

Consolidated Financial Results for the Nine Months Ended December 31st, 2024 [Japanese GAAP]



January 28th, 2025

Company name: NIPPON GAS CO., LTD.

Code number: 8174

URL: <https://www.nichigas.co.jp/en/>

Stock exchange listing: Tokyo Stock Exchange

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Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on financial results: Available

Schedule of financial results briefing session: Scheduled (for institutional investors)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Nine Months Ended December 31st, 2024 (April 1st, 2024 to December 31st, 2024)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine Months ended Dec. 31st, 2024	137,919	2.1	8,446	(11.5)	8,571	(11.3)	5,900	(14.2)
Nine Months ended Dec. 31st, 2023	135,085	(4.6)	9,540	51.9	9,661	51.7	6,880	57.8

(Note) Comprehensive income: Nine Months ended Dec. 31st, 2024 ¥5,291 million [(25.6)%]
Nine Months ended Dec. 31st, 2023 ¥7,111 million [75.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine Months ended Dec. 31st, 2024	53.23	—
Nine Months ended Dec. 31st, 2023	60.65	—

(Note) Figures for the nine months ended December 31st, 2023 represent figures after the retroactive application following a change in accounting policies

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31st, 2024	151,992	65,007	42.8
As of Mar. 31st, 2024	159,219	72,723	45.7

(Reference) Equity: As of Dec. 31st, 2024 ¥65,007 million As of Mar. 31st, 2024 ¥72,723 million

2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31st, 2024	—	37.50	—	37.50	75.00
Fiscal year ending Mar. 31st, 2025	—	46.25	—		
Fiscal year ending Mar. 31st, 2025 (Forecast)				46.25	92.50

(Note) Revision of dividend projection from recently announced figures: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31st, 2025 (April 1st, 2024 to March 31st, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	200,000	2.9	20,000	14.7	20,000	13.6	14,000	29.3	126.61

(Note) Revision of financial results projection from recently announced figures: No

4. Notes

- (1) Significant changes in the scope of consolidation during the period: No
- (2) Adoption of special accounting processes for preparing quarterly consolidated financial statements: No
- (3) Changes to accounting policies, changes to accounting estimates, and revision restatements
 - 1) Changes to accounting policies accompanying the revision of accounting standards, etc.: No
 - 2) Changes to accounting policies other than 1) above: Yes
 - 3) Changes to accounting estimates: No
 - 4) Revision restatements: No

- (4) Total number of issued shares (common shares)

- 1) Total number of issued shares (including treasury shares):

Dec. 31st, 2024	112,827,198 shares
Mar. 31st, 2024	115,317,098 shares

- 2) Total number of treasury shares at the end of the period:

Dec. 31st, 2024	2,454,932 shares
Mar. 31st, 2024	3,525,481 shares

- 3) Average number of shares during the period:

Nine months ended Dec. 31st, 2024	110,851,983 shares
Nine months ended Dec. 31st, 2023	113,451,703 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Explanation of the proper use of performance forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document, but not intended to deliver the Company's commitment to fulfilling them. In addition, actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to "1. Qualitative Information on Consolidated Performance for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 6 of the attached Appendix and "Financial Results Briefing Materials for the 3Q of FY Ending in March 2025," which was disclosed separately today, for the notes on the use of preconditions for the earnings forecast and the use of the earnings forecast.

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1. Qualitative Information on Consolidated Performance for the Period under Review

(1) Explanation of Results of Operations

[Business Environment Surrounding the Group]

2024 was the hottest year in recorded history for Japan, following 2023. Many people have recognized that frequent extreme weather events and intensifying natural disasters are caused by global warming, and the need for urgent transition to a decarbonized society has become globally recognized. In the U.S., some environment-related policies are expected to be rolled back with the transition to the Trump 2.0 administration; however, we believe that the global trend toward decarbonization will not change.

In the domestic energy sector, energy security has become an urgent issue against a backdrop of rising geopolitical risks, which greatly affect supply chains, including conflict between the U.S. and China, which is expected to escalate, Russia's invasion of Ukraine, and chaotic situation in the Middle East. In addition, providers are faced with many social issues such as aging population and declining birthrate, labor shortage, and "2025 Digital Cliff."

What became clear in the face of these issues is that the traditional business model of relying on sales volume has finally reached a tipping point. For example, we encourage customers to go carbon free in their homes by promoting sales of hybrid water heaters. Energy requirements through the use of hybrid water heaters are approximately half that of conventional systems. It is easy to imagine that customers' gas consumption will be on a downward trend as global warming progresses, they become more conscious of energy conservation, and energy equipment evolves further. We believe that providers who can offer the optimal energy use, while selling bundling gas and electricity, will be chosen by customers and will grow in the future. In the LP gas industry, the number of providers nationwide has fallen to about three-quarters of what it was ten years ago. This has revealed the reality that it is difficult to continue business if you cannot adapt to change in the business environment. The consolidation of LP gas providers, which has been making major moves this year, is certainly to continue to pick up speed.

[Resolving Social Issues and Industry Consolidation]

For the Company, solving social issues means to contribute to the local community by transcending the traditional boundaries between gas and electricity and providing customers with the optimal energy use by integrating and bundling gas and electricity, utilizing hybrid water heaters, solar power, and storage batteries. We intend to bring this pioneering services to more customers so as to contribute more widely to local communities.

