



April 27th, 2023

Notice Regarding Reorganization of NICIGAS and its Consolidated Subsidiaries **(Company Split, Absorption-type Company Merger)**

Company name: NIPPON GAS CO., LTD.
Code number: 8174 (Tokyo Stock Exchange Prime Market)
Representative: Kunihiko Kashiwaya, Representative Director, Chief Executive Officer
Contact: Shinichi Kiyota, Senior Managing Executive Officer

Nippon Gas Co., Ltd. hereby announces that it resolved at the meeting of the Board of Directors held on April 27th, 2023 to reorganize the Group from the scheduled effective date of January 1st, 2024 such that

- I. by way of a Company Split, the Company will succeed to the energy retail businesses of its 3 subsidiary companies (Tosai Gas, Higashinohon Gas, and Kitanihon Gas), and
- II. by way of a Company Split and absorption-type Company Merger, Tosai Gas will succeed to the City gas pipeline business and other businesses of the Company, Higashinohon Gas, and Kitanihon Gas.

1. Aim of the Reorganization

The Group will reorganize with the aim of reinventing Energy Services from the perspective of its customers (consumers), envisioning what local communities will look like in the near future.

The Company's perception of the energy industry

The social conditions caused by the unprecedented crisis known as global warming, rising frequency and severity of natural disasters, the COVID-19 pandemic, and Russia's invasion of Ukraine have shown that a consistent and stable energy supply from upstream to downstream cannot be taken for granted. In a drastically changing business environment, what local communities will need the most is the construction of resilient distributed energy systems that can provide energy resiliently and autonomously even during a disaster, premised on the use of renewable energy and electric vehicles (EVs), and the shared use of energy infrastructure and systems (i.e. adoption of Platform) for optimizing the energy industry's operations.

The Group has evolved its current business of supplying gas and electricity in response to these challenges ("NICIGAS 3.0"). We will provide Energy Solutions premised on supplying electricity and gas as a package to customers, and that promote the transformation of each household into a smart house and achieve optimal energy use in the broader local community by encouraging the adoption of distributed energy resources such as solar power, using EVs as storage batteries, hybrid water heaters and EV charging facilities. In addition, at the energy industry, we will create an environment for sharing the Company's highly efficient operations with other corporations (as a Platform) and promote industry-wide its sharing.

New value to provide, through the Reorganization

In the face of the coming changes, this reorganization will integrate the Company and the three city gas companies (the Company's wholly owned subsidiaries), then divide their businesses into a "Integrated Energy Retail Company" and an "Energy Platform Company", evolving our existing integrated energy retail business to provide the new value listed below to 1) customers and to the 2) energy industry and achieve growth.

- 1) Rapidly implement distributed autonomous energy management (Solution business) for solar power, storage batteries, hybrid water heaters, EV charging facilities and other resources. Serve to complement existing centralized energy infrastructure. Strengthen and cultivate the retail business and expand our profit base.
- 2) Achieve industry-wide optimization through the shared use of infrastructure and systems (Platform business).

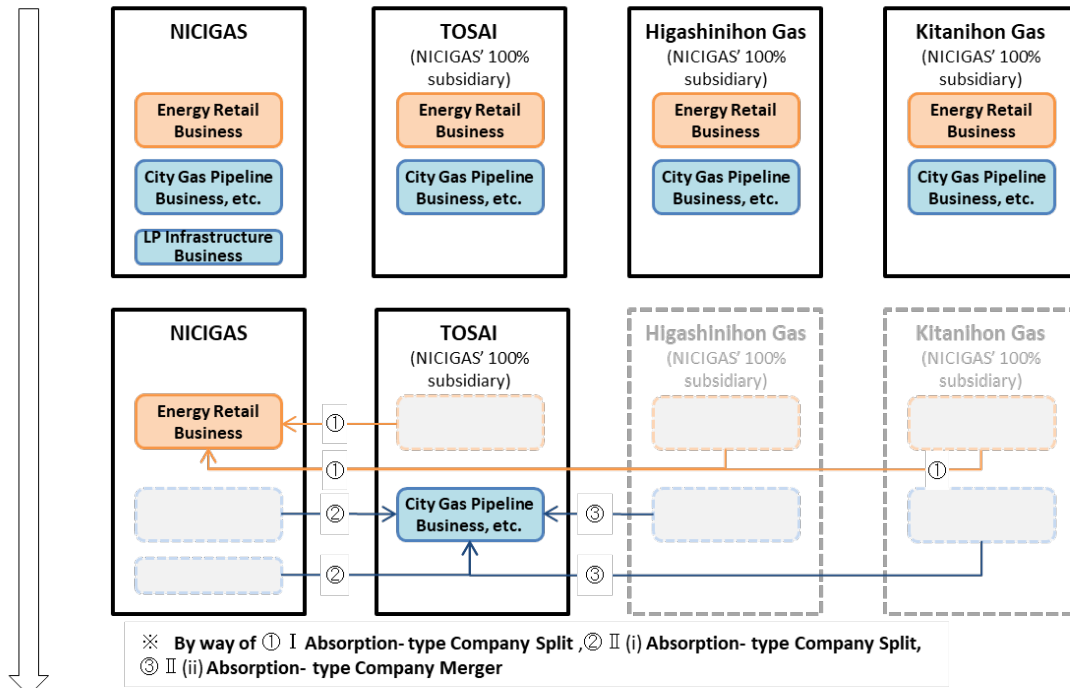
Build an environment for sharing the Company’s highly efficient operations led by DX with other companies, and expand the Platform business’s profit base by improving the facilities of the energy industry as a whole through Platform Sharing.

