

Consolidated Financial Results for the Three Months Ended June 30th, 2023 [Japanese GAAP]



July 27, 2023

Company name: NIPPON GAS CO., LTD.

Code number: 8174

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

Stock exchange listing: Tokyo Stock Exchange

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Scheduled date of filing quarterly securities report: August 14th, 2023

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Available

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

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

1. Consolidated Financial Results for the Three Months Ended June 30th, 2023 (April 1st, 2023 to June 30th, 2023)

(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	%
Three Months ended Jun. 30th, 2023	47,131	5.2	4,033	6.0	4,105	7.0	2,874	8.1
Three Months ended Jun. 30th, 2022	44,789	29.1	3,804	48.3	3,838	48.9	2,658	50.0

(Note) Comprehensive income: Three Months ended Jun. 30th, 2023 ¥2,694 million [10.5%]
Three Months ended Jun. 30th, 2022 ¥2,438 million [45.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three Months ended Jun. 30th, 2023	25.25	—
Three Months ended Jun. 30th, 2022	23.18	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30th, 2023	141,076	72,587	51.5
As of Mar. 31st, 2023	153,429	73,525	47.9

(Reference) Equity: As of Jun. 30th, 2023 ¥72,587 million As of Mar. 31st, 2023 ¥73,524 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, 2023	—	32.50	—	32.50	65.00
Fiscal year ending Mar. 31st, 2024	—				
Fiscal year ending Mar. 31st, 2024 (Forecast)		37.50	—	37.50	75.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31st, 2024 (April 1st, 2023 to March 31st, 2024)

(% 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
Six months ending Sep. 30th, 2023	100,000	17.5	5,000	82.6	5,000	78.6	3,300	75.9	29.04
Full-year	230,000	10.6	18,700	22.9	18,700	21.4	11,000	3.5	97.70

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

4. Notes

- (1) Significant changes of subsidiaries during the period under review: 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: No
 - 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):

Jun. 30th, 2023	115,317,098 shares
Mar. 31st, 2023	116,603,698 shares

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

Jun. 30th, 2023	1,393,755 shares
Mar. 31st, 2023	2,757,077 shares

- 3) Average number of shares during the period:

Three months ended Jun. 30th, 2023	113,871,332 shares
Three months ended Jun. 30th, 2022	114,689,077 shares

* These financial results are outside the scope of quarterly review by a certified public accountant or an audit corporation.

* 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. 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 5 of the attached Appendix 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]

In Japan, since COVID-19 was downgraded in May to the same classification under the Infectious Disease Control Law as seasonal influenza, there has been an even stronger trend toward the normalization of economic and social activities.

In the energy sector, rapid growth of the carbon neutrality movement has been triggered by the Paris Agreement of 2015 (adopted at COP21), and it is expected that COP28, to be held this November, will require a more in-depth response than ever before. It is no exaggeration to say that we have entered an era in which a response to decarbonization will have a significant impact on corporate value. In addition, geopolitical risks related to supply chains have emerged since Russia's invasion of Ukraine last year. We recognize that increasing resilience to energy supply shortages and price fluctuations is an important social issue that must be resolved.

[Reorganization and Energy Solutions]

In January 2024, the Company and the three city gas corporations that are the Company's wholly owned subsidiaries will be merged and reorganized into two companies: an "Integrated Energy Retail Company" and an "Energy Platform Company." This reorganization will result in an organizational structure backcast from the near-future state of the energy business and will allow us to evolve from our traditional energy retail business model to a new business model (Nichigas 3.0) that will provide new value to both our customers and the energy industry.

In Nichigas 3.0, we will provide customers with energy use optimization services (Energy Solutions). Specifically, Nichigas 3.0 provides new value to address the social issues of stable energy procurement, supply-demand balance, and CO₂ reduction, by enabling the production, circulation, and mutual use of home energy in the community using distributed energy resources (DER) such as solar power, storage batteries, hybrid water heaters, and EV chargers.

For the energy industry, we will build an environment in which our DX-based highly efficient operations can be shared with other companies and provide business infrastructure sharing services (Platform business). By optimizing the operations of the entire industry, we will provide value to address social issues such as CO₂ reduction and labor shortages.

Expanding the range of energy solutions and futuristic infrastructure to address increasingly complex social issues and being a company that is needed by the local community are prerequisites for the creation of corporate value in the medium to long term. The Company's policy is to work with local communities to achieve sustainable growth by quickly introducing and promoting new technologies while solving issues within the framework of enhancing corporate value.

