



April 27th, 2021

Notice Regarding the Reduction of Cross-shareholdings Stocks **during FYE 03/21 and a Plan for FYE 03/22**

Company name: NIPPON GAS CO., LTD.

Code number: 8174

Stock exchange listing: Tokyo Stock Exchange

Representative: Shinji Wada, Representative Director, Chief Executive Officer

Contact: Shinichi Kiyota, Executive Officer

Nippon Gas Co., Ltd. (“NICIGAS”) hereby announces the reduction of Cross-shareholdings Stocks during FYE 03/21 and a plan for the reduction during FYE 03/22.

1. Rationale for the Reduction of Cross-shareholdings Stocks

NICIGAS has a policy not to hold its Cross-shareholdings Stocks in principle, based on the Practical Guidelines for Corporate Governance Systems. In line with this policy, it has been reducing Cross-shareholdings stocks since 2017. In addition, NICIGAS has also been reducing NICIGAS’ stocks owned by counterparties as Cross-shareholdings Stocks since it strongly believes that the reduction would bring further discipline to its management and would improve its medium- to long-term Enterprise Value.

2. The Reduction of Cross-shareholdings Stocks to Date

NICIGAS has sold 18 Cross-shareholdings Stocks during the past 4 years from FYE 03/18 to FYE 03/21. The number of stocks NICIGAS has sold to date is 96% of stocks NICIGAS held as Cross-shareholdings stocks at the end of March 2017. In addition, 10 million of NICIGAS’ stocks owed by counterparties, which is equivalent to 25% of its outstanding shares of c.40 million, were sold. Consequently, it raised tradable shares* portion by more than 20% during the 4 years from FYE 03/18 to FYE 03/21.

*Tradable shares after reviewing the definition at “Development of Listing Rules for Cash Equity Market Restructuring (second set of revisions)”.

During FYE 03/21, in addition to financial institutions, NICIGAS also reduced Cross-shareholdings Stocks of gas related (its core business) companies in order to further advance the initiative. As a result, NICIGAS sold 239 thousand of financial institutions’ stocks and 506 thousand of other non-financial institutions’ stocks in the stock market. Moreover, 2,137 thousand NICIGAS’ stocks owned by financial institutions and 1,264 thousand stocks owned by other non-financial institutions were also sold in the market.

3. Plan for the Reduction of Cross-shareholdings Stocks during FYE 03/22

NICIGAS plans to complete the entire reduction of Cross-shareholdings Stocks during FYE 03/22, which is the final stage of this initiative.