In addition to strengthen and cultivate the energy retail business, we will take advantage of industry reorganization to expand our customer base and raise our mid- and long-term ROE and corporate value.

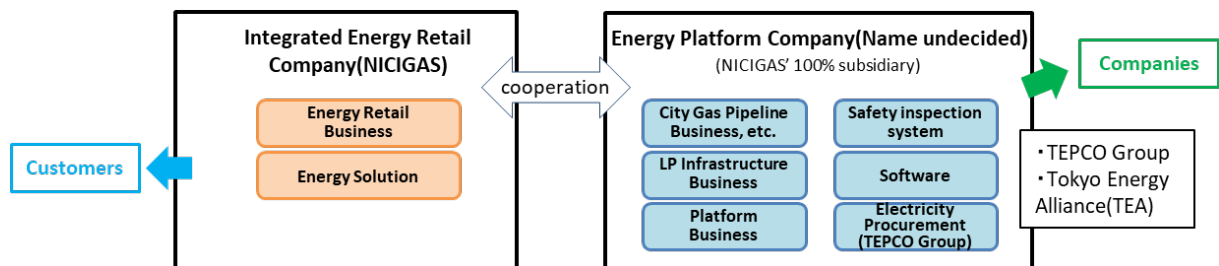
Note) Please refer to the presentation material of “Reorganization of NICIGAS Group” released on April 27th, 2023. <https://www.nichigas.co.jp/en/ir/news/all>

(Reference: Reorganization Structure)

【 At Present 】



【 Company split Effective on Jan. 1, 2024 】



2. Outline of the Company Split

I. Consolidation of the energy retail businesses of the 3 consolidated subsidiary companies (Tosai Gas, Higashinihon Gas and Kitanihon Gas) within the Company

① **Outline of the Company Split**

(1) Schedule of the Company Split

Date of the resolution of the Board of Directors (succeeding company) to approve the absorption-type Company Split agreement	April 27th, 2023
Extraordinary general meeting of shareholders (splitting companies) to approve the absorption-type Company Split agreement	April 27th, 2023
Date of conclusion of the absorption-type Company Split agreement	April 27th, 2023
Effective date of the absorption-type Company Split	January 1st, 2024 (scheduled)

* The Company (as succeeding company) will not adopt an approval resolution at a general meeting of shareholders, as this company split amounts to a simplified Company Split under Article 796, Paragraph 2 of the Companies Act.

(2) Method of the Company Split

The absorption-type Company Split involves the Company, as the succeeding company, succeeding to the businesses of Tosai Gas, Higashinihon Gas and Kitanihon Gas.

(3) Details of the allotment related to the Company Split

No shares or money or other benefits will be allotted in this Company Split.

(4) Treatment of share acquisition rights and bonds with share options associated with the Split

None.

(5) Changes to capital stock associated with the Company Split

There will be no change in the Company's capital stock as a result of the Company Split.

(6) The rights and obligations succeeded to by the succeeding company

The Company will succeed to the rights and obligations including assets, liabilities, and contractual status of the target businesses of the transaction as set forth in the absorption-type Company Split agreement.

(7) Prospects of fulfillment of obligations

The Company has determined that there will be no problems with fulfilling its obligations under this Company Split.

