

I am Masataka Fujiwara, President of Osaka Gas.

On behalf of the company, I would like to express our gratitude for your continued support and understanding as we pursue our business goals in our businesses.

Thank you for taking the time today to participate in this meeting on the Daigas Group Medium-Term Management Plan 2026.

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This page shows the information presented in this material.

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I would like to start with the review of the previous medium-term period.

In our business activities, we made steady progress in various initiatives to co-create value for a sustainable future and evolve our corporate group. We achieved the target of 2.5 GW of renewable energy development contribution, advanced the development of e-methane supply chains and technologies, reached the target of 10 million customer accounts ahead of schedule, and expanded the LBS business domains.

In terms of our management foundation, we have entered the next level as a corporate group by strengthening our business portfolio through the growth of the International Energy and LBS businesses, raising awareness of ROIC, promoting DX, and realizing diverse ways of work.

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Regarding the management indicators, ROIC, including the time-lag effect, is expected to reach 5.5%, exceeding the planned level due to steady growth in the International Energy and LBS businesses, as well as a temporary profit increase due to the time-lag effect in the Domestic Energy business.

We plan to increase the FY2024.3 annual dividend to 72.5 yen, which will lead to a dividend payout ratio of 30% or more, excluding short-term profit fluctuation factors.

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Next, I would like to discuss our vision for the future.

We are required to have a vision for the future beyond 2030.

I would like to discuss the Daigas Group's vision for 2030 and beyond before talking about our plan for the 2024-2026 period.

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Looking into the future, we pursue our aspiration to “secure peace of mind today, build sustainable lifestyles for tomorrow” through our business activities.

This aspiration will serve as a beacon for us to develop solutions for a sustainable future by tackling challenges with a long-term perspective in these times of uncertainty.

Over the years, we have resolved a number of social issues and evolved our organization through the changes in the business environment.

Today, the growing instability of energy security and intensifying natural disasters are unsettling people's peace of mind. There is a pressing need to develop sustainable lifestyles for tomorrow when decarbonization and digitalization are advanced. The Daigas Group will work globally to resolve today's issues and overcome

challenges for tomorrow.

While creating a work environment that supports our members to shine in their roles, we will continue taking on new challenges to be a corporate group that stakeholders can strongly identify with. That is the spirit we have incorporated into the Medium-Term Management Plan 2026.

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To realize a carbon neutral society by 2050, it is essential to take initiatives from a long-term perspective. Particularly in the energy sector, many tasks, such as converting energy systems, need to be completed between now and the 2040s.

The Daigas Group will powerfully lead in paving the way and establishing practical solutions for a carbon neutral society, navigating its way through highly uncertain situations.

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Carbon neutral lifestyles and businesses will be achieved through the highly efficient utilization of low-carbon and decarbonized energy and a digital origin approach.

Renewable energy and other new energy resources, such as hydrogen and e-methane, will be widely introduced to society.

The mixed-use of non-fossil-based energy and fossil-based energy will be optimized through energy management systems, including decentralized power sources.

Customers and society will enjoy an automatic transition to carbon neutrality without significant burden or hassle through solutions provided by the Daigas Group.

Although it is not easy to foresee a future, we are envisioning and building sustainable lifestyles for tomorrow.

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e-methane is a carbon neutral hydrogen carrier. It is produced by reusing CO₂ emitted into the atmosphere and synthesizing it with hydrogen.

Consisting of essentially the same components as natural gas, e-methane can be supplied through the existing gas infrastructure, and customers and society will be able to transition into a carbon neutral lifestyles and businesses without installing new equipment or facilities.

e-methane has been gaining recognition as a key carbon neutral fuel for Japan's basic hydrogen strategy.

The Daigas Group will lead the efforts to achieve the practical application of e-methane by developing methanation as the Group's core technology.

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Regarding the direction for our sustainable growth, we will leverage the Group's strengths in the Domestic Energy, International Energy, and LBS businesses to contribute to establishing a carbon neutral society.

We will leverage these strengths and expertise to achieve sustainable growth for the Group. To that end, we will shift our business focus to carbon neutrality by achieving successful investment in next-generation energy solutions, such as e-methane, and earnings growth through the investment based on generated cash during the transition period.

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As non-financial targets for 2030, the Daigas Group aims to achieve 1% e-methane in the gas grid and early launch of e-methane practical application.

As financial targets, the Group aims for an ordinary profit of approx. 200 billion yen to achieve an ROIC of 6% and an ROE of 10% by the early 2030s.

The ROIC target has been revised from the previous medium-term management plan.

This revision was made in light of a more gradual ROIC enhancement than previously anticipated due to the time required for our carbon neutral investments to generate positive results in the accelerating decarbonization trend.

