

# Business Strategies by Segment

## Domestic Energy Business

FY2025.3  
Results

Net sales **1,737.9** billion yen

Segment profit\*<sup>1</sup> **77.5** billion yen

\*<sup>1</sup> Operating profit + share of profit of entities accounted for using equity method

Investment for Growth for FY2027.3

**185.0** billion yen\*<sup>2</sup>

\*<sup>2</sup> Cumulative total for FY2025.3 – FY2027.3 (plan)en

### What We Aim To Be

In our Domestic Energy business, we will continue to prioritize supplying safe, secure, and stable energy to our customers. At the same time, we will make use of the relationships of trust we have built up with our stakeholders to create a variety of services that contribute to our customers' comfortable lives and the development of their businesses, thereby aiming for the sustainable growth of the Daigas Group.

In addition, by promoting carbon neutrality ("CN") and utilizing natural gas, we aim to help our customers seamlessly transition to a CN society without having to go through the hassle of paperwork.

### Business Environment Awareness

#### Strengths

- An energy value chain from procurement to manufacturing, supply, and sales
- High technical capabilities and know-how for stable supply
- Products and services related to low-carbon energy such as LNG, city gas, and natural gas-fired power generation, as well as renewable energy, and technology and know-how including e-methane, a decarbonized energy source
- Stable customer base and long-standing relationships of trust

#### Opportunities

- Demand for switching to low-carbon energy during the transition period
- Increasing demand for renewable energy and growing need for grid stabilization
- Increasing energy demand due to advances in DX and generative AI

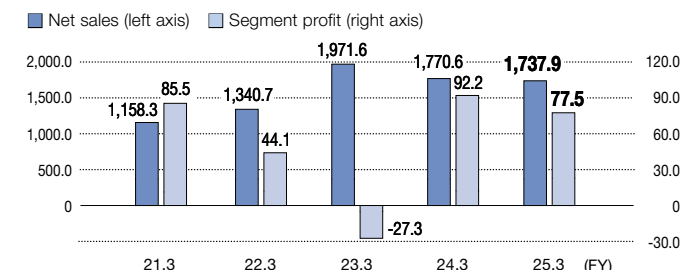
#### Issues

- Stable and economical procurement of raw fuels
- Securing competitive power sources and expanding the use of renewable energy
- Ensuring stable supply and continued safety

#### Risks

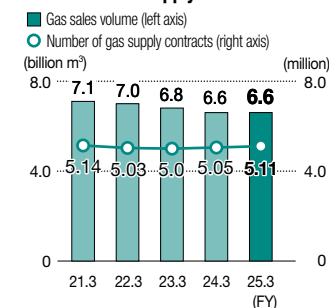
- Problems with procurement, gas production, power generation, and supply due to disasters, etc.
- Rapid changes in the market environment due to climate change and accelerating CN trends
- Intensifying competition with other companies

### Net Sales\*<sup>3</sup> (billion yen) Segment Profit\*<sup>3</sup> (billion yen)

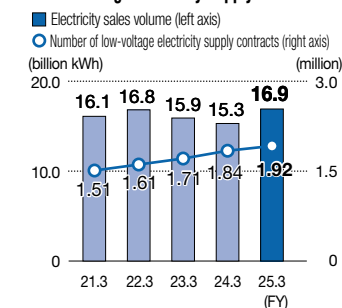


\*<sup>3</sup> In FY2021.3, Gas and Power Co., Ltd. (Domestic Energy/Electricity) was absorbed into Daigas Gas and Power Solution Co., Ltd. (Domestic Energy/Gas). From FY2022.3, "Domestic Energy/Gas" and "Domestic Energy/Electricity" were integrated into "Domestic Energy," and Osaka Gas International Transport Inc., which transports LNG and was included in "International Energy," was integrated into "Domestic Energy" with the aim of unifying energy sales and supply/demand management. Operating expenses for International Energy included in Osaka Gas (Domestic Energy/Gas) was transferred to "International Energy." The actual results for FY2021.3 are listed according to the changes.

