Promoting Business Transformation with DX

Principle and Outline

We aim to become a “corporate group capable of keeping on changing” to continue providing value amid rapid change in society and the working environment as well as changes in customer values. We will proactively leverage digital technology, which is progressing rapidly, for our business and accelerate innovative service creation, data management evolution, and operational process innovation.

We will change our business operations to enable them to respond rapidly and flexibly to any changes to enhance productivity dramatically to create value sustainably for realizing Medium-Term Management Plan 2026 and Long-Term Management Vision 2030.

In the new age in which both our customers and services rapidly change, we will aim for transformation of the business itself and for innovation as a corporate group that can keep on changing by revising constantly and flexibly our business model, operations, rules, and systems, which used to be taken for granted.

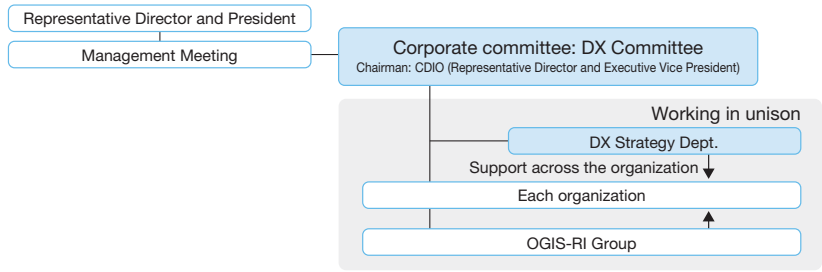
To make a major transformation to realize our vision, we will work on building a promotion system driven by top management, strengthening human resources development, demonstrating the comprehensive strength of the Daigas Group, including OGIS-RI Co.,Ltd., and building alliances with our partner companies.

DX Promotion System

In April 2026, to realize “what we aim to be,” accelerate business and system transformation, respond to rapid advancements in the use of AI, and ensure appropriate response to IT governance, we split off the DX Strategy Department from the Corporate Planning Headquarters and set up the AI Promotion Team within the DX Strategy Department. We also appointed a CDIO* (Representative Director and Executive Vice President) to further enhance our expertise in advancing DX and enable us to respond swiftly to changes in the external environment. We also established the DX Committee as a corporate committee to perform cross-organizational coordination and promotion of DX (business transformation utilizing digital technology) for the entire Daigas Group from the perspective of alignment with the business, IT and financial strategies, etc., and we aim to realize the group-wide vision and transform the business.

* Chief Digital & Information Officer

■ DX Promotion System



DX Strategy

① New Service Development

We will provide 1-to-1 communication that proposes optimal services at optimal timings for customers, and maximize value in the energy value chain.

② Operational Process Reform

By incorporating SaaS[1], generative AI, and other digital technologies into business operations, we will ensure greater operational efficiency and in turn make room for exploring new value and deepening our highly specialized operations. We are gradually incorporating AI into our call centers and other existing businesses and driving productivity improvements.

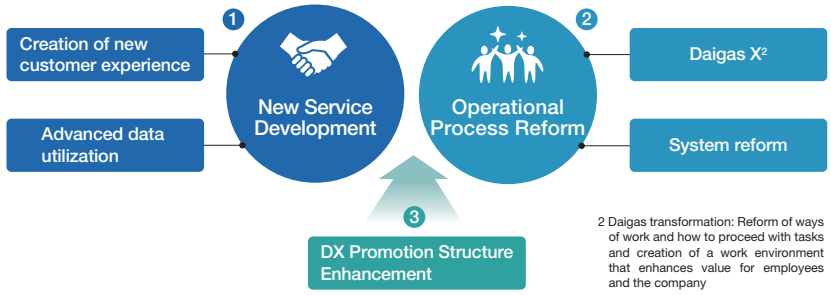
1 SaaS: A service that allows users to use software via a network, such as the internet

③ DX Promotion Structure Enhancement

By strengthening our collaboration with OGIS-RI Co., Ltd., which is in charge of the IT solution business, as well as developing core DX personnel and reinforcing our organizational structure, we are promoting company-wide DX activities and fostering a culture of transformation.

What We Aim To Be“A Corporate Group Capable of Keeping on Changing”

Daigas Group’s DX Strategy



2 Daigas transformation: Reform of ways of work and how to proceed with tasks and creation of a work environment that enhances value for employees and the company

Key Initiatives

The Daigas Group is driving forward initiatives in line with its DX strategy. In order to promote employee understanding, the progress, results, etc. of specific initiatives are communicated through the internal portal website.

