

Better servicing customers in closer communication for a brighter tomorrow

The logo for Daigas Group features a stylized orange and yellow flame icon above the word "Daigas" in a bold, blue, sans-serif font. The word "Group" is written in a smaller, blue, sans-serif font below "Daigas".

Key Highlights of Integrated Report 2026 / Positioning of Our Reports and Disclosures

Navigation buttons:



Back to the top page



Link to a related page in the report



Link to an external website



Vision of the Daigas Group

Value Creation Story

Growth Strategies and Practices

Corporate Governance

Corporate Data

Key Highlights of Integrated Report 2026

For this report, we have incorporated feedback from investors and other stakeholders, improving the overall structure and enhancing the content, mainly in the following respects, to convey the Daigas Group's story of sustainable value creation more clearly.

1 Leaner structure that highlights our value creation story

Previously, our approach focused on comprehensive disclosure, but this time we have focused instead on our growth story. We have significantly condensed the report from 89 pages last year to 60 pages, and by separating detailed data out into other media, we have clarified the role of each communication channel and improved readability.

2 Passion and strong commitment of top management

As we mark the 120th anniversary of our founding, the Message from the CEO conveys our history of challenges and evolution through which we have continued to advance with the times and society, as well as our commitment to "Service First," our corporate motto and the enduring foundation of our business activities. The message demonstrates our firm resolve to drive business growth while fulfilling our responsibility to ensure stable supply.

3 Expanded coverage of our future-oriented growth strategies

Rather than simply reporting on our recent performance, we have focused on our medium- to long-term strategies and our future direction. In addition to providing a deeper look at our initiatives to achieve carbon neutrality and our business strategies for each segment, we map out a path to sustainable value creation. This path also encompasses human capital strategy and digital transformation, which are vital for the success of these efforts.

4 Honest dialogue with capital markets and governance enhancement

We have again included "Dialogue between Outside Directors and Institutional Investors." This year, the dialogue saw candid discussion on themes such as "optimizing the business portfolio" and "balancing capital efficiency with our public interest mission," and demonstrated our commitment to enhancing the effectiveness of corporate governance and the transparency of management.

Positioning of Our Reports and Disclosures

The Daigas Group strives to communicate with our stakeholders and deepen their understanding of the Group by proactively providing a broad range of information through various communication channels.

Financial Information and Business Strategies



INTEGRATED REPORT

Brings together the Group's value creation story, growth strategies, materiality, and key financial and non-financial information (updated annually)

Website

Investor Relations

Provides information on the Group's management strategies, financial results, databases, etc. (updated as needed)

- Management vision / business plans
- Financial statements
- Financial highlights (database)
- Latest IR news

Securities Report

Annual Meeting of Shareholders

Business Report

Non-Financial and Sustainability Information

Website

Sustainability Website

Provides detailed and up-to-date information on the Group's sustainability activities (updated as needed)

- CEO's Commitment
- Materiality
- Sustainability activities
- Latest topics
- ESG data
- External evaluation / initiatives and organizations the Daigas Group participates in

Sustainability Report



Provides information on the Group's sustainability activities, including biodiversity, human rights, and information security (updated annually)

Sustainability activities not covered in the Integrated Report are included in the Sustainability Report (scheduled for publication in September 2026)

Corporate Governance Report

Human Capital Report



Table of Contents

Introduction

- 02 Key Highlights of Integrated Report 2026 / Positioning of Our Reports and Disclosures
- 03 Table of Contents

Vision of the Daigas Group

- 05 Daigas Group Corporate Principles
- 06 Message from the CEO
- 11 History of the Daigas Group's Value Creation
- 12 At a Glance
- 13 The Daigas Group's Business Portfolio



Value Creation Story

- 15 Value Creation Process
- 16 Characteristics of Capitals and Future Initiatives
- 17 Materiality Indicators, Targets and Results



Growth Strategies and Practices

- 21 Medium-Term Management Plan 2026: Backcasting Perspective
- 22 [Special Feature] Initiatives for Achieving Carbon Neutrality
- 27 Message from the CFO
- 31 Business Strategies by Segment
- 38 Human Capital Strategy
- 40 DX Strategy



Corporate Governance as the Foundation for Value Creation

- 42 Communication with Shareholders and Investors
- 43 Dialogue between Outside Directors and Institutional Investors
- 46 Introducing Our Directors
- 48 Corporate Governance
- 54 Sustainability Management



Corporate Data

- 56 Financial Data
- 57 Non-Financial Data
- 58 Company Data
- 59 External Evaluation

Editorial Policy

In "Integrated Report 2026", the Daigas Group presents our business strategies and value creation story, along with enhanced non-financial information, to help our stakeholders, including shareholders and investors, understand how the assets we have accumulated to date will contribute to future value creation and sustainable growth.

Guidelines Referred to

- International Integrated Reporting Framework of the IFRS Foundation
- Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry
- Environmental Reporting Guidelines 2018 of the Ministry of the Environment
- Final Report of the Task Force on Climate-related Financial Disclosures (TCFD)
- Final Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations (v1.0)
- ISO 26000 (guidance on social responsibility) of the International Organization for Standardization
- Sustainability reporting standards of the Global Reporting Initiative (GRI Standards)
- The United Nations Global Compact COP Policy

Scope of This Report

Osaka Gas Co., Ltd. and its group companies

* Some information, as noted in this report by phrases such as "Osaka Gas" or "the company," refers exclusively to Osaka Gas Co., Ltd.

Period Covered

April 1, 2025 to March 31, 2026 * Matters on other periods are partially included.

Forward-Looking Statements

These materials include forecasts on future performance, plans, and strategies, which are based on the judgment of the Group upon currently available information. Please note that actual financial results may differ from forecasts due to various factors. Factors that can affect actual financial results include economic trends in Japan, sharp fluctuations in exchange rates and crude oil prices, and extraordinary weather conditions.



Vision of the Daigas Group

- 05 Daigas Group Corporate Principles
- 06 Message from the CEO
- 11 History of the Daigas Group's Value Creation
- 12 At a Glance
- 13 The Daigas Group's Business Portfolio





Daigas Group Corporate Principles

The Daigas Group Corporate Principles comprise “What We Aim To Be,” “Our Commitment,” and “Our Corporate Motto.”

In the 121 years since our founding, we have created “four types of value” for our stakeholders, with the spirit of “Service First,” our corporate motto and the enduring foundation of our business activities.

Going forward, we will take on challenges and evolve dynamically, working to continuously realize “What We Aim To Be.”

What We Aim To Be

A corporate group
that powers continuous
advancement in customers’
lives and businesses

Our Commitment

We create four types of value



Creating Value
for Customers



Creating Value
for Society



Creating Value
for Shareholders



Creating Value
for Employees

Our Corporate Motto

Service First

Three Guiding Principles That Support the Realization of the Daigas Group Corporate Principles

Our employees are the driving force that embodies the Daigas Group Corporate Principles and continues to take on challenges and evolve. The foundation for sustainable value creation is instilling the three guiding principles of **“customer-oriented approach,” “wholeheartedness and a sense of mission,”** and **“enterprising spirit”** and fostering a corporate culture where diverse talent can come together and grow.

Customer-oriented approach

Have a deep understanding of customers and actively listen to their needs

Wholeheartedness and a sense of mission

Aim for shared goals, united by a bond of trust and a sense of commitment

Enterprising spirit

Pursue new things with creativity and ingenuity without being constrained by existing frameworks

Initiatives to instill the three guiding principles and build the corporate culture

Dialogue with top management to encourage employees to take on challenges

We hold “town hall meetings,” in which President Fujiwara engages in dialogue with employees, both in person and online. Through two-way dialogue, top management shares its views and perspectives on key issues and encourages employees to take on the challenge of creating new value, empowering them to take initiative. (In FY2026, a total of 190 employees participated in these meetings.)

For more details, please see [the Sustainability Report 2026](#).

Gasuto, the web-based Group newsletter that connects management with employees and strengthens their sense of unity

Through Gasuto, which means “gas lamp” and is our web-based Group newsletter, we communicate management policies and the challenges being taken on in the field in a timely manner. By deepening employees’ understanding of and alignment with our policies and sharing the pride and sense of purpose found in their daily work, we are fostering greater attachment to the organization and greater motivation to contribute proactively. (Approximately 400 articles published per year; recipient of an In-House Newsletter Award for five consecutive years)



Message from the CEO

Guided by Our Corporate Motto, “Service First,” We Will Keep the Flame of Hope Alive for the Future by Meeting the Needs of Our Customers and Society

“Service First” — The Foundation of the Daigas Group

Last year marked the 120th anniversary of the start of our operations in 1905. Over the past 120 years, the environment surrounding our business has changed dramatically, and we too have continually adapted to the times and society, while transforming and evolving along the way. At the same time, every company has principles that remain unchanged and should never be changed. For the Daigas Group, that enduring foundation is our corporate motto, “Service First.” It embodies the spirit of putting our customers first and supporting their lives and businesses.

President and Chief
Executive Officer

**Masataka
Fujiwara**



Message from the CEO

Some may think it is only natural for a public utility providing essential energy infrastructure such as gas and electricity to embrace a philosophy of “Service First.” Others may find it surprising, given that the gas business in Japan was historically operated as a public utility serving designated supply areas. When I joined Osaka Gas in 1982, the liberalization of the gas market was still years away. Since Osaka Gas was not expected to compete with other companies, I honestly wondered why “Service First” was our corporate motto in the first place.

That perspective changed completely after I was assigned to a department responsible for selling gas to industrial customers. I spent my days visiting small manufacturing businesses throughout Osaka, proposing that customers switch their factory fuel from heavy oil or propane gas to natural gas. At the time, heavy fuel oil and propane gas were

the fuels predominantly used by factories, while natural gas, which was more expensive, attracted little interest. As I struggled to win customers, I found myself thinking, “So much for an easy ride in the gas business.” Yet those struggles led me to an important realization. Simply asking customers to use natural gas was never enough. We needed to demonstrate concretely what value it could create for their businesses — a value compelling enough for customers to choose natural gas despite its higher cost.

To do so, I carefully examined our customers’ factories, reviewing their manufacturing processes in detail to identify energy waste and opportunities to improve energy efficiency. I looked beyond energy costs to consider how we could also reduce the workload on people at the site and the burden of managing equipment. By looking at the factory as a whole, we developed a series of proposals showing how switching to natural gas could create new value for the customer.

Engaging with customers directly, discovering and addressing their needs and challenges, and earning their trust taught me that the key to earning customers’ continued choice of natural gas over competing energy sources is an unwavering commitment to “Service First.” I came to realize that this philosophy is the foundation of everything we do at the Daigas Group. This was, in a sense, the formative experience in my career.

As we have put “Service First” into practice with sincerity, it has also given rise to various mindsets and ways of thinking within our Group. One of these is what we call *osekkai*. It means not only identifying our customers’ current needs and issues, but also uncovering latent needs and challenges they have yet to recognize and proactively proposing solutions

ahead of time. This spirit of going the extra mile for our customers is what we at the Daigas Group call *osekkai*.

Over the years, this spirit has enabled us to pioneer products and systems ahead of their time and industry, including gas fan heaters, floor heating systems, and Eco-Jozu high-efficiency water heaters for residential customers, as well as combined heat and power (CHP) systems and energy-efficiency assessments for commercial and industrial customers. These products and systems have since become commonplace, enriching people’s daily lives and advancing industry. “Service First,” together with the spirit of *osekkai* that has grown from it, continues to be passed down throughout the Daigas Group.

A History of Facing Adversity and Taking on New Challenges

Looking back on the history of the Daigas Group, I see a history of adversity and challenge—and of confronting adversity and rising to each challenge. Our business began with gas lighting, but when the spread of electric lighting meant giving up our position as the primary source of illumination, we faced our first major test. At that time, we found a new path forward in supplying thermal energy to residential customers.

As people’s lifestyles continued to evolve, we expanded the use of natural gas into space heating and water heating, and then into commercial and industrial applications. We built our position today by overcoming intensifying competition brought about by energy market liberalization and other



Message from the CEO

changes. Responding to change was demanding, but it also gave us opportunities to move our business forward. However, remaining in the domestic market, where the population is expected to decline, would slow our growth. That is why we have boldly pursued expansion not only in the scope of our businesses but also in our geographic footprint. In terms of energy sources, we have expanded from natural gas to electricity and then to renewable energy. Geographically, we have expanded overseas, including through participation in upstream operations in Australia and the United States. We have also grown the Life & Business Solutions (LBS) segment, comprising three fields—real estate, information, and materials—as a stable earnings base distinct from our energy businesses, thereby building a resilient business portfolio capable of withstanding changes in the business environment.

Whenever we face adversity, we seek new ways to create value and broaden the role we play. Those accumulated efforts underpin the strong earnings base that supports the Daigas Group today.

Digitalization, AI, and technological innovation are transforming society. Even a business model that is optimal today can quickly become obsolete tomorrow if we fail to pursue continuous reform and innovation. At the same time, when the scale and pace of change increase, risks and opportunities both grow. We intend to identify opportunities amid change, take on new challenges, drive innovation, and translate those efforts into the growth and evolution of the Daigas Group.

Enhancing Profitability in Our Existing Businesses While Building a “Second Osaka Gas” in Rapidly Growing India

In the fiscal year ended March 2026 (FY2026), we made steady progress toward achieving the goals of our Medium-Term Management Plan 2026. Although consolidated net sales decreased 1.9% year on year to 2.03 trillion yen, operating profit increased 8.8% to 174.8 billion yen, and ordinary profit increased 7.8% to 204.5 billion yen. ROIC reached 5.8%, and ROE 8.7%, with both remaining on track to achieve our final-year targets under the Medium-Term Plan 2026.

By segment, the Domestic Energy segment reported lower profit, reflecting higher fixed costs following the commencement of operations at the Himeji Natural Gas Power Plant, as well as lower gains from electricity market transactions. The International Energy segment delivered higher revenue and profit, driven by strong performance in the U.S. The LBS segment also posted higher profit, driven primarily by improved earnings in the real estate business. By broadening our business portfolio and growing each business into a solid earnings pillar, we have built a stronger overall earnings base.

For the fiscal year ending March 2027 (FY2027), we expect consolidated net sales of 2.07 trillion yen, operating profit of 150.0 billion yen, and ordinary profit of 190.0 billion yen. As the final year of our Medium-Term Plan 2026, we will keep a clear focus on achieving our ROE and ROIC targets while further enhancing corporate value through the organic growth of the Domestic Energy, International Energy, and LBS segments.

In the Domestic Energy segment, Unit 2 of the Himeji Natural Gas Power Plant came online in May. Together with Unit 1, which commenced operations in January, it increased our domestic thermal power generation capacity from 2 GW to 3.2 GW. This large-scale project took nearly 10 years from the start of the environmental assessment process in April 2016, and I am pleased that we brought it into operation as planned. Preparatory work has also begun for Unit 3, which was selected in Japan's Long-Term Decarbonized Power Source Auction and is scheduled to commence operations in 2030. Together, the three units will have approximately 1.8 GW of new high-efficiency generation capacity. By expanding the use of natural gas, which is becoming increasingly important during the energy transition, we will help meet growing electricity demand over the medium to long term.



Completion Ceremony for Unit 1 and 2 of the Himeji Natural Gas Power Plant (May 2026)

The International Energy segment is an important area for sustaining our medium- to long-term growth. One of its key earnings pillars today is Sabine Energy Inc., our U.S. shale

Message from the CEO

gas business. At the beginning of each fiscal year, we hedge the selling price for approximately 70–80% of our planned sales volume for the year to stabilize earnings, while capturing upside potential through increased production when gas prices rise. In thermal power generation, we aim to enhance the value of our existing generating assets by leveraging the power plant operating expertise we have developed in Japan to meet robust electricity demand in the United States, driven in part by AI and data centers. At the same time, drawing on the knowledge we have accumulated through our overseas businesses, we will consider opportunities, including new investments.

Another market we expect to make a significant contribution to our performance in the future is India. Since making our initial investment in an energy infrastructure company in 2021, we have expanded our involvement in the country. Today, we operate a gas distribution business across a total area of approximately 320,000 km², equivalent to about 90% of Japan's land area, primarily in southern India. Sales volume is expected to increase from 150 million m³ in FY2024 to 820 million m³ in FY2027. In India, we do more



Visit to a Sabine Energy shale gas development site in the U.S.



Visit to our gas distribution business in Chennai, India

than simply invest for returns. We lay gas pipelines, develop natural gas stations, and supply gas to customers in the region, operating a business that directly supports energy infrastructure. This enables us to fully leverage the experience and expertise we have developed as an energy provider in Japan. Naturally, operating in India involves country risks and compliance challenges. We apply rigorous investment criteria, deploy our own people on the ground, and remain closely involved in the business, verifying conditions firsthand. With a long-term focus on the market, we aim to build a “second Osaka Gas” in rapidly growing India.

Driving Energy Transition toward Carbon Neutrality through e-methane

The energy transition is another key to our success during the period of the Medium-Term Plan and beyond. Following Cabinet approval of the Seventh Strategic Energy Plan in February 2025, Japan's energy policy is moving along a

more realistic path. While achieving decarbonization is an essential objective, it cannot be accomplished overnight. Progress must be made while simultaneously meeting the requirements of safety, energy security, economic efficiency, and environmental considerations.

In this regard, we believe that promoting the use of natural gas during the transition to carbon neutrality—that is, shifting from coal and oil to natural gas, which emits less CO₂—is a practical and effective approach. From a long-term perspective, we will pursue the optimal approach to energy during the transition period. This includes natural gas-fired power generation, which can respond flexibly to supply-demand gaps that cannot readily be met by baseload power sources such as nuclear and hydropower while enabling more efficient energy use, as well as LNG bunkering (LNG fuel supply for vessels), which helps reduce the carbon intensity of marine fuels.

The key to achieving decarbonization is e-methane, a gas produced by recycling CO₂. While e-methane is a carbon-neutral energy source, it has virtually the same composition as natural gas, allowing existing gas infrastructure and gas appliances to be used without modification. This compatibility gives e-methane a significant advantage over other decarbonized energy sources.

Of course, achieving this will not be easy. Many challenges remain, including developing technologies to reduce costs and designing global regulatory frameworks. Nevertheless, we have set a target of having e-methane and other carbon-neutral gases account for 1% of the gas supplied through our gas network by 2030, and we are making steady progress toward that goal. As I have noted, transforming

Message from the CEO

social infrastructure cannot happen overnight. We must first achieve that 1%, and then build on it step by step. Beyond that lies a fundamental transition from natural gas to carbon-neutral gases. I believe we can achieve this transition because we have faced adversity, taken on challenges, and overcome them before. From gas lamps to residential thermal energy supply, from coal gas to natural gas, and from a regional gas utility to an integrated energy company. We take pride in having grown by evolving the value we create in response to changing times and an increasingly competitive business environment. We see our pursuit of e-methane as a natural extension of that journey.