### Domestic Gas Sales Volume and Number of Gas Supply Contracts



### Domestic Electricity Sales Volume and Number of Low-voltage Electricity Supply Contracts



### INPUT

- Segment assets **1,640.8** billion yen
- Segment growth investment **34.1** billion yen
- Quality improvement investment **73.7** billion yen
- High technical capabilities and know-how for stable supply
- Stable customer base and long-standing relationships of trust

### OUTPUT

- Net sales **1,737.9** billion yen
- Segment profit **77.5** billion yen
- Number of serious accidents and serious energy supply disruptions caused by the company **Zero**
- Number of customer accounts **10.71** million

### OUTCOME

- Safe, secure and stable energy supply
- Contribution to CN society
- Co-creation of diverse solutions with stakeholders



Value Creation and Growth Strategies

Overview of the Daigas Group

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## FY2025.3 Results and Initiatives for Further Growth

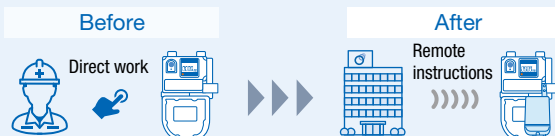
### Network Business

In FY2025.3, we completed the construction necessary to address issues related to gray cast iron pipes, which was the goal of the Gas Safety Enhancement Plan. Going forward, we will continue working to create more resilient facilities, such as by replacing gas pipelines with more earthquake-resistant materials such as polyethylene pipes and subdividing the number of supply blocks.

In addition, we are working to enhance safety and productivity through DX. In FY2026.3, we have utilized the communication functions of smart meters to ensure rapid security and streamline work. We have also begun automatically creating pipeline construction drawings using 3D photos to reduce the time necessary to create drawings and improve work efficiency.

#### ● Utilizing the communication function of smart meters

Emergency gas shutoff and restoration work and monthly meter reading can be performed remotely



#### ● Automatic generation of pipe construction drawings using 3D imaging technology

Automatic creation of 3D drawings from images taken with a smartphone



Left: Generated 3D model data (Can be used for construction drawings)

Right: Actual installed piping (Recognize required information when taking photographs)

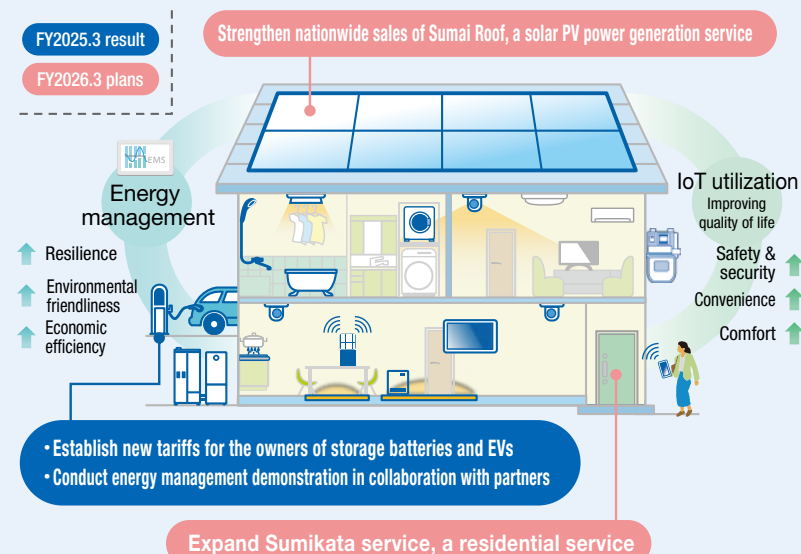
### Initiatives to Maintain and Expand Gas Retail Business

We aim to maintain and expand gas sales and supply volume by expanding our residential space services, fuel conversion activities, and strengthening sales of energy services.

#### ● Initiatives for residential customers

In addition to conventional gas appliances, we aim to realize smart and comfortable lifestyles by connecting solar power generation and electric vehicles with IoT and managing energy with the best mix of gas and electricity.

In FY2026.3, we will expand our residential space services by strengthening nationwide sales of Sumai Roof, a solar power generation service that can be started with zero installation cost, and adding new menu items to Sumikata Services.



