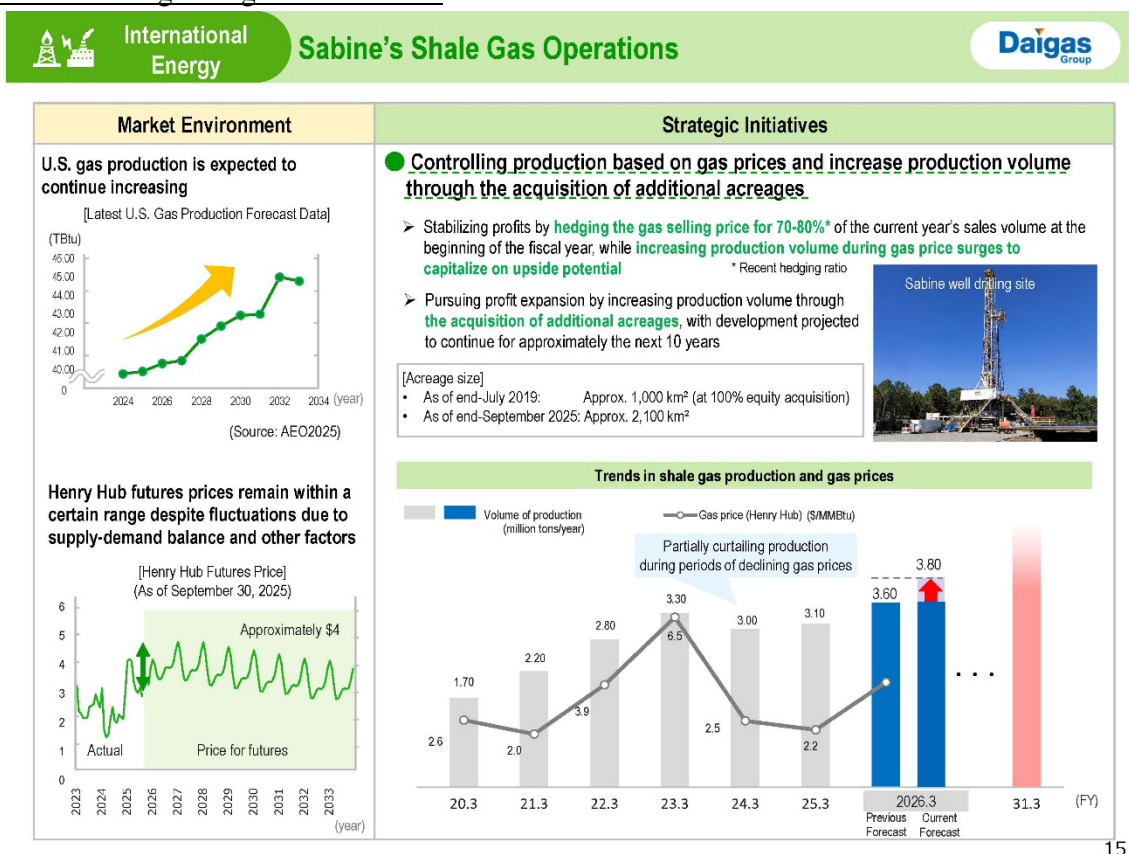


Q&A: Profit Growth Potential of U.S. Business

Inquirer: I would like to inquire about the future profit growth potential of the U.S. business.

In the U.S. business, we have already achieved a profit scale of nearly 70 billion yen this fiscal year, establishing it as a backbone of our operations. Can we expect further expansion during the current Medium-Term Management Plan period and the next? If so, could you provide insights on which business fields have growth potential? I would appreciate it if you could share the expected profit levels for those growing business fields.



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Masataka Fujiwara: We have effectively grasped the profit trajectory of our International Energy businesses for this fiscal year.. In the medium term, we plan to focus on three key areas:

First is the shale gas business. Our approach involves efficient investment strategies to expand our acreage, where we prioritize small-scale, targeted investments at reasonable prices rather than making large-scale investments. We are also committed to enhancing the efficiency and productivity of our drilling and well development.

