

INTEGRATED
REPORT
2024



Daigas Group

Your good partner for a good future.

Better servicing customers in closer communication for a brighter tomorrow



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Disclosure Points of Integrated Report 2024

In order to communicate the Daigas Group's value creation in an easy-to-understand manner, we focused on the value we have created so far and the value we aim to create in the future, which we detailed in the key strategy of the Medium-Term Management Plan 2026 "Connecting Ambitious Dreams," in compiling this report.

1 Risks, strengths and opportunities sorted out to facilitate understanding of value creation strategies

- Pages 13-14 Businesses
- Page 24 Recognition of Risks and Opportunities and Materiality in Sustainability Management

2 Focus placed on growth story envisioned in the Medium-Term Management Plan 2026

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3 Reporting status of efforts for dialogue and reinforcement of business structure aimed at maintaining and increasing trust of stakeholders

- Page 45 Enhancement of the Governance System and Change in Organizational System
- Page 56 Communication with Shareholders and Investors
- Pages 57-60 Roundtable with the Outside Directors

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Daigas Group Corporate Principles

The “Daigas Group Corporate Principles” consists of “What We Aim To Be,” “Our Commitment” and “Our Corporate Motto.”
 The Daigas Group carries out its business activities based on the “Daigas Group Corporate Principles.”

— 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**

We provide services that meet customer expectations for comfort, convenience and reliability in diverse fields.



**Creating Value
 for Society**

We conduct fair and transparent business operations and contribute to the sustainable development of society and the improvement of the global environment.



**Creating Value
 for Shareholders**

We strive to achieve stable long-term growth and maximize corporate value while maintaining a sound financial foundation.



**Creating Value
 for Employees**

We respect the individuality of each employee and provide support for their personal growth and professional fulfillment.

We aim to be a corporate group that powers continuous advancement in customers' lives and businesses. And we are committed to creating four types of value to fulfil our social responsibility: we create value primarily for customers, as well as for society, shareholders, and employees. In order to achieve these, we promote efforts that are in line with the Daigas Group Corporate Principles.

— Our Corporate Motto —

Service First

What Value Will the Daigas Group Create?

Together with our stakeholders, the Group has realized the creation of four types of value.

Here we present what types of value the Group has created together with our stakeholders under the Daigas Group Corporate Principles and what type of growth strategies the Group envisions for the future.

Value the Daigas Group Creates

- 04 Creating Value for Customers / Creating Value for Society
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- 06 Message from the President



The Daigas Group formulated the Long-Term Management Vision 2030 in March 2017. To achieve the vision for FY2031.3 outlined in that Long-Term Management Vision, under the Daigas Group Corporate Principles, we have created four types of value: “Value for Customers,” “Value for Society,” “Value for Shareholders” and “Value for Employees.”



Creating Value for Customers

Number of customer accounts

Customer satisfaction rate

FY2018.3 **8.27** million

12 consecutive years

FY2024.3

10.38 million

90%
or more higher

Continue to meet customers' expectations in various fields

From its beginnings in the energy business, the Daigas Group has expanded its business to include fields such as telecommunications, home renovation, and food to offer services that benefit our customers.

By leaning thoroughly into customers' concerns in various fields and creating new services together with our customers, we have identified their true issues and cultivated technologies and expertise to solve those issues. Leveraging these strengths, we offer solutions that meet the increasingly diverse needs of our customers.



Creating Value for Society

Promote widespread use of highly durable polyethylene (PE) pipes¹

Avoided CO₂ emissions (compared to FY2017.3)

Extension of PE pipeline length FY2018.3

FY2018.3

15,900 km

0.61 million t-CO₂

FY2024.3

18,300 km

FY2024.3

5.01 million t-CO₂

Contribute to a sustainable society through the supply of clean energy in a safe and stable manner

As an organization that is responsible for infrastructure that supports everyone's daily lives, the Group has been enhancing the resilience² of social infrastructure by boosting the robustness of the gas pipeline network and facilities and preventing secondary disasters, in our efforts toward stability of supply.

In anticipation of a carbon neutral society, the Group has advanced the development of equipment that will contribute to highly efficient energy use and reduced CO₂ emissions. The Company will continue to supply clean energy to society in a safe, secure, and stable manner and contribute to the realization of a sustainable society.

¹ PE pipeline length extension of approx. 1,200 km at the time of the Great Hanshin-Awaji Earthquake (1995)
² Resilience: With an original meaning of “recoverability,” “flexibility,” “adaptability,” in a business context, this also refers to “recoverability and adaptability that makes it possible to overcome difficulties.”





Creating Value for Shareholders

Ordinary profit*1

ROIC*1

FY2018.3 **76.5** billion yen

FY2018.3 **4.0%**

FY2024.3
198.0
billion yen

FY2024.3
6.1%

To maximize corporate value with stable growth

Amid changes in the business environment, such as the deregulation of energy markets and the trend toward carbon neutrality, the Group has strengthened its business portfolio through ROIC-oriented management.

Going forward, we will strive for the maximization of corporate value with long-term, stable growth, while maintaining a sound financial base.

*1 Excluding temporary impact on domestic energy business (Time-lag effect of Gas Business and Electricity Business)



Creating Value for Employees

Enhancement of systems

Establishment of remote working system
Establishment of satellite offices

Enhancement of childcare and nursing care leave systems
Introduction of hourly paid leave
Support for balancing work and medical treatment, etc.

Employee attitude survey

Percentage of male employees who have taken childcare leave/leave for childcare purposes*3

Ratio of female employees promoted to managerial positions*3

Four indicators remained at appropriate levels in FY2024.3*2

FY2018.3 **88.8%**

FY2018.3 **9.4%**

FY2024.3
109%^{*4}

FY2024.3
15.9%

To become a company where people with diverse values can thrive

We respect and accept the different attributes and values of individual employees. We are establishing systems with various initiatives such as role-based human resources development, voluntary training, and correspondence education programs in our efforts to build relationships that will allow us to grow together.

Becoming a company where employees can take strength from their individuality to demonstrate their full potential will lead to the enhancement of corporate value.

*2 Four indicators, "overall satisfaction," "loyalty," "intention to continue working," and "intention to recommend" were used to evaluate employee engagement. The scores for Osaka Gas and its affiliates were higher than the society average.

*3 Scope : Osaka Gas

*4 This percentage may exceed 100% because male employees whose spouses gave birth in previous years may take childcare leave, etc. in the current fiscal year.



Message from the President

Secure Peace of Mind Today, Build Sustainable Lifestyles for Tomorrow

Representative Director and President
Masataka Fujiwara



Review of the previous Medium-Term Management Plan period

The previous Medium-Term Management Plan period was marked by a series of unexpected events, such as the COVID-19 pandemic, growing political and economic instability both in Japan and overseas, and the Freeport LNG's plant shutdown. Amid such challenging circumstances, we devoted our efforts to the continuity of energy supply and services without disruption to fulfill our mission to ensure safety, security, and supply stability. Consequently, the Daigas Group achieved business growth and expansion despite the adversity. This success is a testament to the propriety of our vision and portfolio-oriented

business management, which have been driven by the dedication of the Daigas Group people, who understand the importance of the Group's vision and management approach.

Under the previous Medium-Term Management Plan, we focused on co-creating value for a sustainable future with our stakeholders and evolving our corporate group by strengthening our business foundation, aiming to contribute to realizing a sustainable society. In our value-creation efforts, we achieved a 2.5 GW renewable energy development contribution, advanced e-methane supply chain and technology development, gained 10 million customer accounts ahead of schedule, and expanded the business fields of the Life & Business Solutions (LBS) segment. In our

corporate-evolution initiatives, we boosted the Group's profitability and business foundation by strengthening our portfolio with business growth in the International Energy and LBS segments, raising the awareness of ROIC, advancing DX, and diversifying employees' ways of work.

As a result, our FY2024.3 profitability indicators exceeded the Medium-Term targets.

In the same period, our business environment underwent significant changes. There has been an acceleration in global carbon-neutral efforts and an increased focus on energy security, which heightened society's expectations for the Daigas Group to achieve carbon neutrality and energy security. We are working on carbon-neutral solutions, focusing on e-methane and



aiming to commence its production and supply to the Japanese markets. In the meantime, we intend to resolve relevant issues, such as discontinuous technological development and a lack of cross-border carbon emissions accounting rules.

Another change in our business environment can be seen in the labor market. Securing human resources has become a pressing issue in this age of diversified ways of work, enhanced labor mobility, and a shrinking working population due to the declining birthrate and aging demographics. Our human capital management strategy puts an emphasis on DE&I (Diversity, Equity & Inclusion) to enhance employee engagement and connection to the company, adapting to their increasingly diverse values, ways of work, and even views of life affected by the pandemic. At the Daigas Group, we value a corporate culture that encourages collaboration among talents with diverse values to promote their development. We employ multiple approaches to this goal rather than relying on a single solution.

Daigas Group's vision for the future

We are in a time of significant shift, facing the growing instability of energy security and intensifying natural disasters, which are posing a threat to people's peace of mind today. Simultaneously, we must advance the development of sustainable lifestyles for tomorrow, when today's social issues are resolved by achieving carbon neutrality and other goals for 2050. We believe the trend toward

carbon neutrality and the mounting instability of energy security will have the most profound impact on the Group's business development in the coming years.

The Group has been working toward achieving the Long-Term Management Vision 2030, which we announced in March 2017. In formulating the Medium-Term Management Plan 2026: Connecting Ambitious Dreams (CAD2026), we recognized the necessity of ultra-long-term perspectives that stretch beyond 2030.

Envisioning society around 2030, I imagine we would see greater diversity in values, a technologically advanced society driven by digitalization, and increased calls for companies to address social issues globally. The energy sector is in dire need of a powerful leader in building a pathway toward achieving carbon neutrality by 2050 and implementing practical

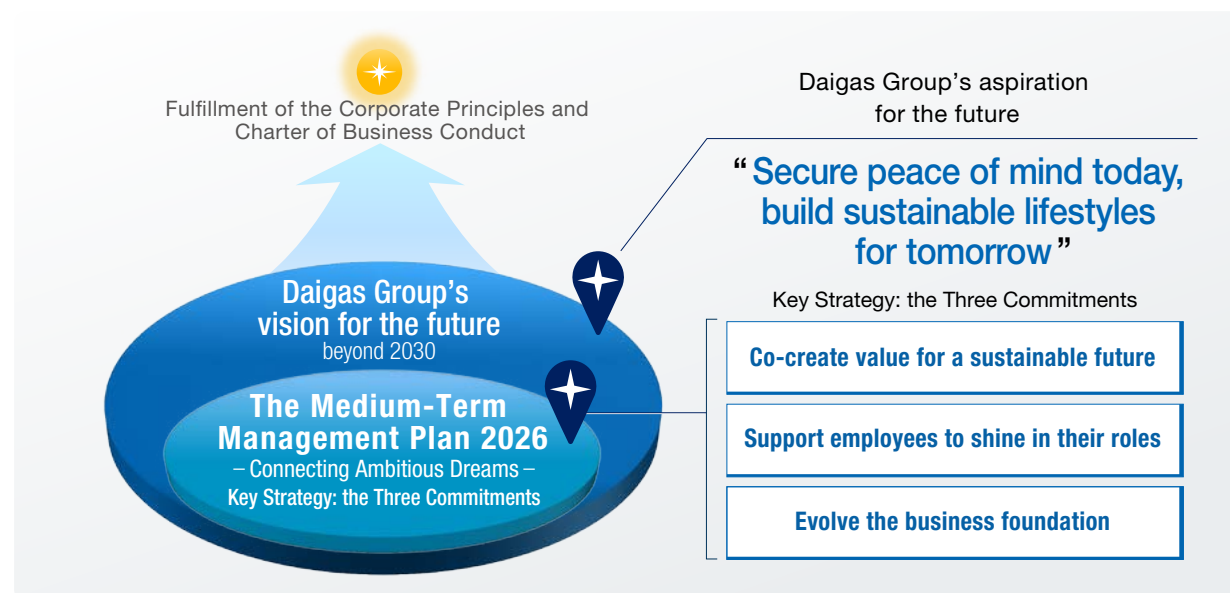
solutions for the goal.

We aim to become such a pivotal player in the industry and contribute to this vital objective.

This aspiration is expressed as “secure peace of mind today, build sustainable lifestyles for tomorrow” in CAD2026. It aligns with the Daigas Group's Corporate Principles and Corporate motto and takes into account ongoing changes in the business environment and our ultra-long-term perspectives. Embracing this aspiration, the Group strives to respond to immediate changes and devise solutions for a sustainable future.

Intentions incorporated in the Medium-Term Management Plan (CAD2026)

To realize this aspiration, we have identified Three



Commitments as our Key Strategy in CAD2026 to ensure value creation for our stakeholders. The first Commitment is to co-create value for a sustainable future by addressing social issues through the two-pronged approach of advancing carbon neutrality and promoting the use of natural gas. The second Commitment is to support employees in shining in their roles by cultivating a corporate culture that encourages the development of diverse talent through collaboration. The third Commitment is to evolve the business foundation by executing asset-light management throughout the Group. Our goal is to achieve the Group's continued growth and contribute to realizing a sustainable society.

Under our first Commitment to co-create value for a sustainable future, we are developing e-methane technologies, building its supply chains, and working toward expanding renewable energies. We are also facilitating wider usage of natural gas as a key transition fuel globally to contribute to CO₂ emissions reduction in the near term. In addition, we are responding swiftly to new developments in e-methane, such as the recent announcement of the Japanese government's Basic Hydrogen Strategy, which has garnered increased public recognition of e-methane. We are leveraging this opportunity to expedite our efforts to incorporate e-methane into international rules for CO₂ emissions.

We are also improving our services with our digitalization solutions. We pursue advanced data utilization to provide comfortable lifestyles for residential energy customers. For commercial and industrial energy customers, we offer

expanded energy-related services, such as D-Lineup, to enhance their corporate value.

Energy safety, security, and resilience are essential in achieving our value co-creation. We take measures to reinforce the safety and stability of energy supply chains by striving for zero serious accidents and zero supply disruptions caused by our own company. We also aim to boost the resilience of customers and society by promoting the development and widespread use of fuel cells and other disaster-resistant equipment and energy systems.

Our second Commitment to support employees in excelling in their roles follows our Charter of Business Conduct, in which we advocate providing a work environment that supports employee development. This Commitment is also in sync with the ongoing changes in the environment surrounding our people.

In recent years, the values of working individuals have increasingly diversified, accompanied by significant changes in the working environment. We have entered an era in which individual employees proactively manage their own drive and motivation toward their work. We firmly believe that our distinctive corporate culture, which we have cultivated through many years of business operations, sets the standards for their judgements and actions. It also serves as the basis for improving the quality of work and the organization's solidarity. The corporate culture plays a crucial role in these times of growing diversity and uncertainty. We foresee a time when companies are chosen based on their corporate culture that resonates with customers, communities, and workers.

Such selected companies will attract more diverse talent and enhance corporate value through their collaboration where they are encouraged to perform to their fullest potential. This is what we aim to be, and we concentrate our efforts on acquiring, developing, upgrading, and deploying skilled talent to align with job requirements.

I strongly believe that it is people who drive corporate activities, and I communicate this belief to employees whenever I have the opportunity. In my regular workplace visits and dialogues with employees, I talk with them about how to make our company more attractive and our working environment more comfortable. The employees always display a strong awareness, further strengthening my determination to respond to their expectations. I am dedicated to fostering a work environment where all employees have growth opportunities and derive satisfaction from collaborative efforts. I am confident that such a work environment will lead to the advancement and evolution of the Daigas Group.

In our third Commitment to evolve the business foundation, we are implementing asset-light



President's dialogue with junior staff filmed and posted on the inhouse website.



management to enhance corporate value without compromising capital efficiency while investing in the carbon neutrality field and developing other businesses for future growth. When I speak of asset-light management, I don't mean merely divesting our assets. It means identifying value-generating assets and concentrating our efforts on maximizing the value of such assets instead of holding onto those no longer make a difference in holding. This approach will allow us to evolve into a lean company, which I believe is the source of our competitiveness.

In these times of change, I believe that what is required above all is the ability to respond flexibly and dynamically to changing business environment. While demonstrating our Group's collective strengths, we are working to develop our digital talent and strengthen our structures,

aiming to promote our business digitalization and reform through DX.

We also strive to make decisions flexibly in response to the changing business environment. To meet the goal, we established the Risk Management Committee in April 2024. It is a Group-wide organization that comprehensively manages risk associated with sustainability, compliance, accounting, finance, cyber security, and overseas investment in the Group's expanding business domains. Furthermore, transforming ourselves to a company with an Audit and Supervisory Committee will strengthen our supervisory functions and enhance discussions about management policies and strategies at the Advisory Committee on Management and other committees.

Targets we aim to achieve at the Daigas Group

Our goal is to co-create value with our stakeholders to resolve social issues. We intend to fulfill this mission through our Three Commitments in CAD2026, which are to co-create value for a sustainable future, support employees in shining in their roles, and strengthen the business foundation. These three Commitments were formulated based on our key issues (materiality), which were reviewed by external experts and the Group's relevant organizations.

Looking further ahead beyond 2026, we aim to

achieve our financial targets of approximately 200 billion yen in ordinary profits in 2030, as well as ROIC of 6% and ROE of 10% early in the 2030s. We have also set non-financial targets, such as injecting 1% e-methane into the gas grid by 2030 and advancing methanation technology development. For our shareholders, we strive to maintain stable dividends and achieve dividend increases in line with our business growth in the medium to long term as per a newly introduced progressive dividend policy. We have changed the shareholder return indicator from payout ratio, which is greatly affected by single-year profit fluctuations, to dividend-on-equity (DOE), which is less susceptible to profit fluctuations. In addition, we will consider flexibly implementing share buybacks and other measures to improve capital efficiency.

To realize sustained growth, we aim to continue our corporate evolution by constantly taking on challenges in various fields in Japan and overseas to contribute to resolving social issues.

September 2024



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.

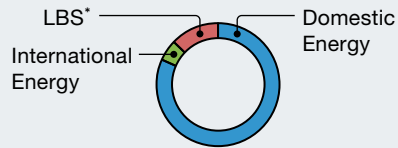
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At a Glance [FY2024.3]

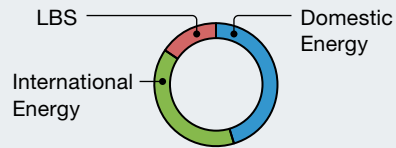
Consolidated net sales



2,083.0 billion yen

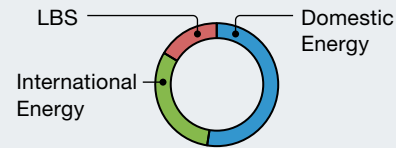
*Life & Business Solutions

Consolidated ordinary profit



226.5 billion yen

Total assets



2,980.1 billion yen

Number of consolidated subsidiaries



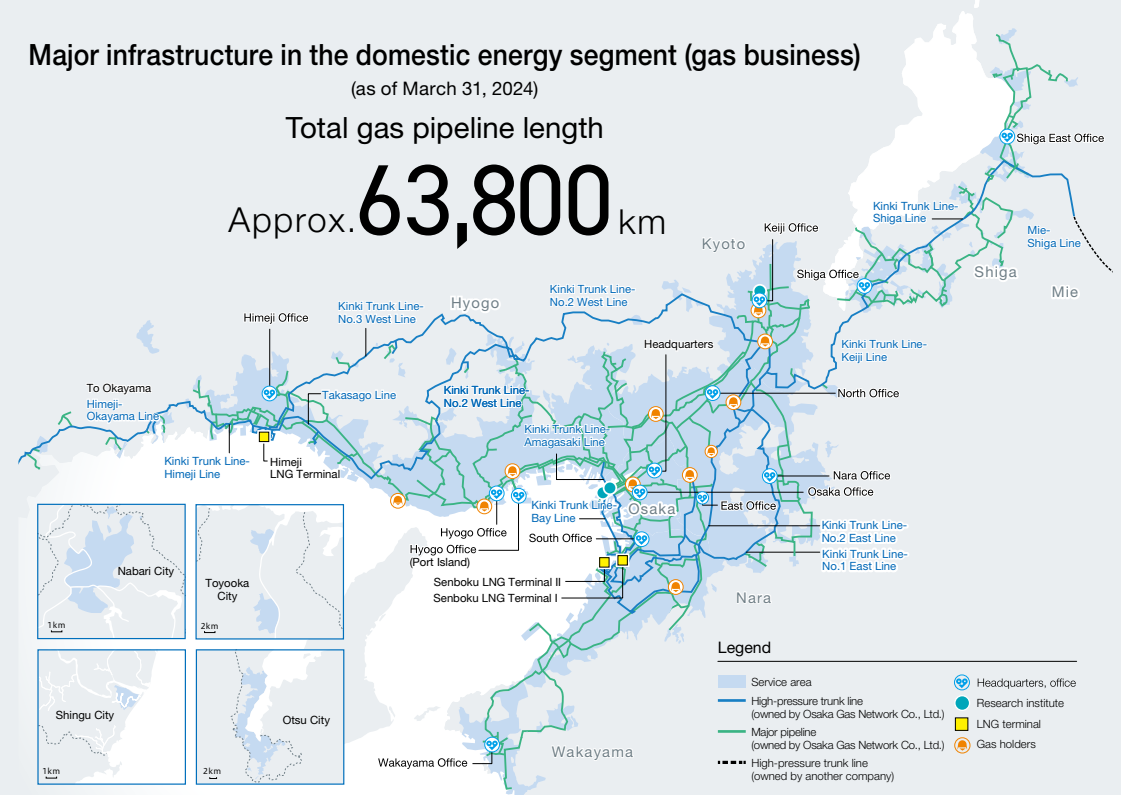
159

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



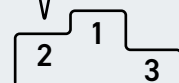
Number of employees (consolidated)



21,159

Share of domestic city gas market

2nd largest (about 20%)

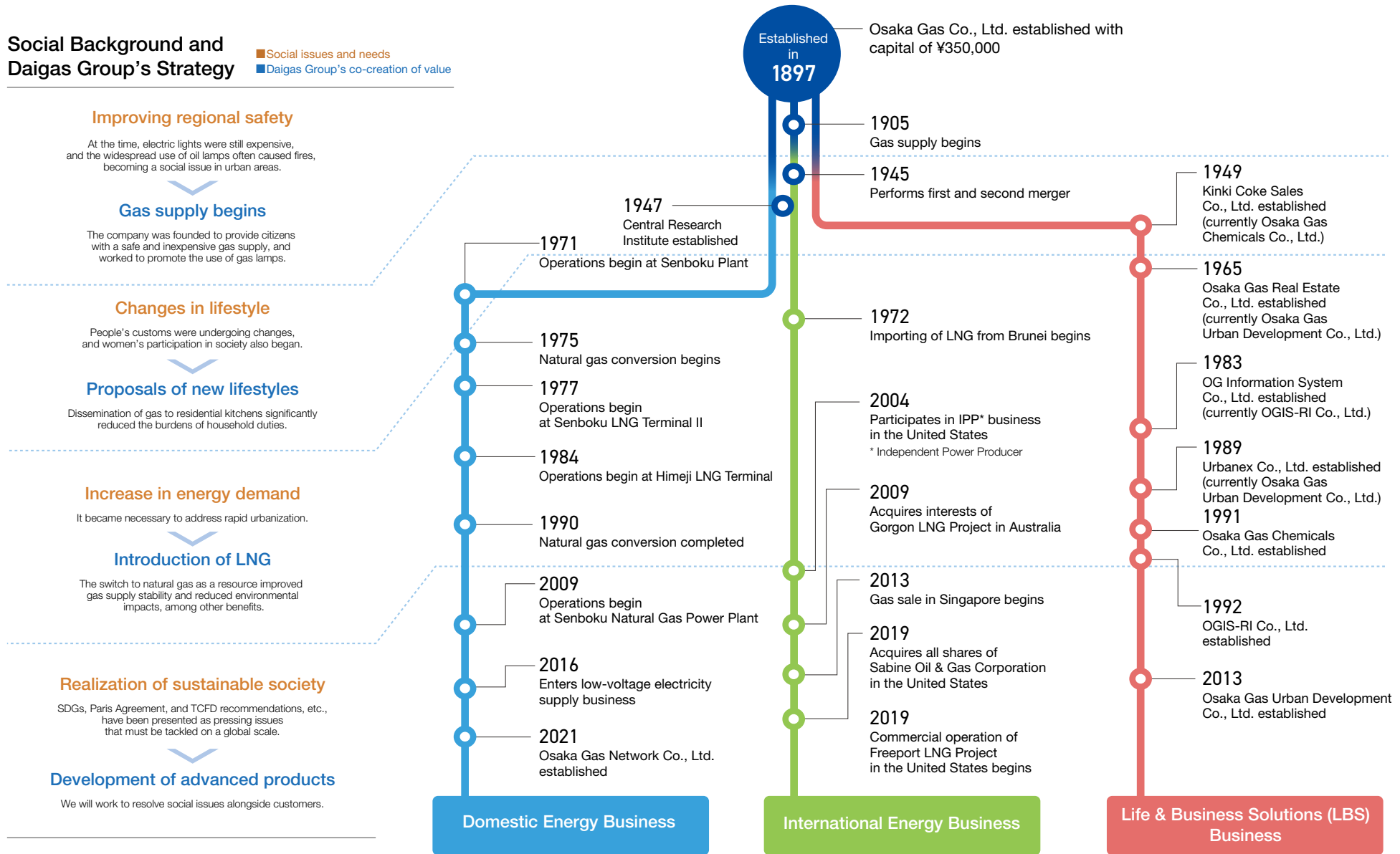


History of Growth in the Daigas Group's Businesses

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

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.

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

- 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

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.

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

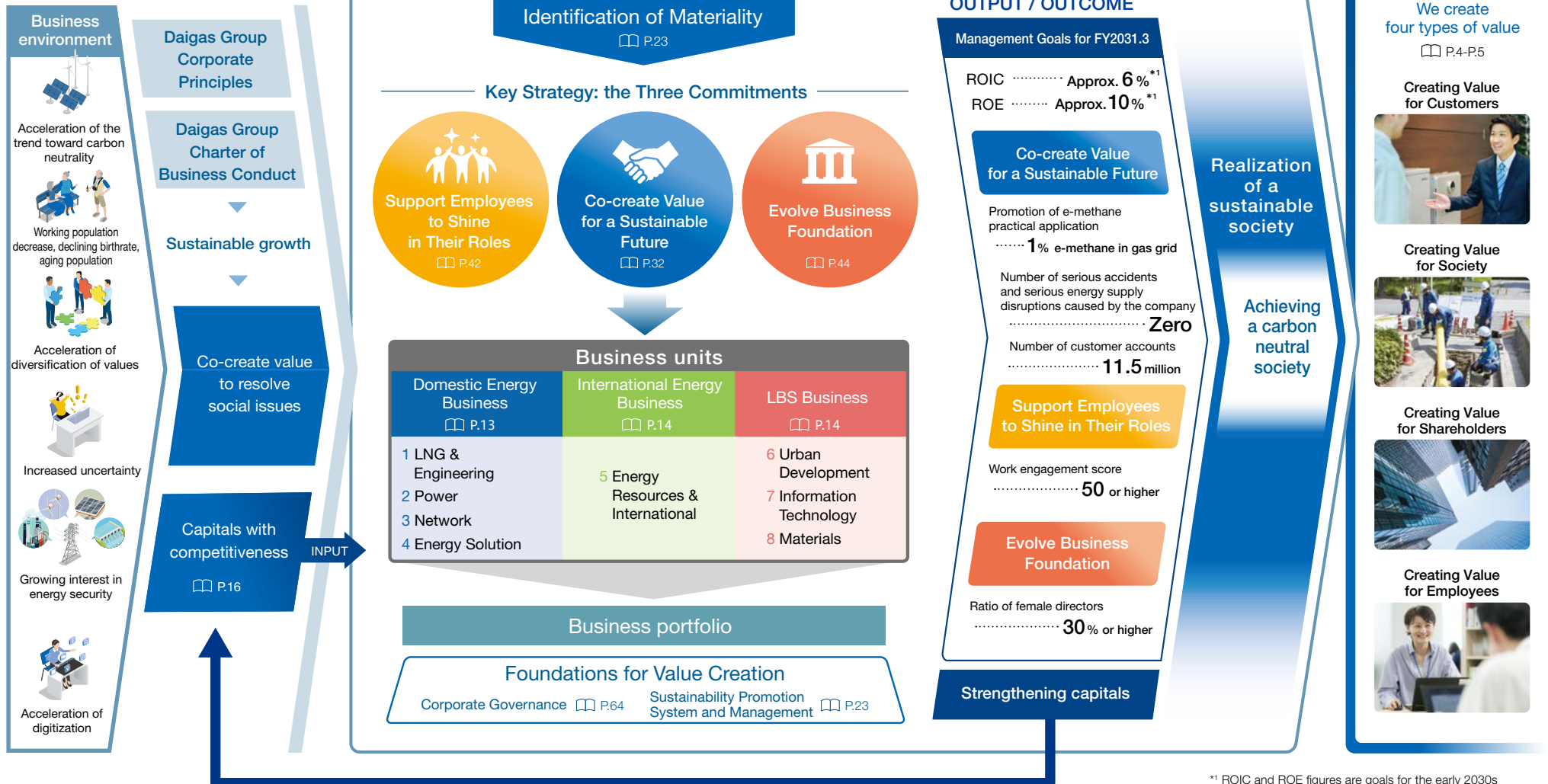
Risks

- 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>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>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>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>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>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>
As of March 31, 2024					
<p>Financial soundness*1</p> <p>Equity ratio: 55.9%</p> <p>D/E ratio: 0.51 times</p>	<p>Capital expenditures (FY2024.3 results)</p> <p>198.4 billion yen</p> <p>Gas manufacturing plant</p> <p>2 locations</p> <p>Central Control Office*2</p>	<p>Number of patents held:</p> <p>2,751 patents</p> <p>R&D expenses (FY2024.3 results):</p> <p>9.89 billion yen</p> <p>R&D expenses by segment (Domestic Energy: 6.67 billion yen, LBS: 3.22 billion yen)</p>	<p>Number of Group employees:</p> <p>21,159 employees</p> <p>Employee attitude survey</p> <p>Four comprehensive indicators remained at appropriate levels</p>	<p>Service chain partners:</p> <p>Approx. 200 stores</p> <p>Low-voltage electricity supply contracts:</p> <p>Approx. 1.83 million</p> <p>Gas supply contracts:</p> <p>Approx. 5.04 million</p> <p>Building and maintaining co-creation relationship with stakeholders</p>	<p>LNG handled (FY2024.3 results):</p> <p>Approx. 11.50 million tons</p> <p>Renewable energy development contribution</p> <p>3,170 MW</p>

Medium-Term Management Plan 2026 Targets

Increase financial leverage while monitoring financial soundness

ROIC: approx. 5.0%

ROE: approx. 8.0%

Shareholders' equity ratio: 45% or higher

D/E ratio: 0.8 or lower (FY2027.3)

📖 P.26-P.27

Electricity business such as construction of Himeji Natural Gas Power Plant, acceleration of shale gas development in the US

Investment in primary growth fields: approx. 460.0 billion yen (FY2025.3-FY2027.3)

📖 P.27

Promotion of methanation technology development

Investment in the carbon neutral field: Approx.100.0 billion yen (FY2025.3-FY2027.3)

📖 P.27

Strengthen recruitment and development of human resources

📖 P.43

Creation of new businesses and services through collaboration with stakeholders

📖 P.41

Contribution to the widespread use and expansion of renewable energy

Renewable energy development contribution: 4 GW (FY2027.3)

📖 P.37

Direction for further enhancement

*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



What Kind of Future Does the Daigas Group Envision?