[Capital Policy]

The Company recognizes that its capital policy is the strategy by which it can maximize the performance of its shareholders' equity, and so is highly conscious of ROIC and has reorganized the content of its balance sheets from lower profit generating assets to higher profit generating assets. In order to further heighten the profitability of its investments, the Company will take advantage of the reorganization to accelerate growth whilst maintaining the policy of not keeping unnecessary shareholders' equity and plan to reach its target for the fiscal year ending March 31st, 2026, of ROE of 22%.

Since the reorganization has defined the Group's future orientation, we took this opportunity to examine our ability to raise interest-bearing liabilities and determined the optimal equity ratio for the Group as a whole at this point in time. As a result, we plan to optimize the ratio by lowering it from 48% in the fiscal year ended March 31st, 2023 to 40% in the fiscal year ending March 31st, 2026.

[Company's Response to Notice of Administrative Action from the Consumer Affairs Agency]

The Company received a notice of administrative action from the Consumer Affairs Agency ordering the suspension of door-to-door sales and other actions related to service provision contracts for a period of three months from May 25th, 2023. Of the approximately 220,000 applications for electricity and gas services received by the Company between March 2021 and March 2022, the Company was found to be in violation of rules in six solicitation cases by outside sales partners to whom the Company had outsourced its sales activities. We sincerely apologize to all our stakeholders for any concern and inconvenience this may have caused.

We have always paid the utmost attention to compliance. Furthermore, after the investigation by the Consumer Affairs Agency last year, we promptly re-examined our compliance system to improve sales quality and measures to prevent inappropriate actions by the sales partners, and have introduced and implemented all the improvement and enhancement measures deemed appropriate and necessary by the end of March 2023.

We take this action by the Consumer Affairs Agency very seriously and will pay even closer attention to compliance

in our future business activities. We have grown by accumulating the trust of our customers in the local community and in the midst of energy deregulation. We will continue to do our utmost to earn the support of our stakeholders by enhancing our corporate value while cherishing the trust of our customers.

[Consolidated Financial Results]

During the three months ended June 30th, 2023, both sales and income increased over the same period last year.
(Millions of yen)

	Three months ended June 30th, 2022	Three months ended June 30th, 2023	YoY change	YoY change (%)
Net sales	44,789	47,131	2,342	5.2%
Gross profit	16,842	17,344	501	3.0%
Operating income	3,804	4,033	228	6.0%
Ordinary income	3,838	4,105	267	7.0%
Profit attributable to owners of parent	2,658	2,874	215	8.1%

For the three months ended June 30th, 2023, although both gas and electricity sales volume per customer decreased due to the warm weather, gross profit increased due to better LP gas margin (YoY) with a downward trend in raw material prices for LP gas, and the positive impact of the slide time lag in City gas business. All stages of profit under operating income also increased due to reduced selling, general and administrative expenses mainly as a result of narrowing down the sales focuses, despite higher personnel expenses due to salary increases and other factors.

[Results by Segment]

◇ LP Gas Business (including platform business as well as LP equipment and construction as ancillary business)

Gross profit from the LP gas business was ¥10,311 million (up ¥163 million year on year), and gross profit from the ancillary business was ¥848 million (up ¥1 million year on year).

The increase in gross profit from the LP gas business was due to the improvement of gross profit resulting from the downward trend in raw material prices since February 2023. Regarding sales, we are continuing to expand our customer base, narrowing our focus to families who are more likely to use electricity as a package. At NIPPON GAS, although the administrative action has resulted in a three-month suspension of sales visits starting May 25th, 2023, we are working to restore trust and strengthen relationships with our customers by politely responding to their inquiries. Since the announcement of the administrative action, there has been no significant change in the number of cancellations, and the total number of customers for the Group as a whole has increased by 23 thousand from the end of the first three months of the previous fiscal year to 977 thousand households.

		Three months ended June 30th, 2022	Three months ended June 30th, 2023	YoY change	YoY change (%)
Gross profit (millions of yen)	LP gas	10,147	10,311	163	1.6%
	Equipment, construction, platform, etc.	846	848	1	0.2%
Gas sales volume (1,000 tons)*	Household use	44.4	42.0	(2.3)	(5.4)%
	Commercial use	29.3	28.3	(0.9)	(3.4)%
No. of customers (1,000 customers)		954	977	23	2.4%

* 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 fiscal year.