Second is Freeport LNG. This fiscal year has shown promising improvements after experiencing a significant setback from an incident that occurred in FY2023.3. We have since faced challenges from power outages caused by external factors, which prompted us to implement enhanced safety measures.

Third is the U.S. electricity business. There has been growing attention to the rising capacity prices in the PJM market, which is the largest grid operator market in the United States. With major players like GAFA rapidly expanding their data centers, the capacity market is currently operating at over \$300 per MW. We aim to further expand our assets in this area and pursue profit growth.

While these opportunities will not yield immediate results, we are taking a medium- to long-term perspective and believe there is substantial potential for growth ahead.

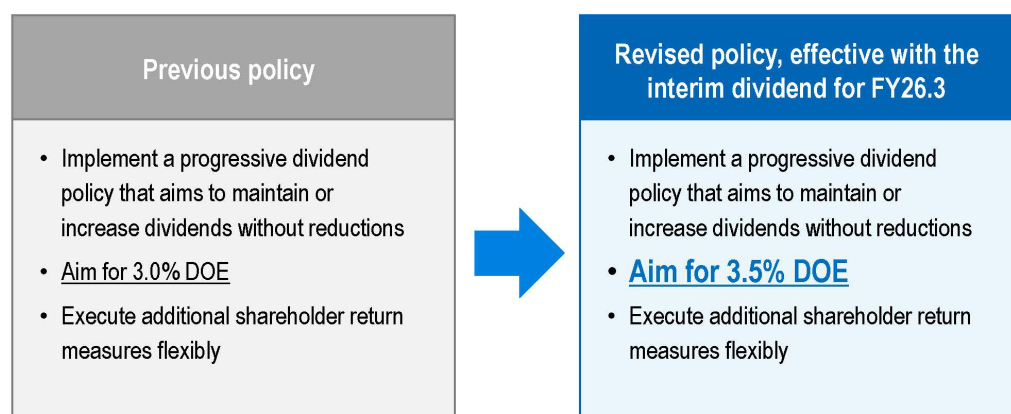
Q&A: Revised Shareholder Return Policy

Inquirer: Regarding the shareholder return policy, you mentioned that you will increase the DOE to 3.5 percent, which took me by surprise given the timing during the current Medium-Term Management Plan period. Could you share the reasoning behind this positive decision, including the internal atmosphere and any relevant discussions within the company?

Enhanced Shareholder Returns: Increased Dividend due to Revised DOE

- ✓ Enhanced shareholder returns following an **elevated dividend on equity (DOE) ratio, rising from 3.0% to 3.5%, starting with the interim dividend for FY26.3**, reflecting the consistent improvement in normalized profit and a solid financial foundation

Revision of Shareholder Return Policy



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Masataka Fujiwara: We have engaged in extensive discussions internally about our DOE standards. Focusing on the capital market, we have actively listened to feedback from our investors.