The Daigas Group's aim is to further deepen its initiatives to date and become a leader in the practical application of carbon neutrality.

This section presents the strategies outlined in the Medium-Term Management Plan 2026 starting in FY2025.3.

Future the Daigas Group Envisions

- | | | | |
|----|---|----|---|
| 18 | Review of Previous Medium-Term Management Plans | 23 | Sustainability Management |
| 19 | Summary of Medium-Term Management Plan 2023 | 24 | Recognition of Risks and Opportunities and Materiality in Sustainability Management |
| 20 | The Daigas Group's Aspirations for the Future | 25 | Materiality Indicators and Targets |
| 21 | Medium-Term Management Plan 2026 | 26 | Our Financial Strategy |
| 22 | Financial Strategy | | |



Review of Previous Medium-Term Management Plans

In consideration of the risk of falling gas sales volumes resulting from population decline, the full deregulation of energy markets, and other factors, the Daigas Group has strengthened its financial base and expanded its new businesses through investment for business growth. As a result, the International Energy Business and Life & Business Solutions (LBS) Business have grown steadily, which has enabled the Group to improve its cash flows and enhance the robustness of its business portfolio. In response to the major environmental change that is the acceleration of the trend toward carbon neutrality, in addition to working to contribute to society through the provision of carbon neutral energy, including renewable energy development contributions and the development of e-methane technologies, the Group will strive for sustainable business growth by acting swiftly and flexibly to secure profits through the development of and power generation with natural gas and its advanced use during the transition period.

Medium-Term Management Plan 2016

(FY2015.3-FY2017.3)

Catalyze Our Dreams

The Group worked on its evolution into an “integrated energy business” in anticipation of the full deregulation of energy markets. To continue our growth as a group, we actively strived toward business expansion, with our central focus on areas with expectations of future growth, such as the electricity, international energy, and material solutions businesses in particular.

- Entered electricity supply business for residential and small business use
- Promoted stable energy supply and demand development by strengthening trunk pipelines such as the Himeji-Okayama Line and Mie-Shiga Line
- Developed and strengthened one-stop peripheral services (Sumikata Services, etc.) to respond to customers’ problems in their daily life other than gas and electricity
- Developed gas retail and energy services in Singapore and Thailand

Medium-Term Management Plan 2020

(FY2018.3-FY2021.3)

Going Forward Beyond Borders

Viewing the dramatic changes in the business environment, such as full deregulation of energy markets, as an opportunity, we pursued initiatives designed to turn the Group into an innovative energy & service company that continues to be the first choice of customers beyond the current times. We strengthened our business portfolio through the expansion of profits of the International Energy Business and the steady growth of LBS Business through active investment for growth.

- Strengthened on-site functions through establishment of core energy business companies, etc.
- Expanded renewable energy business
- Expanded business in the United States, including shale gas development (acquisition of Sabine Oil & Gas Corporation), participation in several IPP businesses, and launch of operation at the Freeport LNG plant
- Expanded development and sales of high-value-added materials that contribute to the industry, the consumer life and the environment

Medium-Term Management Plan 2023

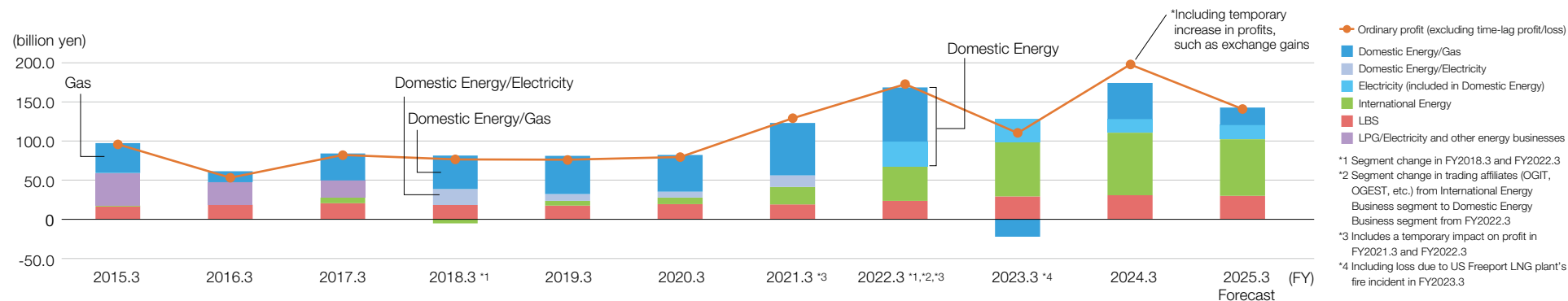
(FY2022.3-FY2024.3)

Creating Value for a Sustainable Future

With the goal of achieving a sustainable society, we promoted “co-creating value for a sustainable future” and “evolving our corporate group,” our priority strategies declared as a corporate group that creates value that contributes to the solution of social issues. We also progressed our response to accelerating decarbonization and diversifying ways of work.

- Increased ROIC-focused business execution, such as capital-efficient asset replacement and investment
- Achieved 10 million customer accounts through expansion of retail power sales and development of marketing areas
- Achieved 2.5 GW renewable energy development contribution target
- Made progress in demonstration projects and technological development for practical application of e-methane
- Boosted profit contribution of the International Energy and LBS Businesses

Ordinary profit and segment profit (Excluding temporary impact on domestic energy business (Time-lag effect of Gas Business and Electricity Business))



*1 Segment change in FY2018.3 and FY2022.3
 *2 Segment change in trading affiliates (OGIT, OGEST, etc.) from International Energy Business segment to Domestic Energy Business segment from FY2022.3
 *3 Includes a temporary impact on profit in FY2021.3 and FY2022.3
 *4 Including loss due to US Freeport LNG plant’s fire incident in FY2023.3



Review of Medium-Term Management Plan 2023

Based on “Co-create Value for a Sustainable Future” and “Evolve Our Corporate Group” our priority strategies declared in the previous plan, Medium-Term Management Plan 2023, we made progress in various initiatives for the realization of a sustainable society and achieved our management indicator targets. In the coming years, we will expand the scopes of our business activities to respond to newly emerged changes, such as accelerating carbon neutral initiatives and diversifying ways of work.



Co-create Value for a Sustainable Future

Achieving a low-carbon/carbon neutral society

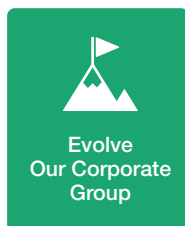
- Promoting supply chain development in Japan and overseas for the practical application of e-methane
- Expanded renewable energy business and achieved FY2024.3 target of 2.5 GW renewable energy development contribution

Establishing lifestyles and businesses adjusted to the new normal

- Developed new services and achieved 10 million customer accounts ahead of schedule
- LBS Business expanded business fields as next core business area after energy

Enhancing the resilience of customers and society

- Conducted inspection of operations and maintenance work and made improvements to work systems
- Procured LNG in larger volumes to address risks of reduced procurement volumes and supply shortages



Evolve Our Corporate Group

Enhancing business portfolio management

- Boosted profit contribution of the International Energy Business and expanded the gas and electricity business to a wider area
- Promoted autonomous growth of individual business units and achieved FY2024.3 target of ROIC 5%

Promoting business transformation with DX

- Strengthened DX promotion structure, including establishment of DX Strategy Dept. and launch of Daigas X initiatives
- Provided digital talent training to employees

Maximizing value for each employee

- Achieved the target of 20% or more for ratio of female executives and female directors for the promotion of diversity, equity and inclusion (DE&I)
- Maintained employee engagement at appropriate levels

Management indicator targets of Medium-Term Management Plan 2023

		FY2024.3 targets	FY2024.3 results	Change
Profitability indicators	ROIC ¹ (ref.: ROE)	Approx. 5% (approx. 7.5%)	6.1% (7.6%) ²	+1.1% (+0.1%)
Shareholder returns	Dividend payout ratio ³	30% or higher	30.4% ⁴	+0.4%
Financial soundness indicators	D/E ratio ⁵	Approx. 0.7	0.51	-0.19
	Shareholders' equity ratio ⁵	Approx. 50%	55.9%	+5.9%

*1 ROIC = (Ordinary profit - Interest expenses/income - Income taxes) ÷ (Interest-bearing debts + Shareholders' equity)

Interest-bearing debts exclude risk-free leased liabilities to us.

One-time impacts on Domestic Energy Business excluded.

*2 FY2024.3 results including time-lag impact are ROIC 7.0% and ROE 8.9%.

*3 Impact from short-term profit fluctuation factors excluded.

*4 FY2024.3 result including time-lag impact is 25.7%.

*5 Calculated with 50% of issued hybrid bonds as equity.



Response to social changes and business issues that have emerged since the announcement of the previous medium-term management plan

Decline in labor force, accelerating diversification in ways of work

- Acquisition and development of human resources from a medium- to long-term perspective
- Promoting DE&I

Growing calls for resolving social issues

- Leadership in working towards carbon neutrality
- Continuation of a stable energy supply

Increased uncertainty, necessity of continuous evolution

- Evolution and enhanced resilience of business portfolio
- Governance enhancement
- Promotion of DX

Daigas Group's Aspiration for the Future

Secure Peace of Mind Today, Build Sustainable Lifestyles for Tomorrow

In 1897, around the middle of the Meiji era in Japan, Osaka Gas was established to promote the wide use of gas lamps, a safer and more economical alternative to oil lamps. Around those times, the safety of oil lamps was a significant concern as they often became a cause of fire in urban areas.

Since the inception of the company, we have never been in a position that guarantees the survival of our business. Faced with the rapid change of the times and society, we have identified the path we should pursue through the engagement with customers and society. We also have taken on new challenges with an enterprising spirit.

Today, society has reached a crucial turning point.

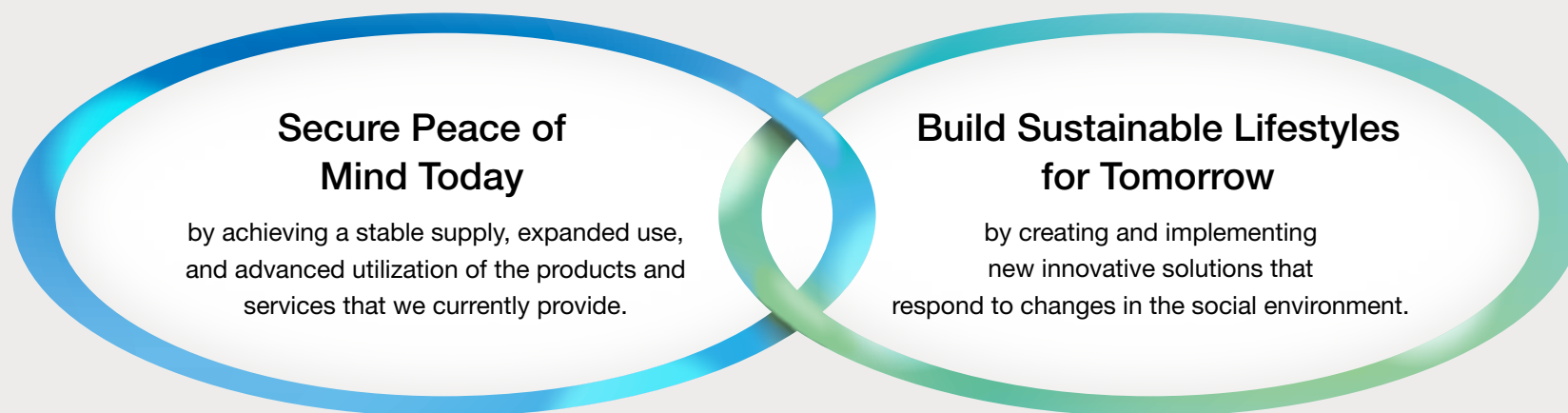
Growing instability in the energy market and intensifying natural disasters are unsettling people's peace of mind and increasing the uncertainty of our future. Against this backdrop, there is a pressing need to develop sustainable lifestyles for tomorrow when decarbonization and

digitalization are advanced.

The Daigas Group strives to achieve a stable supply and the wide use of energy, products, and services that respond to recent social changes. We aim to lead the creation and establishment of solutions to decarbonization, digitalization, and diversified values, aiming for our future business growth.

Although the paths to fulfilling these goals may be diverse and uncertain, there is one thing we know for sure: We are the ones who will shape the future.

While creating a work environment that supports our members to shine in their roles, we will continue taking on new challenges to "secure peace of mind today, build sustainable lifestyles for tomorrow" with a sense of mission and pride to be a corporate group that stakeholders can strongly identify with.



Growth drivers during the transition period

Advanced utilization of natural gas

Shale gas development in the United States (Sabin Oil & Gas)

Highly efficient natural gas power generation

Steady profit growth in LBS Business

Next-generation businesses for a carbon neutral society

Challenge toward the practical application of e-methane

Widespread use and expansion of renewable energy

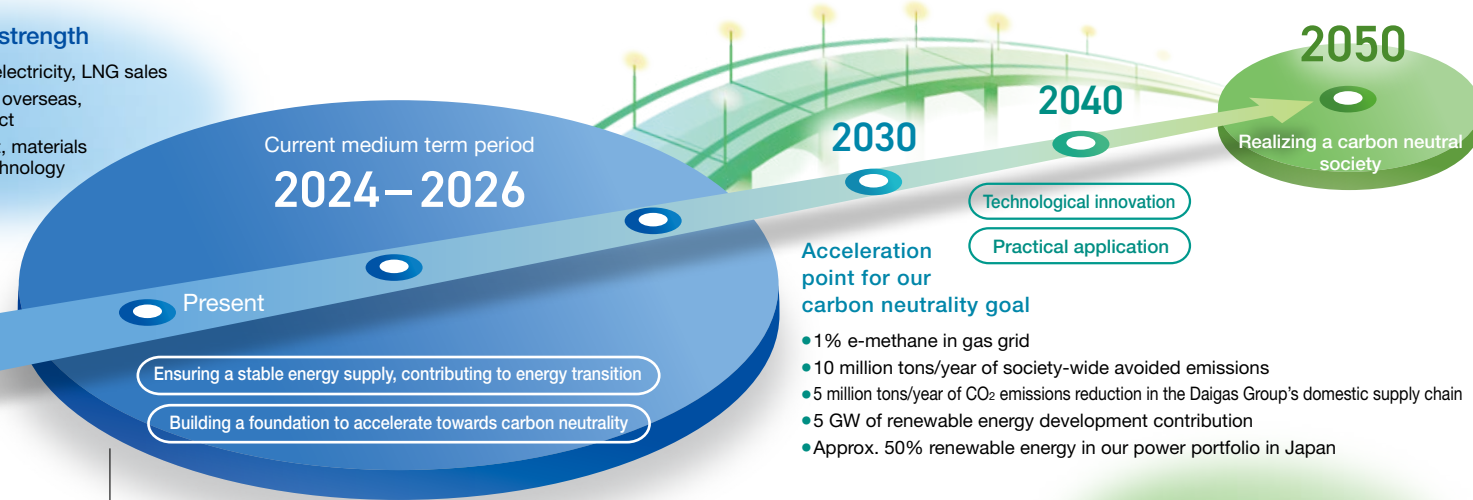
Medium-Term Management Plan 2026

Connecting Ambitious Dreams

The year 2030 will be a turning point for the Daigas Group to accelerate its initiatives to achieve carbon neutrality by 2050. The period from FY2025.3 to FY2027.3 will be focused on embodying our aspiration and building bridges to our future, which we refer to as “Connecting Ambitious Dreams,” by building 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.

Areas of strength

- Domestic gas and electricity, LNG sales
- Upstream business overseas, Freeport LNG Project
- Urban development, materials and information technology



- Ensuring a stable energy supply, contributing to energy transition
- Building a foundation to accelerate towards carbon neutrality

- #### Financial targets
- ROIC: approx. 5.0%
 - ROE: approx. 8.0%
 - Dividend on equity: 3.0%

- #### Major non-financial targets
- Society-wide avoided emissions: 7 million tons/year
 - Customer accounts: 10.9 million
 - Development of DX core staff: 300 employees
 - Female directors: 25% or higher

Future growth fields

- e-methane
- Mid- and downstream business in Asia
- Renewable energy

Key Strategy: the Three Commitments Details on P.31

Support Employees to Shine in Their Roles

Co-create Value for a Sustainable Future

Evolve Business Foundation

Since the announcement of the previous Medium-Term Management Plan, we have been facing new changes in the business environment. There has been a growing need to resolve social issues due to the global-scale acceleration of carbon neutral initiatives and increased risks of energy security. At the same time, people's mindsets on how they want to work have been diversified. In the Medium-Term Management Plan 2026, we will work on the Three Commitments. First is to co-create value for a sustainable future* that contributes to resolving social issues. Second is to support employees to shine in their roles. Third is to evolve the business foundation.

* Value creation to resolve social issues, such as achieving carbon neutrality, meeting diversified needs, and enhancing the resilience of customers and society, as aimed to achieve under the previous Medium-Term Management Plan.

Financial Strategy

As an energy business operator that provides social infrastructure, the Daigas Group will maintain a sound financial base that can withstand future changes in the management environment and emergencies, while improving cash flow, profitability, and efficiency through investments for growth and aiming for the realization of sustainable growth and the medium- to long-term enhancement of corporate value. We will also pursue dialogue and value co-creation with our stakeholders, including shareholders and investors, and meet their expectations in a balanced manner.

Framework of Financial Strategy

1 Maintain a sound financial base

- Construction of sound financial basis underpinned by a high level of financial discipline
- Risk management in preparation for emergencies

2 Realize sustainable growth and the medium- to long-term enhancement of corporate value

- Improvement of earning capacity and construction of a robust business portfolio through ROIC-oriented management
- Identification of competitive businesses and assets and maximization of their value
- Economical and stable financing to support those businesses and assets

3 Meet stakeholders' expectations in a balanced manner

- Appropriate responses to customers, business partners, investors, employees, etc.
- Further enhancement of trust in and expectations of the Group's business through fuller disclosures and dialogue
- Pursuit of optimal capital structure

Financial Targets

Ordinary profit	Approx. 200 billion yen (2030)	
ROIC	Approx. 6%	(early 2030s)
ROE	Approx. 10%	

Medium-Term Management Plan 2026

Financial KPIs

ROIC	Approx. 5%
ROE	Approx. 8%
Shareholders' equity ratio	45% or higher
D/E ratio	0.8 or lower

Investment for growth

Total investment for growth over 3 years (of which, investment in carbon neutral initiatives)	560 billion yen (100 billion yen)
Domestic Energy	185 billion yen
International Energy	225 billion yen
LBS	150 billion yen

Shareholder returns

Progressive dividends

Dividend on equity (DOE*) : 3.0%

Executing additional shareholder return policy flexibly

*In our DOE calculation, accumulated other comprehensive income is excluded from shareholders' equity as the denominator to eliminate the effect growing exchange rate fluctuations.



Sustainability Management

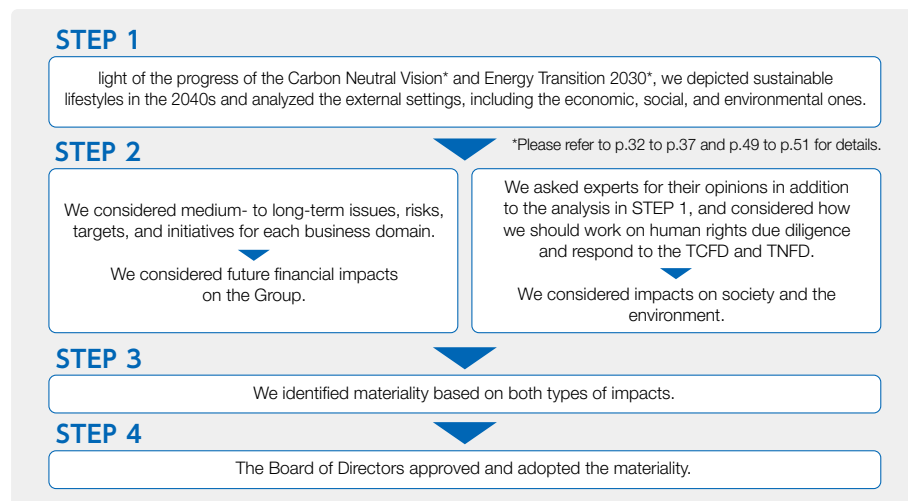
Sustainability Promotion System and Governance

The Daigas Group has an ESG Committee, chaired by the Head of ESG Promotion (Representative Director and Executive Vice-President), 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 ESG management, the status of achievement, and other matters are submitted to and deliberated at the ESG 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.

Identification of Materiality

In formulating the Medium-Term Management Plan 2026, the Daigas Group identified materiality in light of experts' opinions and other factors, taking into account the progress of climate change countermeasures, changes in the business environment, and social trends related to sustainability.



Identified Materiality

- 1 Provide carbon neutral energy
- 2 Enhance the resilience of customers and society
- 3 Co-create advanced, diverse solutions that meet customer values
- 4 Create a work environment where employees and the company resonate and enhance each other
- 5 Maintain and improve the soundness and flexibility of management foundation

Sustainability Promotion System (As of April 1, 2024)



Comments from an Expert

Identification of Materiality at the Daigas Group

While the process for identifying materiality has not changed significantly from FY2021.3, when the previous Medium-Term Management Plan was formulated, relevance to corporate strategies is clearer this time. This can be attributable to the fact that materiality was identified with consideration given to medium- to long-term targets, including the Carbon Neutral Vision announced in January 2021 to achieve carbon neutrality by 2050. As with the last time, the Daigas Group adopted the idea of so-called double materiality, where both financial impacts and social and environmental impacts are taken into account. This approach can be considered appropriate as the Group engages in infrastructure-related businesses that have considerable social and environmental impacts.



Hidemi Tomita
CEO,
Institute for Sustainability
Management

The identified materiality has a limited number of elements, indicates overall directions, and is clearly aligned with "Key Strategy: the Three Commitments" in the Medium-Term Management Plan 2026. When it comes to KPIs that are linked with materiality, financial indicators are increasingly integrated with sustainability indicators with an eye on 2026, the target fiscal year of the Medium-Term Management Plan. Meanwhile, part of the targets are qualitative. Going forward, I expect the Group to improve accountability for such targets and fine-tune them.

Recognition of Risks and Opportunities and Materiality in Sustainability Management

In formulating the Medium-Term Management Plan 2026(FY2025.3-FY2027.3), the Daigas Group recognized changes in the business environment and new challenges, and reviewed materiality.

Recognition of Risks and Opportunities

Changes in the business environment and the associated issues that need to be addressed	Risks	Opportunities	Materiality
Climate change <ul style="list-style-type: none"> ▶ Acceleration of the decarbonization trend ▶ Stronger position of natural gas as transition energy ▶ CO₂ reduction ▶ Energy system transition ▶ Technological innovation ▶ Response to the TNFD 	<ul style="list-style-type: none"> • Impact on business plans stemming from international rules and regulations related to carbon neutrality • Intensifying competition to secure suitable business sites 	<ul style="list-style-type: none"> • Promotion of widespread use and advanced utilization of natural gas across the globe • 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 	<p>Provide carbon neutral energy</p>
Energy security <ul style="list-style-type: none"> ▶ Preparation for heightened geopolitical risks ▶ Safe and secure management and operation of energy production and supply facilities 	<ul style="list-style-type: none"> • Difficulty in procuring fuels and materials • Increase in spending on facility repair and countermeasures associated with natural disasters • Supply disruption due to disasters and accidents 	<ul style="list-style-type: none"> • Increased demand due to the development of disaster-resistant infrastructures and products • Maintenance of sustainable business foundations through know-how sharing and cooperation with local communities in taking measures against disasters 	<p>Enhance the resilience of customers and society</p>
Diversification of values <ul style="list-style-type: none"> ▶ Transition to a digital society ▶ Creation of customer contact points through diverse methods 	<ul style="list-style-type: none"> • Changes in customer mindset • Delay in the advancement of digital transformation • Obsolescence of existing business models • Intensifying competition due to productivity improvement and new entrants to the market 	<ul style="list-style-type: none"> • Improved operational efficiency and productivity due to the advancement of digital transformation • Enhancement of business creation capabilities through operational reform and behavioral change • Enhancement of organizational culture and structure to create new businesses and services 	<p>Co-create advanced, diverse solutions that meet customer values</p>
Demographic changes <ul style="list-style-type: none"> ▶ Multi-pillared and diversified business ▶ Labor shortages and diversifying ways of work ▶ Human resource development ▶ Improved employee satisfaction and motivation 	<ul style="list-style-type: none"> • Shortage of workers • Increased measures to secure and develop the next generation 	<ul style="list-style-type: none"> • Promotion of innovation by taking advantage of diverse human resources • Maximization of output 	<p>Create a work environment where employees and the company resonate and enhance each other</p>
Growing interest in and calls for ESG management <ul style="list-style-type: none"> ▶ Corporate governance ▶ Thorough compliance ▶ Human rights due diligence ▶ Creation of a recycling-oriented society ▶ Contribution to local communities ▶ Supply chain management 	<ul style="list-style-type: none"> • Tightening, revision, and abolition of laws and regulations • Loss of trust from stakeholders • Litigation, suspension of transactions, and other obstacles to business continuity • Increased difficulty in fund procurement 	<ul style="list-style-type: none"> • Enhancement of corporate governance • Enhancement of compliance • Stabilization of the Group's business revenue through the development of local communities 	<p>Maintain and improve the soundness and flexibility of management foundation</p>

Materiality Indicators and Targets

We have developed indicators for materiality that are more strongly associated with management approaches. We will thus drive the co-creation of value for a sustainable future, strengthening of human capital, and evolution of the business foundation.

Key issues (materiality)	ESG indicators	FY2027.3 targets	FY2031.3 targets	Contribution to SDGs
Provide carbon neutral energy	Avoided emissions*1	7 million tons/year	10 million tons/year	
	Renewable energy development contribution	4 GW	5 GW	
	Percentage of renewables in our power generation portfolio in Japan	Approx. 30%	Approx. 50%	
	CO ₂ emissions of Daigas Group	—	-5 million tons in Japan (compared to FY2018.3)	
	CO ₂ emissions reduction in the Group company offices and vehicles	67%	100%	
	Promotion of e-methane practical application	Final investment decisions in e-methane supply chain PJ	1% e-methane in gas grid	
	Promotion of methanation technology development	Transition to the second phase of SOEC GI funds business	Establishing a pilot-scale (400 Nm ³ /h class) SOEC technology	
Enhance the resilience of customers and society	Number of serious accidents and serious energy supply disruptions caused by the company	Zero	Zero	
	Establishment of resilient facilities	Implementation of measures for disaster prevention and aging pipes		
Co-create advanced, diverse solutions that meet customer values	Customer accounts	10.9 million accounts	11.5 million accounts	
	Customer satisfaction rate	90%	—	
	Creation of innovation	Creation of new business and services		
Create a work environment where employees and the company resonate and enhance each other	Percentage of women in members newly promoted to middle management positions	20% or higher	30% or higher	
	Percentage of women in new recruits for career-track positions	30% or higher	30% or higher	
	Work engagement score*2	50 or more	50 or more	
	Total number of new graduates and mid-career hires	Cumulative total of 3 years: 330 people		
	Reserve ratio of next-generation management personnel	250%	—	
Maintain and improve the soundness and flexibility of management foundation	Ratio of female directors	25% or higher	30% or higher	
	Number of serious violations of laws and regulations	Zero	Zero	
	Recruitment of DX core staff	300 employees	—	
	Respect for human rights	Implementation of human rights initiatives within the Daigas Group and throughout the supply chain		
	Contribution to local communities	Engagement with local communities		
	Sustainable growth of LBS Business	Implementation of unique ESG initiatives in 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 side and the company's business activities in and after FY2018.3.

*2 Deviation in work engagement results for companies using the Advantage Toughness Survey.

Our Financial Strategy

We pursue asset-light management, aiming to achieve the Medium-Term Management Plan 2026 targets.

Representative Director and Executive Vice President

Ko Sakanashi



Meeting the management indicator targets of Medium-Term Management Plan 2023

In FY2024.3, the final year of the Medium-Term Management Plan 2023, our investments in the International Energy segment led to significant profit growth.

In addition, the Domestic Energy and Life & Business Solutions (LBS) segments achieved steady growth, and market conditions generated positive outcomes, such as foreign exchange gains from the weakened yen. As a result, our FY2024.3 ordinary profit reached 198.0 billion yen, excluding time-lag profit (or 226.5 billion yen, including time-lag profit), far exceeding the forecast of 120.0 billion yen. This enabled us to

meet the management indicator targets for profitability and financial soundness set out in the Medium-Term Management Plan 2023.

Throughout the three years of the previous Medium-Term Management Plan period, we faced an extremely harsh business environment due to the COVID-19 pandemic, Russia's invasion of Ukraine, other rising geopolitical risks, growing instability in the energy supply-demand balance, soaring energy prices, and losses from Freeport LNG's plant shutdown, among other things. Despite these challenges, we made progress in portfolio-focused management and business foundation enhancement.

(See Page 19 for a review of the major indicators and Page 18 for trends in ordinary profit and segment profit.)

Management indicator targets of Medium-Term Management Plan 2026 and initiatives aimed at achieving them

Financial targets (FY2027.3)

ROIC approx. 5%	ROE approx. 8%	Shareholders' equity ratio 45% or higher* D/E ratio 0.8 or lower*
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* Calculated with 50% of issued hybrid bonds as equity

ROIC: Approx. 5% in Medium-Term Management Plan 2023 → Approx. 5% in FY2027.3 and approx. 6% early in 2030s

We will continue striving to achieve ROIC targets as a capital efficiency indicator by focusing on profit growth and capital efficiency enhancement in our business management.



In the Medium-Term Management Plan 2026, we have revised and updated our targets for the early 2030s as critical benchmarks for the steady progress of our investments in the carbon neutrality (CN) space. Our CN projects include renewables and the e-methane value chain, which form the essential foundations for our future growth in alignment with the transition to a CN society.

ROE: 7.5% ref. target in Medium-Term Management Plan 2023 → Approx. 8% in FY2027.3 and approx. 10% early in 2030s

ROE has been upgraded from a reference target in the previous medium-term plan to a key management indicator on the same level as ROIC. We will work to improve ROE from the dual aspects of increasing profit and controlling shareholders' equity.

Shareholders' equity ratio: Approx. 50% in Medium-Term Management Plan 2023 → 45% or higher in FY2027.3
D/E ratio: Approx. 0.7 in Medium-Term Management Plan 2023→0.8 or lower in FY2027.3

Our targets for shareholders' equity ratio and D/E ratio have also been updated through the comprehensive



consideration of factors, such as the shareholders' equity needed against risks and the impact of risks on our credit rating. This update was prompted by the increased operating cash flow due to steady growth in the International Energy and LBS segments, as well as the improved stability of the management foundations resulting from the enhanced robustness of our business portfolio.

Effective July 2024, the indicator used to determine performance-linked remuneration for executives responsible for business execution was changed from profit attributable to owners of the parent to ROE and others. This change is intended to provide additional motivation for them to reach the Medium-Term Management Plan 2026 targets.