◇ Electricity Business

Gross profit from the electricity business segment totaled ¥746 million (down ¥5 million year on year).

Gross profit from the electricity business decreased slightly, despite an increase in sales volume, due to higher costs, including wheeling costs and power purchase costs. In July 2023, the Company revised its retail sales rates in response to the rise in costs.

While securing appropriate gross profit, we plan to expand our customer base for package service of gas and electricity targeting families with high usage by strengthening telephone sales to existing customers and online applications.

Since last summer, the regulated rate had continued to be the most inexpensive due to the capping of the fuel cost

adjustment system. However, this situation has been resolved after TEPCO raised its rates in June 2023, and even the Company's rates were revised in July 2023. The price competitiveness to the level of regulated rates has returned, and the number of customers switching from regulated rates (i.e., new acquisitions) has recently been recovering gradually. The percentage of customers of package service of gas and electricity increased from 17.5% at the end of the first three months of the previous fiscal year to 20.0% at the end of period under review, and the number of customers increased by 35 thousand from the end of the first quarter of the previous year to 327 thousand.

		Three months ended June 30th, 2022	Three months ended June 30th, 2023	YoY change	YoY change (%)
Gross profit (millions of yen)	Electricity	751	746	(5)	(0.7)%
Electricity sales volume (GWh)*	Household use	252	258	6	2.3%
No. of customers (1,000 customers)		292	327	35	12.3%

* 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 fiscal year.

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

Gross profit from the city gas business segment was ¥5,223 million (up ¥380 million year on year), and gross profit from the ancillary business was ¥214 million (down ¥39 million year on year).

The increase in gross profit from the city gas business was due to the positive impact of the slide time lag as raw material prices turned to a down phase from the second half of the previous fiscal year.

		Three months ended June 30th, 2022	Three months ended June 30th, 2023	YoY change	YoY change (%)
Gross profit (millions of yen)	Gas	4,842	5,223	380	7.9%
	Equipment, construction, etc.	254	214	(39)	(15.7)%
Gas sales volume (1,000 tons)	Household use	45.9	38.9	(6.9)	(15.1)%
	Commercial use	48.6	50.1	1.5	3.1%
No. of customers (1,000 customers)		711	657	(54)	(7.6)%

(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 our assets as a priority.

- Total assets as of the end of first quarter of the fiscal year ending March 31st, 2024 decreased by ¥12.3 billion or 8.1% from the end of the previous fiscal year to ¥141.0 billion. The main decrease in assets was due to seasonal factors, which caused decreases of ¥7.8 billion in trade receivables and ¥1.7 billion in inventories.

- Total liabilities as of the end of first quarter of the fiscal year ending March 31st, 2024 decreased by ¥11.4 billion or 14.3% from the end of the previous fiscal year to ¥68.4 billion, and net assets decreased by ¥0.9 billion or 1.3% from the end of the previous fiscal year to ¥72.5 billion. The main factors for the decrease in liabilities were a ¥7.3 billion decrease in notes and accounts payable - trade and a ¥2.5 billion decrease in income taxes payable due to seasonal factors, as well as a ¥1.6 billion decrease in interest-bearing liabilities to ¥38.9 billion from the end of the previous period. The main factor for the decrease in net assets was progress in return of profits to shareholders in the form of dividend payments of ¥3.7 billion.

- The debt-to-equity ratio was 0.5 times, and the shareholders' equity ratio was 51.5%. While ensuring the stability of its financial base, the Company will pursue purchase of treasury shares from the second quarter onward 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 31, 2026).

(Millions of yen)			
	March 31st, 2023	June 30th, 2023	Change
Current assets	51,001	38,967	(12,034)
Of which, Cash and deposits	13,049	12,181	(868)
Trade receivables	25,435	17,561	(7,874)
Inventories	6,522	4,764	(1,758)
Non-current assets	102,427	102,109	(317)
Interest-bearing liabilities	40,582	38,921	(1,660)
Equity (Equity ratio)	73,524 (47.9%)	72,587 (51.5%)	(937)
Total assets	153,429	141,076	(12,352)

[Analysis of Cash Flows]

Balance of cash and cash equivalents as of the end of first quarter of the fiscal year ending March 31st, 2024 decreased by ¥912 million from the end of the previous fiscal year to ¥11,951 million.

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

Net cash provided by operating activities amounted to ¥6,812 million, up by ¥3,272 million year on year.