Stable Supply, Safety, and Peace of Mind—the Foundation of Our Energy Business

Geopolitical risks are affecting energy supply on a global scale. At times like these, we must reaffirm our foremost responsibility as an energy company: ensuring a stable energy supply and maintaining safety as our highest priority. This means securing LNG reliably through long-term contracts and diversified procurement that does not depend on any single country or region, delivering gas reliably to our customers, and maintaining safety as our highest priority at all times. These are the very foundation of our business. No matter how our business portfolio expands or how our company evolves, this mission and these responsibilities will never change. The trust that our customers and society place in us as an energy provider depends on our ability to ensure stable supply, safety, and peace of mind. A serious supply disruption or major accident could cause the trust we have built over the years to collapse in an instant. This is why

we always believe that ensuring safety and peace of mind is the Daigas Group's greatest brand asset.

Above all, ensuring stable supply, safety, and peace of mind requires the strength of our people as professionals. In recent years, we have been called upon to respond to changes in the conditions at our operations, including workforce shortages and the increasing burden on workers caused by extreme heat. By using digital technologies, AI, and other approaches to reduce the burden on our frontline workforce and improve efficiency, while further enhancing safety and quality, we will pursue both objectives.

Creating an Environment That Allows Diligent and Reliable People to Take on New Challenges: A Duty and Commitment of Management

The people of the Daigas Group are known for their diligence and reliability. That is one of our greatest strengths as a company that supports essential infrastructure. But to continue growing, diligence alone is not enough. We also need the ability to take that extra step. I encourage our people to sometimes get a little carried away and take on challenges—to *ichibiru*, as we say in the Kansai dialect. Of course, I do not mean that they should take reckless risks. Rather, I encourage them to deepen their expertise, carefully assess the risks involved, and then have the courage to take on new challenges.

To make that possible, management must create opportunities for our people to take on challenges. We will invest in their development and provide opportunities for them to grow. Above all, we believe in our people and will

support them even when they fail. We are committed to creating the foundation that enables our people to take on challenges. Our company will not move forward if we simply repeat yesterday's work in the same way today. We need to be willing to cross boundaries, create new value, and foster that spirit throughout the organization.

Further Challenges and Evolution of the Daigas Group

Looking ahead, the Daigas Group will pursue growth across a broad range of businesses, building on the strength of our Domestic Energy operations while expanding internationally and advancing carbon neutrality through initiatives such as e-methane and renewable energy. Yet the principles that underpin everything we do will remain unchanged. We will strive to anticipate and respond to the needs of our customers and society—even to the point of seeming overly proactive. We will chart a course through an uncertain future by drawing on the technologies and expertise we have built over many years. And we will bring our knowledge and expertise to bear to keep the flame of hope alive for the future. "Service First" is not a phrase for looking back with nostalgia. It is our compass for navigating an era of change. Guided by this spirit, we will remain a corporate group that earns the understanding and trust of all our stakeholders. As we pursue our vision of becoming "an innovative energy & service company that continues to be the first choice of customers" and enhance our corporate value, we invite you to look forward to the further challenges and evolution of the Daigas Group as we move forward.

History of the Daigas Group's Value Creation ~121 Years of Challenges and Evolution~

Since our founding in 1905, the history of the Daigas Group has been a continuous story of challenges and evolution. We have consistently believed in our strengths and opened up new frontiers in response to the changes of the times and the issues facing society. Driven by this DNA of overcoming numerous difficulties through innovation, we will continue to take on challenges in a dynamic fashion while refusing to be bound by convention, and will remain a corporate group that powers continuous advancement in customers' lives and businesses.



Our history began with the popularization of safe gas lamps as a means of addressing the problem of fires in urban areas caused by oil lamps. Faced with a crisis resulting from the rise of electric lighting, we identified reducing the burden of household chores on women as a social need, and shifted to offering a heat source for kitchens. This customer-oriented approach remains the starting point of our value creation today.



Leaflet titled "A Home with Gas, A Home without Gas"

Leveraging the technologies and assets accumulated through our energy business, we began diversifying beyond energy. We expanded into the materials business using coal by-products, urban development through real estate, and, in the 1980s, the information business by applying IT expertise developed through our infrastructure operations. This diversification has enabled us to build a resilient business portfolio extending beyond energy.



Leaflet titled "A Home with Gas, A Home without Gas"

We staked our future on the conversion to natural gas, aiming to improve supply stability and environmental performance and to provide gas with a higher calorific value. Over 16 years, we completed the entire conversion without a single accident, from LNG procurement and terminal construction to pipeline installation and equipment adjustments for all 4.4 million customer households. Our ability to unite and see difficult challenges through to the end with a strong sense of mission remains one of our strengths today.



Winter equipment maintenance work

Starting with the acquisition of gas field interests in Indonesia, the first such move by a Japanese gas or electricity company, we have developed operations overseas as a pioneer in the upstream business. Domestically, too, we continue to stay ahead of the curve in taking on challenges, an example being our decision to build the Senboku Natural Gas Power Plant even before the liberalization of electricity retailing. Today, this business has evolved into a powerful driver for the Group's earnings.



Senboku Natural Gas Power Plant

In response to the issue of global climate change, we are working toward the practical application of "e-methane," a carbon-neutral next-generation energy source. Even as the business environment undergoes dramatic change, we will uphold our mission to ensure stable supply, and while always staying close to our customers, we will continue to evolve into an innovative company that remains chosen by customers across the generations.



Methanation demonstration facility at the Osaka/Kansai Expo

The Group's main initiatives

- 1897 Osaka Gas established
- 1905 Gas supply begins

- 1949 Kinki Coke Distribution Co., Ltd. established (currently Osaka Gas Chemicals Co., Ltd.)
- 1965 Osaka Gas Building Co., Ltd. established (currently Osaka Gas Urban Development Co., Ltd.)

- 1972 Importing LNG begins
- 1975 Natural gas conversion begins
- 1983 OG Information System Co., Ltd. established (currently OGIS-RI Co., Ltd.)

- 1990 Natural gas conversion completed
- 1990 Acquires interests in the Sanga Sanga Block in Indonesia
- 2004 Participates in IPP business in the United States
- 2009 Acquires interests of Gorgon LNG Project in Australia
- 2009 Operations at Senboku Natural Gas Power Plant begin
- 2013 Gas sales in Singapore begin
- 2016 Enters low-voltage electricity supply business
- 2019 Acquires all shares of Sabine Oil & Gas Corporation in the United States
- Commercial operation of Freeport LNG in the United States begins

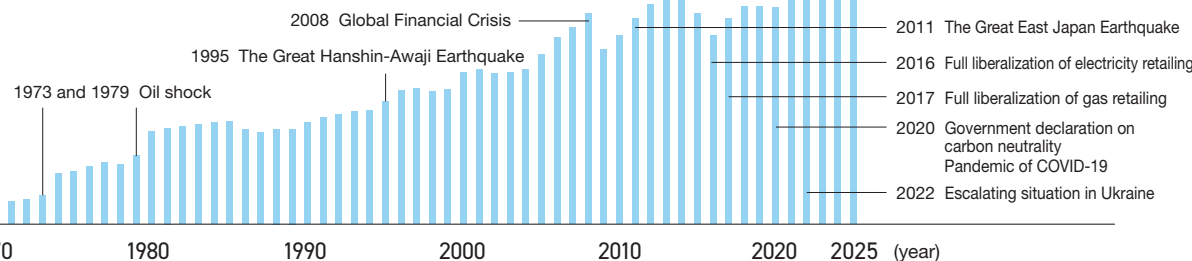
- 2021 Announces Carbon Neutral Vision
- 2021 Osaka Gas Network Co., Ltd. established
- 2022 Participates in the city gas distribution business in India
- 2025 Formulates Energy Transition 2050

- Domestic
- International
- LBS

Trends in net sales

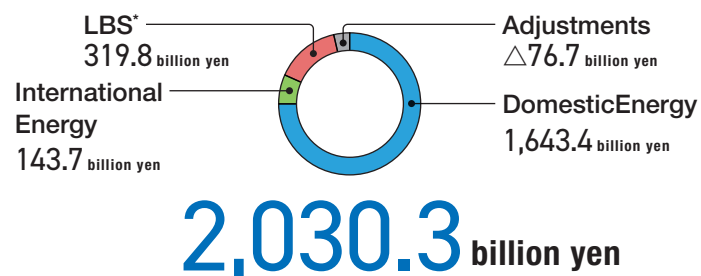
In 1900s Modernization of cities

In 1950s Postwar recovery and high-growth period

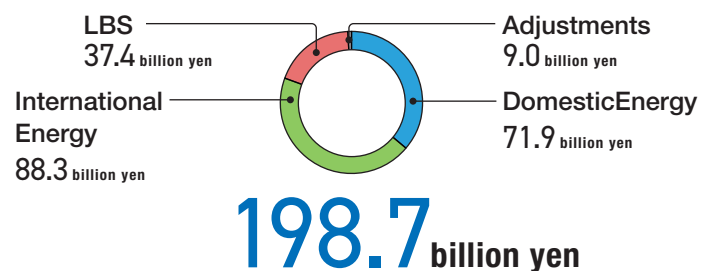


At a Glance [FY2026]

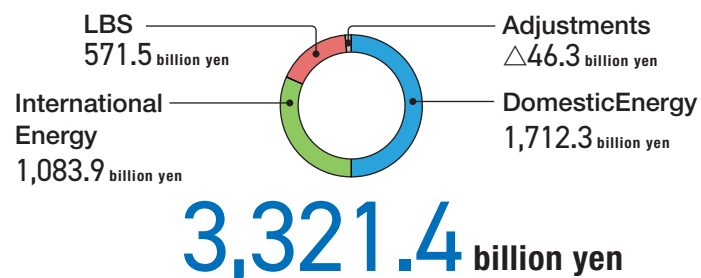
Consolidated net sales



Segment profit



Segment assets



ROIC

5.8%

ROE

8.7%

Number of consolidated subsidiaries



154

Number of employees (consolidated)

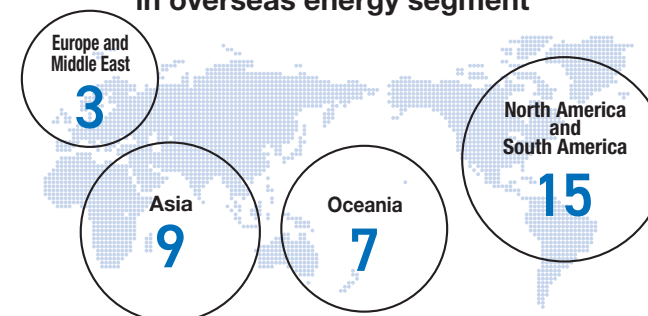


21,835

Share of domestic city gas market

2nd largest

Number of business projects in overseas energy segment



Total gas pipeline length (as of March 31, 2026)

Approx. 64,100 km
(Approx. 1.6 times around the Earth)

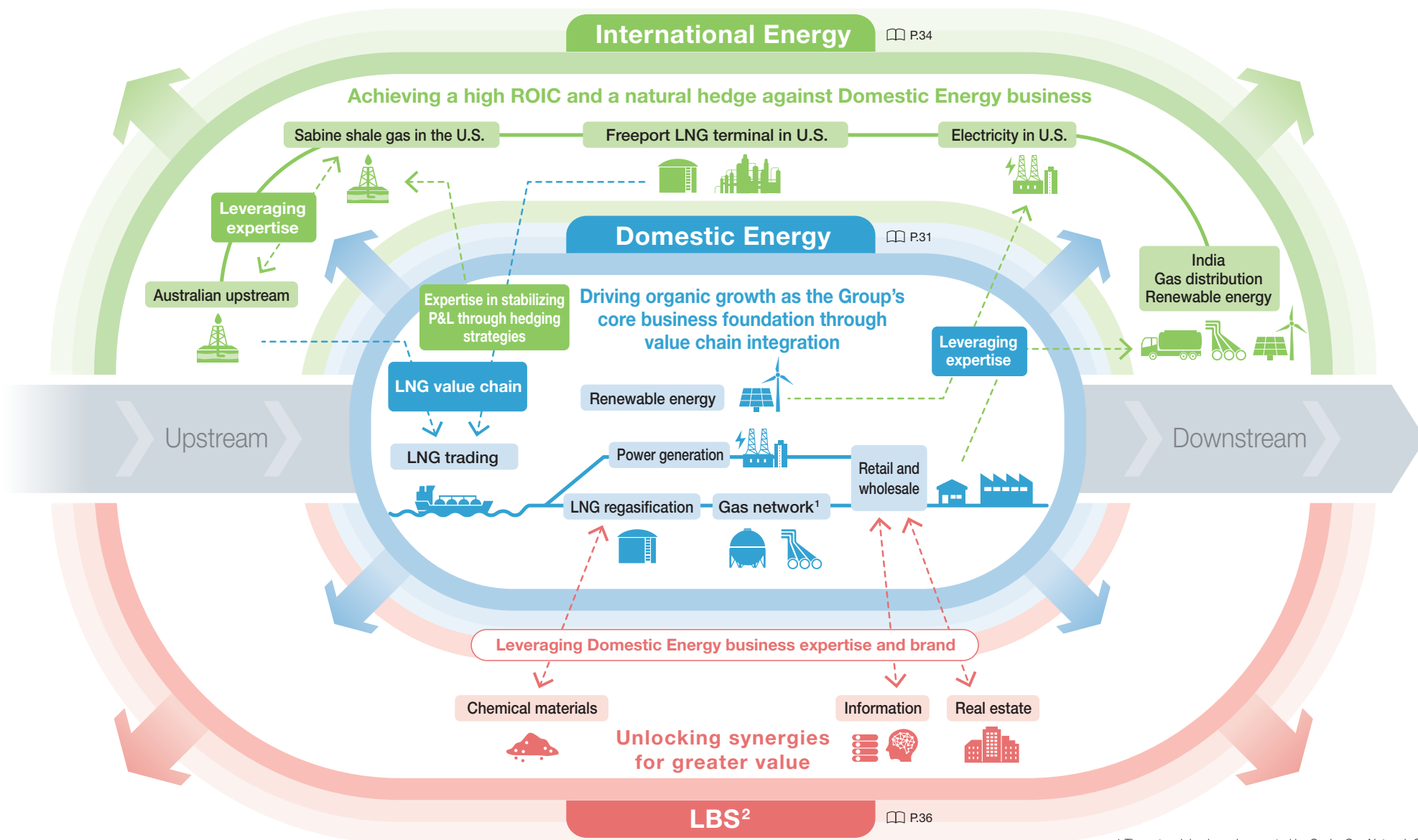
Avoided CO₂ emissions

FY2026 7.38 million t-CO₂



The Daigas Group's Business Portfolio

Building on the organic growth of the Domestic Energy businesses, we are leveraging operational expertise in Domestic Energy to expand high-ROIC International Energy businesses. In addition, through synergies with the LBS business, which draws on the insights and brand strength we have accumulated over the years, we are constructing a portfolio that will create a virtuous cycle of sustainable growth.



1 The network business is operated by Osaka Gas Network Co., Ltd.

2 Life & Business Solutions

Value Creation Story

- 15 Value Creation Process
- 16 Characteristics of Capitals and Future Initiatives
- 17 Materiality Indicators, Targets and Results





Value Creation Process

The Daigas Group aims to realize a sustainable society and create value, guided by the spirit of our corporate motto, “Service First,” and leveraging our values and competitive capital built over the years.

Realization of a sustainable society

What We Aim to Be A corporate group that powers continuous advancement in customers' lives and businesses.

Four types of value



Creating Value for Customers



Creating Value for Society



Creating Value for Shareholders



Creating Value for Employees

INPUT (FY2026)

Financial capital



- Ordinary profit: 204.5 billion yen
- Investment for business growth: 203.4 billion yen
- Investment for quality improvement: 79.8 billion yen

Manufactured capital



- Domestic thermal power generation capacity: 3.2 GW¹
- Gas manufacturing plant: 2 locations
- Global LNG value chain

Intellectual capital



- R&D expenses: 14.3 billion yen
- Number of projects utilizing GI funds: 1 case
- Broad technical capabilities in fields such as energy and materials

Human capital



- Diverse, highly specialized talent
- Work engagement score: 52.8

Social capital



- Number of customer accounts: 10.89 million accounts
- Number of gas supply contracts: 5.16 million
- Building and maintaining co-creation relationship with stakeholders

Natural capital



- Renewable energy development contribution: 4,540 MW
- LNG handled: 12.40 million tons

Business Model

OUTPUT / OUTCOME

External environment

Materiality P.17

Growth Strategies and Practices P.20-40

Key Strategy: the Three Commitments P.21

Support Employees to Shine in Their Roles

Co-create Value for a Sustainable Future

Evolve Business Foundation

Business portfolio

Domestic Energy Business P.31

International Energy Business P.34

LBS Business P.36

Foundations for Value Creation P.41-54

Strengthening the business foundation

Earning trust from stakeholders

Dialogue with stakeholders

Corporate Governance P.48

Sustainability Management P.54

Management Goals for FY2031

ROIC Approx. **6%**³

ROE Approx. **10%**³

Co-create Value for a Sustainable Future

Promotion of e-methane, etc. practical application
..... **1% e-methane in gas grid**

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

Number of customer accounts
..... **11.5million**

Support Employees to Shine in Their Roles

Work engagement score²
..... **50 or higher**

Evolve Business Foundation

Ratio of female directors
..... **30% or higher**

Strengthening capitals

¹ Includes Himeji Natural Gas Power Plant Unit 2, which began operations in May 2026 ² Deviation in employee engagement results for companies using the Advantage Toughness Survey ³ ROIC and ROE figures are goals for the early 2030s.

