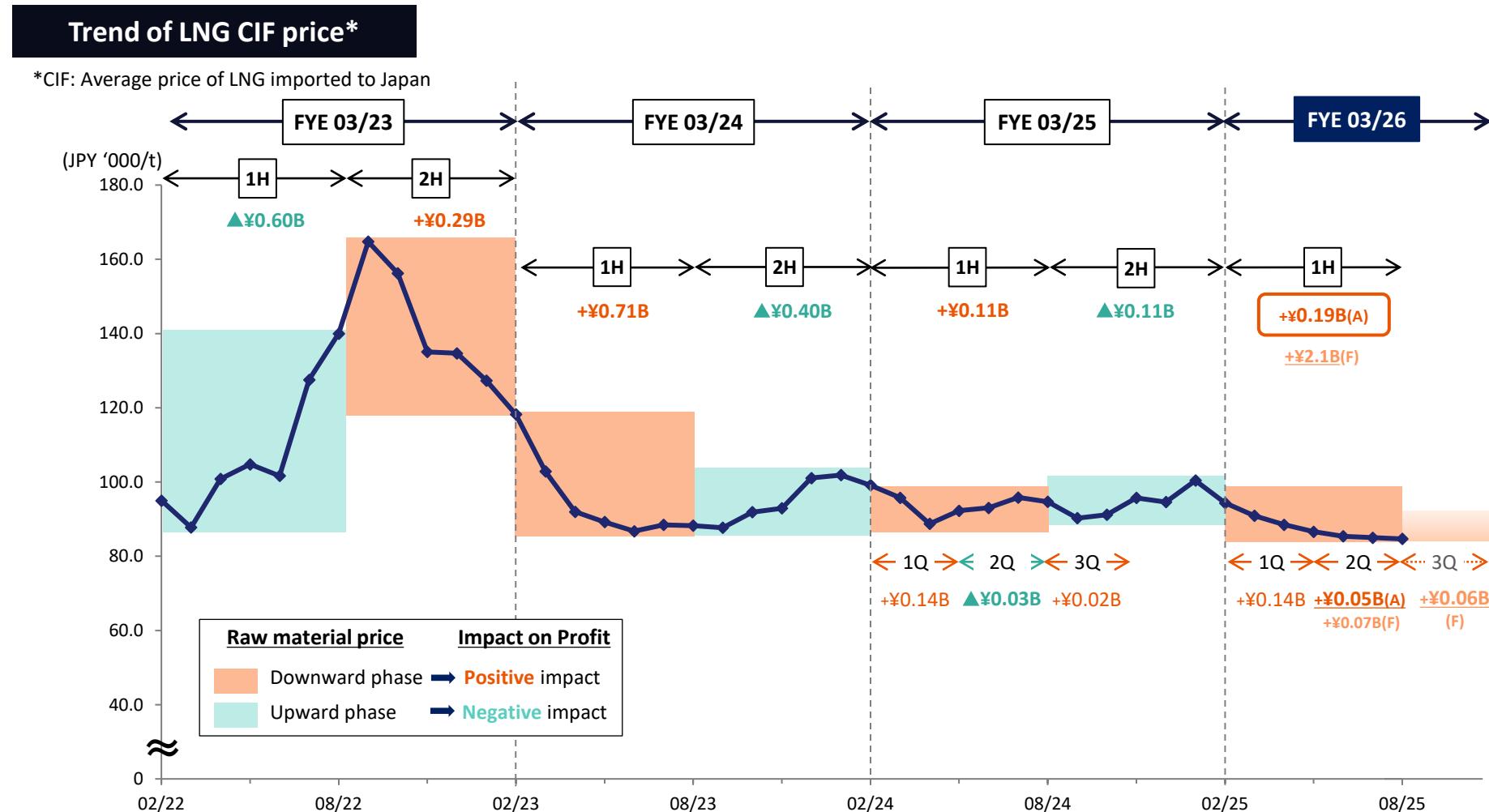
*Digits rounded after the decimal point *+/- is calculated after adjusting to ¥100M units