❶ New Service Development

Creation of new customer experience

We are moving forward with company-wide initiatives to promote new service development, including a project involving employees from residential business divisions, which perform customer-facing activities, the DX Strategy Department, which promotes DX, and OGIS-RI Co., Ltd. In FY2026, in addition to accelerating company-wide efforts to develop new services*, we also proceeded with initiatives to strengthen the LNG and power value chain.

Looking ahead, we will proceed with the creation of a mathematical optimization model and system development to maximize value.

* Please see 📖 P.85 for examples of FY2026 activities in the new service development.

❷ Operational Process Reform

Transforming employee experience through Daigas X (Daigas transformation)

Daigas X, in full-scale operation since FY2024, rolls out activities that aim to enable diverse human resources to take on challenges, keep learning, and grow, as well as to let us speedily explore and deepen our understanding of unprecedented changes. Discussions were also held in each organization on where they aim to be and what actions to take, in light of the situation of each organization and on the frontline. A total of 4,400 employees participated in the discussions. Information was shared on initiatives that are producing results, such as the utilization of IT tools to accumulate knowledge across organizational boundaries. Further, in FY2026, we held an internal event, “Daigas Group D-1 Grand Prix.” We received entries from around 780 groups across the Group, and the event included presentations on diverse initiatives including operational improvements using generative AI, DX achievements by graduates of our talent development programs, and operational reforms from each organization. The event helped to promote group-wide DX initiatives and the use of AI.



Scene from the D-1 Grand Prix

System reform

In addition to introducing SaaS, which contributes to operational efficiency improvement, we are moving forward with the introduction of generative AI environments where information security is guaranteed, as well as productivity improvement in our existing businesses through the use of autonomous AI. Moreover, in June 2026, we developed the WAAAP*, a proprietary AI-driven development platform designed to streamline the entire system development process from planning to development, testing and operation, and promote in-house production. As a result, we have confirmed reductions of up to approximately 60% in development time and up to approximately 70% in development costs.

In the future, we will extend the use of WAAAP beyond new system development to include the renewal of existing systems and business process automation, aiming to enhance and streamline operations across the Company.

* Whole AI Agentic Automated Platform

❸ DX Promotion Structure Enhancement

Promotion structure that aims to integrate business with digital

In FY2026, we held lectures and dialogue sessions for management led by external speakers, and hosted training programs for managers. We also provided e-learning and other learning opportunities for all employees to enable them to recognize the risks of AI and ensure it can be used appropriately. We also enhanced the development of DX core staff, who play a core role in DX promotion. By implementing a development program that includes lectures, OJT, and feedback interviews and taking other measures, we have developed a total of approximately 310 DX core staff members as of March 2026. In addition, we offered a self-learning support program on DX for all employees, and approximately 700 employees took the program.

Furthermore, OGIS-RI Co., Ltd. offers DX Practical Training, which is a service where IT professionals work together with organizations to help resolve issues. More than 100 cases a year were submitted for consultation. There was a case where using IT tools in answering inquiries halved the hours spent on the task. The training also functions as an opportunity to gain experience on DX while implementing the transformation. With these initiatives, we aim to build a system where top-down and bottom-up approaches create synergy.

■ Development Program by Job Level

Job level	Development program
Management	• Lectures by and dialogues with external experts (approx. 20 participants)
Managers	• Rollout of videos and textbooks to gain basic knowledge, group training for part of managers
DX core staff	• Development program including lectures, OJT, and interviews (developed a total of approx. 310 employees)
All employees	• E-learning, courses for obtaining qualifications • Share lectures for the management • Offer a self-learning support program that mainly consists of online learning

Key Initiatives

Implementation of Grid Storage Battery Business That Incorporates Operational Optimization Logic

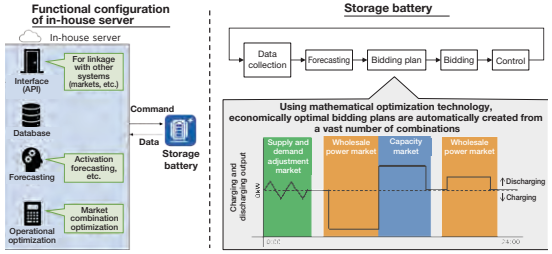
Osaka Gas launched its grid storage battery business in 2025 with Senri Grid Storage Co., Ltd., which it established jointly with ITOCHU Corporation and Tokyo Century Corporation.

