

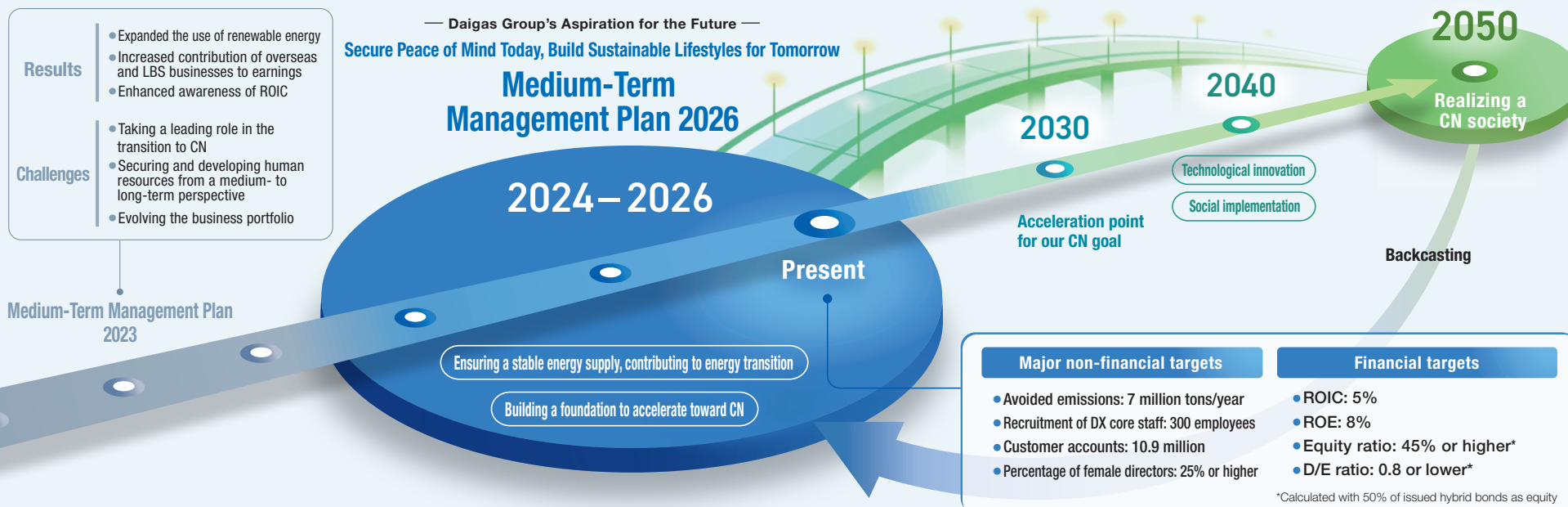
Growth Strategies and Practices

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Medium-Term Management Plan 2026: Backcasting Perspective

With a view to realizing a future carbon neutral (“CN”) society, the Daigas Group has formulated the “Medium-Term Management Plan 2026” using a backcasting approach. We have positioned the current medium-term plan period as “three years dedicated to fulfilling our mission of ensuring a stable energy supply in the immediate term and laying the foundation for the transition to CN,” and are promoting initiatives to achieve these targets under three key strategies.



Materiality	Key strategy	Direction	Main initiatives
Provide carbon neutral energy	Co-create value for a sustainable future	Resolving social issues with the two-pronged approach of pursuing CN and providing natural gas	- Expansion of the use of natural gas in Japan and overseas P.32, P.35 - Promotion of natural gas-fired power generation PP.32 - Development of innovative technologies such as e-methane and bio-methane P.25 - Expansion of renewable energy power source development/storage battery business P.26
Enhance the resilience of customers and society			- Ensuring stable supply through diversified LNG procurement - Promotion of LNG bunkering business - Enhancement of safety and productivity through energy infrastructure resilience enhancement and digital transformation (DX) P.33
Co-create advanced, diverse solutions that meet customer values			Growth of the customer base through diverse solution offerings and expansion into new service areas P.32
Create an environment that enhances value for employees and the company	Support employees to shine in their roles	Building a corporate culture that encourages diverse talents to come together and work hard	- Creation of an environment that fosters challenge and growth - Attraction of diverse and highly specialized talent and ensuring the right people are in the right roles P.39
Maintain and improve the soundness and flexibility of management foundation	Evolve the business foundation	Promoting the implementation of asset-light management	- Business transformation through DX, with a focus on AI utilization P.40 - Implementation of capital allocation with a focus on capital efficiency P.28

Initiatives for Achieving Carbon Neutrality

The Daigas Group has formulated Energy Transition 2050. Based on its energy transition roadmap toward achieving carbon neutrality by 2050, the Group will provide optimal solutions that take S+3E into account as a comprehensive energy company and work together with stakeholders to realize a carbon-neutral society.

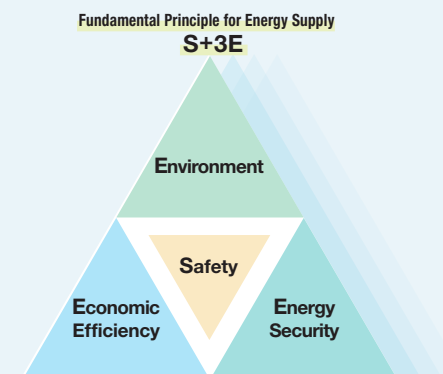
*S+3E: Safety, Energy Security, Economic Efficiency, Environment

Challenges Regarding Energy Supply and the Daigas Group's Principle

Our basic approach to energy supply is S+3E, 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 has limited natural resources and depends heavily on energy imports, we recognize the need to closely monitor international developments and changes in global energy policies.

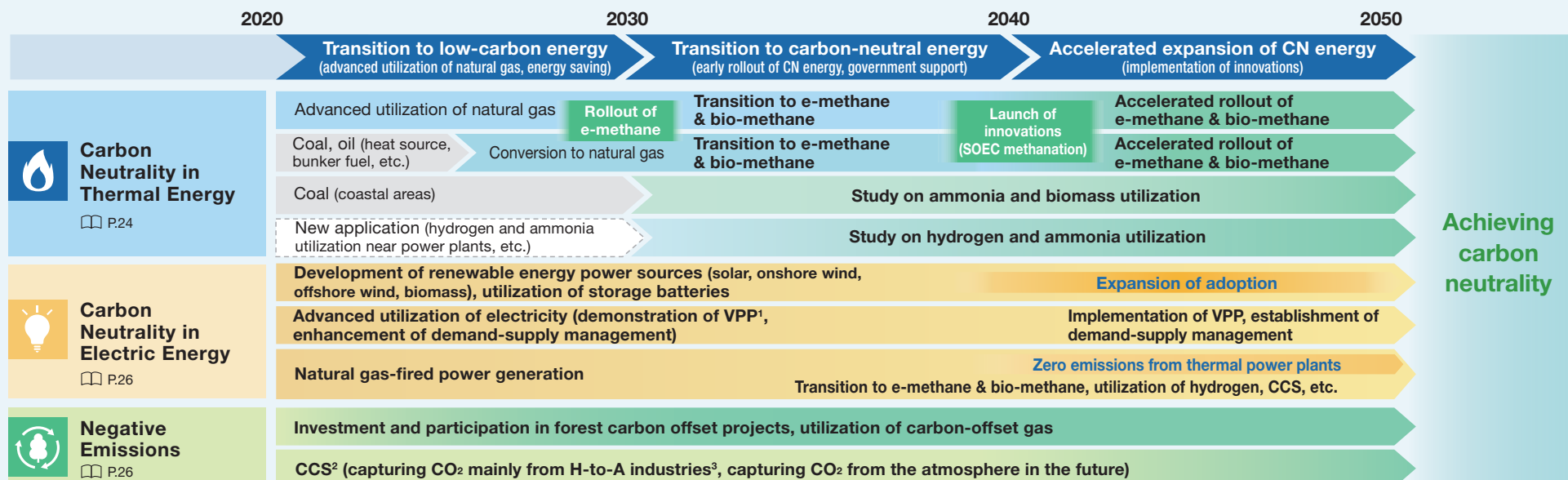
In light of this background, the Group's fundamental principle is to prioritize supply stability while ensuring safety as a cornerstone, and to offer our customers a variety of environmentally and economically friendly options.



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.

Until 2030, we will pursue a low-carbon transition through energy conservation and existing technologies. From 2030, we will shift seamlessly to carbon-neutral energy by introducing e-methane, biogas, and other solutions, while advancing power-sector decarbonization through a diverse mix of power sources. From 2040, we will accelerate the deployment of carbon-neutral energy through innovation, thereby leading the energy transition.