City Gas (¥100M)	FYE 03/25 (2Q/Apr.- Sep.)	FYE 03/26 (2Q/Apr.-Sep.)	+/-	Remarks	FYE 03/26 FY (P)
Gross Profit	83	83	0		197
Gas	73	73	0		175
<i>Slide time lag</i>	+1.1	+1.9	+0.8	- 2Q (Apr.-Sep.): +¥0.19B (▲¥0.02B vs. the plan) - 3Q (Oct.-Dec.): Newly incorporated positive impact of +¥0.06B	+2.5
Pipeline charge	5	5	0		11
Equipment sales, etc.	5	5	0		11
Gas sales volume ('000 t)	147	142	▲5		339
Residential	52	52	0	- Residential: Usage/customer did not increase due to high temperature, while the number of customer increased	150
C&I	95	90	▲5	- C&I: Decreased YoY due to lower demand for domestic industrial products	189
<i>< The change in # of net customer growth ('000) ></i>					
<i>- Sales activities through communities such as the Tokyo Verdy football team are progressing well</i>					
# of Total retail customers/ (as of Sep. 30th)	590/▲11	598/+8	+8/+19		
Net customer growth ('000)					
Existing CG	388/+1	389/+1	+1/0		
New CG	202/▲12	209/+7	+7/+19		
					610/+20
					394/+5
					216/+15

Impact from Raw Material Cost Adjustment (Slide Time Lag)

Slide Time Lag Impact in the 1H(Apr.-Sep.) was +¥0.19B. For FYE 03/26, Newly Incorporates Assumed 3Q (Oct.-Dec.) of +¥0.06B

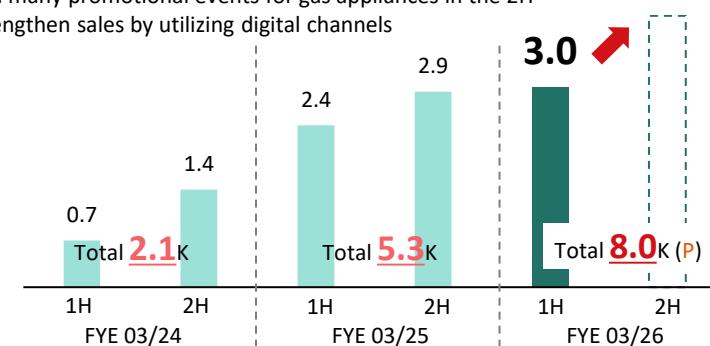
- Slide impact in the 1H was +¥0.19B by +¥0.08B YoY. Raw material price has been gradually decreasing since Feb. 2025.
- Raw material prices in the 3Q are expected to remain stable, thus newly incorporates assumed 3Q of +¥0.06B for FY plan.



Financial Results (6) Energy Sola Business

GP was Almost as Planned. Platform Sharing with LP Competitors is Progressing. For Energy Solution, will Increase Equipment Sales in the 2H as the Demand Increases