#### ● Initiatives for commercial and industrial customers

We are working to shift fuel from coal and oil to natural gas and LNG, which will lead to a decarbonization effort. In FY2025.3, we received an order for a large-scale construction project of approximately 60 thousand tons/year (LNG equivalent). We are also promoting energy conservation by introducing a cogeneration system that effectively utilizes waste heat during power generation.

We will further enhance our D-Lineup as a solution service that solves various problems for our customers from the three perspectives of carbon neutral, 3R\*, and DX. Services include reducing and recycling food waste and wastewater with the aim of sustainable resource circulation, and supporting business activities by using data and digital technology to address issues such as labor shortages and technology transfer.

\*Reduce/Reuse/Recycle



## D-Lineup

Decarbonization

Decentralization

Digitalization

## FY2025.3 Results and Initiatives for Further Growth

## Power Business

## ● Initiatives for low-carbon natural gas-fired power generation

To achieve low carbonization and a stable power supply, natural gas-fired power generation, which allows for easy output adjustment, is essential. The Daigas Group started full-scale construction of the Himeji Natural Gas Power Plant in August 2022. Unit 1 is scheduled to begin operation in January 2026, and Unit 2 in May of the same year, with a power generation capacity of approximately 1.2 GW. This will expand our domestic thermal power generation capacity from 2.0 GW to 3.2 GW.

In addition, in March 2025, we decided to jointly construct a natural gas power plant (Himeji Natural Gas Power Plant Unit 3), which we won in a long-term decarbonized power source auction, with several other companies. We will introduce a highly efficient gas turbine combined cycle power generation facility with a capacity of approximately 0.6 GW, and aim to start operation in FY2031.3.

In the future, we will aim to achieve zero emissions from thermal power generation, our main source of energy, by 2050 by examining the possibilities of using e-methane and bio-methane, hydrogen, and natural gas + CCS.

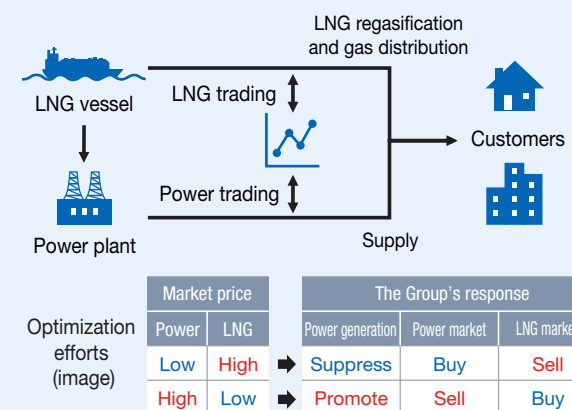


Himeji Natural Gas Power Plant

## ● Initiatives in LNG and electricity trading markets

The Daigas Group leverages its strengths in owning a value chain from LNG procurement to sales to optimize the operation of its own facilities as well as market transactions, thereby reducing procurement costs while maintaining a stable supply of gas and power and maximizing trading profits.

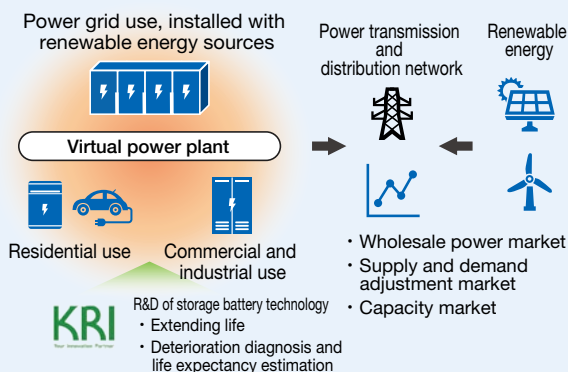
As one example of optimization, when LNG is expensive and electricity is cheap, the Group will suppress power generation, buy cheap electricity from the market, and sell the surplus LNG. By purchasing surplus electricity on the market and providing LNG where there is a shortage, the Group contributes to adjusting the electricity supply and demand, and in return earns trading profits.



## ● Initiatives to promote the spread of renewable energy

The Daigas Group has been developing a variety of renewable energy sources, including solar, biomass, and wind power. In FY2026.3, all eight biomass power plants that have been developed and constructed so far will begin operation.