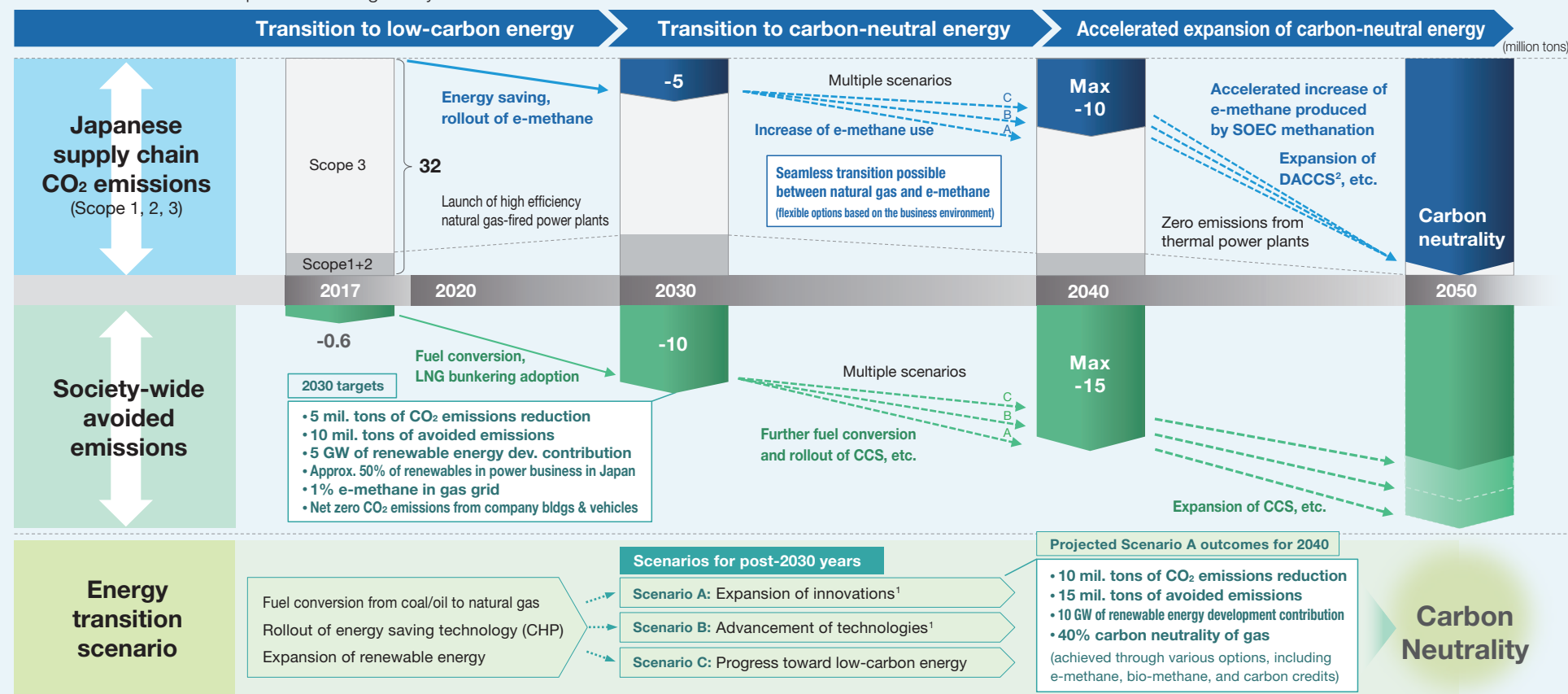
¹ Virtual Power Plant: Operating as a single power generation facility by integrating and controlling distributed energy sources through an aggregator, utilizing information and communication technology.

² Carbon dioxide Capture and Storage

³ H-to-A (Hard-to-Abate) industry: Sectors in which CO₂ emissions reduction is challenging

Roadmap to CO₂ Emissions Reduction

The Daigas Group has formulated a CO₂ reduction roadmap to reduce CO₂ emissions across our supply chain and contribute to reducing CO₂ emissions throughout society. We have also considered multiple scenarios for 2040, including the scenario assumed by the government. Below are the estimated values based on the “Expansion of Innovations” scenario, which assumes the maximum progress toward carbon neutrality. This is merely one scenario, and we intend to determine its feasibility by around 2030 and review the scenario, taking into account international developments and regulatory trends.



Responding flexibly to changing business environment

The scenarios may be updated based on changes in business environment, affected by international situations, regulatory support, and other factors.

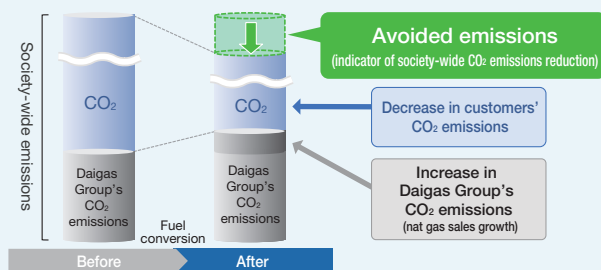
¹ Energy demand and supply outlook scenarios from Japan's Seventh Strategic Energy Plan.

² Direct Air Carbon Capture and Storage: Technology that combines DAC for separating and capturing CO₂ with CCS for underground storage.

Society-wide avoided emissions

As a step toward carbon neutrality in thermal energy, fuel conversion from coal and oil to natural gas is an effective approach for the transition period. For example, switching from coal to natural gas can reduce CO₂ emissions per unit of calorific value by approximately 45%, so expanding the conversion of fuel to natural gas can reduce CO₂ emissions across society as a whole. With this fuel conversion, even though society-wide CO₂ emissions decrease significantly, the use of natural gas expands, so it may appear that CO₂ emissions across the Group's entire supply chain are increasing. This society-wide reduction in CO₂ can be shown using an indicator called “avoided emissions.” Avoided emissions represents quantified emissions reduction through the company's products and services provided to others, and the Daigas Group actively promotes it as a key indicator.

Conceptual Diagram of Avoided Emissions



Carbon Neutrality Initiatives in Thermal Energy

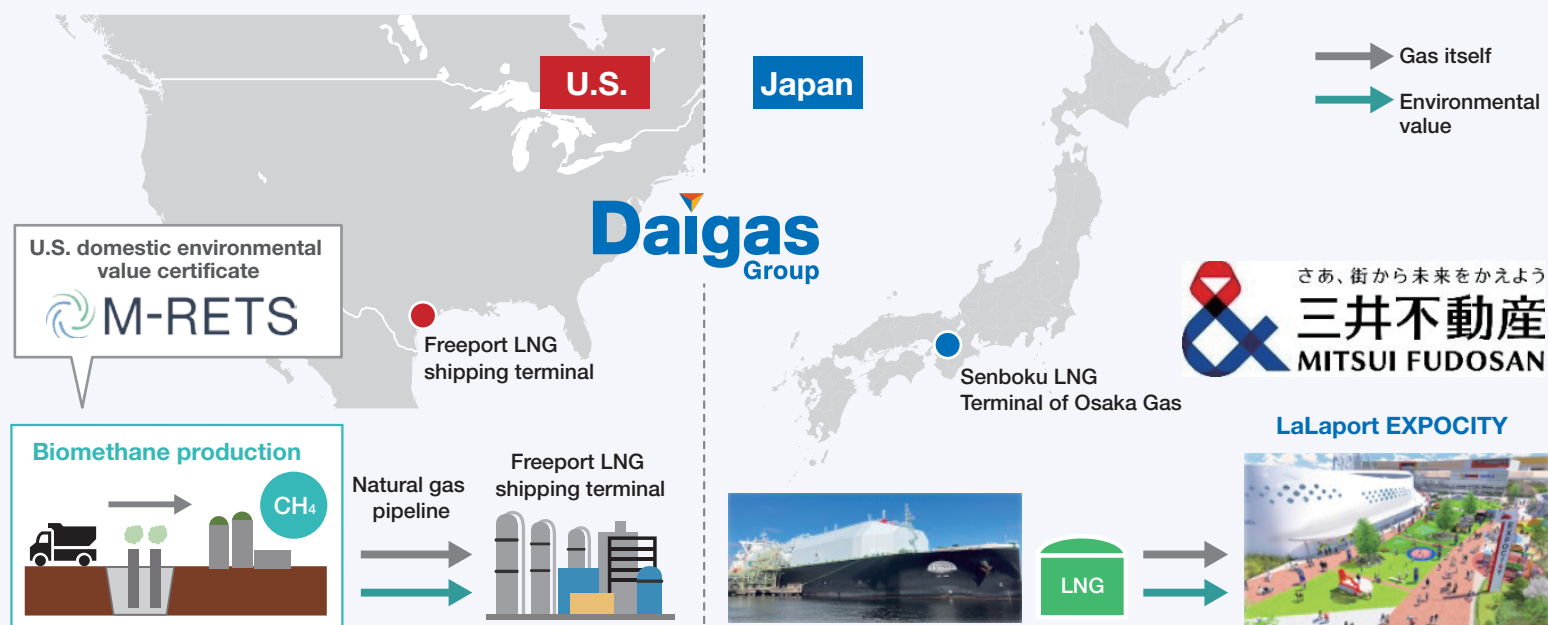
To realize a CN society, we are pursuing carbon neutrality in thermal energy from multiple angles. In addition to building an international supply chain and pioneering supply domestically with a view to the early practical application of e-methane, etc., we are steadily developing a variety of methanation technologies to produce e-methane, in line with our roadmap.

Large-scale procurement of e-methane through the Live Oak Project in the U.S.

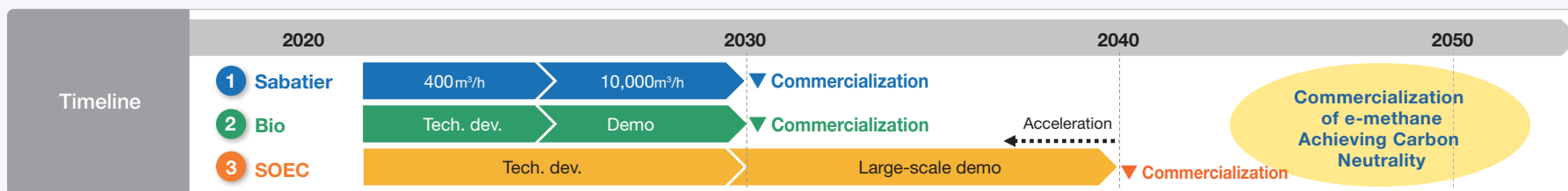
In December 2025, we entered into a joint development agreement with four other companies, for the front-end engineering design (FEED) of an e-methane production project in the U.S. To achieve our 1% target for the use of e-methane in FY2031, we are aiming to begin production (approximately 75 thousand tons/year) during that year and to start importing it to Japan. To that end, we are moving forward with efforts to become the first in the world to produce e-methane on a commercial scale, build an international supply chain, achieve the practical application of e-methane, and ultimately, realize a carbon-neutral society.

Early practical application by becoming the first in Japan to procure and supply bio-methane produced overseas

With an eye to the future large-scale introduction of e-methane, etc., we are rapidly advancing the use of bio-methane to build an early track record in logistics and regulatory frameworks. Following the conclusion of a procurement agreement in November 2025, our Senboku LNG Terminal received Japan's first shipment of U.S.-produced bio-methane in January 2026. In March of the same year, we supplied bio-methane to Mitsui Fudosan Co., Ltd.'s "LaLaport EXPOCITY" shopping park, the first such supply to a commercial facility in Japan. We swiftly organized the entire flow, from overseas procurement to domestic receipt and supply to customers, which is helping to serve our customers' increasingly diverse decarbonization needs.



