

What Company Is the Daigas Group?

The Daigas Group has expanded its business domains from Domestic Energy Business through International Energy Business, and to Life & Business Solutions Business.

This section presents the history of the Daigas Group's business growth from its establishment to the present, as well as its value creation process.

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Value the Daigas Group Creates

Getting to Know the Daigas Group

Future the Daigas Group Envisions

Value Creation Practices

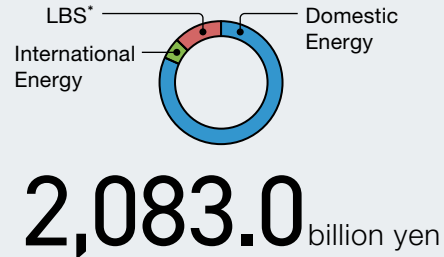
Sustainability

Corporate Governance

Corporate Data

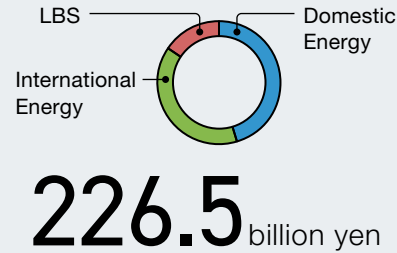
At a Glance [FY2024.3]

Consolidated net sales

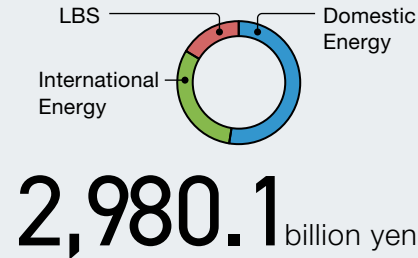


*Life & Business Solutions

Consolidated ordinary profit



Total assets



Number of consolidated subsidiaries



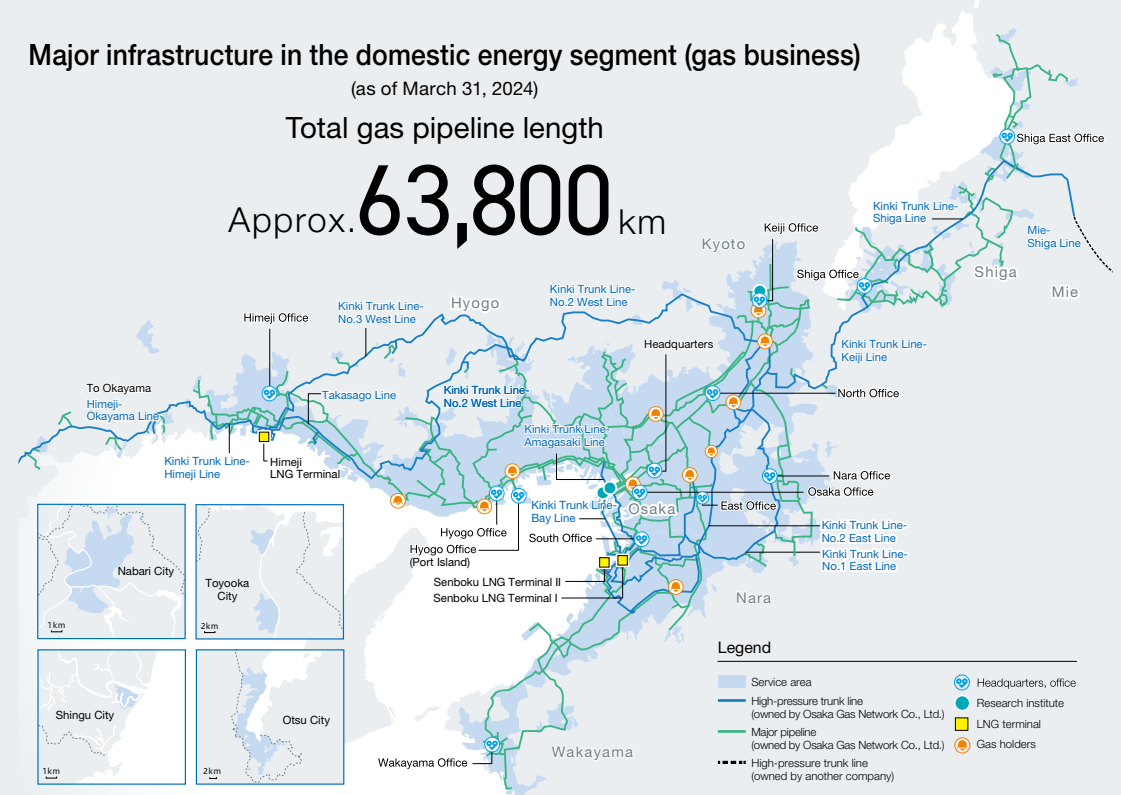
159

Number of business projects in overseas energy segment



Major infrastructure in the domestic energy segment (gas business) (as of March 31, 2024)

Total gas pipeline length
Approx. **63,800** km



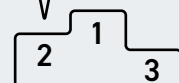
Number of employees (consolidated)



21,159

Share of domestic city gas market

2nd largest (about 20%)