One way to serve more customers is to offer our AI-implemented LP gas platform services for use by other companies in the same industry and pursue growth together. Another way is to merge operations as well as capital, so-called M&As.

We position industrial integration by way of M&As, or exponential growth that is not an extension of the past, as a target that must be met without fail in addition to achieving continuous growth (three-year plan). However, the fractionalized and multilayered structure of the industry stands in our way as a high barrier. We will address this by using as magnetism the three themes of (1) expansion of customer base, (2) expanded sharing of platform services, and (3) high capital efficiency and growing corporate value to work together with companies who agree with our idea to create a large current. We have the will to change, the determination to merge with companies with whom we share the same goals, the employees at the front line who are trusted by our customers, and the platform that provides optimal solutions in preparation for a greater reorganization or a large-scale M&A. With full awareness of how great a chance we have been given, we aim to jump the hurdles of competition and co-creation to make a further leap forward through industry reorganization.

On December 29th, 2024, Shinji Wada, former Chairperson and Director, who had led the Group as President and Chairperson for 20 years, passed away and retired from the position of Director of the Board and Executive Officer of the Company on the same day. All officers and employees will work together to carry on his wishes to change the energy industry through the power of technology and to provide the best possible services to customers in the local community, and continue to take on the challenge in efforts toward a growth in medium- to long-term corporate value.

[Consolidated Financial Results]

Financial results during the nine months ended December 31st, 2024 are as follows.

	(Millions of yen)			
	Nine months ended December 31st, 2023	Nine months ended December 31st, 2024	YoY change	YoY change (%)
Net sales	135,085	137,919	2,834	2.1%
Gross profit	50,876	50,628	(248)	(0.5)%
Operating income	9,540	8,446	(1,093)	(11.5)%
Ordinary income	9,661	8,571	(1,089)	(11.3)%
Profit attributable to owners of parent	6,880	5,900	(979)	(14.2)%

For the nine months ended December 31st, 2024, gross profit slightly decreased year on year due to sluggish sales volume as a result of hot temperatures and diminished positive impact of the slide time lag in the city gas business compared to the previous year. Although the Company has appropriately reduced costs for acquiring customers and made progress in controlling costs within its full-year plan after it reviewed its sales policy with the amendment of ministerial ordinance on the Liquefied Petroleum Gas Act, selling, general and administrative expenses, including IT and personnel costs, gas equipment, and delivery costs, increased compared to the previous fiscal year, and each stage of profit from operating income and below also decreased.

[Results by Segment]

◇ LP Gas Business

In the LP gas business segment, gross profit from the gas business was ¥31,170 million (up ¥222 million year on year), and gross profit from equipment, construction, and platform business was ¥2,819 million (up ¥125 million year on year).

The increase in gross profit from the LP gas business was due to an increase in margin on sales of LP gas for commercial use, although gas sales volume was sluggish due to hot temperatures.

Regarding sales activities, the Company has shifted its focus of new customer acquisition from multifamily homes to single-family homes since June, with the amendment of ministerial ordinance on the Liquefied Petroleum Gas Act, which controls the provision of excessive benefits by LPG business operators to owners of multifamily housing properties. In addition, the Company has reached out to customer base with high usage and long-term contracts, while reducing costs for acquiring customers by leveraging its inherent strengths. Although net increase in the number of customers fluctuated during the period, it is regaining momentum back to its previous progress, along with the growth in new customer acquisition, decrease in the number of cancellations, and accumulation of M&As. In October, the Company expanded the sales area in Nagano Prefecture.. The average LP gas sales prices in the area is higher than those in the Kanto region, and the Company will leverage its price competitiveness to expand market shares by targeting households with high usage. As for solution equipment, sales of hybrid water heaters are strong. The Company has held numerous sales promotion events in the second half of the year, when demand for gas equipment increases, and the number of equipment sold is increasing at a faster pace than the 5,000 units planned for the full year.

		(Millions of yen)			
		Nine months ended December 31st, 2023	Nine months ended December 31st, 2024	YoY change	YoY change (%)
Gross profit (millions of yen)	LP gas	30,947	31,170	222	0.7%
	Equipment, construction, platform, etc.	2,693	2,819	125	4.7%
Gas sales volume (1,000 tons)*	Household use	112.2	113.2	1.0	0.9%
	Commercial use	81.1	79.2	(1.9)	(2.4)%
No. of customers (1,000 customers)		989	1,022	33	3.3%

* In accordance with the adoption of the Accounting Standard for Revenue Recognition, sales volume on a meter reading basis is adjusted to the sales volume until the end of the period under review.

◇ Electricity Business

Gross profit from the electricity business segment totaled ¥3,204 million (up ¥474 million year on year).

The reason for the increase in gross profit is the increase in electricity sales volume as a result of the increase in electricity subscriptions.

In April, we also added medium users such as two-person households to our product target group. While in July, we also released an electricity-only menu that is sold not in bundle with gas, which has spurred the number of acquisition of new contracts, and the number of customers increased by 33 thousand from the end of the first nine months of the previous fiscal year to 374 thousand. These factors led to the increase in the percentage of customers bundling gas and electricity services from 20.9% at the end of the first nine months of the previous fiscal year to 23.2%. By promoting both in-person and non-in-person (online) applications, we will reach out to the customers that we have not been able to develop into, and increase the number of acquisition of new contracts.