In addition, as storage batteries can level out the load on the grid due to the large-scale spread of renewable energy, their importance will increase in the future. The Group is promoting the sale of storage batteries and the installation of storage stations for residential, commercial, and industrial use, in addition to grid-use and renewable energy-connected types. By bundling these together into a virtual power plant, we are aiming to grow into one of the top storage battery operators in Japan.



KRI, Inc.: A wholly owned group subsidiary of the company

## ■ Biomass Power Plant (As of Sep 2025)

	Location	Start of operation	Capacity of power generation facilities
Matsusaka Woody Biomass	Mie Prefecture	Jan 2018	2MW
Ichihara Biomass	Chiba Prefecture	Dec 2020	50MW
Tokushima Tsuda Biomass	Tokushima Prefecture	Dec 2023	75MW
Hirohata Biomass	Hyogo Prefecture	Dec 2023	75MW
Hyuga Biomass	Miyazaki Prefecture	Oct 2024	50MW
Aichi Tahara Biomass	Aichi Prefecture	Nov 2024	75MW
Sodegaura Biomass	Chiba Prefecture	Jul 2025	75MW
Gobo Biomass	Wakayama Prefecture	Sep 2025	50MW





Courtesy of Freeport LNG Development, L.P.



## International Energy Business

### What We Aim To Be

In our International Energy business, we have expanded and diversified our business domain from upstream to mid- & downstream businesses, making use of the experience and knowledge we have accumulated over many years of operating in various countries, while also utilizing the O&M and engineering capabilities of the energy value chain we have built in Japan, as well as our ability to propose solution services.

The International Energy business has now grown into one of our business pillars, contributing to the profits of the Daigas Group as a stable earnings base that is not dependent solely on the Domestic Energy business.

We will continue to efficiently expand our profit scale, and aim to provide stable, low-cost energy supplies and convenient services that contribute to the sustainability of the carbon neutral ("CN") society by developing e-methane projects and taking other measures.

### Business Environment Awareness

#### Strengths

- Developing business across the value chain from upstream to mid- & downstream
- Possessing Operational know-how for the energy business, leveraging knowledge gained in Japan

#### Opportunities

- Increasing demand for low-carbon and decarbonized energy
- Increasing energy demand in emerging markets

#### Issues

- Safe and stable operations for stable procurement and profit
- Acquiring know-how in new fields through business participation

#### Risks

- Implementation or change of policies and regulations, deterioration of economic or social conditions, etc. in the countries in which the Group operates
- Market fluctuation in areas including crude oil prices and gas prices, technical issues

FY2025.3  
Results

Net sales **128.1** billion yen

Segment profit\*<sup>1</sup> **71.9** billion yen

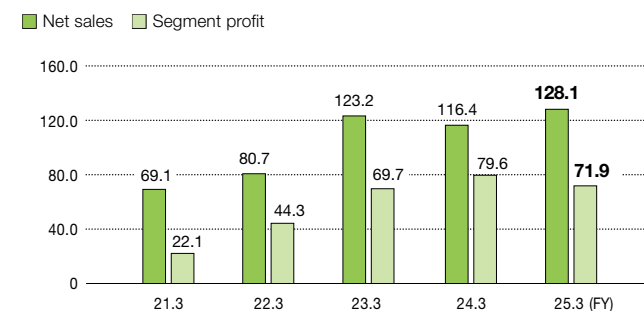
\*<sup>1</sup> Operating profit + share of profit of entities accounted for using equity method

Investment  
for Growth  
for FY2027.3

**225.0** billion yen\*<sup>2</sup>

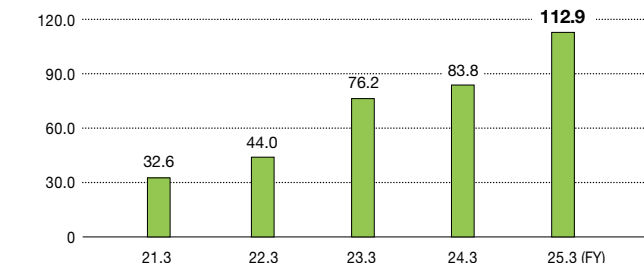
\*<sup>2</sup> Cumulative total for FY2025.3 – FY2027.3 (plan)

### Net Sales\*<sup>3</sup> (billion yen) Segment Profit\*<sup>3</sup> (billion yen)



\*<sup>3</sup> From FY2022.3, Osaka Gas International Transport Inc., which transports LNG and was included in "International Energy," was integrated into "Domestic Energy" with the aim of unifying energy sales and supply/demand management. Operating expenses for International Energy included in Osaka Gas (Domestic Energy/Gas) was transferred to "International Energy."