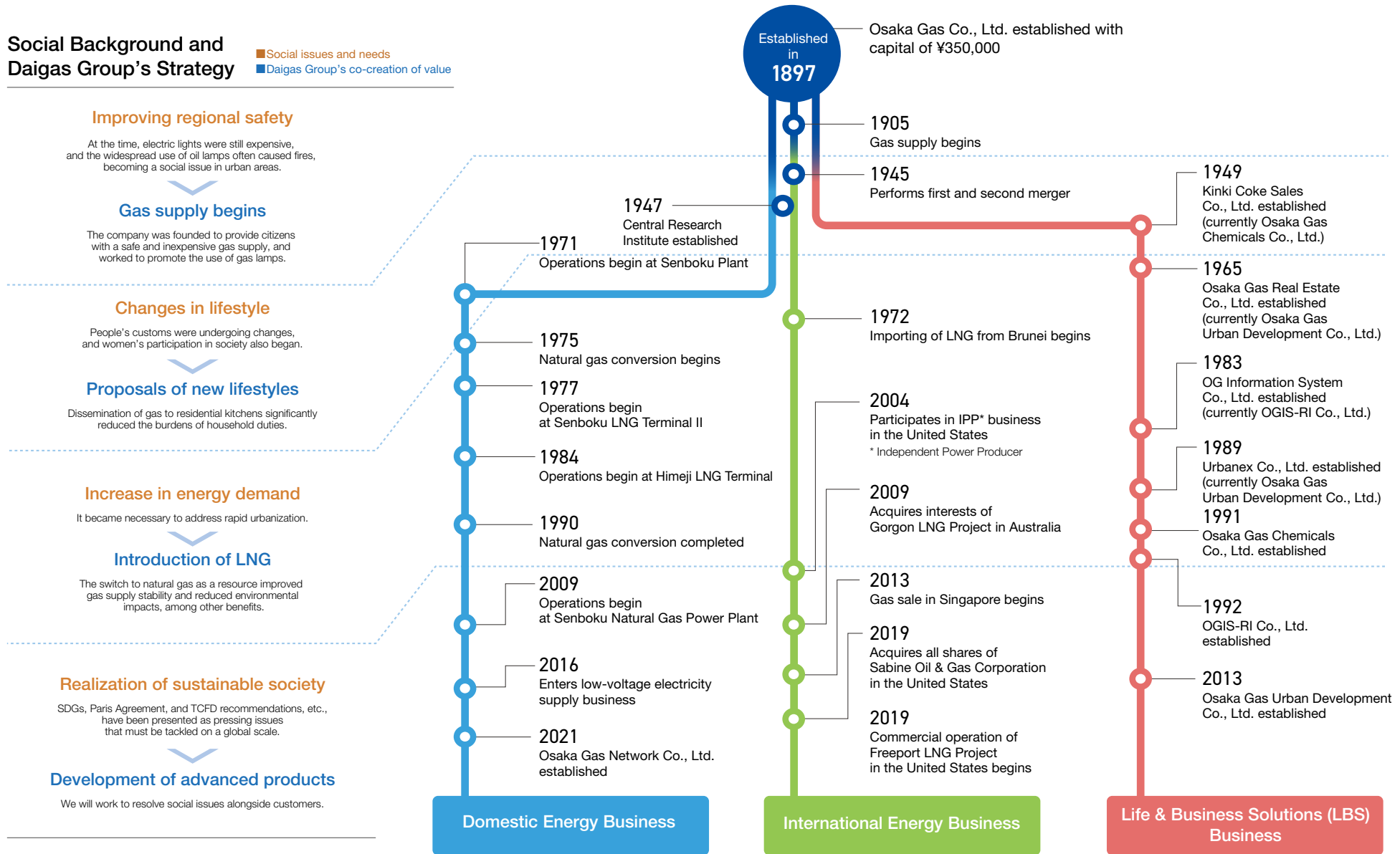


History of Growth in the Daigas Group's Businesses

The Daigas Group's gas business began with gas supply in 1905. In over 110 years since, the gas business that started with lighting gas lamps has expanded the application of gas to cooking, space/water heating, and power generation, overcoming many obstacles as society evolved and lifestyles changed. Additionally, founded on the relationships with customers and regions that have been fostered through the energy business, the Daigas Group has expanded its business domains and developed into a corporate group that provides various products, services, and solutions.

Social Background and Daigas Group's Strategy

- Social issues and needs
- Daigas Group's co-creation of value



Businesses

We aim to create value for a sustainable future and evolve as an aggregate of multiple businesses through expansion into new global fields. We will strive to achieve that by leveraging our competitive capital and our expertise in the three core business segments: the Domestic Energy Business, International Energy Business, and Life & Business Solutions (LBS) Business.

Domestic Energy Business

LNG & Engineering Electricity



LNG & Engineering business is engaged in the operation and maintenance businesses of gas manufacturing plants. Electricity business is engaged in the development, operation, maintenance, and management of thermal power plants and renewable energy power plants such as wind, solar, and biomass power plants owned by the Daigas Group nationwide. We create environmental value by providing a wide variety of energy sources such as low-carbon LNG and CO₂-free electricity. In addition, we provide optimal solutions to customers in Japan and abroad, utilizing our engineering technology, plant design, and construction management expertise backed by a wealth of experience

Strengths

- Expertise developed through plant infrastructure and plant operations
- Possession of diverse power sources such as thermal, biomass, wind, and solar power
- Ability to provide one-stop solutions from LNG plant design to its maintenance and management

Risks

- Difficulties in gas production and power generation due to disasters, etc.
- Changes in international rules, politics, laws and regulations, and institutional systems
- Rapid changes in the market environment due to climate change and acceleration of the trend toward carbon-neutrality

Network



Since Osaka Gas started supplying gas in 1905*, we have continued to build a relationship of trust with local communities. We have established a solid network of city gas supply and a complete security system, as well as worked to improve security and resilience and increase productivity by deepening our existing expertise and utilizing cutting-edge digital technology to deliver city gas safely and securely.

*In 2022, supply business has been transferred to the demerged Osaka Gas Network Co., Ltd., which has been established as a preparatory company for spin-off on April 1, 2021.

Strengths

- High technological capabilities in stable supply
- Relationship of trust with local communities fostered through stable supply
- Advanced initiatives utilizing cutting-edge digital technology

Risks

- Difficulties in gas supply due to disasters, etc.

Energy Solution



We work to develop advanced products and services including energy for residential, commercial, and industrial customers, and expand sales of such products and services, thereby increasing the value we provide to customers.