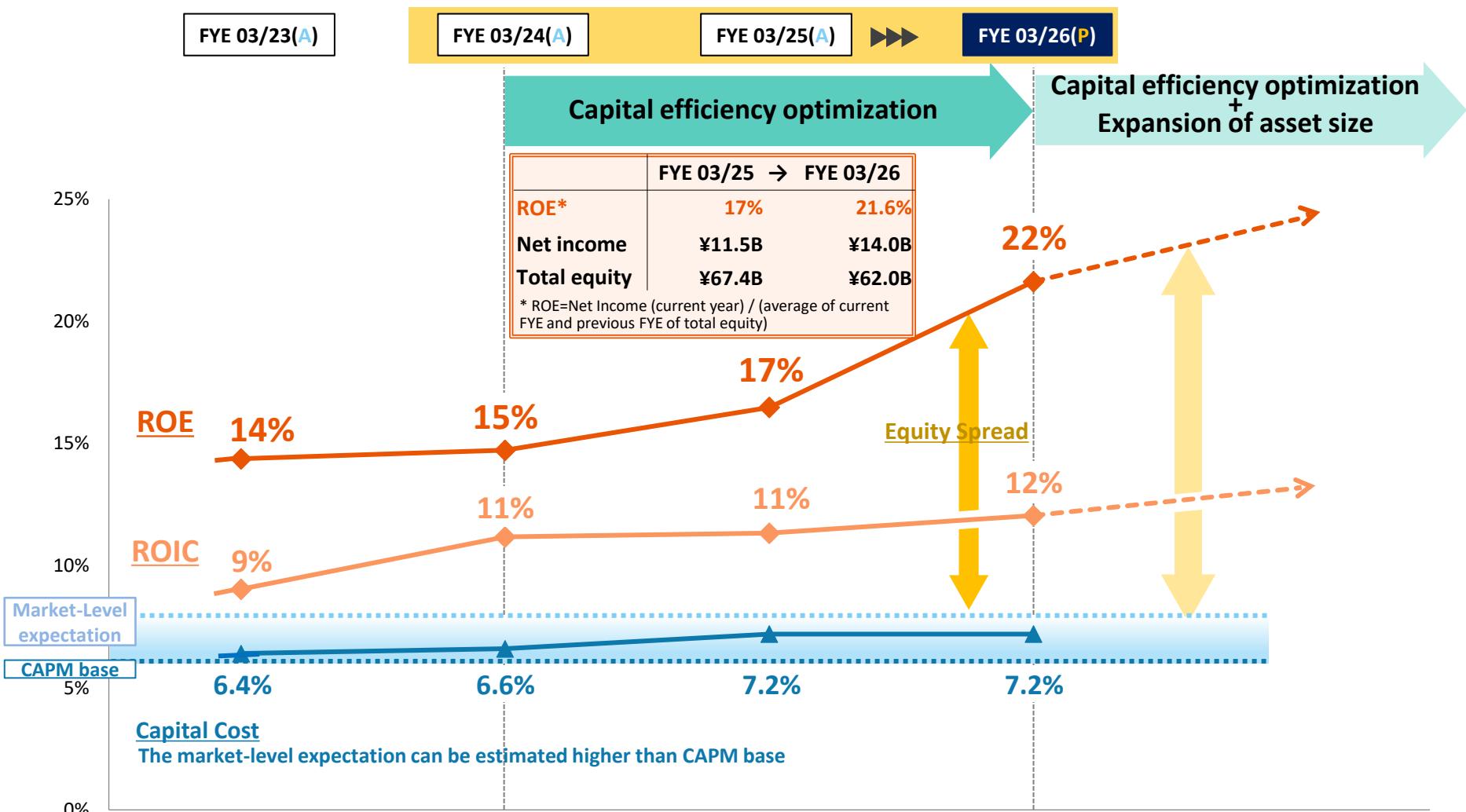
- Platform(PF): The demand for PF services is increasing overall in LP operations. For safety inspection PF, GP grew due to expansion of service areas. In addition, will begin to provide safety services for LP competitors in the 2H.
- Energy Solution: Sales volume of hybrid water heaters was 3.0K units in the 1H (+0.6K YoY). Aiming for FY sales volume of 8K units, will hold many promotional events for gas appliances in autumn, when demand for gas appliances increases.

Platform (¥100M)	FY 03/25		FY 03/26		Remarks
	2Q(A)		2Q(A)	FY(P)	
Gross Profit	6.8		7.5	16	<ul style="list-style-type: none"> ■ Smart meter, Filling and Delivery - Providing services for LP companies on a small scale. Against issues such as labor shortages, the entire industry is moving toward sharing infrastructure and system
1). LPG Network Service (Smart meter, Filling and Delivery, New Safety inspection PF)	2		3.1	6	<ul style="list-style-type: none"> ■ New Safety Inspection PF - Expanded our service areas and increased deals by streamlining operations with new system - Will start to provide services for LP competitors in the 2H
2). New City Gas PF, PF apps, Construction PF, and others	4.8		4.4	10	<ul style="list-style-type: none"> - GP was ▲¥0.04B YoY due to a decrease in Construction PF, as large orders were recorded in FYE 03/25
Energy Solution (¥100M)	FY 03/25		FY 03/26		<ul style="list-style-type: none"> ■ Sales of hybrid water heaters (units) - Plans to hold many promotional events for gas appliances in the 2H - Will also strengthen sales by utilizing digital channels
	2Q(A)		2Q(A)	FY(P)	
Gross Profit	1.3		1.9	6	
Hybrid water heaters (units)	2.4K		3.0K	8.0K	