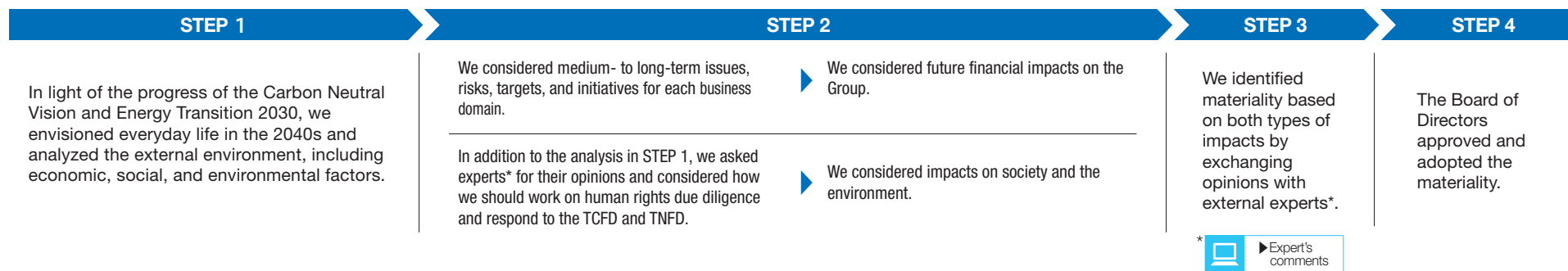
Characteristics of Capitals and Future Initiatives

	The Group's characteristics and strengths in each form of capital	Major issues	Future initiatives	Related materiality
 Financial capital	A sound financial base and investment for growth We have set ROIC and ROE as management indicators, and aim to improve the earning capacity of each business and establish a robust business portfolio.	Pursue profit growth and control shareholders' equity to achieve ROIC of approximately 6% and ROE of approximately 10% in the early 2030s, while maintaining a sound financial base	- Execution of investments for growth that will contribute to profit growth - Implementation of progressive dividends and execution of flexible additional shareholder return policy	Maintain and improve the soundness and flexibility of management foundation
 Manufactured capital	Diverse energy facilities and an LNG value chain that ensures stable supply As a growth domain for the transition period, we are strengthening manufactured capital such as highly efficient natural gas power plants and shale gas development, and began operation of the Himeji Natural Gas Power Plant in 2026. We are strengthening various facilities for supplying energy, leading to stable energy supply.	- Optimize the operation of existing facilities during the transition period and amid the accelerating diffusion of AI - Strengthen the resilience of facilities to cope with increasingly severe natural disasters	- Optimization of the entire energy value chain in response to supply-demand balance and shifts in market fluctuation - Establishment of resilient facilities - Expansion of city gas, shale gas, and other businesses overseas	Enhance the resilience of customers and society
 Intellectual capital	Synergies from an array of technologies developed from the energy field We are expanding our business domains by leveraging synergies across technologies in a wide range of fields, such as the development of technology related to gas synthesis and catalysts in the energy business, the sophisticated utilization of natural gas, and materials derived from coal chemistry.	- Accelerate development of CN technology and other technologies for medium- to long-term growth - Secure rights to development outcomes and establish an intellectual property portfolio	- Development of technologies toward provision of carbon neutral energy - Promotion of the development of new technologies that can give rise to new businesses	Provide carbon neutral energy Co-create advanced, diverse solutions that meet customer values
 Human capital	Diverse employees who embody the Daigas Group Corporate Principles With the spirit of Service First, which has guided us since our founding, and the three guiding principles (customer-oriented approach, wholeheartedness and a sense of mission, and enterprising spirit) serving as a base, a corporate culture in which diverse employees work to bring out the best in one another has taken root. A high employee engagement score is also being maintained, and we have established an environment in which employees can tackle their work with enthusiasm.	- Further develop and secure highly specialized talent to drive business portfolio evolution as well as business transformation through DX, etc. - Retain employees with diverse backgrounds, and maintain and improve employee engagement - Visualize HR information, including portable skills, and enhance accuracy in matching the right person to the right position	- Hiring diverse, highly specialized talent - Supporting employee development through HR policy improvements - Creating an environment where the right person is appointed to the right position through more sophisticated talent management	Create an environment that enhances value for employees and the company Co-create advanced, diverse solutions that meet customer values
 Social capital	A strong foundation of trust with communities and society Through more than 120 years of gas supply, the Group has become deeply rooted in local communities and built trust in our corporate brand. In response to customer needs that change with the times, we have deepened engagement by diversifying points of contact for peripheral services and the creation of new businesses in collaboration with other companies. By accelerating co-creation with stakeholders, we are creating new social value and achieving sustainable business growth.	- Provide new services and value in response to changing lifestyles - Build co-creation models with multiple stakeholders for the realization of a sustainable society - Respond to intensifying competition due to energy liberalization	- Offering a diverse range of solutions beyond traditional energy services while expanding into new service areas - Expansion of services and enhancement of added value in line with customer needs	Co-create advanced, diverse solutions that meet customer values Maintain and improve the soundness and flexibility of management foundation
 Natural capital	Effective use of finite resources and conservation of natural capital We recognize that natural gas is a finite resource and strive to use it efficiently and effectively. Through the effective use of natural gas and renewable energy, which is important during the transition period, we contribute to reducing CO ₂ emissions across society as a whole. We are also working to maintain and restore natural capital through sustainable biomass resource use, forest conservation, and other means.	- Balance the provision of carbon neutral energy with stable supply, while giving consideration to biodiversity and forest conservation - Curb GHG emissions in the LNG procurement supply chain	- Diversification of carbon neutral power sources, such as renewable energy - Greenhouse gas emissions reductions and forest conservation across the entire supply chain	Provide carbon neutral energy Enhance the resilience of customers and society

Materiality Indicators, Targets and Results

In formulating the Medium-Term Management Plan 2026, we identified five materialities taking into account the views of experts and other stakeholders. To strengthen alignment with our management strategy and promote initiatives that contribute to “co-create value for a sustainable future,” “support employees to shine in their roles,” and “evolve the business foundation,” we have established indicators and targets to monitor progress of these initiatives. For indicators that achieved their FY2027 targets ahead of schedule as of FY2026 through accelerated initiatives, we will continue to pursue further improvements without being constrained by those targets. For details on why each materiality is considered important, please refer to our Sustainability Website.

Materiality Identification Process



For our initiatives in FY2026, please see the Sustainability Report 2026.

Key strategy	Materiality	Sustainability indicators	Risks	Opportunities	Main achievements in FY2025	Main achievements in FY2026	FY2027 targets	FY2031 targets
Co-create value for a sustainable future 	Provide carbon neutral energy	Avoided emissions ¹	- Impact on business plans stemming from international rules and regulations related to carbon neutrality - Intensifying competition to secure suitable business sites	- Global promotion of widespread use and advanced utilization of natural gas - Development of e-methane, hydrogen, and other new energy sources - Promotion of business that provides carbon neutral energy seamlessly by utilizing established equipment and infrastructures - Development of carbon neutral technologies and services	6.29 million tons/year	7.38 million tons/year	7 million tons/year	10 million tons/year
		Renewable energy development contribution			3.7 GW	4.54 GW	4 GW	5 GW
		Percentage of renewables in our power generation portfolio in Japan			30.4%	38.0%	Approx. 30%	Approx. 50%
		CO ₂ emissions of Daigas Group ²			23.44 million tons (-8.58 million tons)	23.32 million tons (-8.70 million tons)	—	27.02 million tons (-5 million tons)
		CO ₂ emissions reduction in the Group company offices and vehicles			50%	57%	67%	100%
		Promotion of e-methane, etc. practical application			Conducted a detailed FEED study on e-methane supply chain projects	Decided to conduct FEED study on e-methane supply chain projects	Final investment decisions in e-methane supply chain projects	1% e-methane in gas grid
		Promotion of methanation technology development			Completed the first phase of SOEC GI funds business and formulated the second phase implementation plan	Completed manufacture of SOEC methanation bench-scale equipment and began trial operation	Transition to the second phase of SOEC GI funds business	Establishing a pilot-scale (400 Nm ³ /h class) SOEC technology



Materiality Indicators, Targets and Results

Key strategy	Materiality	Sustainability indicators	Risks	Opportunities	Main achievements in FY2025	Main achievements in FY2026	FY2027 targets	FY2031 targets
Co-create value for a sustainable future 	Enhance the resilience of customers and society	Number of serious accidents and serious energy supply disruptions caused by the company	● Difficulty in procuring fuels and materials	● Building disaster-resilient infrastructure and expanding demand through product development	Zero	Zero	Zero	Zero
		Establishment of resilient facilities	● Increase in costs for facility repair and measures against natural disasters ● Supply disruption due to disasters and accidents	● Maintenance of sustainable business foundations through sharing disaster preparedness knowledge and collaborating with local communities	● Seismic retrofit rate: Approx. 90% ● Number of seismic supply blocks: 738 blocks ● Completed countermeasures for gray cast iron pipes	● Seismic retrofit rate: Approx. 90% ● Number of seismic supply blocks: 745 blocks	Implementation of measures for disaster prevention and aging pipes	
	Co-create advanced, diverse solutions that meet customer values	Customer accounts	● Changes in customer mindset	● Improving operational efficiency and productivity through digital transformation	10.71 million accounts	10.89 million accounts	10.9 million accounts	11.5 million accounts
		Customer satisfaction rate	● Delay in the advancement of digital transformation	● Strengthening new business creation capabilities through business transformation and behavior change	92%	93%	90%	—
		Creation of innovation	● Obsolescence of existing business models ● Intensifying competition due to productivity improvement and new market entrants	● Strengthening organizational culture and structure for the creation of new businesses and services	Social implementation of new services that contribute to low/decarbonization and efficient infrastructure maintenance	Social implementation of diverse new services in the digital, energy, and environment domains	Creation of new business and services	
Support employees to shine in their roles 	Create an environment that enhances value for employees and the company	Percentage of women among employees newly promoted to middle management positions	● Shortage of workers ● Increased measures to secure and develop the next generation	● Promotion of innovation through a diverse workforce ● Maximization of output	18.2%	17.4%	20% or higher	30% or higher
		Percentage of women among newly hired career-track employees			39.4%	31.5%	30% or higher	30% or higher
		Work engagement score ³			52.2	52.8	50 or more	50 or more
		Total number of new graduates and mid-career hires (career-track positions)			116 people	Cumulative total of 2 years: 250 people	Cumulative total of 3 years: 330 people	—
		Readiness rate for next-generation management talent			260%	280%	250%	—

Materiality Indicators, Targets and Results

Key strategy	Materiality	Sustainability indicators	Risks	Opportunities	Main achievements in FY2025	Main achievements in FY2026	FY2027 targets	FY2031 targets
Evolve the business foundation 	Maintain and improve the soundness and flexibility of management foundation	Percentage of female directors	● Tightening, amendment and repeal of laws and regulations ● Loss of trust from stakeholders ● Disruption to business continuity due to litigation, suspension of transactions, etc. ● Increased difficulty in raising funds	● Strengthening of corporate governance ● Strengthening of compliance ● Stabilising of the Group's business revenue through the development of local communities	26.7%	26.7%	25% or higher	30% or higher
		Number of serious violations of laws and regulations			1 case ⁴	Zero	Zero	Zero
		Recruitment of DX core staff			243 employees	310 employees	300 employees	—
		Respect for human rights			Implemented human rights due diligence	Implemented human rights due diligence and identified risks in each business	Promotion of human rights initiatives across the Daigas Group and throughout the supply chain	
		Contribution to local communities			● Provided next-generation education on energy and the environment, disaster preparedness, etc. ● Provided support for children in need of social care and employment support for people with disabilities ● Supported local governments in implementing their climate action plans	● Promoted the healthy development of the next generation through energy and environmental education, disaster preparedness education, and the NOBY SPORTS CLUB ● Provided support for children in need of social care and employment support for people with disabilities ● Implemented community co-creation activities in collaboration with NPOs, etc. ● Participated in administrative activities (urban development concepts, etc.)	Engagement with local communities	
		Sustainable growth of LBS business			● Materials business: Reduced environmental impact by introducing power generation facilities utilizing waste heat from an activated carbon plant in India ● Information Technology business: Supported the employment of people with disabilities and contributed to environmental sustainability through PC reuse initiatives ● Urban Development business: Obtained ZEH-M certification for rental apartments and condominiums	● Materials business: Expanded the FY2025 initiative to other factories in India and, to reduce environmental impact, considered introducing a new carbonization furnace and a power generation facility utilizing its waste heat ● Information Technology business: Contributed to environmental sustainability, supported the employment of people with disabilities through the donation of refurbished PCs and the outsourcing of work to welfare workshops, and provided support for people with disabilities and children through employee participation events ● Urban Development business: Obtained ZEH-M certification for rental apartments and condominiums, and promoted ZEB-Ready and other certifications for other development projects.	Promoting distinctive sustainability initiatives in the LBS business	

¹ Calculate the estimated effect of CO₂ emissions reduction in one year of the target FY by introducing high efficiency facilities and low carbon energy, etc. to customer sites and the company's business activities in and after FY2018.

² CO₂ emissions in the domestic supply chain (Scope 1, 2 & 3). Figures in parentheses represent CO₂ emissions reduction compared to FY2018. Please refer to P.57 and the Sustainability Report 2026 for greenhouse gas emissions from the Daigas Group's value chain (Scope 1, 2 & 3).

³ Deviation in work engagement results for companies using the Advantage Toughness Survey

⁴ Please refer to P.54 for further details on inappropriate conduct in the sale of ENE-FARM in FY2025.

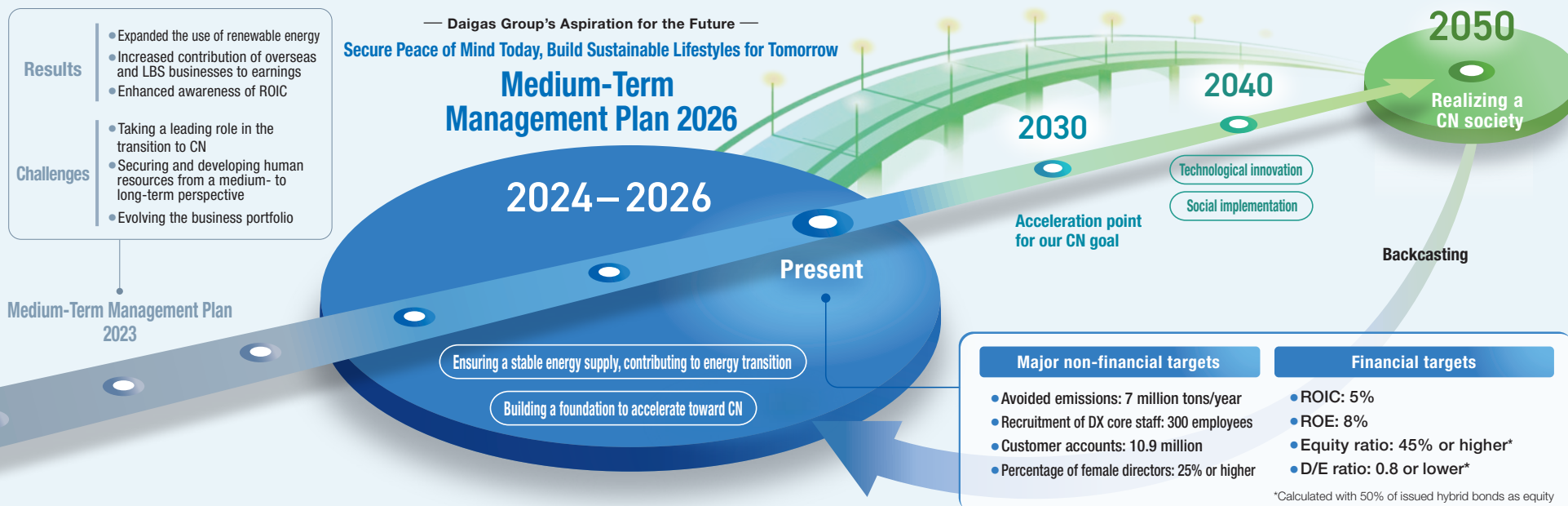
Growth Strategies and Practices

- 21 Medium-Term Management Plan 2026: Backcasting Perspective
- 22 [Special Feature] Initiatives for Achieving Carbon Neutrality
- 27 Message from the CFO
- 31 Business Strategies by Segment
- 38 Human Capital Strategy
- 40 DX Strategy



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.

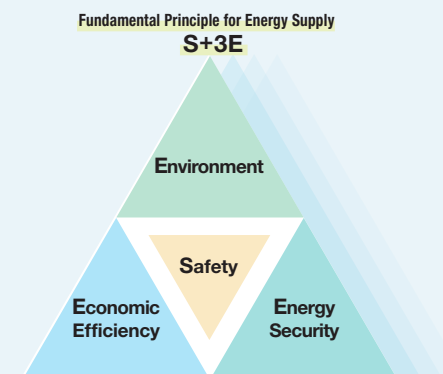
*S+3E: Safety, Energy Security, Economic Efficiency, Environment

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.

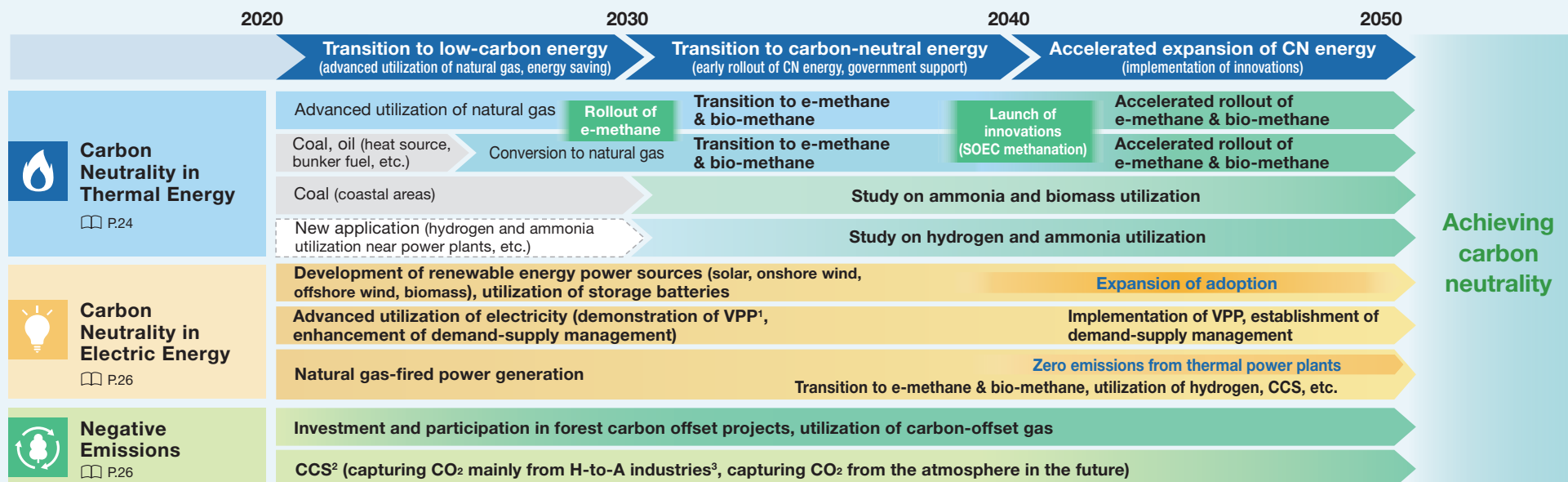
In light of this background, the Group's fundamental principle is to prioritize supply stability while ensuring safety as a cornerstone, and to offer our customers a variety of environmentally and economically friendly options.



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.