The main cause of the increased cash inflow was a decrease in procurement payments for raw materials during the down phase of raw materials prices for LP gas, and a decrease in consumption tax settlement payments.

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

Net cash used in investing activities amounted to ¥2,263 million, up by ¥70 million year on year, about the same level as in the previous fiscal year.

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

Net cash used in financing activities amounted to ¥5,465 million, down by ¥1,851 million year on year.

The main cause of the decreased cash outflow was the fact that the Company did not purchase treasury shares in the first quarter of the current fiscal year.

(Millions of yen)			
	Three months ended June 30th, 2022	Three months ended June 30th, 2023	Change
Cash flows from operating activities	3,539	6,812	3,272
Cash flows from investing activities	(2,334)	(2,263)	70
Cash flows from financing activities	(7,316)	(5,465)	1,851
Net increase (decrease) in cash and cash equivalents	(6,103)	(912)	5,191
Cash and cash equivalents at end of period	10,809	11,951	1,141

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

Regarding the financial results forecasts for the full year ending March 31st, 2024, no change has been made to those stated in the full-year consolidated financial results forecast released on April 27th, 2023.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2023 (As of Mar. 31, 2023)	Three months ended Jun. 30, 2023 (As of Jun. 30, 2023)
Assets		
Current assets		
Cash and deposits	13,049	12,181
Notes and accounts receivable - trade	25,435	17,561
Merchandise and finished goods	6,402	4,655
Raw materials and supplies	120	109
Other	6,126	4,556
Allowance for doubtful accounts	(132)	(96)
Total current assets	51,001	38,967
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,354	15,447
Machinery, equipment and vehicles, net	29,702	29,006
Tools, furniture and fixtures, net	609	586
Land	30,136	30,136
Leased assets, net	6,227	5,955
Construction in progress	588	746
Total property, plant and equipment	82,618	81,878
Intangible assets		
Goodwill	2,176	1,946
Other	5,947	6,606
Total intangible assets	8,124	8,552
Investments and other assets		
Investment securities	2,687	2,786
Other	15,396	16,017
Allowance for doubtful accounts	(6,399)	(7,125)
Total investments and other assets	11,685	11,677
Total non-current assets	102,427	102,109
Total assets	153,429	141,076

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2023 (As of Mar. 31, 2023)	Three months ended Jun. 30, 2023 (As of Jun. 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,312	10,679
Electronically recorded obligations - operating	3,838	3,107
Short-term loans payable	500	2,000
Current portion of long-term debt	11,009	11,032
Income taxes payable	3,687	1,163
Provision for bonuses	309	401
Other	9,084	9,075
Total current liabilities	45,741	37,459
Non-current liabilities		
Long-term loans payable	22,220	19,336
Provision for share-based compensation	1,218	1,166
Provision for gas holder repairs	209	222
Provision for loss on voluntary recall of products	181	145
Net defined benefit liability	3,336	3,405
Other	6,995	6,752
Total non-current liabilities	34,162	31,029
Total liabilities	79,903	68,489
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	5,860	5,860
Retained earnings	65,261	61,975
Treasury shares	(4,580)	(2,051)
Total shareholders' equity	73,611	72,854
Accumulated other comprehensive income		
Deferred gains or losses on hedges	-	(172)
Foreign currency translation adjustment	(65)	(74)
Remeasurements of defined benefit plans	(21)	(19)
Total accumulated other comprehensive income	(86)	(266)
Non-controlling interests	0	0
Total net assets	73,525	72,587
Total liabilities and net assets	153,429	141,076

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	For the three months ended Jun. 30, 2022 (from Apr. 1, 2022 to Jun. 30, 2022)	For the three months ended Jun. 30, 2023 (from Apr. 1, 2023 to Jun. 30, 2023)
Net sales	44,789	47,131
Cost of sales	27,946	29,787
Gross profit	16,842	17,344
Selling, general and administrative expenses	13,037	13,310
Operating income	3,804	4,033
Non-operating income		
Interest income	0	0
Dividend income	1	1
Real estate rent	16	17
Insurance income	3	5
Foreign exchange gains	18	12
Share of profit of entities accounted for using equity method	13	31
Other	16	36
Total non-operating income	70	105
Non-operating expenses		
Interest expenses	35	31
Other	1	2
Total non-operating expenses	37	34
Ordinary income	3,838	4,105
Extraordinary income		
Gain on sales of non-current assets	2	3
Total extraordinary income	2	3
Extraordinary losses		
Loss on sales of non-current assets	2	-
Loss on retirement of non-current assets	14	21
Total extraordinary losses	17	21
Profit before income taxes	3,823	4,087
Income taxes - current	1,014	1,046
Income taxes - deferred	150	166
Total income taxes	1,164	1,213
Profit	2,658	2,874
Loss attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	2,658	2,874