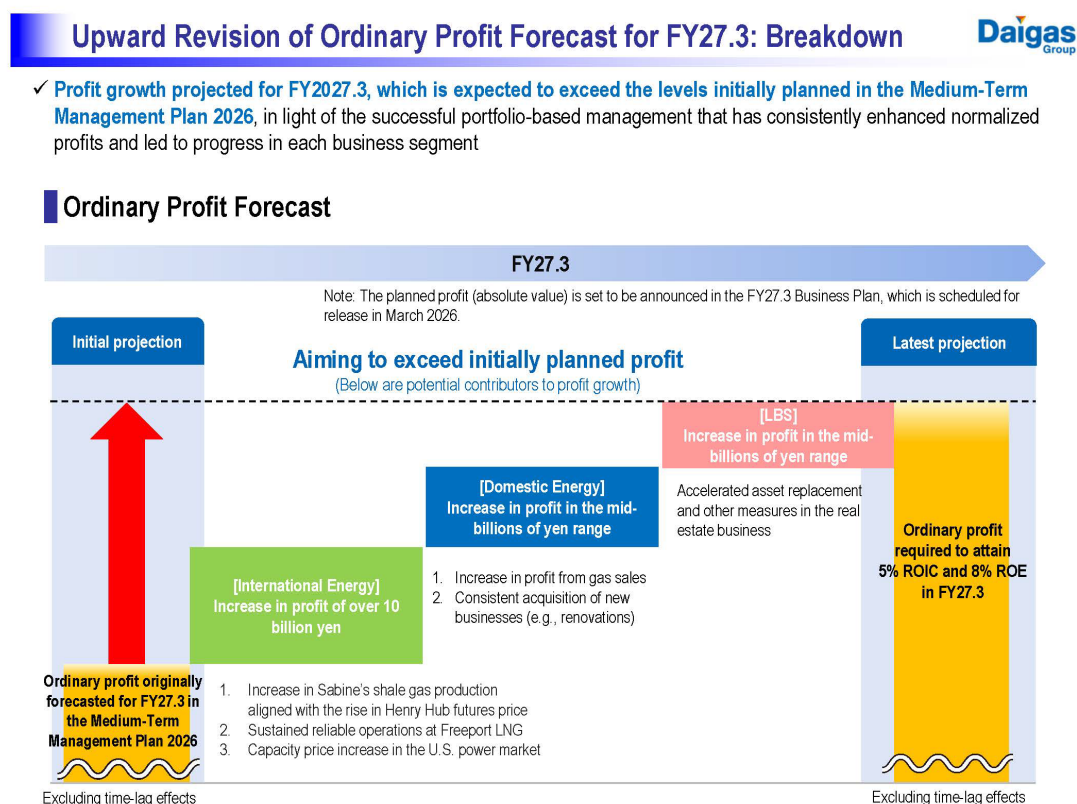
Prior to October 2023, when share buybacks were not common practice for us, there were opinions within the company suggesting that we should prioritize investments for growth over share buybacks. However, we ultimately agreed that after making a total investment of approximately 300 billion yen for growth and quality improvements, it would be appropriate to return equity capital to our shareholders if a significant amount continues to accumulate.

This fiscal year, we recognized that there is a strong likelihood of robust performance. Given these positive projections, we felt it would be inappropriate to adjust our forecasts without revising our

shareholder return policy. Consequently, we reached a consensus to take this positive step and enhance our shareholder return.

Q&A: Outlook for Expansion in Domestic Energy Business toward FY2031.3

Inquirer: I would like to ask about the normalized profit growth potential of the Domestic Energy segment. Could you provide the insights into the increase in profits from gas sales and the consistent acquisition of new businesses, such as renovations, as mentioned on page 5? Additionally, what is the outlook for FY2030?



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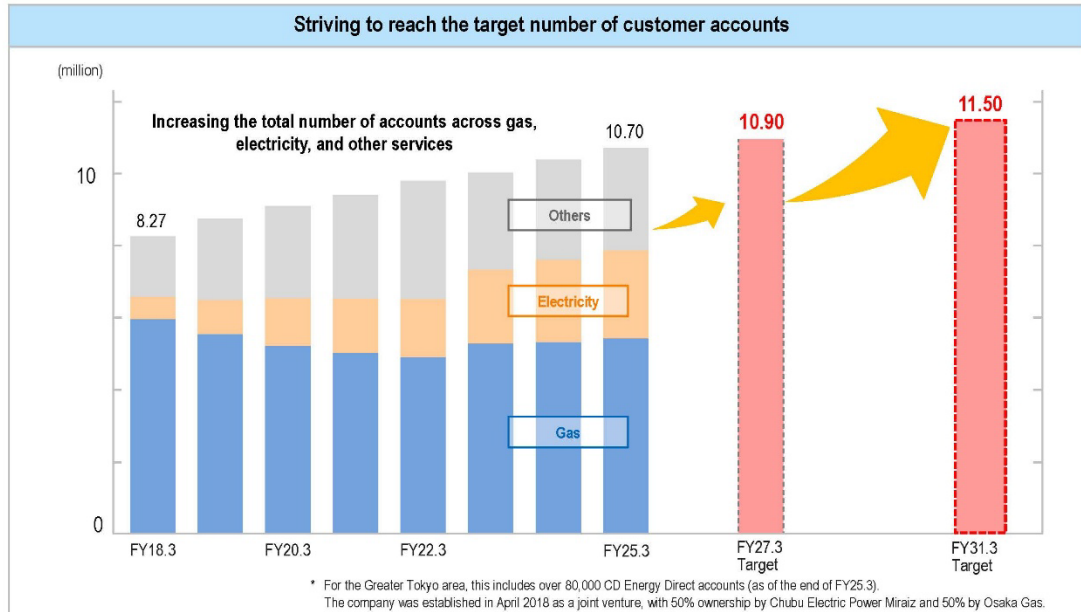
Tadasu Yano: I am Tadasu Yano, Senior General Manager of the Corporate Strategy Department. In terms of gas business profit growth, a key factor is the renewal of large contracts. As these contracts are renewed, we have consistently observed improvements in contracted gas prices, particularly in the Kansai market, where optimizing prices was previously challenging due to severe competition.