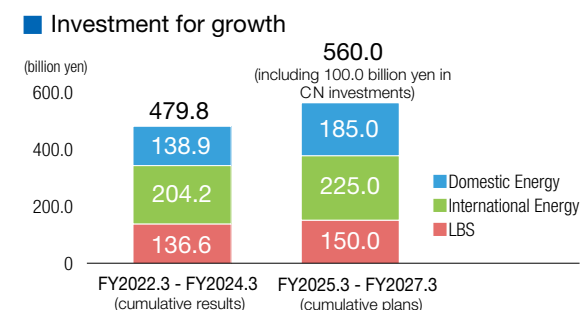
Asset-light management throughout the Group

Since FY2022.3, the Daigas Group has pursued ROIC-focused management, improving earning capacity and constructing a robust business portfolio. We also strive to evolve the business foundation, which is one of the Three Commitments of our Key Strategy in the Medium-Term Management Plan 2026. Our aim is to enhance corporate value without compromising capital efficiency while investing in the CN field and other future growth drivers. Furthermore, we intend to improve capital efficiency through asset-light management, which is to identify value-generating assets in our portfolio and maximize their value.

The aim of asset-light management is to pursue securing value-generating assets as the sources of competitive edge and added value for our business, which are prioritized over non-value-generating ones. An example of our asset-light management is renewable energy projects, where we aim to maximize our off-take instead of pursuing ownership. We promote the implementation of asset-light management in each business to take maximum advantage of the asset value and enhance asset efficiency.

Balanced investment in immediate growth drivers and future business foundations

To achieve sustainable growth, we pursue balanced investment in two types of business fields. The first is the primary growth field, where we aim to expand profitability during the immediate transition period. The second is the CN field, where we lay the groundwork for future business development. Our total planned investment in these two areas amounts to 560.0 billion yen. Approximately 460.0 billion yen is earmarked for the primary growth field (FY2025.3-FY2027.3), including the construction of the Himeji Natural Gas Power Plant, other power business development, acceleration of shale gas production in the United States, and business expansion in the LBS segment. Approximately 100.0 billion yen is allocated to the CN field, including renewable energy development in Japan and e-methane introduction to the Japanese market.

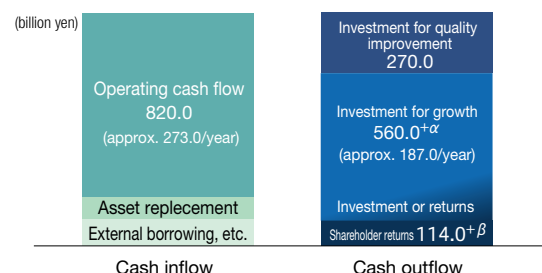


- FY2025.3 - FY2027.3**
- Investment in immediate earnings drivers in the primary growth field
Approx. **460** billion yen for thermal power plants, shale gas development, LBS, etc.
 - Investment in future business foundation in the CN field
Approx. **100** billion yen for domestic renewable energy, e-methane, etc.



In the Medium-Term Management Plan 2026, our focus is on increasing cash flow through asset replacement, which is aimed at ROIC improvement, while achieving a cumulative operating cash flow of 820.0 billion yen. As for cash outflow, we plan to earmark 270.0 billion yen for quality improvement, 560.0 billion yen for business growth, and 114.0 billion yen for shareholder returns. If operating cash flow increases as planned, we will allocate it as funds for either additional investment for growth, aiming to reach the Medium-Term Management Plan targets, or for shareholder returns.

■ Cash allocation (FY2025.3 - FY2027.3 cumulative plans)



Progressive dividends to enhance shareholder returns

To meet our shareholders' expectations, we have adopted a progressive dividend policy, which reflects our embraced approach of increasing or maintaining dividends without reducing them, in line with our improved financial position.

In addition, we have changed the dividend determination indicator from the dividend payout ratio, which is based on single-year profits, to the dividend on equity (DOE), which is based on shareholders' equity,* value that is not subject to short-term profit fluctuations. Our goal is to enhance dividend levels and achieve a DOE of 3.0% while improving dividend predictability and ensuring steady dividend increases over the long

term, even amid intense business environment changes and large short-term fluctuations in profit.

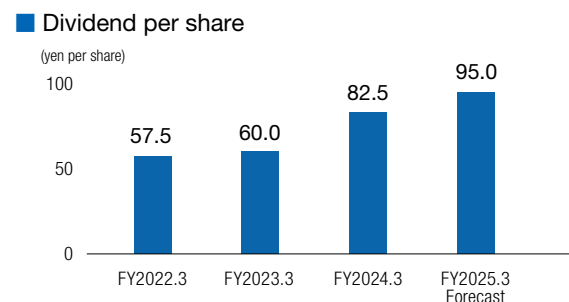
Previous shareholder return policy (until FY2024.3)

- Continuation of stable dividends
- Dividend payout ratio of 30% or higher, excluding short-term profit fluctuation factors
- Executing additional shareholder return policy flexibly

New shareholder return policy (effective FY2025.3)

- **Adoption of progressive dividends**
(in principle, maintaining or increasing dividends)
- **Dividend on equity (DOE): 3.0%**
(paying dividends based on shareholders' equity* unconstrained by short-term earnings fluctuations)
- **Executing additional shareholder return policy flexibly**

*Excluding accumulated other comprehensive income



Risk management for Daigas Group investment

We will maintain our current investment risk management approach and manage risks appropriately by ensuring the following four points.

The first is consistency with the business strategies outlined in the Medium-Term Management Plan.

Besides evaluating project profitability, we will assess the potential for synergies with the Group's other businesses and enhancement of business execution capabilities.

The second is inherent risk evaluation. We will make investment decisions through strict evaluations and deliberations of target projects at the Investment Evaluation Committee based on our group-wide investment standards. This process will consider the evaluation results from the Investment Risk Management Office, our internal financial and legal teams, and external consultants as needed.

The third is a good balance with financial soundness. We will balance risk and return across the entire Group while quantitatively assessing potential losses based on estimated risks. This will enable us to sustainably pursue investments for business growth while maintaining an appropriate level of financial soundness in the face of potential risks.

The fourth is post-investment follow-ups. We will conduct annual evaluations of our invested assets to assess their status in meeting respective original purposes, adapting to the changing business environment, and addressing issues regarding progress and profitability. Based on the outcomes, we will consider implementing profitability improvement measures, divesting the assets, or withdrawing from the projects.

Active use of transition finance

Since FY2023.3, the Daigas Group has secured funds through transition finance for initiatives that align with the company's long-term transition strategies to reduce greenhouse gas emissions.

Our funding activities have proven successful partly due to our engagement with corporate bond investors and financial institutions to deepen their understanding of our CN strategy outlined in the Energy Transition 2030 announced in March 2023.



Consequently, our transition loans and transition-linked bonds became the first case for a gas utility. Transition finance with loans, besides corporate bonds, will provide excellent opportunities to gain support from more financial institutions. We intend to continue actively using transition finance to secure funds for our CN business development.

* Source: Osaka Gas' research based on publicly available information

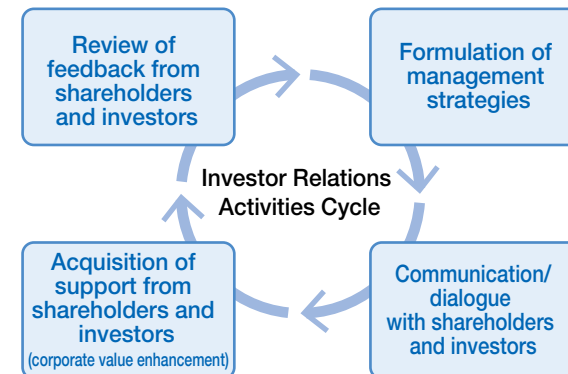
Dialogues with capital markets to enhance corporate value

Dialogues with investors regarding the optimal capital structure have provided valuable insights into the capital markets' perspectives and expectations for the Daigas Group. These insights have been instrumental in deliberating management strategies as I was involved in developing the Medium-Term Management Plan 2026 in my capacity as Head of the Corporate Strategy Department.

Transition finance conducted

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, projects that contribute to fuel conversion at 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
1st Transition-linked bonds	June 2024	25.0 billion yen	None

Our recent investor relations activities have served as great opportunities to discuss the Medium-Term Management Plan 2026. The subjects include initiatives aimed at meeting our financial targets, such as ROIC and ROE, and challenges related to profit growth drivers and ESG issues, such as climate change, human capital, and governance. We will continue engaging in constructive dialogues with the capital markets as we strive to enhance our corporate value through financial and non-financial measures, aiming to maintain long-term support from investors, shareholders, and all the other stakeholders.



How Will the Daigas Group Connect the Present with the Future?

The Three Commitments, which are the Key Strategy in the Medium-Term Management Plan 2026, will serve as a bridge to the future. This section outlines how we will fulfill these commitments, including specific initiatives.

Value Creation Practices

31 Key Strategy That Connects the Present with the Future: the Three Commitments

Key Strategy : Co-create Value for a Sustainable Future

32 Providing Carbon Neutral Energy

38 Enhancing the Resilience of Customers and Society

40 Co-creating Advanced, Diverse Solutions

Key Strategy : Support Employees to Shine in Their Roles

42 Creating an Environment That Enhances Value for Employees and the Company

Key Strategy: Evolve the Business Foundation

44 Implementing ROIC-Focused Management

45 Enhancing the Governance System and Change in the Organizational System

46 Advancing Business Transformation Through DX



Value the Daigas Group Creates

Getting to Know the Daigas Group

Future the Daigas Group Envisions

Value Creation Practices

Sustainability

Corporate Governance

Corporate Data

Key Strategy That Connects the Present with the Future: the Three Commitments

In light of a growing demand for resolving social issues and the diversification of people's mindsets on how they want to work, the Daigas Group will pursue the Three Commitments under the Medium-Term Management Plan 2026 "Connecting Ambitious Dreams." The commitments are the key strategy to contribute to the resolution of social issues.

We will work on the co-create value of value for a sustainable future as we did under the previous Medium-Term Management Plan. Specifically, we will contribute to resolving social issues by accelerating initiatives toward carbon neutrality, maintaining a stable energy supply, enhancing the resilience of customers and society, and promoting co-creating of advanced, diverse solutions.

To support employees to shine in their roles, we will enhance value for employees and the company and aim to build a corporate culture that encourages diverse talents to come together and work hard.

Finally, to evolve the business foundation, we will promote the implementation of asset-light management that responds to changes flexibly, as well as transform business through digital transformation (DX) and enhance the governance system.

To fulfill the Daigas Group's Corporate Principles and aspiration

Key Strategy: the Three Commitments



Support Employees to Shine in Their Roles

Building a corporate culture that encourages diverse talents to come together and work hard

Creating an environment in which employees and corporate value mutually increase



Co-create Value for a Sustainable Future

Resolving social issues with the two-pronged approach of pursuing CN and providing natural gas

- Providing of carbon neutral energy
- Enhancing the resilience of customers and society
- Co-creating advanced, diverse solutions



Evolve the Business Foundation

Promoting the implementation of asset-light management

- Implementing of ROIC-focused management
- Advancing business transformation through DX
- Enhancing the governance structure

Social changes and business issues that have emerged since the announcement of the previous Medium-Term Management Plan

Decline in labor force, accelerating diversification in ways of work

Growing demand for resolving social issues

Increased uncertainty, necessity of continuous evolution



Providing Carbon Neutral Energy



To provide carbon neutral gaseous energy, we will accelerate the development of e-methane and other advanced technologies, as well as the establishment of supply chains. As for carbon neutral power sources, we will expand the use of renewable energy and proceed with the development of energy saving and supply-demand management technologies. To contribute to the reduction of CO₂ emissions during the transition period, initiatives for both gas and electricity will be strengthened. Specifically, we will construct highly efficient natural gas-fired power plants, in addition to globally facilitating wider usage and advanced utilization of natural gas, a low-carbon energy resource.

FY2024.3 Results

CO₂ emissions of the Daigas Group **24.63** million tons^{*1}

Percentage of renewables in our power generation portfolio in Japan **22.4%**

Renewable energy development contribution **3.17** GW

Avoided emissions **5.01** million tons

^{*1} CO₂ emissions in the domestic supply chain (Scope 1, 2 & 3). Please refer to □□ P.52 for greenhouse gas emissions from the Daigas Group's value chain (Scope 1, 2 & 3).

Initiatives through FY2024.3

We proceeded on the creation of new supply chains for e-methane, the development of technologies to achieve carbon neutrality and joint national and international studies on CCS^{*2}. We also promoted a more widespread use of renewable energy with various initiatives, such as the joint development of solar power plants in Japan and overseas and the launch of commercial operation of new biomass power plants in Japan. In addition, we took measures to reduce CO₂ emissions across the Daigas Group and society. Specific initiatives in the Group included the adoption of low-carbon offices and company cars, as well as cryogenic power generation at our LNG terminals. For our customers, we strived for the introduction of high-efficiency gas-fired power generation both in Japan and overseas, introduction of fuel cells and gas-powered air conditioning and high-efficiency hot water heaters, and conversion to the use of natural gas as a fuel.

In March 2024, we joined forces with seven other companies that engage in energy businesses^{*3} to announce the creation of the e-NG Coalition, the first international alliance for e-methane.

The alliance aims to further promote a widespread use of e-methane across the world.



^{*2} CCS : Carbon dioxide Capture and Storage

^{*3} Tree Energy Solutions Belgium B.V., Tokyo Gas Co., Ltd., Toho Gas Co., Ltd., Mitsubishi Corporation, Engie S.A., Sempra Infrastructure Net Zero Holdings LP, and TotalEnergies SE

Challenges

We aim for a 1% introduction of e-methane by FY2031.3 and a more widespread adoption afterwards. To achieve this, it is necessary to develop innovative SOEC methanation technology^{*4}, as well as to realize early practical application of existing Sabatier methanation technology^{*5} through large-scale demonstrations. In addition, cooperation with various partners is necessary in building e-methane supply chains and facilitating a widespread use of renewable energy. This is because the development of large-scale solar power generation and onshore wind power generation is challenging in Japan, where there are few suitable locations for renewable energy production.

^{*4} Technology that uses SOEC equipment to electrolyze water and CO₂ into hydrogen and carbon monoxide using renewable energy, etc., and then synthesizes methane by catalytic reaction of the hydrogen and carbon monoxide.

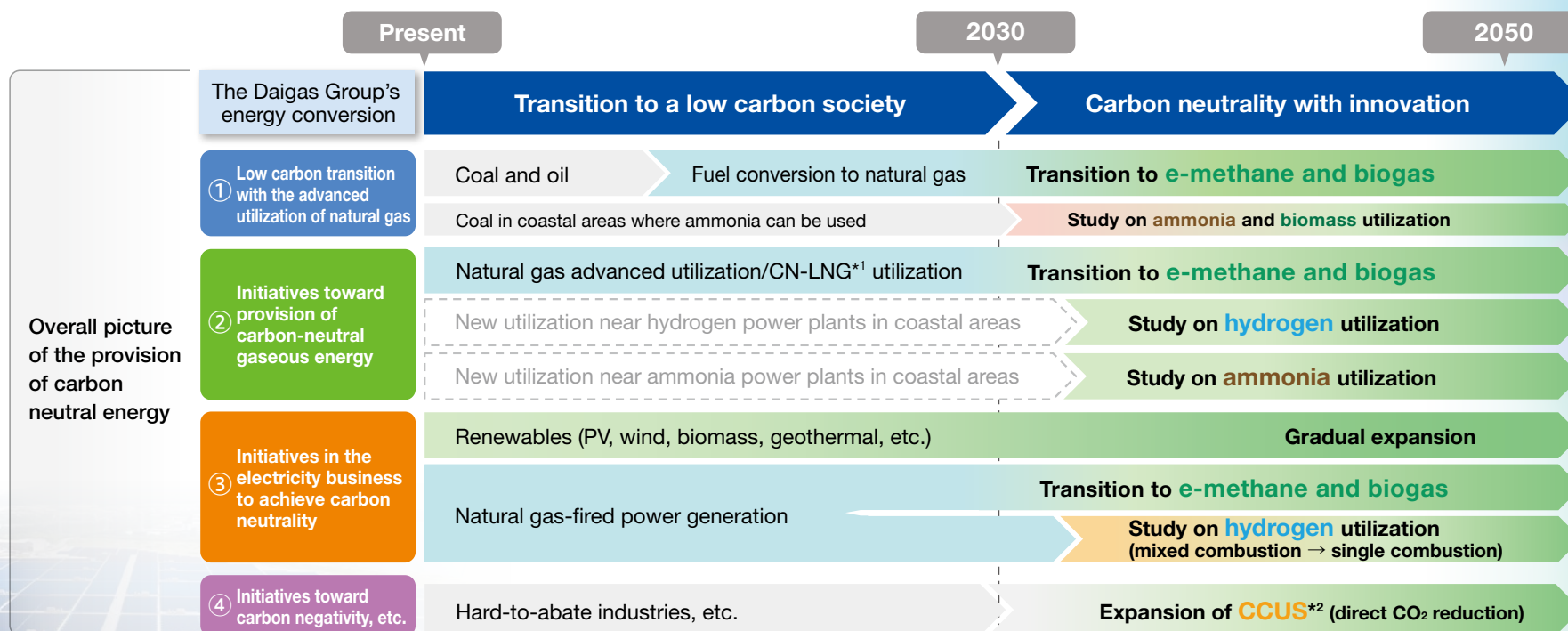
^{*5} Technology that synthesizes methane by catalytic reaction of hydrogen, e.g. from renewable energy sources, with CO₂.

Providing Carbon Neutral Energy

Initiatives for the Future

In Energy Transition 2030 (ET2030) released in March 2023, the Daigas Group outlines the overall picture of the provision of carbon neutral energy. The Group has been working on specific initiatives in accordance with a roadmap.

In order to achieve carbon neutrality, a steady transition to low-carbon energy is crucial, as a great deal of time and social cost will be required for technological innovation and the building of supply chains. It is also important to choose optimal energies and supply methods to suit the customer's energy use characteristics, such as the balance of electricity and heat use and their location. Focusing on the transition to low-carbon energy by 2030 through a shift from coal and oil to natural gas, and the seamless transition to carbon neutral energy with the introduction of e-methane and biogas in the future, we will continue to pursue carbon neutrality of power sources in ways that meet customer needs. This will include the use of hydrogen and ammonia, as well as carbon neutrality of power sources, such as renewable energy generation and zero-emission thermal power plants. Initiatives under the current Medium-Term Management Plan (see the diagram below) in the overall picture for carbon neutralization of energy are described from P. 34 to P. 37.



*1 CN-LNG: Carbon Neutral LNG, which is considered to produce no CO₂ on a global basis when greenhouse gases emitted in the supply chain from natural gas production to combustion are offset by CO₂ absorbed and reduced in a separate process from the value chain.
 **2 CCUS: Carbon dioxide Capture, Utilization and Storage

FY2031.3 Targets	Contribution to developing renewables capacity on a global basis 5 GW	Percentage of renewables in our power generation portfolio in Japan Approx. 50 %	Avoided emissions 10 million tons (baseline: FY2017.3)
	Reduction of Daigas Group CO ₂ emissions 5 million tons (relative to FY2018.3)	e-methane 1 % introduction	Establishment of a pilot-scale (400 Nm ³ /h class) SOEC technology

Providing Carbon Neutral Energy

1 Low Carbon Transition with the Advanced Utilization of Natural Gas

Initiatives Enhanced under the Medium-Term Management Plan

At our customers' large-scale factories, etc., we will promote fuel conversion from coal and other fuels to natural gas and LNG with low CO₂ emissions. In addition to promoting a widespread use of equipment that contributes to energy saving, we aim to avoid CO₂ emissions of 7 million tons across society in FY2027.3 by taking such measures as launch of an LNG bunkering business, construction of gas-fired power plants, and sales of highly efficient gas equipment.

Widespread Use and Advanced Utilization of Natural Gas

We will promote transition to low-carbon energy by converting fuels from petroleum-based fuel and coal to city gas and LNG and promoting a widespread use of energy saving equipment. Enhancing initiatives in parts of Japan and Asia where city gas infrastructure does not exist will enable a smooth transition when introducing e-methane in the future, because existing city gas infrastructure and customers' combustion equipment can be used without modification.

Domestic initiatives

We will strive for the sales and expanded use of fuel cell type ENE-FARM as a cogeneration system for the residential segment that contributes to energy saving and CO₂ reduction. The system generates power from the chemical reaction between hydrogen taken out from city gas and oxygen in the air. As of April 2024, we have sold a cumulative total of 200 thousand units*¹, which contributed to reduce CO₂ emission by approximately 370 thousand tons*² per year.



*1 Based on orders received by Osaka Gas

*2 Estimated by Osaka Gas based on the assumption that families of four living in detached homes replaced conventional gas hot water supply and heating systems with ENE-FARM or ENE-FARM type S units

Overseas initiatives

Sabine Oil & Gas Corporation in the United States aims to increase shale gas production by developing new wells. We will work to expand Sabine Oil & Gas Corporation's mining areas and find additional areas for potential development projects.

LNG bunkering business

To transition from conventional heavy oil to low-emission marine fuel, we plan to launch a ship-to-ship*³ bunkering business in FY2027.3 in the Osaka Bay and Seto Inland Sea. In the future, we aim to contribute to the provision of carbon neutral marine fuel by replacing LNG with e-methane.

*3 An LNG supply method where a bunkering ship comes alongside an LNG-fueled ship moored to a berth or tied to an anchorage point and supplies LNG to the ship

Expansion of City Gas Business in India

To address increasing energy demand associated with economic growth, lower carbon emissions, and tackle air pollution, the Indian government promotes the expansion of natural gas use by developing city gas infrastructure for a widespread use of natural gas cars and taking other measures. Osaka Gas Singapore Pte. Ltd., a Daigas Group company that has been participating in the city gas business in India since 2021, decided in April 2024 to invest in AG&P LNG Marketing Pte. Ltd. The investment will be made through a Japanese consortium jointly with SUMITOMO CORPORATION and Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development. This will expand the city gas business the Group participates in India to a total of 19 GA*⁴. Going forward, the Group will expand the sales of city gas mainly in the transportation segment, as well as in the residential, commercial, and industrial segments. We aim to eventually expand the scale of the city gas business in India to a level that exceeds a half of our gas sales in Japan*⁵.

We will develop the city gas business in India into a pillar of our business in Asia, and contribute to the transition to low-carbon energy and stable energy supply in India.

*4 GA stands for geographical area and is the unit by which urban gas business rights were assigned. Approximately 320 thousand km², which is equivalent to 10% of India's land (approximately 90% of Japan's land)

*5 Consolidated gas sales volume (45MJ/m³) in FY2024.3 was 6,646 million m³



Providing Carbon Neutral Energy

2 Initiatives toward provision of carbon-neutral gaseous energy: 1

Initiatives Enhanced under the Medium-Term Management Plan

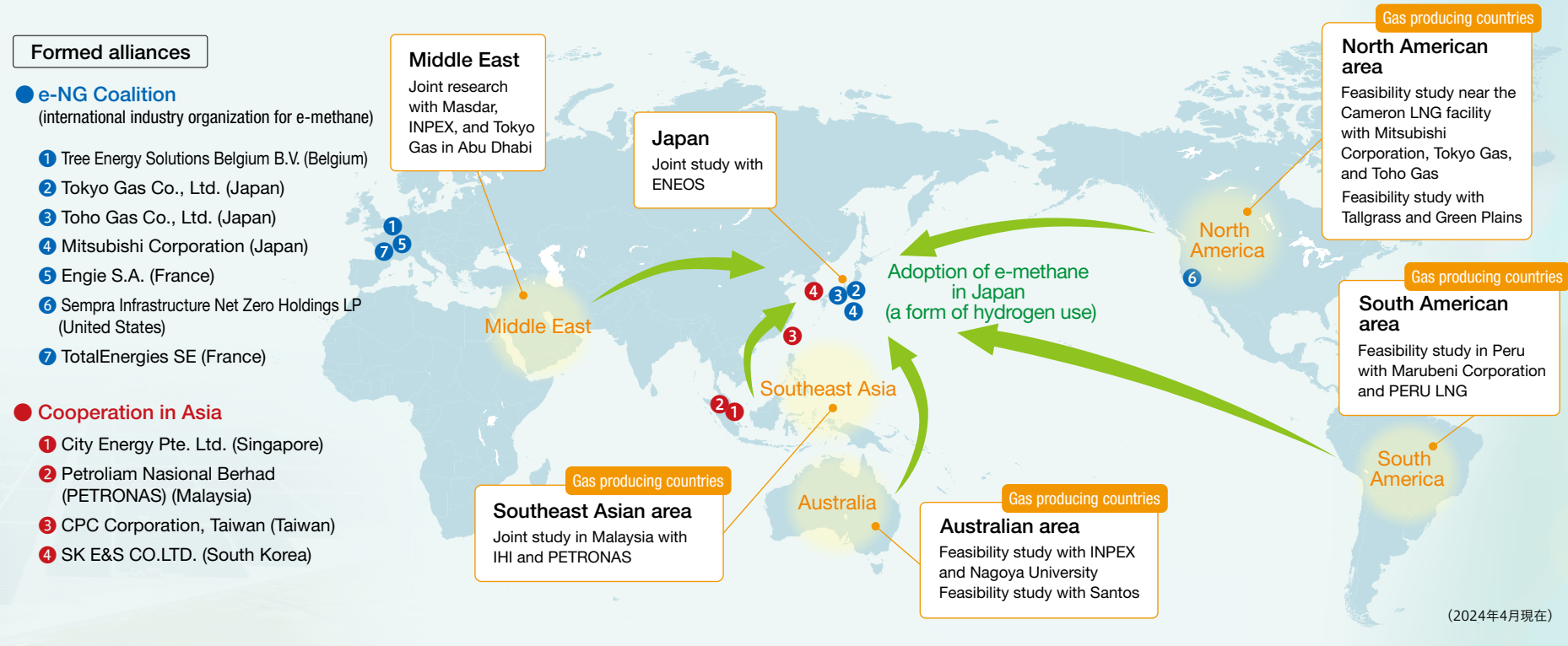
We will build supply chains to achieve 1% introduction of e-methane by FY2031.3. Aiming for a wide spread use of e-methane, we will consider multiple projects in North America, South America, and other regions in addition to domestic projects, by taking advantage of the e-NG Coalition and international partnerships in Asian countries.

Formation of Supply Chain Alliances

For the full-scale introduction of e-methane in 2030, the Daigas Group will consider establishing diverse methanation technologies, developing renewable energy sources, and building a supply chain both in Japan and overseas, including the procurement of hydrogen and CO₂ in collaboration with customers.

For stable procurement in the future, we are identifying locations suitable for e-methane production, focusing our consideration on North America, South America, Australia, the Middle East, and Southeast Asia, where existing natural gas and LNG facilities can be used. In addition, we will cooperate with energy companies in Asia and advance e-methane use not only in Japan but also in Asia.

In March 2024, we announced the establishment of the e-NG Coalition with seven companies that engage in energy businesses. The coalition is an international alliance that aims to facilitate a widespread use of e-methane worldwide and achieve a carbon neutral society by cooperating across country and industry borders.



Providing Carbon Neutral Energy

2 Initiatives toward provision of carbon-neutral gaseous energy: 2

Initiatives Enhanced under the Medium-Term Management Plan

To achieve a carbon neutral society, we will develop methanation technologies that produce e-methane, and proceed with demonstration projects and studies for large-scale production and practical application. We will also carry out demonstration projects on such technologies at the Osaka/Kansai Expo starting in 2025, introducing them as the Daigas Group's initiatives.

R&D toward Provision of Carbon Neutral Gaseous Energy

Described below are the Daigas Group's initiatives for the development of diverse methanation technologies. We will also advance the development of hydrogen and ammonia combustion technologies to meet customer needs.

1 Initiatives for practical application of existing Sabatier methanation technology

Jointly with INPEX CORPORATION, we will proceed with the construction of a test facility plant in one of the largest technology development projects in the world for the commercialization of methanation*1, which aims to reduce the emissions of and effectively use CO₂. The plant is scheduled to start operation in FY2026.3. By FY2027.3, we will carry out demonstration to understand the reactive behavior of methanation, evaluate durability, and review scale expansion.

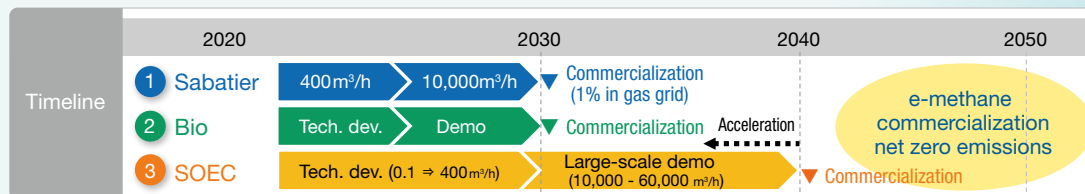
2 Initiatives for practical application of biomethanation

After demonstrating at a waste incineration plant (Maishima Plant) in Osaka City, we plan to demonstrate the technology*2 at the Osaka/Kansai Expo site from April 2025. (See below)

3 Promotion of the development of innovative SOEC methanation technology*3

Having started laboratory-scale testing in June 2024, we plan to conduct bench-scale testing from FY2026.3 to FY2028.3 and pilot-scale testing from FY2029.3 to FY2031.3, and aim to achieve a top-level energy conversion efficiency (approximately 85–90%) in FY2031.3.

Roadmap for Social Implementation of Methanation Technology



*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 (Fiscal Year 2023)"
 *3 NEDO Green Innovation Fund Project: "Innovative Technology Development for Synthetic Methane Production: 'SOEC Methanation Technology Innovation Project'"



Initiatives at the Osaka/Kansai Expo

Demonstration of methanation utilizing biogas

We will demonstrate how methanation produces e-methane through synthesis from green hydrogen and CO₂ generated from food waste or contained in the air at the venue. The e-methane produced will be supplied to equipment that uses city gas in the venue and used for gas supply facilities and gas kitchens.



Use of SPACECOOL® at the Expo

SPACECOOL®, developed by Osaka Gas, has been adopted as a membrane material for the gas pavilion at the venue. SPACECOOL® is a radiant cooling material with a unique optical design, which lowers the indoor temperature below the temperature outside without using energy. It not only keeps a comfortable temperature inside the pavilion but also reduces the load of air conditioning, which contributes to reducing CO₂ emissions.



Utilization of CO₂NNEX®*4

The Daigas Group plans to supply carbon neutral gas to the venue by transferring environmental value created by e-methane and biogas.

In addition, at the Expo venue, we aim to utilize a digital platform "CO₂NNEX®*4" for visualizing the environmental value management and transfer of e-methane and CO₂ distribution, which we are jointly exploring with Mitsubishi Heavy Industries, Ltd.

*4 CO₂NNEX is a registered trademark of Mitsubishi Heavy Industries, Ltd.

Providing Carbon Neutral Energy

3 Initiatives in the Electricity Business to Achieve Carbon Neutrality

Initiatives Enhanced under the Medium-Term Management Plan

In Japan, we will cooperate with various partners and advance the development of small- and medium-scale solar power plants across the country. Outside Japan, we will participate in solar power projects in the United States and Australia. Led by the Power Business Unit established in FY2025.3, we will further accelerate these initiatives and aim to achieve 4 GW renewable energy development contribution in Japan and overseas by FY2027.3.

