

Business Strategies by Segment

Domestic Energy Business

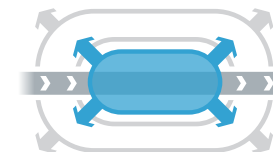
FY2026
Results

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

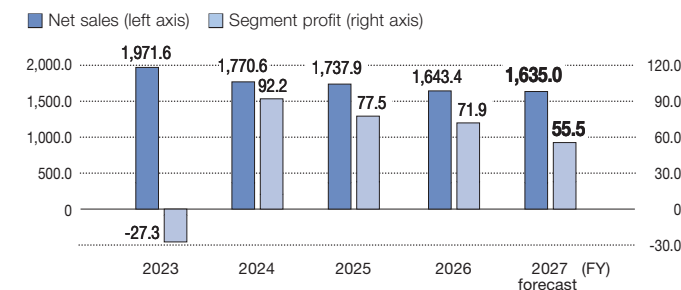
Issues

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

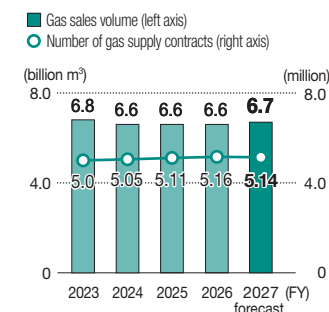
Risks

- 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

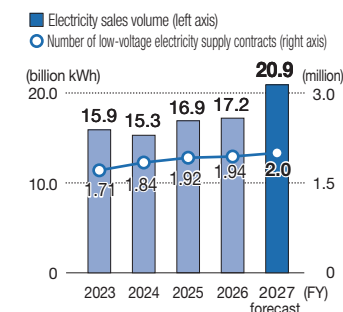
Net Sales (billion yen) Segment Profit (billion yen)



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

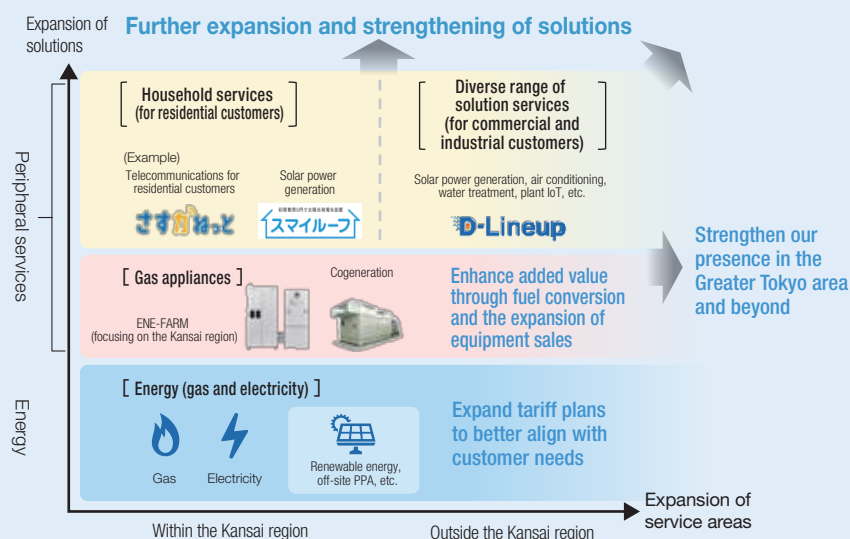
Market environment

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.