The Group also aims to boost its corporate value by increasing our financial leverage and lowering our WACC levels below those anticipated in the previous medium-term plan.

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In our approach to these targets from a long-term perspective, the year 2030 will be a turning point for the Daigas Group to accelerate its initiatives to achieve carbon neutrality.

The 2024-2026 period will be focused on embodying our aspiration and building bridges to our future by developing a foundation to accelerate our carbon neutral initiatives to meet our 2030 targets while contributing to the energy transition and fulfilling our responsibility of a stable energy supply.

Based on this concept, we refer to the Medium-Term Management Plan 2026 as Connecting Ambitious Dreams or CAD2026.

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In CAD2026, we will work on the Three Commitments as a key strategy.

The first is to co-create value for a sustainable future, which is a commitment we made for the previous Medium-Term Plan to contribute to resolving social issues by pursuing carbon neutral and natural gas solutions.

The second is to support employees to shine in their roles by building a corporate culture that encourages diverse talent to collaborate.

The third is to evolve the business foundation by promoting the implementation of asset-light management through ROIC-focused management and DX-based system reforms.

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With various changes emerging and social issues increasing complexity, fundamentally resolving social issues will remain challenging. Despite such a business environment, we will work with stakeholders who share the same values to take on the challenge of generating new value.

We will leverage our strengths in creating solutions and innovations, aiming to share the co-creation results with stakeholders.

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To achieve sustainable growth, we will work on the growth drives for the transition period and next-generation businesses for a carbon neutral future.

We will pursue the power generation and advanced utilization of natural gas as growth drivers for the transition period. We will also expand shale gas production and LBS businesses.

Regarding next-generation businesses for a carbon neutral future, we will advance our e-methane project development and further expand renewable energy.

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As for profits and indicators, we strive to expand ordinary income in the Domestic Energy, International Energy, and LBS segments.

We also aim to achieve an ROIC of approx. 5% by FY2026 from 4.6% in FY2023 through profit growth and asset replacement in three years.

Our shareholders' equity ratio target is 45% or more, a 5% decrease from the previous target, and we aim for an ROE of approx. 8% while maintaining our financial soundness. These targets have been set in light of our improved capabilities to generate cash flow and reduce the level of necessary shareholders' equity.

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Regarding investment for growth, we strive to ensure profit increase during the transition period by investing approx. 460 billion yen in the existing businesses, such as gas-fired power plants and shale gas development, while taking various measures to maximize capital efficiency.

Concurrently, we will invest approx. 100 billion yen in green energy, including renewable energy and e-methane, to shift our portfolio to carbon neutrality.

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The Shareholder return policy will be partially changed, effective April 2024.

Until today, the Daigas Group has focused on providing stable dividends. Looking into the future, in light of the growing short-term profit fluctuation, we have decided to have a progressive dividend policy in CAD2026 to maintain or increase dividends, in principle, depending on the medium-term profit growth.

We will also change our shareholder return index from the dividend payout ratio to the dividend on equity. This change will reduce the impact of annual net income fluctuation on the shareholder return index and achieve stable dividend payments.

Based on this new policy, we are targeting a dividend of 95 yen per share for FY25.3, an increase of 22.5 yen from the FY24.3 dividend forecast of 72.5 yen.

In addition, we will consider repurchasing own shares and taking other measures flexibly, aiming to enhance our capital efficiency.

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The Daigas Group's ability to generate cash flow has improved thanks to the growth of each business through the investments we have made to date.

During the next medium-term period, free cash flow is expected to be positive due to an increase in operating cash flow.

We will continue to improve corporate value by implementing investment for growth and shareholder returns while maintaining the financial soundness.

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As for non-financial targets, we pursue materiality and ESG index as our business management priority, aiming to be a corporate group with which stakeholders will continue to identify.

These key management indicators, such as ROE, will be linked to the executive compensation to incentivize management to enhance the Group's business activities.

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Based on the basic policies of CAD2026, we have set the Three Commitments as the key strategy for the next three-year period.

The first focus of co-creating value for a sustainable future is to provide carbon neutral energy that contributes to resolving climate change.

We aim to achieve next-generation energy business by accelerating the development of supply chains and advanced technologies for e-methane and other carbon neutral gaseous energy solutions.

We will also expand renewable energy sources and develop the technologies of energy saving and supply-demand management to decarbonize power sources.

In addition, we will work to build CO₂ value chains using CCS and other means in our carbon negative initiatives, etc.

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While working on future solutions, we aim to contribute to CO2 emissions reduction during the transition period by expanding the use of natural gas.

Our initiatives in Japan include fuel conversion of manufacturers' power generation from coal to natural gas and preparation of LNG bunkering business. Our overseas initiatives include the expansion of shale gas production, stable operation of the Freeport LNG plant, and development of city gas distribution business in India. In addition, we will advance the construction of the highly-efficient Himeji Natural Gas Power Plant scheduled to start its commercial operation in 2026. We aim to work on gas and electricity to contribute to CO2 emissions reduction during the transition period.