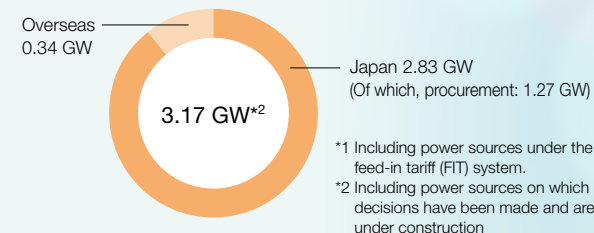
Low-Carbon Transition of Power Sources

We aim to commence the operation of the Himeji Natural Gas Power Plant in 2026, which will contribute to a highly efficient energy use and a stable supply of energy. The scale of this power plant will be approximately 1.2 GW, and it is expected to serve as a dispatchable power source during the transition period.

Increase in Renewable Energy Development Contribution

In Japan, we will cooperate with various partners and advance the development of small- and medium-scale solar projects across the country. Outside Japan, we participate in a solar power development project in Australia, in addition to multiple solar development projects in the United States. We will accelerate these initiatives and aim to achieve 4 GW renewable energy development contribution in Japan and overseas by FY2027.3.

Renewable Energy Development Contribution*1 (FY2024.3)



4 Initiatives toward Carbon Negativity, etc.

Initiatives Enhanced under the Medium-Term Management Plan

With the aim of achieving carbon negativity, we will consider reusing CO₂ (CCU*3) emitted from H-to-A industries*4 such as steel and cement, and injecting and storing excess CO₂ deep underground (CCS*5). In addition, we will drive forward carbon credits and other businesses conducive to CO₂ offsetting.

*3 CCU: Carbon dioxide Capture and Utilization

*4 H-to-A industries: Industries where CO₂ emissions reduction is difficult (Hard-to-Abate)

*5 CCS: Carbon dioxide Capture and Storage

Initiatives for CO₂ Value Chain Development

Taking advantage of our experience and cooperative relationships with stakeholders cultivated in a wide range of city gas businesses from the upstream (natural gas production, liquefaction, and marine transportation) to the downstream (regasification and supply in Japan), we are conducting studies on and promoting the development of value chains in the capture, utilization, storage, and management of CO₂ (CO₂NNEX®).

In addition to the development of CCS value chain and studies on the capture and utilization of CO₂ which we have been conducting with partner companies, we started in March 2024 a joint study with Mitsubishi UBE Cement Corporation on CCUS to achieve carbon neutrality in the cement production process.

Initiatives by a Forest Fund Established by Sumitomo Forestry Group

In July 2023, Osaka Gas announced its joint investment, along with nine other Japanese companies, in the Eastwood Climate Smart Forestry Fund I ("the Fund") established by the Sumitomo Forestry Group.

By 2027, the pooled capital will have been invested in the acquisition and management of 130 thousand hectares of forest, primarily in North America. The Fund will contribute to the realization of a carbon-neutral society by generating new absorption of CO₂ and the production and trading of high-integrity carbon credits. (Approx. 46 thousand hectares of forest assets acquired as of June 2024.)



An example of forests purchased by the Fund (Courtesy of Eastwood Forests, LLC)

Enhancing the Resilience of Customers and Society



Heightened geopolitical risks, the impact of climate change, and measures against natural disasters have become major challenges for society. As the Daigas Group engages mainly in energy businesses, the Group strives to enhance the safety and stability of energy supply chains to overcome such challenges. We will continue to take measures to prepare for disasters and ensure safety, and contribute to enhancing the resilience of customers and society by facilitating a widespread use of disaster-resistant equipment and energy.

FY2024.3 Results

Continued **zero** serious accidents

Ratio of strengthening of earthquake resistance*1 **89** %

Number of supply blocks*2 **727** blocks

*1 Percentage of earthquake resistant pipes

*2 Number of divided blocks of pipeline networks for the purpose of suspending gas supply only in severely affected areas after earthquakes or other natural disasters

Initiatives through FY2024.3

Enhancing resilience in energy supply chains

Ensuring the safety of city gas, gas production, and power generation facilities is the Daigas Group's top priority. As a result of working on the enhancement of resilience at each stage from raw material procurement to use of gas by customers, we achieved continued zero accidents, a target under materiality indicators. As countermeasures against earthquakes, we replaced aging gas pipes and divided supply blocks into smaller segments to enable early recovery after earthquakes.

In the electricity supply chain, we not only enhanced electricity supply by developing and procuring from renewable energy sources but also promoted a widespread use of gas CHP units, fuel cells (ENE-FARM), and other disaster-resilient equipment. Such equipment can operate in isolation and keep generating power even in times of blackout.



Challenges

We are seeing heightened geopolitical risks, such as instability in the Middle East and transit restrictions on the Panama Canal. In light of the possibility that such risks may intensify, continued efforts are necessary to reduce risks by using diverse suppliers, as well as to ensure a stable procurement.

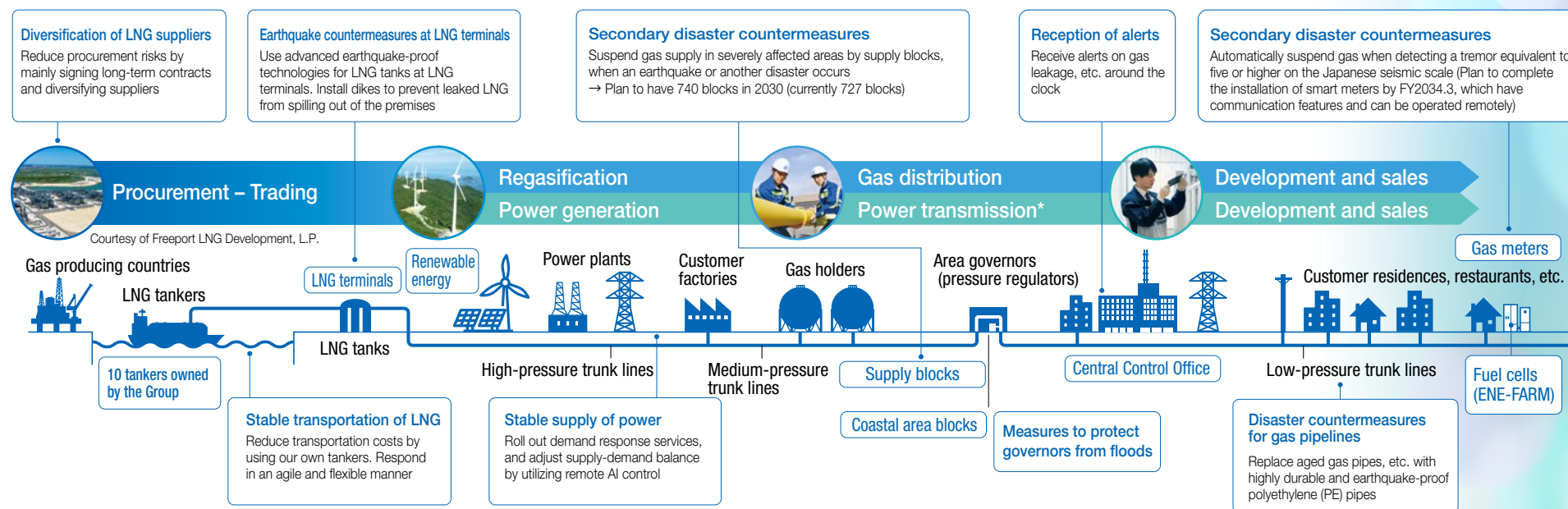
In addition, the use of renewable energy is expanding in response to the trends of carbon neutrality and electrification. Against this backdrop, we are expected to promote energy management, where energy use is visualized and optimized to address the surplus and shortage caused by gaps in demand during daytime and nighttime.

Enhancing the Resilience of Customers and Society

Initiatives Enhanced under the Medium-Term Management Plan

In addition to existing initiatives, we will further enhance security and safe supply by utilizing AI and other digital technologies, as well as contribute to grid stabilization by developing energy management technologies and taking other measures.

Initiatives to Enhance Resilience in Energy Supply Chains



*Supply electricity through the power grids operated by other companies such as Kansai Transmission and Distribution, Inc.

Enhancing security and safe supply by utilizing AI and other digital technologies

Achievement of operational efficiency improvement and labor saving in gas leakage inspection

In 2023, Osaka Gas Network Co., Ltd. developed a new inspection method and system for the inspection of gas leakage from underground pipes. The introduction of high-precision laser spectroscopic detectors for inspections, as well as a navigation system that supports inspections by generating inspection routes, more than halved the number of persons needed for inspection, resulting in higher efficiency and labor saving.

We will continue to combine the technological capabilities and know-how we have cultivated with cutting-edge digital technologies, enhance our business operations, and help the industry overcome the challenges it faces.

Contributing to a stable supply-demand balance of electricity

Establishment of a virtual power plant with “ENE-FARM”

The amount of power generated from renewable energy depends on weather conditions. To address this issue, we aim to release an energy management service, where a large number of ENE-FARM units are controlled and utilized as if they were one power plant to stabilize power supply.

Co-creating Advanced, Diverse Solutions



In a world advancing toward carbon neutrality and digitalization, we will create progressive and diverse options. We will offer more comfortable lifestyles for residential segment customers, as well as create an environment where commercial and industrial segment customers can focus on business with peace of mind. Our strengths include extensive feedback received from customers over the years, deep connections with a wide range of customers, and technologies cultivated over time. By taking advantage of such strengths, we will keep evolving into a marketer trusted by customers and society through co-creation with our stakeholders.

FY2024.3 Results

Number of customer accounts **10.38** million

Customer satisfaction rate **92%**

Initiatives through FY2024.3

With the aim of offering services helpful to customers and society and achieving business growth, we expanded new services and rolled out new solutions. As a result, the number of customer accounts reached 10.38 million. We also strived to ensure safety and improve the quality of services. The satisfaction rate for customer-facing operations* remained high at 92%. In addition, the LBS Business domain expanded, with the launch of new businesses in the property development business, enhancement of business domain through M&A in the information technology business, and further advancement in the development of materials with high added value in the materials business.

*Five areas of operation that have direct interaction with customers (opening gas valves, appliance repairs, appliance sales (with installation), periodic safety inspections [gas facility surveys], and telephone support [customer center]).



Residential Energy Business

- Expanded the services offered by life service platform “Sumai LINK”
- Launched “FitDish,” a refrigerated food delivery service
- Expanded the rate plans for fixed-line telecommunication service

Commercial and Industrial Energy Business

- Launched the “D-Charge” service, an EV charging solution
- Converted customer’s fuel to natural gas (Iwakuni Production Center, TOYOBO Co., Ltd., etc.)

LBS Business

- Property development business: Launched REIT and logistics real estate businesses
- Information technology business: Made AMMIC Corporation a subsidiary to enhance the ERP introduction support business
- Material business: Insulated materials for semiconductor production grew, and the offering of activated carbon products expanded in and outside Japan

Challenges

Competition has intensified due to the deregulation of the gas retail market and other factors. In addition, the energy business is facing a turbulent environment due to the accelerated move toward carbon neutrality. To secure new revenue sources and seek a sustainable growth, it is important not only to expand Sumai LINK and other new businesses, as well as LBS Business domain, but also to keep creating new businesses that meet diversifying customer needs.



Co-creating Advanced, Diverse Solutions

Initiatives Enhanced under the Medium-Term Management Plan

To strengthen the function to create new businesses that meet customer needs, we have established the Next-Generation Business HQ and will accelerate the creation of new businesses. Under the new structure, we will work to expand new services and businesses, as well as enhance existing services and businesses. Our aim is to increase the number of customer accounts to 10.90 million by FY2027.3.

Further Expansion of New Businesses by Segment

Residential Energy Business

In addition to offering diverse rate options and energy services suited to each customer, we will expand lifestyle-related services. Sumai LINK is to be expanded as a service that increases alliances for co-creation and supports lifestyles. We will expand the menu for FitDish and develop it into a service that customers use repeatedly.

Expansion of the Sumai LINK Service

Sumai LINK is a one-stop platform where we offer a range of services used in daily life. By cooperating with various partners, we aim to make the platform into a service used by a large number of customers.

In November 2023, we signed a trilateral agreement with Tawaramoto Town, Nara Prefecture and RIZAP, Inc. to start a demonstration project from July 2024, where customers are encouraged to participate in health promotion programs offered by RIZAP, Inc. on their TV sets through the Sumai LINK TV Stick.

By making it easy to participate in the health promotion programs offered by RIZAP, Inc., we will increase the participation rate of elderly people and provide an opportunity for not only elderly people but a wide range of people to take up exercising. We aim to roll out the initiative to other local governments and companies interested in health, while working to resolve issues identified in the demonstration.

Creation of New Businesses

Promotion of Innovation under a New Structure

Aiming to increase the Daigas Group's earnings and contribute to resolving social issues, we will commercialize the Group's proprietary technologies and seek to create new businesses by combining our strengths with other companies' technologies and services.

From FY2025.3, functions to create new businesses are consolidated under the umbrella of the Next-Generation Business HQ. With this structure, we will further new business creation by promoting a consistent process from research and technology development to collaboration with a variety of partners and commercialization. Specifically, we will promote the commercialization of the Group's proprietary technologies, as well as the creation of new businesses with our partners, such as those related to EV and circular economy.

Commercial and Industrial Energy Business

In addition to energy (gas and electricity), we offer total solutions (CHP units, photovoltaic power, air conditioning, etc.) centered around D-Lineup, and contribute to solving issues customers and society face. We also contribute to reducing customers' CO₂ emissions by converting fuels to natural gas and offering renewable energy services, in anticipation of a carbon neutral society.

LBS Business

We will contribute to society by further demonstrating the strengths each company has cultivated, such as urban development through co-creation, information systems that add high value, and provision of activated carbon, etc.

Urban Development Business (Osaka Gas Urban Development Group)

We will proceed with the development of sustainable, high-quality housing and offices in response to social issues and customer needs, and accelerate new businesses, such as logistics real estate and REIT.

Materials Business (Osaka Gas Chemicals Group)

We will expand the business by launching new products that use highly unique, high-functioning materials. We boast a large global share of activated carbon products, and will develop and promote a widespread use of such products for biogas refinement and Per- and PolyFluoroAlkyl Substances (PFAS) removal purposes.

Information Technology Business (OGIS-RI Group)

We aim to expand the ERP introduction support business, which is our strength. In addition, we seek to expand our business globally by acquiring IT talent and develop new strategic partners primarily in Asia.

Creating an Environment That Enhances Value for Employees and the Company



The Daigas Group regards human capital as a source of value creation. Against the backdrop of a shrinking labor market and diversifying ways of work, we will expand recruitment and provide a workplace where diverse human resources gather and work together to maximize their potential, thereby increasing corporate value.

In addition, we will foster mutual-growth relationships between employees and the company by boosting business activities through two-way communications between them.

FY2024.3 Results

Employee attitude survey **Four comprehensive indicators^{*1} remained at appropriate levels**

Annual average hours of training per employee **25.1** hours/person

Ratio of female employees promoted to managerial positions **15.9%**

Ratio of female executives **26.7%**^{*2}

Ratio of female directors **20.0%**^{*2}

Ratio of female career-track employees **32.8%**

^{*1} Four comprehensive indicators are "overall satisfaction," "loyalty," "intention to continue working," and "intention to recommend"

^{*2} Ratio of female directors was 26.7% after the Annual Meeting of Shareholders held in June 2024

Initiatives through FY2024.3

With the aim of acquiring and developing human resources who can play an active role in a rapidly changing business environment, we expanded recruitment channels and offered diverse education programs for each employee's skills development.

As a result, we were able to acquire diverse talent, with larger numbers of specialists and mid-career hires joining the company. As for skills development, we developed the career portal system and advanced the visualization of employees' careers and career support for younger employees. Simultaneously, we worked on the creation of a pleasant working environment, promoting flexible work styles unconstrained by time or location.

To empower employees with diverse careers and values, we enhanced career education for women, offered support for balancing childcare with work, and took other measures, with the recognition that promoting women's careers is of particular importance. As a result, we achieved the targets for the ratio of women in managerial positions, ratio of female directors, and ratio of female executives, which have been set as materiality. In recognition of these efforts, we were selected as "the Nadeshiko Brand," which is a testament to excellence in women's empowerment in the workplace.

We also work on Health and Productivity Management^{*3}. We established the Daigas Group Action Guidelines "Healthy 7" to promote healthy lifestyles, in addition to the Daigas Group Health Management Declaration, and aim to improve employees' lifestyle habits by carrying out health promotion activities based on "Healthy 7." In recognition of these efforts, we were selected as one of "the Health and Productivity Management Stock Selection Program 2024" two years in a row.

^{*3} Health and Productivity Management is a registered trademark of the NPO Kenko Keiei Kenkyukai.



Challenges

To expand the Group's business and diversify business portfolio, it is important to sustainably secure personnel as the entire Group. It is necessary to increase personnel who can develop technologies related to carbon neutrality and promote digital transformation, as well as to secure diverse personnel, including specialists. In addition, we need to further accelerate such initiatives as the development of human resources necessary for management strategies and the creation of an environment where the right person is appointed to the right position and each employee can demonstrate their abilities to the fullest.

Creating an Environment That Enhances Value for Employees and the Company

Initiatives Enhanced under the Medium-Term Management Plan

The Daigas Group will drive forward talent acquisition and development, strategic deployment of talent to align with job requirements, and revitalization of individuals, with KPIs set in addition to materiality indicators.

Human Resources Strategy

Talent acquisition and development

Based on the recognition that sustainable organizational management is important for the achievement of future management strategies, we will work to secure personnel in a systematic manner and assign and appoint personnel with an awareness of human resource development.

Strategic deployment of talent to align with job requirements

We will enhance talent management to deploy talent strategically to align with job requirements and maximize employees' performance.

Revitalization of individuals

We will work on the revitalization of individuals, where we achieve both the creation of an environment that makes employees feel more rewarded and motivated and the maximization of the overall output.

To revitalize initiatives and create an environment that enhances value for employees and the company, we will promote health management, improve group-wide communications through Daigas X (Daigas transformation), and take other measures to improve the overall employee satisfaction level.

Message from Officer in Charge of Human Resources

Creating an environment where employees can demonstrate their strengths

As a human resources strategy to achieve "Support Employees to Shine in Their Roles" in the key strategy under the current Medium-Term Management Plan, we are working on talent acquisition and development, strategic deployment of talent to align with job requirements, and revitalization of individuals. To achieve these, we have set new KPIs, including the total number of new graduates and mid-career recruitments, reserve ratio of next-generation management personnel, and work engagement score.

The Daigas Group promotes talent management that takes career aspirations seriously. We deploy and promote personnel based on systematically compiled talent management data, which includes HR information and business lineup. In addition, we are expanding work style options and creating an environment that allows flexible work styles.

Specifically, from this fiscal year, we are holding career training sessions and interviews more frequently and making them available to employees of diverse ages. These sessions and interviews are intended to help employees play an active role in the Group and draw their futures. We are thus supporting an autonomous career development. We have also introduced a system where employees on the development track, who are expected to work in a wide range of business domains, can see information on senior colleagues' careers on the career portal and ask for a meeting. Furthermore, systems are in place to have a side job or do an internship in a different division of the company, as well as to have an external side job. With such diverse initiatives, we will promote a human resource strategy based on our business strategy.



Director, Senior Executive Officer, General Manager of Human Resources Dept.

Toshiyuki Imai

Human Resources KPIs

	Specific initiatives and KPI	FY2024.3 Results	FY2027.3 Targets
Talent acquisition and development	Total number of new graduates and mid-career hires	Previous medium-term plan: 266 people	New medium-term plan: 330 people (approx. 1.25 fold increase)
	Ratio of female career-track employees	32.8%	30% or higher
	Development of DX core staff	180 employees	300 employees
Strategic deployment of talent to align with job requirements	Reserve ratio of next-generation management personnel	—	250% or higher
	Ratio of female directors	20.0%	25% or higher
Revitalization of individuals	Ratio of female employees promoted to managerial positions	15.9%	20% or higher
	Work engagement score*	—	50 or more

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

Implementing ROIC-Focused Management



To improve the earning capacity of each business and establish a robust business portfolio, we have been pursuing ROIC-focused management since FY2022.3. This has produced results. Under the Medium-Term Management Plan 2026, we aim to increase capital efficiency and improve corporate value, while investing in the carbon neutrality field and taking other measures to develop businesses for the future. To this end, we will take an asset-light approach to management, identifying sources for the generation of value in each area and maximizing the value of the assets we hold.

Initiatives through FY2024.3

We introduced ROIC as a management indicator in the Medium-Term Management Plan 2023. Business units and corporate headquarter divisions worked together to improve ROIC while paying attention to capital costs (WACC). Each business unit rolled out initiatives autonomously and speedily, such as selling assets that have completed their purpose and taking other measures for asset replacement, implementing initiatives to raise NOPAT^{*1}, and improving asset efficiency by securitizing Group-owned real estate, etc. The headquarters divisions worked to deepen ROIC-focused management by reviewing medium-term business plans and resource allocation.

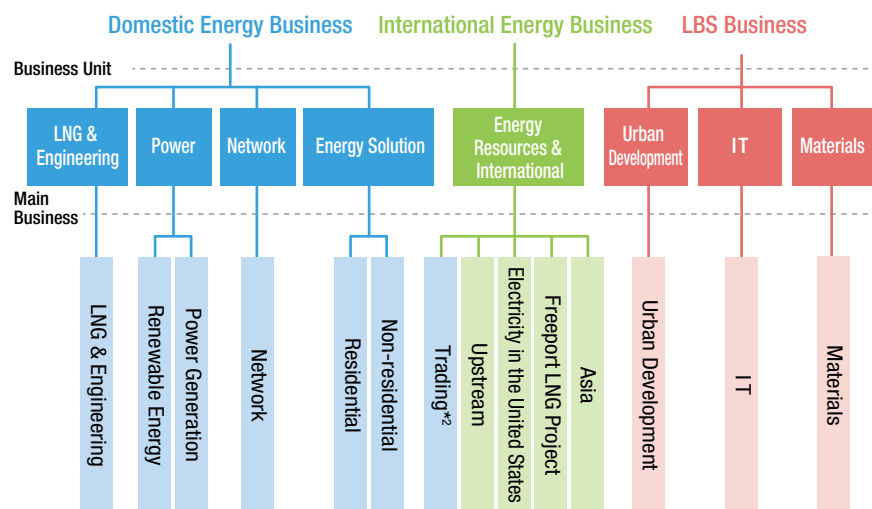
^{*1} NOPAT=Ordinary profit + Interest expenses - Interest income - Income taxes

Challenges

In light of changes in the business environment, such as the accelerating carbon neutral trend and soaring energy prices, we need to increase capital efficiency and improve corporate value, while making investments in renewable energy and e-methane to prepare for a carbon-neutral future.

Necessary measures to achieve this include expanding profits by increasing the value of existing businesses and assets, taking advantage of our strengths developed in existing businesses and working on new businesses that enable value increase, and selling or moving off-balance sheet businesses and assets of lower capital efficiency.

Business Units and Main Businesses



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

Initiatives Implemented under the Medium-Term Management Plan

Main Initiatives and FY2027.3 Targets by Segment

Segment	Main initiatives	FY2027.3 plan
Domestic Energy Business	<ul style="list-style-type: none"> Expansion of service areas and improvement of asset efficiency in the marketer business Gas business development outside the Kansai region and improvement of productivity Feedstock cost reduction and LNG sales profit increase through the optimization of LNG trading Electricity value chain enhancement and expansion Investment efficiency improvement for renewable energy business (e.g., moving assets off-balance sheet, evolving finance schemes) Appropriate sale of investment securities by re-examining the significance of each stock holding 	4.0%
International Energy Business	<ul style="list-style-type: none"> Production expansion of shale gas as a key transition fuel Promote replacement of assets (e.g., electricity business in the United States) 	7.0%
LBS Business	<ul style="list-style-type: none"> Growth in property development, IT, and materials by leveraging our strengths in each field Asset efficiency enhancement initiatives, such as private REIT business 	5.5%

Aim for approximately ROIC 5% in FY2027.3 as the entire Group

Enhancement of the Governance System and Change in Organizational System



We established a new Risk Management Committee to comprehensively manage the risks of the Daigas Group's expanding business domains. In addition, we changed our organization to a company with an Audit and Supervisory Committee, separating execution and supervision, and strengthening supervisory functions to improve the speed and soundness of management.

Furthermore, through organizational restructuring, we will work to further strengthen our electricity business and new business creation functions.

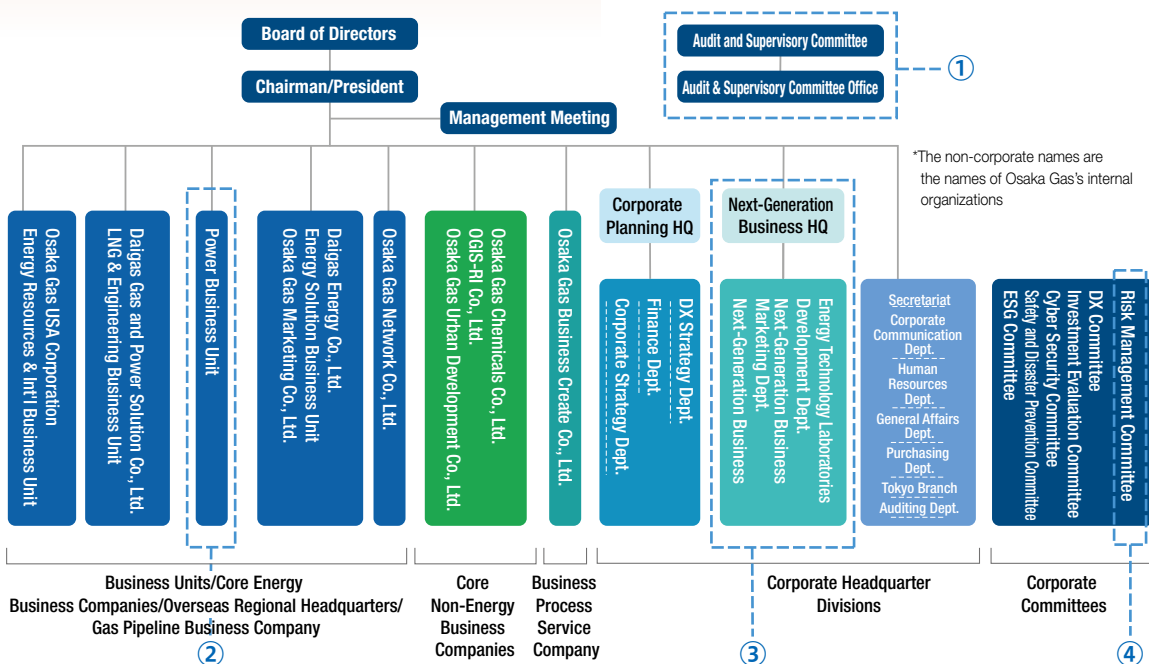
Initiatives through FY2024.3

With the aim of achieving sustainable growth and increasing corporate value over the medium and long term, we conducted fair and prompt decision-making and efficient and proper execution of business. Specifically, we worked to enhance the diversity of the Board of Directors, taking into account knowledge, experience and gender, including the increase of the percentage of Outside Directors. In addition, we have worked to enhance the governance system through establishment of stock-based remuneration system, introduction of remuneration system linked to ESG indicators achievement, establishment of the Advisory Committee on management, and appointment of Outside Director as chairperson of the Advisory Committee.

Issues

Amid further changes in the business environment such as the acceleration of the trend toward carbon-neutrality and heightened geopolitical risks, we need a management system that grasps social issues from diverse perspectives, appropriately manages risks, and collaborates with stakeholders to promptly create value.

Initiatives implemented under the Medium-Term Management Plan



- Transition to a company with an Audit and Supervisory Committee**
Our organization changed from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee to enhance discussions on management policies and strategies by the Board of Directors and other bodies, further strengthen supervisory functions, and make flexible decisions.
Please see □□P.64 for details of transition to a company with an Audit and Supervisory Committee.
- Transforming the electricity business into a business unit**
For the purpose of responding quickly and flexibly to changes in the environment, we established the Power Business Unit by spinning off the electricity business, which had been operated under the LNG, Power & Engineering Business Unit, to realize more highly specialized management.
Please see □□P.13, P.37 for details of electricity business.
- Consolidating new business creation functions**
We have consolidated functions responsible for the search for new businesses through acquisitions, etc., mainly in the peripheral energy fields, and for the search and commercialization of new businesses in other domains through technological development and collaboration with venture companies as the Next-Generation Business HQ, including research institute.
Please see □□P.41 for details of the new business creation.
- Establishing the Risk Management Committee**
The Risk Management Committee was newly established as a corporate committee to comprehensively manage the risks of the Daigas Group's expanding business domains.
Please see □□P.72 for details of risk management.

Advancing Business Transformation Through DX

Recognition of External Environment

In the times when everything is connected via digital technology and evolves rapidly, how we compete to offer services to customers is completely different from conventional approaches. Under such circumstances, our business operation needs to respond quickly and flexibly to changes. Accelerating both value provision through new service development and productivity increase through operational process reform will lead to enhanced competitiveness.

Review of FY2024.3 and Future Strategy

In FY2024.3, we enhanced human resource development and other structures to promote DX, worked to transform customer experience in the residential segment, and worked on Daigas X (Daigas transformation), which enhances value for employees and the company by reforming how to execute work.

Under a robust structure, we will continue to promote new service development and operational process reform by creating mutual synergy, and evolve the Group's corporate activities.



Daigas Group's DX Strategy

[Main initiatives]

1 New Service Development

We will offer various services with higher value by incorporating trends and the diverse needs of customers without delay. Services here do not only refer to the new businesses, but also encompass the enhancement of existing businesses that lead to an increase in the number of customer accounts, business opportunities, sales, etc.

To this end, utilizing valuable assets such as data becomes increasingly important. For example, we will make use of customer data and provide 1-to-1 communication that proposes optimal services at optimal timings for customers. In addition, we will accelerate the trial and error cycle and foster Group-wide customs and mindsets that enable the Group to move forward with new initiatives aggressively and quickly.

2 Operational Process Reform

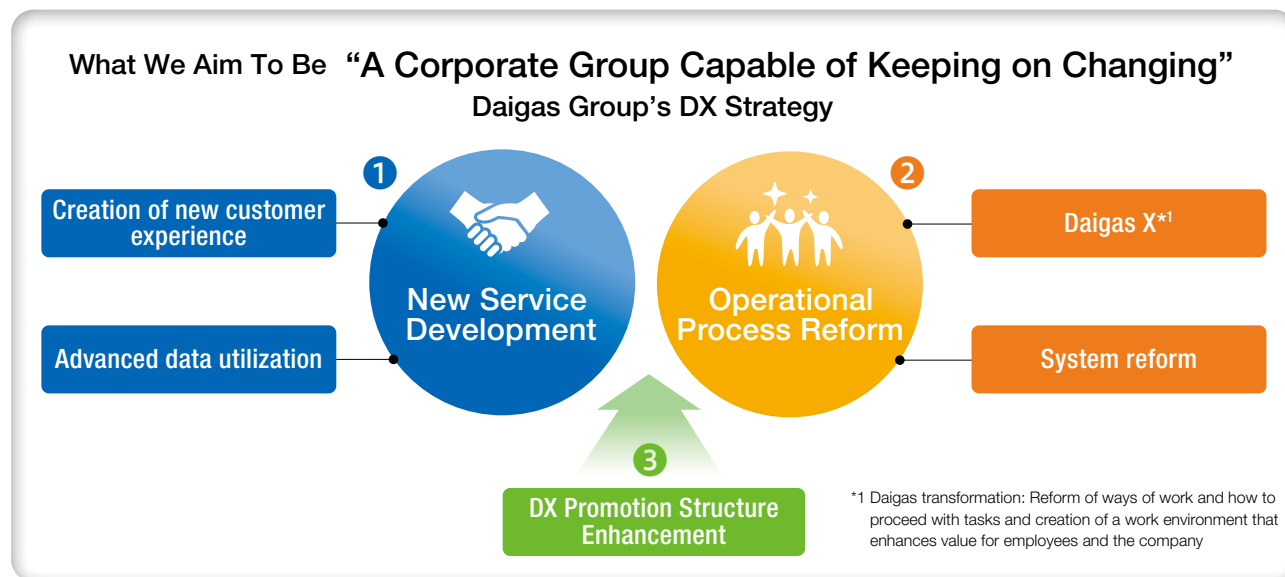
We will also focus on merging and abolishing operations as well as standardizing and aggregating different procedural operations among organizations to broadly redesign the entire operational process.