Roadmap for Social Implementation of Methanation Technology



1 Existing technology: Initiatives for the commercialization of Sabatier methanation technology

In February 2026, we launched the Nagaoka Sabatier methanation demonstration test jointly with INPEX CORPORATION, as part of one of the world's largest technology development projects aimed at commercializing methanation technology for CO₂ emissions reduction and effective CO₂ utilization¹. With a processing capacity of 400 Nm³-CO₂/h, the facility's annual production capacity is equivalent to the gas consumption of approximately 10,000 households. The demonstration test will run through the end of FY2027, with the objective of acquiring technical knowledge for scale-up, including understanding the behavior of the methanation reaction and evaluating durability. Drawing on the technical knowledge obtained through this demonstration, we will carry out the conceptual design of a large-scale Sabatier methanation facility (10,000 m³/h), thereby contributing to the realization of carbon neutrality.



Sabatier methanation demonstration facility in Nagaoka Courtesy of INPEX

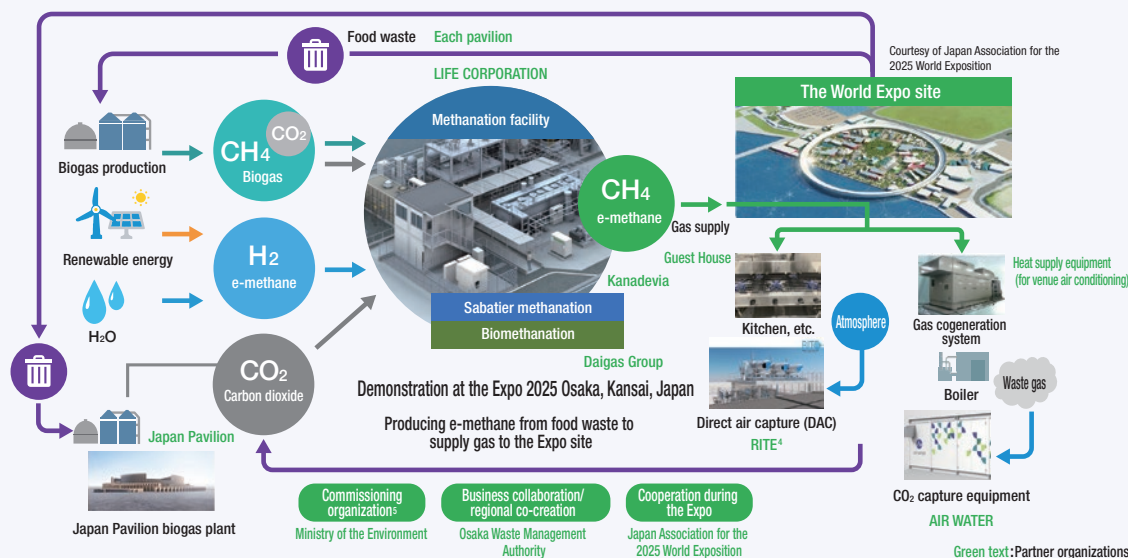
② Innovative technology: Promotion of biomethanation technology development

From April to October 2025, we conducted a demonstration project² at the Expo 2025 Osaka, Kansai, Japan site to produce e-methane from food waste and renewable energy, successfully achieving the target production rate of 7 Nm³/h of e-methane (with a methane concentration of 95% or higher).

③ Innovative technology: Promotion of SOEC methanation technology³

We completed the bench-scale test facility in June 2025. We will conduct verification tests at this facility to achieve high energy conversion efficiency and drive further scale-up. With a view to commercialization in the 2040s, we aim to achieve world-leading energy conversion efficiency of approximately 85-90%.

■ Flow diagram of methanation demonstration at the venue of Expo 2025 Osaka, Kansai, Japan



1 NEDO Grant Project: "Development of Carbon Recycling and Next-Generation Thermal Power Generation Technologies / Practical Utilization Technology Development for Effective Use of CO₂: 'CO₂ 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 (FY2022)"

3 NEDO Green Innovation Fund Project: "Innovative Technology Development for Synthetic Methane Production: 'SOEC Methanation Technology Innovation Project'"

4 Research Institute of Innovative Technology for the Earth

5 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"

Carbon Neutrality Initiatives in Electric Energy

The Daigas Group is collaborating with various partners both in Japan and abroad to advance the development of renewable energy, a key power source for decarbonization. At the same time, we are developing and operating grid-scale and renewable energy co-located battery storage systems that help compensate for the weather-dependent variability of renewable energy output and enable the effective use of renewable electricity. Through these initiatives, we will build a power portfolio that delivers excellent stability, environmental performance, and economic efficiency.

Please refer to P.32 for details on our efforts to strengthen our power-supply portfolio

Development and procurement of renewable energy

Thanks to the commencement of operations at eight biomass power plants in which we hold equity interests, we achieved our FY2027 renewable energy development contribution target of 4 GW ahead of schedule. To accelerate the achievement of our FY2031 target of 5 GW, we will expand our business by leveraging the strengths of our value chain, which spans everything from power source development and procurement to PPA acquisition.



Wakayama Gobo Biomass Power Plant

Expansion of storage battery business

We are currently strengthening our battery storage business to enhance the stability of the power grid thereby supporting the expansion of renewable energy, and to ensure stable supply capacity in the future.

In FY2026, we commenced commercial operations at the Senri Power Storage Plant and the Takeo Power Storage Plant, our first grid-scale battery storage facilities in Japan. By FY2031, we aim to achieve 1 GW of battery storage capacity across both grid-scale and renewable energy co-located battery storage systems.



Senri Power Storage Plant

Initiatives for Negative Emissions

The Group aims to achieve carbon negativity and is also working to address CO₂ emissions from hard-to-abate industries such as steel and cement. Through carbon dioxide capture and storage (CCS), forest carbon offset, carbon credit businesses, and environmental value management systems, we will support our customers' decarbonization efforts and contribute to the sustainable growth of industry.

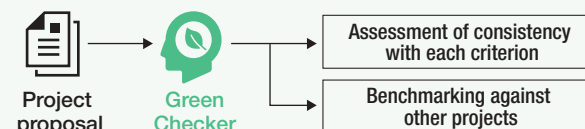
Contribution to carbon neutrality through the use of credits

In January 2026, GreenChecker, a generative AI-based carbon credit quality assessment service launched in 2025, was expanded to support J-Credit and JCM¹. These credits are recognized as eligible carbon credits under GX-ETS², and are expected to contribute to the achievement of Japan's Nationally Determined Contribution (NDC)³ targets. Going forward, we will strengthen our value chain, including our quality assessment capabilities, and leverage these strengths in procurement and sales activities to drive business growth.

¹ Joint Crediting Mechanism

² Japan's emissions trading system. A system for companies to reduce emissions or trade emissions allowances within government-established limits, based on the Government of Japan's Pro-Growth Carbon Pricing Concept

³ GHG emissions reductions targets that each country submits and updates every five years based on the Paris Agreement. On February 18, 2025, the Cabinet approved and submitted Japan's GHG reduction targets to the United Nations, which aim for a 60% reduction in GHG emissions from FY2013 levels by FY2035, and a 73% reduction by FY2040.



Start of CO₂NNEX[®] operation as part of the methanation demonstration in Nagaoka

As part of the methanation demonstration in Nagaoka in collaboration with INPEX CORPORATION, in June 2026 we commenced operation of CO₂NNEX[®], a platform for the transfer and management of clean gas certificates that certify the environmental value of e-methane. This is the first system in the city gas industry, and its implementation is the second case, following the Expo 2025 Osaka, Kansai, Japan. Moving forward, together with Nagaoka City, ASAHI-SHUZO SAKE BREWING CO., LTD., and IWATSUKA CONFECTIONERY CO., LTD., both of which are located near the demonstration facility, we will work to establish a local-production for local-consumption model. Through these efforts, we aim to create one of the leading precedents for a future certificate scheme and contribute to the social implementation of e-methane.

*CO₂NNEX is a registered trademark of Mitsubishi Heavy Industries, Ltd.

Message from the CFO

We Aim to Sustainably Enhance Corporate Value through Management Focused on Further Improving Underlying Profit and Capital Efficiency



Executive Vice President and
Chief Financial Officer

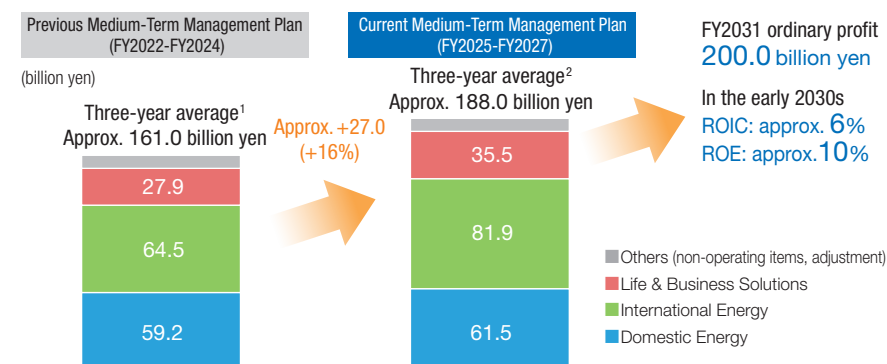
Ko Sakanashi

Under the Medium-Term Management Plan 2026, the Daigas Group has set targets of 5.0% for ROIC and 8.0% for ROE and is pursuing management focused on capital efficiency while maintaining financial soundness, with a shareholders' equity ratio of 45% or higher and a D/E ratio of 0.8 or lower. To achieve these targets, we have taken seriously the insights gained through our dialogue with shareholders and investors and have advanced our efforts along two fronts: profit growth and management of shareholders' equity. As a result of these efforts, underlying profit has steadily increased. Building on this progress, we will continue to enhance corporate value sustainably through balance sheet optimization, by consistently pursuing an asset-light approach to management and executing disciplined cash allocation.

