Special Feature

Daigas Group Energy Transition 2050

The Daigas Group has announced its ambition to achieve carbon neutrality ("CN") by 2050 through publication of its "Carbon Neutral Vision" (January 2021), and has outlined its approaches and specific strategies for the energy transition by 2030 in "Energy Transition 2030" (March 2023).

Since then, we have deepened our activities, while being faced with increasing international geopolitical risks, such as Russia's invasion of Ukraine, as well as even greater demands to achieve both carbon neutrality and energy supply stability. In light of this situation, we formulated "Energy Transition 2050" in February 2025, which clarifies our energy transition roadmap for achieving carbon neutrality by 2050.

Energy Transition 2050 summarizes the "Comprehensive Overview of Carbon-Neutral Strategy," "Low-Carbon and Carbon-Neutral Energy Initiatives," and "Daigas Group's Solutions for Customers," and outlines our approaches, initiatives, and co-creation with our customers.

Carbon Neutral Vision
(released in January 2021)

Energy Transition 2030
(released in March 2023)

Energy Transition 2050
(released in February 2025)

Challenges Regarding Energy Supply and the Daigas Group's Principle

Our basic approach to energy supply is S+3E*1, in which balancing the three Es is essential for the transition to low-carbon and decarbonized energy.

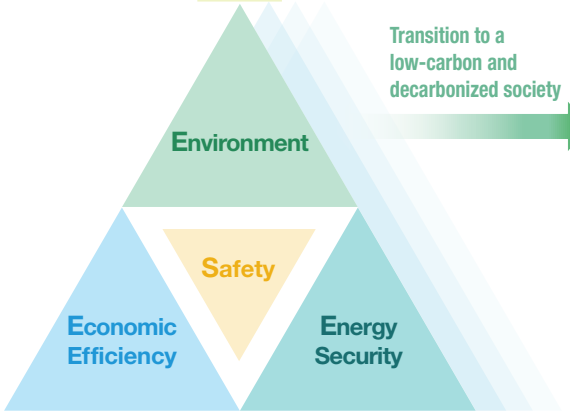
However, switching to environmentally friendly energy currently leads to increased costs and reduced supply stability when the supply chain is not yet established. This relationship is referred to as the "3E trilemma," and the Daigas Group will challenge itself to satisfy all three Es simultaneously. In particular, because Japan is not blessed with natural resources and has a low energy self-sufficiency rate of 12.6%, it relies on energy imports from overseas. As a result, it is necessary to pay close attention to changes in the international situation and global energy policies.

In light of this background, the Group's fundamental principle is to prioritize supply stability while ensuring safety as a cornerstone, and to offer our customers a variety of environmentally and economically friendly options.

■ Japan's energy Policy

Achieving S+3E is considered important in Japan's energy policy. The Seventh Strategic Energy Plan, approved by the Cabinet in February 2025, outlines a new policy direction for 2040, placing emphasis on natural gas in a balanced manner with the country's basic policy of S+3E, and indicating a policy of prioritizing a stable supply of energy on the premise of safety.

Fundamental Principle for Energy Supply
S+3E



Transition to a low-carbon and decarbonized society

3E trilemma in energy supply

Addressing the challenge of simultaneously fulfilling all the three Es through the Daigas Group's initiatives

Environment	⬆	Economic efficiency ⬇ (High-cost CN energy) Energy security ⬇ (Unevenly-located CN energy plants)
Economic Efficiency	⬆	Environment ⬇ (Conventional energy less costly, emitting more CO_2) Energy security ⬇ (Conventional energy more stable in supply)
Energy Security	⬆	Economic efficiency ⬇ (Increased costs due to multiplexing and decentralization) Environment ⬇ (Weather-dependent renewable energy)

Risks to consider in energy supply

- International affairs (international conflicts)
- Geopolitics (low energy self-sufficiency)
- Natural disaster (earthquakes, typhoons)
- Pandemic (COVID-19)
- Regulation (carbon pricing)
- Foreign exchange (yen depreciation)