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	For the three months ended Jun. 30, 2022 (from Apr. 1, 2022 to Jun. 30, 2022)	For the three months ended Jun. 30, 2023 (from Apr. 1, 2023 to Jun. 30, 2023)
Profit	2,658	2,874
Other comprehensive income		
Valuation difference on available-for-sale securities	(58)	–
Deferred gains or losses on hedges	–	(172)
Remeasurements of defined benefit plans, net of tax	2	1
Share of other comprehensive income of entities accounted for using equity method	(164)	(9)
Total other comprehensive income	(220)	(180)
Comprehensive income	2,438	2,694
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,438	2,694
Comprehensive income attributable to non-controlling interests	(0)	(0)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

Account	For the three months ended Jun. 30, 2022 (from Apr. 1, 2022 to Jun. 30, 2022)	For the three months ended Jun. 30, 2023 (from Apr. 1, 2023 to Jun. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	3,823	4,087
Depreciation	2,492	2,392
Amortization of goodwill	350	230
Increase (decrease) in allowance for doubtful accounts	898	689
Increase (decrease) in net defined benefit liability	67	69
Increase (decrease) in provision for share-based compensation	(10)	(52)
Increase (decrease) in allowance for loss on voluntary recall of products	(28)	(35)
Interest and dividend income	(2)	(2)
Interest expenses	35	31
Foreign exchange losses (gains)	(7)	(4)
Share of (profit) loss of entities accounted for using equity method	(13)	(31)
Loss (gain) on sales of non-current assets	(0)	(3)
Loss on retirement of non-current assets	14	21
Decrease (increase) in notes and accounts receivable - trade	4,475	7,874
Decrease (increase) in inventories	(868)	1,756
Decrease (increase) in accounts receivable - other	432	1,284
Increase (decrease) in notes and accounts payable - trade	(2,304)	(7,363)
Increase (decrease) in accrued consumption taxes	(1,018)	(233)
Other, net	(1,251)	(647)
Subtotal	7,085	10,063
Interest and dividend income received	2	2
Interest expenses paid	(37)	(33)
Income taxes paid	(3,510)	(3,220)
Net cash provided by (used in) operating activities	3,539	6,812
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,020)	(1,531)
Proceeds from sales of property, plant and equipment	4	4
Purchase of intangible assets	(602)	(1,003)
Purchase of goodwill	(105)	-
Purchase of investment securities	(598)	(67)
Proceeds from sales of investment securities	-	334
Payments of loans receivable	(4)	(0)
Collection of loans receivable	14	4
Other, net	(21)	(4)
Net cash provided by (used in) investing activities	(2,334)	(2,263)

(Millions of yen)

Account	For the three months ended Jun. 30, 2022 (from Apr. 1, 2022 to Jun. 30, 2022)	For the three months ended Jun. 30, 2023 (from Apr. 1, 2023 to Jun. 30, 2023)
Cash flows from financing activities		
Increase in short-term loans payable	4,500	11,000
Decrease in short-term loans payable	(2,500)	(9,500)
Repayments of long-term loans payable	(4,326)	(2,860)
Purchase of treasury shares	(1,703)	-
Cash dividends paid	(2,921)	(3,732)
Other, net	(365)	(372)
Net cash provided by (used in) financing activities	(7,316)	(5,465)
Effect of exchange rate change on cash and cash equivalents	7	4
Net increase (decrease) in cash and cash equivalents	(6,103)	(912)
Cash and cash equivalents at beginning of period	16,912	12,863
Cash and cash equivalents at end of period	10,809	11,951

(4) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

None.

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

Retirement of Treasury Shares

The Company resolved at the meeting of the Board of Directors held on April 27th, 2023 to retire treasury shares pursuant to the provisions of Article 178 of the Companies Act and retired 1,286,600 treasury shares on May 18, 2023. As a result, retained earnings and treasury shares decreased by ¥2,417 million each.

As a result, treasury shares amounted to ¥2,051 million at the end of the first quarter of the fiscal year ending March 31st, 2024.

