



June 25th, 2024

Notice Regarding Repurchase of the Company's Own Shares and Cancellation of its Treasury Stocks

(Repurchase of Company's Own Shares in Accordance with the Article of Incorporation pursuant to Article 165-2 of the Companies Act, and cancellation of treasury stock pursuant to Article 178 of the Companies Act)

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 its Board of Directors meeting held on June 25, 2024 made a resolution on (1) the repurchase its own shares (maximum: 3.0 billion yen), pursuant to Article 156 of the Companies Act of Japan as modified by the provision of Article 165, Paragraph 3 of the same Act and (2) the cancellation of its treasury stocks of 2,489,900 shares, pursuant to Article 178 of the Companies Act.

1. The reason for the repurchase and cancellation of stocks

NICIGAS has set return on equity (ROE) as its most important financial KPI, and in order to increase ROE, it has been thoroughly implementing a capital policy of "not holding unnecessary shareholders' equity" while striving to improve return on invested capital (ROIC). On the asset side, it has been raising overall profitability by replacing lower profit generating assets with higher profit generating assets, without largely expanding the total asset amount. On the financing side, it sets an appropriate capital-to-asset ratio based on business conditions, and does not hold unnecessary shareholders' equity.

During the three-year plan from FYE 03/24 to FYE 03/26, further developing this policy, NICIGAS plans to optimize capital-to-asset ratio by reducing it from 48% in FYE 03/23 to 40% in FYE 03/26. The ratio at the end of March 2024 was 46%.

Regarding return to shareholders, placing emphasis on dividends, NICIGAS plans to achieve a total return of more than 100% to net income over the three years plan. For FYE 03/24, NICIGAS announced the return of 14.4 billion yen (total return of 133%) to net income of 10.8 billion yen, with an annual dividend of 75 yen per share (an increase of 10 yen over the previous year) and repurchase shares of 5.9 billion yen (of which, 0.8 billion yen was repurchased in April 2024). For FYE 03/25, NICIGAS plans an annual dividend of 92.5 yen per share (an increase of 17.5 yen over the previous year) and continues high level of shareholder returns by implementing share buybacks at appropriate timing.

NICIGAS recognizes that the improvement of corporate value is achieved by increasing profit, while not holding unnecessary shareholders' equity with enhancement of the return on assets. NICIGAS will continue to develop a capital policy that will be supported by the shareholders.

2. Details of the share to be repurchased

(1) Class of shares to be repurchased	Common shares
(2) Total number of shares to be repurchased	1,500,000 shares (maximum) (Equivalent to 1.3% of outstanding shares, excluding treasury stocks)
(3) Total repurchase amount	3.0 billion yen (maximum)
(4) Repurchase period	From June 26th, 2024 to December 31st, 2024
(5) Repurchase method	Market purchases at the Tokyo Stock Exchange

3. Details of cancellation of treasury stocks

(1) Class of shares to be cancelled	Common shares
(2) Total number of shares to be cancelled	2,489,900 shares (Equivalent to 2.2% of outstanding shares, excluding treasury stocks)
(3) Scheduled date of cancellation	July 24th, 2024

(Reference Info.) Treasury stocks held as of May 31st, 2024

Total number of outstanding shares (excluding treasury stocks)	111,493,233 shares
Number of treasury stocks (*)	3,823,865 shares

(*) The number of treasury stocks includes 1,219,485 shares of treasury stocks held by the board incentive plan (BIP Trust).