⋮

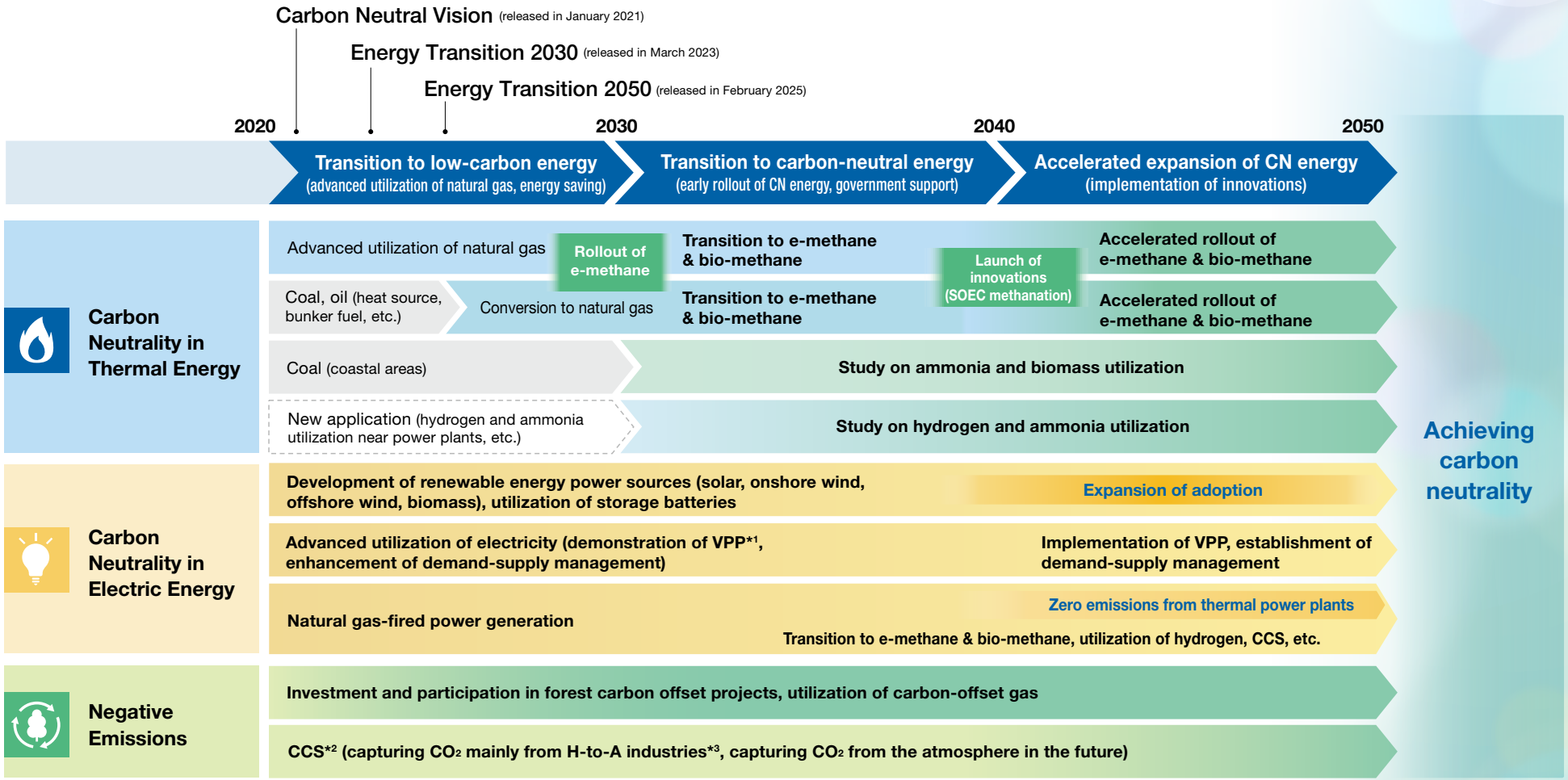
Japan's energy self-sufficiency:12.6%*2
→Reliance on energy imports

*1 S+3E: Safety, Energy Security, Economic Efficiency, and Environment
*2 FY2023.3 Energy Supply and Demand Results (confirmed report)

Roadmap to Low-Carbon and Carbon-Neutral Energy

As carbon-neutral (CN) energy remains relatively expensive at the current stage, we believe a phased transition is essential to minimizing social costs.

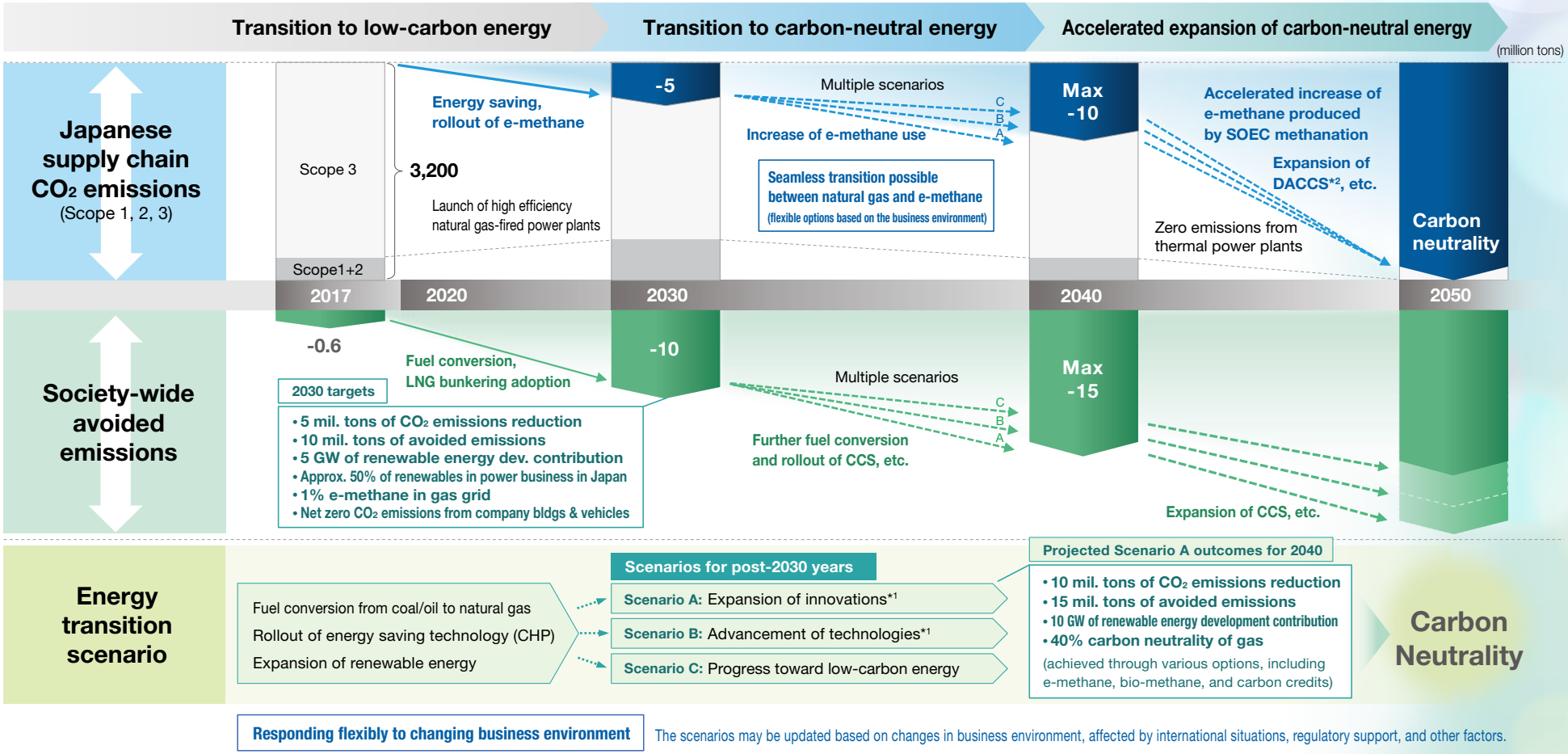
In line with this approach, we will drive the energy transition by reducing carbon emissions through energy savings and existing technologies until 2030, shifting to carbon neutrality with CN energy from 2030, and accelerating the growth of CN energy through innovation from 2040. Through these efforts, we will fulfill our role as a comprehensive energy company in achieving carbon neutrality with stakeholders while delivering optimal solutions in light of S+3E.