For residential customers, we provide solutions that meet each individual customer's needs by utilizing our extensive expertise, which is our strength. For commercial and industrial customers, we provide not only services in the energy field, but also a variety of services including design, construction, and after-sales service for facilities including photovoltaic power systems, water treatment, and air conditioning. In this way, we solve various issues faced by our customers, as a comprehensive contact for energy.

Strengths

- Communication skills and relationship of trust with customers fostered by the "Osaka Gas service chain" with over 200 locations
- Extensive expertise in appliance repairs, security and disaster prevention, renovation, etc.
- Ability to provide one-stop service from proposal to design, construction, and after-sales service

Risks

- Impact of fluctuations in temperature/water temperature on energy demand
- Changes in electricity procurement costs
- Issues on products and equipment, such as gas consumption equipment and facility
- Intensifying competition in the industry



International Energy Business

Energy Resources & International



We are growing and expanding our international business mainly in the United States, Asia, and Oceania. In addition to upstream businesses such as investment in gas and oil field development projects, we participate in the mid- & downstream businesses overseas, including power generation, LNG terminals, and energy service, utilizing the expertise we have cultivated in businesses in Japan. We are also engaged in LNG trading*.

*Trading business is included in the Domestic Energy Business segment.

Strengths

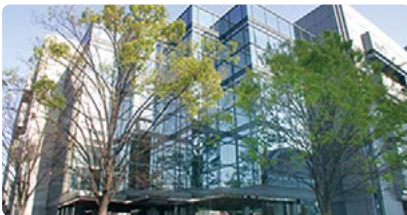
- Developing business across the value chain from upstream to mid- & downstream
- Possession of expertise in infrastructure construction, energy-saving technologies, etc.
- Accumulation of expertise in trading and shipment

Risks

- Difficulty in procuring raw fuels
- 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

Life & Business Solutions (LBS) Business

Urban Development



We roll out real estate business, which extends widely to include the development of properties such as sale and rental apartments, office buildings, logistics facilities, research park business, REIT business, management of buildings and facilities, and so on.

Strengths

- Rolling out a wide range of real estate-related business, including the development, management, and sales of real estate
- Development of environmentally-friendly properties such as condominiums that have adopted the "ZEH-M Oriented" energy efficiency performance standard as a standard feature

Risks

- Damage to owned or managed properties due to disasters, etc.

Information Technology



We trace our roots back to developing and managing systems for the gas business of Osaka Gas Co., Ltd. We roll out services as a new business as well. Through various acquisitions, we have organized a group of IT companies that offer services to the manufacturing and financial industries or have strength in ERP*, and acquired IT talent and developed new strategic partners primarily in Asia, thereby expanding business domains.

*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.

Strengths

- Ability to provide one-stop service from IT strategy formulation to development, maintenance, and operation
- Abilities to make proposals and technological capabilities to bring advanced ICT innovation

Risks

- Malfunction or breakdown of critical IT systems, information leaks, and system development delays

Materials



We develop, manufacture, and sell a variety of highly functional materials such as fine materials, carbon fiber materials, activated carbon, silica- and alumina-based materials, and preservatives.

Strengths

- Coal chemistry technologies and technological capabilities cultivated in the pharmaceutical- and agrochemical-related business
- Technological capabilities to develop highly functional and high value-added products to meet domestic and overseas demand