		(Millions of yen)			
		Nine months ended December 31st, 2023	Nine months ended December 31st, 2024	YoY change	YoY change (%)
Gross profit (millions of yen)	Electricity	2,729	3,204	474	17.4%
Electricity sales volume (GWh)*	Household use	1,003	1,103	100	10.0%
No. of customers (1,000 customers)		341	374	33	9.8%

* In accordance with the adoption of the Accounting Standard for Revenue Recognition, sales volume on a meter reading basis is adjusted to the sales volume until the end of the period under review.

◇ City Gas Business (including city gas equipment and construction as ancillary business)

Gross profit from the gas business segment was ¥12,613 million (down ¥1,162 million year on year), and gross profit from equipment and construction business was ¥821 million (up ¥90 million year on year).

The decrease in gross profit from the city gas business was due to the diminished positive impact of the slide time lag* caused by the downward trend in raw material prices for city gas, as well as a decrease in gas sales volume to public agencies as a result of bids.

The Company has increased sales opportunities to family households by holding equipment sales promotion events on weekends and accumulated the number of acquisition of new customers by targeting customers with high usage and potential long-term contracts. Subscriptions to the “Verdy Gas Denki,” which supports Tokyo Verdy, a professional soccer team sponsored by the Company, have also remained strong (approximately 10,000 contracts as of January 19th, 2025). The Company is shrinking the net decrease in the number of subscriptions by communicating with the local community through sports, deepening relationships of trust with customers, and reducing the number of cancellations. In November, the Company also started offering “Brex Gas Denki,” which supports Utsunomiya Brex, a professional basketball team sponsored by the Company.

* Slide time lag is a time lag in profit recovery caused by the raw material cost adjustment formula introduced in the city gas business. In this formula, a time lag is caused as a raw material price fluctuation is borne in cost of sales earlier and in retail price later. Slide time lag has a positive impact when there is a downward trend in raw material prices.

		(Millions of yen)			
		Nine months ended December 31st, 2023	Nine months ended December 31st, 2024	YoY change	YoY change (%)
Gross profit (millions of yen)	Gas	13,775	12,613	(1,162)	(8.4)%
	Equipment, construction, etc.	730	821	90	12.4%
Gas sales volume (1,000 tons)*	Household use	93.2	90.8	(2.5)	(2.6)%
	Commercial use	158.3	142.0	(16.3)	(10.3)%
No. of customers (1,000 customers)		610	587	(23)	(3.8)%

* In accordance with the adoption of the Accounting Standard for Revenue Recognition, sales volume on a meter reading basis is adjusted to the sales volume until the end of the period under review.

(2) Explanation of Financial Position and Cash Flows

[Analysis of Assets, Liabilities and Net Assets]

With the aim of increasing the Return on Equity, or ROE, the Company has set Return on Invested Capital (ROIC) as a KPI and is working to improve it in order to increase the profitability of its assets as a first priority.

- Total assets as of the end of the third quarter of the fiscal year ending March 31st, 2025 decreased by ¥7,200 million or 4.5% from the end of the previous fiscal year to ¥151,900 million. The decrease in assets was mainly due to a decrease of ¥4,500 million in cash on hand needed.
- Total liabilities as of the end of the third quarter of the fiscal year ending March 31st, 2025 increased by ¥400 million or 0.6% from the end of the previous fiscal year to ¥86,900 million, and net assets decreased by ¥7,700 million or 10.6% from the end of the previous fiscal year to ¥65,000 million. The main factor for the increase in liabilities was a ¥700 million increase in interest-bearing liabilities to ¥47,900 million from the end of the previous fiscal year. The main factor for the decrease in net assets was progress in return of profits to shareholders ahead of schedule while profits being unevenly distributed in the fourth quarter. Specifically, the Company returned profits to shareholders, with ¥9,400 million in the form of dividend payments and ¥3,700 million in the form of purchase of treasury shares.
- As of the end of the third quarter of the fiscal year ending March 31st, 2025, the debt-to-equity ratio was 0.7 times, and the shareholders' equity ratio was 42.8%. While ensuring the stability of its financial base, the Company will pursue purchase of treasury shares at appropriate times to raise capital with an awareness of its funding costs (WACC) toward an optimal capital structure (plans to be 40% at the end of the fiscal year ending March 31st, 2026).

	(Billions of yen)		
	March 31st, 2024	December 31st, 2024	Change
Current assets	56.6	51.9	(4.6)
Of which, Cash and deposits	18.9	14.4	(4.5)
Trade receivables (including accounts receivable-other)	30.9	30.0	(0.9)
Inventories	4.5	4.8	0.2
Non-current assets	102.5	100.0	(2.5)
Interest-bearing liabilities	47.1	47.9	0.7
Equity (Equity ratio)	72.7 (45.7%)	65.0 (42.8%)	(7.7)
Total assets	159.2	151.9	(7.2)

[Analysis of Cash Flows]