As the introduction of renewable energy accelerates, storage batteries that can compensate for fluctuations in renewable energy output are becoming more important. This business involves installing grid storage batteries (rated output 11,000 kW, rated capacity 23,000 kWh) on vacant land of the Senri Supply Station owned by Osaka Gas Network Co., Ltd. Using the electricity trading expertise we have cultivated, we will make transactions with three electricity markets (the wholesale electricity market,[1] the balancing market,[2] and the capacity market[3]), thereby contributing to the stabilization of the grid.

The operation optimization logic that forms the core of our grid storage battery business incorporates bidding optimization and control optimization logic that we have developed using the mathematical analysis capabilities and systems development capabilities that we have cultivated over the years. This logic automatically calculates and makes plans for the timing and amount of charging and discharging in the wholesale electricity market using a mathematical programming optimization algorithm, and we have implemented the system on our in-house server that we built internally.

Moreover, in September 2025, we also introduced this control system and logic at the Takeo Grid Storage, a facility that we jointly invested in alongside Mizuho Leasing Company, Limited, JFE Engineering Corporation, and Kyushu Steel Corporation.

We will continue to apply the know-how gained from this project to storage batteries installed with renewable energy facilities, EV batteries, and storage batteries installed at customer's sites, with the aim of expanding the scale of the entire storage battery business.

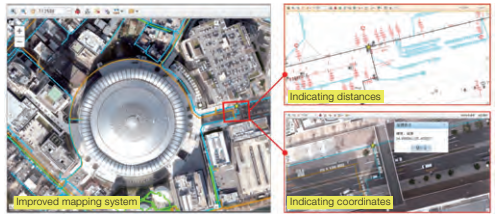


1 A market operated by Japan Electric Power Exchange to trade electric energy (kWh)
2 A market where general electricity transmission and distribution operators efficiently procure and operate the regulating reserve (ΔkW) for frequency regulation and supply and demand adjustment services through the market
3 A market for efficiently securing the overall supply capacity (kW) in Japan into the future

Digital Utilization in Gas Supply Equipment Management

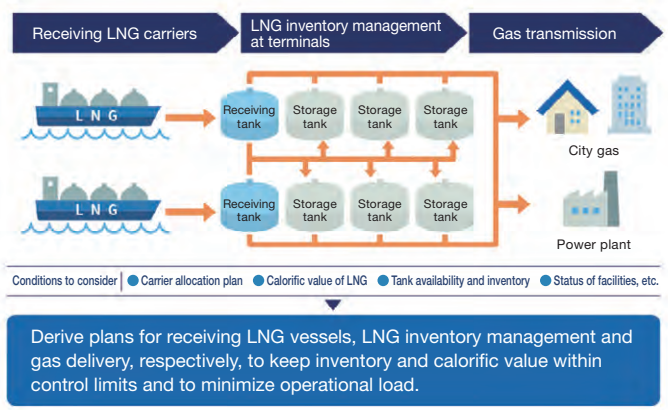
Since the gas supply business involves a great deal of on-site work, including gas pipe installation, maintenance and management, and safety monitoring, and involves an extremely large number of employees and partner companies, we are promoting the use of digital technology for the purpose of future efficient business operation, improvement of safety quality, and securing of technology and expertise.

We are operating a mapping system that displays and manages information on gas supply equipment on a map, including the location of approximately 60,000 km of gas pipes and the history of past gas works and works accepted from other companies, and using this information as the basis for various operations related to gas supply. By managing absolute coordinates based on latitude and longitude coordinates, we increased the accuracy of information on the location of gas pipes, which was previously handled based on relative distances to buildings and other structures.



DX in Gas Production Process—Optimization of LNG Tank Operation Planning

Once LNG is delivered to a manufacturing plant, it is stored in tanks and then delivered according to demand, which requires appropriate heating value management and inventory control. The formulation of the tank operation plan requires expertise of skilled personnel since complex equipment configurations, operational constraints, city gas demand and various other factors need to be considered. We are working to optimize tank operation planning, using this expertise and mathematical programming.



AI-Based Self-Wheeling Scheme for Renewable Electricity —Implementation of supply and demand management service for self-wheeling, using a solar power generation system—

As one of our carbon neutralization solutions for corporate customers, we are proposing a new electricity scheme using renewable energy, which is greatly affected by weather conditions, by using the weather forecasting technology and AI developed independently by Osaka Gas for output and demand prediction to improve accuracy.