In addition, we will improve operational efficiency by incorporating SaaS^{*2}, generative AI, and other digital technologies into business operations. Simultaneously, we will reform ways of work and how to proceed with tasks through Daigas X. This will make room for deepening highly specialized operations and lead to better value provision to customers.

^{*2} SaaS: A service that allows users to use software via a network, such as the internet

3 DX Promotion Structure Enhancement

We established group-wide systems and structures to promote DX, with stronger collaboration with OGIS-RI Co., Ltd. in charge of the IT solution business. In addition, The Group will accelerate DX by demonstrating its collective strength and strengthening its human resources and structures through the development of core personnel who will be responsible for promotion and business transformation.



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.

1 New Service Development

Creation of new customer experience

To keep providing value to customers, we have started to transform our business activities toward what we aim to be in 2030. A project has been launched involving approximately 70 employees from residential business divisions*1, which perform customer-facing activities; the DX Strategy Dept., which promotes DX; and OGIS-RI Co., Ltd. The project is restructuring our business operations and systems that support those operations, taking a customer-oriented approach. We are trying out new ways of working that incorporate Agile "Forms"*2 in proceeding with tasks, which allows us to adapt quickly to changes in the circumstances.

We will continue with these initiatives, and define what we aim to be and promote transformation in businesses other than residential as well.

*1 Please refer to P.40-P.41 for examples of FY2024.3 activities in services for residential customers

*2 An agile approach is a method where minimally required output is generated during short cycles and improvements are made based on feedback

2 Operational Process Reform

Transforming employee experience through Daigas X (Daigas transformation)

Daigas X, in full-scale operation since FY2024.3, 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. From FY2025.3 onward, we will continue with the discussions in each organization, identify issues, and advance transformation.

System reform

In FY2024.3, we introduced SaaS in such operations as sales, accounting, and internal communications, promoting operational reforms.

We offered an environment where employees can try using generative AI, with information security guaranteed. More than 700 employees used it, and we confirmed that efficiency improved in such tasks as summarizing documents and drafting answers to inquiries. Going forward, we plan to expand the scope of use while paying attention to the accuracy of information, security, and other issues.

In FY2025.3, we will introduce an environment where all employees can use generative AI, accelerating new value creation and operational reform even further.



Aims of "Daigas X" are communicated and shared within the Group

3 DX Promotion Structure Enhancement

Promotion structure that aims to integrate business with digital

In FY2024.3, a new training program for managers was launched to improve their skills and transform their mindset. This adds to the lectures by and dialogues with external experts in place for the management since the previous year. 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 180 DX core staff members as of April 2024. 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	<ul style="list-style-type: none"> Lectures by and dialogues with external experts held about once a month (approx. 20 participants)
Managers	<ul style="list-style-type: none"> Rollout of videos and textbooks to gain basic knowledge, group training for part of managers
DX core staff	<ul style="list-style-type: none"> Development program including lectures, OJT, and interviews (developed a total of approx. 180 employees)
All employees	<ul style="list-style-type: none"> E-learning, courses for obtaining qualifications Share lectures for the management Offer a self-learning support program that mainly consists of online learning

What Are the Initiatives That Support the Daigas Group's Sustainable Growth?

Initiatives for the environment, human rights, and compliance are natural duties for us as a company. They are also essential for the Group's sustainable growth.

This section presents the Group's initiatives for sustainability.

Sustainability

- 49 Disclosure based on the TCFD Recommendations
- 52 Environmental Impact throughout the Daigas Group Value Chain
- 53 Initiatives for Human Rights
- 54 Initiatives for Compliance

Courtesy of Freeport LNG Development, L.P.



Value the Daigas Group Creates

Getting to Know the Daigas Group

Future the Daigas Group Envisions

Value Creation Practices

Sustainability

Corporate Governance

Corporate Data

Disclosure based on the TCFD Recommendations

—Recognition and Response to Risks and Opportunities—

Osaka Gas supported the TCFD recommendations in May 2019, and utilizes them as indicators to validate its climate change response. We also participate in the TCFD Consortium*¹, where discussions take place on efforts toward information disclosure on responses to climate change based on the TCFD recommendations.

*¹ TCFD Consortium: The TCFD Consortium was established on May 27, 2019, whose members from the Japanese private sector discuss how companies can effectively disclose information on tackling climate change and how financial institutions can use the disclosed information to make appropriate investment decisions. From the Japanese government, the Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment participate as observers in the consortium.

Climate Change Governance

The Daigas Group regards tackling climate change as a key management issue. Just as with other important business activities across the Group, the Board of Directors is responsible for making decisions on and supervising activities aimed at tackling climate change and other environmental issues. At the ESG Council (Management Meeting), which is held three times a year, executives discuss activity plans and activity reports related to ESG issues, including climate change issues, and submit reports to the Representative Director and President.

The Group also has the ESG Committee, chaired by the Head of ESG Promotion (Representative Director and Executive Vice-President), an executive who supervises the Group's sustainability activities, and consisting of the heads of related organizations. The ESG Committee meets three times a year for cross-organizational deliberation, coordination, and supervision of climate-change-related issues, including the planning and promotion of related business activities, progress in achieving relevant targets, and risk management and countermeasures. The committee submits to the Board of Directors deliberation proposals and reports on important agenda items, such as the status of achievement of sustainability-related ESG management targets and business projects expected to sustain a major financial impact due to climate change.

Directors other than Outside Directors are paid performance-linked remuneration, and the coefficient of ESG indicators achievement is used as one of the performance indicators. ESG indicators include CO₂ emissions and other climate change-related indicators toward achieving carbon neutrality.

Strategy

Scenario analysis

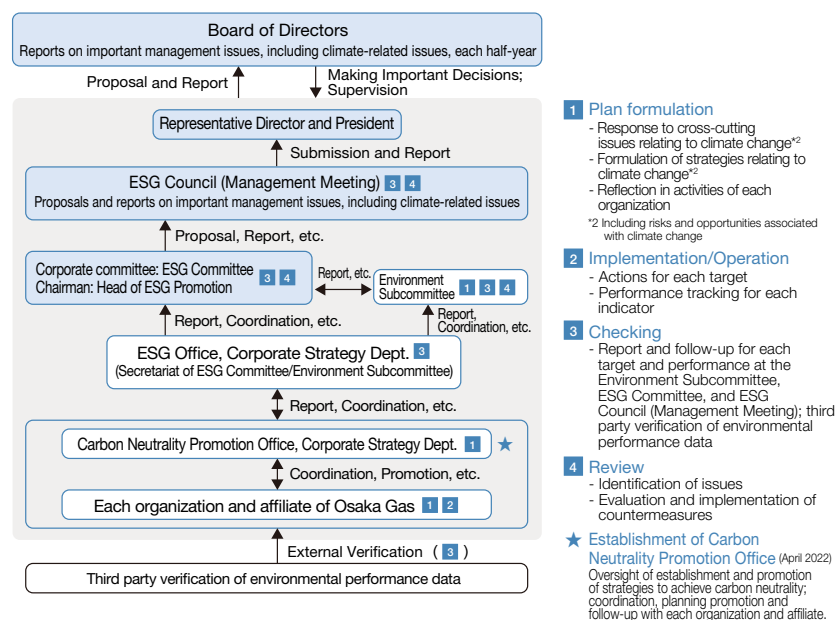
The Group has been working on climate change scenario analysis using scenarios published by an external organization (International Energy Agency, IEA) with the aim of understanding the impact of climate change on the Group's business on a medium- and long-term basis and using its results as reference material for evaluating and preparing countermeasures.

We assessed our energy businesses (gas, electricity and related businesses in Japan and overseas) which are expected to experience the greatest impact from climate change among the Group's businesses, assuming the scenarios that take into account the progress of energy conservation and changes in the composition of power sources, etc. (1.5°C Scenario (NZE2050) and 2.6°C Scenario (STEPS)*³).

We steadily implement initiatives to increase the resilience of the Group's businesses, while applying the suggestions gained from scenario analysis to our evaluation of medium- and long-term business strategies. Moreover, as the global response to climate change continues to progress, the scenario's preconditions may also change in the future. We will continue to deepen our scenario analysis, renewing our assumptions in line with the latest conditions as necessary, taking into account scenarios established by external authorities.

*³ Authority: IEA "World Energy Outlook 2021"

Governance/Risk Management System for Climate Change



Recognition of risks and opportunities

Using a multi-track scenario analysis, the Daigas Group identified anticipated risks and opportunities, based on the environment surrounding its domestic and overseas energy businesses, evaluated them, and examined countermeasures in the short- to medium-term toward 2030 and the long-term toward 2050.

The Group is engaged in gas and electricity businesses, primarily in the Kansai region, which use natural gas as their main raw material and fuel. The external environment is undergoing various changes due to climate change. We have classified the major factors associated with these changes into “transition risks” and “physical risks,” and identified the major risks and opportunities. Significant risks for the Group related to climate change include the possibility that rising sea levels and natural disasters such as typhoons and torrential rains due to localized abnormal weather events, etc. may cause damage to our manufacturing/distribution equipment. In addition, it is possible that our businesses may be affected by significant increases in the carbon tax rate in Japan, or an increased desire among our customers to switch to non-fossil fuels. However, promotion of the development and spread of renewable energy and technologies for carbon neutrality also represents a significant opportunity for the Group.

The Group will pursue sustainable growth by promoting portfolio management through diverse businesses in order to respond appropriately to the identified risks and opportunities.

Evaluation of Risks and Opportunities

		Impact on Business			
		Scenario	Impact	Short- and Medium-Term	Long-Term
Risks	Physical	Physical risks 2.6°C	Damage to facilities arising from meteorological disasters	Increase in capital investment costs and insurance premiums	Increase in facilities countermeasure costs
	Transition	Market	Switch to natural gas	Increase in prices due to greater competition in LNG procurement	Further price hikes and impediments to procurement, due to increasing competition in LNG procurement
		Market	Switch to non-fossil fuel energy	Fall in sales of gas and thermal power	Fall in sales of gas and thermal power
		Reputation	Focus of investment criteria on low-carbon or decarbonized businesses	Diminished capital procurement power in gas-related businesses	Declining investment in fossil fuels businesses
		Policy and legal	Introduction of a carbon tax	Carbon tax burden on gas and thermal power businesses	Increasing burden with rising carbon tax rates
Opportunities	Physical	Physical Opportunities 2.6°C	Increase in awareness and support measures for weather disaster countermeasures	Increase in sales of products /services with disaster response function	Expansion of decentralized energy systems
	Transition	Market	Switch to natural gas	Switch to LNG in Japan; Expansion of LNG business oversea	Switch to LNG and expansion of sales of high-efficiency equipment abroad
		Technology	Development of renewable energy and CCUS technologies	Expansion of development of renewable energy sources	Introduction of "e-methane," expansion of renewable energy sources, utilization of thermal power generation with CCS
		Policy and legal	Implementation of a national policy for the mass introduction of renewable energy sources	Expansion of sales of electricity from renewable energy sources	Expansion of sales of electricity from renewable energy sources
		Technology	Development of AI/IoT	Participation in decentralized power sources aggregation business	Expansion of decentralized power sources aggregation business

Financial impact : Small Financial impact : Large

Strategies/Countermeasures for Risks and Opportunities

		Short- and Medium-Term	Long-Term
Risks	Physical	● Implement disaster countermeasures for facilities	
	Transition	<ul style="list-style-type: none"> ● Diversify procurement sources ● Develop and expand sales of renewable energy power sources in Japan and abroad ● Engage in dialogue with investors Please see the following material for our major initiatives*	
Opportunities		● Investigate, develop, and verify CCUS/"e-methane" technologies	● Full-scale introduction of CCUS/"e-methane," hydrogen, etc. and establishment of supply chains
	Physical	● Development and sale of equipment with disaster response functions	
	Transition	<ul style="list-style-type: none"> ● Develop and expand sales of renewable energy power sources in Japan and abroad ● Develop and sell high efficiency, compact decentralized power sources (CHP, fuel cells) ● Expand fuel switching, sales of high efficiency equipment in Japan and abroad ● Verify and participate in the decentralized power sources aggregation business Please see the following material for our major initiatives*	
		● Further develop energy-saving technologies	● Full-scale introduction of CCUS/"e-methane," hydrogen, etc. and establishment of supply chains

* ▶ Carbon Neutral Vision ▶ Energy Transition 2030

Financial Impact of Climate Change Risks and Opportunities

In its Medium-Term Management Plan 2026, the Daigas Group expects to invest 100.0 billion yen in the carbon neutral field (renewable energy, e-methane, etc.) for a future earnings structure as investment for growth from FY2025.3 to FY2027.3.

The Daigas Group is actively contributing to the spread of renewable energy, and estimates that the sales impact of expanding its renewable energy business in FY2031.3 will be on the order of 100 billion yen.

It should be noted that there are uncertainties and assumptions in the above estimation of financial impact. In practice, the impact may vary significantly as a result of changes in key factors.

Initiatives to Reduce Greenhouse Gas Emissions

Initiatives to reduce greenhouse gas emissions are a crucial mission for the Daigas Group. We focus on reducing CO₂ emissions, not only from our own business activities, but also from customers who use the energy we provide. In the Daigas Group Energy Transition 2030 (ET2030), we have set a target of reducing CO₂ emissions in our domestic supply chain by 5 million tons by FY2031.3 compared to FY2018.3, and we are taking various initiatives to reduce CO₂ emissions.

Under the Daigas Group Carbon Neutral Vision, we have established the goal of contributing 10 million tons per year of CO₂ emissions reductions in FY2031.3. This indicator will enable us to contribute to reductions throughout society, and we therefore use it as a management target linked to the Group's business initiatives.

Initiatives Ensuring Resiliency for a Carbon Neutral Society

Securing a stable supply of energy, a core social infrastructure, is one of the major climate change-driven challenges facing society as a whole. By continuing to provide a range of services, including multiple sources of clean energy such as gas and electricity utilizing technologies for carbon neutrality, disaster response equipment, and the widespread and advanced use of energy, the Daigas Group will strive to contribute to society in terms of stable supply and resilience toward a carbon neutral society.

The Daigas Group will aim to achieve both business growth and stable social infrastructure, and promote activities that contribute to reducing CO₂ emissions throughout society, promote the advanced use of gas, and develop technologies for carbon neutrality, in response to the growing global trend toward carbon neutrality.

Please see □□P.33-P.37 for an overall picture of the Daigas Group's efforts to provide carbon neutral energy.

Risk Management

When deciding on the Daigas Group's business plan and investment plan, the internal organizations responsible for the gas, electricity and other businesses analyze the risk factors and their impact on each business, distill and identify risks, and submit these together with other business risks, etc. to the Management Meeting for deliberation. Climate change risks in the formulated plans are managed through a PDCA cycle, and are reported and followed up at the Environment Subcommittee, ESG Committee, and ESG Council (Management Meeting).

Decisions on climate-related risks and sustainability, including investment decisions, are made by the Board of Directors and the Management Meeting. Matters related to climate change that were proposed or reported by March 31, 2024, included those listed below.

- Resolutions for collaboration and participation in projects for a carbon neutral society, based on the Carbon Neutral Vision
- Formulation and disclosure of Medium-Term Management Plan 2026
- Monitoring of the results for indicators used to manage climate change response, etc.

Please see □□P.49 for the risk management system for climate change

Indicators and Targets

The Daigas Group will proceed to contribute to radically reducing CO₂ emissions and realizing a carbon neutral society, through initiatives such as energy conservation, the advanced use of natural gas, and the widespread use of renewable energies.

	Field	Indicators	Targets	Target FY
Climate Change	CO ₂ emissions of Daigas Group		Net-zero CO ₂ emissions	2051.3
			27.02 million tons* ¹ Domestic: 5 million tons less than FY18.3	2031.3
	Contribution to CO ₂ emissions reductions across society	Avoided emissions* ²	10 million tons	2031.3
			7 million tons	2027.3
	CO ₂ emissions reductions from our own business activities	Renewable energy development contribution	5 GW	2031.3
			4 GW	2027.3
		Percentage of renewables in our power generation portfolio in Japan	Approx. 50%	2031.3
			Approx. 30%	2027.3
	CO ₂ emissions reduction in the Group company offices and vehicles		100%	2031.3
			67%	2027.3
Contribution by development of technologies	Promotion of e-methane practical application	1% e-methane in gas grid	2031.3	
		Final investment decisions in e-methane supply chain PJ	2027.3	
	Promotion of methanation technology development		Establishing a pilot-scale (400 Nm ³ /h class) SOEC technology	2031.3
Transition to the second phase of SOEC GI funds business			2027.3	

*1 Emissions in domestic supply chain (Scopes 1, 2 and 3)

*2 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 side and the company's business activities in and after FY2018.3.



Environmental Impact throughout the Daigas Group Value Chain in FY2024.3

The Daigas Group calculated the amount of greenhouse gas (GHG) emissions from companies that constitute the Daigas Group's value chain network, based on the GHG Protocol, an international emission accounting standards. The methodology of the calculation and its results have been certified by an independent organization to verify their reliability and accuracy. Described below are GHG emissions in FY2024.3.

Combined GHG emissions by the Daigas Group and value chain companies **25.63** million t-CO₂e

- Scopes 1 and 2 **4.77** million t-CO₂e (19% of the total emissions)
- Scope 3 **20.87** million t-CO₂e (81% of the total emissions)

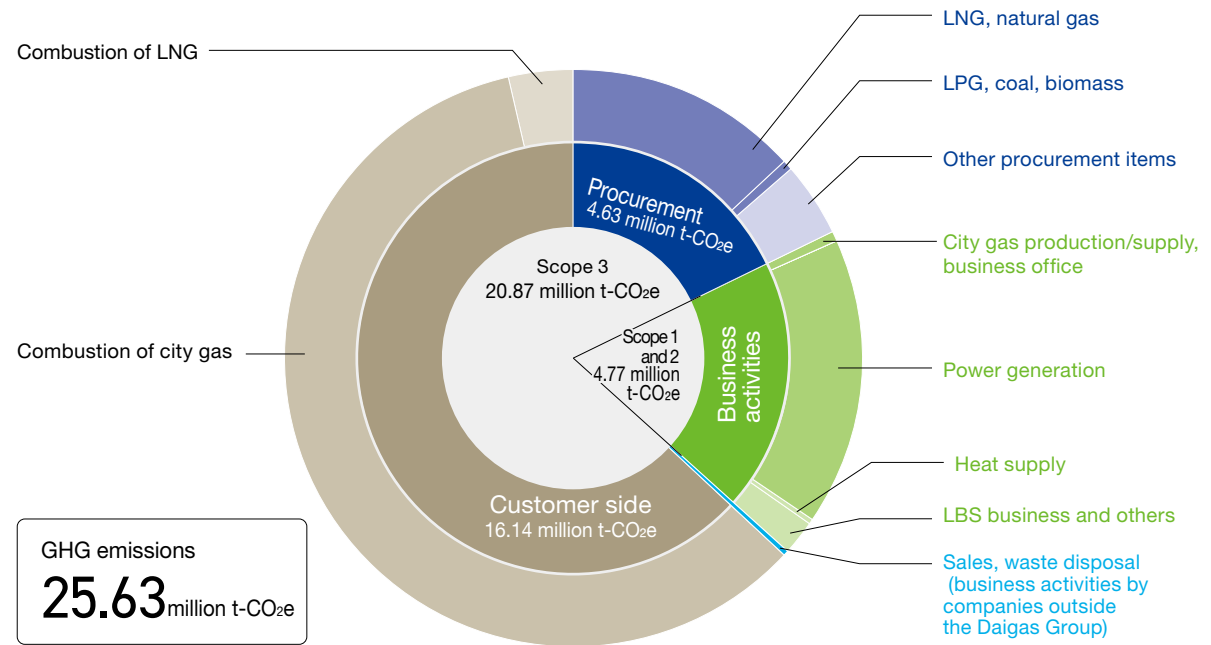
Major causes of emissions

- GHG emissions from city gas and LNG combustion on the customer side amounted to 16.14 million t-CO₂e tons in the reporting year in terms of CO₂, accounting for about 63% of the total.
- GHG emissions through electricity generation, as measured in terms of CO₂ in the year, amounted to 4.03 million t-CO₂e, accounting for about 16% of the total emissions, which represented the majority of GHG emissions from the Group's own business activities.
- GHG emissions associated with material and fuel procurement totaled 4.63 million t-CO₂e, as measured in terms of CO₂ in the year, accounting for about 18% of the total emissions. The procurement of energy sources, especially LNG, accounted for over 70% of that amount.

Environmental impact reduction initiatives

- As a way of reducing GHG emissions, we will continue to actively introduce highly advanced energy-efficient power generation facilities and renewable energy sources to customers.
- We will continue our efforts to improve fuel efficiency regarding the operation of LNG tankers in collaboration with resource suppliers in material procurement.

■ GHG emissions throughout the Daigas Group value chain in FY2024.3 (actual results)



Companies subject to the calculation of GHG emissions : 69 companies in total, including Osaka Gas Co., Ltd., 2 overseas subsidiaries and 66 companies among 159 consolidated subsidiaries, are subject to calculation of GHG emissions. Those housed in office buildings as tenants and whose environmental data are difficult to grasp and whose environmental effects are minimal and overseas companies, except two companies, are not subject to such calculation.

CO₂ emission factors used (GHG scopes 1 and 2)

- Electricity: 0.65 kg-CO₂/kWh (Average emission factor of thermal power plants in FY2014.3, stipulated in the Plan for Global Warming Countermeasures issued by the government in 2021.)
- City gas: 2.29 kg-CO₂/m³ (based on Osaka Gas data)
- Others: Factors listed under the Law Concerning the Promotion of Measures to Cope with Global Warming

Sources of emission factors used for calculating CO₂ emissions (GHG scope 3)

- Production and transmission of city gas: "Life cycle evaluation of city gas" on the website of the Japan Gas Association
- Production and shipment of LNG: Calculation of life cycle greenhouse gas emissions of LNG and City Gas 13A (papers presented at research presentation meetings of the 35th Meeting of the Japan Society of Energy and Resources, June 2016)
- Production and shipment of LPG and coal: Future forecast for life cycle greenhouse gas emissions of LNG and City Gas 13A (Energy and Resources, Vol. 28, No. 2, March 2007)
- Other main emission factors: Emission factors for calculating supply-chain greenhouse gas emissions, etc. (Database Ver. 3.3) published in March 2023 by the Ministry of Environment

Initiatives for Human Rights



The Daigas Group believes it is important to establish a system to respect human rights of those who are affected by business activities of the Group, and to proactively disclose our initiatives in this regard, in accordance with “the UN Guiding Principles on Business and Human Rights.” In accordance with “the Daigas Group Human Rights Policy,” we are undertaking efforts that promote respect for human rights and the achievement of sustainable business growth by promoting the Human Rights Due Diligence.

Human Rights Due Diligence

System for Carrying Out Human Rights Due Diligence

The Human Rights Center in the Human Resources Dept., Compliance Office and Internal Control Planning Team in the General Affairs Dept., and the ESG Office in the Corporate Strategy Dept. work together to promote human rights due diligence activities.

The Board of Directors, which makes decisions on and supervises the important business activities throughout the Group, supervises matters involving human rights issues. At the ESG Council (Management Meeting), which is held three times a year, executives discuss activity plans and activity reports related to ESG issues, including human rights issues, and submit reports to the President.

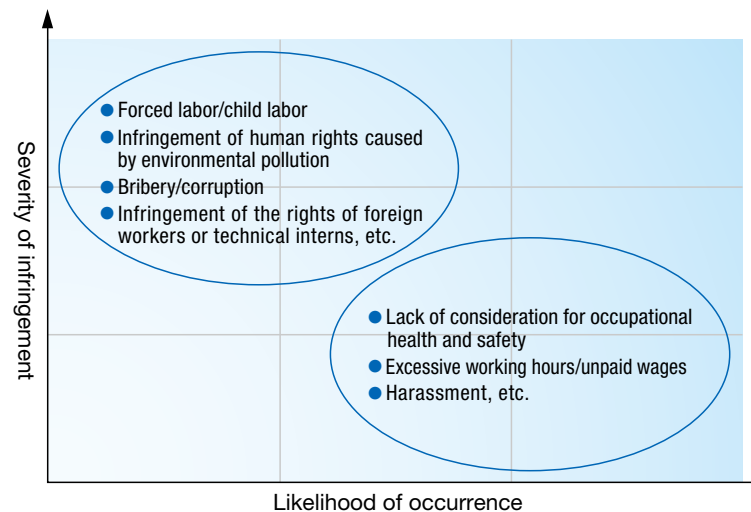
In addition, the Group also has the ESG Committee, chaired by the Head of ESG Promotion (Representative Director and Executive Vice-President), who supervises the Group’s sustainability activities, and consisting of the heads of related organizations. The ESG Committee is held three times a year in principle for cross-organizational deliberation, coordination, and supervision of issues and planning, promotion related to human rights due diligence.

Initiatives Undertaken in FY2024.3

In FY2024.3, we continued to conduct checks through the “G-RIMS,” a self-inspection tool, a compliance survey of employees to see how well they understood compliance, and questionnaire surveys targeting major business partners of the Group. In addition, upon receiving opinions from external experts in the previous fiscal year that highly serious human rights issues may occur overseas, we have worked to identify and address human rights risks at our overseas subsidiaries. We undertook efforts to gradually expand the scope of our investigation, including starting to conduct questionnaire surveys targeting major suppliers and conducting on-site audits by adding the confirmation of human rights risks to the existing quality audit framework.

The investigation results showed no serious risks related to human rights.

Matrix Assessment of Human Rights Risks



Identification of Key Human Rights Risks (Assessment)

Based on the FY2024.3 investigation results and cases handled by consultation desks, as well as discussions with experts, we identified important human rights themes that the Daigas Group should consider in the course of its business activities. As a result, no significant changes from FY2023.3 were identified.

Among the human rights risks that may occur in the course of the Group's business activities, 14 items were identified as significant human rights risks. Such risks include forced labor, child labor, and bribery/corruption in the oversea business, and infringement of the rights of foreign workers or technical interns in the domestic business, in addition to lack of consideration for occupational health and safety, infringement of human rights caused by excessive working hours or unpaid wages, and harassment. We take various measures to prevent and mitigate these risks, under relevant policies and other systems.

In addition, during discussions with experts, recommendations were made regarding the importance of assessing human rights risks by business in the value chain, and continuing to conduct surveys, investigation, and audits in areas identified as those with key human rights risks. We will continue to consider and respond to such issues.

We also assess human rights risks in new businesses. For example, we investigate the status of legal compliance concerning labor standards and health and safety as part of due diligence for M&A deals. We thus confirm that serious human rights issues do not exist in companies joining the Group.

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.

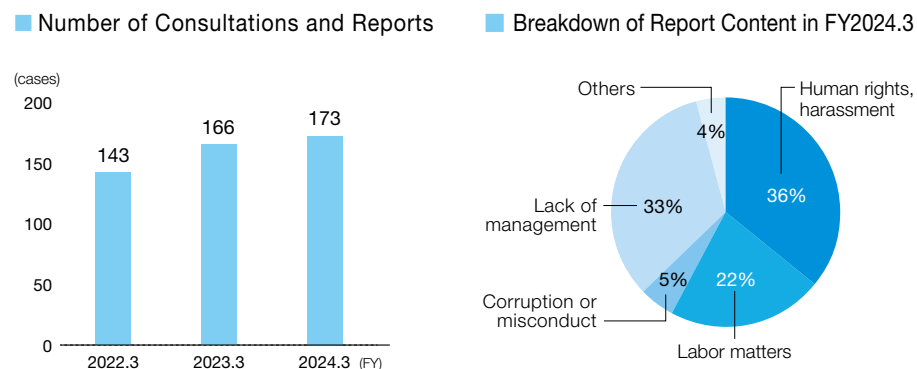
In addition, "Compliance Desks" have been established as one of the systems for early identification of incidents of violations of laws and regulations or misconduct, and for prompt and appropriate response.

Initiatives Undertaken by the Compliance Desks (Internal Reporting System) in FY2024.3

The desks accepted a total of 173 consultations and reports in FY2024.3. We examined the necessity of factual investigations on these cases and conducted interviews, evidence checks, etc. Measures to remedy the situation and prevent recurrence were taken as necessary. We found no serious violations of laws and regulations.

When cases are brought to the "Compliance Desks," violations of laws and regulations, etc., are remedied if any violations are found in the investigations. Even if no violations are found, improvements are made as necessary in order to maintain and improve a sound work environment.

The content of report accepted, investigation results, remedies, and other matters are reported to and shared by the Compliance/Risk Management Subcommittee and the ESG Committee to prevent recurrence.



What Is the Foundation for the Daigas Group's Corporate Value Enhancement?

The Group recognizes the importance of maintaining and enhancing trust with various stakeholders in order to realize value creation stated in the Corporate Principles, and is continually enhancing and strengthening corporate governance.

This section presents the Group's initiatives for dialogue with shareholders and investors, and strengthening our corporate governance system.

Corporate Governance

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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 developing measures and systems to promote dialogue with them. Through IR activities, we are providing information regarding our management policies and financial position, and initiatives for sustainable growth in a timely and fair manner, as well as continually providing easy-to-understand explanations, thereby looking to build longer-term relationships of trust with shareholders and investors.

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 senior management, briefings focused on topics of high interest to capital market such as ESG and business activities, and individual IR meetings with institutional investors as appropriate. In our business briefing in FY2024.3, a responsible division provided detailed explanations on the status of our electricity business.

Through these activities, senior management engages 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 in FY2024.3

- Medium- to long-term business strategies (e.g., progress in ROIC management, addressing the need for a decarbonized society, etc.)
- Financial strategy (approach to capital structure, shareholder return policy, etc.)
- Most recent results (status of each segment, etc.)
- ESG initiatives (CO₂ emissions, renewable energy diffusion contribution, human capital strategy, governance initiatives, etc.)

TOPIC

Dialogue between Outside Director and institutional investors

As part of our efforts to help investors and other stakeholders understand the actual state of our governance, we held our first small meeting with Outside Directors on March 22, 2024, and Director Murao engaged in dialogue with nine institutional investors.

On the day of the meeting, Director Murao responded to questions regarding the status of discussions at the Board of Directors in the formulation of the Medium-Term Management Plan, evaluation of 2026 targets by Outside Directors, and views on the transition to a company with an Audit and Supervisory Committee, from his perspective as an Outside Director who had led governance reform.