During the third quarter of the fiscal year ending March 31st, 2025, the Company generated free cash flow of ¥9,200 million, with cash flows from operating activities of ¥15,300 million and cash flows from investing activities of ¥(6,100) million while returning profit of ¥13,000 million to shareholders. Since profits and cash flows are unevenly distributed in the fourth quarter, the Company plans to use cash on hand for shareholder returns first and then supplement this with cash flows in the fourth quarter. As a result, balance of cash and cash equivalents as of the end of the third quarter of the fiscal year ending March 31st, 2025 decreased by ¥4,638 million from the end of the previous fiscal year to ¥14,075 million.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities amounted to ¥15,391 million, up by ¥2,458 million of an inflow year on year. The main causes of the increased cash inflow were payment of reorganization cost in the first nine months of the previous fiscal year and an increase in short-term liabilities due to the long payment term for the capacity resources costs (costs borne by retail business operators, etc. to secure capacity to supply electricity), starting in the period under review.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities amounted to ¥6,130 million, down by ¥98 million of an outflow year on year. In the period under review, cash is used to develop systems that promote customer convenience and operational efficiency, such as digitalization of contract documents, the addition of safety inspection reservation function, and

more efficient bulk delivery system, in addition to investment in the replacement and extension of aging pipes.
(Net cash provided by (used in) financing activities)

Net cash used in financing activities amounted to ¥13,902 million, up by ¥5,099 million of an outflow year on year. The main causes of the increased cash outflow were the increases in repayments of loans payable as a result of review of cash on hand, purchase of treasury shares, and dividend payment.

	(Millions of yen)		
	Nine months ended December 31st, 2023	Nine months ended December 31st, 2024	Change
Cash flows from operating activities	12,933	15,391	2,458
Cash flows from investing activities	(6,228)	(6,130)	98
Free cash flow	6,704	9,260	2,556
Cash flows from financing activities	(8,802)	(13,902)	(5,099)
Net increase (decrease) in cash and cash equivalents	(2,094)	(4,638)	(2,544)
Cash and cash equivalents at end of period	10,768	14,075	3,306

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the financial results forecasts for the full year ending March 31st, 2025, no change has been made to those stated in the full-year consolidated financial results forecast released on April 30th, 2024. For further details, please refer to the “Financial Results Briefing Materials for the 3Q of FY Ending in March 2025” that also took in consideration of downturn potential in profits and the fluctuation in temperature forecasts. This material was disclosed separately today.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31st, 2024 (As of Mar. 31st, 2024)	Nine months ended Dec. 31st, 2024 (As of Dec. 31st, 2024)
Assets		
Current assets		
Cash and deposits	18,990	14,447
Notes and accounts receivable - trade	28,990	24,941
Merchandise and finished goods	4,480	4,683
Raw materials and supplies	114	134
Other	4,202	7,884
Allowance for doubtful accounts	(132)	(123)
Total current assets	56,646	51,968
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,341	15,027
Machinery, equipment and vehicles, net	27,885	26,976
Tools, furniture and fixtures, net	518	487
Land	29,991	29,941
Leased assets, net	6,823	7,038
Construction in progress	1,045	1,146
Total property, plant and equipment	81,606	80,618
Intangible assets		
Goodwill	1,698	1,262
Other	6,536	6,602
Total intangible assets	8,235	7,864
Investments and other assets		
Investment securities	3,718	2,717
Long-term loans receivable	5,029	5,329
Deferred tax assets	8,550	8,479
Other	2,969	2,985
Allowance for doubtful accounts	(7,537)	(7,971)
Total investments and other assets	12,730	11,540
Total non-current assets	102,572	100,024
Total assets	159,219	151,992

(Millions of yen)		
Account	Fiscal year ended Mar. 31st, 2024 (As of Mar. 31st, 2024)	Nine months ended Dec. 31st, 2024 (As of Dec. 31st, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,327	16,597
Electronically recorded obligations - operating	4,057	3,800
Short-term loans payable	4,000	4,000
Current portion of long-term debt	10,472	10,029
Lease obligations	1,472	1,496
Income taxes payable	3,763	1,934
Provision for bonuses	268	124
Other	7,053	8,701
Total current liabilities	47,415	46,683
Non-current liabilities		
Long-term loans payable	25,199	26,161
Lease obligations	6,048	6,247
Deferred tax liabilities for land revaluation	203	203
Provision for share-based compensation	1,247	1,213
Provision for gas holder repairs	262	301
Provision for loss on voluntary recall of products	43	15
Net defined benefit liability	4,021	4,191
Other	2,053	1,965
Total non-current liabilities	39,080	40,301
Total liabilities	86,495	86,985
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	5,860	5,860
Retained earnings	66,407	57,065
Treasury shares	(7,070)	(4,836)
Total shareholders' equity	72,266	65,159
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	670	(76)
Deferred gains or losses on hedges	—	137
Foreign currency translation adjustment	(170)	(181)
Remeasurements of defined benefit plans	(42)	(30)
Total accumulated other comprehensive income	457	(152)
Total net assets	72,723	65,007
Total liabilities and net assets	159,219	151,992

(2) Consolidated Statement of Income and Comprehensive Income
(Consolidated Statement of Income)