Steady Growth in Underlying Profit and Enhancement of Shareholder Returns

Fiscal year ended March 2026 (FY2026), the second year of the Medium-Term Plan 2026, was a year in which we saw tangible progress in the Daigas Group's active portfolio-focused management. Consolidated ordinary profit for FY2026, excluding the time-lag effect, was 195.3 billion yen. Including our outlook for the final year of the plan, we expect the three-year average ordinary profit to be approximately 188.0 billion yen, representing a 16% increase compared with approximately 161.0 billion yen during the previous Medium-Term Plan period. Across our businesses, we have pursued business expansion through investment for growth while responding flexibly to changes in market conditions and steadily creating added value. These efforts have helped raise the overall level of profit across the Group.

■ Three-year Average Ordinary Profit (excluding time-lag effect)



Flexible management of shareholders' equity

¹ Simple average of three-year results

² Average of FY2025 and FY2026 results, and FY2027 forecasts

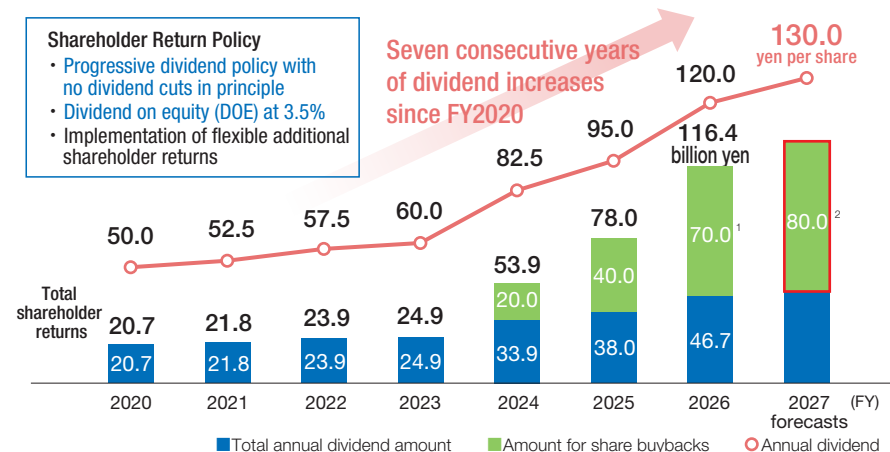


Message from the CFO

Building on the steady improvement in underlying profit, we have decided to further enhance shareholder returns. Our progressive dividend policy, under which we do not reduce dividends in principle, remains the foundation of our approach. At the interim period of FY2026, we raised our dividend on equity (DOE) from 3.0% to 3.5%. Through ongoing dialogue with the capital markets, and taking into account our commitment to sustainable growth from the next Medium-Term Plan onward, we concluded that implementing the increase early would be beneficial to our shareholders and investors as well as to the Company. For FY2027, we plan to pay an annual dividend of 130 yen per share based on this new DOE level, representing an increase of 10 yen per share from the previous fiscal year. This will enhance the predictability of shareholder returns, while we will also continue share buybacks as a flexible means of providing additional shareholder returns. In May, we announced a share buyback of up to 80.0 billion yen, to be carried out over approximately one year.

In FY2027, uncertainty remains, particularly due to global geopolitical risks. While further strengthening our efforts to identify medium- to long-term risks, assess their potential impacts, and consider appropriate responses, we will steadily advance our initiatives in both Japan and overseas toward the Medium-Term Plan's final-year targets of 5% ROIC and 8% ROE.

Looking further ahead, we have set a medium- to long-term goal of approximately 6% ROIC and approximately 10% ROE for the early 2030s. We will continue to pursue this goal through profit growth (the numerator) and appropriate management of shareholders' equity (the denominator). In particular, we will remain focused on driving profit growth. We aim to increase underlying profit by making investments for growth in high-quality projects while steadily advancing initiatives across each of our businesses.



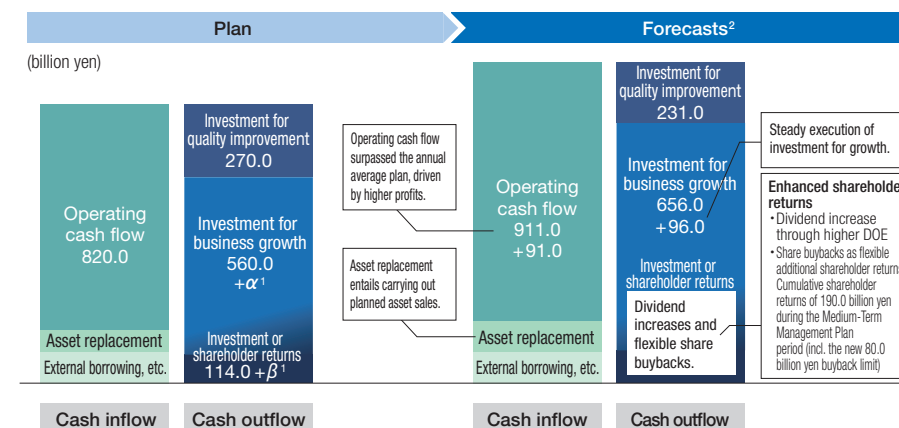
1 Repurchase period through April 24, 2026 2 Maximum acquisition amount through March 31, 2027

Cash Allocation and Investment for Growth

As our businesses have grown, the Daigas Group's ability to generate cash has steadily increased. We now expect cumulative operating cash flow over the three years of the Medium-Term Plan 2026 to reach 911.0 billion yen, 91.0 billion yen above our initial forecast. In addition, asset replacement in line with our asset-light management policy has also significantly increased our cash inflows. We are using these funds to make investments for growth in excess of our plan and to further enhance shareholder returns.

Our three-year cumulative investment plan allocates 231.0 billion yen in investments for quality improvement and 656.0 billion yen in investments for growth. Investments for growth are expected to exceed our initial plan by 96.0 billion yen. In the Domestic Energy segment, we are investing in renewable energy in addition to constructing the Himeji Natural Gas Power Plant, a state-of-the-art, high-efficiency natural gas-fired power plant. In the International Energy segment, we continue to invest in shale gas development, which has been performing well, while in the LBS segment, we continue to invest primarily in the real estate development business. Investments for quality improvement include strengthening the resilience of facilities to ensure stable gas supply, as well as investments in digital transformation to enhance safety and improve productivity.

Cumulative Cash Allocation for Current Medium-Term Management Plan (FY2025-FY2027)



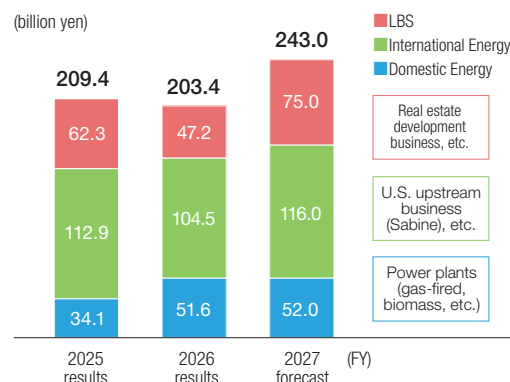
1 We have established a framework, labeled α and β in the graph, that provides additional capacity for investments for growth and/or shareholder returns, to support the achievement of our medium-term targets and the levels we aim to reach by 2030. This framework allows us to maximize investment opportunities in promising growth projects while flexibly providing shareholder returns.

2 Figures are rounded to the nearest 1.0 billion yen.

Message from the CFO

At the same time, we believe that maintaining a strong financial base is essential to steadily advancing investments for growth and achieving sustainable enhancement of corporate value. To date, we have maintained high credit ratings,* enabling us to keep our funding costs relatively low while securing attractive investment opportunities. This financial base is a strength of the Daigas Group, and we believe it gives us an advantage even in the current

■ Investment for business growth



environment of rising interest rates. Going forward, while remaining mindful of our cost of capital, we will continue to make investments that will drive future profit growth, focusing on areas that contribute to strengthening our value chain, as well as overseas businesses and other areas that we have identified as growth drivers.

* Ratings of AA+ from Rating and Investment Information, Inc.; A+ from S&P Global Ratings Japan Inc.; and A1 from Moody's Japan K.K.

Enhancing Capital Efficiency through a Disciplined Asset-Light Approach

The Daigas Group introduced ROIC-based management in FY2022 and has since worked to embed a management approach that takes the cost of capital into account throughout the organization. Under the Medium-Term Plan 2026, alongside the steady execution of investments for growth, we have clearly articulated our commitment to an asset-light approach to management and advanced initiatives to widen the ROIC-WACC spread.

Asset-light management, as we define it, means identifying the sources of added value and competitive advantage in our businesses and strategically retaining assets whose value can be maximized through our ownership, while flexibly selecting the optimal allocation of resources for assets where this is not necessarily the case, including through the use of external capital or divestitures. In line with this policy, in FY2026 we sold several thermal power plants in our U.S. power operations that we determined had become relatively less competitive, thereby improving capital efficiency by focusing our portfolio on assets with greater potential for value enhancement.

In the real estate business within the LBS segment, we are also accelerating the shift from a primarily asset-holding model toward a model focused more on asset turnover, including sales to private REITs. In domestic renewable energy, we are also managing risk and capital efficiency while improving the predictability of investment recovery through stronger partnerships and the use of investment funds. Going forward, we will continue to pursue this asset-light approach rigorously, aiming for sustained improvement in ROE and ROIC.

Investment Risk Management at the Daigas Group

As our investment for growth expands, the importance of risk management is also increasing. We maintain a rigorous risk management framework based on the following disciplines.

The first discipline is “assessing alignment with business strategy.” We evaluate not only the profitability of individual projects, but also a range of factors, including potential synergies with other Daigas Group businesses and their contribution to enhancing our operational capabilities.

The second discipline is “evaluating inherent risks.” Based on our group-wide investment standards, the Investment Evaluation Committee deliberates on each investment project, taking into account assessments by our Investment Risk Management Office, finance and legal departments, and external experts. For risks inherent in each project, we have established a framework to comprehensively identify, map, and assess risks from both technical dimensions, such as construction, operations, and maintenance, and commercial dimensions, such as regulatory, market, and contractual factors.

The third discipline is “maintaining a balance with financial soundness.” We quantify the potential losses that could result if anticipated post-investment risks materialize and manage our portfolio balance at the company-wide level. This allows us to continue making investments for growth while maintaining financial soundness.