Participants made comments such as “it was a good meeting which conveyed the feelings of Director Murao,” “my understanding of the management of the Daigas Group was further deepened,” and “the opportunity to listen to the real voices of outside officers is valuable, and we hope to have such opportunities in the future.”



System of IR Activities

(i) Head of IR

Dialogue with shareholders and investors is overseen by the Representative Director, Vice-President and Executive Officer, and President of the Corporate Planning HQ.

(ii) Promotion system

With the IR organization of the Corporate Strategy Dept. playing a central role as the responsible department, and 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 FY2024.3

Representative Director and President	Annual Meeting of Shareholders, briefings for institutional investors for financial results (twice) and medium-term management plan, president's small meetings, dialogues with overseas institutional investors (6 times)
Representative Director and Executive Vice President, President of the Corporate Planning HQ	Annual Meeting of Shareholders, dialogues with overseas institutional investors (11 times)
Outside Director	Small meeting with institutional investors
Department in charge of IR	Briefings for institutional investors on financial results, management plans, and business activities, dialogues with institutional investors (with domestic institutional investors: approx. 120 times, with overseas institutional investors: approx. 30 times, with sell-side analysts: approx. 20 times), information disclosure, response to inquiries from individual investors, etc.
General Affairs Dept.	Dialogue with domestic shareholders (13 times)



Roundtable with the Outside Directors

We will further explore the vision for the Daigas Group from long-term perspectives.

Outside Director

Kazutoshi Murao



Outside Director

Tatsuo Kijima



Outside Director

Yumiko Sato



Outside Director

Mikiyo Niizeki



The Daigas Group is working to strengthen its corporate governance system to sustain growth and enhance medium- and long-term corporate value. We invited the four Outside Directors to come together to discuss the Group's management issues and future vision.



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Effectiveness of the Board of Directors

■ **Niizeki:** Since joining the Board of Directors as an Outside Director appointed in June 2023, I have observed the effectiveness of our corporate governance. I appreciate how promptly governance issues are addressed.

Meanwhile, I would like us to discuss the company's purpose and long-term challenges more thoroughly. To deepen such discussions, we should explore ways to stay updated on each line of work, besides management information, more closely than ever.

■ **Sato:** I agree. During the previous Medium-Term Management Plan period, the entire company had to focus on addressing short-term issues, such as the impact of Russia's invasion of Ukraine and the Freeport LNG's plant shutdown. Osaka Gas' decision to transition to a company with an Audit and Supervisory Committee, as resolved at the June 2024 Annual Shareholders' Meeting, signifies the company's commitment to further exploring management policies and long-term strategies while enhancing corporate governance.

At the Remuneration Advisory Committee that I chair, we engage in dynamic discussions on officers' remuneration and other pertinent matters. The debate about introducing ROE as an indicator for performance-linked remuneration was a significant step toward achieving the Medium-Term Management Plan 2026 goals.

■ **Kijima:** I believe the Board of Directors operates effectively, with mechanisms being reinforced every year. Following our transition to a company with an Audit and Supervisory Committee, it would be beneficial for the Board to strengthen relationships of

trust with organization heads and devote more discussion to the company's directions.

Moreover, it is crucial to discuss future plans while reviewing the progress of the Medium-Term Management Plan execution. I believe that incorporating long-term, medium-term, and short-term perspectives in discussions will further enhance the effectiveness of the Board.

■ **Murao:** I have observed a corporate culture that values open and honest communication in the Board of Directors meetings, which is valuable for its effectiveness. Separately from the Board of Directors, we also hold Outside directors' meetings, where discussions become more extensive every year. It is critical to continue aiming higher instead of settling for the status quo. I am confident that transitioning to a company with an Audit and Supervisory Committee will further enhance the Board of Directors as a platform for more substantive discussions. As Ms. Niizeki pointed out, it is essential for us to remain updated on current issues by engaging with relevant personnel, including Executive Officers, to facilitate well-informed discussions on general subjects.

Discussions during the development of the Medium-Term Management Plan 2026 (CAD2026)

■ **Kijima:** When formulating CAD2026, I emphasized the need for a thorough review of the results of the previous plan. I believe that delving deeply into the issues and clearly defining our starting line will help to clarify how the Group should evolve over the next three years.

On one other point, given the Group's impressive aspiration of "secure peace of mind today, build

sustainable lifestyles for tomorrow" declared in CAD2026, I think it will be critical to discuss how to put this aspiration into action.

■ **Niizeki:** I remember that during the formulation of the Plan, we talked about the importance of clearly communicating the direction of the Daigas Group. There were also concerns about effectively communicating this Plan externally. It is vital to identify the target audience for specific topics. Across the company, numerous exciting initiatives are underway. There may be an opportunity to be more creative in communicating these initiatives.

■ **Sato:** Although the Group employs a variety of expressions to describe itself, as befits such a serious company, it might be more effective to communicate them in simpler, more easily conveyed terms for promoting our numerous excellent initiatives, as we have discussed previously.

■ **Murao:** As already pointed out in this discussion, in formulating CAD2026, I emphasized the importance of considering the future state of the Daigas Group on several occasions. This is not just about the next several years but about how the company will contribute to society in 20 or 30 years. I believe this discussion is crucial.



While discussing investment for growth as an extension of current business is essential, we should also look further into the future. We need to expand our businesses that give hope and dreams to society and help result its issues. These discussions require long-term perspectives and should be led by emerging talent within the company rather than the current management executives. It would be beneficial to explore new ideas, such as what the nature of the business will look like in 30 years.

Initiatives in the Medium-Term Management Plan 2026 (CAD2026)

■ **Murao:** CAD2026 focuses on allocating cash generated from successful management strategies executed to date. It is important for the Group to balance capital allocation between shareholder returns and investment for medium- to long-term business growth and human resource development.

■ **Niizeki:** I am proud of the Group's ongoing progress in e-methane and renewable energy initiatives, aiming to become a leading company in a

carbon neutral society. This progress will create value for a sustainable future. When it comes to co-creating value for a sustainable future, which is the first of the Three Commitments,* the Key Strategy for the current medium-term period, we need to enhance our engagement in co-creating such value globally, going beyond the borders of the Kansai region and Japan.

*Please see □□ P.31 for details about the Three Commitments.

In terms of the second Commitment to supporting employees in shining in their roles, DE&I (Diversity, Equity, and Inclusion) is a significant challenge. We need to identify ways to further advance employees' inclusion, or in other words, co-creating value with them, as well as providing a pleasant working environment for all our employees.

Regarding the third Commitment to evolving the business foundation, I strongly support the strategies of setting targets for ROE and ROIC, as well as pursuing asset rebalancing. Meanwhile, it will also be increasingly critical to update our long-term strategies, such as how to deploy future-oriented investment for growth by leveraging the Group's financial soundness.

■ **Kijima:** The Key Strategy's Three Commitments are all equally important, and I believe they serve as excellent guiding principles that will steer the Daigas Group toward a successful future. Echoing the words of management scholar Peter Drucker, "Culture eats strategy for breakfast," I would like to emphasize the importance of assessing the corporate culture as the driving force behind strategy implementation, which the Group has fostered over the years. While revisiting the core purpose of Group as a gas business operator, we need to continue upholding a corporate ethos centered on a strong sense of mission in its contributions and roles as a down-to-earth business.

■ **Sato:** I admire the Group's aspiration of "Secure peace of mind today, build sustainable lifestyles for



tomorrow," the Purpose declared in CAD2026. I have always seen the Daigas Group as an "audacious" company that daringly takes on various challenges. While the Group is addressing a wide variety of issues in our evolving society, the company needs to improve its communication of these efforts to the public in light of how we want them to be perceived by society.

Regarding the issue of DE&I that Ms. Niizeki mentioned, while I acknowledge the Group's steady progress in implementing its plans, I believe we need to communicate more vigorous and straightforward messages internally to boost the morale of the entire Group. I support the Group's innovative approaches based on diverse ideas.





Next focus areas for the Daigas Group

■ **Kijima:** Amid significant changes of the times, we need to reflect on the mission of the Daigas Group. Identifying what should be firmly upheld and what should be changed will provide clarity on the key areas that require our attention. As we implement CAD2026, we must foster a shared understanding across the organization regarding what must be maintained and what must be updated before undertaking the Three Commitments.

■ **Murao:** The Group's gas business, which is our core operation that supports people's daily lives and businesses, must operate steadily, prudently, and with a down-to-earth approach. Meanwhile, in sectors beyond gas and pipelines, the Group needs to evolve into an innovation business. This transformation requires investment in research and development. In addition to the ongoing research on methanation, we need to explore our involvement in hydrogen energy utilization, increasingly competitive storage battery development, and other emerging sectors. We should also aim to enhance our businesses in the Life & Business Solutions segment. I am dedicated to providing valuable recommendations.

■ **Sato:** In the future, we cannot rely solely on the Japanese markets. Instead, we must expand our overseas businesses with strong commitment. Business planning based on the current market conditions will not lead to sustainable growth. It is essential to send our emerging talent into global markets to collaborate with individuals from diverse backgrounds. While there may be instances of failure and the subsequent pain in business retreat, there is much to be gained and many lessons to be learned from these experiences. The Group is already advancing its initiatives overseas, and these invaluable experiences will develop human resources needed to drive our future business growth.

■ **Niizeki:** From the perspective of society's sustainability, the Daigas Group must establish systems to address carbon neutrality and other pressing challenges ahead of others, which requires innovation. One area of particular focus for me is corporate governance. While I believe the Group can swiftly respond to management risks, I also see the importance of promoting shared approaches to risks and risk hedging across the organization from company-wide perspectives. Strengthening governance in this manner will contribute to the sustainable growth of the Group.

Anticipations for the Daigas Group

■ **Sato:** I hope that the Daigas Group will continue to be "audacious" in a positive way, known for its intriguing undertakings that give hopes and dreams to society. The Group comprises exceptional individuals with tremendous potential. I look forward to the Group's evolution into a business organization that embraces challenges of a grand scale.

■ **Niizeki:** Similar to what Ms. Sato mentioned, I want the Daigas Group to embody its catchphrase, "SasuGas" (a play on words combining the Japanese word "sasuga," meaning "just as you would expect," and the English word "gas"). I hope the Daigas Group always aspires to be a corporate group that meets and even goes beyond people's expectations in taking on challenges, engaging with local communities, and performing meticulous work.

■ **Kijima:** I have high hopes for the Daigas Group to become a standout business entity in 2040 and 2050. Achieving this requires three key factors: first, establishing robust governance; second, aligning business strategies with environmental changes; and third, adapting organizational culture in response to these changes. Combining these factors will make the outlook for 2050 promising. The basis for achieving this goal is the human resources strategy. Given the ongoing social transition to carbon neutrality, we need to enhance the skills of a limited workforce, cultivate the right talent to tackle future social challenges, and reform personnel systems and the frameworks for education and training. As an Outside Director, I am committed to carefully considering solutions to these challenges.

■ **Murao:** I want the Daigas Group to continue pursuing innovation. It will play a key role in realizing the ambition to become a leading company 20 or 30 years from now in business fields that are entirely different from the Group's origin. Taking real estate development business in the Life & Business Solutions segment as an example, I hope our endeavors extend beyond building condominiums to offering comprehensive daily-life solutions encompassing energy, transportation, and community development tailored to future needs. I eagerly anticipate the transformation of the Daigas Group into an integrated innovation business by 2050.



Introducing Our Directors

Directors



Director and Chairman of the Board
Takehiro Honjo

[Biography]

1978. 4 Joined the Company
2003. 4 General Manager of Corporate Strategy Dept.
2007. 6 Executive Officer
2008. 6 Senior Executive Officer
2008. 6 Head of Commercial & Industrial Energy Business Unit
2009. 6 Director, Senior Executive Officer
2010. 6 Head of Residential Energy Business Unit
2013. 4 Representative Director and Executive Vice President
2015. 4 Representative Director and President
2021. 1 Director and Chairman of the Board (current)

[Reason for appointment]

He has considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Representative Director and President
Masataka Fujiwara

[Biography]

1982. 4 Joined the Company
2009. 6 General Manager of Keiji Energy Sales Dept., Commercial & Industrial Energy Business Unit
2012. 4 Executive Officer
2012. 4 General Manager of Energy Business Development Dept., Commercial & Industrial Energy Business Unit
2013. 4 Representative Director and President of Osaka Gas Chemicals Co., Ltd.
2015. 4 Senior Executive Officer
2016. 4 Executive Vice President
2016. 4 President of Corporate Planning HQ
2016. 6 Representative Director and Executive Vice President
2020. 4 Head of Energy Solution Business Unit
2021. 1 Representative Director and President (current)

[Reason for appointment]

He has considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Representative Director and Executive Vice President
Takayuki Tasaka

[Biography]

1985. 4 Joined the Company
2011. 4 General Manager of Corporate Strategy Dept.
2015. 4 Executive Officer
2015. 4 General Manager of Planning Dept., Residential Energy Business Unit
2016. 4 Senior Executive Officer
2016. 4 Head of Residential Energy Business Unit
2018. 4 Head of Commercial & Industrial Energy Business Unit
2018. 6 Director, Managing Executive Officer
2020. 4 President of Corporate Planning HQ
2021. 1 Representative Director and Executive Vice President (current)
Head of Energy Solution Business Unit

[Reason for appointment]

He has considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Representative Director and Executive Vice President
Keiji Takemori

[Biography]

1987. 4 Joined the Company
2015. 4 Associate Director
2015. 4 Director and President of Osaka Gas Australia Pty. Ltd.
2016. 4 General Manager of Planning Dept., Energy Resources & Int'l Business Unit
2018. 4 Executive Officer
2018. 4 General Manager of LNG Trading Dept., Energy Resources & Int'l Business Unit
2021. 4 Senior Executive Officer
2021. 4 Head of Energy Resources & Int'l Business Unit
2024. 4 Executive Vice President
2024. 6 Representative Director and Executive Vice President (current)

[Reason for appointment]

He has considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Representative Director and Executive Vice President
Ko Sakanashi

[Biography]

1992. 4 Joined the Company
2017. 4 Associate Director
2017. 4 General Manager of Power Business Development Dept., LNG Terminal & Power Generation Business Unit
2018. 4 General Manager of Power Business Development Dept., LNG, Power & Engineering Business Unit
2020. 4 Executive Officer
2020. 4 General Manager of Corporate Strategy Dept.
2023. 4 Senior Executive Officer
2024. 4 Executive Vice President
2024. 6 Representative Director and Executive Vice President (current)

[Reason for appointment]

He has considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Director Senior Executive Officer
Toshiyuki Imai

[Biography]

1990. 4 Joined the Company
2018. 4 Associate Director
2018. 4 General Manager of Secretariat
2021. 4 Executive Officer
2021. 4 General Manager of Metropolitan Energy Sales Dept., Daigas Energy Co., Ltd.
2023. 4 General Manager of Human Resources Dept. (current)
2024. 4 Senior Executive Officer
2024. 6 Director, Senior Executive Officer (current)

[Reason for appointment]

He has considerable experience and extensive knowledge in marketing, human resources development and risk management, as well as other expertise, etc. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Directors



Outside Director
Kazutoshi Murao

[Biography]

1976. 4 Joined Nippon Telegraph and Telephone Public Corporation
2009. 6 Representative Director and Senior Executive Vice President of Nippon Telegraph and Telephone West Corporation
2012. 6 Representative Director and President of Nippon Telegraph and Telephone West Corporation
2018. 6 Counselor to the president, Nippon Telegraph and Telephone West Corporation
2019. 6 Director of Keihan Holdings Co., Ltd.
2019. 6 Director of the Company (current)
2024. 6 Director of West Nippon Expressway Company Limited (current)

[Reason for appointment]

He has the experience of serving as Representative Director and President of Nippon Telegraph and Telephone West Corporation and has not only considerable experience and extensive knowledge in corporate and organizational management but also other expertise. The Company therefore has appointed him as Director.



Outside Director
Tatsuo Kijima

[Biography]

1978. 4 Joined Japanese National Railways
2012. 6 Vice President, Representative Director of West Japan Railway Company
2016. 6 President, Representative Director of West Japan Railway Company
2019.12 Vice Chairman and Director of West Japan Railway Company
2020. 6 Director of the Company (current)
2021. 6 Advisor of West Japan Railway Company (current)
2021. 6 Audit & Supervisory Board Member of Sumitomo Electric Industries, Ltd. (current)

[Reason for appointment]

He has the experience of serving as President, Representative Director of West Japan Railway Company and has not only considerable experience and extensive knowledge expertise in corporate and organizational management but also other expertise and experience, etc. The Company therefore has appointed him as Director.



Outside Director
Yumiko Sato

[Biography]

1975. 4 Joined Suntory Co., Ltd.
1998. 3 General Manager of Research Institute on Continuity and Change in Life of Suntory Co., Ltd.
2005. 3 General Manager of Next Generation Institute of Suntory Co., Ltd.
2008. 4 Senior Research Fellow of Suntory Foundation (incorporated foundation)
2013.10 Specially-appointed Professor of Otomon Gakuin University, Special Professor of Institute for Creating Local Culture of Otomon Gakuin University
2014. 5 Director of Mature Society Research Institute, Otomon Gakuin Educational Foundation
2015. 4 Professor of Faculty of Regional Development Studies, Otomon Gakuin University
2016. 4 Director of Mature Society Research Institute, Otomon Gakuin University
2020. 6 Trustee of Otomon Gakuin Educational Foundation (current)
2021. 6 Director of the Company (current)

[Reason for appointment]

She has made considerable achievements in the field of social studies related to life and culture. In addition, she held positions as General Manager of Suntory Research Institute on Continuity and Change in Life (renamed Next Generation Institute of Suntory Co., Ltd. in 2005) and Trustee of Otomon Gakuin Educational Foundation, and has deep insight into life and culture as well as other expertise, etc. The Company therefore has appointed her as Director.



Outside Director
Mikiyo Niizeki

[Biography]

2006. 4 Professor of Faculty of Economics, Doshisha University
2010. 4 Professor of Master's Program, Graduate School of Economics, Doshisha University
2014. 4 Professor of Doctoral Program, Graduate School of Economics, Doshisha University (current)
2016. 4 Dean of Faculty of Economics and Graduate School of Economics, Doshisha University
2019. 4 Head of Research Promotion Division, Doshisha University Organization for Research Initiatives and Development
2020. 4 Vice President and Head of Center for Learning Support and Faculty Development, Doshisha University
2023. 4 Assistant to the President of Doshisha University
2023. 6 Director of the Company (current)

[Reason for appointment]

She has made numerous considerable achievements in research activities in the field of economics related to finance and investment, and has deep insight into the field of economics and abundant experience and other expertise in organizational management, including serving as Vice President and Head of the Center for Learning Support and Faculty Development of Doshisha University but also other expertise and experience, etc. The Company therefore has appointed her as Director.

Directors who are Audit and Supervisory Committee Members



Director who is an Audit and Supervisory Committee Member (full time)

Fumitoshi Takeguchi

[Biography]

1985. 4 Joined the Company
 2011. 4 General Manager of Secretariat
 2016. 4 Executive Officer
 2016. 4 General Manager of General Affairs Dept.
 2018. 4 Senior Executive Officer
 2018. 6 Director, Senior Executive Officer
 2020. 6 Senior Executive Officer
 2021. 6 Director, Senior Executive Officer
 2024. 4 Director
 2024. 6 Director who is an Audit and Supervisory Committee Member (current)

[Reason for appointment]

He has considerable experience and extensive knowledge in organizational management, governance and risk management, as well as other expertise. The Company therefore has appointed him as Director who is an Audit and Supervisory Committee Member.



Director who is an Audit and Supervisory Committee Member (full time)

Ichiro Hazama

[Biography]

1989. 4 Joined the Company
 2016. 4 General Manager of Planning Division, Japan Gas Association
 2018. 4 General Manager of Planning Dept., Residential Energy Business Unit of the Company
 2019. 4 General Manager of Human Resources Dept.
 2020. 4 Executive Officer, General Manager of Human Resources Dept.
 2023. 4 Advisor
 2023. 6 Audit & Supervisory Board Member
 2024. 6 Director who is an Audit and Supervisory Committee Member (current)

[Reason for appointment]

He has considerable experience and extensive knowledge in risk management, as well as other expertise. The Company therefore has appointed him as Director who is an Audit and Supervisory Committee Member.



Outside Director who is an Audit and Supervisory Committee Member

Eriko Nashioka

[Biography]

1991.10 Joined Ota Showa Audit Corporation
 1995. 4 Registered as a Certified Public Accountant
 2004. 4 Director, Institute for Environmental Management Accounting
 2004. 7 Registered as a Licensed Tax Accountant
 Director, Nashioka Accounting Office (current)
 2006. 4 Part-time Instructor, Faculty of Commerce, Doshisha University
 2013. 4 Representative Director, Institute for Environmental Management Accounting (current)
 2020. 6 Audit & Supervisory Board Member, Sansha Electric Manufacturing Co., Ltd.
 2022. 6 Director, Fukushima Gallei Co., Ltd. (current)
 2022. 6 Audit & Supervisory Board Member of the Company
 2024. 6 Director, Sansha Electric Manufacturing Co., Ltd. (current)
 2024. 6 Director who is an Audit and Supervisory Committee Member of the Company (current)

[Reason for appointment]

She has deep insight in the fields of finance, accounting and ESG (Environment, Society and Governance) and considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise, etc. The Company therefore has appointed her as Director who is an Audit and Supervisory Committee Member.



Outside Director who is an Audit and Supervisory Committee Member

Chieko Minami

[Biography]

2004.12 Professor of Graduate School of Business Administration, Kobe University
 2020. 4 Head of Business Administration, Dean of Graduate School of Business Administration and School of Business Administration, Kobe University
 2022. 4 Executive Assistant to the President of Kobe University
 2023. 1 Head of Recurrent Education Promotion Office, Kobe University
 2023. 4 Vice President of Kobe University
 2023. 6 Audit & Supervisory Board Member of the Company
 2024. 4 Professor of Department of Modern Management, Sugiyama Jogakuen University (current)
 2024. 4 Professor Emeritus, Kobe University (current)
 2024. 6 Director who is an Audit and Supervisory Committee Member of the Company (current)

[Reason for appointment]

She has considerable experience and extensive knowledge in the field of business administration, as well as other expertise. The Company therefore has appointed her as Director who is an Audit and Supervisory Committee Member.



Outside Director who is an Audit and Supervisory Committee Member

Eimei Kozai

[Biography]

1986. 4 Appointed a judge
 2020.10 President of Kobe District Court
 2021. 5 President of Sendai High Court
 2022. 8 Retired from judgeship
 2023. 4 Professor of Graduate School of Law, Kyoto University (current)
 2024. 6 Director who is an Audit and Supervisory Committee Member of the Company (current)

[Reason for appointment]

He has expert knowledge as a legal practitioner and considerable experience and extensive knowledge in organizational management, as well as other expertise. The Company therefore has appointed him as Director who is an Audit and Supervisory Committee Member.

Corporate Governance

Basic Views on Corporate Governance

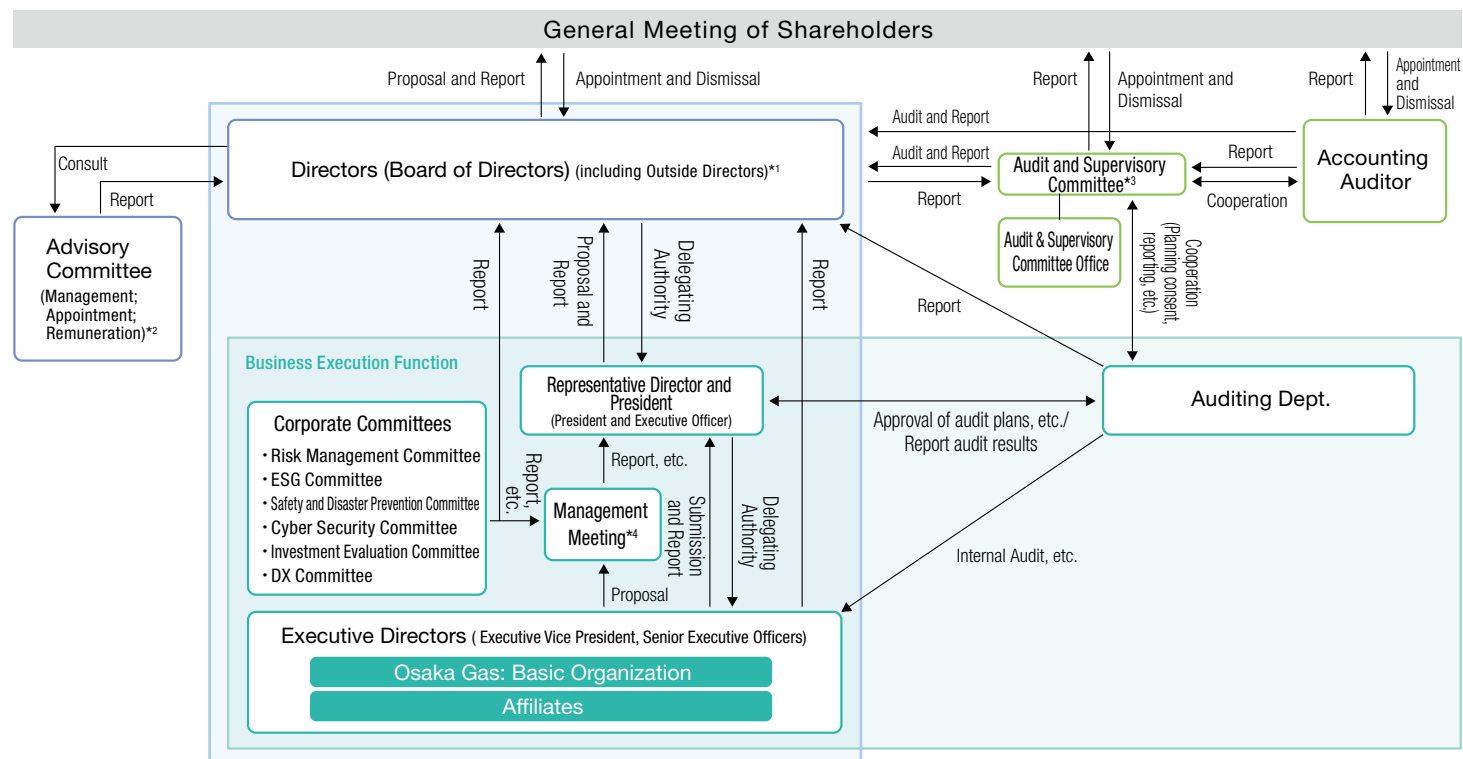
As a corporate group that powers continuous advancement in customers' lives and businesses, our Corporate Principles aim to create four types of value: "Value for Customers," "Value for Society," "Value for Shareholders" and "Value for Employees" by providing various products and services relating to not only the energy business, including natural gas, electricity, and LPG, but also its peripheral services and non-energy businesses, such as urban development, materials and information businesses.

Under these Corporate Principles, the Company and its affiliates (the "Group") will work toward maintaining and increasing a sense of trust by dialogue and cooperation with its various stakeholders including shareholders and customers. In addition, the Group will continue to enhance and strengthen corporate governance in order to respond quickly and appropriately to changes in the business environment surrounding the Group, make transparent, fair, and decisive decisions, and execute business efficiently and appropriately.

Corporate Governance System

Osaka Gas has transitioned from a Company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee following a resolution at the Annual Meeting of Shareholders held on June 27, 2024 to partially amend its Articles of Incorporation to include the transition to a company with an Audit and Supervisory Committee. The transition to a company with an Audit and Supervisory Committee is intended to enhance discussion of management policies and strategies by the Board of Directors, further strengthen the supervisory function, and achieve more flexible decision-making. In addition, we have conducted the introduction of an executive officer system, appointment of multiple Outside Directors, and establishment of voluntary advisory committees on management, appointment of Directors and Director remuneration.

■ Corporate Governance System (as of June 27, 2024)



- *1 Board of Directors:
15 Directors (8 Internal Directors and 7 Outside Directors)
- *2 Advisory Committee on Management:
7 Outside Directors, Representative Director and President, and 1 person appointed by the President
The Advisory Committee on Appointment and Remuneration:
all 4 Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), Representative Director and President, and 1 person appointed by the President
- *3 Audit and Supervisory Committee:
5 Audit and Supervisory Committee Members (2 full-time Directors and 3 Outside Directors)
- *4 Management Meeting:
1 President,
3 Executive Vice President,
8 Senior Executive Officers,
and 2 Executive Officers



Overview of Corporate Governance System

Board of Directors, Directors of the Company

The Board of Directors consists of at least one-third of the 15 Directors, 7 of whom are Outside Directors and discusses management policies and strategies to ensure prompt and accurate decision-making and enhance supervisory functions.

The Company's Articles of Incorporation stipulate that there shall be no more than 15 Directors (excluding Directors who are Audit and Supervisory Committee Members), and that the number of Directors who are Audit and Supervisory Committee Members shall be no more than 5. They also direct that the appointment of Directors is to take place with a quorum of shareholders possessing at least one-third of shareholder voting rights and by a majority of voting rights held by shareholders present, distinguishing between Directors who are Audit and Supervisory Committee Members and those who are not. In addition, they stipulate that no cumulative voting may be used for appointing Directors.

In FY2024.3, the Board of Directors held 13 meetings, with 100% attendance by all Directors. Meetings discussed the Group's management plans, the establishment of important organizations, important human resources matters, execution of important investments and agreements greater than a certain amount, and operational status reports from Executive Directors, etc.

Executive Officers

The Company has adopted an executive officer system (Executive Officers consist of President, Executive Vice President, Senior Executive Officer, and Executive Officers), which enables the Directors of the Company to focus on making business decisions and monitoring and supervisory functions, and worked toward strengthening the business efficiency and the supervisory functions by vitalizing the Board of Directors. Executive Officers perform duties determined by the Board of Directors, and some Representative Directors and Directors concurrently serve as Executive Officers to make management decision-making more accurate and efficient.

Management Meeting

The Company examines basic management policies and important management issues at the Management Meeting and fully deliberates the foregoing before decision-making. In accordance with internal regulations, the Management Meeting consists of President, Executive Vice President, Senior Executive Officer and head of each headquarter and business unit. In principle, the Management Meeting is held three times per year as the "ESG Council," which deliberates on activity plans and

reports on activities related to the promotion of ESG management.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee Members, of whom three are Outside Directors, and audits the execution of work duties by the Directors.

Auditing Department

The Company has established the Auditing Department as an internal audit division. Based on a yearly auditing plan, it audits, from independent and neutral viewpoints, the status of execution of business activities. Audit results are reported regularly to all attendees of the Board of Directors and the Audit and Supervisory Committee, in addition to periodic reports at the Management Meetings. In the event that an internal audit identifies a matter that may have a significant impact on management, it is reported to the Board of Directors (dual reporting). The Auditing Department evaluates internal control over financial reporting based on the Financial Instruments and Exchange Act. The Head of the Auditing Department regularly exchanges opinions with the Audit and Supervisory Committee and the accounting auditor.

Advisory Committee

The Advisory Committee on Management consists of all Outside Directors (7 members), the President and, if necessary, a person appointed by the President (the President may appoint up to one person from among other Representative Directors). From the perspective of enhancing corporate value, the committee deliberates on key issues such as medium- and long-term management strategy, sustainability, risk management, and DX.