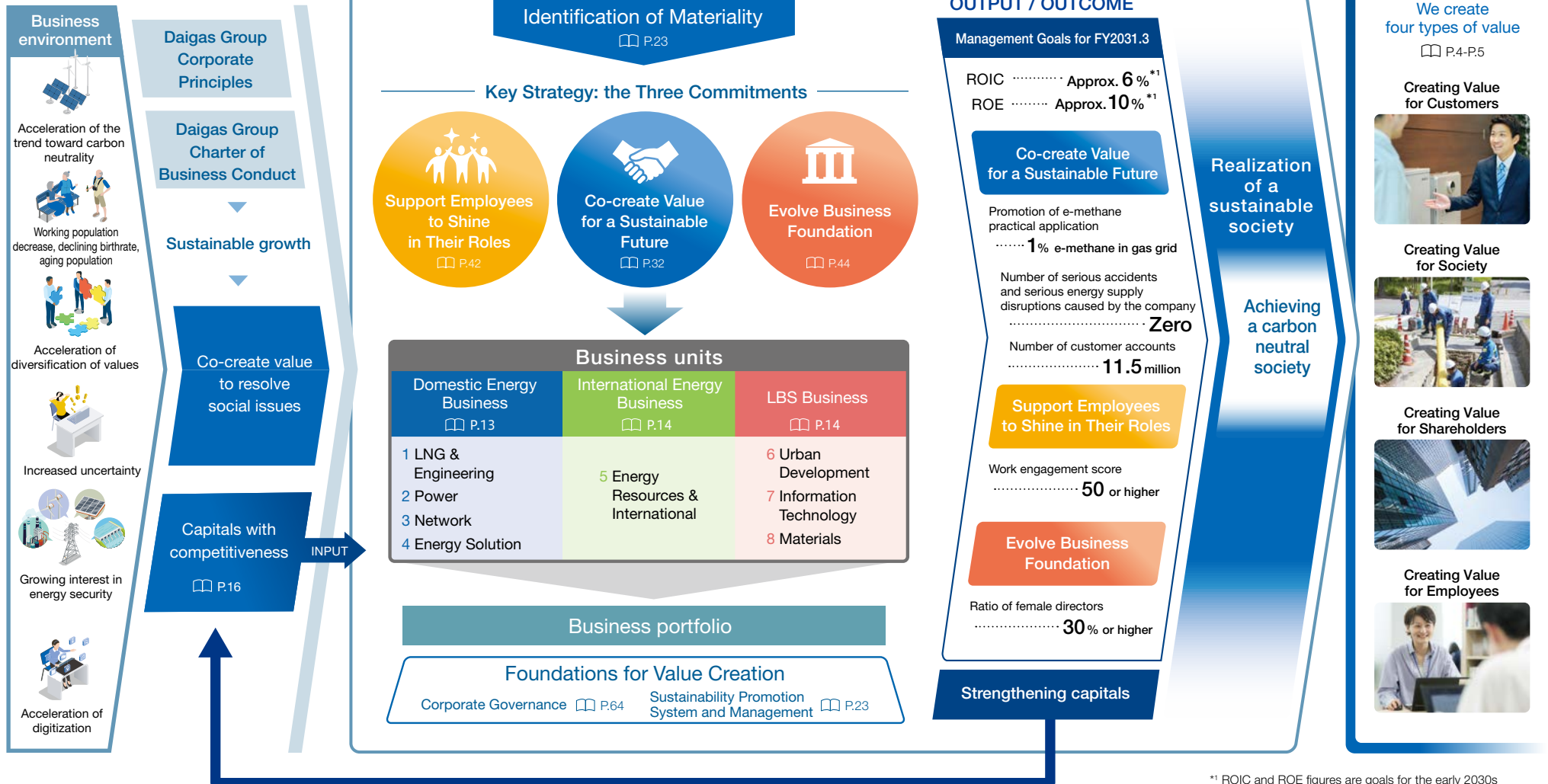
Risks

- Soaring material costs and disruptions of material supplies
- Limit on manufacturing and sales of products due to public policies, changes in regulations in Japan and abroad



Value Creation Process

We aim to realize a sustainable society and value creation by leveraging our capitals with competitiveness and following our values that have been long cherished since the company's foundation.



^{*1} ROIC and ROE figures are goals for the early 2030s
^{*2} Deviation in work engagement results for companies using the Advantage Toughness Survey.



Capitals with Competitiveness

The Daigas Group strives for the maximization of corporate value while maintaining a strong and sound financial base supported by disciplined financial strategies to achieve sustainable business growth.

