

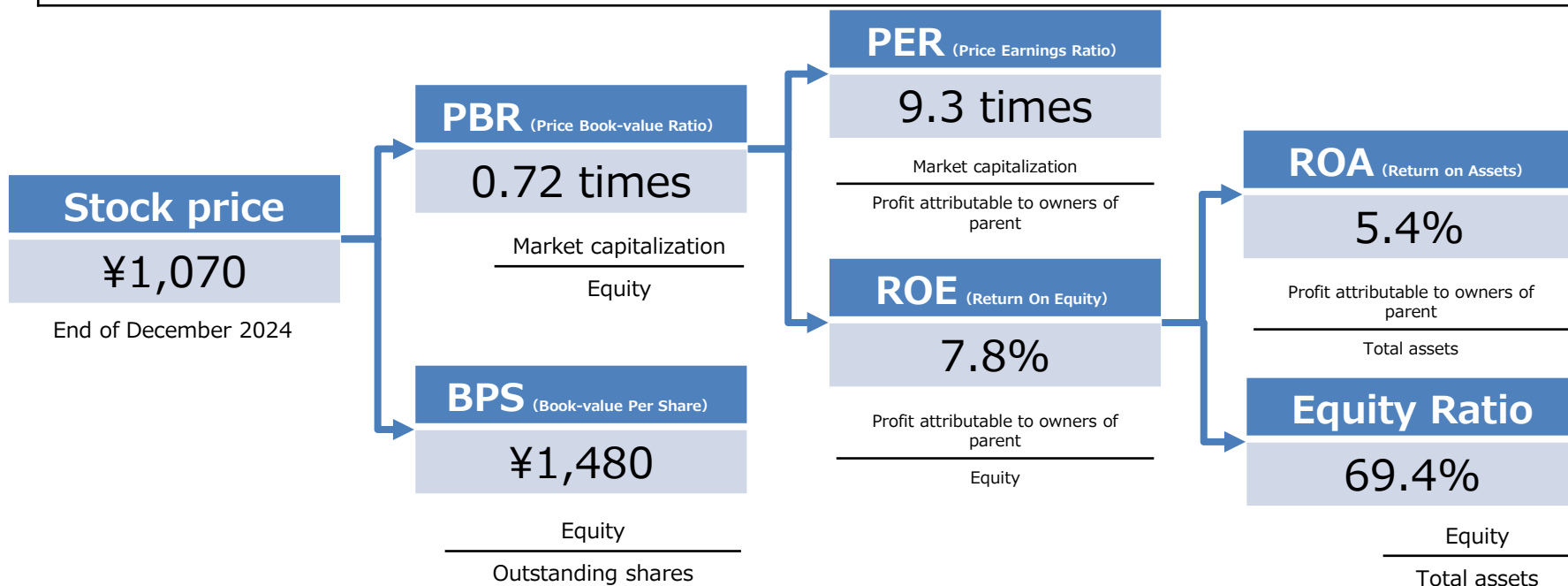
**Action to Implement Management
that is Conscious of Cost of Capital
and Stock Price**

SHIZUOKA GAS CO.,LTD.

Action to Implement Management that is Conscious of Cost of Capital and Stock Price①