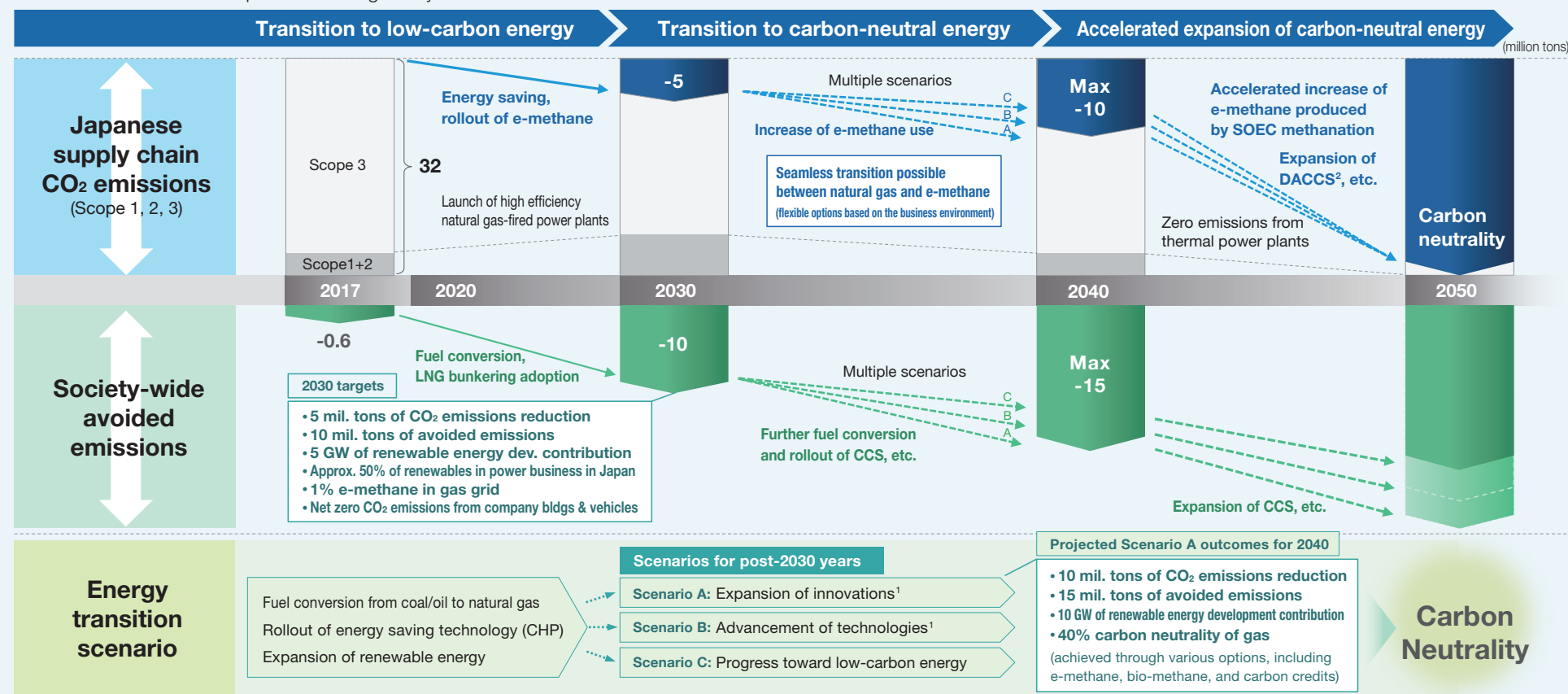
¹ Virtual Power Plant: Operating as a single power generation facility by integrating and controlling distributed energy sources through an aggregator, utilizing information and communication technology.

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.

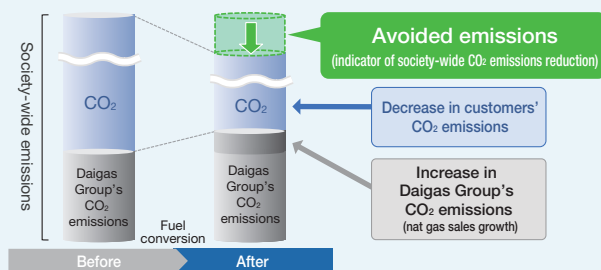
¹ Energy demand and supply outlook scenarios from Japan's Seventh Strategic Energy Plan.

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

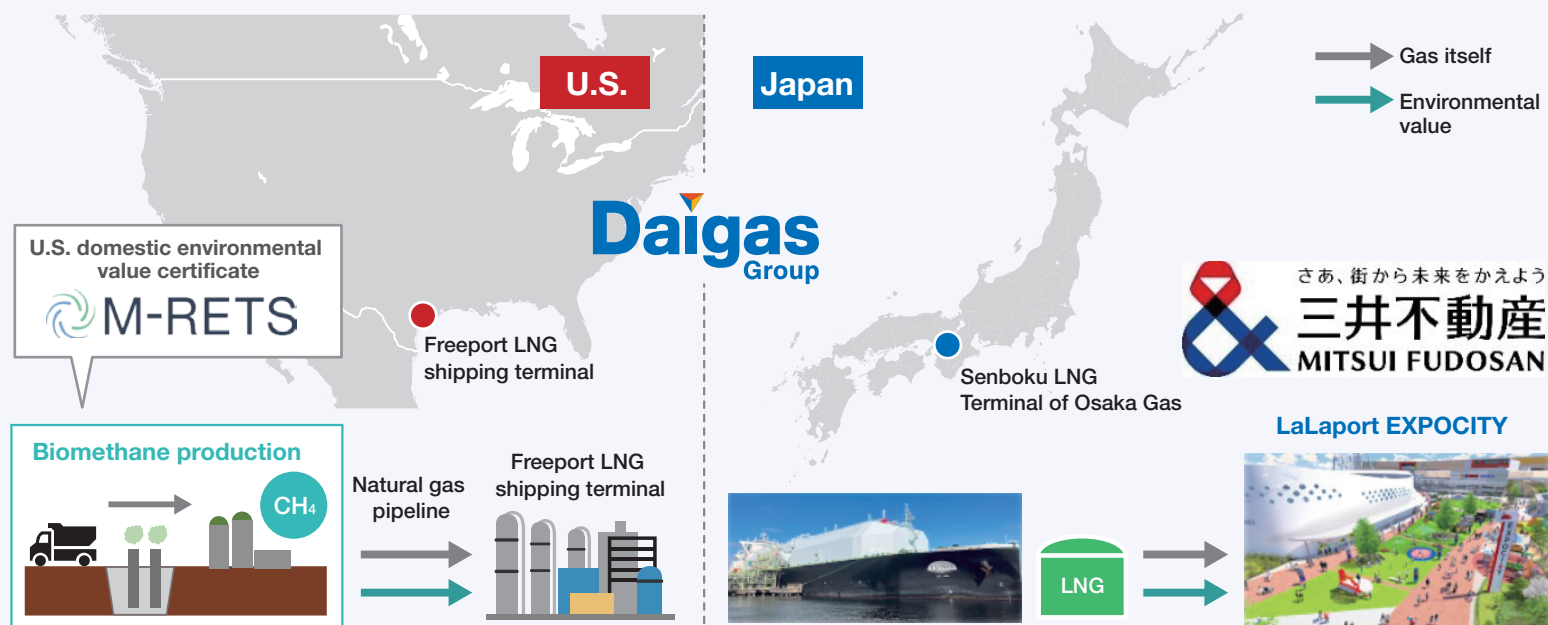
To realize a CN society, we are pursuing carbon neutrality in thermal energy from multiple angles. In addition to building an international supply chain and pioneering supply domestically with a view to the early practical application of e-methane, etc., we are steadily developing a variety of methanation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

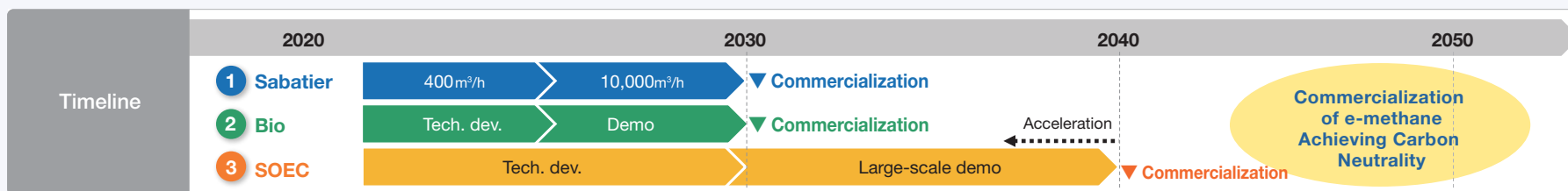
In December 2025, we entered into a joint development agreement with four other companies, for the front-end engineering design (FEED) of an e-methane production project in the U.S. To achieve our 1% target for the use of e-methane in FY2031, we are aiming to begin production (approximately 75 thousand 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

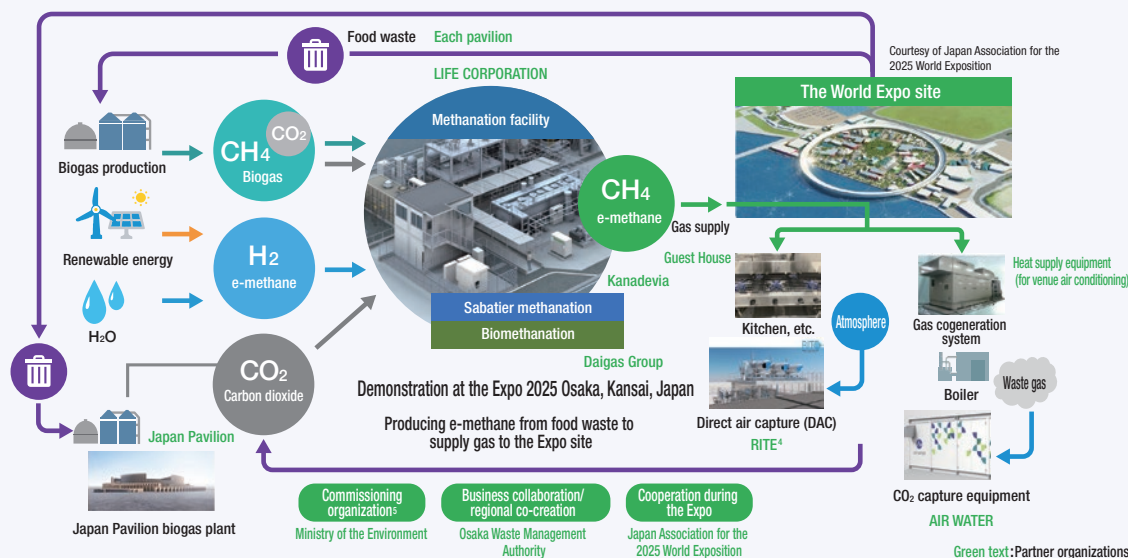
② Innovative technology: Promotion of biomethanation technology development

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.

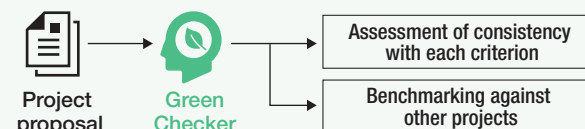
Contribution to carbon neutrality through the use of credits

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

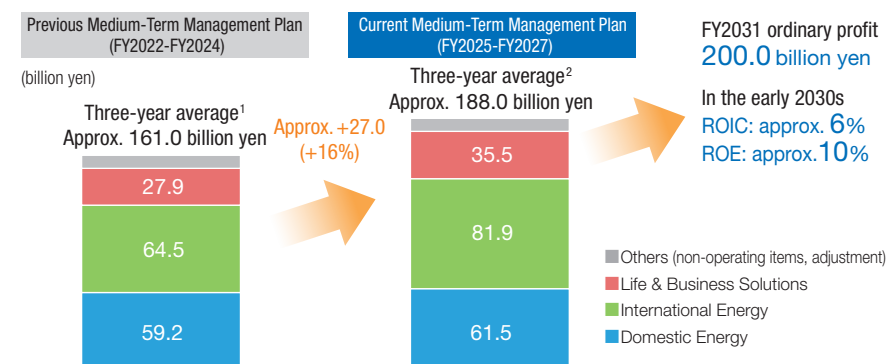
Ko Sakanashi

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

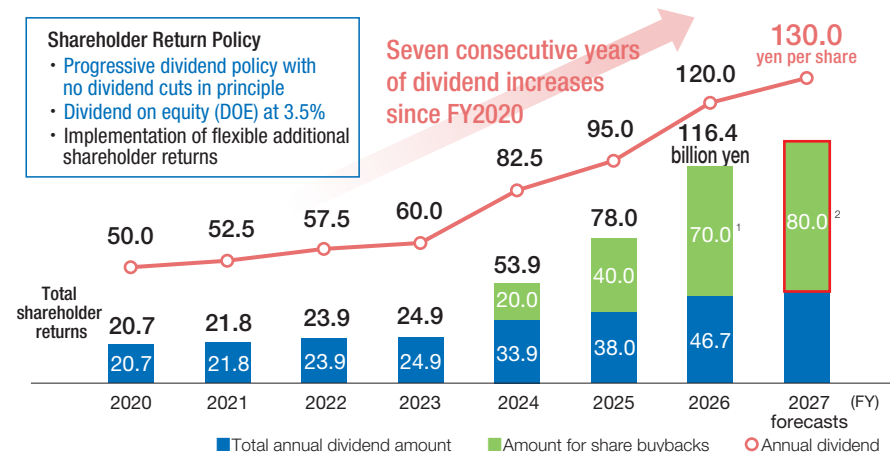


Message from the CFO

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.



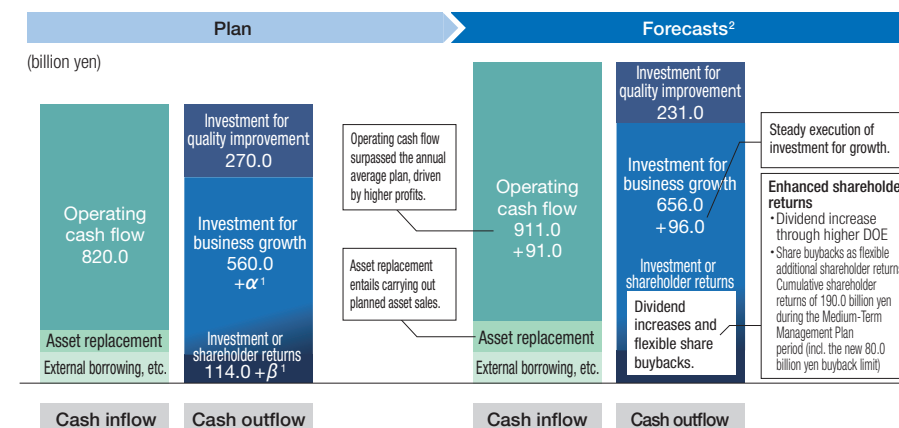
1 Repurchase period through April 24, 2026 2 Maximum acquisition amount through March 31, 2027

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)



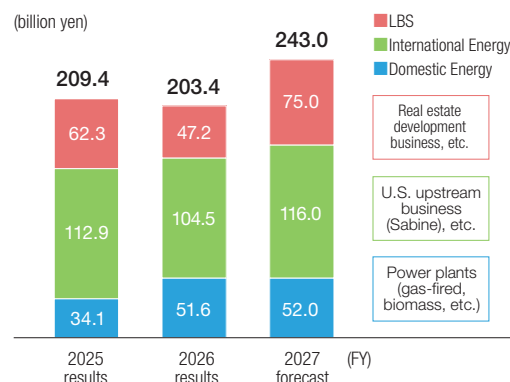
1 We have established a framework, labeled α and β in the graph, that provides additional capacity for investments for growth and/or shareholder returns, to support the achievement of our medium-term targets and the levels we aim to reach by 2030. This framework allows us to maximize investment opportunities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

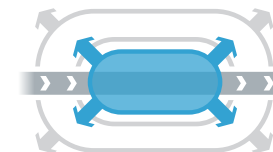
FY2026
Results

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

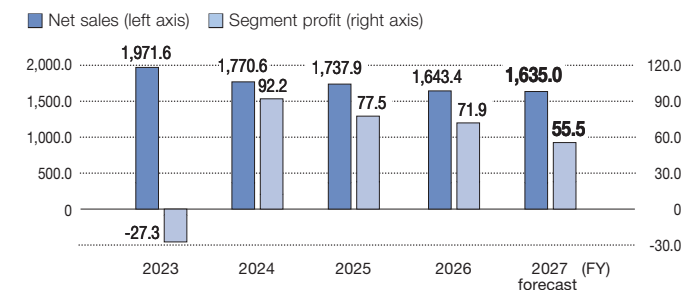
Issues

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

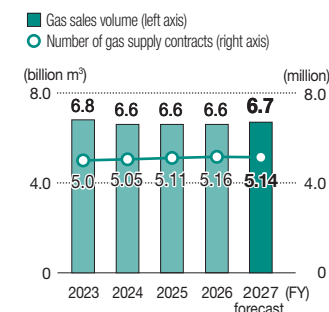
Risks

- 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

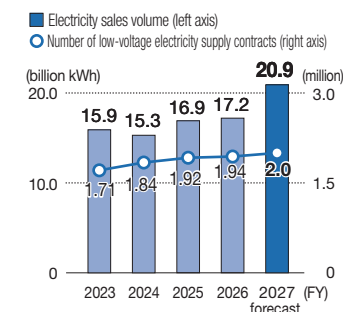
Net Sales (billion yen) Segment Profit (billion yen)



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

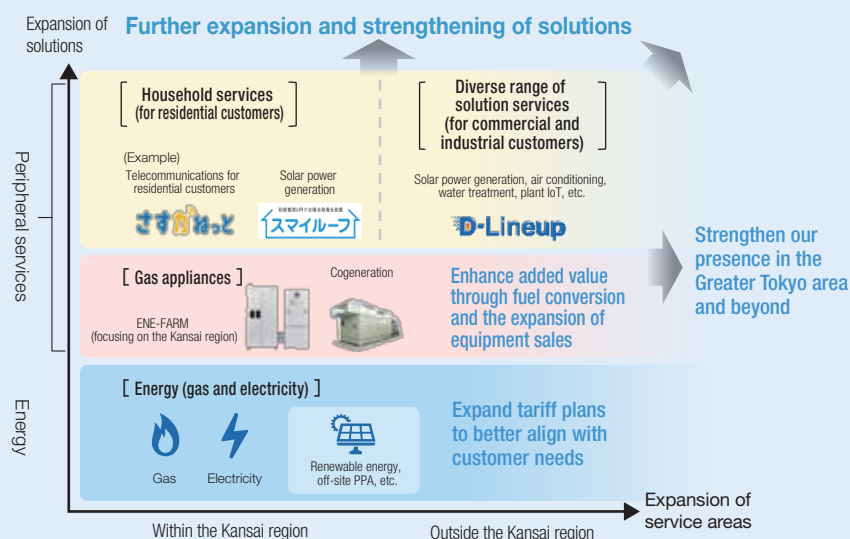
Market environment

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.