(Segment Information, etc.)

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

For the three months ended June 30th, 2022 (from April 1st, 2022 to June 30th, 2022)

(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, 2022 to the June meter reading date	14,535	5,598	15,747	35,881
b. Revenue generated from the June meter reading date to June 30th, 2022	3,512	1,680	–	5,193
Total	18,048	7,278	15,747	41,074
(2) Equipment, construction contracts, platform, etc.	2,510	–	1,204	3,714
Revenue from contracts with customers	20,558	7,278	16,952	44,789
Net sales to outside customers	20,558	7,278	16,952	44,789
Segment income	10,994	751	5,096	16,842

For the three months ended June 30th, 2023 (from April 1st, 2023 to June 30th, 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 June meter reading date	13,680	7,106	16,854	37,642
b. Revenue generated from the June meter reading date to June 30th, 2023	3,611	1,784	–	5,396
Total	17,292	8,891	16,854	43,038
(2) Equipment, construction contracts, platform, etc.	2,856	–	1,236	4,093
Revenue from contracts with customers	20,148	8,891	18,091	47,131
Net sales to outside customers	20,148	8,891	18,091	47,131
Segment income	11,159	746	5,437	17,344

(Note) For sales in the LP gas and electricity businesses, revenue is recognized from the date of meter reading to the end of the fiscal year based on a reasonable estimate of revenue from the date of meter reading to the end of the fiscal year in accordance with the adoption of the Accounting Standard for Revenue Recognition, and for sales in the city gas business, revenue is recognized based on the meter reading date standard in accordance with the Regulation on Accounting at Gas Utilities.

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

(Millions of yen)

Income	Three months ended June 30th, 2022	Three months ended June 30th, 2023
Reporting segment total	16,842	17,344
Selling, general and administrative expenses	13,037	13,310
Operating income in the consolidated statement of income	3,804	4,033

(Significant Subsequent Events)

(Purchase of Treasury Shares)

The Company resolved at the meeting of the Board of Directors held on July 27th, 2023 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.

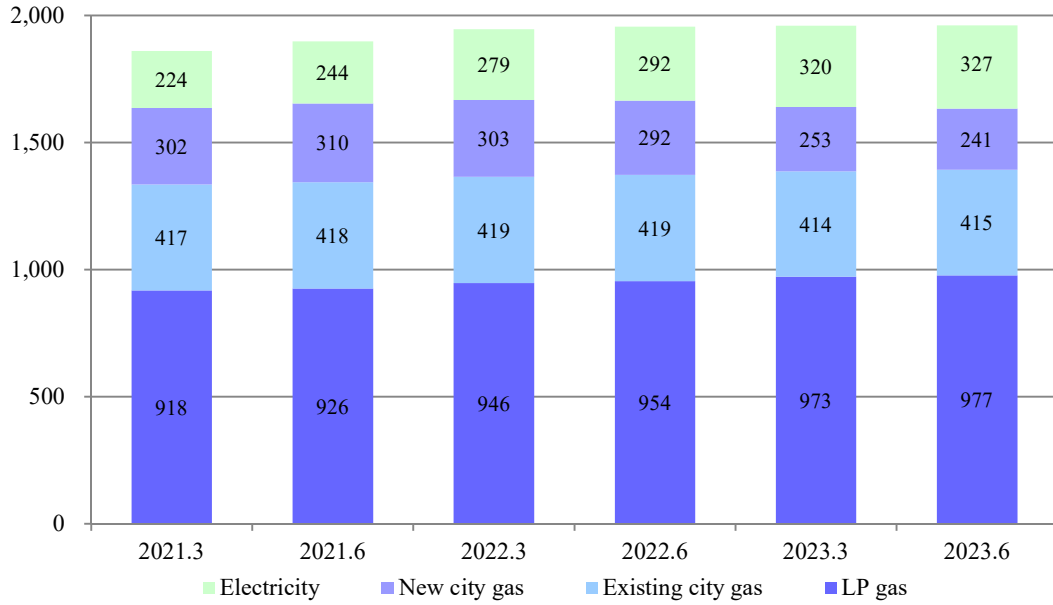
(2) Details of the matters associated with the purchase

- 1) Class of shares to be purchased: Common shares of the Company
- 2) Total number of shares to be purchased: 2,000,000 shares (upper limit)
- 3) Total cost of share purchase: ¥3,000 million (upper limit)
- 4) Purchase period: July 28th, 2023 to October 31st, 2023
- 5) Method of purchase: Market purchase under discretionary transaction agreements for share repurchase

