

Review of Medium-Term Management Plan 2023

Based on “Co-create Value for a Sustainable Future” and “Evolve Our Corporate Group” our priority strategies declared in the previous plan, Medium-Term Management Plan 2023, we made progress in various initiatives for the realization of a sustainable society and achieved our management indicator targets. In the coming years, we will expand the scopes of our business activities to respond to newly emerged changes, such as accelerating carbon neutral initiatives and diversifying ways of work.

<p>Co-create Value for a Sustainable Future</p>	<p>Achieving a low-carbon/carbon neutral society</p> <ul style="list-style-type: none"> Promoting supply chain development in Japan and overseas for the practical application of e-methane Expanded renewable energy business and achieved FY2024.3 target of 2.5 GW renewable energy development contribution 	<p>Establishing lifestyles and businesses adjusted to the new normal</p> <ul style="list-style-type: none"> Developed new services and achieved 10 million customer accounts ahead of schedule LBS Business expanded business fields as next core business area after energy 	<p>Enhancing the resilience of customers and society</p> <ul style="list-style-type: none"> Conducted inspection of operations and maintenance work and made improvements to work systems Procured LNG in larger volumes to address risks of reduced procurement volumes and supply shortages
	<p>Evolve Our Corporate Group</p>	<p>Enhancing business portfolio management</p> <ul style="list-style-type: none"> Boosted profit contribution of the International Energy Business and expanded the gas and electricity business to a wider area Promoted autonomous growth of individual business units and achieved FY2024.3 target of ROIC 5% 	<p>Promoting business transformation with DX</p> <ul style="list-style-type: none"> Strengthened DX promotion structure, including establishment of DX Strategy Dept. and launch of Daigas X initiatives Provided digital talent training to employees

Management indicator targets of Medium-Term Management Plan 2023

		FY2024.3 targets	FY2024.3 results	Change
Profitability indicators	ROIC ¹ (ref.: ROE)	Approx. 5% (approx. 7.5%)	6.1% (7.6%) ²	+1.1% (+0.1%)
Shareholder returns	Dividend payout ratio ³	30% or higher	30.4% ⁴	+0.4%
Financial soundness indicators	D/E ratio ⁵	Approx. 0.7	0.51	-0.19
	Shareholders' equity ratio ⁵	Approx. 50%	55.9%	+5.9%

*1 ROIC = (Ordinary profit - Interest expenses/income - Income taxes) ÷ (Interest-bearing debts + Shareholders' equity)

Interest-bearing debts exclude risk-free leased liabilities to us.

One-time impacts on Domestic Energy Business excluded.

*2 FY2024.3 results including time-lag impact are ROIC 7.0% and ROE 8.9%.

*3 Impact from short-term profit fluctuation factors excluded.

*4 FY2024.3 result including time-lag impact is 25.7%.

*5 Calculated with 50% of issued hybrid bonds as equity.

Response to social changes and business issues that have emerged since the announcement of the previous medium-term management plan

<p>Decline in labor force, accelerating diversification in ways of work</p> <ul style="list-style-type: none"> Acquisition and development of human resources from a medium- to long-term perspective Promoting DE&I 	<p>Growing calls for resolving social issues</p> <ul style="list-style-type: none"> Leadership in working towards carbon neutrality Continuation of a stable energy supply 	<p>Increased uncertainty, necessity of continuous evolution</p> <ul style="list-style-type: none"> Evolution and enhanced resilience of business portfolio Governance enhancement Promotion of DX
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