The fourth discipline is “post-investment follow-up.” After each investment, we conduct annual monitoring to assess whether the original strategic objectives are being met and whether the business is keeping pace with changes in the business environment. Based on those findings, we act swiftly to improve business viability or undertake a fundamental review, including divestitures or exit.

Message from the CFO

Advancing Our Carbon Neutrality Strategy through the Proactive Use of Transition Finance

The Daigas Group regards the energy transition toward a low-carbon, carbon-neutral society as its most critical priority and continues to use transition finance as a financing mechanism to support this transition. Through our financing activities, we also seek to deepen investors' understanding of our carbon neutrality strategy, as set out in Energy Transition 2050 and other initiatives.

The Himeji Natural Gas Power Plant, which was under construction using these proceeds, began operating Units 1 and 2 in January and May 2026, respectively. Going forward, we will continue to strategically use transition finance, contributing to a sustainable society while enhancing corporate value.

■ Daigas Group's Transition Finance

	Month of issue	Amount	Use of funds
1st Transition bonds	June 2022	10.0 billion yen	Inami Wind Power Plant, Noheji Mitsu Bay Wind Farm, Yokohama Town Wind Power Plant, Daigas Oita Mirai Solar Power Plant, and projects that support the conversion of customer facilities to natural gas
2nd Transition bonds	September 2022	27.0 billion yen	Kuwaharajou Mega Solar (No.4), the Extra-high-voltage Power Plant in Isohara-cho, Kitaibaraki City, Ibaraki Prefecture, Himeji Natural Gas Power Plant
Transition loan	January 2023	35.0 billion yen	Himeji Natural Gas Power Plant
3rd - 5th Transition bonds	June 2023	35.0 billion yen	Himeji Natural Gas Power Plant
Transition-linked bonds	May 2024	25.0 billion yen	None
Transition-linked loan	September 2024	30.0 billion yen	None



Constructive Dialogue with Shareholders and Investors

Over the past year, our share price has risen, and we have achieved a price-to-book ratio (PBR) above 1.0x, a long-standing goal. We recognize this as a result of the capital markets giving a certain degree of recognition to our efforts to improve underlying profit and our capital policy, which have been informed in part by the feedback we have received through dialogue with shareholders and investors. That said, share price movements are also influenced by broader market conditions. We therefore believe it is essential to remain focused on steadily advancing our efforts to achieve medium- to long-term profit growth and improve ROIC and ROE, rather than being overly influenced by short-term share price movements.

Geopolitical risks in various parts of the world, along with fluctuations in the macroeconomic environment, continue to create uncertainty about the outlook. Even so, drawing on a resilient business portfolio and financial base, the Daigas Group will steadily advance toward achieving approximately 6% ROIC and approximately 10% ROE in the early 2030s. We will continue our constructive dialogue with shareholders and investors as we work to maximize corporate value, and we ask for your continued support.

Business Strategies by Segment

Domestic Energy Business

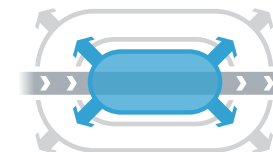
FY2026
Results

Net sales **1,643.4** billion yen
Segment profit* **71.9** billion yen

FY2027
Forecast

Net sales **1,635.0** billion yen
Segment profit* **55.5** billion yen

* Operating profit + share of profit of entities accounted for using equity method



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 burdensome procedures.

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

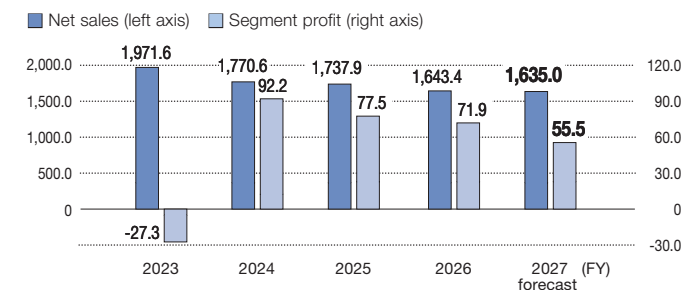
Issues

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

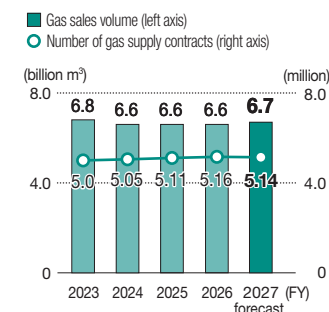
Risks

- 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

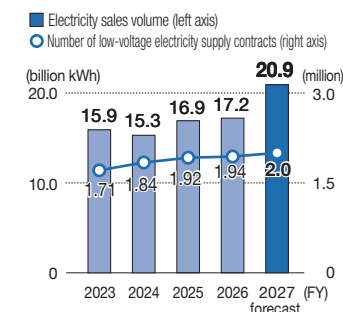
Net Sales (billion yen) Segment Profit (billion yen)



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 **1,712.3** billion yen
- Segment growth investment **51.6** billion yen
- Quality improvement investment **79.8** billion yen
- High technical capabilities and know-how for stable supply
- Stable customer base and long-standing relationships of trust

OUTPUT

- Net sales **1,643.4** billion yen
- Segment profit **71.9** billion yen
- Number of serious accidents and serious energy supply disruptions caused by the company **Zero**
- Number of customer accounts **10.89** million

OUTCOME

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



Retail and Wholesale

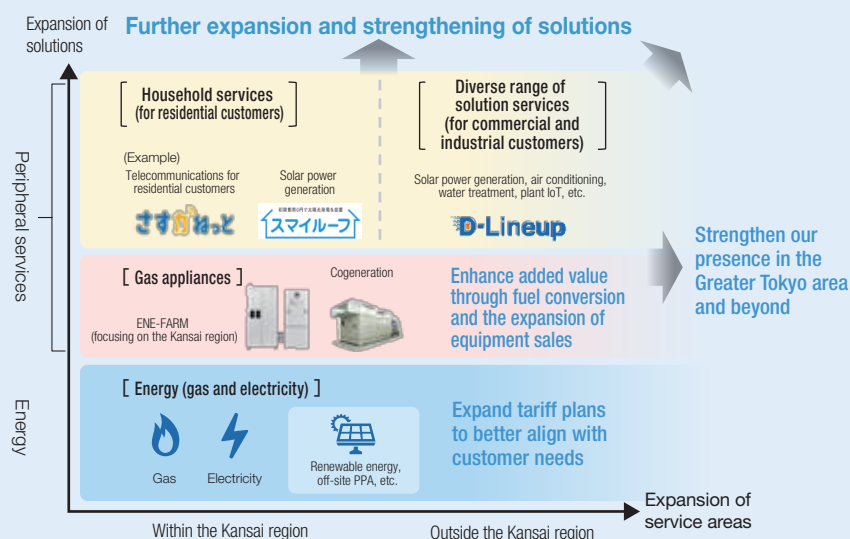
Market environment

In the Seventh Strategic Energy Plan, natural gas continues to be positioned as an important energy source during the transition period toward both stable supply and decarbonization. As competition continues following the full liberalization of the market, although switching among existing customers has slowed down, there continues to be competition for customer acquisition when customers move homes or otherwise relocate. Meanwhile, the challenges facing commercial and industrial customers are becoming increasingly diverse, and there are growing needs for fuel conversion for low-carbon and decarbonized energy, energy saving, labor saving, and lower initial investment costs.

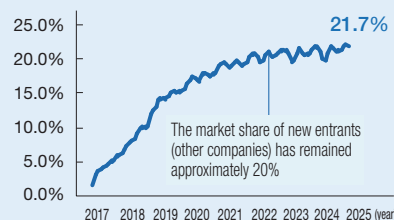
Main initiatives

Driving effective cross-selling and nationwide business development by leveraging a strong sales foundation and a diverse product portfolio

We are working to enhance customer retention and grow our customer base by offering a diverse range of solutions while expanding into new service areas. For residential customers, in addition to supplying gas and electricity, we are expanding comprehensive lifestyle services nationwide, including Sumai Roof, a solar power service with no upfront costs, and Sasuga Net internet service. For commercial and industrial customers, while focusing on large-scale fuel conversion proposals from oil and coal, we are enhancing our D-Lineup solutions for solar power generation, water treatment, and IoT in factories, capturing transition-period demand while helping to improve customers' corporate value.



■ Market share of new entrants in residential sales volume in the Kinki area (gas)



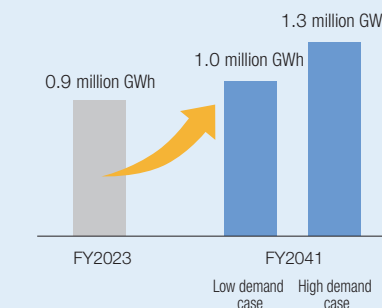
Source: The Gas Trading Report

Power Generation, Power Trading

Market environment

With the increasing expansion of data centers in line with the spread of generative AI, as well as the electrification of industry aimed at decarbonization, we expect a growth in demand over the medium to long term. On the other hand, risks associated with fluctuations in electricity supply and demand are rising due to an increasing frequency of extreme weather conditions, and the expansion of renewable energy sources, whose output is influenced by the weather. Against this backdrop, the value of power sources with reliable generation and supply capacity, and the ability to adjust output depending on demand, is relatively increasing.

■ Projected domestic electricity demand for FY2041



Source: The Agency for Natural Resources and Energy's reference material for the Seventh Strategic Energy Plan, "Outlook for Energy Supply and Demand in FY2040."

Main initiatives

Strengthening the power portfolio and enhancing competitiveness through the construction of new in-house power plants

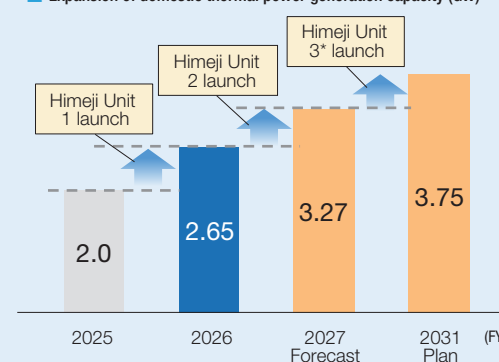
Since 2026, we have gradually started operations at the Himeji Natural Gas Power Plant, and as a result we expect a significant increase in domestic thermal power generation capacity from approximately 2.0 GW to 3.2 GW. In addition to combining our expertise in optimal LNG trading and our ability to flexibly adjust gas-fired power generation, we will use renewable power sources and bilateral/market procurement to create a portfolio with outstanding cost competitiveness, environmental performance, and stability.