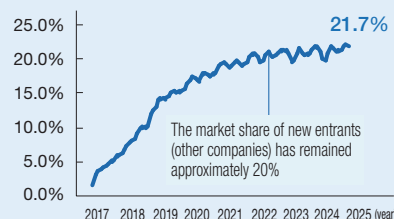
Main initiatives

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)



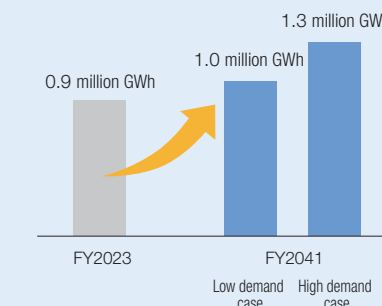
Source: The Gas Trading Report

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

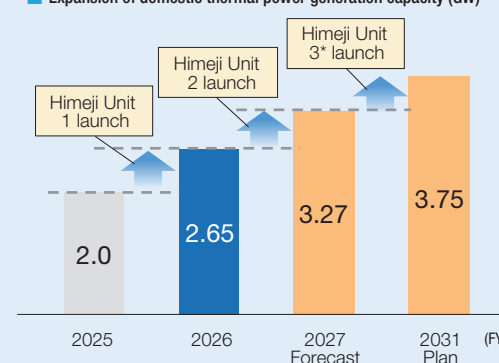
Since 2026, we have gradually started operations at the Himeji Natural Gas Power Plant, and as a result we expect a significant increase in domestic thermal power generation capacity from approximately 2.0 GW to 3.2 GW. In addition to combining our expertise in optimal LNG trading and our ability to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

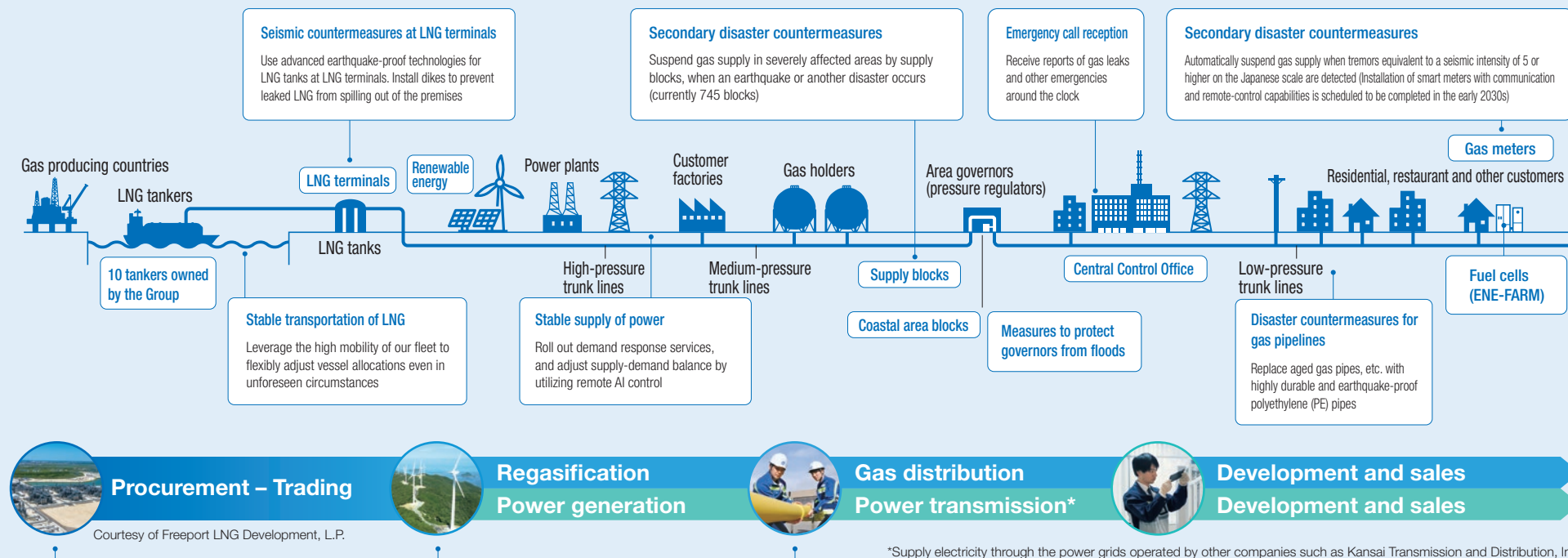


*Unit 3 is designated as a power source for the long-term decarbonized power source auction.

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

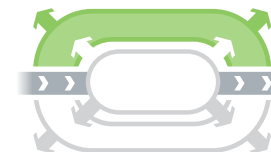
FY2026
Results

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



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

Issues

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

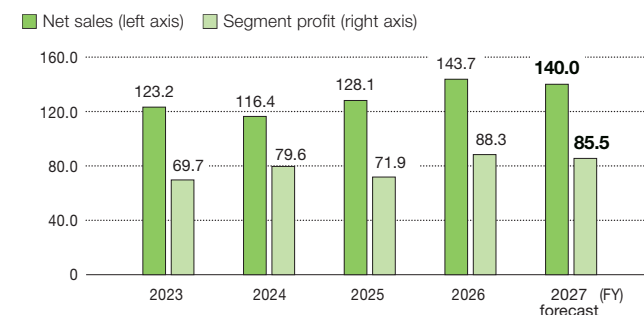
Opportunities

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

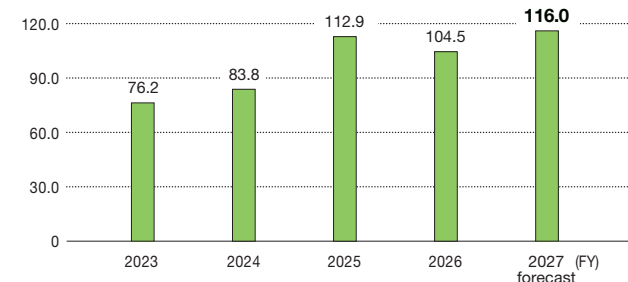
Risks

- 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

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

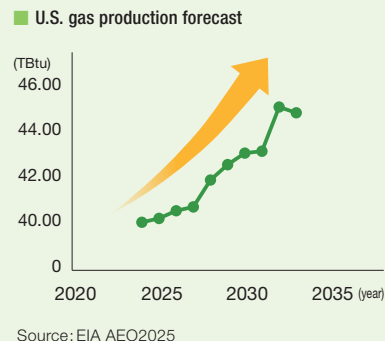


Shale Gas in the U.S.

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.



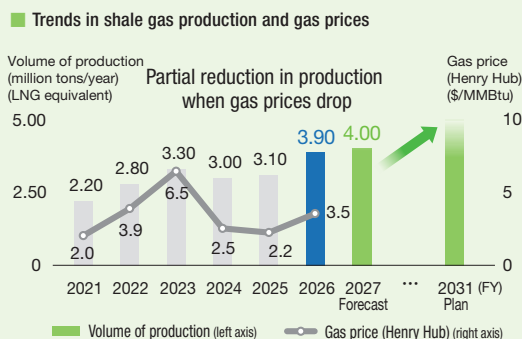
Main initiatives

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



City Gas Distribution and Renewable Energy in India

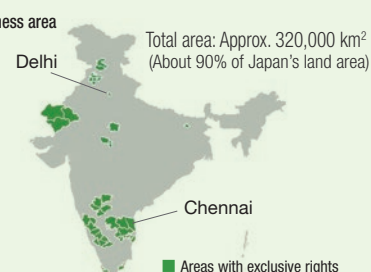
Main initiatives

City gas

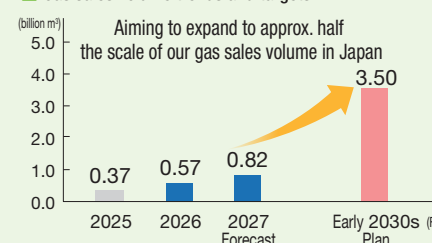
Developing city gas businesses in 19 areas where we hold exclusive rights, leveraging expertise developed in Japan

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, Kleen 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

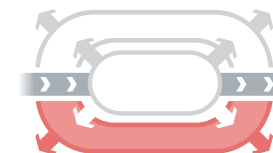
FY2026
Results

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

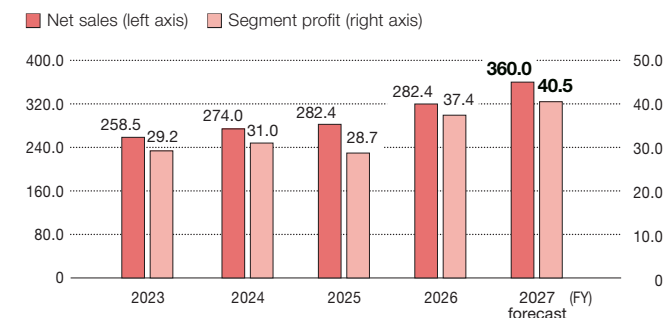
FY2027
Forecast

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

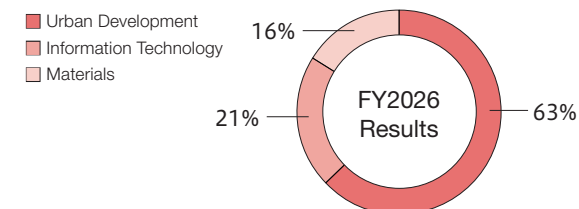
* Operating profit + share of profit of entities accounted for using equity method



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

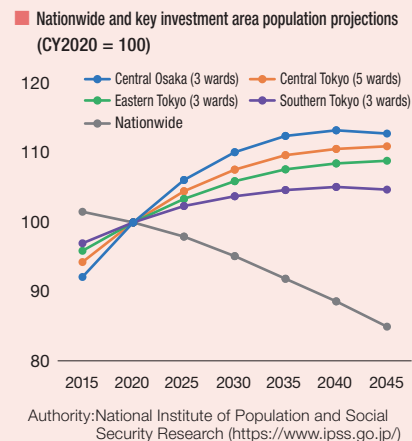
- Providing comfortable places, spaces, and services
- Evolving our customers' businesses
- Contributing to a sustainable society through manufacturing



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

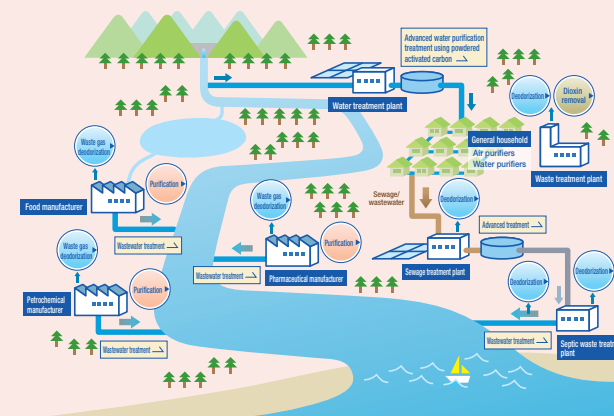
Group synergy effects

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

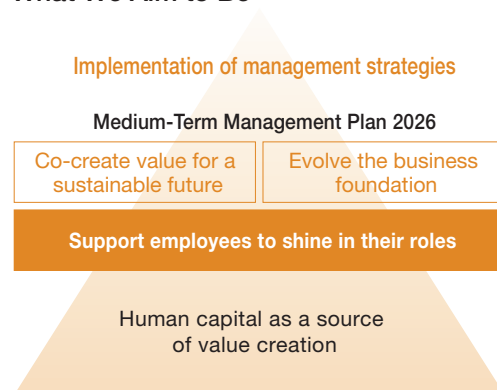
Human Capital Strategy

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



Examples of Key Measures

For specific initiatives, please see Human Capital Report 2026 and Sustainability Report 2026.

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.

Corporate Governance as the Foundation for Value Creation

- 42 Communication with Shareholders and Investors
- 43 Dialogue between Outside Directors and Institutional Investors
- 46 Introducing Our Directors
- 48 Corporate Governance
- 54 Sustainability Management



Communication with Shareholders and Investors

Recognizing that it is important to have constructive dialogue with shareholders and investors to achieve sustainable growth and enhance medium- to long-term corporate value, we are reinforcing measures and systems to promote dialogue with them.

Through IR activities, we strive to provide timely and fair information, and easy-to-understand explanations on our business and financial conditions, as well as our initiatives for sustainable growth. In addition, we are building longer-term relationships of trust with our shareholders and investors by proactively expanding opportunities for dialogue, and appropriately reflecting the opinions received and needs of capital markets in our management strategies.

Status of Dialogue

We conduct quarterly briefings on financial results for shareholders and institutional investors. We are continually improving our information disclosure by distributing information through online meetings and disclosure of questions (in Japanese and English) on our website.

In addition, we hold small meetings with institutional investors and Directors, briefings focused on topics of high interest to capital market such as sustainability information and business activities, and individual IR meetings with institutional investors as appropriate.

In FY2026, we held a series of briefings on our carbon neutral initiatives, as well as guided tours of our methanation demonstration facility at the Expo 2025 Osaka, Kansai, Japan.

Through these activities, Directors engage in direct dialogue with shareholders and investors, and the IR team regularly reports opinions and recommendations on management issues from shareholders and investors obtained through its day-to-day activities to the Board of Directors and senior management, as well as widely to the company, striving to reflect them in management as appropriate.

Main themes of the dialogue

- Medium- to long-term business strategies (domestic and overseas growth drivers, addressing the need for carbon neutrality, etc.)
- Financial strategies (approach to cash allocation, future growth investment strategies, shareholder return approach, etc.)
- Recent results (trends in underlying profit, the performance of each segment, etc.)
- Sustainability initiatives (progress with CO₂ emissions reduction targets, human capital strategy, governance initiatives, etc.)

System of IR Activities

(i) Head of IR

Dialogue with shareholders and investors is overseen by Executive Vice President and CFO (President of the Corporate Planning HQ).

(ii) Promotion system

Dialogues are promoted by the IR organization of the Corporate Strategy Dept. under the supervision of the Representative Director and Executive Vice President (President of the Corporate Planning HQ). Depending on the theme of the dialogue, corporate departments such as the Finance Dept., Corporate Communication Dept. and General Affairs Dept. and related organizations such as each business unit organically collaborate to implement the dialogue.

List of activities in FY2026

President and CEO	Annual Meeting of Shareholders, management plan briefings, small meetings with domestic institutional investors, dialogues with overseas institutional investors (8 times)
Executive Vice President and CFO (President of the Corporate Planning HQ)	Annual Meeting of Shareholders, dialogues with overseas institutional investors (14 times)
Outside Director	Small meetings with domestic institutional investors Please see □□ P.43 for details.
Department in charge of IR	Management plan briefings, financial results briefings, business tours, briefings for individual investors, dialogues with investors (approx. 180 times) (dialogues with sell-side analysts (approx. 30 times), dialogues with domestic institutional investors (approx. 75 times), dialogues with overseas institutional investors (approx. 75 times), etc.)
Department in charge of SR	Dialogues with domestic shareholders (15 times)

Main opinions from shareholders and investors and our responses

Opinions received through dialogues	Our responses
While it is acceptable to use funds for share buybacks, it is also important to use these funds for dividend increases.	Raised dividend on equity (DOE) from 3.0% to 3.5% starting from the FY2026 interim dividend, resulting in a dividend increase.
I would like enhanced disclosure to strengthen credibility in achieving the targets of the Medium-Term Management Plan 2026.	Clarified target profit levels required to achieve ROIC and ROE targets. Disclosed factors expected to contribute to profit upside versus initial assumptions.
It is important to ensure more detailed and easy-to-understand descriptions of business strategies.	Provided more specific disclosure regarding market environment assumptions and the Group's strategy for each business.

Dialogue between Outside Directors and Institutional Investors

Through Constructive Dialogue with Investors, We Seek to Achieve Sustainable Growth and Enhance Corporate Value.

As part of its efforts to strengthen governance, the Daigas Group provides opportunities for dialogue between Outside Directors and institutional investors. In March 2026, three Outside Directors engaged in candid discussions with institutional investors on a wide range of topics, including growth strategies, capital efficiency, and the role of an infrastructure company.



Kazutoshi Murao
Outside Director

Appointed as an Outside Director of Osaka Gas in 2019.
• Chairperson of the Advisory Committee on Appointment
• Main areas of expertise: Corporate management, organizational management, risk management, etc.



Yumiko Sato
Outside Director

Appointed as an Outside Director of Osaka Gas in 2021.
• Chairperson of the Advisory Committee on Remuneration
• Main areas of expertise: Sustainability in life and culture, etc.



Chieko Minami
Outside Director serving as an Audit and Supervisory Committee Member

After serving as an Outside Member of the Audit and Supervisory Board in 2023, she was appointed as an Outside Director serving as an Audit and Supervisory Committee Member in 2024.
• Main areas of expertise: Marketing, DX, corporate management, organizational management, etc.

Perspectives as Outside Directors

We support the Group's management by drawing on diverse expertise from outside the Company in areas such as balancing the public interest with growth and promoting diversity.

Q. How do you apply your knowledge and experience to the management of the Daigas Group?

Murao Having been involved in the management of businesses that serve the public interest, such as telecommunications, for many years, I have always focused on how to maintain the right balance in management. On the one hand, we must fulfill our mission as a public-interest business that supports the infrastructure underpinning people's daily lives; on the other, we must achieve sustainable corporate growth. To balance these two objectives, I place particular importance on ensuring that the Daigas Group is steadily implementing strategies from a medium- to long-term perspective, and I

oversee management from an outside perspective.

Sato I spent many years conducting research on everyday life and culture at a private company's research institute, and have also followed social trends over time through my service on national government advisory councils and local government committees. Because I am able to provide an external perspective as an Outside Director, I strive to offer proposals that are not bound by existing frameworks.

I also actively engage in dialogue with employees because I hope that the Daigas Group will become a leader in women's empowerment. The Group has many talented people, and I believe that having diverse values is beneficial to corporate decision-making and growth. I consider this initiative to be one of my important missions.

Minami As an Outside Director serving as an Audit and Supervisory Committee Member, I place particular importance on maintaining my independence while comprehensively assessing risks. Outside Directors serving

on the Audit and Supervisory Committee are often legal or accounting professionals. My own areas of expertise, however, are business administration and marketing. To enhance corporate value, I also pay close attention to whether the Daigas Group's strengths are being fully leveraged and effectively applied to its management.

Optimizing the Business Portfolio

Flexible decision-making based on multiple scenarios and timely optimization of the business portfolio are essential.

Q. As uncertainty continues to grow across society, what advice do you provide on the Group's business strategy?

Murao Navigating the uncertain business environment is indeed a very difficult management challenge. In our pursuit of sustainable growth, we determine our strategies with medium- to long-term scenarios in mind. However, in

times of heightened uncertainty like this, I believe that we need to consider and respond to multiple scenarios rather than relying on a single assumption. The flexibility to review scenarios as circumstances develop is crucial, and the executive team is keenly aware of this. We also appreciate the Group's efforts to review past experiences and challenges and to develop appropriate responses based on them, and as Outside Directors, we will support these discussions.

Q. What do you consider most important when it comes to optimizing the business portfolio?

■ **Minami** In our U.S. operations, we are continuously reviewing our existing businesses as part of our asset-light approach to management, including gradually selling power plants with limited prospects for profitability. I believe these efforts are progressing steadily.

■ **Murao** I believe that the Daigas Group's current business portfolio is well balanced, built around our domestic gas operations and spanning businesses in areas such as electricity, international energy, and real estate. We also evaluate and review our business portfolio every year from the perspective of medium- to long-term growth, and the Board of Directors engages in in-depth discussions on the portfolio.

■ **Sato** While various discussions and reviews are taking place, I sometimes feel that it can take longer than ideal to make decisions on whether to continue or exit individual



businesses. The Daigas Group often develops new businesses from the bottom up, but when it comes to exiting a business, top-down decision-making is often necessary. Finding the right balance is an important issue. Other companies, for example, appear to make faster decisions on exiting businesses through a top-down approach, so I believe this is something we should keep in mind when considering our portfolio, including how to achieve agility.