Account	(Millions of yen)	
	For the nine months ended Dec. 31st, 2023 (from Apr. 1st, 2023 to Dec. 31st, 2023)	For the nine months ended Dec. 31st, 2024 (from Apr. 1st, 2024 to Dec. 31st, 2024)
Net sales	135,085	137,919
Cost of sales	84,208	87,291
Gross profit	50,876	50,628
Selling, general and administrative expenses	41,336	42,181
Operating income	9,540	8,446
Non-operating income		
Interest income	1	2
Dividend income	1	1
Real estate rent	53	64
Insurance income	36	31
Dividend income of insurance	15	0
Foreign exchange gains	8	6
Share of profit of entities accounted for using equity method	54	76
Other	85	107
Total non-operating income	257	290
Non-operating expenses		
Interest expenses	107	154
Other	28	11
Total non-operating expenses	136	166
Ordinary income	9,661	8,571
Extraordinary income		
Gain on sales of non-current assets	293	38
Gain on sales of investment securities	—	0
Total extraordinary income	293	39
Extraordinary losses		
Loss on sales of non-current assets	21	—
Loss on retirement of non-current assets	91	122
Other	9	—
Total extraordinary losses	122	122
Profit before income taxes	9,832	8,488
Income taxes – current	2,238	2,246
Income taxes – deferred	713	340
Total income taxes	2,952	2,587
Profit	6,880	5,900
Loss attributable to non-controlling interests	(0)	—
Profit attributable to owners of parent	6,880	5,900

(Consolidated Statement of Comprehensive Income)

(Millions of yen)		
Account	For the nine months ended Dec. 31st, 2023 (from Apr. 1st, 2023 to Dec. 31st, 2023)	For the nine months ended Dec. 31st, 2024 (from Apr. 1st, 2024 to Dec. 31st, 2024)
Profit	6,880	5,900
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(747)
Deferred gains or losses on hedges	419	137
Remeasurements of defined benefit plans, net of tax	5	11
Share of other comprehensive income of entities accounted for using equity method	(194)	(11)
Total other comprehensive income	230	(609)
Comprehensive income	7,111	5,291
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,111	5,291
Comprehensive income attributable to non-controlling interests	(0)	–

(3) Consolidated Statement of Cash Flows

(Millions of yen)

Account	For the nine months ended Dec. 31st, 2023 (from Apr. 1st, 2023 to Dec. 31st, 2023)	For the nine months ended Dec. 31st, 2024 (from Apr. 1st, 2024 to Dec. 31st, 2024)
Cash flows from operating activities		
Profit before income taxes	9,832	8,488
Depreciation	7,416	7,643
Amortization of goodwill	710	715
Increase (decrease) in allowance for doubtful accounts	503	425
Increase (decrease) in net defined benefit liability	223	169
Increase (decrease) in provision for share-based compensation	41	(34)
Increase (decrease) in allowance for loss on voluntary recall of products	(108)	(27)
Interest and dividend income	(3)	(3)
Interest expenses	107	154
Foreign exchange losses (gains)	(3)	(2)
Share of (profit) loss of entities accounted for using equity method	(54)	(76)
Loss (gain) on sales of non-current assets	(272)	(38)
Loss on retirement of non-current assets	91	122
Loss (gain) on sales of investment securities	–	(0)
Decrease (increase) in notes and accounts receivable – trade	2,475	4,049
Decrease (increase) in inventories	40	(223)
Decrease (increase) in accounts receivable - other	1,246	(3,220)
Increase (decrease) in notes and accounts payable - trade	(1,415)	52
Increase (decrease) in accrued consumption taxes	(772)	986
Other, net	(2,280)	349
Subtotal	17,780	19,530
Interest and dividend income received	3	3
Interest expenses paid	(105)	(155)
Income taxes paid	(4,745)	(3,987)
Net cash provided by (used in) operating activities	12,933	15,391
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,108)	(4,153)
Proceeds from sales of property, plant and equipment	458	83
Purchase of intangible assets	(2,112)	(1,705)
Purchase of goodwill	(474)	(284)
Purchase of investment securities	(313)	–
Proceeds from sales of investment securities	334	1
Payments of loans receivable	(2)	–
Collection of loans receivable	14	26
Other, net	(24)	(98)
Net cash provided by (used in) investing activities	(6,228)	(6,130)

(Millions of yen)		
Account	For the nine months ended Dec. 31st, 2023 (from Apr. 1st, 2023 to Dec. 31st, 2023)	For the nine months ended Dec. 31st, 2024 (from Apr. 1st, 2024 to Dec. 31st, 2024)
Cash flows from financing activities		
Increase in short-term loans payable	44,500	66,000
Decrease in short-term loans payable	(45,000)	(66,000)
Proceeds from long-term borrowings	12,000	8,700
Repayments of long-term loans payable	(8,780)	(8,180)
Purchase of treasury shares	(2,377)	(3,770)
Cash dividends paid	(8,020)	(9,407)
Other, net	(1,125)	(1,243)
Net cash provided by (used in) financing activities	(8,802)	(13,902)
Effect of exchange rate change on cash and cash equivalents	3	2
Net increase (decrease) in cash and cash equivalents	(2,094)	(4,638)
Cash and cash equivalents at beginning of period	12,863	18,713
Cash and cash equivalents at end of period	10,768	14,075

(4) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

None.

(Notes in Case of Significant Changes in Shareholders' Equity)

1) Purchase of treasury shares

The Company resolved at the meeting of the Board of Directors held on February 1st, 2024 to purchase treasury shares pursuant to the provisions of Article 156 of the Companies Act applied mutatis mutandis pursuant to the provisions of Article 165, Paragraph 3 of the same Act. Therefore, the Company advanced the purchase of up to 1,800,000 treasury shares on the market of the Tokyo Stock Exchange from February 2nd, 2024 to July 31st, 2024, with the upper limit of ¥3,500 million in acquisition value. As a result, the Company acquired 298,200 treasury shares in the nine months ended December 31st, 2024, and treasury shares increased by ¥770 million.