The Advisory Committee on Appointment and the Advisory Committee on Remuneration consist of all Outside Directors (4 members, excluding Directors who are Audit and Supervisory Committee Members), the President and, if necessary, a person appointed by the President (the President may appoint up to one person from among other Representative Directors). From the perspective of ensuring objectivity and transparency in the decision-making process, the Advisory Committee on Appointment and Remuneration deliberates on matters related to the election of candidates for Directors, the selection and dismissal of Representative Directors and other Executive Directors, and matters related to the remuneration of Directors. In addition, one Director who is the Audit and Supervisory Committee Member participates in each Advisory Committee meeting as an observer.

All committees are chaired by outside directors.

ESG Committee

The Company has established the ESG Committee to promote activities relating to the Group's sustainability, including the environment, compliance, social contribution, respect for human rights, etc.

(Chairman: Head of ESG Promotion/Representative Director and Executive Vice President)

Safety and Disaster Prevention Committee

In order to take all possible measures to ensure safety, disaster prevention, and gas supply stability after the legal spin-off of the gas pipeline service business, the Company established the Safety and Disaster Prevention Committee to centrally manage events and promote measures, related to safety, disaster prevention, and gas supply stability within the Group.

(Chairman: Head of Safety/Senior Executive Officer)

Cyber Security Committee

The Company has established the Cyber Security Committee to reinforce the cyber security measures of the Group.

(Chairman: Head of Technology/Representative Director and Executive Vice President)

Investment Evaluation Committee

The Company has established the Investment Evaluation Committee to examine risk and return and assess investments in excess of a certain amount, and report findings to the Management Meeting to help make appropriate investment decisions.

(Chairman: President of the Corporate Planning HQ/ Representative Director and Executive Vice President)

DX Committee

The Company has established the DX Committee to promote DX for the entire group while coordinating the alignment with business, IT, and financial strategies across the organization.

(Chairman: President of the Corporate Planning HQ/ Representative Director and Executive Vice President)

Risk Management Committee

In April 2024, the Company established the Risk Management Committee to strengthen appropriate responses to risks in its Group, which is expanding its business domain.

(Chairman: Head of Risk Management/Representative Director and Executive Vice President)



Views on the Composition of Directors

From the perspective of contributing to its sustainable growth and improvement of the medium- to long-term corporate value of the Daigas Group, Osaka Gas has adopted a basic policy of appointing diverse talent as Directors in full consideration of their knowledge and experiences in “corporate management,” “marketing,” and other fields, ability, personality, etc. regardless of gender, nationality, career, or age, etc. We have set a target of increasing the Ratio of female directors to 30% or higher by FY2031.3, and the Ratio of female directors has been 26.7% since the close of the Annual Meeting of Shareholders for FY2024.3. Moreover, in light of the medium- and long-term management plans, we have defined corporate management, marketing, technology/R&D, DX, global management, ESG, finance/accounting, legal/risk management, and human resources development as area of expertise that the Board of Directors should possess.

In addition, we have long since defined the term of Director as one year in order to respond flexibly to changes in our business environment and clarify management responsibility.

Based on the above-mentioned policy, decisions on the selection of candidates for Directors and the appointment and dismissal of Representative Directors and other Executive Directors are made based on deliberations by a voluntarily appointed Advisory Committee made up of a majority of Outside Directors in order to ensure objectivity and transparency in decision-making.

The following is a list of the skills that the Board of Directors should possess as identified in light of the medium- to long-term management plan as well as the particularly significant skills of each Director.

Skills Matrix (as of June 27, 2024)

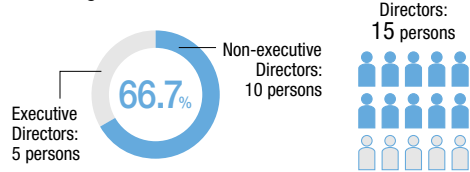
Name	Position	Age	Years in office	Internal/Outside	Independence	Attendance at Board of Directors Meetings in FY2024.3	Fields of Significant Expertise and Experience								
							Corporate Management	Marketing	Technology/R&D	DX	Global Management	ESG	Finance/Accounting	Legal/Risk Management	Human Resources Development
Takehiro Honjo	Director, Chairman of the Board	70	15	Internal	—	100%	●	●				●	●	●	●
Masataka Fujiwara	Representative Director	66	8	Internal	—	100%	●	●	●	●	●	●			
Takayuki Tasaka	Representative Director	61	6	Internal	—	100%	●	●				●	●		
Keiji Takemori	Representative Director	60	—	Internal	—	—	●			●		●	●		●
Ko Sakanashi	Representative Director	57	—	Internal	—	—	●		●		●	●	●		
Toshiyuki Imai	Director	58	—	Internal	—	—		●				●		●	●
Kazutoshi Murao	Director	71	5	Outside	○	100%	●			●		●		●	●
Tatsuo Kijima	Director	69	4	Outside	○	100%	●					●		●	●
Yumiko Sato	Director	72	3	Outside	○	100%						●		●	●
Mikiyo Niizeki	Director	56	1	Outside	○	100%	●	●					●		●
Fumitoshi Takeguchi	Director	62	(3) ¹	Internal	—	100% ¹						●	●	●	●
Ichiro Hazama	Director	58	(1) ²	Internal	—	100% ²			●					●	●
Eriko Nashioka	Director	57	(2) ²	Outside	○	100% ²	●					●	●		●
Chieko Minami	Director	63	(1) ²	Outside	○	100% ²	●	●		●					●
Eimei Kozai	Director	66	—	Outside	○	—	●							●	●

¹ Status in previous position (Director and Senior Executive Officer)

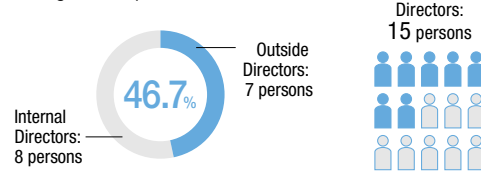
² Status in previous position (Audit & Supervisory Board Member)

■ Independence of Directors (as of June 27, 2024)

Percentage of Non-executive Directors

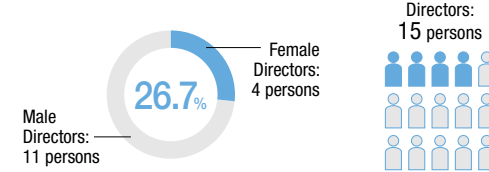


Percentage of Independent Outside Directors



■ Diversity of Directors (as of June 27, 2024)

Ratio of Female Directors



■ Corporate Governance Initiatives

		2019	2020	2021	2022	2023	2024	
Separation of business execution and supervision	Medium-Term Management Plan	Going Forward Beyond Borders		Creating Value for a Sustainable Future			Connecting Ambitious Dreams	
	Organization design	From 1897 (establishment): a company with an Audit & Supervisory Board (Members)					From 2024: a company with an Audit and Supervisory Committee	
	Chairperson of the Board	From 2015: Representative Director and Chairman of the Board			From 2021: Director, Chairman of the Board			
	Execution system	From 2009: adoption of an executive officer system						
	Outside Directors/Outside Audit & Supervisory Board Members	From 2016: Outside Directors: 3 persons			From 2021: Outside Directors: 4 persons			From 2024: Outside Directors: 7 persons
		From 2020: percentage of Outside Directors: 1/3 or more						
Voluntary advisory committee	In 2013: established (appointment and remuneration)				In 2022: expanded (management, appointment, and remuneration)			
Diversity	Female officers	From 2014: one person (one Audit & Supervisory Board Member)		From 2021: 2 persons (one Director and one Audit & Supervisory Board Member)		From 2023: 4 persons (2 Directors and 2 Audit & Supervisory Board Members)	From 2024: 4 persons (4 Directors)	
	Skills matrix				Since 2021: disclosed			
Linkage between sustainable growth and remuneration	Composition of remuneration	Since 2013: basic : performance-linked = 6:4			Since 2021: basic : performance-linked : stock-based = 5:4:1		Since 2024: basic : performance-linked : stock-based = 4:4:2	
	Remuneration system	In 2013: established performance-linked remuneration system					In 2021: established stock-based remuneration system (equivalent to 10% of total remuneration)	
	Indicators for performance-linked remuneration	Since 2013: indicators: profit attributable to owners of parent				Since 2022: linked remuneration to ESG indicators achievement		
Internal control	Corporate committee ^{*1}	From 2003: Investment Evaluation Committee						
		From 2006: CSR Committee ^{*3}	From 2020: ESG Committee					
		From 2019: Cyber Security Committee						
						From 2021: DX Committee		
		From 1996: Executive Safety Council			From 2022: Safety and Disaster Prevention Committee			
								From 2024: Risk Management Committee
	Strengthening risk management (operation of G-RIMS ^{*2})	From 2006: targeting Osaka Gas and domestic affiliates (in 2017: expanded to include overseas affiliates)						
	Cross-shareholdings	In 2013: established policies regarding cross-shareholdings ^{*4}						

*1 Established for the purpose of coordinating and promoting matters (important issues for the entire Group) across multiple basic organization

*2 Systematized self-assessment of risk management practices (Gas Group Risk Management System)

*3 The new "CSR Committee" was established to coordinate and promote the activities of the committees (Compliance Committee and Energy & Global Environment Committee), which had been operating separately by field, as well as community and social contribution, human rights, employment, and other activities promoted by the organizations in charge, on a cross-organizational basis.

*4 Rules on the purchase and management of third-party stocks were established. The Board of Directors examines the significance of each individual stock holding. If the significance of holding an issue has waned, we sell it sequentially.

With respect to the exercise of voting rights, a standard for exercising voting rights was established (in 2016). We examine the content of proposals through various methods, including dialogue with investees, and decide whether to approve or disapprove.

Advisory Committee Activities

In FY2024.3, the Advisory Committee on Management held four times, the Advisory Committee on Appointment held three times, and the Advisory Committee on Remuneration held twice. The attendance of chair and committee members and main agenda are shown in the table below.

All committees are chaired by Outside Directors.

■ FY2024.3 Results

Name	Composition of each advisory committee and percentage of Outside Directors	Agenda	Issues discussed	Name	Position	Attendance	Attendance rate	Number of the meetings held in FY2024.3	
Advisory Committee on Management	(Management) 67% 	Key issues such as medium- to long-term corporate strategy and sustainability	Next Medium-term Management Plan, overseas M&A strategy, transition to a company with an Audit and Supervisory Committee, etc.	Tatsuo Kijima	Chairperson	Outside Director	4 out of 4 meetings	100%	4 meetings
				Kazutoshi Murao		Outside Director	4 out of 4 meetings	100%	
				Yumiko Sato		Outside Director	4 out of 4 meetings	100%	
				Mikiyo Niizeki		Outside Director	4 out of 4 meetings	100%	
				Masataka Fujiwara		Representative Director and President	4 out of 4 meetings	100%	
				Takeshi Matsui*1		Representative Director and Executive Vice President	4 out of 4 meetings	100%	
Advisory Committee on Appointment	(Appointment) 80% 	Matters related to the election of candidates for Directors and Audit & Supervisory Board Members, the selection and dismissal of Representative Directors and other Executive Directors, skills matrix, and succession plan, etc.	Matters to be considered in the selection of candidates for Directors, the election of candidates for Directors, selection and dismissal of Representative Directors and other Executive Directors, skills matrix, etc.	Kazutoshi Murao	Chairperson	Outside Director	3 out of 3 meetings	100%	3 meetings
				Tatsuo Kijima		Outside Director	3 out of 3 meetings	100%	
				Yumiko Sato		Outside Director	3 out of 3 meetings	100%	
				Mikiyo Niizeki		Outside Director	3 out of 3 meetings	100%	
				Masataka Fujiwara		Representative Director and President	3 out of 3 meetings	100%	
Advisory Committee on Remuneration	(Remuneration) 67% 	Policy on determining remuneration of Directors, calculation method for the portion linked to business performance of the remuneration, payment coefficient, appropriateness of the remuneration levels, etc.	Policy on determining remuneration of Directors, appropriateness of the remuneration levels, calculation method for the portion linked to business performance, payment coefficient for the portion linked to business performance, etc.	Yumiko Sato	Chairperson	Outside Director	2 out of 2 meetings	100%	2 meetings
				Kazutoshi Murao		Outside Director	2 out of 2 meetings	100%	
				Tatsuo Kijima		Outside Director	2 out of 2 meetings	100%	
				Mikiyo Niizeki		Outside Director	1 out of 1 meeting*2	100%	
				Masataka Fujiwara		Representative Director and President	1 out of 1 meeting*3	100%	
				Takayuki Tasaka		Representative Director and Executive Vice President	1 out of 1 meeting*3	100%	

*1 Retired as of the close of the Company's Annual Meeting of Shareholders held in June 2024.

*2 Appointed on June 23, 2023

*3 Deliberations on Directors' remuneration levels, etc. are not subject to attendance.

Outside Directors Internal Directors

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, the Company formulates a succession plan for top management, and fosters human resources to oversee 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.

Directors Remuneration

Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members. The same shall apply hereinafter) shall be provided in a remuneration system designed to raise motivation for Directors to achieve sustainable growth and mid- to long-term increase in corporate value. Remuneration for Executive Directors shall consist of basic remuneration as fixed remuneration, performance-linked remuneration and stock-based remuneration, and remuneration for Director, Chairman of the Board shall consist of basic remuneration as fixed remuneration and stock-based remuneration in order to clarify the separation of business execution and supervision. Remuneration for Outside Directors shall only consist of basic remuneration as fixed remuneration, as they have a standpoint independent of business execution.

Remuneration for Directors shall be determined within the total amount of remuneration*¹ approved at the Annual Meeting of Shareholders, after deliberation at a voluntarily appointed Advisory Committee on Remuneration made up of a majority of the Outside Directors, from the perspective of ensuring objectivity and seeking transparency in the decision-making process.*²

The Company has established a policy on determining the remuneration of Directors as prescribed by the resolution of the Board of Directors after deliberation at a voluntarily appointed Advisory Committee made up of a majority of Outside Directors. This policy is summarized as follows. The system of paying retirement benefits to Directors was abolished in June 2004.

Remuneration for Directors who are the Audit and Supervisory Committee Members shall be determined by consultation among the Directors who are the Audit and Supervisory Committee Members within the total amount of remuneration approved at the Annual Meeting of Shareholders.

*1 At the 206th Annual Meeting of Shareholders held on June 27, 2024, it was resolved that the monetary remuneration quota would be up to 57 million yen per month, the stock remuneration quota would be within 144 million yen per year, and the maximum number of shares would be within 96,000 shares per year. As of the close of the said Annual Meeting of Shareholders, the number of Directors subject to monthly cash remuneration was 10 (of which, 4 are Outside Directors, with monetary remuneration quota of up to 5 million yen).

*2 The content of monetary remuneration may be determined by the Representative Director and President based on delegation of authority by the resolution of the Board of Directors.

■ Outline of Remuneration

Remuneration items	Fixed/variable	Standard composition*3			Type of remuneration	Outline
		Executive Directors	Director, Chairman of the Board	Outside Directors		
Basic remuneration	Fixed	40%	80%	100%	Monetary remuneration	<ul style="list-style-type: none"> • Monetary remuneration paid on a monthly basis • The amount shall be determined in accordance with the rules prescribed by the resolution of the Board of Directors, while considering such factors as each Director's position and responsibilities, public standards, and other factors.
Performance-linked remuneration	Variable (short-term incentive)	40%	—	—	Monetary remuneration	<ul style="list-style-type: none"> • Monetary remuneration paid on a monthly basis • The amount shall be determined using ESG indicators in the Medium-Term Management Plan (indicators: main non-financial (materiality) indicators achievement) as the main indicators
Stock-based remuneration	Variable (mid- to long-term incentive)	20%	20%	—	Stocks	<ul style="list-style-type: none"> • Restricted stock shall be granted at a certain time every year for the purpose of strengthening the linkage between remuneration and mid- to long-term increase in corporate value and further promoting sharing of value with the shareholders. • The number of shares to be granted shall be determined with consideration for the positions and responsibilities of each Director and stock prices, etc. • A Director shall not transfer, establish a security interest on, or otherwise dispose of the allotted shares during the period from the date of the allotment of shares to the date of his/her retirement from office. • Transfer restrictions shall be lifted on the condition that the resignation of a Director is due to reasons deemed justifiable by the Company or due to the death of the Director. • In the event that a Director commits an act of misconduct or falls under other certain events stipulated in the restricted stock allotment agreement, the Company will naturally acquire all or part of the allotted shares without remuneration (malus and clawback provisions).

*3 Standard applied when performance-linked remuneration targets are fully achieved.

Officer Remuneration System Taking into Account ESG Indicators Achievement

At the Board of Directors meeting held on December 23, 2021, Osaka Gas resolved to reflect the coefficient of ESG indicators achievement in the previous year in officer remuneration to contribute to short-term and mid- to long-term increases in corporate value.

The coefficient of ESG indicators achievement includes the achievement of the ESG indicators stated in the Medium-Term Management Plan 2023, and this system has been applied from July 2023 onward, when remuneration is paid based on FY2023.3 results.

Profit Attributable to Owners of Parent (Consolidated Profit) for the Last Three Years

Term		203rd	204th	205th
Fiscal year ended		March 31, 2021	March 31, 2022	March 31, 2023
Profit attributable to owners of parent	million yen			
	Plan	73,000	70,500	82,000
	Result	80,857	130,421	57,110

Total Amount of Remuneration by Officer Classification and by Type of Remuneration, and Number of Eligible Officers (Fiscal year ended March 31, 2024)

Classification	Total amount of remuneration (million yen)	Total amount of remuneration by type of remuneration (million yen)			Number of payees
		Fixed	Performance-linked remuneration	Non-monetary remuneration, etc.	
Directors (excluding Outside Directors)	421	203	173	45	6
Audit & Supervisory Board Members (excluding Outside Members)	67	67	—	—	3
Outside Directors	48	48	—	—	5
Outside Audit & Supervisory Board Members	36	36	—	—	4

Note: The number of persons and amounts include one Outside Director and two Audit & Supervisory Board Members (of whom one is Outside Audit & Supervisory Board Member) who retired as of the close of the Company's 205th Annual Meeting of Shareholders held on June 23, 2023.

* The total amount of remuneration for each officer is not stated as there is no officer with a total amount of consolidated remuneration of 100 million yen or more.

* There are no employees concurrently serving as officers.

From FY2025.3 onward, the coefficient of ESG indicators achievement includes the achievement of the following main non-financial (materiality) indicators achievement stated in the Medium-Term Management Plan 2026.

Main ESG Indicators

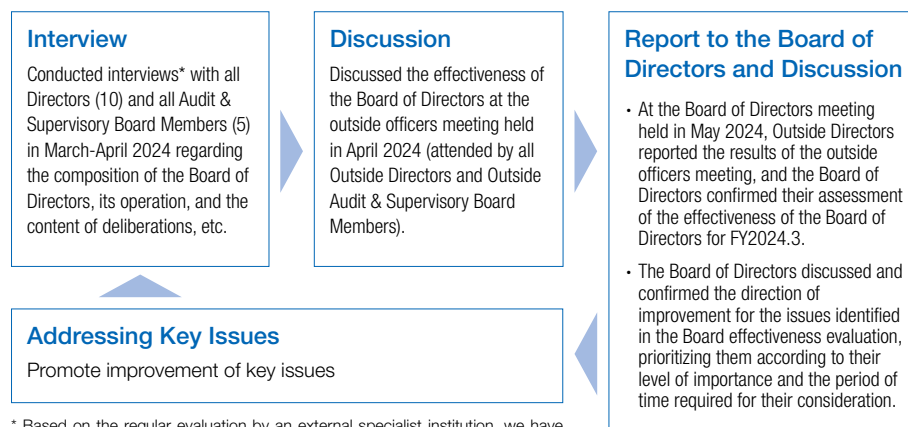
Materiality	ESG indicators	FY2027.3 targets
Provide carbon neutral energy	• Avoided emissions	7 million tons/year
	• Renewable energy development contribution	4 GW
	• CO ₂ emissions reduction in the Group company offices and vehicles	67%
Enhance the resilience of customers and society	• Serious accidents 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 a work environment where employees and the company resonate and enhance each other	• 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



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

The Board of Directors analyzes and evaluates the effectiveness of the Board of Directors and the Advisory Committee each fiscal year based on the results of interviews conducted by the Board of Directors Secretariat with each Director and Audit & Supervisory Board Member. The methods and results of the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2024 are summarized below.

1. Method



* Based on the regular evaluation by an external specialist institution, we have established the interview items for the fiscal year ended March 31, 2024.

2. Interview Items

- ① Initiatives in response to issues
 - Board operations that devote more time to discussion
 - Increase in the number of meetings of the Advisory Committee on Management
 - Expanding opportunities for contact with board candidates
 - Cultivate internal officer candidates from a medium- to long-term perspective (especially women and highly specialized personnel)
- ② Composition of the Board of Directors
 - The ideal structure and composition of the Board of Directors to realize the long-term management vision and medium-term management plan
 - Ensuring diversity (gender, expertise, experience, ability, etc.), etc.
- ③ Operation of the Board of Directors meetings
 - Frequency and time, proceedings, materials
 - Development of appropriate management strategies and plans, the status of response to key issues such as climate change risks and DX, etc.
- ④ Advisory Committee
 - Frequency of meetings, content of deliberations, method of operation
 - Perspectives and factors to consider when selecting director candidates, evaluation of directors, etc.
- ⑤ Outside officers' meetings and others
 - Exchanging opinions for the purpose of developing management, etc.
- ⑥ Free opinion

3. Evaluation Results

It was confirmed that improvements have been made on the issues recognized in FY2023.3. The Board of Directors discussed the direction of improvement for the following issues identified in FY2024.3.

<Major issues>

- Enhancement of discussions on medium- to long-term management issues
- Expanding opportunities for contact with board candidates
- Concretize measures to cultivate internal officer candidates from a medium- to long-term perspective (especially women and highly specialized personnel)

Audit

The Company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee following a resolution at the 206th Annual Meeting of Shareholders held on June 27, 2024 to partially amend its Articles of Incorporation to include the transition to a company with an Audit and Supervisory Committee. The Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee Members, of whom three are Outside Directors.

The following items describe the audit status in FY2024.3, prior to the Company's transition to a company with an Audit and Supervisory Committee.

■ Main Activities of Audit & Supervisory Board Members

(a) Business audit	<ul style="list-style-type: none"> • Attend important meetings such as Management Meeting and read important documents • Conduct visiting audits at Head Office, major offices, and affiliates • Listen to reports from each organization and affiliate • Exchange opinions with Directors (including Outside Directors) • Cooperate with the internal audit division and Audit & Supervisory Board Members of affiliates
(b) Accounting audit	<ul style="list-style-type: none"> • Confirm the independence of the accounting auditor and proper conduct of audits • Confirm accounting audit plans and audit results, etc.

At the Audit & Supervisory Board meeting, reports and information on the implementation of the audit are shared, and necessary deliberations and resolutions are made.

14 Audit & Supervisory Board meetings were held in FY2024.3. The main resolutions of the Audit & Supervisory Board meetings are as follows.

■ Main Resolutions at the Audit & Supervisory Board Meetings

- Audit plans by Audit & Supervisory Board Members
- Report on audits by the Audit & Supervisory Board
- Approval of proposal for election of Audit & Supervisory Board Members
- Selection of full-time Audit & Supervisory Board Members
- Assignment of duties of each Audit & Supervisory Board Member
- Evaluation and reappointment/non-reappointment of the accounting auditor
- Approval of remuneration for the accounting auditor



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. In this environment, as the Daigas Group develops and expands its various businesses in various regions, risk management is becoming increasingly important.

Recognizing the importance of risk management, the Group has established in its regulations basic guidelines for risk-related actions and is promoting efforts in this area.

Risk Management System

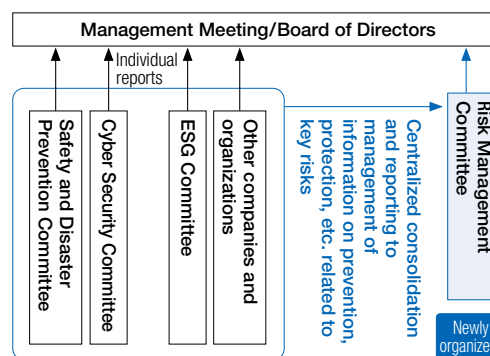
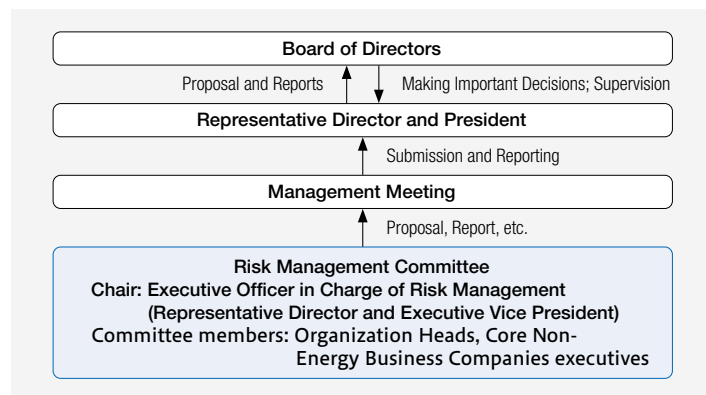
The Company has been implementing risk preventive maintenance planning and progress follow-up through corporate committees such as the ESG Committee, the Safety and Disaster Prevention Committee, and the Cyber Security Committee. As the Group's business domain expands, the Risk Management Committee, a corporate committee independent from the Audit & Supervisory Committee has been established in April 2024 in addition to the above framework to comprehensively manage key risks across the entire company.

The Risk Management Committee is chaired by the Executive Officer in Charge of Risk Management (Representative Director and Executive Vice President), 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 preventive maintenance plans and results for key risks that may affect business performance and financial position, and implement efficient and effective risk management.

In addition, risk preventive maintenance activities are reported and discussed at the Management Meeting, which is chaired by the Representative Director and President, regarding plans, results, and other matters related to risk preventive maintenance activities. Matters that have a significant impact on management are submitted to the Board of Directors for decision-making and oversight.

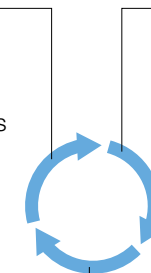
Group-wide Risk Management System



Group-wide Risk Management Cycle

Plan

- Development and sharing of preventive maintenance plans for key risks
- Reporting and evaluation of activity plans to the Management Meeting and Board of Directors



Execution

- Implementation and progress report of activities based on the key plan
- Reporting and sharing of key risk predictions and occurrences

Confirmation, improvement and countermeasures

- Reporting and evaluation of activity results to the Management Meeting and Board of Directors
- Reconfirmation and re-selection of key risks
- Risk preventive maintenance plan study based on activity results

Internal Control

Operating Status of the Internal Control Systems

Osaka Gas established systems (internal control systems) to ensure that Directors of the Company execute the duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of the Daigas Group's operations at the Board of Directors. The Company confirms the operating status of the internal control systems periodically by identifying items to confirm for various matters and receiving reports from the organizational heads and other persons concerned. At the meeting of the Board of Directors held on April 25, 2024, it was reported that the internal control systems were operating in a proper manner.

Overview of Operating Status of the Internal Control Systems (FY2024.3)

① Matters concerning compliance, etc.

The ESG Committee promotes initiatives in each domain, including sustainability activities, through the Compliance and Risk Management Subcommittee, Environment Subcommittee, and Social Contribution Subcommittee. Educational materials, including a guide to the Daigas Group Code of Business Conduct, are posted on the intranet at all times to familiarize officers and employees of the Group with said Code to promote and ensure its understanding.

To ensure compliance with laws and regulations related to appropriate gas transactions, we held legal lectures on the Antimonopoly Law and provided education on regulations conduct.

CD Energy Direct, Inc. received an order from the Consumer Affairs Agency to suspend its door-to-door sales operations (for six months) based on the Act on Specified Commercial Transactions, for some inappropriate business practices in door-to-door sales by a subcontractor. In order to prevent recurrence, the company is reviewing its compliance system and strengthening the supervision and education of its contractors. In addition, legal training sessions on the Act on Specified Commercial Transactions were held within the Group.

② Matters concerning risk management, etc.

Organizational heads of the Company and presidents of the affiliates promote the management of the risk of losses and periodically conduct risk management assessments. Each basic organization or affiliate identifies risk items, checks the status of management concerning the risk items, and conducts follow-ups or other measures by using such means as the "G-RIMS (Gas Group Risk Management System)," which systematizes the self-assessment of risk management practices.

Following the fire incident at the Freeport LNG plant in the U.S., we have reviewed and implemented risk management measures and rules for the LNG trade business. In response to the fire accident at Sodegaura Biomass Power Co., Ltd, we have reviewed risks and countermeasures related to biomass power plant operations and fuel management, and are implemented them horizontally at our Group's biomass power plants.

Regarding the management of risks concerning security and disaster prevention which are common to the Group, the organization in charge is clearly specified, and the organization supports each basic organization and affiliate to ensure risk management on a Group-wide basis.

We established a Security and Disaster Prevention Committee to coordinate and promote cross-organizational measures related to safety and disaster prevention within the Group, and are taking all possible measures to ensure safety and disaster prevention after the legal separation. The Network Company also implemented internal investigations to confirm the status of measures to block the transfer of information between the Network Company and the Company which is gas retailer, as well as the Network Company and affiliated companies which are gas retailers, and the status of information management at each company.

To prepare for emergencies, regulations for disaster countermeasures and business continuity plans (BCP) are prepared. We also carry out Group-wide disaster-prevention drills, which consist of earthquake drills and BCP exercises.

The Cyber Security Committee has been established to further strengthen measures against cyberattacks from outside the Group's network such as by carrying out periodic inspections and following up on the Group's security.

In April 2024, we established the Risk Management Committee to comprehensively manage the risks of the Group, which is expanding its business domain, with the aim of strengthening its risk monitoring function.

③ Matters concerning the management of businesses in the Group

The affiliates to be managed by the Core Non-Energy Business Companies, the Network Company, the Overseas Regional Headquarters, or the management support organizations are designated and their managerial tasks are monitored by receiving periodic reports and reports on important issues from the affiliates. In addition, day-to-day management of those affiliates is performed by using the G-RIMS and/or conducting audits.

The Company's Auditing Department, which conducts internal audits, implements planned internal audits of the Company's organizations and affiliates and provides follow-up audits after a certain period of time.

④ Matters concerning the effectiveness of audits by Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Members have periodic exchanges of opinion with the Director and Chairman of the Board, the Representative Director and President and the accounting auditor, in which Outside Audit & Supervisory Board Members also participate as necessary. Partly through the opportunity to exchange opinions with the accounting auditor, Audit & Supervisory Board Members evaluate the qualifications, expertise and independence of the accounting auditor.

Full-time Audit & Supervisory Board Members attend important meetings such as the Management Meeting, the ESG Council, the Investment Evaluation Committee, etc., and read approval documents and other important documents. Through the Board of Directors' resolution on the internal control systems, they also clarify important matters to be reported to Audit & Supervisory Board Members and disseminate information thereof.

Five assistants to Audit & Supervisory Board Members are in place to engage solely in assisting Audit & Supervisory Board Members in the performance of their duties.



Periodic Reviews and Monitoring

Operating our own self-assessment system G-RIMS

The Group introduced the “G-RIMS,” a system for risk management in routine business operations, in 2006. The manager of each organization and affiliated company checks if preventive measures have been implemented or if an early-detection system is in place as required, using a checklist comprising about 50 risk items. After assessing the magnitude of the risks and identifying the risks that need to be addressed, the PDCA cycle is operated, including planning, implementation and follow-up of response measures.