“ Toward Our Next Stage of Growth

While our domestic operations remain the foundation of the Group, acquiring new customers through our international operations, with appropriate risk management in place, is an essential strategy. ”

Q. How do you define “customers” when discussing the business portfolio? Has the profile of your target customers changed—from households and businesses in the Kansai region, as in the past, to customers across Japan or even around the world?

■ **Murao** As the scope of our businesses has expanded significantly, so too has our customer base—from our gas business in the Kansai region to gas and electricity businesses in Japan, and further to gas and electricity businesses overseas, particularly in the United States and India.

I saw this change firsthand during a recent visit to our gas distribution operations in India. A number of global technology companies are developing data centers, while demand for clean energy is also growing. In other words, through our international expansion, the Group is developing a new customer segment: global companies that place a strong emphasis on environmental value, distinct from our traditional customer base.

As the Group has expanded into businesses such as gas, electricity, and real estate, our customer base has also expanded significantly. In addition, in recent years, we have been expanding our efforts to offer customers solutions for more efficient energy use. The nature of our business has changed dramatically compared with 20 years ago.



■ **Minami** While it is important to recognize that each business serves different customers, I also feel that the Group remains committed to its roots, as reflected in the CEO's statement that “our gas customers are our top priority.” At the same time, considering Japan's demographic trends, there are limits to the growth of domestic demand. To continue growing as a company, I believe that acquiring new customers through international expansion, while maintaining our domestic customer base as our foundation, is a strategy we cannot afford to overlook.

Q. As the share of the Group's international operations has increased in recent years, how do you view the risks associated with international expansion?

■ **Minami** Our U.S. upstream operations and Freeport LNG have been growing steadily and have become reliable contributors to the Group's earnings. However, determining how much risk to take is always an important consideration. The Daigas Group is making cumulative investments for growth of ¥560.0 billion over the period of the Medium-Term Management Plan 2026. I believe this reflects a well-balanced approach to investments for growth in international operations, appropriately managing risks by diversifying them through measures such as participation in consortia.

The LBS segment has relatively low-volatility businesses in Japan, which is a strength that makes it easier for the Group as a whole to pursue international business opportunities. From a marketing perspective, securing upstream interests is important for an energy company.

While the investment is substantial, I believe such involvement is strategically important.



Enhancing Capital Efficiency

While continuing discussions on improving profitability and fulfilling our public interest role, we prioritize an appropriate balance between investments for growth and shareholder returns and oversee efforts to steadily improve ROE.

Q. The Daigas Group's capital and financial strategy has been well received by the equity markets. Its efforts to improve capital efficiency with a target ROE of 8%, raise DOE, and achieve ROE of 10% in the early 2030s appear to put the Group ahead of its peers. As an Outside Director, how are you involved in and overseeing these capital strategies?

■ Minami While there are various views on share buybacks, I have supported them based on their effectiveness and significance. Capital efficiency is an issue that listed companies cannot avoid addressing, and since the Daigas Group has clearly stated its commitment to improving capital efficiency, I believe it is important to make steady progress in that direction.

■ Murao The key is to strike an appropriate balance between shareholder returns and investment for growth. When discussing ROE targets such as 8% or 10%, I believe

it is important to first confirm how much investment for growth is being made and whether the scale of that investment is clearly presented in concrete figures. Under the current Medium-Term Plan, investment for growth has increased significantly compared with the previous plan, while shareholder returns have also been strengthened. Considering these factors, I believe the Daigas Group is currently pursuing a balanced approach that takes both growth and shareholder returns into account.

Q. Foreign investors are particularly interested in improving ROIC in the Domestic Energy segment. As an infrastructure company, how do you view the balance between improving profitability and fulfilling our public interest role?

■ Minami I fully understand investors' view that our domestic energy operations, with a larger asset base than our international energy operations, tend to appear relatively less capital-efficient. On the other hand, given our mission to provide a stable supply of gas and electricity to society, it is true that there are aspects that cannot be evaluated based on profitability alone. Of course, this does not mean that we can leave inefficiencies unaddressed, but realistically, they cannot be improved overnight.

Regarding equity capital, there remains a strong view that the Group should maintain a solid equity base from the perspectives of ensuring a stable energy supply and responding to disasters, and continued discussion is needed to determine the appropriate level. We express our views candidly on these issues through meetings of Outside Directors and the Advisory Committee on Management, and continue to engage in these discussions with a keen awareness of our relationship with the capital markets.

■ Murao In addressing these issues, we believe there is room to consider options such as utilizing external financing and reviewing our capital structure as needed. Furthermore, the maintenance and renewal of infrastructure cannot be addressed by a single company alone; creative approaches, including the use of public-private partnerships (PPPs) and

other forms of collaboration with external parties, are crucial. For example, in the telecommunications sector, universal service mechanisms have been introduced as a way of supporting infrastructure across society. In the energy sector, it is also necessary to deepen discussions from this perspective. Addressing aging infrastructure is an unavoidable challenge in maintaining Japan's economic foundation, and we intend to continue addressing this issue with a strong sense of urgency.

Advancing Sustainability

It is important to remain committed to initiatives that contribute to global emissions reductions, while keeping the medium- to long-term direction toward carbon neutrality in mind.

Q. As an Outside Director, from what perspective do you encourage discussions on sustainability initiatives and ensure their effectiveness?

■ Murao While we are seeing changes in various trends at present, carbon neutrality remains an unavoidable challenge that must be addressed globally from a medium- to long-term perspective, and I believe the Group is managing its business with this direction firmly in mind. Although there may be some flexibility in the specific timing and approach depending on technological advancements and developments in international rules, I believe the basic direction will remain unchanged.

Furthermore, from this perspective, I believe the Group's efforts should be evaluated not only on the basis of its own emissions, but also on the extent to which they contribute to reducing emissions on a global scale. Even if the provision of highly efficient energy leads to increased energy use by customers and consequently appears to increase emissions, it is necessary to consider the overall reduction in emissions. It is important to continue advocating this perspective in international rule-making, and I believe the Daigas Group is moving forward without wavering.

Introducing Our Directors

(As of June 23, 2026)

*Please see the [Notice of Convocation of Annual Meeting of Shareholders](#) for career summaries and reasons for appointment.

Internal Directors



Chairman of the Board
Takehiro Honjo
72 years old
17 years in office

Attendance at Board of Directors meetings: 100%



President and CEO
Masataka Fujiwara
68 years old
10 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%


Executive Vice President, CTO
Keiji Takemori
62 years old
2 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%


Executive Vice President, CFO, CDIO, and CSaO
Ko Sakanashi
58 years old
2 years in office

Attendance at Board of Directors meetings: 100%
Attendance at Management Advisory Committee: 100%


Executive Vice President
Toshiyuki Imai
60 years old
2 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%

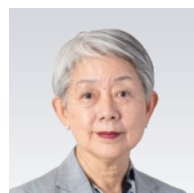
Outside Directors



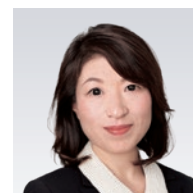
Outside Director
Kazutoshi Murao
73 years old
7 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%


Outside Director
Tatsuo Kijima
71 years old
6 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%


Outside Director
Yumiko Sato
74 years old
5 years in office

Attendance at Board of Directors meetings: 100%
Attendance at Management Advisory Committee: 83%
Attendance at Appointment Advisory Committee: 100%
Attendance at Remuneration Advisory Committee: 100%


Outside Director
Mikiyo Niizeki
58 years old
3 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%

Introduction of chief officer system

With the aim of enhancing corporate value over the medium to long term and to address cross-Group management issues, the Company introduced the chief officer system effective April 1, 2026.

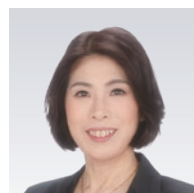
- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- Chief Digital & Information Officer (CDIO)
- Chief Human Resource Officer (CHRO)
- Chief Technology Officer (CTO)
- Chief Risk Officer (CRO)
- Chief Safety Officer (CSaO)
- Chief Sustainability Officer (CSuO)
- Chief Carbon Neutral Officer (CCNO)

Directors Who Are Audit and Supervisory Committee Members

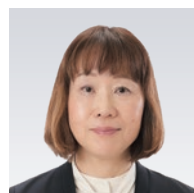


Director, Audit and Supervisory Committee Member (full time)
Fumitoshi Takeguchi
64 years old
5 years in office*

Attendance at Board of Directors meetings: 100%



Outside Director, Audit and Supervisory Committee Member
Eriko Nashioka
59 years old
4 years in office*

Attendance at Board of Directors meetings: 100%
Attendance at Management Advisory Committee: 100%
Attendance at Appointment Advisory Committee: 100%


Outside Director, Audit and Supervisory Committee Member
Chieko Minami
65 years old
3 years in office*

Attendance at Board of Directors meetings: 100%
Attendance at Management Advisory Committee: 100%
Attendance at Remuneration Advisory Committee: 100%


Outside Director, Audit and Supervisory Committee Member
Eimei Kozai
68 years old
2 years in office

Attendance at Board of Directors meetings: 100%
Attendance at Management Advisory Committee: 100%

*The status of Director who is an Audit and Supervisory Committee Member Fumitoshi Takeguchi includes his previous position (Director and Senior Executive Officer), while the statuses of Eriko Nashioka and Chieko Minami include their previous positions (Audit & Supervisory Board Member).

- Member of Management Advisory Committee
- Member of Appointment Advisory Committee
- Member of Remuneration Advisory Committee
- C Chairperson



Views on the Composition of Directors

The key skills of each Director and the definitions of those skills are presented below.

■ Skills Matrix (as of June 23, 2026)

Name	Position	Fields of Significant Expertise and Experience								
		Corporate Management	Marketing	Technology/R&D	DX	Global Management	Sustainability	Finance/Accounting	Legal/Risk Management	Human Resources Development
Takehiro Honjo	Chairman of the Board	●	●				●	●	●	●
Masataka Fujiwara	President and CEO	●	●	●	●	●	●			
Keiji Takemori	Executive Vice President, CTO	●		●		●		●		●
Ko Sakanashi	Executive Vice President , CFO, CDIO, and CSaO	●		●	●		●	●		
Toshiyuki Imai	Executive Vice President		●				●		●	●
Kazutoshi Murao	Outside Director	●			●		●		●	●
Tatsuo Kijima	Outside Director	●					●		●	●
Yumiko Sato	Outside Director						●		●	●
Mikiyo Niizeki	Outside Director	●	●					●		●
Fumitoshi Takeguchi	Director Audit and Supervisory Committee Member						●	●	●	●
Eriko Nashioka	Outside Director Audit and Supervisory Committee Member	●					●	●		●
Chieko Minami	Outside Director Audit and Supervisory Committee Member	●	●		●					●
Eimei Kozai	Outside Director Audit and Supervisory Committee Member	●							●	●

■ Definition of Skills

Corporate Management	Experience and expertise in corporate management and organizational management, and in the formulation and promotion of management strategies
Marketing	Experience and expertise in the formulation and promotion of marketing strategies through an accurate understanding of market trends and consumer needs
Technology / R&D	Experience and expertise in creation of innovations through the promotion and oversight of technological development, R&D, and engineering
DX	Experience and expertise in business reform and DX promotion through the use of digital technologies and data
Global Management	Experience and expertise in the international energy business (resource development, procurement, trading, energy infrastructure, etc.) and other international businesses
Sustainability	Experience and expertise in sustainability management, including Environmental, Social, and Governance matters
Finance/Accounting	Knowledge and expertise in finance and accounting, including the formulation of financial strategies and the creation of a sound financial base
Legal/Risk Management	Experience and expertise in promoting legal and compliance initiatives and in managing diverse business-related risks
Human Resources Development	Experience in acquiring and developing diverse human resources and in organizational development, and expertise in human resource strategies for sustainable growth

Corporate Governance

Basic Views

Guided by our Corporate Principles, the Daigas Group strives to maintain and build trust through dialogue and cooperation with its various stakeholders including shareholders and customers. We continue to enhance and strengthen corporate governance in order to respond quickly and appropriately to changes in the business environment, make transparent, fair, and decisive decisions, and realize efficient and appropriate business execution.

Corporate Governance Framework and Features of the Daigas Group

Separation of supervision and business execution

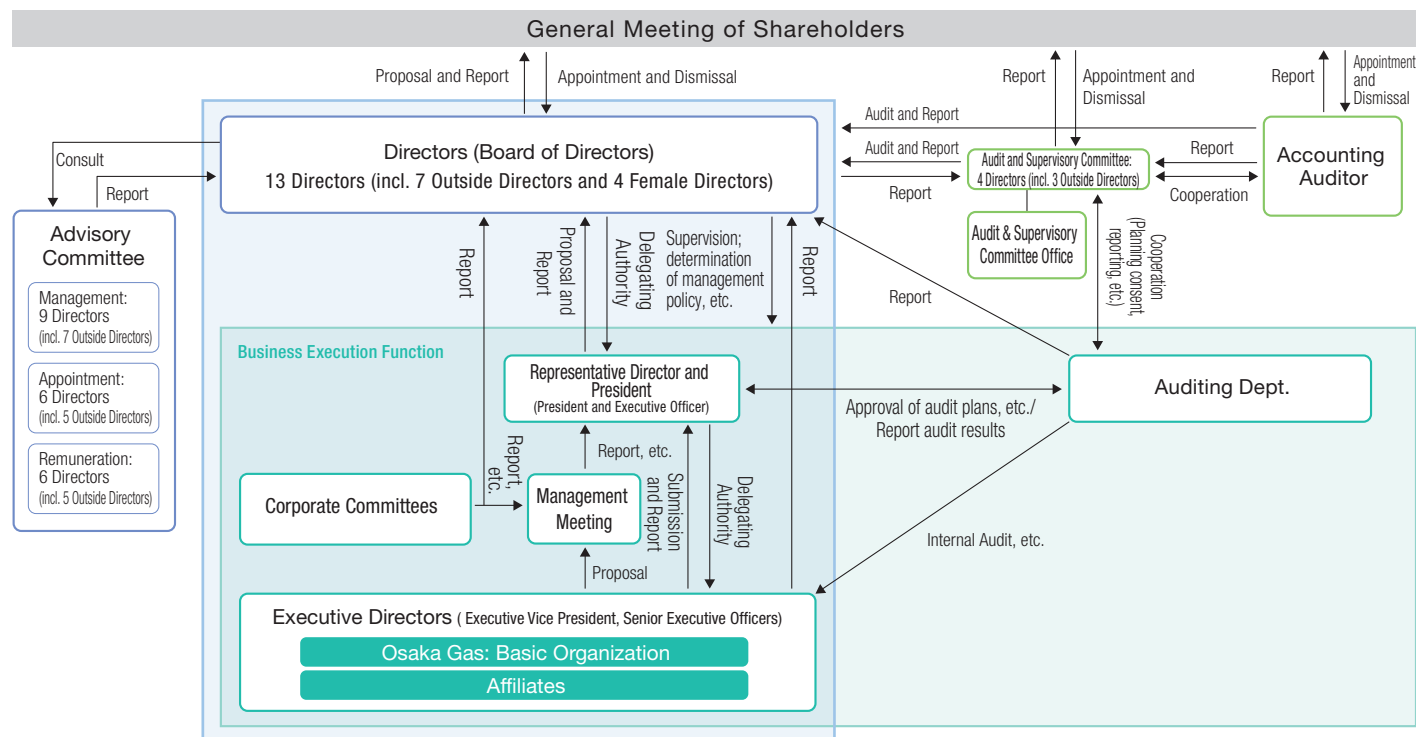
To address the rapidly changing business environment, we have transitioned to a Company with an Audit and Supervisory Committee. This structure enables agile decision-making by delegating business execution authority, while allowing the Board of Directors to focus on enhancing discussions regarding management policies and strategies, thereby strengthening its supervisory function.

Moreover, through the introduction of an executive officer system and a chief officer system, and the establishment of voluntary advisory committees on management, appointment, and remuneration, we are ensuring swift response to environmental changes, transparent and fair decision-making and efficient and appropriate business execution.

Independence and diversity of the Board of Directors

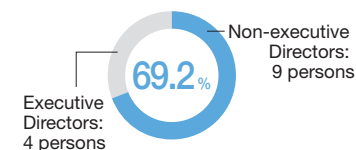
To achieve sustainable growth and enhance medium- to long-term corporate value, Osaka Gas has adopted a basic policy of appointing diverse talent as Directors, taking into full consideration their knowledge, experiences, abilities, and character, regardless of gender, nationality, career background, or age. Since June 2026, independent Outside Directors have made up the majority of the Board of Directors, while the ratio of female directors has risen to 30.8%. As a result, we have ensured both the independence and diversity of the Board of Directors and further strengthened its oversight of management.

■ Corporate Governance System (as of June 23, 2026)

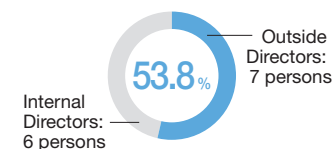


■ Independence of Directors (as of June 23, 2026)

Percentage of Non-executive Directors

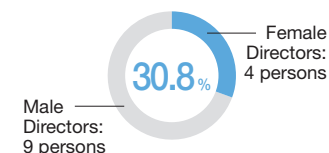


Percentage of Independent Outside Directors



■ Diversity of Directors (as of June 23, 2026)

Percentage of Female Directors



Activities of the Board of Directors and Advisory Committees

Operational Status of the Board of Directors (FY2026 Results)

The Board of Directors discusses management policies and strategies to ensure prompt and accurate decision-making and enhance supervisory functions.

We ensure thorough discussions, exchange of opinions, and sharing of information regarding important management policies and individual business strategies through advisory committees, the majority of whose members are Outside Directors, and Outside Directors' meetings and others. Through enhancement of these pre-meeting discussions and information sharing opportunities, on the day of Board of Directors meetings, we balance efficient and effective decision-making focused on key matters with appropriate supervision.

In the current fiscal year, in principle we held one Board of Directors meeting each month, and all Directors attended all meetings.

Meetings held	Topics	Main Topics Discussed
13	Corporate governance	Important personnel and remuneration matters, report on evaluation of the effectiveness of the Board of Directors, matters related to the Annual Meeting of Shareholders
	Company-wide strategies	Group business plan, capital policy, sustainability-related reports
	Monitoring of execution	Report on important investments and contracts, report on execution of duties, report on personnel measures, report on initiatives in each business department, financial results report
	Risk management	Report on internal controls, Risk Management Committee report, audit report, derivative performance report

Activities of Advisory Committees (FY2026)

We have established three voluntary advisory committees (management, appointment, and remuneration) to ensure objectivity and transparency in decision-making processes, and to facilitate discussions on key medium- to long-term issues and the enhancement of supervisory functions. All committees are chaired by Outside Directors.