In addition, the Company resolved at the meeting of the Board of Directors held on June 25th, 2024 to purchase treasury shares pursuant to the provisions of Article 156 of the Companies Act applied mutatis mutandis, as pursuant to the provisions of Article 165, Paragraph 3 of the same Act. Therefore, the Company advanced the purchase of up to 1,500,000 treasury shares on the market of the Tokyo Stock Exchange from June 26th, 2024 to December 31st, 2024, with the upper limit of ¥3,000 million in acquisition value. As a result, the Company acquired 1,248,400 treasury shares in the nine months ended December 31st, 2024, and treasury shares increased by ¥2,999 million.

2) Retirement of treasury shares

The Company resolved at the meeting of the Board of Directors held on June 25th, 2024 to retire treasury shares pursuant to the provisions of Article 178 of the Companies Act and retired 2,489,900 treasury shares on July 24th, 2024. As a result, retained earnings and treasury shares decreased by ¥5,821 million each.

As a result, treasury shares amounted to ¥4,836 million at the end of the third quarter of the fiscal year ending March 31st, 2025.

(Changes to Accounting Policies)

Changes in Revenue Recognition Standards in Gas Business

In the sale of city gas, the obligation to deliver gas under a supply contract with a customer is satisfied by the supply of city gas. However, the Company traditionally complies with the "Regulation on Accounting at Gas Utilities," and recognizes revenue based on the "meter reading date standard," whereby the amount of gas supplied is measured based on the monthly meter reading and the rate calculated based on that reading is used as revenue for the current month.

Effective January 1st, 2024, due to our reorganization that consolidated the gas pipeline business, etc. into our wholly owned subsidiary, Energy Sola Platforms Co., Ltd., we are no longer a general gas pipeline service provider defined by the Regulation on Accounting at Gas Utilities. Accordingly, effective from the fourth quarter of the previous fiscal year, the Company changed its method of recognizing revenue from sales of city gas to the delivery basis by reasonably estimating the performance obligation that will be satisfied at the end of the fiscal year.

The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the nine months ended December 31st, 2023 have been prepared on a retrospective basis.

As a result, compared to before the retrospective application, net sales increased by ¥411 million, gross profit,

operating income, and ordinary income increased by ¥286 million, and profit increased by ¥198 million in the nine months ended December 31st, 2023.

(Segment Information, etc.)

1. Information on net sales and income (loss) by reportable segment and breakdown of revenue

For the nine months ended December 31st, 2023 (from April 1st, 2023 to December 31st, 2023)

(Millions of yen)

	Reportable segments			Total
	LP Gas Business	Electricity Business	City Gas Business	
Net sales				
(1) LP gas, electricity and city gas				
a. Revenue generated from April 1st, 2023 to the December meter reading date	42,390	27,672	39,721	109,785
b. Revenue generated from the December meter reading date to December 31st, 2023	5,564	2,872	2,689	11,126
Total	47,955	30,545	42,410	120,911
(2) Equipment, construction contracts, platform, etc.	9,810	–	4,363	14,173
Revenue from contracts with customers	57,765	30,545	46,774	135,085
Net sales to outside customers	57,765	30,545	46,774	135,085
Segment income	33,641	2,729	14,505	50,876

For the nine months ended December 31st, 2024 (from April 1st, 2024 to December 31st, 2024)

(Millions of yen)

	Reportable segments			Total
	LP Gas Business	Electricity Business	City Gas Business	
Net sales				
(1) LP gas, electricity and city gas				
a. Revenue generated from April 1st, 2024 to the December meter reading date	43,269	31,253	35,573	110,097
b. Revenue generated from the December meter reading date to December 31st, 2024	6,119	2,918	2,838	11,876
Total	49,389	34,172	38,412	121,973
(2) Equipment, construction contracts, platform, etc.	11,862	–	4,083	15,945
Revenue from contracts with customers	61,251	34,172	42,495	137,919
Net sales to outside customers	61,251	34,172	42,495	137,919
Segment income	33,989	3,204	13,434	50,628

2. Differences between income (loss) of reportable segment totals and amounts in the consolidated statement of income and the main components of those differences (matters related to difference adjustments)

(Millions of yen)

Income	Nine months ended December 31st, 2023	Nine months ended December 31st, 2024
Reporting segment total	50,876	50,628
Selling, general and administrative expenses	41,336	42,181
Operating income in the consolidated statement of income	9,540	8,446

3. Change of reportable segment

As stated in “Notes (Changes to Accounting Policies),” the revenue recognition standards for city gas business have been changed beginning in the fourth quarter of the previous fiscal year, and the change in accounting policy has been applied retrospectively. As a result, for the nine months ended December 31st, 2023, net sales and segment income for “LP Gas Business” decreased by ¥9 million and ¥4 million, respectively, and net sales and segment income for “City Gas Business” increased by ¥421 million and ¥291 million, respectively, compared with the figures based on the previous method.

(Significant Subsequent Events)

(Purchase of Treasury Shares)

The Company resolved at the meeting of the Board of Directors held today to purchase treasury shares pursuant to the provisions of Article 156 of the Companies Act applied mutatis mutandis pursuant to the provisions of Article 165, Paragraph 3 of the same Act.