*1 Virtual Power Plant: Operating as a single power generation facility by integrating and controlling distributed energy sources through an aggregator, utilizing information and communication technology.
*2 Carbon dioxide Capture and Storage
*3 H-to-A (Hard-to-Abate) industry: Sectors in which CO2 emissions reduction is challenging

Roadmap to CO_2 Emissions Reduction

The Daigas Group has formulated a CO_2 reduction roadmap to achieve a CN society in 2050.
With the current emphasis on energy security, the country's energy supply and demand outlook for 2040 requires a variety of scenarios, including risk cases.
Based on this, the Group had considered multiple scenarios for 2040, including the scenario assumed by the government. Below are the estimated values based on the scenario of "Expansion of innovations," in which assumes the maximum progress toward carbon neutrality. This is merely one scenario, and we intend to determine its feasibility by around 2030, and to review the scenario, taking into account international situations and trends in regulatory changes.



*1 Energy demand and supply outlook scenarios from Japan's Seventh Strategic Energy Plan.
*2 Direct Air Carbon Capture and Storage: Technology that combines DAC for separating and capturing CO_2 with CCS for underground storage.

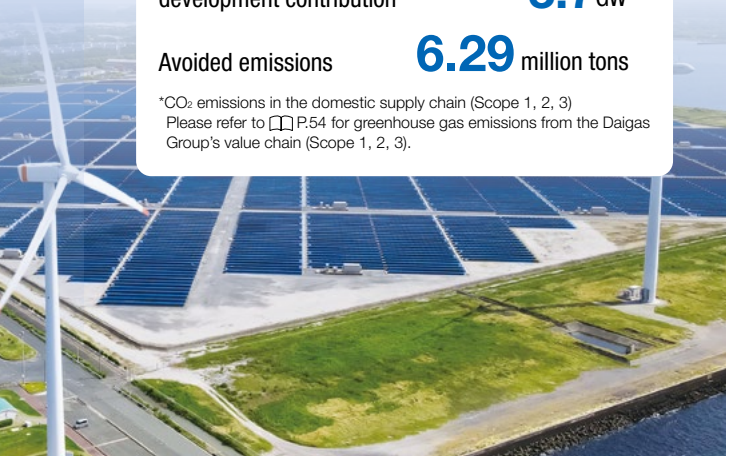
Providing Carbon Neutral Energy

Working toward carbon neutrality in thermal energy, we will promote the widespread and advanced use of natural gas, a low-carbon energy. We will also accelerate the development of technologies such as e-methane and the construction of supply chains. To achieve carbon neutrality in electric energy, we will further develop renewable energy sources, aiming for a stable supply of electricity and zero emissions from natural gas-fired power generation. Furthermore, we will work on negative emissions that absorb and remove CO_2.

FY2025.3 Results

CO_2 emissions of the Daigas Group	**23.44** million tons*
Percentage of renewables in our power generation portfolio in Japan	**30.4** %
Renewable energy development contribution	**3.7** GW
Avoided emissions	**6.29** million tons

*CO_2 emissions in the domestic supply chain (Scope 1, 2, 3)
Please refer to P.54 for greenhouse gas emissions from the Daigas Group's value chain (Scope 1, 2, 3).



To achieve CN by 2050, the Daigas Group is taking a multifaceted approach to carbon neutrality in thermal energy, carbon neutrality in electric energy, and negative emissions. Each business unit is formulating specific plans to achieve the management plan targets for FY2031.3.

In the following pages, we report on the progress of technological development related to carbon neutral thermal energy and negative emissions initiatives, aimed at the 2024 to 2026 targets in the Medium-Term Management Plan 2026.

For other specific initiatives, please see Business Strategies by Segment.

Accelerating initiatives	Main initiatives	Main targets* (2024–2026)
Carbon Neutrality in Thermal Energy	● Conversion of coal and oil to natural gas and LNG P.40 ● Advanced use of natural gas P.40 ● Expansion of the use of natural gas Expansion of sales of highly efficient energy-saving equipment P.40 Expansion of shale gas development and city gas business overseas P.43 Expansion of LNG bunkering business ● Development of innovative technologies such as e-methane and bio-methane ● Formulation of e-methane supply chain alliances	● Avoided emissions ● Renewable energy development contribution ● Percentage of renewables in our power generation portfolio in Japan ● CO_2 emissions of Daigas Group ● CO_2 emissions reduction in the Group company offices and vehicles ● Promotion of e-methane practical application ● Promotion of methanation technology development
Carbon Neutrality in Electric Energy	● Development of renewable energy sources P.41 Solar power: Promoting development and expanding use through collaboration with partners Wind power: Promoting development and taking on the challenge of offshore wind power generation in Japan Biomass: Promoting use and development Storage batteries: Entering production of storage batteries that are installed alongside renewable energy sources to stabilize the power grid ● Advanced use of electricity P.41 Demonstrating VPP and advancing demand-supply management system ● Promotion of natural gas-fired power generation P.41 Utilizing natural gas-fired power generation, which is necessary as a coordinator, and promoting zero emissions	
Negative Emissions Initiatives	● Establishment of a CO_2 value chain and Development of CCUS technology ● Investment and participation in forest carbon-offset projects	

*Please see P.49 for more details of the targets.