Moreover, we will also proactively make use of storage batteries, whose importance is increasing in line with the growing adoption of renewable energy. We will aim to contribute to the stabilization of the power grid and improve operational flexibility in response to changes in supply and demand. In doing so, we will seek to steadily grow the business as we aim for an operational capacity equivalent to 1.0 GW by FY2031.



Himeji Natural Gas Power Plant

■ Expansion of domestic thermal power generation capacity (GW)

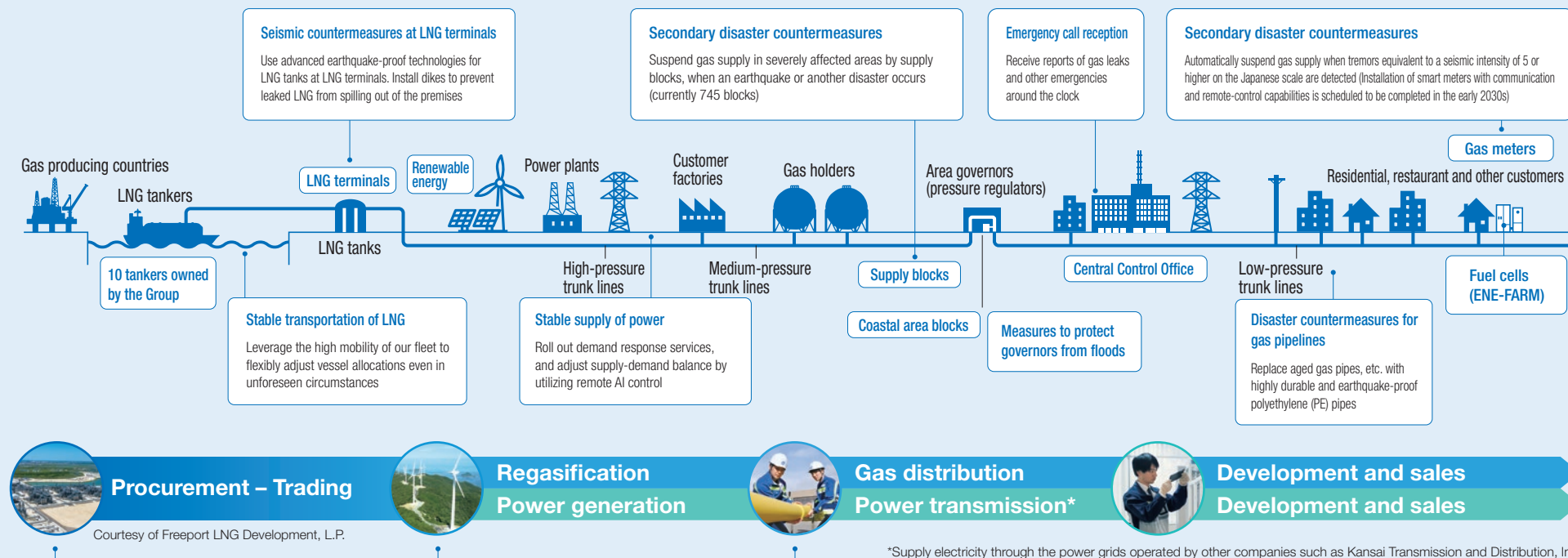


*Unit 3 is designated as a power source for the long-term decarbonized power source auction.

Initiatives to Enhance Resilience in the Energy Supply Chain

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 expertise and collaborating across the value chain. We are also working on disaster preparedness measures, such as enhancing safety and the stability of energy through technological development and raising employee safety awareness.

We are enhancing safety and the reliability of stable energy supply through various measures and technological developments at every stage of the energy value chain, from production to consumption. We also provide regular training to employees to raise safety awareness.



Diversification of LNG Suppliers

We are working on the stable procurement, development, and supply of natural gas that will play an important role during the transition period. While basing our LNG procurement on long-term contracts, we diversify our procurement regions to mitigate the impacts of geopolitical risks and unforeseen disruptions, thereby building a more flexible and stable procurement system.

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. We started a Ship-to-Ship¹ LNG bunkering Service in the Osaka Bay and Setouchi area in April 2026. Alongside the Truck-to-Ship² and Shore-to-Ship³ services we already offer, this will enable LNG fuel supply through all three major bunkering methods, thereby contributing to a stable and flexible LNG fuel supply. In the future, we also aim to decarbonize marine fuel by replacing LNG with e-methane as marine fuel.

¹ Transferring LNG fuel from an LNG bunkering vessel to an LNG-fueled vessel moored at a wharf or at anchor

² Transferring LNG fuel from an LNG tanker parked on a wharf to an LNG-fueled vessel moored at a wharf

³ Transferring LNG fuel from an on-shore facilities, such as an LNG terminal, to an LNG-fueled vessel moored at a wharf or jetty

Building of a Robust Gas Pipeline Network

To improve the stability of supply, we are moving forward with the construction of the Amagasaki-Kumiyama Line, an approximately 49 km high-pressure trunk line between Hyogo Prefecture and Kyoto Prefecture. Toward its completion in September 2028, we are currently making steady progress with excavation work for underground tunnels and pipeline installation work. In building robust infrastructure that is resilient in both times of normality and unexpected disasters, we will contribute to the creation of a safe and secure society for the Kansai area.



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
- Operational expertise in 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

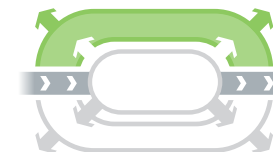
FY2026
Results

Net sales **143.7** billion yen
Segment profit* **88.3** billion yen

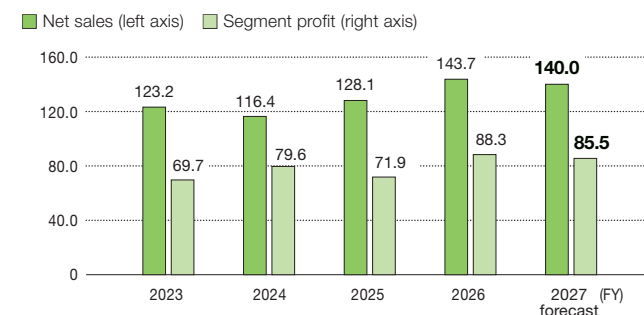
FY2027
Forecast

Net sales **140.0** billion yen
Segment profit* **85.5** billion yen

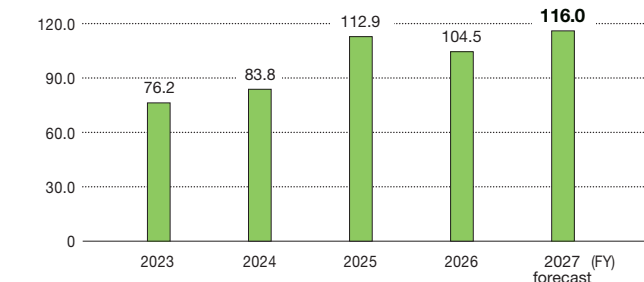
* Operating profit + share of profit of entities accounted for using equity method



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



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



INPUT

- Segment assets **1,083.9** billion yen
- Segment growth investment **104.5** 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 **143.7** billion yen
- Segment profit **88.3** 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

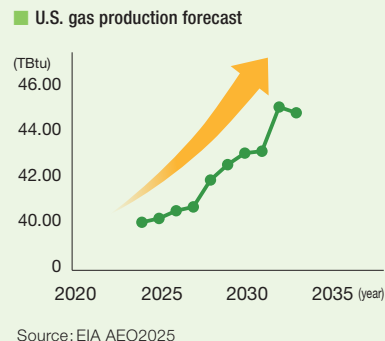


Shale Gas in the U.S.

Market environment

Production of natural gas, primarily shale gas in the U.S., is expected to continue growing, supported by strong domestic demand and expanding LNG exports. The current increase in demand for power driven by the expansion of data centers is one factor underpinning the market.

Meanwhile, Henry Hub futures prices—a benchmark for natural gas prices in the U.S.—may fluctuate in response to temporary changes in the supply-demand balance caused by seasonal weather patterns and inventory levels. However, they are expected to remain stable within a certain range over the medium to long term.



Main initiatives

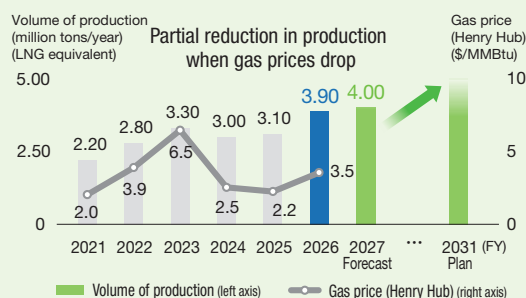
Stable profit contributions through price hedging and medium- to long-term production expansion

At the beginning of each fiscal year, we hedge the sales price of 70–80% of the expected sales volume for the year. This helps stabilize earnings, while enabling us to pursue upside profit potential by flexibly increasing production when gas prices rise. We plan to produce four million tons in FY2027 and will aim for further profit growth while increasing production through the acquisition of additional mining areas in the future. Development is projected to continue for approximately the next 10 years. Moreover, rather than simply benefiting from positive market conditions, our profit growth has also benefited from cost reduction initiatives, including the optimization of excavation work through the accumulation of operational expertise, and flexible contract negotiations in line with market trends. Furthermore, by leveraging the Group's expertise in safety management, we have achieved safe and stable operations, including recording zero occupational accidents among local employees.