(1) Current situation analysis

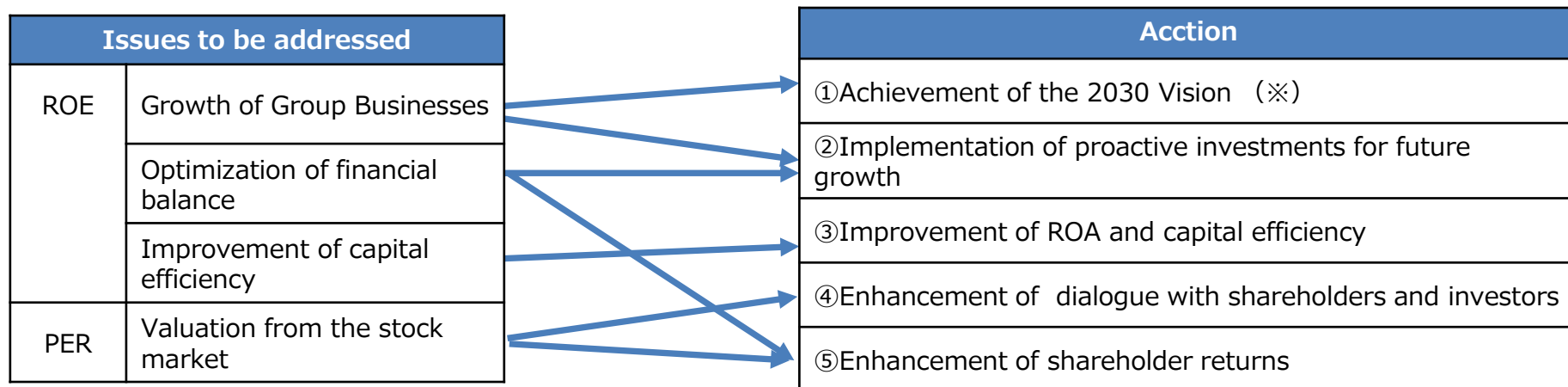
- Our group is steadily promoting business expansion with a focus on energy, while the PBR stands at 0.72 times, remaining below the level of 1.
- With regard to the two indicators (PER and ROE) that make up PBR, the PER is lower than the average of 17.0 times the TSE Prime (December 2024) and the ROE is only 7.8%, and we believe that we need to work to improve them.
- While the Group's capital adequacy ratio is 69.4%, which is a strong financial base, we recognize that financial leverage is at a low level. In order to improve ROE, we believe that it is necessary to optimize the financial balance of the Group in addition to improving ROA.



(2) Direction towards enhancing corporate value

- In order to improve PBR and increase corporate value, our group will further promote initiatives to improve efficiency and profitability, enhance dialogue with the market, and meet the expectations of shareholders and investors.
- Specifically, we will actively expand our business domains to grow our business and increase our earnings, as well as improve ROE by improving investment efficiency and optimizing our financial balance.
- In addition, we will steadily implement aggressive investments for future growth and present our growth strategy to shareholders and investors in order to improve our PER ratio.

$$\begin{array}{c} \text{PBR} \\ \text{(Price Book-value Ratio)} \end{array} = \begin{array}{c} \text{ROE} \\ \text{(Return On Equity)} \end{array} \times \begin{array}{c} \text{PER} \\ \text{(Price Earnings Ratio)} \end{array}$$



※ 2030 Vision : <https://ir.shizuokagas.co.jp/en/company/Strategy.html>

(3) Initiatives aimed at enhancing corporate value

① Achievement of the 2030 Vision

- We will steadily execute our business plan and achieve our 2030 vision of 13.0 billion yen in consolidated ordinary profit at the earliest possible time.

② Implementation of proactive investments for future growth

- We will actively invest in expanding our business areas and growth, while also aiming to optimize our financial balance.

③ Improvement of ROA and capital efficiency

- We will set ROIC for each business and promote progress management to improve capital efficiency and profitability.
- We will reduce our policy-held shares, dispose of idle assets, and utilize the proceeds from sales for growth Investments.

④ Enhancement of dialogue with shareholders and investors

- By actively disseminating information, including non-financial information, and engaging in dialogue, we will utilize the opinions of shareholders and investors in our management.

⑤ Enhancement of shareholder returns

- We will enhance shareholder returns such as dividends, taking into account requests from the capital markets and our capital structure.

■ Improvement of profitability and efficiency.

- 2030 Vision Early achievement
- Proactive investment for growth

- Improved financial balance
- Improvement of capital efficiency

ROE above 8%

■ Improvement of market valuation

Improvement of PER

- Enrichment of dialogue opportunities
- Proactive information dissemination

- Enhancement of shareholder returns (Progressive dividends・Target payout ratio of 30%)