Providing Carbon Neutral Energy

Carbon Neutrality Initiatives in Thermal Energy

The following are the Daigas Group's initiatives in the development of diverse methanation technologies.

Development of diverse methanation technologies

❶ Existing technology: Initiatives for practical application of Sabatier methanation technology

Jointly with INPEX CORPORATION, we are proceeding with the construction of a test facility plant in one of the largest technology development projects in the world for the commercialization of methanation*1, which aims to reduce the emissions of and effectively use CO_2. The plant is scheduled to start operation in FY2026.3. By FY2027.3, we will carry out demonstration to understand the reactive behavior of methanation, evaluate durability, and review scale expansion.

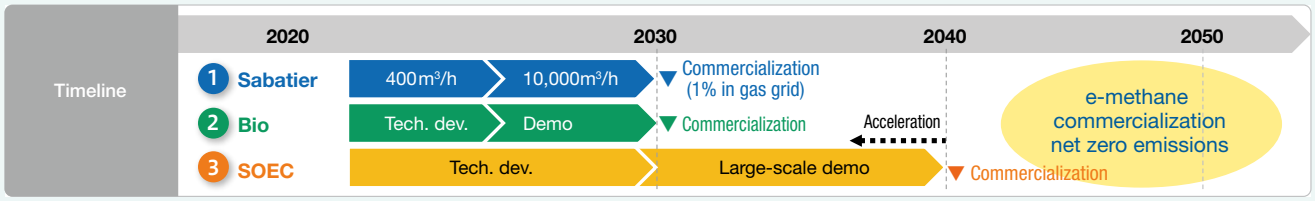
❷ Innovative technology: Promoting the development of biomethanation technology

From May to July 2024, we conducted a demonstration of e-methane production from food waste and renewable energy at the Osaka City Waste Incineration Plant (Maishima Plant), successfully achieving the target production of 5 m³/h of e-methane (methane concentration of 95% or higher). We started to demonstrate this technology*2 at the Osaka/Kansai Expo site from April 2025. Please refer to 🕮 P.30 for details.

❸ Innovative technology: Promoting the development of SOEC methanation technology*3

In June 2024, we completed the lab-scale testing equipment for SOEC methanation and commenced testing. In addition, bench-scale testing is scheduled to begin in FY2025.3. Moving forward, we plan to conduct bench-scale testing from FY2026.3 to FY2028.3 and pilot-scale testing from FY2029.3 to FY2031.3, and aim to achieve a top-level energy conversion efficiency (approximately 85–90%) in FY2031.3.

Roadmap for Social Implementation of Methanation Technology



*1 NEDO Grant Project: "Development of Carbon Recycling and Next-Generation Thermal Power Generation Technologies / Practical Utilization Technology Development for Effective Use of CO_2: 'CO_2 Utilization Technology for Gaseous Fuels'"
*2 Ministry of the Environment Commissioned Project: "Project to Construct and Demonstrate a Model for Reducing the Cost of Hydrogen Supply by Utilizing the Existing Infrastructure (Fiscal Year 2023)"
*3 NEDO Green Innovation Fund Project: "Innovative Technology Development for Synthetic Methane Production: 'SOEC Methanation Technology Innovation Project'"

Sabatier methanation demonstration facility (under construction)

SOEC methanation bench-scale test facility (Completion in June 2025)

Hydrogen and Ammonia Related Technologies

We are also engaged in the exploration, evaluation, and development of hydrogen and ammonia production and combustion technologies to meet our customers' needs.

- Successfully conducted a demonstration test of 30% hydrogen fuel co-combustion. (Daigas Energy Co., Ltd)
- Collaborated with overseas startups on technology evaluation and project development.(Koloma, Inc.: natural hydrogen)
- Developed technology for producing hydrogen from biomass. (Simultaneously producing electricity, hydrogen, and CO_2 using chemical looping combustion technology*4)

*4 NEDO-sponsored projects focused on the "Development of Technologies for Carbon Recycling and NextGeneration Thermal Power Generation/Development of Fundamental Technologies for Next-generation Thermal Power/ Development of technology for a poly-generation system with CO_2 separation/capture capabilities"

Initiatives at the Expo 2025 Osaka, Kansai, Japan

The Daigas Group uses its advanced technology, including the demonstration of methanation technology, to contribute to realizing the theme of the Expo 2025 Osaka, Kansai, Japan, “Designing Future Society for Our Lives.”

©Expo 2025

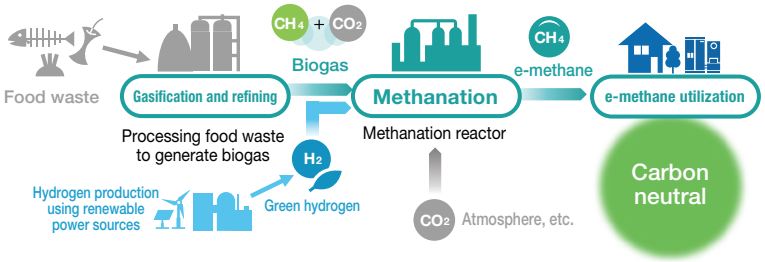
Demonstration of methanation utilizing biogas

In March 2025, we completed construction of the e-methane production demonstration facility “Bakeru LABO” and obtained the first certification for “clean gas production facility”* for Osaka Gas. At this facility, demonstration experiments are being conducted to produce e-methane by synthesizing CO_2 produced by fermenting food waste generated at the venue and CO_2 contained in the air at the venue with green hydrogen through methanation. The produced e-methane is used in the Guest House kitchen at the venue and in city gas consuming equipment such as gas cogeneration facilities. After this demonstration project, while scaling up the methanation facilities, we aim to introduce a system that produces e-methane from renewable energy-derived hydrogen and CO_2 contained in biogas derived from food waste to waste incineration plants and food processing plants mainly in the Kinki region by 2030.