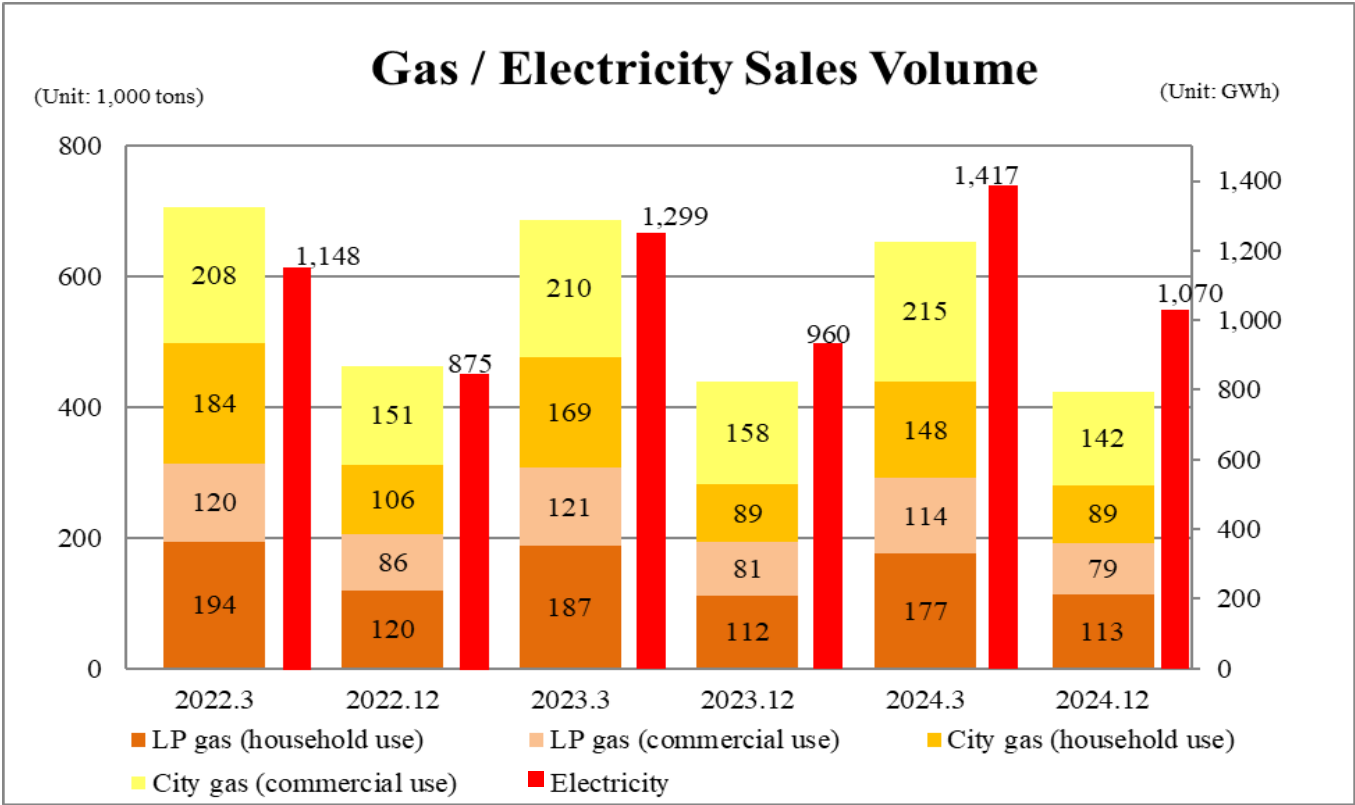
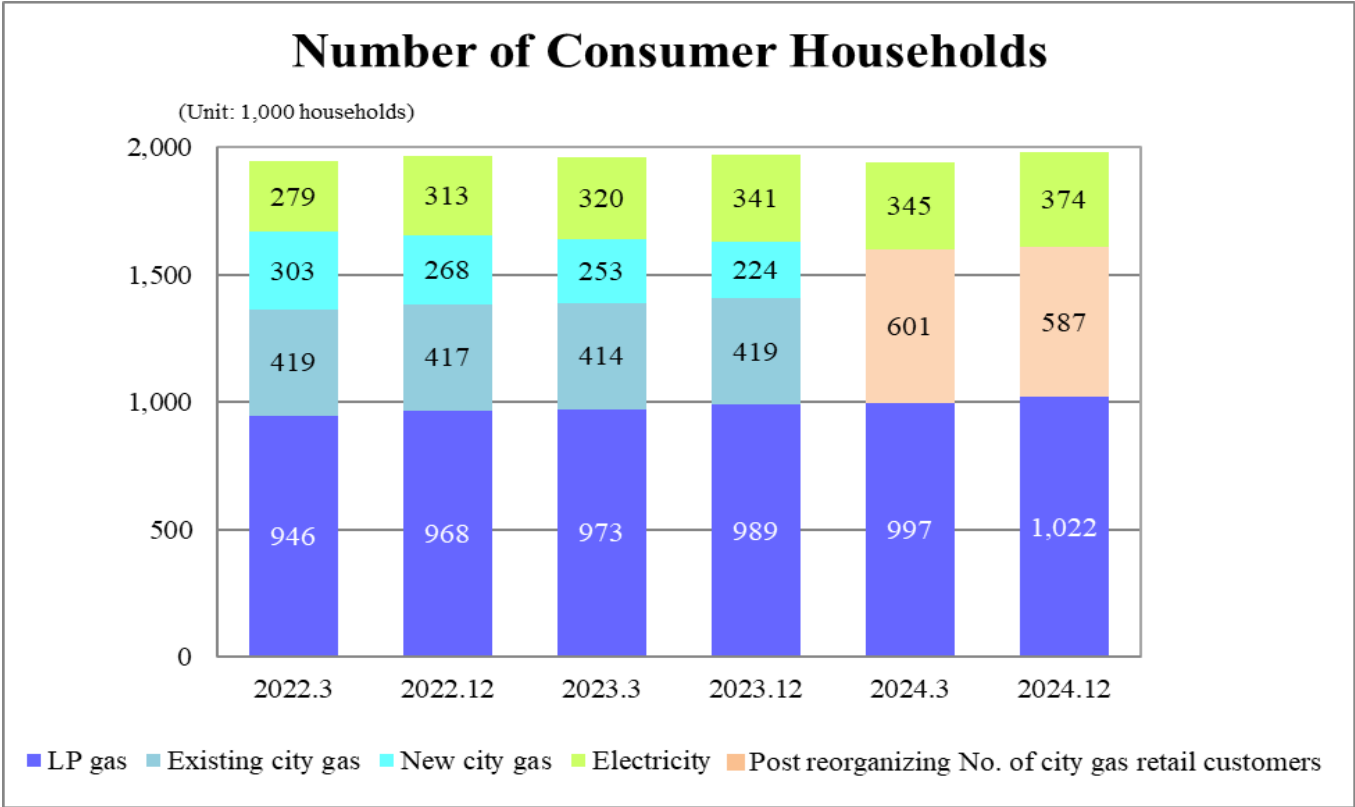
(1) Reason for the purchase of treasury shares