Name	Meetings held	Issues discussed
Advisory Committee on Management	6	Exchange of opinions on overseas business strategies, marketer business strategies, LBS business strategies, and next fiscal year management plans, and discussions on future policies
Advisory Committee on Appointment	4	Discussions on the composition of the Board of Directors, election of candidates for Directors, the selection and dismissal of Representative Directors and other Executive Directors, skills matrix, etc.
Advisory Committee on Remuneration	3	Discussions on the determination of monthly monetary remuneration of Directors, appropriateness of the remuneration levels, and determination of payment coefficient for the portion linked to business performance, etc.

Training Policy for Directors and Succession Plan

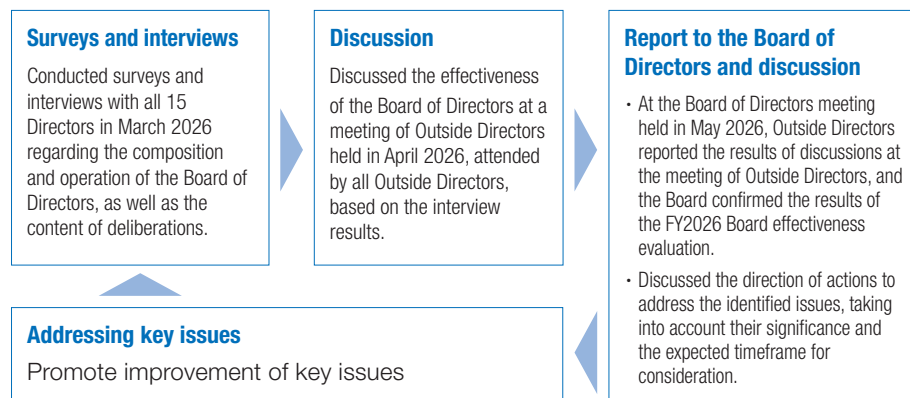
When appointed, the Company provides Internal Directors an opportunity to acquire knowledge regarding their roles, legal duties to be complied with, and responsibilities expected of a Director. Subsequently, the Company regularly provides opportunities internally or externally for Directors to receive training regarding legal affairs, risk management, compliance, and other matters to continue to acquire the knowledge necessary for the comprehension of legal revisions and other latest world trends. Further, as part of the succession plan for top management, the Company develops personnel capable of overseeing the Company's management through such means as the systematic rotation of the areas of responsibility of Internal Directors and Executive Officers.

As for Outside Directors, the Company provides opportunities for them to deepen their understanding upon appointment, such as by explaining the nature of the Group's businesses, so that they can put to practice their expertise and experience in each of their fields for supervising and auditing the Company's business. Later, the Company also offers opportunities as necessary in which the business environment and business trends are explained accurately in a timely manner so that Outside Directors can gain an understanding.

Evaluation and Analysis of Effectiveness of the Board of Directors as a Whole

The Board of Directors annually analyzes and evaluates the effectiveness of the Board and its Advisory Committee based on interviews conducted by the Board Secretariat with each Director. A summary of the methodology and results of the FY2026 Board effectiveness evaluation is presented below.

1. Method



2. Interview Questions

Based on regular evaluation by an external expert organization, we established the interview questions. From this fiscal year, in addition to conventional risk oversight, we added questions regarding the Board's effectiveness in promoting appropriate risk-taking, areas for improvement in Secretariat functions, and self-assessments by individual Directors.

- | | |
|---|---|
| ① Initiatives in FY2026 to address issues identified in FY2025 | and management policies with due consideration of capital costs and stock price performance, etc.) |
| ② Composition of the Board of Directors (its composition and diversity to support the achievement of the long-term management vision and medium-term management plan, etc.) | ⑤ Operation of the Board of Directors (information sharing and support systems provided by the secretariat) |
| ③ Monitoring and oversight functions (monitoring risks associated with key strategies and the execution of initiatives with significant impacts on management, etc.) | ⑥ Advisory Committees (themes, frequency and duration of meetings, content of deliberations, etc.) |
| ④ Formulation of management policies and strategies (discussions on key strategies | ⑦ Others (opportunities for information sharing such as site visits, Directors' contributions to discussions, etc.) |

3. Evaluation Results

Regarding the initiatives undertaken in FY2026 to enhance the effectiveness of the Board of Directors in response to issues identified in FY2025, we confirmed that these initiatives were implemented appropriately and that the effectiveness of the Board of Directors was ensured.

(FY2026 initiatives and outcomes to address issues identified in FY2025)

- The Advisory Committee on Appointment elected Directors and Executive Officers in line with our vision for the Board of Directors.
- We advanced the appointment and recruitment of professionals with expertise in areas such as international business and risk management, etc. To support the appointment of female Directors, we held discussions among female Outside Directors, female executives from other companies, and female managerial employees.
- We strengthened our monitoring functions by ensuring the timely reporting of matters with a significant impact on management, and enhancing reporting on risk responses and key matters through meetings of Outside Directors.
- We provided information on the status of our financial strategies and ROIC management in each business. Moreover, the Advisory Committee on Management deepened strategic discussions by reviewing key business strategies, including those for the international, marketer, and LBS businesses. In addition, it identified key themes and developed a schedule in preparation for the next medium-term management plan.
- We expanded opportunities for communication with employees and deepened understanding of the business through site visits and seminars, including career development seminars.
- We disclosed our initiatives and effects of the transition to a company with an Audit and Supervisory Committee.

On the other hand, we identified additional challenges ahead of further enhancements, and discussed the direction of our future response in line with level of importance and review periods to further improve the effectiveness of the Board of Directors in the future. As a result, it recognized the following issues.

(Major issues)

- Secure key specialized and diverse talent for medium-to long-term strategies, in light of the new structure of the Board of Directors
- Enhance supervision and monitoring functions (continuation of prompt initial reporting, enhancement of information provision including international affairs, etc.)
- Deepen medium- to long-term strategic discussions (discussions on key issues toward formulating the next medium-term management plan)
- Create an environment to enhance the quality of deliberations at the Board of Directors and other meetings (enhancement of individual information, site visits, etc.)

In the future, we will enhance the provision of information to Directors through the Board of Directors, the Advisory Committee on Management, and Outside Directors meetings, and repeatedly discuss the overall Group strategy based on the long-term vision. Through a series of these initiatives, we aim to further improve the effectiveness of the Board of Directors in both discussions on management policies, management strategies, and key issues, as well as its monitoring and supervisory functions. Moreover, we will continue to strive to develop and secure the human resources necessary for medium- to long-term growth by re-organizing the skills required of Directors and promoting succession plans.

In addition, starting this fiscal year, the Audit and Supervisory Committee has also evaluated its effectiveness through surveys and interviews with the Audit and Supervisory Committee Members, and we have confirmed that the Audit and Supervisory Committee as a whole has been functioning effectively.

Officer Remuneration System

Director remuneration is designed to incentivize Directors to achieve sustainable growth and enhance corporate value over the medium to long term. In line with the roles and responsibilities of each position, we have established an optimal remuneration system and composition while ensuring objectivity and transparency in the decision-making process. It shall be determined by the resolution of the Board of Directors within the total amount of remuneration approved at the Annual Meeting of Shareholders, after deliberation at a voluntary Remuneration Advisory Committee comprising a majority of the Outside Directors, from the perspective of ensuring objectivity and seeking transparency in the decision-making process.

Executive Directors

To boost motivation to achieve sustainable growth and enhance corporate value over the medium to long term, we have set the target composition of basic remuneration, performance-linked remuneration, and stock-based remuneration as 4:4:2.

By adopting a remuneration structure that is linked not only to single-year performance but also more closely to medium- to long-term corporate value enhancement, we provide a strong incentive for sustainable growth.

Basic remuneration (Fixed) 40%	Performance-linked remuneration (Short-term incentive) 40%	Stock-based remuneration (Mid- to long-term incentive) 20%
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■ Basic remuneration (monetary and a monthly basis) ■ Performance-linked remuneration (monetary and a monthly basis)
■ Stock-based remuneration (restricted stock)

Director, Chairman of the Board

To clearly separate execution and supervision, remuneration comprises basic remuneration as fixed remuneration (approximately 80%) and stock-based remuneration (approximately 20%).

Outside Directors and Directors who are Audit and Supervisory Committee Members

To ensure objective supervision and auditing from a perspective independent of business execution, remuneration consists solely of fixed basic remuneration (100%) and is not linked to performance.

Remuneration Limits (Approved at the Annual Meeting of Shareholders)

To ensure objectivity and transparency, each type of remuneration is paid within the maximum limits shown below, as approved at the Annual Meeting of Shareholders.

Payees	Approved scope
Directors (excluding Audit and Supervisory Committee Members)	Monetary remuneration (including Outside Directors) : Up to 57 million yen per month Stock-based remuneration (excluding Outside Directors) : Up to 144 million yen per year (equates to 12 million yen per month) / Total number of shares: Up to 96,000 per year
Directors who are Audit and Supervisory Committee Members	Monetary remuneration (fixed remuneration only): Up to 14 million yen per month (comprises only fixed remuneration to ensure independence, with the amount determined through discussions.)

Performance-linked Remuneration Indicators (Short-term Incentive)

To enhance corporate value over the short, medium, and long term, we have adopted the core performance indicators from the Medium-Term Management Plan.

Single-year consolidated EBITDA Measure the Group's basic single-year earnings capacity	+	ROE for the last three years Measure sustainable improvements to capital efficiency	+	Sustainability indicators Measure level of achievement of Medium-Term Management Plan (FY2025–2027)
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Main Sustainability Indicators Used for Assessment

Materiality	Sustainability indicators	FY2027 targets
Provide carbon neutral energy	● Avoided emissions	7 million tons/year
	● Renewable energy development contribution	4 GW
	● CO ₂ emissions reduction in the Group company offices and vehicles	67%
Enhance the resilience of customers and society	● Number of serious accidents and serious energy supply disruptions caused by the Company	Zero
Co-create advanced, diverse solutions that meet customer values	● Customer accounts	10.9 million
	● Customer satisfaction rate	90%
Create an environment that enhances value for employees and the Company	● Work engagement score	50 or more
Maintain and improve the soundness and flexibility of management foundation	● Ratio of female Directors	25% or higher
	● Number of serious violations of laws and regulations	Zero

Stock-based Remuneration and Governance Framework (Medium- to Long-term Incentive)

Restricted stock is granted with transfer restrictions until retirement to encourage medium- to long-term corporate value enhancement and further align interests with shareholders.

Restricted transfer period

Transfer or other disposal of shares is prohibited from the date the shares are granted to the date of the Director's retirement.

Malus and clawback provisions

As a set of strict provisions to support sound risk-taking, the Company will acquire all or part of the restricted stock granted to eligible Directors without consideration in the event of misconduct or other circumstances.

Risk Management

Basic Approach and Policy

As social and economic changes intensify due to instability in international affairs, exchange rate fluctuations, and inflation, the uncertainty of the business environment surrounding companies is rapidly increasing. Against this backdrop, as the Daigas Group develops and expands its businesses across various regions, the importance of risk management is increasing.

The Group recognizes the importance of risk management and has established basic guidelines for risk-related actions, in its Group regulations. Referring to ISO 31000, the international standard for risk management, the Group promotes its risk management processes.

Risk Management System

As the Group's business domains expand, in addition to developing proactive risk management plans and monitoring their progress by company-wide committees such as the Sustainability Committee, the Safety and Disaster Prevention Committee, and the Cyber Security Committee, we have established the Risk Management Committee, a company-wide committee independent of the Audit and Supervisory Committee. Across the entire company, we manage significant risks that may affect the business performance and financial position of the Group including ESG-related risks such as climate change and human rights.

The Risk Management Committee is chaired by the Chief Risk Officer (CRO) (Senior Executive Officer), who oversees the Group's risk management, and includes the heads of related organizations as members.

The Risk Management Committee meets in principle twice a year to review and select key risks on a regular basis, deliberate on proactive risk management plans and results for key risks, and implement efficient and effective risk management.

With regard to the proactive risk management activities, the Management Meeting, chaired by the President and Executive Officer, receives reports and holds discussions on selected key risks (see [P.53](#) for details), as well as on proactive risk management plans and results. The Board of Directors makes decisions on matters that have a significant impact on management and oversees the risk management process.

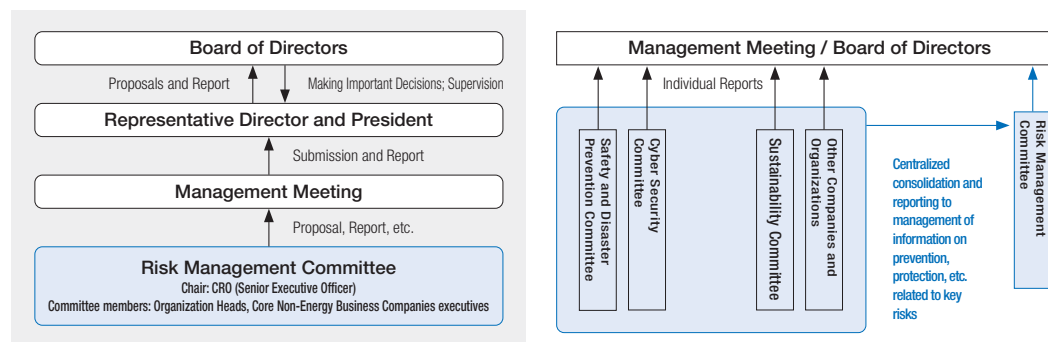
In FY2026, the Risk Management Committee met twice to identify key risks; formulate, implement, follow up on, and manage the performance of proactive risk management plans; and share risk-related information. In April 2026, the Board of Directors confirmed that the risk management process, including implementation results, had been properly executed.

*With the aim of enhancing corporate value over the medium to long term and to address cross-Group management issues, the Company introduced the chief officer system effective April 1, 2026.

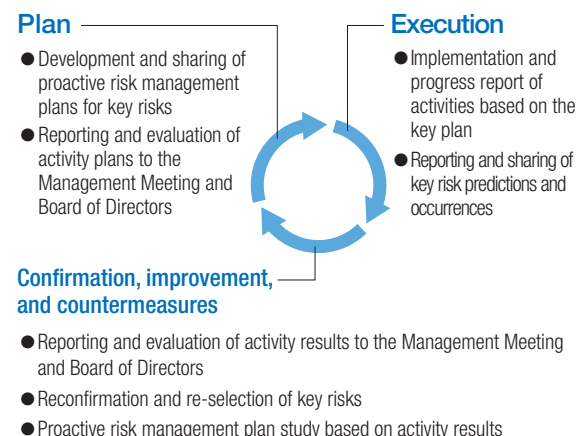
■ Main Activities and Achievements of the Risk Management Committee in FY2026

Main activities	• Hosting of Risk Management Committee meetings (twice) • Selection of key risks; formulation, execution, and follow up of proactive risk management plans; performance management; sharing of risk-related information, etc.
Improvements/new activities	• Update of information-sharing rules upon initial response in the event that a significant risk materializes • Identification of potential risks through interviews with all Risk Management Committee members • Creation of report on geopolitical risks and other external changes, and rapid information-sharing in line with company-wide BCP • Analysis and sharing of risk cases from other companies, and proposals for new methods to gain new risk perspectives and detect early warning signs

■ Group-wide Risk Management System



■ Group-wide Risk Management Cycle



Recognition of and Countermeasures against Significant Risks (Business Risks) That May Affect Business Performance and Financial Position

In addition to the measures preparing for the following risks, the Group aims to mitigate the impact on its business in cases where such risks emerge by appropriately understanding and supervising the situations of business operations, while considering the degree and time period of the potential for risks to materialize.

Business Risks		Countermeasures against Risks
①Risks of business strategies	a. Changes in economic, financial, and social conditions as well as market contraction	The Group is practicing portfolio management that responds to changes in the business environment by growing each of three segments "Domestic Energy business," "International Energy business," and "Life & Business Solutions (LBS) business."
	b. Impact of fluctuations in temperature/water temperature on energy demand	In order to respond to the impact of fluctuations in energy demand, we are expanding sales in peripheral energy fields such as gas appliances and energy services.
	c. Changes in international rules, policies, laws and regulations, and institutional systems	We are executing our respective businesses in accordance with international rules on environmental, social and governance issues, as well as other domestic and international rules, policies, laws and regulations, and institutional systems.
	d. Intensifying competition and the resulting increase in choices available to consumers	With the aim of becoming a company that continues to be the first choice of customers, we are working to increase our market competitiveness in all business segments by increasing added value, reducing raw material costs, developing technologies, and promoting digital transformation.
②Market risks	a. Changes in foreign exchange rates and borrowing rates	We are working to minimize the impact of changes in foreign exchange rates and borrowing rates through hedging and foreign currency procurement, and reducing costs against rising raw material prices and logistics costs.
	b. Changes in raw fuel costs	We are working to minimize the impact of cash flows through diversifying contract price indices and hedging in the procurement of LNG, and to adjust unit gas prices under the fuel cost adjustment system.
	c. Changes in electricity procurement costs	We are working to ensure a stable electricity supply through our own power sources, procurement contracts with other companies, and purchases from the Japan Electric Power Exchange and other markets, while mitigating the impact on earnings through hedging.
③Procurement risks of raw materials		As most of the raw fuels for gas and electricity, such as LNG, are imported from overseas, we are promoting diversified procurement from numerous producers as well as adjusting supply and demand through LNG trading, aiming to ensure stable and flexible raw fuel procurement.
④Environmental risks, such as responding to climate change		In order to respond to changes in regulations due to climate change issues, changes in social trends toward the realization of a carbon-neutral society in the future, and fluctuations in energy demand, etc., we are promoting initiatives for fuel conversion from coal and heavy oil to natural gas, the introduction of renewable energy and highly efficient products and facilities, and development of technologies and building supply chains related to carbon-neutral transition.
⑤Security risks in information and control systems		We are promoting and monitoring security measures, providing thorough information-management awareness and training, building and upgrading information systems, and formulating business continuity plans for cyber incidents.
⑥Accounting and financial risks		Based on comprehensive management judgments by the Investment Evaluation Committee, including evaluations of projects' economic feasibility and risks, the Board of Directors makes decisions on various types of investments for growth.
⑦Risks related to gas production, power generation, gas supply, and gas consumption equipment and services	a. Difficulties in gas production/power generation and gas/power supply	In order to maintain safe and stable city gas production/supply and electricity generation/supply, we are carrying out various drills to prepare for emergencies, periodic inspections and upgrading of facilities, and measures to prevent accidents and supply disruptions including earthquake and tsunami countermeasures.
	b. Issues related to products such as gas equipment and facilities	We are striving to ensure a stable supply of products, and promoting the use of safe equipment and related inspection and dissemination.
	c. Quality issues with products or services	In order to ensure that the products and services we offer are used securely and safely, we are working on thorough quality management and other measures.
⑧Risks related to catastrophic disasters, accidents, infectious diseases, etc.		In preparation for the occurrence of natural disasters, terrorism, accidents, and infectious diseases, we are promoting initiatives including centralized management, intensive inspections, and continuous improvements of facilities, taking out various types of insurance such as disaster insurance, and formulation and review of a "Business Continuity Plan (BCP)" in the event of a catastrophic disaster or accident and an operational plan for responses to outbreaks of infectious diseases, etc. In addition, we are striving to build cooperative relationships in projects in which we participate for safe and stable business operations.
⑨Overseas investments risks		In our international business, we are promoting risk countermeasures such as proactive business operations and strict evaluation of target projects in the decision-making of investment for growth. In addition, for stable procurement, we are striving to build cooperative relationships that contribute to safe and stable operations in the participating projects.
⑩Compliance risks		To raise awareness of compliance, we are promoting initiatives to prevent problems from occurring through ongoing internal training, periodic risk identification, and review, follow-up and improvement of response status, etc.
⑪Human capital risks		We are striving to secure human resources amid a declining working population and increasing labor market mobility.
⑫Human rights risks		We have positioned respect for human rights in our business activities as a key management issue, and have established the Daigas Group Human Rights Policy based on the United Nations Guiding Principles to ensure its penetration throughout the Group. We are also conducting human rights due diligence in an effort to respect human rights and achieve sustainable growth.