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The second focus of co-creating value for a sustainable future is to enhance energy resilience of customers and society.

With energy security instability growing and natural disasters intensifying, we are committed to securing a stable energy supply. We will strengthen the safety and stability of the energy supply chain and meet targets, such as zero supply disruption caused by the Group companies and no serious accidents.

We will also contribute to enhancing the resilience of customers and society by developing and promoting fuel-cell and other disaster-resistant equipment and energy systems.

In new business domains, we will continue enhancing our underlying capabilities in technology development and operation & maintenance to maintain a stable energy supply with safety as our top priority.

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The third focus of co-creating value for a sustainable future is to co-create advanced, diverse solutions.

For residential customers, we will provide optimal services at optimal timing. To that end, we will utilize data-driven advanced communications with customers and offer energy products that achieve customer home's lower carbon emissions, decarbonization, and smart functions, which we intend to lead.

For commercial and industrial customers, we will provide low-carbon and decarbonized energy and offer expanded energy-related services, including D-LINEUP, to enhance customers' corporate value and create a work environment for them to concentrate on their work.

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The second priority initiative is to support employees to shine in their roles by taking the following three approaches.

The first approach is talent acquisition and development. We will expand the recruitment channels to acquire diverse, highly specialized talent. We will also improve talent development programs to promote employees' growth.

The second approach is the strategic deployment of talent to align with job requirements. We will expand the talent management system, which visualizes the skills of each employee, to realize the strategic deployment of talent and the appropriate training of the next generations.

The third approach is the revitalization of individuals, which we will promote by supporting the career development of all generations and encouraging them to take on challenges to achieve their full potential.

In addition, we aim to promote group-wide communication and the health and productivity of employees to create a work environment that provides opportunities for all members to achieve personal growth and feel fulfilled with work.

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Here is a list of KPIs for the progress of new measures and initiatives to support employees in succeeding in

their roles.

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The third priority initiative is to evolve the business foundation.

We will pursue ROIC-focused management to enhance our earning power and build a robust business portfolio.

We will also develop carbon neutral projects to enhance our corporate value without reducing capital efficiency.

In each business field, we aim to improve capital efficiency by implementing asset-light management, which identifies the sources of value generated by each business and maximizes the value of those assets.

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To evolve the business foundation, we will also focus on the business transformation through DX.

We aim to advance the integration between businesses and digital platforms to continue creating attractive solutions for customers and society. To that end, we will execute the collective capabilities of our Group companies, such as OGIS-RI, and develop DX talent and organizations.

In addition, we will accelerate our external activities, such as new service development through advanced data utilization, and internal activities, such as operational process reform centered on the Daigas transformation to reform how to execute tasks.

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Another way to evolve the business foundation is to strengthen our governance system.

As the Group's business domains expand, we will establish a cross-company risk management system to manage risks comprehensively.

We will also change our organization to a company with an Audit and Supervisory Committee, separating execution and supervision and enhancing supervisory functions to improve management speed and soundness.

It is assumed that this organizational change will take place following the Ordinary General Meeting of Shareholders, which is scheduled to be held in June 2024.

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The Daigas Group will have changes in its organization, effective April 1.

Major changes include the transformation of the electricity business into a business unit and the consolidation of next-generation business creation functions.

To strengthen governance, the Group will establish a Risk Management Committee.

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Finally, I will discuss the management indicators for FY2025.3.

As shown on the lower right of the page, the assumptions are \$75/barrel for the crude oil price and 145 JPY/USD for the exchange rate.

As shown in the third row on the left, consolidated ordinary profit is expected to be 153 billion yen, which is lower than FY2024.3 forecasts, mainly due to a decline in time-lag profit on gas and electricity.

We aim to achieve 4.7% for ROIC and 7.2% for ROE.

FY2024.3 dividends are 72.5 yen per share based on our current policy of payout ratio 30%.

For FY2025.3 dividends, we aim to achieve 95 yen per share based on the new policy of DOE 3%.

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We are planning to invest 206 billion yen for business growth.

As for financial soundness indicators, we will maintain the target levels set in CAD2026 and implement investment for growth and shareholder returns.

To achieve FY2027.3's target ROE 8% under CAD2026, we will continue to properly control shareholders'

equity.

This concludes my presentation of the Daigas Group Medium-Term Management Plan 2026: Connecting Ambitious Dreams.

Under this plan, the Daigas Group will continue to take on challenges in various fields in Japan and overseas, aiming to achieve sustainable growth, contribute to resolving social issues, and continuously evolve in response to the changing business environment.

Thank you for your attention.

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