*Certification of clean gas production facility: Our company has been certified under the Clean Gas Certificate Program, which was launched in April 2024 as a “Biogas/E-methane Production Demonstration Facility at the Venue of Expo 2025 Osaka, Kansai, Japan.” This program will enable us to prove the environmental value of e-methane and biogas, and we plan to obtain certification for the equivalent amount of clean gas in the future.

Appearance of “Bakeru LABO”

Image of a facility tour



Use of SPACECOOL® at the Expo 2025 Osaka, Kansai, Japan

SPACECOOL®, developed by Osaka Gas, has been adopted as a membrane material for the gas pavilion at the venue. SPACECOOL® is a radiant cooling material with a unique optical design, which lowers the indoor temperature below the temperature outside without using energy. It is expected that the use of this material will lower the temperature inside the gas pavilion by a maximum of 10 °C in the summer. It not only keeps a comfortable temperature inside the pavilion but also reduces the load of air conditioning, which contributes to reducing CO_2 emissions.

Courtesy of Japan Gas Association

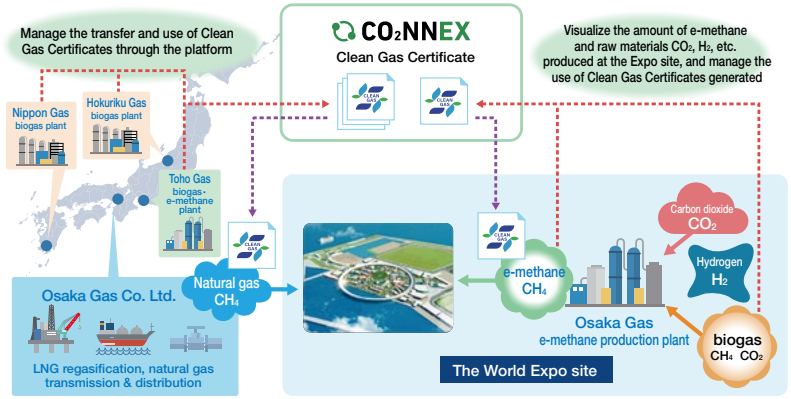
Operation of CO_2NNEX® that enables the transfer of environmental value of e-methane

As more e-methane is supplied in city gas, private operations have begun for clean gas certificates that can transfer the environmental value of e-methane and biogas, similar to non-fossil certificates for electricity. As the trading volume of e-methane and its environmental value will increase in the future, it will be necessary to have a system for transferring environmental value via clean gas certificates.

Osaka Gas and Mitsubishi Heavy Industries, Ltd., have developed CO_2NNEX®*, the first system in the city gas industry that enables the transfer of the environmental value of e-methane, and is operating this system at the Expo 2025 Osaka, Kansai, Japan. At the Expo, CO_2NNEX® is being used to transfer and use clean gas certificates obtained from e-methane and biogas produced nationwide to natural gas supplied by Osaka Gas, contributing to carbon neutrality within the Expo.

*CO_2NNEX is a registered trademark of Mitsubishi Heavy Industries, Ltd.

CO_2NNEX® Clean Gas Certificate Transfer Initiative



Expo site image courtesy of Japan Association for the 2025 World Exposition

Formation of Supply Chain Alliances

For the full-scale introduction of e-methane in 2030, the Daigas Group considers establishing diverse methanation technologies, developing renewable energy sources, and building a supply chain both in Japan and overseas, including the procurement of hydrogen and CO_2 in collaboration with customers.

For stable procurement in the future, we are identifying locations suitable for e-methane production, focusing our consideration on North America, South America, Australia, the Middle East, and Southeast Asia, where existing natural gas and LNG facilities can be used. In addition, we cooperate with energy companies in Asia and advance e-methane use not only in Japan but also in Asia.

In December 2024, we, together with seven leading companies (the initial members) in the energy sector, completed the establishment of the "e-NG Coalition"—the world's first international alliance targeting the global expansion of e-methane. Through this alliance, we aim to advance e-methane production projects, contribute to reducing greenhouse gas emissions, and promote decarbonization in the Asian region. Furthermore, by promoting the adoption of e-methane, we seek to help establish an international energy market and contribute to the economic growth of Japan and Asia as a new growth industry. The coalition is an international alliance that aims to facilitate a widespread use of e-methane worldwide and achieve a carbon neutral society by cooperating across country and industry borders.