Financial capital	Manufactured capital	Intellectual capital	Human capital	Social capital	Natural capital
<p>The Daigas Group maintains a strong and sound financial base supported by disciplined financial strategies, to achieve sustainable business growth.</p> <p>As of March 31, 2024</p> <p>Financial soundness*1</p> <p>Equity ratio: 55.9%</p> <p>D/E ratio: 0.51 times</p>	<p>Our various facilities for energy supply are indispensable capital of the Group.</p> <p>We will strengthen our manufactured capital such as natural gas power plants and shale gas development as growth domains in the transition phase.</p> <p>Capital expenditures (FY2024.3 results) 198.4 billion yen</p> <p>Gas manufacturing plant 2 locations</p> <p>Central Control Office*2</p>	<p>The Group possesses expertise in diverse technological development, including technologies related to gas synthesis and catalysts, and technologies related to the design and construction of LNG receiving terminals, etc, cultivated in the energy business. We will utilize these intellectual properties as well as strengthen technological development that contributes to carbon neutrality including the introduction of e-methane.</p> <p>Number of patents held: 2,751 patents</p> <p>R&D expenses (FY2024.3 results): 9.89 billion yen</p> <p>R&D expenses by segment (Domestic Energy: 6.67 billion yen, LBS: 3.22 billion yen)</p>	<p>We believe it is important to create discontinuous innovation to improve corporate value over the medium to long term, and that the driving force for such innovation is co-creation by diverse individuals. We aim to achieve sustainable growth by strengthening the recruitment and development of human resources, in addition to increasing the engagement of each employee.</p> <p>Number of Group employees: 21,159 employees</p> <p>Employee attitude survey</p> <p>Four comprehensive indicators remained at appropriate levels</p>	<p>The Group, which develops businesses rooted in the local community, has opportunities for contact with stakeholders in a wide range of fields, and has built relationships of trust. We will aim to achieve sustainable business growth by strengthening service creation through collaboration with stakeholders.</p> <p>Service chain partners: Approx. 200 stores</p> <p>Low-voltage electricity supply contracts: Approx. 1.83 million</p> <p>Gas supply contracts: Approx. 5.04 million</p> <p>Building and maintaining co-creation relationship with stakeholders</p>	<p>Recognizing that natural gas is a finite resource, we are striving for its efficient and effective use, while also pursuing the diversification of energy sources for a stable supply of energy and to ensure security. Our aim is to realize S+3E*3 through the effective use of natural gas and renewable energy.</p> <p>LNG handled (FY2024.3 results): Approx. 11.50 million tons</p> <p>Renewable energy development contribution 3,170 MW</p>

Medium-Term Management Plan 2026 Targets		Direction for further enhancement			
<p>Increase financial leverage while monitoring financial soundness</p> <p>ROIC: approx. 5.0%</p> <p>ROE: approx. 8.0%</p> <p>Shareholders' equity ratio: 45% or higher</p> <p>D/E ratio: 0.8 or lower (FY2027.3)</p> <p>📖 P.26-P.27</p>	<p>Electricity business such as construction of Himeji Natural Gas Power Plant, acceleration of shale gas development in the US</p> <p>Investment in primary growth fields: approx. 460.0 billion yen (FY2025.3-FY2027.3)</p> <p>📖 P.27</p>	<p>Promotion of methanation technology development</p> <p>Investment in the carbon neutral field: Approx.100.0 billion yen (FY2025.3-FY2027.3)</p> <p>📖 P.27</p>	<p>Strengthen recruitment and development of human resources</p> <p>📖 P.43</p>	<p>Creation of new businesses and services through collaboration with stakeholders</p> <p>📖 P.41</p>	<p>Contribution to the widespread use and expansion of renewable energy</p> <p>Renewable energy development contribution: 4 GW (FY2027.3)</p> <p>📖 P.37</p>

*1 Calculated with 50% of issued hybrid bonds as equity *2 Operating 24 hours a day, 365 days a year to ensure stable supply and safety *3 S+3E: Safety, Energy security, Economic efficiency, and Environment