In the realm of new businesses, particularly in renovations, we are experiencing positive momentum thanks to the booming real estate market and rising property prices. Our subsidiaries focus on acquiring second-hand properties and renovating them to a condition that rivals new constructions before reselling. This approach has proven highly successful, especially as potential buyers find it increasingly challenging to purchase new properties.

Masataka Fujiwara: I'd like to share additional insights into Domestic Energy. The graph showing the market share of new entrants on the left side of slide 11 highlights the diminishing impact of increased competition, indicating a slowdown in the trend of customers switching to our competitors.

**Reference: Consistent growth in customer accounts**

- Expanding customer accounts due to an increase in gas and electricity clients in the Tokyo metropolitan area (CD Energy Direct), as well as a rise in electricity clients in the Kansai region
- Driving business growth by enhancing customer value through a diverse range of service offerings

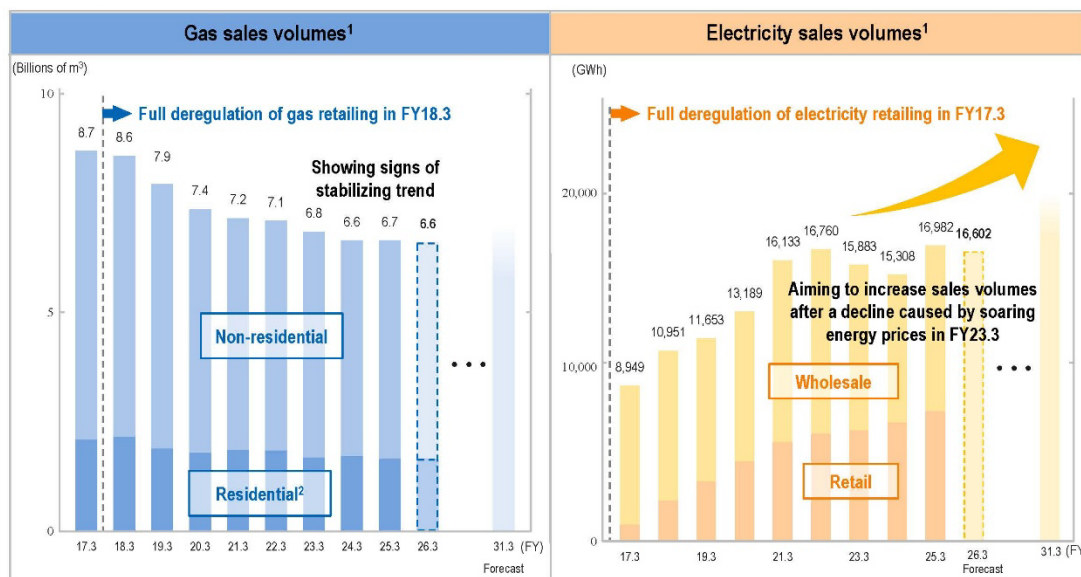


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In the Greater Tokyo area, we aim to steadily increase the number of energy supply points through our operations, including CD Energy Direct, as outlined on page 12 of the slides. Our focus is on further expanding this business while enhancing our gas and electricity supply volumes.

