

Advancing Business Transformation Through DX



In the times when everything is connected via digital technology and evolves rapidly, the Daigas Group recognizes that how we compete to offer services to customers is completely different from conventional approaches. Under such circumstances, our business operations need to respond quickly and flexibly to changes. Based on our belief that accelerating both value provision through new service development and productivity increase through operational process reform will lead to enhanced competitiveness, we will advance business transformation through DX.

FY2025.3 Results

Recruitment of DX core staff **243** people

Progress through FY2025.3

The Daigas Group is transforming its business activities to realize the DX strategy goal of becoming a “corporate group capable of keeping on changing.”

For our first initiative, new service development, we launched a project involving approximately 70 employees from residential business divisions^{*1}, which perform customer-facing activities; the DX Strategy Dept., which promotes DX; and OGIS-RI Co., Ltd. The project is restructuring our business operations and systems that support those operations, taking a customer-oriented approach. In FY2025.3, we formulated a system reconstruction roadmap to realize 1-to-1 communication that proposes optimal services at optimal timings for customers.

For our second initiative, operational process reform, we are working to improve operational efficiency by incorporating SaaS^{*2}, generative AI, and other digital technologies into business operations. Simultaneously, we are reforming ways of work and how to proceed with tasks through Daigas X^{*3}. This will make room for exploring new value, evolving highly specialized operations, and lead to the provision of new value.

For our third initiative, DX promotion structure enhancement, we hold lectures and dialogues with external experts for management and are working to enhance the development of DX core staff, who play a core role in DX promotion. We have developed a total of 243 DX core staff members as of March 2025. Through these initiatives, we are working to build a system where top-down and bottom-up approaches create synergy.

^{*1} Please see □ P.40 for examples of FY2025.3 activities in services for residential customers.

^{*2} A service that allows users to use software via a network, such as the internet.

^{*3} Daigas transformation: Reform of ways of work and how to proceed with tasks and creation of a work environment that enhances value for employees and the company.

For specific initiatives, please see □ Sustainability Report 2025.

Challenges and Future Strategies

In order to advance business transformation through DX, we need to be swift in adapting to rapid technological innovation, reform our traditional organizational culture, and promote flexible and innovative thinking. We will promote the use of digital technologies such as generative AI across the entire company, evolve our ways of working and methods of proceeding with tasks, and work to build a DX promotion system that can generate synergies from both top-down and bottom-up by enhancing and continuing development programs by job levels.

In addition, we will build a competitive business model through DX by deploying the results of our business transformation activities, which have been focused on the residential business division, to the commercial and industrial business divisions, network division, and other divisions.



Implementing ROIC-Focused Management



To improve the earning capacity of each business and establish a robust business portfolio, we have been pursuing ROIC-focused management since FY2022.3. This has produced results. Under the Medium-Term Management Plan 2026, we will improve corporate value by increasing capital efficiency while investing in the carbon neutrality field and taking other measures to develop businesses for the future. To this end, we will take an asset-light approach to management, identifying sources for the generation of value in each area and maximizing the value of the assets we hold.

Progress through FY2025.3

Since introducing ROIC as a management indicator in the Medium-term Management Plan 2023, which outlines our action policy from FY2022.3 to FY2024.3, we have been working to improve ROIC while keeping in mind capital costs (WACC).

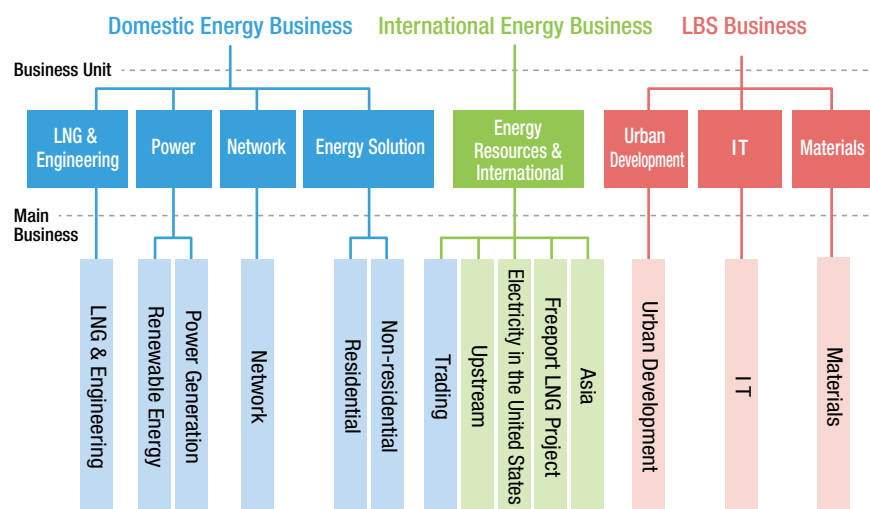
In FY2025.3, each business unit autonomously and swiftly implemented initiatives to improve asset efficiency, such as deciding to sell a U.S. thermal power plant to promote replacement with more efficient assets, promoting the sale of cross-shareholdings, and continuing to promote maximization of off-take of renewable energy in Japan. In terms of profits, we were able to achieve our management targets as planned, thanks in part to the favorable performance of our domestic electricity business. We are making steady progress toward achieving our targets for FY2027.3.

Challenges and Future Strategies

In light of changes in the business environment, such as the accelerating carbon neutral trend and soaring energy prices, we need to increase capital efficiency and improve corporate value, while making investments in renewable energy and e-methane to prepare for a carbon-neutral future.

Necessary continued measures to achieve this include expanding profits by increasing the value of existing businesses and assets, taking advantage of our strengths developed in existing businesses and working on new businesses that enable value increase, and selling or moving off-balance sheet businesses and assets of lower capital efficiency.

Business Units and Main Business



Main Initiatives and FY2027.3 Targets by Segment

	Main initiatives	FY2025.3 result	FY2026.3 forecast	FY2027.3 target
Domestic Energy Business	<ul style="list-style-type: none"> Expansion of service areas and improvement of asset efficiency in the marketer business Gas business development outside the Kansai region and improvement of productivity Feedstock cost reduction and LNG sales profit increase through the optimization of LNG trading Electricity value chain enhancement and expansion Investment efficiency improvement for renewable energy business (e.g., moving assets off-balance sheet, evolving finance schemes) Appropriate sale of cross-shareholdings by re-examining the significance of each stock holding 	4.2%	3.6%	4.0%
International Energy Business	<ul style="list-style-type: none"> Production expansion of shale gas as a key transition fuel Promote replacement of assets (e.g., electricity business in the United States) 	7.5%	7.4%	7.0%
Life & Business Solutions (LBS) Business	<ul style="list-style-type: none"> Growth in property development, IT, and materials by leveraging our strengths in each field Asset efficiency enhancement initiatives, such as private REIT business 	5.3%	5.6%	5.5%
Overall		5.4%	5.1%	Approx. 5.0%