Financial Strategy(1) Plan of ROIC and ROE (FYEO3/24-FYE03/26)

FYE 03/26 Targets for ROIC and ROE are 12% and 22%, respectively. Aims to Enhance ROE from FYE 03/27

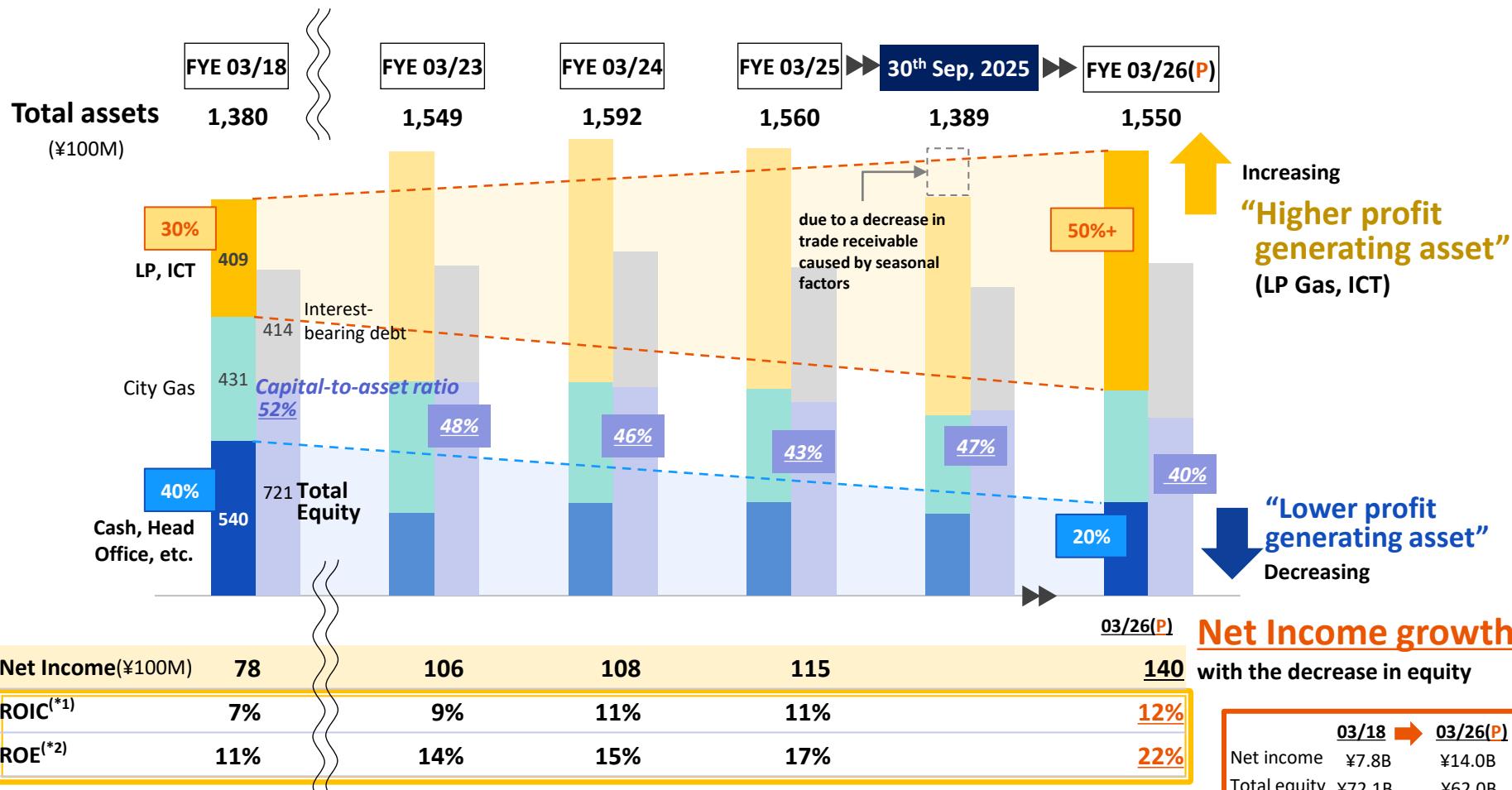
- Will achieve 22% ROE in FYE 03/26 by increasing ROIC and optimizing capital structure. From FYE 03/27, will enhance ROE without holding unnecessary shareholders' equity, while expanding the asset size through market consolidation.