**Reference: Status of our gas and electricity sales volumes**

- A **stabilizing trend** in **gas sales volumes** following a period of intense price competition after full market liberalization
- **Electricity sales volumes expected to grow from FY26.3 onward with the start of operations at the Himeji Natural Gas Power Plant**, bouncing back after facing challenges in FY23.3 due to increased procurement costs driven by soaring energy prices



1 Domestic consolidated sales volume (excluding the Kanto area)

2 Non-consolidated sales volume for residential use prior to FY21.3

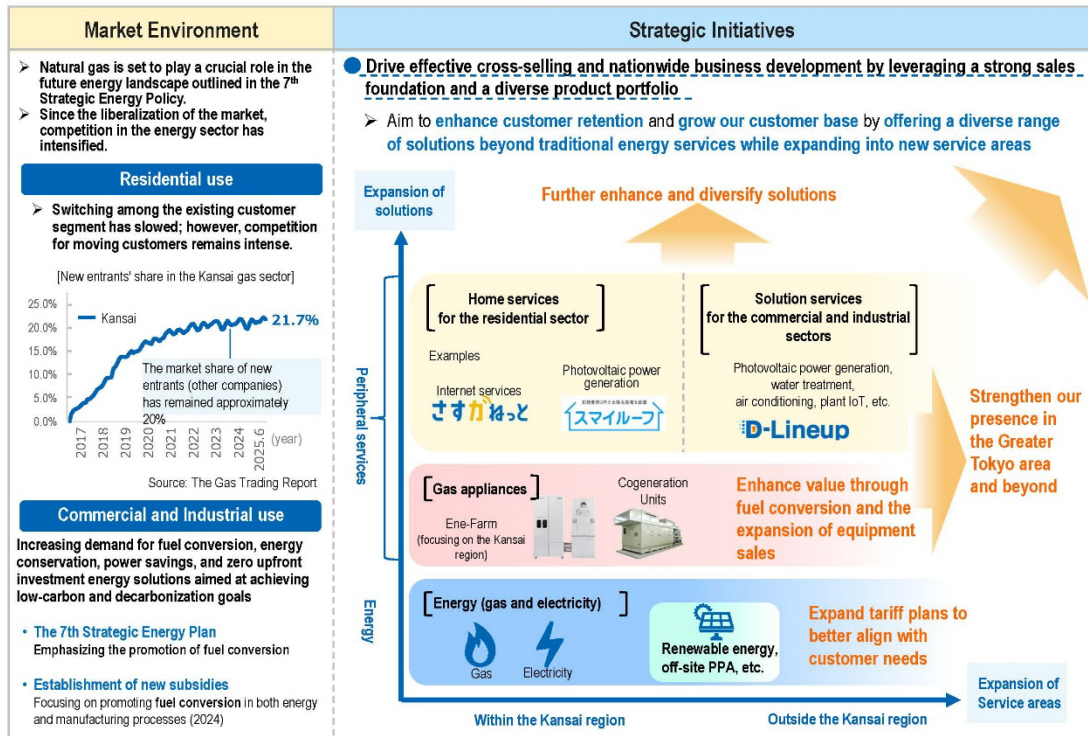
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Furthermore, the Himeji Natural Gas Power Plant Units 1 and 2 are scheduled to commence operations in January and May of next year, respectively. This development offers substantial growth potential for our power business, with a total generation capacity of 1.2 GW. The Ministry of Economy, Trade and Industry predicts an energy supply and demand of 1,200 TWh by FY2040, positioning us to consistently generate profits in regions with high electricity demand.

Regarding the competitive landscape, we are pleased to report that the decline in gas sales volume has slowed. In the past, supply point fluctuated by approximately 400,000 annually; however, we are now witnessing a reduction in lost gas contracts due to decreased customer switching, which has unfortunately also contributed to a slowdown in acquiring new electricity contracts. Overall, after nearly a decade of full liberalization, these recent market conditions have enhanced our visibility and strategic positioning.