New energy industry for gas producing countries — **Japan's carbon neutrality and energy security** — **Asia's carbon neutrality through emethane utilization**

e-methane Supply Chain Development in Japan and Oversea

- **Energy security enhancement**
  - Utilizing existing natural gas and LNG infrastructure
  - Reducing geopolitical risks and ensuring stable supply through multiple sources across the world
- **Utilization promotion in Asia**
  - Engaging with energy providers in other Asian countries to promote e-methane utilization

Efforts for establishing international market

e-NG COALITION

- An organization focused on establishing an international market for e-methane and related products, involving 24 companies from Japan, the US, and Europe, including Osaka Gas
- Aiming to increase the participation and sponsorship, enhance the international recognition of e-methane, and establish rules on trading and the environment

(Main collaborators as of the end of July 2025)

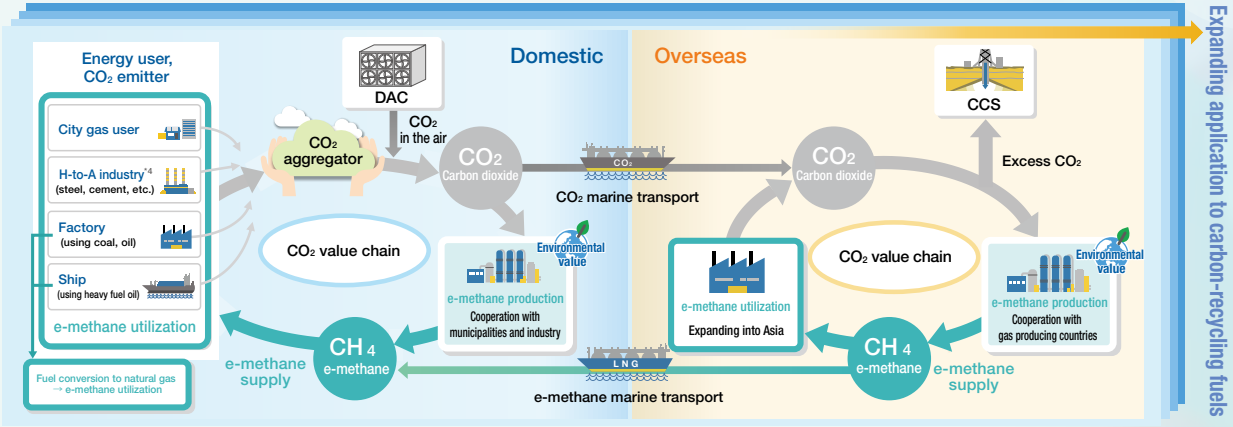
Providing Carbon Neutral Energy

Negative Emission Initiatives

The Daigas Group aims to achieve carbon negativity and is also working to reduce CO_2 emissions from industries where it is difficult to reduce CO_2 emissions, such as steel and cement. We will support our customers' reduction of CO_2 emissions and the sustainable growth of industry by introducing new technologies such as carbon dioxide capture and storage (CCS*1), carbon dioxide capture and utilization (CCU*2), and carbon credit businesses that contribute to CO_2 offsets.

Initiatives for CO_2 Value Chain Development

The Daigas Group will act as an aggregator to collect CO_2 emissions from customers, including the steel, cement, and chemical industries, and will aim to build a CO_2 value chain by combining the production and supply of e-methane through CCU and negative emissions through CCS. We will develop a CO_2 management system ("CO_2NNEX®"*3) that will enable the management of clean gas certificates obtained from e-methane and visualization of CO_2 distribution and promote the expansion of its application to carbon-recycling fuels.



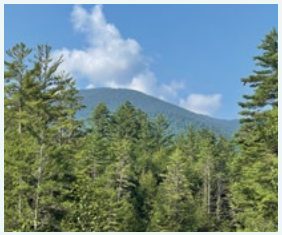
*1 Carbon dioxide capture and storage *2 Carbon dioxide capture and utilization
*3 CO_2NNEX is a registered trademark of Mitsubishi Heavy Industries, Ltd. *4 H-to-A industries: Industries where CO_2 emissions reduction is difficult (Hard-to-Abate)

Initiatives to Improve Forests' CO_2 Absorption Capacity

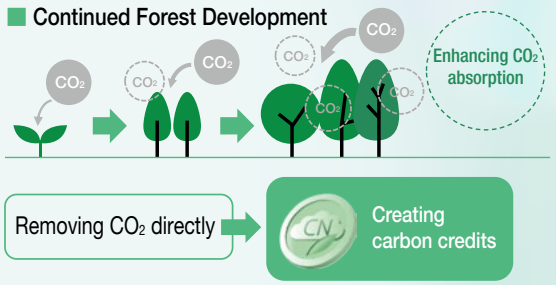
In July 2023, Osaka Gas announced its joint investment, along with nine other Japanese companies, in the East Climate Smart Forestry I ("the Fund") established by the Sumitomo Forestry Group.

By 2027, the pooled capital will have been invested in the acquisition and management of 130 thousand hectares of forest, primarily in North America. The Fund will contribute to the realization of a carbon-neutral society by generating new absorption of CO_2 and the production and trading of high-integrity carbon credits.* Approx. 90 thousand hectares of forest assets were acquired as of February 2025.

*Carbon credits are a means of offsetting carbon dioxide emissions that cannot be fully reduced through the use of renewable energy and energy-saving efforts.



An example of forests purchased by the Fund (Courtesy of Eastwood Forests, LLC)



Initiatives to Assess the Quality of Carbon Credits using Generative AI

In March 2025, Osaka Gas launched GreenChecker, the world's first web service that uses generative AI to assess the quality of carbon credits.

For more details, please see the Sustainability Report 2025.

Enhancing Resilience of Customers and Society

Heightened geopolitical risks, the impact of climate change, and measures against natural disasters have become major challenges for society. As the Daigas Group engages mainly in energy businesses, the Group strives to enhance the safety and stability of energy supply chains to overcome such challenges. We will continue to take measures to prepare for disasters and ensure safety, and contribute to enhancing the resilience of customers and society by facilitating a widespread use of disaster-resistant equipment and energy.