Well drilling site

■ Trends in shale gas production and gas prices



City Gas Distribution and Renewable Energy in India

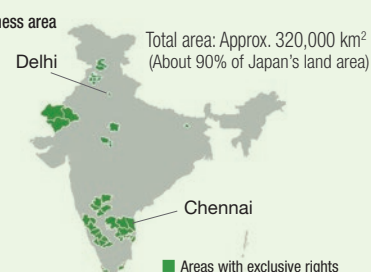
Main initiatives

City gas

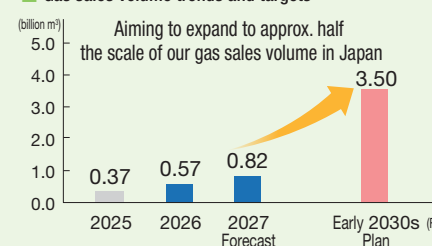
Developing city gas businesses in 19 areas where we hold exclusive rights, leveraging expertise developed in Japan

Since investing¹ in a city gas business in 2021, we have developed businesses in 19 areas (equivalent to approximately 10% of India's land area) where we have obtained exclusive infrastructure rights² from the Indian government, leveraging expertise developed in Japan, including supply infrastructure construction and maintenance and demand development. Supported by a national policy that prioritizes the allocation of low-cost domestic natural gas to the transportation and residential sectors, we have built approximately 11,000 km of pipelines and more than 500 CNG stations. As a result, the number of residential customers has reached approximately 150,000 (as of March 31, 2026).

■ Business area



■ Gas sales volume trends and targets



1 Invested in AG&P LNG Marketing Pte. Ltd. through a Japanese consortium comprising Osaka Gas Singapore Pte. Ltd., SUMITOMO CORPORATION, and Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development

2 Exclusive infrastructure rights for 25 years and exclusive gas sales rights for eight years

Main initiatives

Renewable energy

Collaboration with a leading local company

In collaboration with CleanMax, we have acquired approximately 280 MW* of renewable energy assets. We will continue to develop new projects moving forward and aim to own around 400 MW* of renewable energy assets by FY2029.

*Figures from a Japanese consortium in which we have invested. Including power plants under development.

Electricity in the U.S. (Thermal Power)

Main initiatives

By contributing to business operations through expertise accumulated in our domestic businesses, and enhancing value through refinancing and operational improvements, we strive to secure stable earnings. On the other hand, without clinging to asset holdings, we will sell assets that have reached their maximum value and assets with low profitability, and examine new investments in projects with outstanding potential. In doing so, we will flexibly replace our assets and strive for maximum investment efficiency.

■ List of owned power assets (as of March 31, 2026)

- Approximately 1,300 MW across five power plants
- Enhancing capital efficiency through selection and concentration

Status	Sold in	Name of power plant (region)	Equity capacity (MW)
Owned	—	Fairview (PJM)	525
		Three Rivers (PJM)	188
		St. Charles Energy Center (PJM)	186
		Towantic (ISO-NE)	389
		Saranac (NY-ISO)	48
Divested	FY2024	Whitewater	69
	FY2026	Michigan Power, Lakewood, Klean Energy, Shore	474

Life & Business Solutions (LBS) Business

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
Materials	Rolling out a wide range of real estate-related business, including development, management, and sales	Ability to provide one-stop service from IT strategy formulation to development, maintenance, and operation	Technological capabilities to develop highly functional and high value-added products to meet domestic and overseas demand
Opportunities	Booming real estate investment market	Increasing need for digital transformation, including AI	Increasing environmental awareness
Issues	Responding to rising construction material prices	Securing and developing human resources	Responding to rising raw material prices and developing high value-added products
Risks	Deteriorating real estate market conditions	Information leaks due to advanced cyber attacks	Rising raw material prices

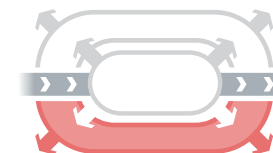
FY2026
Results

Net sales **319.8** billion yen
Segment profit* **37.4** billion yen

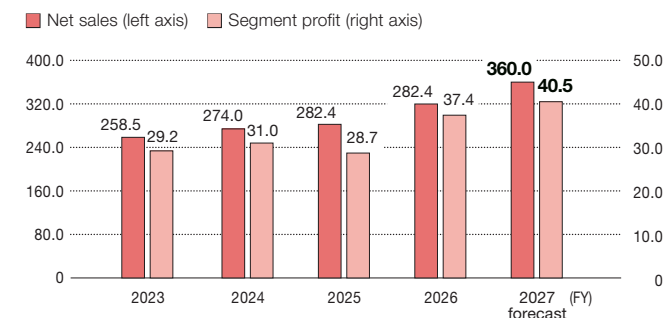
FY2027
Forecast

Net sales **360.0** billion yen
Segment profit* **40.5** billion yen

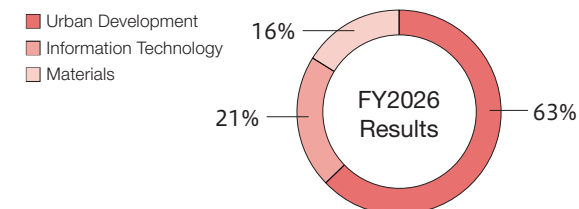
* Operating profit + share of profit of entities accounted for using equity method



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



Composition of LBS Segment Profit



INPUT

- Segment assets **571.5** billion yen
- Segment growth investment **47.2** 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 **319.8** billion yen
- Segment profit **37.4** 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.

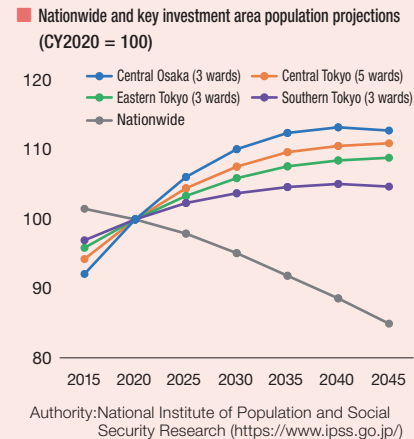
OUTCOME

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



Urban Development

Market environment As Japan's population continues to decline, continued population inflow and growth are expected in the central areas of Osaka and Tokyo, the Group's focus for its urban development business. In these urban areas, there is growing demand for a live-work-nearby lifestyle with convenient access to transportation. In addition, supported by the concentration of urban functions, demand for high-quality residential properties and office buildings remains solid. Although temporary fluctuations due to changes in the financial environment should be monitored closely, we expect the market environment to remain favorable.



Main initiatives

Harnessing Group synergies with Domestic Energy business

Making full use of our strong human networks, brand strength, and financial resources, we handle every stage of the process from the acquisition of prime land through to development, sales, and leasing.

Leveraging business expertise cultivated in the Kansai region, we have actively expanded our rental apartment business in the Greater Tokyo area since 2009 and steadily increased the scale of our operations.

By actively using strategic gas-based products in the properties we develop, such as underfloor heating, "Kanta-kun" clothes dryers, and ENE-FARM, we are aiming to differentiate our properties from the competitors and significantly improve the added value of our residential properties. Going forward, while continuing to acquire and develop prime properties, we will increase the share of our capital recycling businesses over the medium to long term. By combining stable recurring revenue with revenue from asset sales, we aim to further improve capital efficiency and drive profit growth. Meanwhile, we have steadily sold properties to private REITs and will aim for cumulative sales of 100.0 billion yen by FY2031.



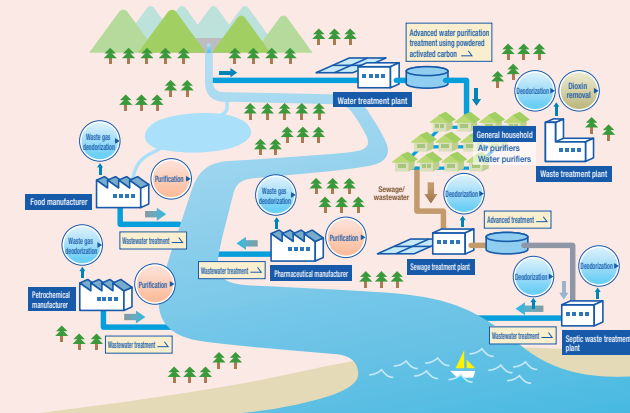
URBANEX Higashiumeda

Group synergy effects

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

Materials

Market environment With tighter environmental regulations worldwide and growing awareness of the importance of environmental conservation, demand for environmentally friendly materials used for water and air purification is growing both in Japan and overseas. Demand for activated carbon in particular, which is widely used across industry and everyday infrastructure, is being driven by growing demand for purification solutions, and we expect the market to continue growing sustainably over the medium to long term.



Uses for activated carbon

Main initiatives

Enhancing activated carbon supply capacity and sales, and applying it to carbon neutrality sectors

Based on coal chemistry technologies that use byproducts of coal gas manufacturing, as well as pharmaceutical-related technologies, we are increasing our development and sales of high-value-added materials that contribute to industry, lifestyles, and the environment.

One of our key focus areas is the activated carbon business. Primarily through Jacobi, an overseas subsidiary we acquired in 2014, we will expand the sales volume of activated carbon by steadily enhancing our supply capacity year by year through continued investments, including the expansion of manufacturing facilities, to meet growing medium- to long-term demand. Currently, we are focusing on the research and development of highly functional products with high added value. Toward 2030, we will aim to expand our activated carbon recycling service and ion-exchange resin business, etc. At the same time, we are also considering the use of materials developed and sold by Osaka Gas Chemicals Co., Ltd. in our biogas business.



Activated carbon

Group synergy effects

Strengthening the development of highly functional products with high added value through collaboration in the R&D field, including joint research within the Group and talent rotation programs

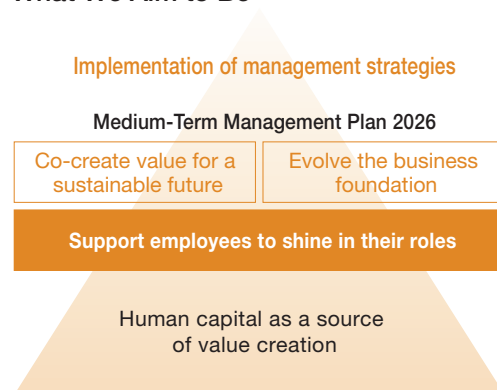
Human Capital Strategy

For specific initiatives, please see [Human Capital Report 2026](#) and [Sustainability Report 2026](#).