Additionally, we are capitalizing on cross-selling opportunities by leveraging our comprehensive range of home services, which includes our fixed-line telecommunications business. This strategy has led to improved customer retention and enhanced sales margins per account, ultimately boosting our profitability.

For the commercial and industrial sectors, we expect only modest growth; however, the ongoing transition towards decarbonization and low-carbon solutions, despite some recent slowdown, still holds promise, particularly in the Chugoku and Shikoku regions of western Japan. These areas are home to many heavy chemical industries that currently rely on coal boiler turbine generators. By converting these systems to a combined cycle using natural gas, we can unlock significant opportunities for increasing the utilization of natural gas.



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Also, we are prioritizing our bunkering business, having launched our shore-to-ship LNG supply service in April 2025. We anticipate a growing trend in natural gas consumption within the maritime industry. In light of the unexpectedly strong demand, we plan to expand our offerings to include ship-to-ship bunkering, building on the success of our initial shore-to-ship initiatives.

Although we recognize that demand for natural gas in the Kansai region, our primary market, may decline due to population shrinkage and reduced industrial activity in specific areas, we are committed to expanding our sales by forging diverse partnerships across the country.

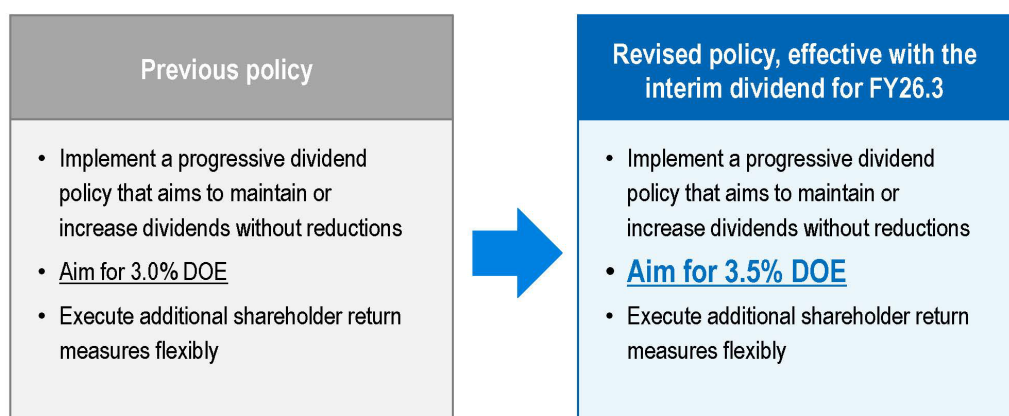
Q&A: DOE Strategy for Improving ROE

Inquirer: I would like to inquire about dividends and DOE. The recent increase in DOE, driven by rising profits, is certainly a positive development. While it may still be a bit too early to address this, as ROE continues to grow, it seems the dividend payout ratio could inevitably decline unless DOE is adjusted upward accordingly. Could you share the company's perspective on this?

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Revision of Shareholder Return Policy



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Tadasu Yano: At this point, we have not made a definitive decision regarding DOE. That said, as you noted, we intend to explore our path forward, as DOE is calculated as payout ratio multiplied by ROE.

Masataka Fujiwara: As Yano mentioned, we are indeed aware of the significance of the payout ratio. Additionally, we recognize the importance of the total return ratio in maintaining an appropriate level of shareholder equity. We will prioritize investments in growth and quality improvements while remaining flexible in our payout strategy as circumstances evolve.

Q&A: Factors for the success of the U.S. business

Inquirer: How do you assess the factors that contributed to the revenue growth in the U.S. business? It seems you've successfully generated profits not only from shale gas but also from thermal power generation and Freeport LNG. What factors contributing to the achievements in the U.S. do you believe can be applied to driving success in the Indian market and future expansion in the United States?