FY2025.3 Results

Number of serious accidents and serious energy supply disruptions caused by the company **Zero**

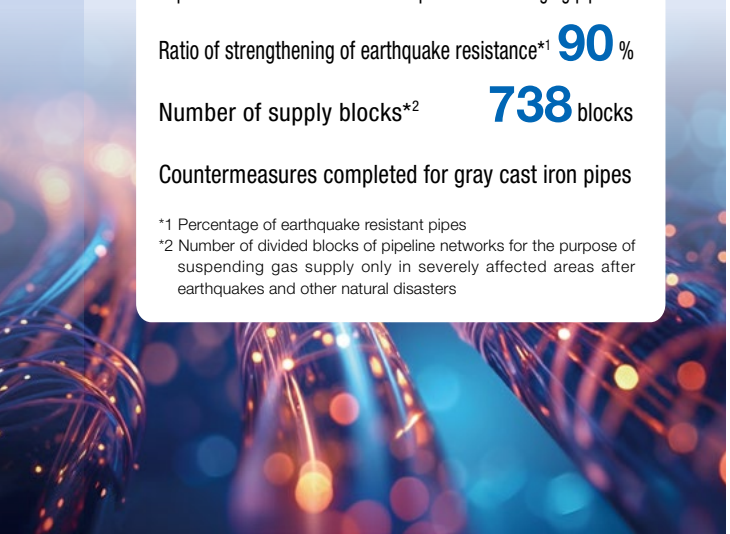
Implemented measures for disaster prevention and aging pipes

Ratio of strengthening of earthquake resistance*1 **90** %

Number of supply blocks*2 **738** blocks

Countermeasures completed for gray cast iron pipes

*1 Percentage of earthquake resistant pipes
*2 Number of divided blocks of pipeline networks for the purpose of suspending gas supply only in severely affected areas after earthquakes and other natural disasters



Progress through FY2025.3

Enhancing resilience in energy supply chains

Ensuring the safety of city gas, gas production, and power generation facilities is the Daigas Group's top priority. As a result of working on the enhancement of resilience at each stage from raw material procurement to use of gas by customers, we achieved continued zero accidents and serious energy supply disruptions caused by the company, a target under materiality indicators. In terms of disaster prevention and aging pipes, we are continually working on four types of disaster prevention measures: preventive measures, emergency measures, recovery measures based on knowledge gained from recovery activities following the Great Hanshin-Awaji Earthquake, and tsunami countermeasures based on the damage experienced during the Great East Japan Earthquake.

In the electricity supply chain, we not only enhanced electricity supply by developing and procuring from renewable energy sources but also promoted technological development to ensure a stable supply and collaboration with other companies.

Please see 📖 P.34 for specific initiatives.

■ Progress of Major Earthquake Countermeasures Since the Great Hanshin-Awaji Earthquake

Item	Major earthquake countermeasures	At the time of the Great Hanshin-Awaji Earthquake (January 1995)	Current situation (March 2025)
Strengthening information gathering functions	Addition of seismometers	Installed in 34 locations	• Installed in approximately 3,300 locations
	Introduction of earthquake damage prediction system	—	• Introduced at the head office, sub-centers, and five business units of Osaka Gas Network Co., Ltd.
Constructing supply stop system	Subdivision of supply blocks	55 middle blocks	• 89 middle blocks • 738 little blocks
	Introduction of supply cutoff devices	Only super blocks (supply areas divided into eight) were remotely controlled	• Remote cut-off devices: Approx. 3,600 locations • Seismic automatic cut-off devices: Approx. 3,000 locations
Strengthening emergency communication	Strengthening of wireless systems	—	• Redundant wireless networks with the main bases being the head office and sub-centers • 6 portable satellite communication devices
Other	Earthquake resistance rate	Percentage of earthquake-resistant pipes: 68%	• Percentage of earthquake-resistant pipes: Approx. 90%
	Promotion of the use of polyethylene (PE) pipes	Approx. 1,200 km of PE pipes	• In principle, all newly constructed low-pressure pipes are made of PE • Approx. 18,600 km of PE pipes
	Backup of important online	—	• Establishment of a backup center

Challenges and Future Strategies

Geopolitical risks are on the rise, including both international political instability and changes in international regulations. As the impact of natural disasters may also be significant, we believe that measures to ensure a stable supply of energy are necessary.

Going forward, we will continue to diversify liquefied natural gas (LNG) procurement areas and optimize contract forms. In addition, we will continue to work on disaster prevention measures and training to ensure the safety of our gas and power generation facilities.

Furthermore, as renewable energy continues to expand, fluctuations in electricity demand both day and night are causing supply surpluses and shortages, which pose a challenge to a stable supply. The Group will contribute to stabilizing the supply and demand for electricity by combining distributed power sources that can be used at home, such as solar power generation and "ENE-FARM." In addition, we will also promote energy management that utilizes AI technology to visualize energy usage and realize optimal energy use.

Enhancing Resilience of Customers and Society

With the aim of enhancing the resilience of its energy supply chain, the Daigas Group is working to ensure stable procurement and optimize procurement and sales by leveraging its trading and transportation know-how and collaborating across the value chain.

We are also working on disaster prevention measures, such as improving security and stable supply through technological development and raising employee safety awareness.

Diversification of LNG Suppliers

We are working on the stable procurement, development, and supply of natural gas, an energy source that will play an important role during the transition period. In FY2025.3, we signed a sales and purchase agreement with ADNOC, the national oil company of the Emirate of Abu Dhabi in the UAE, for LNG produced at the Ruwais LNG Project, thereby diversifying our procurement sources.

Launch of LNG Bunkering Service

Heavy fuel oil is primarily used for marine fuel, and the International Maritime Organization (IMO) has set a goal of zero GHG emissions by around 2050. Osaka Gas became the first city gas company to start a Shore-to-Ship*1 LNG bunkering Service in April 2025, aiming low carbonization of marine fuel. In addition, we plan to start a Ship-to-Ship*2 LNG bunkering Service in the Osaka Bay and Setouchi area in FY2027.3. This will enable LNG fuel supply in a variety of ways, contributing to a stable and flexible LNG fuel supply. In the future, we aim to decarbonize marine fuel by replacing LNG with e-methane as marine fuel.