Financial Strategy(2) B/S

Enhancing ROIC without Significantly Increasing Total Assets. Expanding Net Income while Optimizing Shareholders' Equity

- Plans 12% ROIC and 22% ROE in FYE 03/26. Has enhanced ROIC without significantly increasing total assets by asset replacement. In addition, will enhance ROE by expanding net income and optimizing capital-to-asset ratio to 40%.



(*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

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

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

Will Decrease Capital-to-asset Ratio to 40%. Optimizing Capital Structure for 3 years while Maintaining the Asset Size

- By increasing FCF, enhances leverage capacity. Will optimize the ratio from 48% to 40% over 3 years from FYE 03/24 to FYE 03/26. Will return unnecessary equity to shareholders caused by decreasing required equity.

FYE 03/23(A)

FYE 03/24(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

(¥100M)

	Total assets	Interest-bearing debt	Others	Total equity
1,534	1,560	406	393	735
	1,550 (+16)	539 (+133)	391 (▲2)	620 (▲115)
<u>Capital-to-asset ratio:</u>	<u>48%</u>			
	43%			To 40%

Return through B/S optimization

- Will reduce capital-to-asset ratio from 48% to **40%** without changing asset size
- Consequently, required equity will decrease $¥73.5B - ¥62.0B = ¥11.5B$
- Will return unnecessary equity to shareholders (Total return ratio: **100%+**)

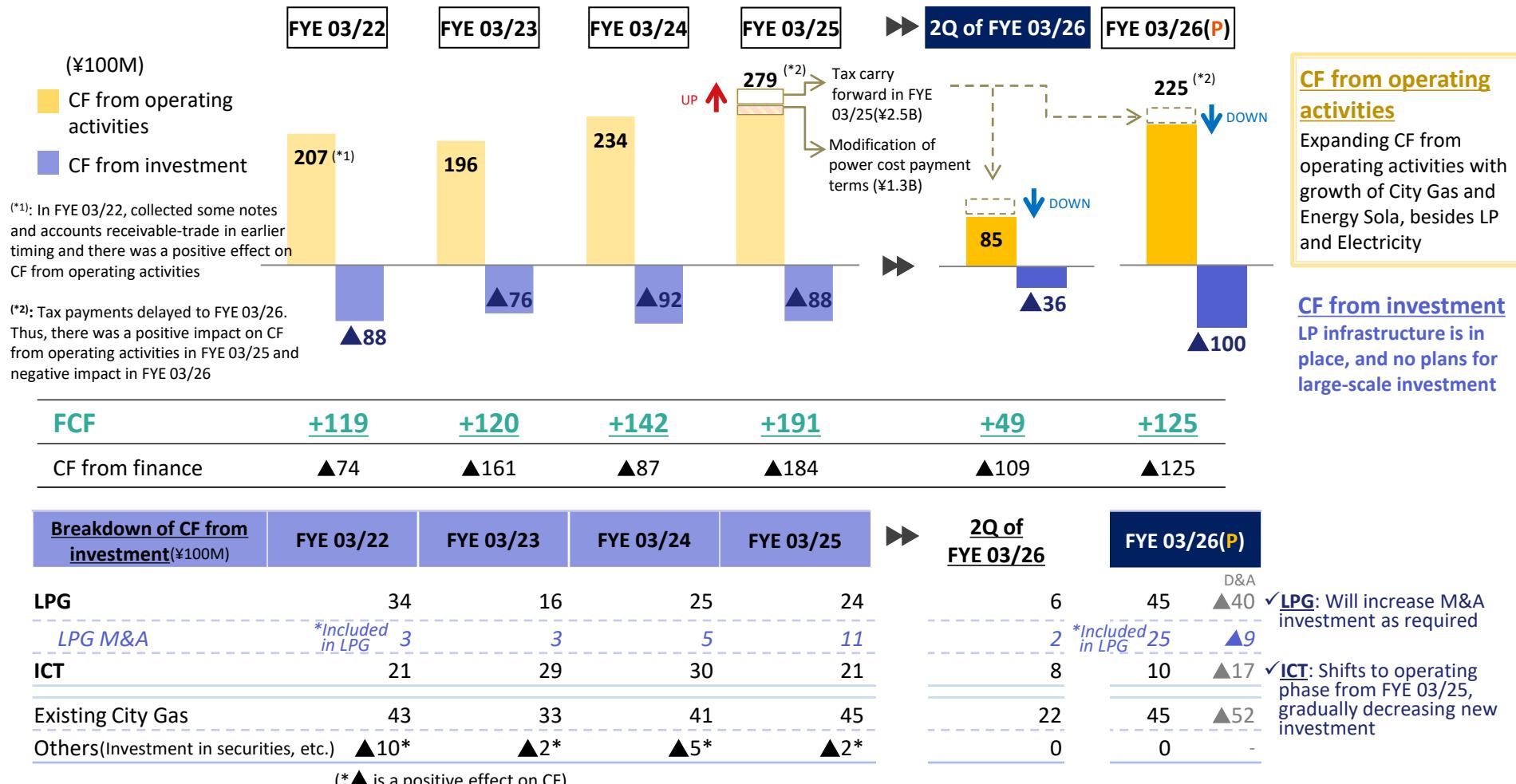
¥11.5B (Equity return to shareholders)