Masataka Fujiwara: Our journey has faced significant challenges, and we have encountered setbacks along the way. As an early mover in the energy sector, we experienced the reality of project failures, costing us over 30 billion yen.

These experiences taught us a vital lesson: while venturing into entirely new areas with no production history can lead to high rewards if successful, it also entails substantial risks. Consequently, we recalibrated our strategy to focus on acquiring companies and operating areas that were already in development. This shift led to our successful acquisition of Sabine, which was available at a relatively low cost at the time. It allowed us to effectively implement our “start small and grow big” strategy.

More than a decade ago, we entered the U.S. Independent Power Producer (IPP) market, aiming to capitalize on the challenging capacity market when prices were around \$50. Since then, several favorable conditions, such as the retirement of coal plants, the policies of the Trump administration, and growing demand for data centers, have contributed to our growth and enhanced our value.

Over the past 30 years, we have emphasized the development of our human resources through trial and error, which has sharpened our ability to identify promising projects and make sound judgments.

In India, we are moving forward with our business operations while ensuring compliance. While our experiences in the U.S. may not directly transfer, we benefit from applying the knowledge and practices we've cultivated over our 120 years of operation.

Q&A: Liquidation of Domestic Energy assets

Inquirer: What is your perspective on the current landscape for liquidating your energy assets in Japan, including power plants and gas businesses? Osaka Gas announced plans to build the Unit 3 of the Himeji Thermal Power Plant this year without taking a majority stake. Should we interpret this as a special case due to the long-term decarbonization power auction?

Masataka Fujiwara: In line with our asset-light strategy, we are focused on enhancing the adoption of renewable energy within our electricity business. Currently, we have achieved a renewable energy generation capacity of 3.99 GW. Our objective is to reduce our asset base while increasing off-take volumes, allowing us to secure electricity from renewable sources without relying solely on ownership of these assets. We are actively exploring avenues for expansion that do not burden our balance sheet, and this approach is also reflected in the development of Unit 3 at the Himeji Thermal Power Plant.

Tadasu Yano: We aim to establish a commercial flow particularly in the renewable energy sector and are actively working to reduce our equity share wherever possible and utilize project financing. That said, we intend to retain some assets on our balance sheet, including the Senboku Natural Gas Power Plant, which generate stable cash flow and are operated directly by our company; we consider them akin to in-house factories in the manufacturing industry.

Q&A: Current Status of Shareholders' Equity Ratio

Inquirer: The revised shareholders' equity ratio is projected to be 51.9% by the end of March 2026, which is higher than the initial forecast of 51.2%. While this exceeds the original goal of 45%, it seems there's still a slight distance from that target. What are your thoughts on this?

Masataka Fujiwara: Currently, we do not consider the shareholders' equity ratio as a specific management target. When we faced the full liberalization of electricity and gas retail in 2016 and 2017, we were entering uncharted territory, which prompted a more cautious approach since our shareholders' equity ratio was below 50% at that time. In hindsight, particularly in light of the

subsequent Freeport LNG incident, maintaining a robust capital base has proven to be a prudent decision.

We acknowledge that our shareholders' equity is increasing as our profits continue to grow. It is important to strike a balance by returning value to shareholders while also pursuing growth and investing in quality improvements. At this stage, we view a shareholders' equity ratio of 45% as acceptable from a risk management standpoint. Furthermore, with the anticipated changes to lease accounting standards in 2027, we will need to thoroughly assess their potential impact on our financial metrics.

Q&A: Development of Energy Business in India

Inquirer: I'd like to inquire about the current status of your business in India. Ultimately, you aim to achieve an ordinary profit of 10 billion yen in the first half of the 2030s. What steps are you taking to reach this goal?

Masataka Fujiwara: Before entering the Indian market, we experienced significant challenges in Southeast Asia, mainly because the energy sector is intricately linked to the fundamental aspects each country and is heavily influenced by local political dynamics. The licensing systems tend to be rigid and often move at a slower pace compared to Japan.