Overview of Human Capital Strategy

The Daigas Group positions human capital as a source of value creation and closely aligns its management strategy with its human resources strategy. Based on the belief that people are the driving force behind all management strategies, the Medium-Term Management Plan 2026 identifies "support employees to shine in their roles" as a key objective and focuses on three key themes: acquiring and developing talent capable of realizing the Group's management strategy, ensuring the right people are in the right roles, and empowering individuals to thrive. Through these initiatives, the Group seeks to maximize the potential of every employee and foster a relationship of mutual growth between employees and the Company, thereby enhancing sustainable corporate value.

What We Aim to Be



Human Resource Challenges and Key Themes for Strategy Implementation

[Ideal human resource profile]

- Individuals capable of responding flexibly to changes in the business environment
- Highly skilled professionals capable of leading the execution of management strategies (achievement of CN, acceleration of overseas energy business, and transformation through DX, etc.)

[Medium- to long-term employee and organizational challenges]

1. Stable securing and rapid integration of highly specialized talent to lead growth areas (CN, overseas business, DX, etc.)
2. Ensuring "the right people are in the right roles" to respond agilely to an increasingly diversified business portfolio
3. Combining diverse talents and fostering a culture that enables breakthrough innovation

[Key themes]

Talent acquisition and development to achieve the Group's management strategy

- Acquisition of diverse and highly specialized talent (enhancement of communication content, expansion of mid-career hires)
- Establishment of systems and mechanisms to provide opportunities to specialists in various fields, including executives, to demonstrate their capabilities
- Expansion of recruitment channels (alumni network, recruitment of recent graduates)
- Enhancement of talent development programs (increase in training hours and reskilling contents, etc.)

Revitalization of individuals

- Support for career development of all generations (career portal development and operation, etc.)
- Deployment of diverse talent through DE&I* promotion (promotion of women's careers, promotion of men's childcare leave, support for employees with disabilities, etc.)
- *Diversity, equity, and inclusion
- Provision of growth opportunities, promotion of quick learning from challenges in performing duties

Strategic deployment of talent to align with job requirements

- Talent management to achieve strategic deployment of talent to align with job requirements
- Visualization of succession status and development of successors

INPUT	OUTPUT	OUTCOME
Investment in human resource development and growth support ● Total training expenses: 446 million yen ● Core training hours: 12.1 hours Enhancement of environments and investment in systems to support challenges and growth ● Improvement of compensation and benefits through revisions to personnel systems (age-neutral performance evaluation and compensation systems, extension of retirement age, etc.) ● Introduction of the employee stock incentive plan ● Support for self-directed career development and diverse work styles	● Total number of new graduates and mid-career hires: Cumulative total of 250 people over two years (FY2027 target: Cumulative total of 330 people over three years) ● Recruitment of DX core staff: 310 people (FY2027 target: 300 people) ● Reserve ratio of next-generation management personnel: 280% (FY2027 target: 250% or higher) ● Work engagement score*: 52.8 (FY2027 target: 50 or more) ● Male childcare leave utilization rate: 98% (FY2027 target: 90% or higher) *Deviation in work engagement results for companies using the Advantage Toughness Survey	● Evolution into robust business portfolio (profit growth in core business areas, such as power/international business) ● Operational process reforms and significant productivity improvements through DX ● Creation of advanced solutions (automated generation of as-built drawings using 3D photographs) ● Sustainable enhancement of corporate value (contribution to achievement of ROIC/ROE targets) ● Enhancement of corporate brand value



Acquiring and developing talent capable of realizing the Group's management strategy

Enhancement of HR Systems to Encourage Employees' Challenges and Growth

Following the revision of our HR systems in April 2025, we introduced and enhanced HR-related systems, from October onward to further support employees' challenges and growth, while ensuring a sense of security, that serves as the driving force behind taking on challenges. We strengthened our career development support through initiatives such as the "Yume-Deca Nation" program, which provides prospective employees with opportunities for challenge and growth prior to joining the Company, Overseas TameSkill, an internal internship program, and recurrent leave, which enables employees to take a leave of absence for a specified period to pursue academic studies. In addition to providing subsidy programs for student loan repayments, rent, housing loans, and nursery school fees for employees who meet certain requirements, we also introduced grandparent leave, donor/infertility treatment leave, and four-day work week system for employees with caregiving responsibilities, thereby providing comprehensive support for employees' lives outside of work.

Identified issues

- Provision of a sense of security in employees' lives, which is the driving force of taking on challenges
- Enhancement of support for diverse lifestyles in line with individual needs

FY2026 results

- Introduction and enhancement of various new systems

Introduction of the Employee Stock Incentive Plan

To enhance the link between company performance, stock price, and employee compensation, and to improve engagement, in February 2026 we introduced a remuneration system using an employee stock incentive plan. As part of the system, management-level employees are granted company stock after three years of continuous service. By creating a system in which share price appreciation helps employees build assets, alongside the restricted stock remuneration system we introduced in 2021 for Directors* and Executive Officers, we have built a framework in which management and employees can work together to enhance our sustainable corporate value.

Identified issues

- Medium- to long-term enhancement of corporate value
- Improvement of link between company performance, stock price, and employee remuneration, as well as engagement

FY2026 results

- Total value of shares acquired: Approx. 300 million yen

*Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors

Empowering individuals to thrive

Internal Internship Program and Internal Side Job System to Promote Autonomous Career Development

To enable employees of all ages and generations to autonomously and proactively develop their careers and broaden their possibilities, we have introduced an internal internship program for employees to experience other departments and an internal side job system in which employees get involved in other roles using their own skills. In addition, 1,158 employees have registered with the Career Portal to review the career paths of more experienced colleagues and request consultations with them. Through these initiatives, we have created a cycle in which employees can learn, think, and take action.

Identified issues

- Autonomous and proactive career development by every employee

FY2026 results

- Number of internal internship program participants: **153**
- Number of employees registered to take part in employee-supervisor consultations: **1,158**

Improvement of Work-life Balance to Support the Driving Force of Innovation

In addition to encouraging all male employees to take one-month childcare leave, we have made pre- and post-leave meetings with managers a mandatory process and used guidebooks to promote awareness of the leave system. Moreover, by enabling employees to flexibly combine different systems including flextime, hourly paid leave, and remote working, we have created an environment that enables employees to balance work and childcare after returning to their roles, providing a platform for employees to continue taking on new challenges.



Identified issues

- Creation of an environment that supports the driving force of taking on new challenges
- Support for smooth work-life balance between work and childcare

FY2026 results

- Percentage of male employees who have taken childcare leave: **98%** (Between approximately 90–100% over the past five years)
- Selected as Next Nadeshiko: Companies Supporting Dual Careers and Co-parenting

Ensuring the right people are in the right roles

Visualization of Talent Management and Succession Plans

To support our diverse business portfolio, we are improving the visibility of talent profiles and matching them more precisely with job requirements. By classifying operations into a total of 18 domains, and integrating employees' technical skills and portable skills into a system we are enhancing the visibility of succession plans primarily for executive management and organizational heads. Through these initiatives, we are working to assign employees to roles in which they can sustainably deliver strong performance and to systematically develop next-generation management talent.

Identified issues

- Matching talent profiles with job requirements across a diverse business portfolio
- Systematic successor development for sustainable organizational management

FY2026 results

- Reserve ratio of next-generation management personnel: **280%**

Basic Strategies

To become a “corporate group capable of keeping on changing,” while introducing AI and other advanced technologies, we are aiming for **①new service development**; **②operational process reform**; and **③DX promotion structure enhancement**.



Future Strategies

[DX roadmap and main initiatives]

	FY2023–FY2024	FY2025–FY2027	FY2028
Phase	Introduction phase	Rollout/expansion phase	Establishment/operation phase
Main achievements	- Establishment of the DX Strategy Dept. - Start of Daigas X - Development of initial systems for foundations suited to the AI era	- Fostering a culture of transformation and rollout of trials using proprietary WAAAP² AI platform (70% of employees using AI/freed up 220,000 working hours) - Formulation of roadmap to transition away from legacy systems, reinforcement of IT governance - Reinforcement of security, including at Group companies - Development of core DX personnel (310 employees in FY2026), reinforcement of organizational framework through establishment of CDIO⁴ and dedicated AI promotion department, etc.	- Driving transformation through proprietary AI platforms - System modernization for overall optimization - Further strengthening of IT governance and BCP readiness
Issues	- Lack of core DX personnel - Transition away from legacy systems	- Rapid spread of AI - Heightened security risks	

¹ Daigas transformation: Transformation of work styles and work processes, and creation of an environment that enhances both employee and corporate value.

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

³ Whole AI Agentic Automated Platform. AI platforms that create shortcuts from system development to operation.

⁴ Chief Digital & Information Officer

What We Achieve through DX

By improving operational efficiency through DX, we will create capacity to focus on advancing highly specialized operations. Moreover, while proactively adopting new technologies such as AI and further improving the efficiency and sophistication of our operations, we will explore and create new value in our services.

[Basic strategies]

① New service development

We will engage in 1-to-1 communication that proposes optimal services at the optimal timing for each customer, and maximize value across the energy value chain.

② Operational process reform

By incorporating SaaS², generative AI, and other digital technologies into our business operations, we will improve operational efficiency and create capacity for exploring new value and further advancing highly specialized operations. We are also gradually incorporating AI into call centers and other existing businesses to enhance productivity.

③ DX promotion structure enhancement

By reinforcing our collaboration with OGIS-RI Co., Ltd., our information solutions company, developing core DX personnel, and enhancing our organizational framework, we are promoting DX across the Group and fostering a culture of transformation.

Initiatives to Strengthen IT and AI Governance

The rapid advancement of AI and other technologies is increasing emerging risks, including information leakage and ethical concerns. In addition to strengthening IT governance across the Group, we are promoting the establishment of an appropriate AI governance framework.

Specifically, we have established AI usage guidelines and are ensuring that employees are fully informed and educated through e-learning programs and other measures. We have also set up a consultation desk staffed by a specialized organization. In this way, we are addressing security risks and ethical concerns, while ensuring safety and reliability, and promoting the proactive use and rollout of new technologies.