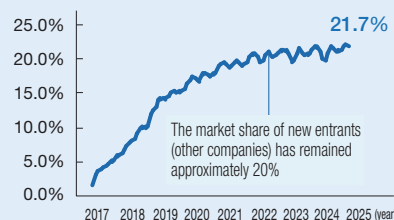
Main initiatives

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)



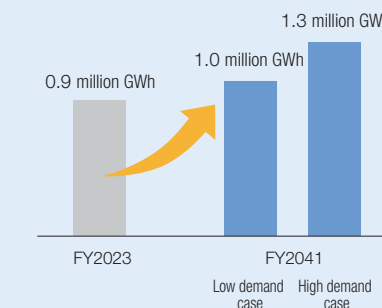
Source: The Gas Trading Report

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

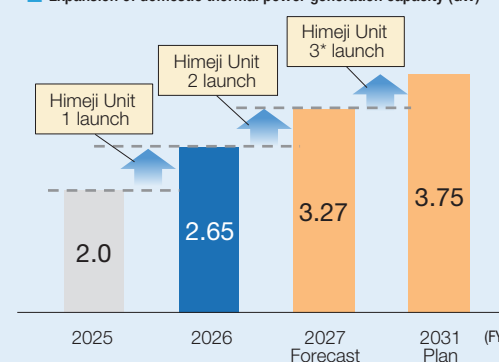
Since 2026, we have gradually started operations at the Himeji Natural Gas Power Plant, and as a result we expect a significant increase in domestic thermal power generation capacity from approximately 2.0 GW to 3.2 GW. In addition to combining our expertise in optimal LNG trading and our ability to 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)

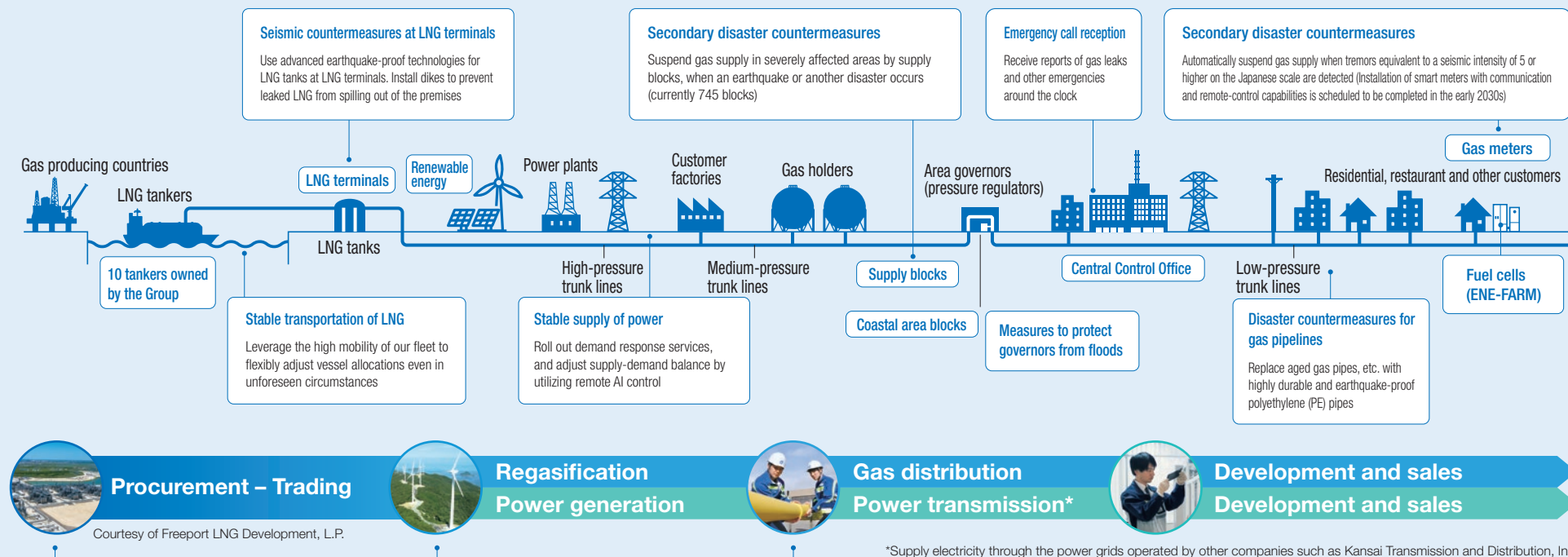


*Unit 3 is designated as a power source for the long-term decarbonized power source auction.

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.