In contrast, the Indian market presents significant promise. The government is designating specific business areas to operators, which allows for eight years of sales exclusivity in each area, along with 25 years of exclusive ownership of the associated infrastructure.

Currently, we procure gas produced domestically in India. However, if the wholesale price of domestic gas rises due to economic growth, it may become difficult to secure the profits we initially projected. That said, the presence of several government-backed gas supply companies, along with foreign firms like ours, helps mitigate the risk of abrupt policy changes, and we are actively working to expand our operations in this environment.

Moreover, India's renewable energy sector is gaining momentum, propelled by government initiatives aimed at increasing the availability of affordable renewable energy. These initiatives are not only about environmental sustainability but also focus on managing trade deficits. I believe this creates significant growth opportunities for our business as we move forward.

Q&A: Possibility of share buybacks due to changes in stock liquidity

Inquirer: I was impressed by the recent change in DOE and commend your company for taking this important initiative. I have a question regarding equity management: with stock prices rising and strong results being achieved, is there room to consider increasing the scale of share buybacks from a liquidity standpoint?

Masataka Fujiwara: While we acknowledge that temporarily increasing share buybacks could provide a boost to stock prices, we are concerned that this impact might not be sustainable over the long term. Thus, we prefer to maintain the current level of daily repurchases to pursue an appropriate balance between supply and demand.

Ultimately, our primary focus is on enhancing our ROE. The energy sector poses unique challenges due to its infrastructure- and labor-intensive nature. Improving ROE won't be easy, but we are dedicated to continuously pursuing this goal.

Q&A: Improvement of ROIC in the Domestic Energy business

Inquirer: I was impressed to see the latest projection of achieving an ROE of 8% for FY2027.3. However, it is important to enhance ROIC further in light of the target of 10% for the first half of the 2030s.

In my view, it would be more compelling to communicate to overseas investors the potential for improvement in the Domestic Energy business rather than solely emphasizing growth in the International Energy sector. In addition to enhancing the numerator through improvements in Domestic Energy, how will you manage the denominator?

Masataka Fujiwara: Regarding the status of the Domestic Energy business, the stringent monitoring period, during which transitional rates were introduced following full deregulation, has concluded, as increased market competition was confirmed due to sufficient customer switching. While the current regulatory frameworks do not prevent rate increases, our immediate focus is to set appropriate levels for fees and other charges.

Currently, three-quarters of our sales volume is derived from commercial and industrial customers, and since the initial deregulation in 1996, we have faced intense competition with Kansai Electric. While there have been instances where fees were temporarily reduced, we have actively optimized our pricing strategy, which has significantly increased the numerator. Furthermore, we anticipate that the demand for gas and electricity outside our core market will continue to rise steadily in the future.

Our next challenge involves addressing the denominator. We have already implemented substantial measures, but we recognize the need to continue our efforts to decrease it further. However, seeking quick fixes to lower the denominator may not be realistic under the current circumstances. Ultimately, it comes down to the diligence and care we apply to overcoming this challenge.

Q&A: Free Cash Flow–Driven Management Approach

Inquirer: Could you share the company's approach to future free cash flow? Is it primarily centered on a commitment to achieving positive cash flow or expanding cash flow? Or, is there no specific focus on increasing free cash flow, with reliance instead on the progress in growth projects?

Masataka Fujiwara: While actively pursuing positive free cash flow (FCF) is a fundamental aspect of FCF-driven management strategy, we must also recognize that significant investments can lead to a marked increase in investment cash flow. During periods of heavy investment, operating cash flow may not rise as quickly, which can result in negative cash flow. It's crucial that we do not restrict our investments in growth and quality improvements. Nevertheless, we remain mindful of a FCF-driven management approach and intend to maintain this focus consistently.

Akira Kuriyama: I am Kuriyama, Senior General Manager of the Finance Department. Corporate value is fundamentally assessed based on the accumulation of free cash flow. Although we may occasionally experience negative cash flow, this is indicative of our commitment to positioning

ourselves for future growth. We are dedicated to expanding our business while simultaneously focusing on building positive free cash flow over the medium to long term.

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