② Overview of the Companies involved in the Company Split

	Succeeding Company	Splitting Company		
(1) Company Name	Nippon Gas Co., Ltd.	TOSAI Gas, Inc.	Higashinohon Gas Corporation	Kitanihon Gas Co., Ltd.
(2) Address	4-31-8, Yoyogi, Shibuya-ku, Tokyo	1-14-1, Koshigaya, Koshigaya-shi, Saitama	608-1, Sageto, Abiko-shi, Chiba	2-11-22, Hanagaki-cho, Oyama-shi, Tochigi
(3) Representative	Representative Director, Chief Executive Officer Kunihiko Kashiwaya	Representative Director, Chief Executive Officer Tomonori Tsuchiya	Representative Director, Chief Executive Officer Shunji Muramatsu	Representative Director, Chief Executive Officer Fumio Hagiwara
(4) Nature of Business	LP gas business, City gas business, Retail electricity business	City gas business, LP gas business, Retail electricity business	City gas business, LP gas business, Retail electricity business	City gas business, LP gas business, Retail electricity business
(5) Capital	¥ 7,070 million	¥ 450 million	¥ 400 million	¥ 400 million
(6) Founded	July 29th, 1955	June 10th, 1960	April 5th, 1963	September 29th, 1967
(7) Number of shares issued	116,603,698 Shares	2,138,059 Shares	7,546,069 Shares	609,800 Shares
(8) Fiscal year end	March 31st	March 31st	March 31st	March 31st
(9) Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust Account) : 16.9% Custody Bank of Japan, Ltd. (Trust Account): 9.8% SSBTC CLIENT OMNIBUS ACCOUNT: 4.6% TEPCO Energy Partner, Incorporated: 3.8% Japan Post Insurance Co., Ltd. : 3.1%	Nippon Gas Co., Ltd. 100%	Nippon Gas Co., Ltd. 100%	Nippon Gas Co., Ltd. 100%
(10) Financial position and results of operations for the most recent fiscal year				
Fiscal year end	Fiscal year ended March 31st, 2023 (Consolidated)	Fiscal year ended March 31st, 2023 (Standalone)	Fiscal year ended March 31st, 2023 (Standalone)	Fiscal year ended March 31st, 2023 (Standalone)
Net asset	¥ 73,525 million	¥ 37,530 million	¥ 11,521 million	¥ 4,450 million
Total asset	¥ 153,429 million	¥ 47,857 million	¥ 14,732 million	¥ 8,347 million
Net asset per share	¥ 645.82	¥ 17,553.38	¥ 1,526.82	¥ 7,298.59
Revenue	¥ 207,890 million	¥ 52,645 million	¥ 16,912 million	¥ 15,228 million
Operating income	¥ 15,215 million	¥ 4,744 million	¥ 1,238 million	¥ 828 million
Ordinary income	¥ 15,401 million	¥ 4,795 million	¥ 1,263 million	¥ 834 million
Net income attributable to owners of the Company	¥ 10,628 million	¥ 3,381 million	¥ 906 million	¥ 600 million
Basic earnings per share	¥ 93.13	¥ 1,581.53	¥ 120.08	¥ 984.28

* Sharing ratios of major shareholders are calculated excluding treasury stock.

③ Overview of the business units to be succeeded

(1) Details of the business to be succeeded

- TOSAI Gas ...Retail City gas, LP gas, Electricity and ancillary businesses
- Higashinohon Gas ...Same as above
- Kitanihon Gas ...Same as above

(2) Results of operations of units to be succeeded (results for fiscal year ended in March 2023)

- TOSAI Gas ...Net sales ¥ 51,115 million
- Higashinohon Gas ...Net sales ¥ 16,532 million
- Kitanihon Gas ...Net sales ¥ 14,912 million

(3) Description and amounts of assets and liabilities to be split (results for fiscal year ended in March 2023)

TOSAI Gas	• • •	current assets ¥ 16,508 million, current liabilities ¥ 7,728 million, non-current assets ¥ 1,920 million, non-current liabilities ¥ 682 million
Higashinihon Gas	• • •	current assets ¥ 4,207 million, current liabilities ¥ 2,261 million, non-current assets ¥ 1,092 million, non-current liabilities ¥ 384 million
Kitanihon Gas	• • •	current assets ¥ 1,990 million, current liabilities ¥ 2,037 million, non-current assets ¥ 1,404 million, non-current liabilities ¥ 275 million

* The amounts listed above are as of March 31st, 2023 and the actual amount of assets succeeded to will change based on the amount increase or decrease between now and the day before the effective date.

II. Consolidation of the City gas pipeline businesses, etc. of the Company and 2 consolidated subsidiaries (Higashinihon Gas and Kitanihon Gas) within Tosai Gas

(i) Consolidation of the Company's City gas pipeline business, etc. within Tosai Gas by way of absorption-type Company Split

① Outline of the Company Split

(1) Schedule of the Company split

Date of the resolution of the Board of Directors (splitting company) to approve the absorption-type Company Split agreement	April 27th, 2023
Extraordinary general meeting of shareholders (succeedingsplitting companies) to approve the absorption-type Company Split agreement	April 27th, 2023
Date of conclusion of the absorption-type Company Split agreement	April 27th, 2023
Effective date of the absorption-type Company Split	January 1st, 2024 (scheduled)

* The Company (as splitting company) will not adopt an approval resolution at a general meeting of shareholders, as this Company Split amounts to a simplified Split under Article 796, Paragraph 2 of the Companies Act.