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

Financial Strategy(4) Cash Flow

CF from Operating Activities in FYE 03/26 will Decrease due to Loss of Oneoff Positive Impact in FYE 03/25.
For CF from Investment, No Plan for Large-scale Infrastructure Investment

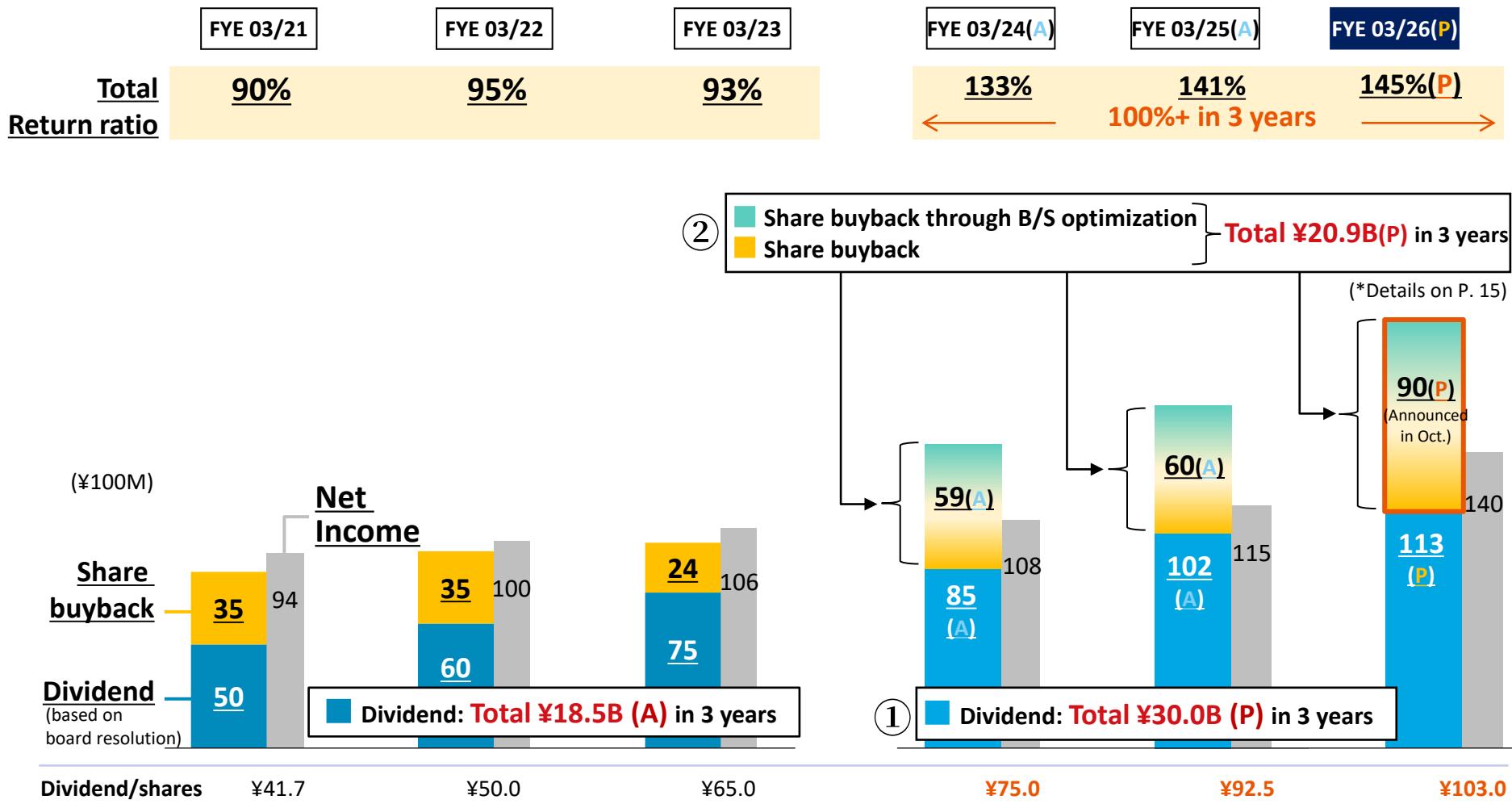
- CF from Operating activities in the 1H was ▲¥0.6B YoY. Tax payments delayed to FYE 03/26 from FYE 03/25. Thus, there is a negative impact. For CF from investment, LP infrastructure is in place and no plans for large-scale investment. Will seize M&A opportunities to maximize profits.



