



October 31st, 2023

## **Notice Regarding Company Split** **(Simplified Absorption-type Company Split) to Subsidiary Company**

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. ("NICIGAS") hereby announces that it concluded the Absorption-type Company Split Agreement, effective January 1st, 2024, with Kumono Ucyusen Co., Ltd. ("Kumono Ucyusen"), a wholly owned subsidiary to transfer its system business, including system planning, development, maintenance and operation to Kumono Ucyusen, in accordance with the resolution of the Board of Directors Meeting held today ("the Company Split"). Since the Company Split is a Simplified Absorption-type Company Split in which NICIGAS will transfer the business to its wholly owned subsidiary, the disclosed matters and contents are partially omitted.

### **1. Aim of the Company Split**

NICIGAS recognizes that "DX is the most important initiative not only to improve its productivity, but also to enhance its corporate value through solving social issues and creating new value" and it strategically increases its investment in intangible assets such as DX. As stated in the "Notice Regarding Reorganization of NICIGAS and its Consolidated Subsidiaries (Company Split, Absorption-type Company Merger)" released on April 27th, 2023, NICIGAS will transform its existing business model and challenge to (1) evolve its business into "Energy Solution" that proposes optimal energy use to customers and (2) evolve into "Platform business" that optimizes the infrastructure of the entire energy industry by creating an environment for sharing NICIGAS' highly efficient operations with other companies ("NICIGAS3.0").

The key to challenge the new business model lies in IT. Through the Company Split, NICIGAS' IT know-how and human resources will be consolidated into an independent company and this will promote co-creation with outside companies that hold cutting-edge technology and will accumulate a high level of IT know-how in Kumono Ucyusen. NICIGAS believes that the specialized IT company, Kumono Ucyusen, will not only attract external IT professionals, but also will provide significant growth opportunities for internal IT human resources, and as a result, will strongly encourage their skill development and create significant synergies for the entire group.

NICIGAS will evolve its business structure into an Energy Solution business and a Platform business through the group reorganization. Regardless of the type of business, IT is at the core of solving social issues, and NICIGAS believes that the consolidation of IT know-how in Kumono Ucyusen will lead to growth of its entire group.

### **2. Outline of the Company Split**

#### 1) Schedule of the Company Split

Date of the resolution of the Board of Directors (the Splitting Company) to approve the Absorption-type Company Split Agreement	October 31st, 2023
Extraordinary general meeting of shareholders (the Succeeding Company) to approve the Absorption-type Company Split Agreement	October 31st, 2023
Date of conclusion of the Absorption-type Company Split agreement	October 31st, 2023
Effective date of the absorption-type Company Split	January 1st, 2024 (scheduled)

\* NICIGAS (as the Splitting Company) will not adopt an approval resolution at a general meeting of shareholders, as NICIGAS splits amounts to a simplified Company Split under Article 784, Paragraph 2 of the Companies Act.

#### 2) Method of the Company Split

The Absorption-type Company Split involves NICIGAS as the Splitting Company and Kumono Ucyusen as the Succeeding Company.

3) Details of the allotment related to the Company Split

Kumono Ucyusen, the Succeeding Company, will issue 20 thousand common shares and allot all the shares to NICIGAS in the Company Split.

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

None.

5) Changes to capital stock associated with the Company Split

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

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

Kumono Ucyusen will succeed to the rights and obligations including assets, liabilities, and contractual status of the succeeding businesses as set forth in the Absorption-type Company Split Agreement.

7) Prospects of fulfillment of obligations

NICIGAS has determined that the Succeeding Company will have no problems with fulfilling its obligations under the Company Split.

**3. Overview of the Companies Involved in the Company Split (As of March 31st, 2023)**

	The Succeeding Company	The Splitting Company
(1) Name	Kumono Ucyusen Co., Ltd.	Nippon Gas Co., Ltd.
(2) Address	4-31-8, Yoyogi, Shibuya-ku, Tokyo	4-31-8, Yoyogi, Shibuya-ku, Tokyo
(3) Representative	Keiichi Yoshida Representative Director, Chief Executive Officer	Kunihiko Kashiwaya Representative Director, Chief Executive Officer
(4) Nature of business	System Planning, System Development, Maintenance, etc.	LP Gas Business, Electricity Business, City Gas Business, etc.
(5) Capital	¥50.00 million	¥7,070 million
(6) Founded	June 15th, 2012	July 29th, 1955
(7) Number of shares issued	1,000 shares	115,317,098 shares
(8) Fiscal year end	March 31st	March 31st
(9) Major shareholders and shareholding ratio <sup>*1</sup>	Nippon Gas Co., Ltd. 99% <sup>*2</sup>	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%
(10) Financial position and results of operations for the most recent fiscal year		
Fiscal year end	Ended March 31st, 2023 (Non-consolidated basis)	Ended March 31st, 2023 (Consolidated basis)
Net asset	¥259 million	¥73,525 million
Total assets	¥305 million	¥153,429 million
Net assets per share	¥259,759	¥645.82
Net sales	¥423 million	¥207,890 million

Operating income	¥81 million	¥15,215 million
Ordinary income	¥81 million	¥15,401 million
Profit	¥54 million	¥10,628 million
Basic earnings per share	¥54,098.85	¥93.13

\*1 Shareholding ratio of major shareholders of NICIGAS was calculated excluding the number of treasury shares.

\*2 Kumono Ucyusen is wholly owned by NICIGAS as of October 31st, 2023.

#### 4. Overview of the Business Units to be Split

1) Details of business to be split

System business

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

Net sales      ¥732 million

(Note) External sales are stated.

3) Description and amounts of assets and liabilities to be split

Current assets ¥ - million      Current liabilities ¥278 million

Non-current assets      ¥6,009 million      Non-current liabilities      ¥ - million

\* The amounts listed above are as of September 30th, 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.

#### 5. Status of companies after the Company Split

There will be no change in the company names, addresses, representatives, nature of businesses (excluding the target business of the Company Split), capital and fiscal year end of NICIGAS (the Splitting Company) and the Succeeding Company under the Absorption-type Company Split after the Company Split.

#### 6. Forecasts

As stated in “Notice Regarding Reorganization of NICIGAS and its Consolidated Subsidiaries (Company Split, Absorption-type Company Merger)” released on April 27th, 2023, NICIGAS estimates extraordinary loss of ¥ 2,500 million for the reorganization and there will be no change in the cost for the reorganization due to the Company Split. The impact on Consolidated Financial Results due to the Company Split would be immaterial.

(Reference)

Consolidated Financial Results Forecast for the Fiscal Year Ending March 31st, 2024 (disclosed on October 31st, 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 March 31st, 2024	210,000	18,700	18,700	11,000
Fiscal year ended March 31st, 2023	207,890	15,215	15,401	10,628