### Growth Investment Amount for Each Fiscal Year in International Energy Business (billion yen)



### INPUT

- Segment assets **1,105.4** billion yen
- Segment growth investment **112.9** billion yen
- Developing business across the value chain from upstream to mid- & downstream
- Operational know-how for the energy business, leveraging knowledge gained in Japan

### OUTPUT

- Net sales **128.1** billion yen
- Segment profit **71.9** billion yen
- Steady profit growth through price hedging, development expansion, and stable operations at Sabine Oil & Gas Corporation in the U.S.
- Expanding city gas business in the growing market of India

### OUTCOME

- Stabilizing global energy supply
- Contribution to CN society
- Contribution to national and regional economic development



Value Creation and  
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## FY2025.3 Results and Initiatives for Further Growth

### Upstream Business (U.S.)

The Daigas Group is engaged in upstream businesses that contribute to strengthening and stabilizing the Group's earnings base by expanding its business portfolio.

In the U.S., we acquired all shares of Sabine Oil & Gas Corporation in 2019, and gained operatorship to proactively promote projects in the shale gas development business. While striving to stabilize earnings through hedging, we are working to maximize earnings by flexibly adjusting production volume and new well development and choosing to acquire or sell assets in response to changes in market conditions such as gas prices (Henry Hub), thereby driving the profit growth of the Group.

#### ● FY2025.3 results

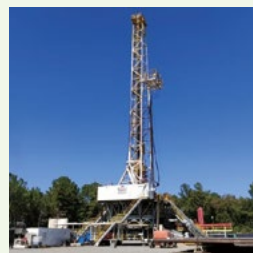
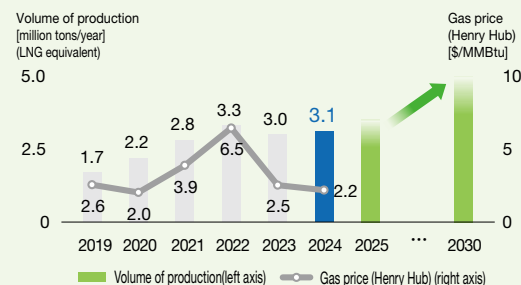
To grow our business further, we acquired additional shale gas mining areas. The mining area has increased by 1.2 times since our 100% investment, expanding to approximately 1,200 km<sup>2</sup>.

Although gas prices remained at low levels, we contributed to stable profits by diversifying hedge transactions to prepare for the risk of price declines, agile production volume control, and expanding sales channels.

#### ● Future initiatives

While closely monitoring gas prices, we aim to expand production in the medium to long term by acquiring additional mining areas and expanding development.

#### ■ Sabine Oil & Gas Corporation's Gas Production Volume



Sabine well drilling site

### Asian Business (India)

In Asia, we are developing our mid- & downstream businesses. In these businesses, we are aiming to achieve sustainable growth using the know-how and experience we have cultivated in our Domestic Energy business, while accumulating local business know-how, and contributing to the economic development and carbon neutrality of energy in each country.

The government of India is promoting the expansion of natural gas use, such as encouraging the spread of natural gas vehicles through the development of city gas infrastructure, as a measure to address rising energy demand associated with economic growth, and to promote low carbonization and address air pollution. Therefore, growth is expected in the Indian market. In 2021, the Daigas Group became the first Japanese company to participate in the Indian city gas business through investment in a local city gas business company. In the business area in which we have been granted exclusive business rights by the Indian government, we will expand sales of city gas for residential, commercial, and industrial use with focus on transportation, and develop it into a pillar of our Asian business, in order to contribute to the transition to low-carbon energy and the stable energy supply in India.