Financial Strategy(5) Return to Shareholders

Plans Total Return Ratio of 145% for FYE 03/26. Announced Share Buyback of ¥9.0B in Oct. 2025

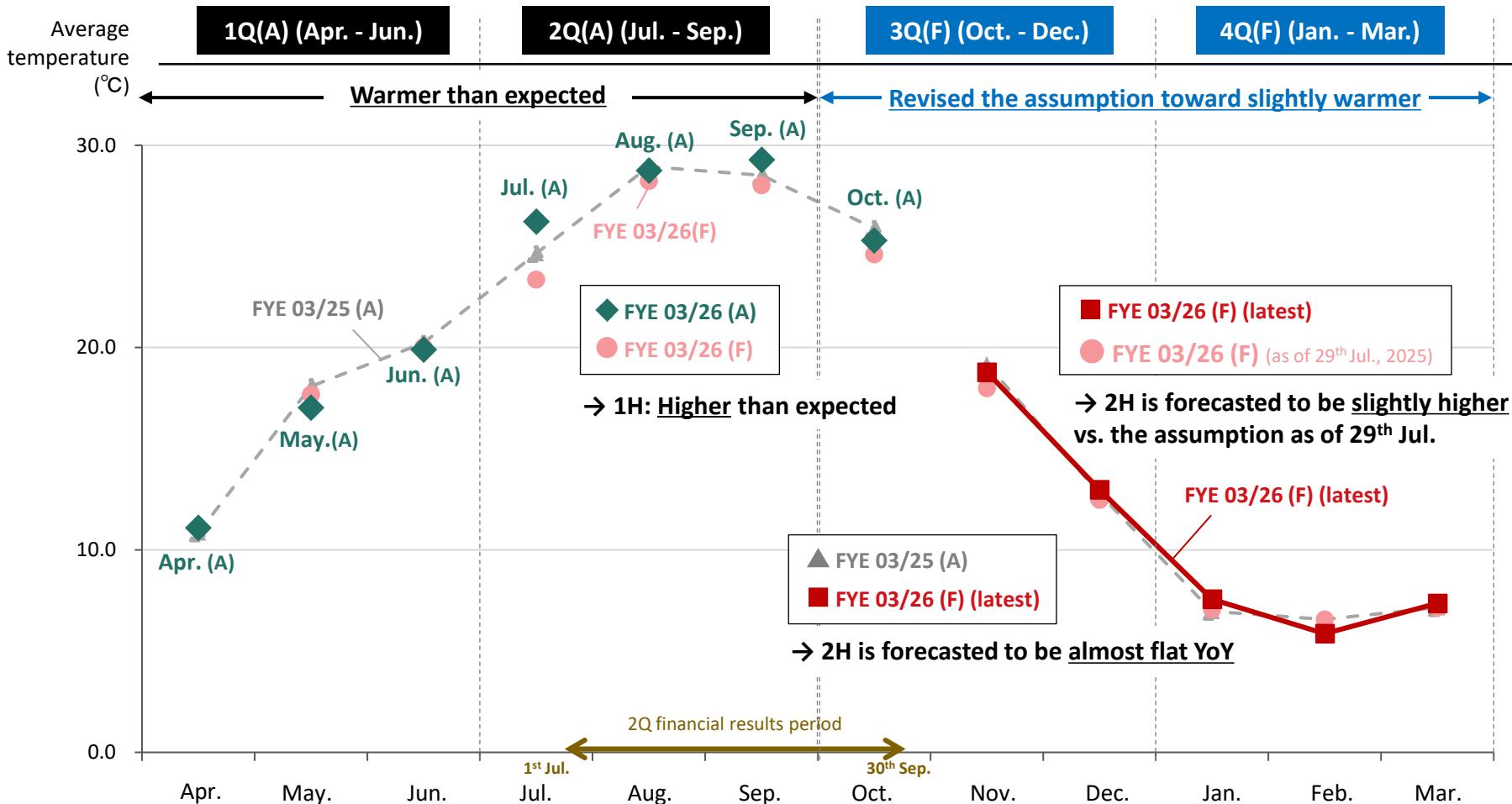
- Optimizing capital structure through return to shareholders. Plans total return ratio of 145% for FYE 03/26. Announced share buyback of ¥9.0B (maximum)/ Repurchase period: Oct. 29th, 2025 - Mar. 31st, 2026.