*1 Transferring LNG fuel from an on-shore facilities, such as an LNG terminal, to an LNG-fueled vessel moored at a wharf or jetty.
*2 Transferring LNG fuel from an LNG bunkering vessel to an LNG-fueled vessel moored at a wharf or at anchor.

Disaster Prevention Measures

We are working to improve security and safety of supply through various measures and technological developments in each process from energy production to consumption. We also provide regular training to employees to improve their safety awareness.

Please see P.33 for the progress of major earthquake prevention measures since the Great Hanshin-Awaji Earthquake.

Energy Resources & International | **LNG & Engineering** | **Network** | **Energy Solution**

Procurement – Trading

Courtesy of Freeport LNG Development, L.P.

Regasification
Power generation

Gas distribution
Power transmission*

Development and sales
Development and sales

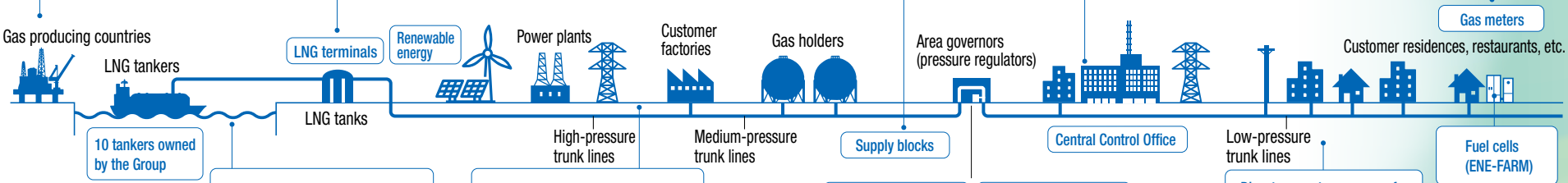
Diversification of LNG suppliers
Reduce procurement risks by mainly signing long-term contracts and diversifying suppliers

Earthquake countermeasures at LNG terminals
Use advanced earthquake-proof technologies for LNG tanks at LNG terminals. Install dikes to prevent leaked LNG from spilling out of the premises

Secondary disaster countermeasures
Suspend gas supply in severely affected areas by supply blocks, when an earthquake or another disaster occurs
Plan to have 746 blocks in 2030 (currently 738 blocks)

Reception of alerts
Receive alerts on gas leakage, etc. around the clock

Secondary disaster countermeasures
Automatically suspend gas when detecting a tremor equivalent to five or higher on the Japanese seismic scale (Plan to complete the installation of smart meters which have communication features and can be operated remotely by the first half of 2030s)



Stable transportation of LNG
Reduce transportation costs by using our own tankers. Respond in an agile and flexible manner

Stable supply of power
Roll out demand response services, and adjust supply-demand balance by utilizing remote AI control

Disaster countermeasures for gas pipelines
Replace aged gas pipes, etc. with highly durable and earthquake-proof polyethylene (PE) pipes

*Supply electricity through the power grids operated by other companies such as Kansai Transmission and Distribution, Inc.

Co-creating Advanced, Diverse Solutions

In a world advancing toward carbon neutrality and digitalization, we will create progressive and diverse options. We will offer more comfortable lifestyles for residential segment customers, as well as create an environment where commercial and industrial segment customers can focus on business with peace of mind. Our strengths include extensive feedback received from customers over the years, deep connections with a wide range of customers, and technologies cultivated over time. By taking advantage of such strengths, we will keep evolving into a marketer trusted by customers and society through co-creation with our stakeholders.

FY2025.3 Results

Number of customer accounts **10.71** million

Customer satisfaction rate **92** %

Social implementation of new services that contribute to low carbon/decarbonized energy and efficient infrastructure maintenance

Progress through FY2025.3

With the aim of offering services helpful to customers and society and achieving business growth, we expanded new services and rolled out new solutions. As a result, the number of customer accounts reached 10.71 million. We also strived to ensure safety and improve the quality of services. The satisfaction rate for customer-facing operations* remained high at 92%. From FY2025.3, we have further strengthened the new business creation function of the Next-Generation Business HQ, and worked to consistently promote research and technology development, collaboration with various partners, and commercialization to further create new businesses. In November 2024, we invested in FPR Energy Limited, an Australian startup company developing next-generation concentrated solar thermal systems, with the aim of contributing to the decarbonization of industrial heat demand. In addition, the LBS business domain expanded, with the launch of new businesses in the property development business, enhancement of business domain through M&A in the information technology business, and further advancement in the development of materials with high added value in the materials business.

*Five areas of operation that have direct interaction with customers (opening gas valves, appliance repairs, appliance sales (with installation), periodic safety inspections [gas facility surveys], and telephone support [customer center]).

Domestic Energy business For more details, please see P.39.

Life & Business Solutions (LBS) business For more details, please see P.44.

For more details of our investment in FPR Energy Limited, please see the Sustainability Report 2025.

Major Projects Implemented in FY2025.3

- Built a system to evaluate the quality of carbon credits using generative AI
  For more details, please see P.32.
- Improved the efficiency of leak inspections with laser spectroscopic detectors and dedicated navigation systems
  (Received Prime Minister's Award at the 7th Infrastructure Maintenance Awards, and Japan Gas Association Technology Award 2024)
- Launched "D-Remove," a service that reduces CO_2 emissions from deodorization processes with zero initial investment

Challenges and Future Strategies

Competition has intensified due to the deregulation of the gas retail market and other factors. In addition, the energy business is facing a turbulent environment due to the accelerated move toward carbon neutrality. To secure new sources of revenue and ensure sustainable growth for the Daigas Group, we will continue to leverage the business know-how and strengths that each company has cultivated, as well as the synergies within the Group, to create new businesses that meet the diversifying needs of our customers.