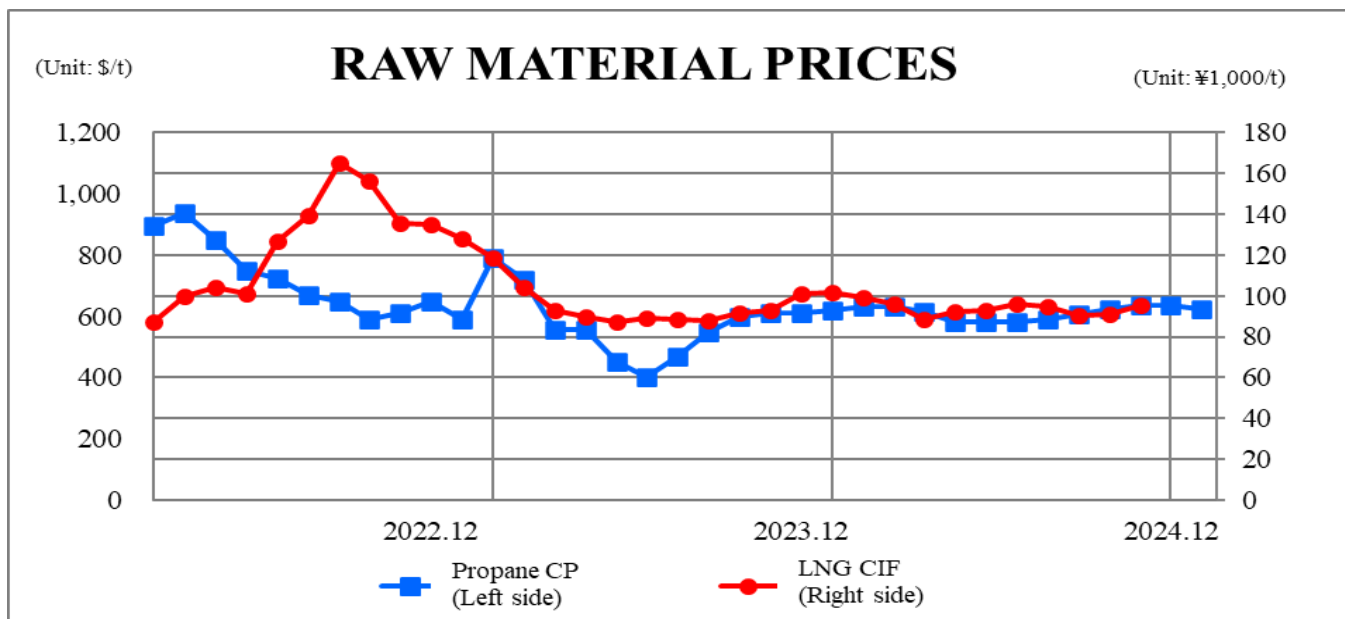
Considering the progress of the enhancement of its financial base for achieving growth, the Company intends to purchase treasury shares to enhance shareholder returns and increase capital efficiency.

(2) Details of the matters associated with the purchase

- | | |
|--|---|
| 1) Class of shares to be purchased: | Common shares of the Company |
| 2) Total number of shares to be purchased: | 1,700,000 shares (upper limit) |
| 3) Total cost of share purchase: | ¥3,000 million (upper limit) |
| 4) Purchase period: | January 29th, 2025 to April 30th, 2025 |
| 5) Method of purchase: | Market purchase under discretionary transaction agreements for share repurchase |

3. Others





(Note) Gas/Electricity volume is the sales volume based on the meter reading date standard.