#### ● FY2025.3 results

We made additional investments in our city gas business in India, expanding our business area from approximately 270,000 km<sup>2</sup> to approximately 320,000 km<sup>2</sup> (approximately 90% of Japan's land area). Our gas pipelines in India now have a total length of 10,000 km (approximately one-sixth of the total length of our pipelines in Japan), while our annual gas sales volume has increased to 370 million m<sup>3</sup>, approximately 2.5 times more than in the previous fiscal year.

#### ● Future initiatives

We aim to expand our annual sales volume to approximately 3.5 billion m<sup>3</sup>, equivalent to roughly half of Japan's city gas sales volume, in FY2031.3, and establish a medium- to long-term earnings base.

Through a Japanese consortium, we will establish a joint venture with an Indian renewable energy business company and own approximately 400 MW of renewable energy assets in three years, thereby contributing to the decarbonization of energy.

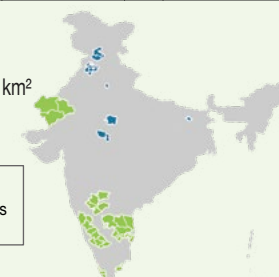
#### ■ Annual Gas Sales Volume (m<sup>3</sup>)

FY2024.3 result	FY2025.3 result	FY2026.3 plan	...	FY2031.3 plan
150 million	370 million	540 million	...	Approx. 3.5 billion

#### ■ Business area

Total area: Approx. 320,000 km<sup>2</sup>

■ FY2022.3 business areas  
■ FY2025.3 additional business areas



A line of vehicles at a CNG station in India



## Life & Business Solutions (LBS) Business

FY2025.3  
Results

Net sales **282.4** billion yen

Segment profit\*<sup>1</sup> **28.7** billion yen

\*<sup>1</sup> Operating profit + share of profit of entities accounted for using equity method

Investment for Growth for FY2027.3

**150.0** billion yen\*<sup>2</sup>

\*<sup>2</sup> Cumulative total for FY2025.3 – FY2027.3 (plan)

### What We Aim To Be

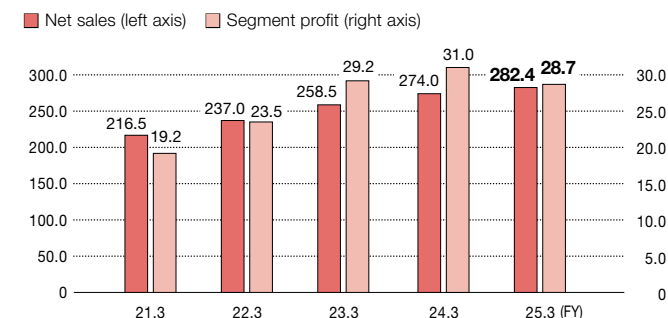
We are steadily growing profits from the LBS business by leveraging the technology and business know-how we have cultivated in the energy business. By developing businesses separate from the energy business, we make them less susceptible to the effects of crude oil prices and exchange rates, and they are steadily making contributions to the Group's profits.

We will accelerate growth by leveraging the strengths that each company has cultivated, such as asset-light real estate business management and provision of high-value-added systems and high-performance materials, and the synergies within the Daigas Group.