Average Temperature

Temperature in the 1H was Higher than Expected. Forecasts Temperature in the 2H to be almost Flat YoY, and Estimates Usage/Customer Prudently

- Average temperature in the 1H was higher than expected due to record heat waves exceeding the last year.
- The 2H temperature is forecasted to be almost flat YoY, slightly higher vs. the assumption as of the 1Q (29th Jul.). Gas sales volume is prudently estimated against the sensitivity.



(*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 the 2H, Revised GP Plan Downward, Estimated LP Sales Volume and Electricity Margin Prudently

	1H (Apr.-Sep.)			2H (Oct.-Mar.)			FY			
	03/25 (A)	03/26		Remarks	03/25 (A)	03/26(P)		Remarks		
		(P)	(A)			Prev.	Revised		Prev.	Revised
LPG(Residential)		(as of Jul. 29) (as of Oct. 28)				(as of Jul. 29) (as of Oct. 28)			(as of Jul. 29)(as of Oct. 28)	
Gross Profit (¥100M)	172	174	173			243	247	241	421	414
Sales volume ('000t)	65	66	65			113	115	114	181	179
GP/kg	¥266	¥263	¥265	- 2Q: Retail price exceeded the plan		¥214	¥214	¥213	¥232	¥232
Usage/customer	76kg	76kg	75kg	- Lower demand by high temperature		132kg	130kg	128kg	206kg	203kg
LPG(C&I)										
Gross Profit (¥100M)	17	16	13	- Margin shrank affected by fuel cost adjustment		23	23	21	39	34
Sales volume ('000t)	52	50	49			57	57	56	107	105
City Gas										
Gross Profit (¥100M)	73	73	73			101	102	102	175	175
Sales volume ('000t)	147	144	142	- Lower demand by high temperature		197	198	197	342	339
Electricity (mainly residential)										
Gross Profit (¥100M)	19	26	31			33	30	27	56	58
Sales volume (GWh)	717	799	811	- Exceeded the plan due to higher air-conditioning demand		870	961	912	1,760	1,723
GP/kWh	¥2.6	¥3.2	¥3.8	- Margin improved affected by fuel cost adjustment		¥3.9	¥3.1	¥3.0	¥3.2	¥3.4