(2) Method of the Company Split

The absorption-type Company Split involves the Company as the splitting company and Tosai Gas as the succeeding company.

(3) Details of the allotment related to the Company Split

Tosai Gas, the succeeding company, will issue 500 thousand shares and allot all the shares to the Company in this Company Split.

(4) Treatment of share acquisition rights and bonds with share options associated with the Split

None.

(5) Changes to capital stock associated with the Company Split

There will be no change in the Company's capital stock as a result of the Company Split.

(6) The rights and obligations succeeded to by the succeeding company

Tosai Gas will succeed to the rights and obligations including assets, liabilities, and contractual status of the target businesses of the transaction as set forth in the absorption-type Company Split agreement.

(7) Prospects of fulfillment of obligations

The Company has determined that the succeeding company will have no problems with fulfilling its obligations under this Company Split.

② Overview of the companies involved in the Company Split

Splitting company	Nippon Gas Co., Ltd.
Succeeding company	TOSAI GAS, Inc.

* Please refer to “I. Consolidation of the energy retail businesses of the 3 consolidated subsidiary companies (Tosai Gas, Higashinohon Gas and Kitanihon Gas) within the Company, ② Overview of the Companies involved in the Company Split”.

③ Overview of the business units to be split

(1) Description of the business to be split

City gas pipeline business, LPG Infrastructure business, etc.

(2) Results of operations of units to be split (results for fiscal year ended in March 2023)

Net sales ¥ 1,130 million

* External sales are stated.

(3) Description and amounts of assets and liabilities to be split (results for fiscal year ended in March 2023)

current assets ¥ - million, current liabilities ¥ 327 million,

non-current assets ¥ 24,877 million, non-current liabilities ¥ 15,000 million

* The amounts listed above are as of March 31st, 2023 and the actual amount of assets succeeded to will change based on the amount increase or decrease between now and the day before the effective date.

(ii) Consolidation of the City gas pipeline businesses, etc. of Higashinohon Gas and Kitanihon Gas within Tosai Gas by way of Company Merger

① Outline of the Company Merger

(1) Schedule of the Company Merger

Extraordinary general meetings of shareholders (surviving company, disappearing companies) to approve the absorption-type Company Merger	April 27th, 2023
Date of conclusion of the Company Merger agreement	April 27th, 2023
Effective date of the Company Merger	January 1st, 2024 (scheduled)

(2) Method of the Company Merger

The absorption-type Company Merger involves Tosai Gas as the surviving company and Higashinohon Gas and Kitanihon Gas as the disappearing companies.

(3) Details of the allotment pursuant to the Company Merger

No shares or money or other benefits will be allotted in this merger as the merger takes place between wholly owned subsidiary companies of the Company.

(4) Treatment of share acquisition rights and bonds with share options of the disappearing companies

None.

② Overview of the companies involved in the Company Merger

Surviving company	TOSAI Gas, Inc.
Disappearing company	Higashinohon Gas Corporation, Kitanihon Gas Co., Ltd.

* Please refer to “I. Consolidation of the energy retail businesses of the 3 consolidated subsidiary companies (Tosai Gas, Higashinohon Gas and Kitanihon Gas) within the Company, ② Overview of the Companies involved in the Company Split”.

3. Status of the Company after the reorganization

(1) Company name	Nippon Gas Co., Ltd.
(2) Address	4-31-8, Yoyogi, Shibuya-ku, Tokyo
(3) Representative	Kunihiko Kashiwaya Representative Director, Chief Executive Officer
(4) Nature of Business	Integrated Energy Retail business
(5) Capital	¥ 7,070 million
(6) Fiscal year end	March 31st

4. Status of the Company succeeding to the City gas pipeline businesses etc. after the reorganization (the current Tosai Gas)

(1) Company name	To be determined*
(2) Address	To be determined
(3) Representative	To be determined
(4) Nature of Business	Energy Platform business
(5) Capital	¥ 450 million
(6) Fiscal year end	March 31st

* Will inform the name of the Company succeeding to the City gas pipeline business, as soon as it is decided.

5. Forecasts

While extraordinary loss of ¥ 2,500 million is expected for the Reorganization, it's believed that this Reorganization will contribute to the expansion of Company group's mid- and long-term Corporate Value.

Note) Please refer to the presentation material of "Reorganization of NICIGAS Group" released on April 27th, 2023.
<https://www.nichigas.co.jp/en/ir/news/all>

(Reference)

Consolidated Financial Results Forecast for the Fiscal Year Ending March 31st, 2024 (disclosed on April 27th, 2023) and Consolidated Financial Results for the Fiscal Year Ending March 31st, 2023.

(Millions of yen)	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Fiscal year ended Mar. 31st, 2024	230,000	18,700	18,700	11,000
Fiscal year ended Mar. 31st, 2023	207,890	15,215	15,401	10,628