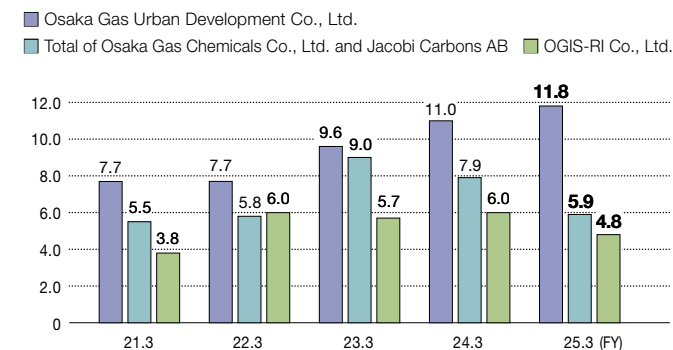
### Business Environment Awareness

	Urban Development	Information Technology	Materials
<b>Materials</b>	<ul style="list-style-type: none"> <li>Rolling out a wide range of real estate-related business, including development, management, and sales</li> </ul>	<ul style="list-style-type: none"> <li>Ability to provide one-stop service from IT strategy formulation to development, maintenance, and operation</li> </ul>	<ul style="list-style-type: none"> <li>Technological capabilities to develop highly functional and high value-added products to meet domestic and overseas demand</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Booming real estate investment market</li> </ul>	<ul style="list-style-type: none"> <li>Increasing need for digital transformation, including AI</li> </ul>	<ul style="list-style-type: none"> <li>Increasing environmental awareness</li> </ul>
<b>Issues</b>	<ul style="list-style-type: none"> <li>Responding to rising construction material prices</li> </ul>	<ul style="list-style-type: none"> <li>Securing and developing human resources</li> </ul>	<ul style="list-style-type: none"> <li>Responding to rising raw material prices and developing high value-added products</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>Deteriorating real estate market conditions</li> </ul>	<ul style="list-style-type: none"> <li>Information leaks due to advanced cyber attacks</li> </ul>	<ul style="list-style-type: none"> <li>Rising raw material prices</li> </ul>

### Net Sales (billion yen) Segment Profit (billion yen)



### Operating Profit of Each Company (billion yen)



### INPUT

- Segment assets **528.3** billion yen
- Segment growth investment **62.3** billion yen
- Expanding the real estate business domain with a focus on capital efficiency
- Providing one-stop service from development, maintenance, and operation
- Developing and selling high-value-added chemical products

### OUTPUT

- Net sales **282.4** billion yen
- Segment profit **28.7** billion yen
- Growth in real estate business centered on rental and for-sale apartments
- Strengthening of ERP\* business domain through M&A
- Strong performance of inorganic materials and other products

\*ERP is the abbreviation for enterprise resource planning. It is a system for integrated management of the customer's entire business from the perspective of effective use of management resources.

### OUTCOME

- Providing comfortable places, spaces, and services
- Evolving our customers' businesses
- Contributing to a sustainable society through manufacturing



Value Creation and Growth Strategies

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## FY2025.3 Results and Initiatives for Further Growth

### Urban Development Business

We roll out real estate business, which extends widely to include the development of properties such as for-sale and rental apartments, office buildings, logistics facilities, research park business, REIT business, management of buildings and facilities, and so on.

#### ● FY2025.3 results

Our core urban development business of rental and for-sale apartments performed well. We have systematically sold properties to a private REIT, in order to improve capital efficiency.

#### ● Future initiatives

We will continue to manage our urban development business with a focus on capital efficiency, while also expanding this business domains, including office businesses in the Greater Tokyo area and logistics businesses.



URBANEX Waseda Terrace

#### Group synergy effects

Strengthening the capabilities to acquire land information and propose sets of energy products by utilizing the Daigas Group's sales network

### Information Technology Business

We are expanding our information technology business to general customers using the knowledge we have gained through the development and operation of systems for Daigas Group businesses. Through M&A, we are broadening our business domain by adding companies in the manufacturing and financial industries, as well as companies with strengths in ERP, to the Group.

#### ● FY2025.3 results

We have acquired the business of the Fasttrack Solutions Inc. Group, which operates ERP business in Southeast Asia, mainly in the Philippines.

#### ● Future initiatives

We will capture DX demand both within and outside the Group and expand the scale of our business in areas such as ERP and AI.



#### Group synergy effects

Strengthening the Group's management foundation through Group collaboration in DX promotion activities

### Materials Business

Using the coal chemistry technologies (application of by-products from gas production using coal as a raw material, etc.) and pharmaceutical- and agricultural-related technologies cultivated by Osaka Gas, we develop, manufacture, and sell a variety of highly functional materials, such as fine materials, carbon fiber materials, activated carbon, silica- and alumina-based materials, and preservatives.

#### ● FY2025.3 results

Inorganic materials and other products performed well.

#### ● Future initiatives

While maintaining and expanding our existing materials businesses, we will cultivate growth areas by diversifying our products.



D-BHB (naturally derived ketone bodies)



Activated carbon

#### Group synergy effects

Strengthening the development of highly functional materials through collaboration in the R&D field, including joint research within the Group and talent rotation programs