3. Others

(Unit: 1,000 households)

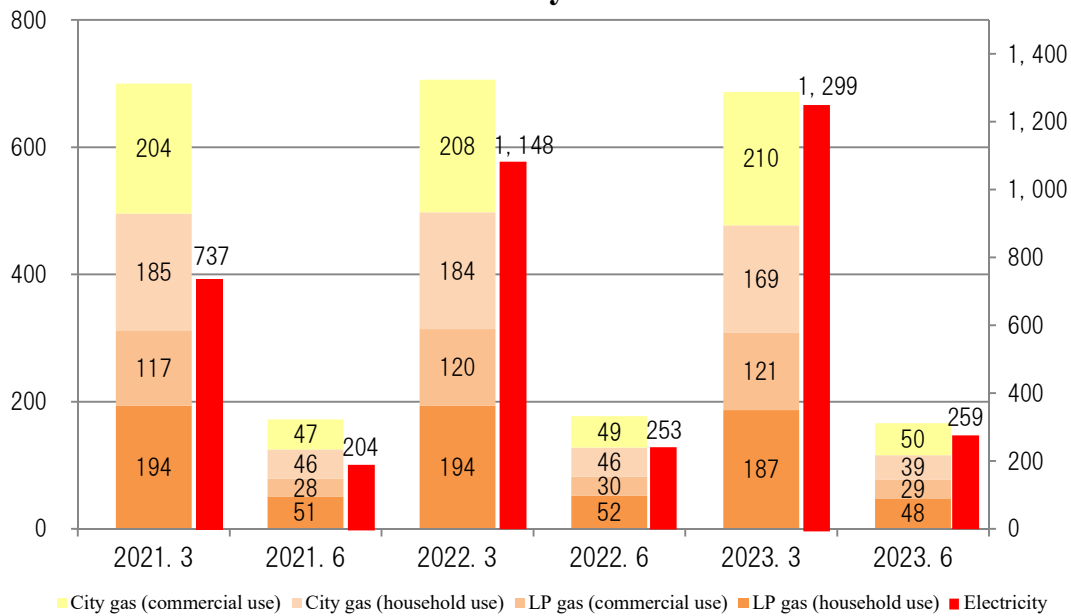
Number of Consumer Households



(Unit: 1,000 tons)

Gas / Electricity Sales Volume

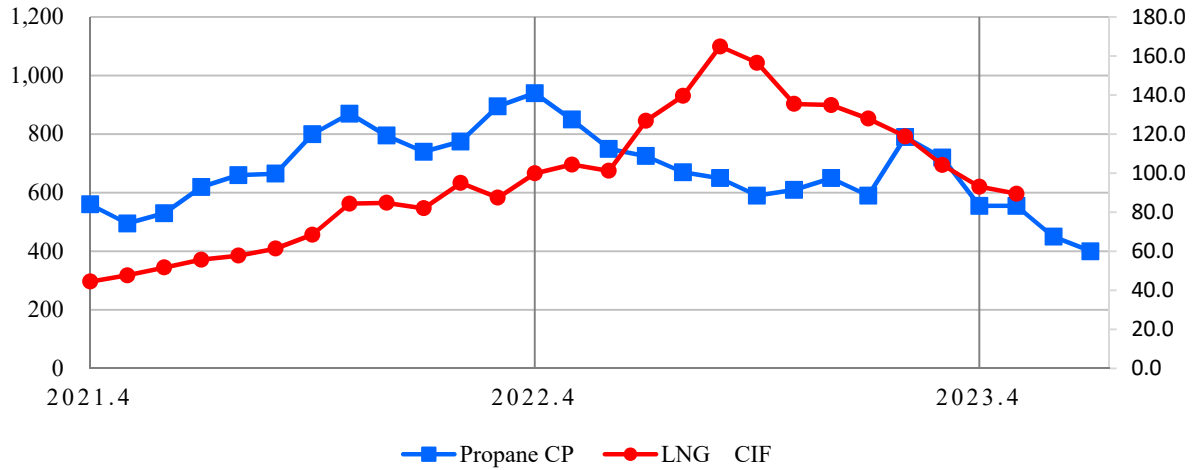
(Unit: GWh)



(Unit: \$/t)

Raw Material Prices

(Unit: ¥000/t)



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