

Medium-Term Management Plan 2023

Medium-Term Management Plan 2023 as a Momentum Builder

Under the Medium-Term Management Plan 2023, we strive to build up momentum for a further growth of our business as a corporate group that provides solutions to achieving a sustainable society, focusing on creating value for a sustainable future with our stakeholders.

Key Strategy

I . Co-create Value for a Sustainable Future

Pursuing the creation of value for solving social issues alongside stakeholders.

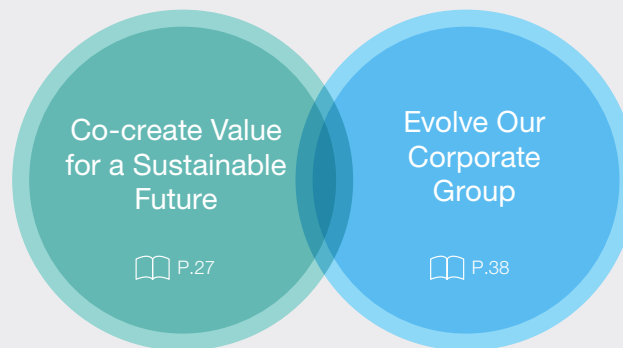
II . Evolve Our Corporate Group

Building a robust business portfolio and strengthening the management foundation to support the enhancement of our business portfolio management.

Key Initiatives

Cooperate with stakeholders globally

- Achieving a Low Carbon / Carbon Neutral Society  P.27
- Establishing Lifestyles and Businesses Adjusted to the New Normal  P.34
- Enhancing Resilience of Customers and Society  P.36



- Enhancing Business Portfolio Management  P.38
- Promoting Business Transformation with DX  P.40
- Maximizing Value for Each Employee  P.42

Key points

Achieving approx. 5% in ROIC; Increasing cash flows from operating activities by 50%*; Distributing shareholder returns when we achieve profit growth

*Total amount from FY2022.3 - FY2024.3 divided by Total forecasts from FY2019.3 - FY2021.3

Management Indicators

Indicators are as of March 2021, when the Medium-Term Management Plan 2023 was formulated and announced.

We aim to enhance our earning capabilities through growth of our existing business and growth by investment and to ensure shareholder returns depending on our profit growth while maintaining our financial soundness. We also strive to achieve growth in each of our business segments, which are Domestic Energy, International Energy, and Life & Business Solutions.

		FY2021.3 Forecasts	FY2024.3 Plan
Profitability indicators	ROIC*1 (Reference) ROE	4.2% (7.0%)	Approximately 5% (Approximately 7.5%)
Shareholder returns	Payout ratio	30.5%	30% or higher*2
Financial soundness indicators	D/E ratio*3	0.65	Approximately 0.7
	Shareholders' equity ratio*3	50.1%	Around 50%

*1 ROIC = NOPAT / Invested capital

NOPAT = Ordinary profit + Interest expenses - Interest income - Income taxes

Invested capital = (Business unit) Working capital + Non-current assets

(Group-wide) Interest-bearing debts + Shareholders' equity (average of the beginning and the end of each fiscal year)

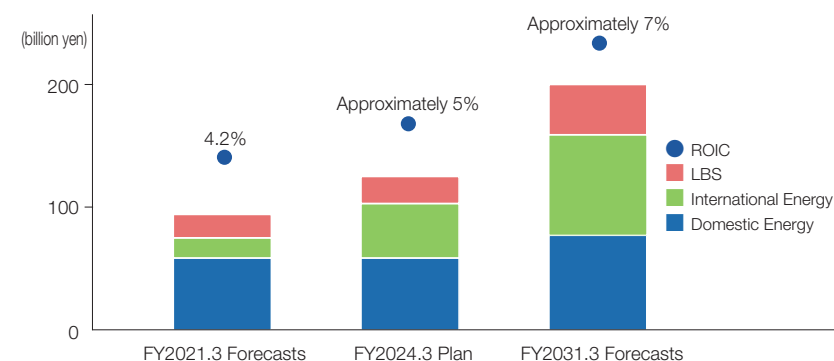
Interest-bearing debts excludes risk-free leased liabilities to us.

Excluding temporary impact on Domestic Energy Business (time-lag effect of Gas Business and Electricity Business).

*2 Excluding short-time fluctuation factors that affect profits

*3 Calculated with 50% of issued hybrid bonds as equity

Forecasts for ordinary profit by segment**



*4 Excluding temporary impact. (Time-lag effect of Gas Business and Electricity Business)

We aim to achieve proper capital allocation to secure sufficient funds for investment and shareholder returns while minimizing external borrowing by enhancing our capabilities to increase cash flows from operational activities as well as replacing our assets.

Cash In

Maintain financial soundness by reducing borrowing from financial institutions through asset replacement and growth of cash flows from operating activities. (Increasing cash flows from operating activities by 50% from the previous period)

Cash Out

Implement strategic and selective investment for business growth in light of investment efficiency.

- Decarbonization area (Renewable energy in domestic and overseas, etc.)
- Areas where steady earnings contribution is expected (Business in North America, power source development, LBS business, etc.)
- New growth areas where strengths can be utilized, such as Asia

[Breakdown of investment for growth]

(billion yen)

FY2019.3 - 2021.3 Forecasts	Domestic Energy 158.3	International Energy 250.3	LBS 115.6	524.0
FY2022.3 - 2024.3	174.0	168.0	158.0	500.0

As for investment for quality improvement, we intend to increase investment in decarbonization, DX, and resilience enhancement.

We strive to distribute shareholder returns depending on our profit growth and in accordance with the Shareholder Return Policy*.

*Maintain stable dividends, a consolidated dividend payout ratio of 30% or higher