Initiatives for Compliance

The Group's view on compliance is that it is not only about observing laws and regulations but also entails sensible corporate activities based on sound ethics. Recognizing that to maintain trust of stakeholders, it is essential to ensure that officers and employees put compliance into practice, we are continually conducting training sessions and employee surveys to raise awareness.

Strengthening of Governance to Improve Management Foundation Following Compliance Violation

We received guidance from the Consumer Affairs Agency in December 2025 to prevent any similar representations that were questionable under the Act against Unjustifiable Premiums and Misleading Representations regarding the sale of ENE-FARM products.

We take this matter very seriously as an important governance issue. To ensure the soundness of our management foundation, which is our materiality, we will again ensure thorough Group-wide inspections and training for the Premiums and Representations Act, enhance our compliance education, and review our governance framework and organizational communication.

Moving forward, we will work as a Group to ensure fair and transparent business management, strive to appropriately respond to social changes, and continue to work thoroughly to prevent recurrence and restore society's trust.

Sustainability Management

Sustainability Promotion System and Governance

The Daigas Group has a Sustainability Committee, chaired by the Chief Sustainability Officer (CSuO)* (Senior Executive Officer), who supervises the Group's sustainability activities. This committee, whose members include the heads of related organizations, coordinates and promotes sustainability activities in a cross-organizational manner. The setting of key issues (materiality), indicators and targets for Sustainability management, the status of achievement, and other matters are submitted to and deliberated at the Sustainability Council. The Board of Directors is then consulted on important matters related to sustainability activities and is responsible for decision-making and supervision.

The Group has also established the Environment Subcommittee, Social Contribution Subcommittee, and Compliance/Risk Management Subcommittee, and works closely with the subcommittees in promoting sustainability activities.

* With the aim of enhancing corporate value over the medium to long term and to address cross-Group management issues, the Company introduced the chief officer system effective April 1, 2026.

■ Sustainability Promotion System (As of April 1, 2026)



Main Topics for Sustainability at the FY2026 Board of Directors Meetings

- May 2025: Performance report for FY2025 sustainability indicators and human rights due diligence report
- Nov 2025: First-half performance report for FY2026 sustainability indicators
- Mar 2026: Performance forecast report for FY2026 sustainability indicators, and sustainability indicator targets and sustainability management plans for FY2027

KPI Performance Evaluation Processes

Outcomes of the initiatives related to sustainability indicators are reported and followed up on three times a year at each meeting within the sustainability promotion system, and are evaluated and supervised by the Board of Directors. For initiatives that are progressing smoothly, the Board discusses whether the medium- to long-term targets remain appropriate. In addition, regarding indicators whose targets are difficult to achieve, discussions are held on causes and solutions. These evaluation processes are used to improve initiatives and review plans for each business related to materiality. Furthermore, with regard to the achievement of sustainability indicators, these are reflected in the assessment of Directors' performance-related remuneration following deliberations by the Remuneration Advisory Committee, which is chaired by an Outside Director and comprises a majority of Outside Directors.

* For details of performance-related remuneration assessment criteria, please refer to [□ P.51](#)

For details of sustainability activities including disclosures based on the TCFD/TNFD recommendations, please refer to [□ the Sustainability Report](#) (scheduled for publication in September 2026)



Corporate Data

- 56 Financial Data
- 57 Non-Financial Data
- 58 Company Data
- 59 External Evaluation





Financial Data

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 ¹	FY2023 ¹	FY2024 ¹	FY2025 ¹	FY2026 ¹
Financial Information											
Net sales	million yen	1,183,846	1,296,238	1,371,863	1,368,689	1,364,106	1,591,120	2,275,113	2,083,050	2,069,019	2,030,302
Operating profit	million yen	97,250	78,118	67,977	83,792	112,491	99,201	60,001	172,553	160,731	174,809
Ordinary profit	million yen	96,276	77,087	63,103	86,018	127,752	113,525	75,649	226,563	189,647	204,522
Profit attributable to owners of parent	million yen	61,271	37,724	33,601	41,788	80,857	130,421	57,110	132,679	134,414	152,751
Total assets ^{2,3}	million yen	1,886,577	1,897,230	2,029,722	2,140,482	2,313,357	2,588,086	2,819,589	2,980,127	3,200,525	3,321,405
Net assets ³	million yen	991,870	1,028,799	1,035,044	1,027,667	1,114,597	1,296,089	1,417,178	1,604,992	1,739,291	1,854,028
Shareholders' equity ³	million yen	961,905	999,569	1,004,340	997,492	1,081,881	1,271,617	1,391,421	1,577,512	1,688,794	1,806,042
Cash flows from operating activities	million yen	148,801	168,731	65,116	182,892	219,797	145,350	33,572	312,609	283,681	340,740
Cash flows from investing activities	million yen	(137,527)	(110,456)	(204,192)	(232,266)	(198,354)	(152,163)	(203,938)	(215,944)	(255,626)	(241,852)
Cash flows from financing activities	million yen	(50,530)	(51,591)	85,262	79,272	(1,636)	(30,479)	119,617	(110,123)	(34,085)	(129,177)
Free cash flow (Cash flows from operating activities + Cash flows from investing activities)	million yen	11,274	58,274	(139,076)	(49,374)	21,443	(6,813)	(170,365)	96,665	28,055	98,888
Investment amount	million yen	134,046	115,494	210,164	225,896	221,383	209,261	237,249	239,588	283,125	283,320
Capital expenditures for quality improvement	million yen	48,253	42,191	44,205	57,498	68,873	67,931	65,019	73,367	73,706	79,851
Investment for business growth	million yen	85,792	73,303	165,958	168,398	152,510	141,329	172,229	166,220	209,419	203,468
Per Share Information⁴											
Earnings per share (EPS)	yen	147.29	90.71	80.80	100.50	194.48	313.69	137.39	320.60	333.31	391.15
Net assets per share (BPS)	yen	2,312.68	2,403.68	2,415.37	2,399.06	2,602.18	3,059.40	3,347.34	3,857.51	4,254.13	4,705.00
Dividends	yen	50.0	50.0	50.0	50.0	52.5	57.5	60.0	82.5	95.0	120.0
Key Ratios											
EBITDA (Operating profit + Depreciation + Amortization of goodwill + Share of profit of entities accounted for using equity method)	million yen	188,403	167,100	159,916	180,943	227,554	220,946	192,754	328,101	308,934	333,887
Shareholders' equity ratio ⁵ (Shareholders' equity / Total assets (as of the end of the fiscal year))	%	51.0	52.7	49.5	48.9	50.5	52.5	52.5	55.9	55.5	57.0
D/E ratio ⁵ (Interest-bearing debts / Shareholders' equity (as of the end of the fiscal year))		0.56	0.50	0.64	0.67	0.60	0.54	0.60	0.51	0.50	0.45
Return on equity (ROE) (Profit attributable to owners of parent / Average shareholders' equity during the fiscal year)	%	6.6	3.8	3.4	4.2	7.8	11.0	4.3	8.9	8.2	8.7
Return on invested capital (ROIC)	%	—	—	—	—	6.2	7.1	2.7	7.0	5.4	5.8

¹ Prepared under the "Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (1976, Ministry of Finance Ordinance No. 28) since the year ended March 31, 2023. Figures for FY2022 are on a retrospective basis. Tax effect accounting calculations for FY2023 were done on a group tax sharing basis.

² "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) have been applied from the beginning of FY2019. Key management indicators for FY2018 are calculated by retroactively applying the above accounting standard.

³ Items relating to the balance sheet are as at end-March of each year

⁴ Calculated in consideration of share consolidation.

⁵ Calculated without 50% of issued hybrid bonds as equity

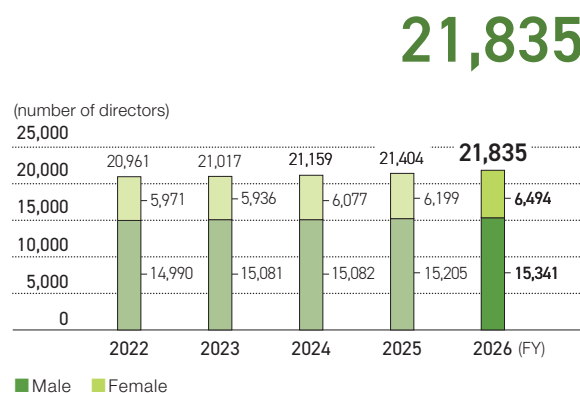
Non-Financial Data

For detailed non-financial data,
please visit our website.



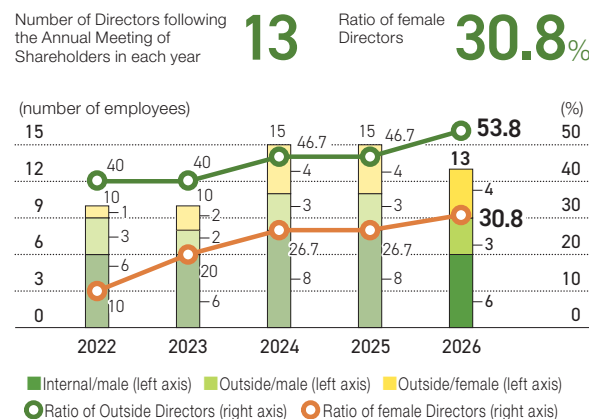
Sustainability of the Daigas Group

Number of employees (Group) Fiscal year ended March 31, 2026



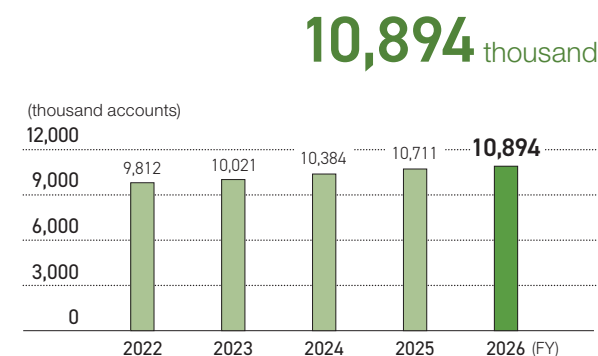
Number of Directors of Osaka Gas

In June 2024, we transitioned to a company with an Audit and Supervisory Committee and strengthened the supervisory function of the Board of Directors.



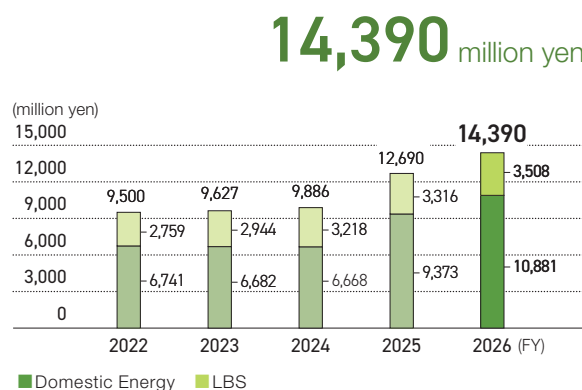
Customer accounts Fiscal year ended March 31, 2026

Growth in city gas and LPG, the acquisition of electricity customers through alliances, and stronger proposals for lifestyle-related services are driving steady progress toward our FY2031 target.



R&D expenses Fiscal year ended March 31, 2026

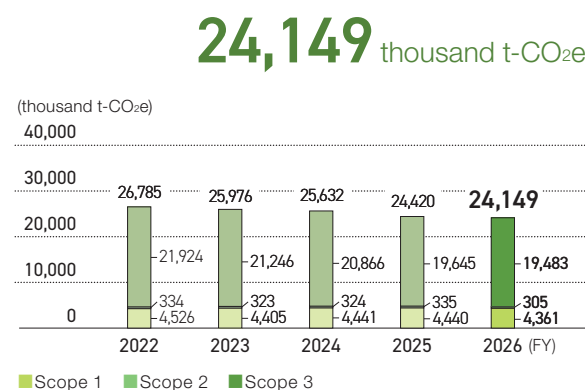
We focused on research and development aimed at carbon neutrality, including e-methane.



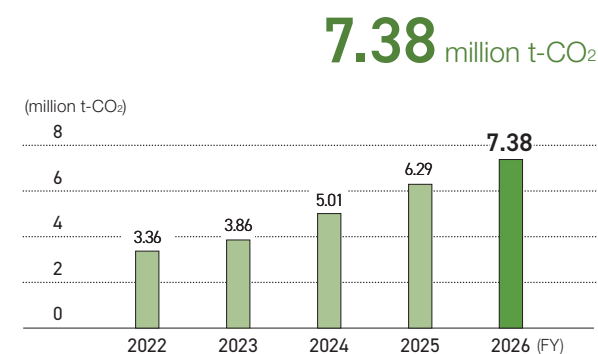
Greenhouse gas emissions (Group) Fiscal year ended March 31, 2026

The Group has set a goal of achieving carbon neutrality by 2050.

We are also making steady progress toward our FY2031 targets for reducing CO₂ emissions into society through the operation of natural gas power generation overseas and renewable energy power generation in Japan.



Avoided emissions Fiscal year ended March 31, 2026



Company Data As of March 31, 2026

Company Data

Name	Osaka Gas Co., Ltd.
Head office	4-1-2, Hiranomachi, Chuo-ku, Osaka
Representative	Masataka Fujiwara, Representative Director and President
Establishment	April 10, 1897
Commencement of operations	October 19, 1905
Capital	132,166.66 million yen
Number of employees	21,835 (consolidated)

Investor Information

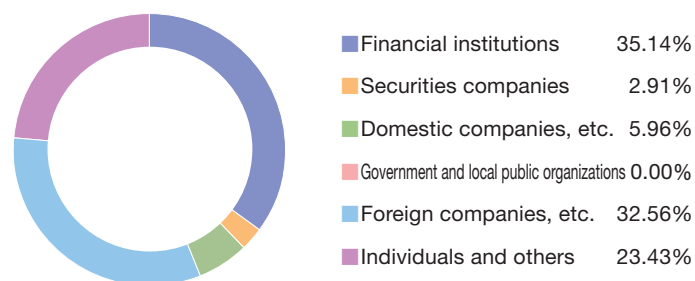
Common stock	Authorized: 700,000,000 shares Issued: 397,881,800 shares
Listing of shares	Tokyo Stock Exchange
Securities code	9532
Number of shareholders (as of March 31, 2026)	87,172
Stock transaction units	100 shares
Independent certified public accountants	KPMG AZSA LLC
Transfer agent	Sumitomo Mitsui Trust Bank, Limited

Major Shareholders

Shareholder	Number of shares (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust a/c)	56,774	14.79
Custody Bank of Japan, Ltd. (Trust a/c)	18,992	4.95
Nippon Life Insurance Company	13,469	3.51
Resona Bank, Ltd.	10,555	2.75
STATE STREET BANK AND TRUST COMPANY 505001	8,777	2.29
MUFG Bank, Ltd.	8,391	2.19
Meiji Yasuda Life Insurance Company	5,838	1.52
JP MORGAN CHASE BANK 385781	5,191	1.35
Toyu-kai (Osaka Gas Employees Shareholding Association)	4,686	1.22
GOVERNMENT OF NORWAY	4,660	1.21

Note: The number of treasury shares (as of March 31, 2026) is excluded from the total number of shares issued in calculating the shareholding ratios. The number of treasury shares does not include 45,700 shares of the company's stock held by a trust related to the employee stock incentive plan.

Shareholders by Type



Stock Price Range



We have established a dedicated page for investors on our website, and update it on a timely basis.

Daigas Group investor relations web page: <https://www.daigasgroup.com/en/ir/>

● For inquiries about this report, please contact:

✉ E-mail: keiri@osakagas.co.jp

● Please note that we do not accept files attached to inquiry emails, including image files.



External Evaluation

Inclusion in SRI Indices

Osaka Gas was included in the following socially responsible investment (SRI) indices, Morningstar Japan ex-REIT Gender Diversity Tilt Index as of June 30, 2026. Osaka Gas has been selected as a constituent of all six ESG indices for Japanese equities used by the Government Pension Investment Fund (GPIF).



FTSE JPX Blossom Japan Sector Relative Index¹



FTSE JPX Blossom Japan Index.²



FTSE4Good Index Series³



MSCI SELECTION INDEXES⁴

2026 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan ESG Select Leaders Index⁴

2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

MSCI Nihonkabu ESG Select Leaders Index⁴

2026 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Index⁴



S&P/JPX Carbon Efficient Index



Sompo Sustainability Index

¹ FTSE Russell confirms that Osaka Gas has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Sector Relative Index. The FTSE JPX Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

² FTSE Russell confirms that Osaka Gas has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE JPX Blossom Japan Index is designed to measure the performance of companies demonstrating specific Environmental, Social and Governance (ESG) practices. The FTSE JPX Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

³ Osaka Gas announces it has been included in the FTSE4Good Index Series. Created by the global index and data provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indexes are used by a wide variety of market participants to create and assess responsible investment funds and other products. FTSE Russell evaluations are based on performance in areas such as Corporate Governance, Health & Safety, Anti-Corruption and Climate Change. Businesses included in the FTSE4Good Index Series meet a variety of environmental, social and governance criteria.

⁴ The inclusion of Osaka Gas Co., Ltd. in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Osaka Gas Co., Ltd. by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Indexes names and logos are trademarks or service marks of MSCI or its affiliates.

External Evaluation of Sustainability Activities

Third-party organization	Evaluation of our company
CDP Climate Change 2025	•Leadership A- •Selected for the Supplier Engagement A List
Ministry of the Environment Eco-First Program	Certified as an Eco-First Company Press release
Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi 2026 Outstanding Organizations of KENKO Investment for Health Program	Certified as a 2026 White 500 company
Ministry of Economy, Trade and Industry FY2025 Next Nadeshiko: Companies Supporting Dual Careers and Co-parenting	Selected as Next Nadeshiko company
Toyo Keizai Inc. CSR Ranking 2026	30th (of approx. 1,656 companies)
Ministry of the Environment ESG Finance Awards Japan	Bronze Award in the Environmentally Sustainable Company Category
Ministry of the Environment Nationally Certified Sustainably Managed Natural Sites	•Senboku LNG Terminal: Certified in the second half of FY2024 •Himeji LNG Terminal: Certified in the first round of FY2025



Osaka Gas Co., Ltd.

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