■ Areas and items of G-RIMS (Gas Group Risk Management System)

<p>1. Management environment</p> <ul style="list-style-type: none"> Dissemination of corporate principles Decision-making and follow-up process Poor maintenance of regulations Failure to report business information that should be reported Effectiveness of self-audits 	<p>5. Response to relevant laws</p> <ul style="list-style-type: none"> Violation of applicable laws and regulations <p>6. Illegal transactions</p> <ul style="list-style-type: none"> Violation of the antitrust act Violation of the subcontract act Violation of the labeling act <p>7. Inappropriate relationships</p> <ul style="list-style-type: none"> Cozy relationships, bribery, etc. with public servants; cozy relationships with clients and suppliers 	<ul style="list-style-type: none"> Embezzlement of sales proceeds Illegal spending The same person taking a spending-related post for a long time 	<p>product liability, consumer protection, etc.)</p> <p>20. Business continuity in emergency</p> <ul style="list-style-type: none"> Suspension or delay of business activities/operations in an emergency, such as a disaster 	<p>from the lack of security measures</p> <p>26. Personal information concerning customers and corporate clients (including customer information)</p> <ul style="list-style-type: none"> Leakage, loss, and illegal use of personal information concerning customers
<p>2. Human rights, harassment</p> <ul style="list-style-type: none"> Violation of human rights (workers, local residents, consumers, etc.) Harassment (sexual harassment, maternity harassment, power harassment) 	<p>8. Anti-social forces</p> <ul style="list-style-type: none"> Refusal to have a relationship with anti-social forces 	<p>14. Accounting, tax-related procedures</p> <ul style="list-style-type: none"> Errors, illegal practices, and delays concerning accounting and tax-related procedures 	<p>21. Intellectual property</p> <ul style="list-style-type: none"> Insufficient protection of intellectual property rights owned by the Group Infringement of intellectual property rights owned by third companies 	<p>27. Personal information concerning employees</p> <ul style="list-style-type: none"> Leakage, loss, and illegal use of personal information concerning employees
<p>3. Personnel affairs, labor affairs</p> <ul style="list-style-type: none"> Inappropriate labor management and incompliance with labor-related laws and regulations Inappropriate employment contracts with non-regular employees Securing human resources Developing human resources 	<p>9. Insider trading</p> <ul style="list-style-type: none"> Practice of insider trading, provision of insider information 	<p>15. Credit control, loan control</p> <ul style="list-style-type: none"> Irrecoverable loans, delays in loan collection Acceptance and execution of guaranteed debts 	<p>22. Lawsuits</p> <ul style="list-style-type: none"> Legal disputes such as lawsuits <p>23. Information disclosure</p> <ul style="list-style-type: none"> Inappropriate information disclosure procedures and the subsequent erosion of public trust in the Group 	<p>28. “My Number” system (individual identification number and specified personal information)</p> <ul style="list-style-type: none"> Leakage, loss, and illegal use of “My Number” identification numbers
<p>4. Accident prevention, workplace safety</p> <ul style="list-style-type: none"> Slack conduct regarding accident prevention and workplace safety Vehicles for business use 	<p>10. Subsidies</p> <ul style="list-style-type: none"> Illegal receipt of public funds (subsidies, etc.) 	<p>16. Scandals involving suppliers</p> <ul style="list-style-type: none"> Compliance problems emerged at corporate clients concerning human rights, labor practices, environment, and corruption 	<p>24. Information control in general</p> <ul style="list-style-type: none"> Leakage, loss, and illegal use of information 	<p>29. Funds, derivatives</p> <ul style="list-style-type: none"> Problematic fund management and fund procurement Problematic fund control Speculative derivative transactions
	<p>11. Management of seals</p> <ul style="list-style-type: none"> Illegal use of seals 	<p>17. Whistle-blowing system (Compliance Desks)</p> <ul style="list-style-type: none"> Insufficient dissemination of a whistleblowing system Operational defects of a whistleblowing system 	<p>25. Computer network related (computer networks, business apps related to computer networks, information used via such networks and apps)</p> <ul style="list-style-type: none"> Illegal use of information, illegal alteration of information, and information leakage, all arising 	<p>30. Electronic banking</p> <ul style="list-style-type: none"> Illegal and erroneous money transfers using the electronic banking system
	<p>12. Purchase, expense-related spending</p> <ul style="list-style-type: none"> Inappropriate procedures and illegal practices concerning purchase and expense-related spending (accounting spending) 	<p>18. Environment-related</p> <ul style="list-style-type: none"> Violation of environment-related laws 		
	<p>13. Illegal practices concerning money transfer</p> <ul style="list-style-type: none"> Illegal use of bank accounts Embezzlement of cash 	<p>19. Products, services</p> <ul style="list-style-type: none"> Quality of products and services (complaints, defects, recall, 		



Recognition of and Countermeasures Against Business Risks

In addition to the measures preparing for the following risks, the Daigas 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.

Risks Related to All Businesses within the Group	Countermeasures against Risks
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."
Occurrence of catastrophic disasters, accidents, or infectious diseases	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.
Changes in international rules, politics, 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, politics, laws and regulations, and institutional systems.
Changes in foreign exchange rates and borrowing rates, and rising prices	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.
Securing human resources	We are striving to secure human resources in the face of a declining working population.
Uncollected investments	The Board of Directors makes decisions on various types of investments for growth based on comprehensive management decisions by the Investment Evaluation Committee including projects' economic and risk evaluation.
Climate change and trend toward carbon-neutrality	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.
Intensifying competition	In order to increase our market competitiveness in all business segments, we are promoting initiatives to increase added value, reduce raw material costs, develop technologies, promote digital transformation, etc.
Breakdown or malfunction of critical IT systems, development delays or cancellations, and information leaks	We are promoting and monitoring security measures, ensuring dissemination and education of information management, building and upgrading information systems, etc.
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.
Non-compliance with laws and regulations	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.

Individual Risks of Each Business Segment

● Domestic Energy Business

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.
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.
Difficulty in procuring raw fuels	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.
Changes in electricity procurement costs	We are working to ensure a stable electricity supply by responding to power demand through procurement from procurement contracts with other companies, and from the Japan Electric Power Exchange and other markets, in addition to procurement from our own power source.
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.
Products such as gas equipment and facility issues	We are striving to ensure a stable supply of products, and promoting the use of safe equipment and related inspection and dissemination.
Intensifying competition in the industry and the resulting increase in choices available to consumers	We are working to provide various added values, aiming to be a company that continues to be the first choice of customers.

● International Energy Business

Changes in the operating environment, such as decreased profitability or project delay or cancellation, resulting from the public policies, implementation of or changes in regulations, deterioration of economic or social conditions, market fluctuation in areas including crude oil prices and gas prices, technical issues, or damage by natural disasters in the countries in which the Group operates	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.
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● Life & Business Solutions Business

Changes in the operating environment, such as soaring material costs, suspension of material supplies, and worsening economic conditions	We are working on internal growth, investment for growth, and other initiatives based on technologies and knowledge we have cultivated in our energy business.
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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

Financial Data

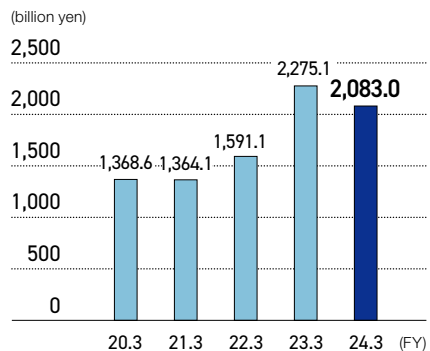
For detailed financial data, please visit our website. [Fact Book](#)

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 FY2022.3 are on a retrospective basis.

Net sales

Fiscal year ended March 31, 2024

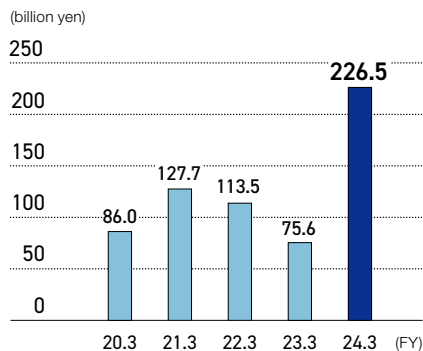
2,083.0 billion yen



Ordinary profit

Fiscal year ended March 31, 2024^{*1}

226.5 billion yen

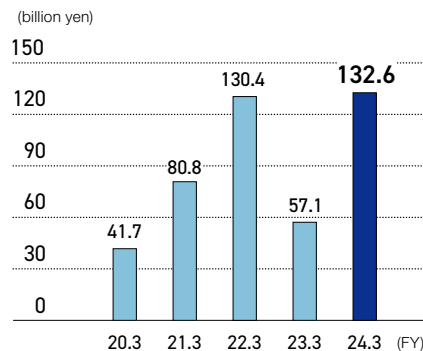


^{*1} 198.0 billion yen in FY2024.3 if time-lag profit impact is excluded

Profit attributable to owners of parent

Fiscal year ended March 31, 2024

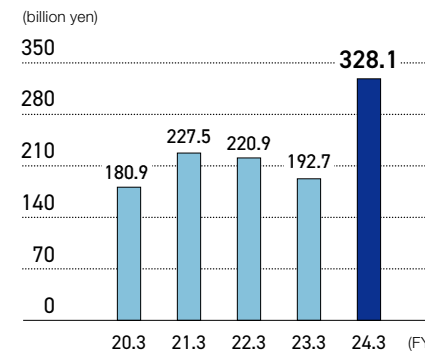
132.6 billion yen



EBITDA

Fiscal year ended March 31, 2024

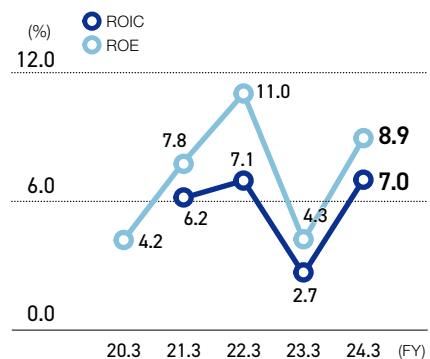
328.1 billion yen



ROIC / ROE

Fiscal year ended March 31, 2024

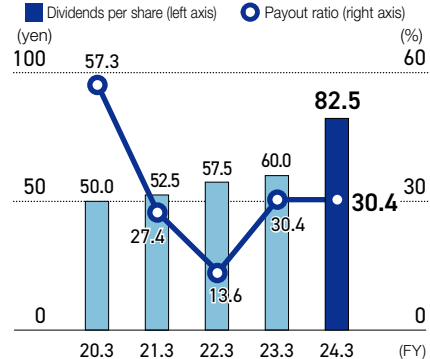
ROIC **7.0%** ROE **8.9%**



Dividends per share / Payout ratio^{*2}

Fiscal year ended March 31, 2024

Dividends per share **82.5** yen Payout ratio **30.4%**

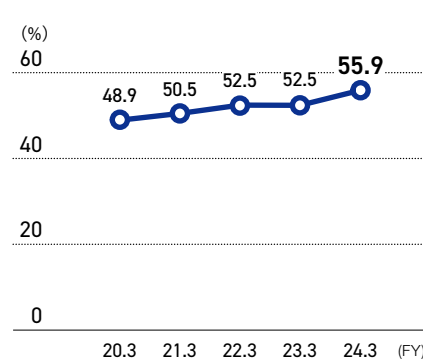


^{*2} Payout ratio with impact from short-term profit fluctuation factors excluded

Shareholders' equity ratio^{*3}

As of March 31, 2024

55.9%

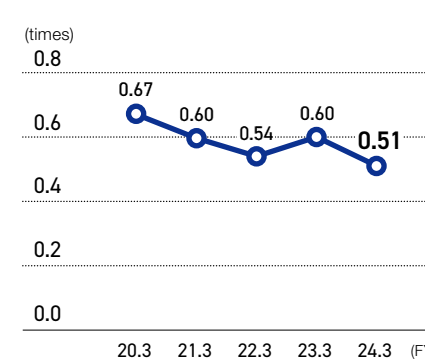


^{*3} Calculated with 50% of issued hybrid bonds as equity

Debt equity ratio^{*3}

As of March 31, 2024

0.51 times



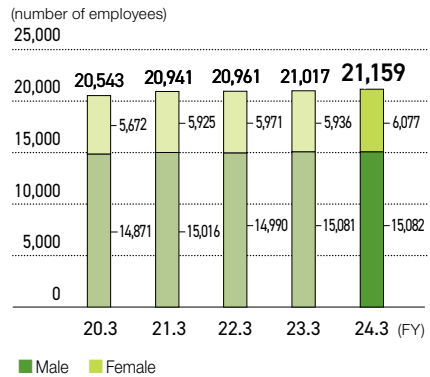
Non-Financial Data

For detailed non-financial data, please visit our website. [Sustainability of the Daigas Group](#)

Number of employees (Group)

Fiscal year ended March 31, 2024

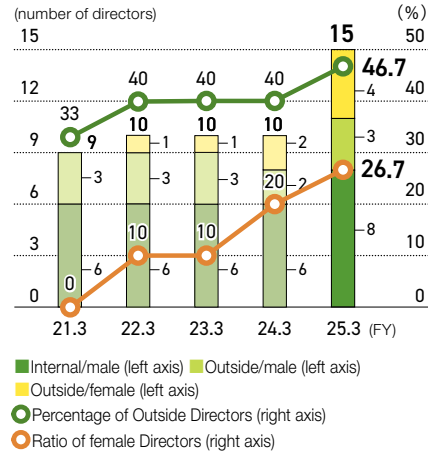
21,159



Number of Directors of Osaka Gas

Number of the individuals in officer ranks reflecting the election results at the Annual Meeting of Shareholders in the year

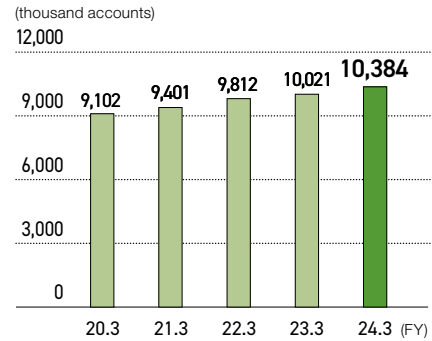
15



Customer accounts

Fiscal year ended March 31, 2024

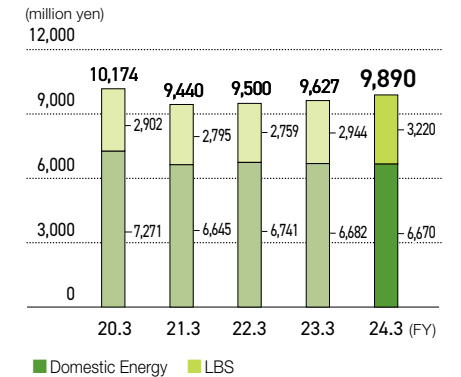
10,384 thousand



R&D expenses

Fiscal year ended March 31, 2024

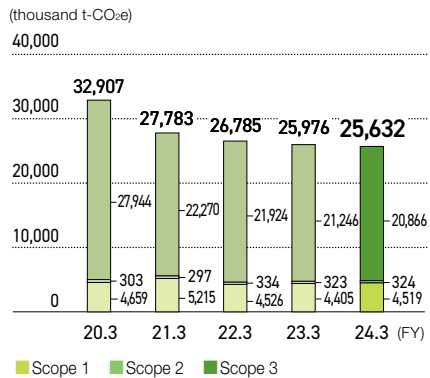
9,890 million yen



Greenhouse gas emissions (Group)

Fiscal year ended March 31, 2024

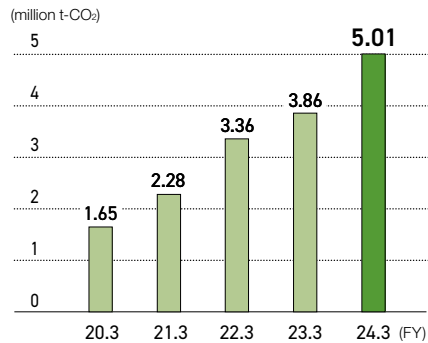
25,632 thousand t-CO₂e



Avoided emissions

Fiscal year ended March 31, 2024

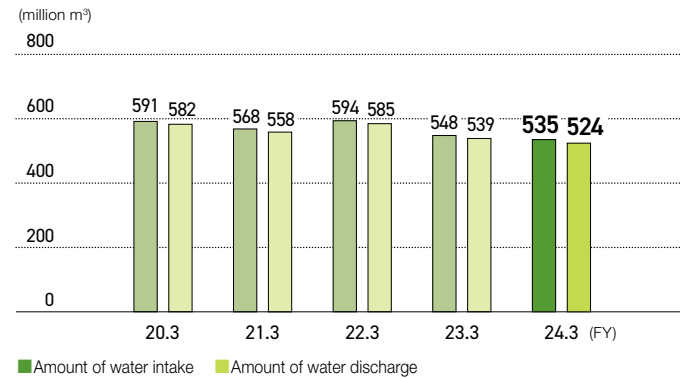
5.01 million t-CO₂



Water use (Group)

Fiscal year ended March 31, 2024

Intake **535** million m³ Discharge **524** million m³



Value the Daigas Group Creates

Getting to Know the Daigas Group

Future the Daigas Group Envisions

Value Creation Practices

Sustainability

Corporate Governance

Corporate Data

Summary of Consolidated Operating Results

	(FY)	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3*1	2023.3*1	2024.3*1
Financial Information											
Net sales	million yen	1,528,164	1,322,012	1,183,846	1,296,238	1,371,863	1,368,689	1,364,106	1,591,120	2,275,113	2,083,050
Operating profit	million yen	105,065	146,674	97,250	78,118	67,977	83,792	112,491	99,201	60,001	172,553
Ordinary profit	million yen	108,173	134,986	96,276	77,087	63,103	86,018	127,752	113,525	75,649	226,563
Profit attributable to owners of parent	million yen	76,709	84,324	61,271	37,724	33,601	41,788	80,857	130,421	57,110	132,679
Comprehensive income	million yen	106,084	38,256	78,029	60,590	27,966	14,996	108,723	210,905	146,373	234,112
Capital expenditures for quality improvement	million yen	44,698	56,051	48,253	42,191	44,205	57,498	68,873	67,931	65,019	73,367
Depreciation + amortization of goodwill	million yen	87,785	86,747	86,206	88,723	99,745	91,925	101,444	108,902	119,823	123,565
R&D expenses	million yen	11,434	11,340	10,374	9,708	10,961	10,174	9,440	9,500	9,627	9,886
Total assets*2*3	million yen	1,862,201	1,829,756	1,886,577	1,897,230	2,029,722	2,140,482	2,313,357	2,588,086	2,819,589	2,980,127
Net assets*3	million yen	918,869	935,786	991,870	1,028,799	1,035,044	1,027,667	1,114,597	1,296,089	1,417,178	1,604,992
Shareholders' equity*3	million yen	888,496	906,623	961,905	999,569	1,004,340	997,492	1,081,881	1,271,617	1,391,421	1,577,512
Balance of interest-bearing debts*3	million yen	633,923	567,164	540,668	503,789	647,465	754,006	785,383	815,079	981,556	938,292
Cash flows from operating activities	million yen	156,908	281,819	148,801	168,731	65,116	182,892	219,797	145,350	33,572	312,609
Cash flows from investing activities	million yen	(110,704)	(144,198)	(137,527)	(110,456)	(204,192)	(232,266)	(198,354)	(152,163)	(203,938)	(215,944)
Cash flows from financing activities	million yen	22,892	(90,716)	(50,530)	(51,591)	85,262	79,272	(1,636)	(30,479)	119,617	(110,123)
Cash and cash equivalents at end of period	million yen	162,793	209,367	166,912	171,061	115,769	146,813	166,762	130,769	84,793	77,229
Free cash flow (Cash flows from operating activities + Cash flows from investing activities)	million yen	46,204	137,620	11,274	58,274	(139,076)	(49,374)	21,443	(6,813)	(170,365)	96,665
Capital expenditures	million yen	119,398	114,418	88,657	81,716	107,259	131,010	189,454	189,317	195,330	198,421

*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 FY2022.3 are on a retrospective basis. Tax effect accounting calculations for FY2023.3 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 FY2019.3. Key management indicators for FY2018.3 are calculated by retroactively applying the above accounting standard.

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



	(FY)	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3
Per Share Information^{*4}											
Earnings per share (EPS)	yen	184.31	202.64	147.29	90.71	80.80	100.50	194.48	313.69	137.39	320.60
Net assets per share (BPS)	yen	2,134.92	2,179.23	2,312.68	2,403.68	2,415.37	2,399.06	2,602.18	3,059.40	3,347.34	3,857.51
Dividends	yen	47.5	50.0	50.0	50.0	50.0	50.0	52.5	57.5	60.0	82.5
Key Ratios											
EBITDA (Operating profit + Depreciation + Amortization of goodwill + Share of profit of entities accounted for using equity method)	million yen	199,840	228,883	188,403	167,100	159,916	180,943	227,554	220,946	192,754	328,101
Shareholders' equity ratio ^{*5} (Shareholders' equity / Total assets (as of the end of the fiscal year))	%	47.7	49.5	51.0	52.7	49.5	46.6	46.8	49.1	49.3	52.9
D/E ratio ^{*5} (Interest-bearing debts / Shareholders' equity (as of the end of the fiscal year))		0.71	0.63	0.56	0.50	0.64	0.76	0.73	0.64	0.71	0.59
Return on equity (ROE) (Profit attributable to owners of parent / Average shareholders' equity during the fiscal year)	%	9.1	9.4	6.6	3.8	3.4	4.2	7.8	11.0	4.3	8.9
Return on invested capital (ROIC) ^{*6}	%	—	—	—	—	—	—	6.2	7.1	2.7	7.0
Payout ratio ^{*7} (Interim dividends + Annual dividends) / Earnings per share (EPS))	%	25.8	24.7	33.9	55.1	61.9	49.8	27.0	18.3	43.7	25.7
Gas Sales Volume											
	million m ³	8,290	8,052	8,694	8,580	7,935	7,362	7,157	7,090	6,845	6,646
Number of Employees											
	employees	20,982	20,844	20,762	19,997	20,224	20,543	20,941	20,961	21,017	21,159

*4 Calculated in consideration of share consolidation.

*5 Calculated without 50% of issued hybrid bonds as equity

*6 Please see □□ P.19 for an explanation on ROIC.

*7 Payout ratio with impact from short-term profit fluctuation factors

Group Companies

As of March 31, 2024

Consolidated Subsidiaries

	Name of subsidiary	Main business	Capital (million yen)	Osaka Gas shareholding (indirect shareholding thereof) (%)
Domestic Energy	Osaka Gas Network Co., Ltd.*	General gas pipeline service business, etc.	6,000	100.0
	Osaka Gas Marketing Co., Ltd.	Sales of gas and electricity for residential customers, maintenance, sales of appliances, home renovation, and others	100	100.0
	Daigas Energy Co., Ltd.	Sales and maintenance of gas and electricity for commercial customers; sales of appliances, engineering, and construction; energy service; sales of LNG and LPG; heat supply; and others	310	100.0
	Daigas Gas and Power Solution Co., Ltd.	Operation and maintenance of LNG terminals and power plants; power generation and sales of electricity; engineering; and others	100	100.0
	Osaka Gas International Transport Inc.	LNG transportation	3,190	100.0
	Osaka Gas Energy Supply and Trading Pte. Ltd.	LNG trading	US\$40 million	100.0
	Senboku Natural Gas Power Generation Co., Ltd.	Electric power supply	2,000	90.0
	Nakayama Joint Power Generation Co., Ltd.	Electric power supply	300	95.0 (95.0)
	Nakayama Nagoya Joint Power Generation Co., Ltd.	Electric power supply	450	95.0 (95.0)
	Hizen Wind Power Generation Co., Ltd.	Electric power supply	100	100.0 (100.0)
International Energy	Hirogawa Myojin-yama Wind Power Generation Co., Ltd.	Electric power supply	490	100.0 (100.0)
	Hirohata Biomass Power Co., Ltd.	Electric power supply	4,700	90.0 (90.0)
	Osaka Gas USA Corporation*	Investment in natural gas projects, energy supply business, and others	US\$1	100.0
	Osaka Gas Australia Pty. Ltd.*	Development of and investment in natural gas, and others	US\$1,327 million	100.0
	Osaka Gas Crux Pty. Ltd.*	Development of and investment in natural gas, and others	US\$107 million	100.0 (100.0)
	Osaka Gas Gorgon Pty. Ltd.*	Development of and investment in natural gas, and others	US\$322 million	100.0 (100.0)
	Osaka Gas Ichthys Pty. Ltd.*	Development of and investment in natural gas, and others	US\$152 million	100.0 (100.0)
	Osaka Gas Ichthys Development Pty. Ltd.*	Development of and investment in natural gas, and others	US\$149 million	100.0 (100.0)
Osaka Gas Singapore Pte. Ltd.*	Research, development, investment and others relating to energy-related business	296 million Singapore dollars	100.0	
Osaka Gas UK, Ltd.*	Investment relating to energy supply business, and others	€134 million	100.0	



	Name of subsidiary	Main business	Capital (million yen)	Osaka Gas shareholding (indirect shareholding thereof) (%)
Life & Business Solutions	Osaka Gas Urban Development Co., Ltd.	Development, leasing, management, sales of real estate, and others	1,570	100.0
	Osaka Gas Facilities Corporation	Operation, management, maintenance of buildings and facilities, and others	100	94.4 (94.4)
	OGIS-RI Co., Ltd.	Development of computer software; computer-based data processing services, and others	440	100.0
	Sakura Information Systems Co., Ltd.	Software development; computer-based data processing services, and others	600	51.0 (51.0)
	Osaka Gas Chemicals Co., Ltd.*	Manufacture and sales of fine materials, carbon material products, activated carbon, and wood protective coating	14,231	100.0
	Mizusawa Industrial Chemicals, Ltd.	Manufacture and sales of absorbent functional materials and resin additives, and others	1,519	100.0 (100.0)
	Jacobi Carbons AB	Manufacture and sales of activated carbon, and others	549,000 Swedish Kronor	100.0 (100.0)

and others, totaling 159 companies

*Specified subsidiary

Equity Method Affiliates

Name of affiliate	Main business	Capital (million yen)	Osaka Gas shareholding (indirect shareholding thereof) (%)
Enearc Co., Ltd.	Domestic Energy	1,040	50.0
CD Energy Direct Co., Ltd.	Domestic Energy	1,750	50.0
FLIQ1 Holdings, LLC	International Energy	—	25.0 (25.0)

and others, totaling 42 companies

Note: The column "Main business" shows business segment names.

Company Data As of June 30, 2024

Directory

Head Office

4-1-2, Hiranomachi, Chuo-ku, Osaka
541-0046, Japan

Tokyo Branch

Shin-Otemachi Building 6F, 2-2-1,
Otemachi, Chiyoda-ku, Tokyo
100-0004, Japan

United Kingdom

Osaka Gas UK, Ltd.
1st Floor, Carrington House
126-130 Regent Street,
London W1B 5SE, UK

United States

Osaka Gas USA Corporation (Houston Office)
1330 Post Oak Blvd,
Suite 1900 Houston, TX 77056, USA

Osaka Gas USA Corporation (New York Office)
1 North Lexington Ave, Suite 1400, White Plains,
NY 10601, USA

Osaka Gas USA Corporation (Silicon Valley Office)
440 North Wolfe Rd, Sunnyvale, CA 94085, USA

Sabine Oil & Gas Corporation
1415 Louisiana Street, Suite 1600, Houston,
TX 77002, USA

Australia

Osaka Gas Australia Pty Ltd
Level 22, 108 St Georges Terrace, Perth, Western
Australia 6000, Australia

Singapore

Osaka Gas Singapore Pte. Ltd.
Osaka Gas Energy Supply and Trading Pte. Ltd.
182 Cecil Street #30-02 Frasers Tower Singapore 069547,
Singapore

Thailand

OSAKA GAS (THAILAND) CO., LTD.
55 Wave Place Building 10th Floor, Unit 10.04, Wireless
Road, Lumpini, Pathumwan, Bangkok 10330, Thailand

Indonesia

PT OSAKA GAS INDONESIA
Summitmas I, lantai 9 Jl. Jend. Sudirman Kav 61-62
Jakarta-12190, Indonesia

Philippines

**Osaka Gas Singapore Pte. Ltd. Manila
Representative Office**
37F, LKG Tower, 6801 Ayala Ave, Makati, 1226 Metro
Manila, Philippines

India

OSAKA GAS INDIA PRIVATE LIMITED
Unit No. 303B, 3rd Floor, Worldmark3, Asset Area
No. 7, Hospitality District, Delhi Aerocity, IGI Airport,
South West Delhi, New Delhi, Delhi, 110037 India

Investor Information

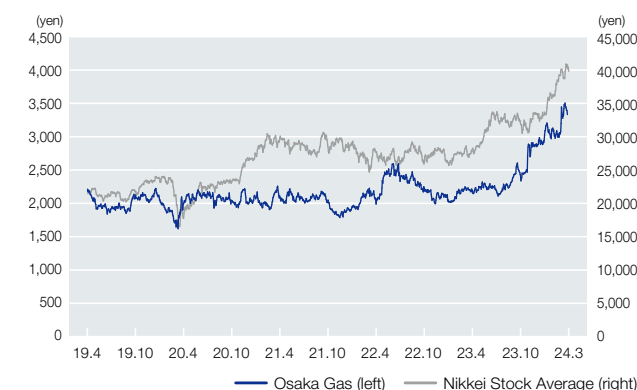
Date of Establishment	April 10, 1897
Annual Meeting of Shareholders	Held in June each year (In 2024, the Annual Meeting of Shareholders was held on June 27.)
Common Stock	Authorized: 700,000,000 shares Issued: 409,912,100 shares
Listing of Shares	Tokyo Stock Exchange
Number of Shareholders (As of March 31, 2024)	90,997
Stock Transaction Units	100 shares
Independent Certified Public Accountants	KPMG AZSA LLC
Transfer Agent	Sumitomo Mitsui Trust Bank, Limited
Contact	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department Tel: (+81) 120-782-031 (Toll-free in Japan)

Major Shareholders (As of March 31, 2024)

Shareholder	Number of shares (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust a/c)	65,445	16.00
Custody Bank of Japan, Ltd. (Trust a/c)	28,146	6.88
Nippon Life Insurance Company	13,469	3.29
Resona Bank, Ltd.	10,555	2.58
STATE STREET BANK WEST CLIENT-TREATY 505234	10,053	2.46
MUFG Bank, Ltd.	8,391	2.05
Aioi Nissay Dowa Insurance Co., Ltd.	5,973	1.46
Meiji Yasuda Life Insurance Company	5,838	1.43
JP MORGAN CHASE BANK 385781	5,417	1.32
STATE STREET BANK AND TRUST COMPANY 505103	4,986	1.22

Note: The number of treasury shares is excluded from the total number of shares issued in calculating the shareholding ratios.

Stock Price Range



We have created a page for investors on our website, which is updated in a timely manner.

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, such as image files,
attached to e-mails you send us for inquiries.



Editorial Policy

In "Integrated Report 2024", we focus on business strategies and value-creation stories as well as non-financial information in order to present how assets accumulated to date will lead to future value creation and realize sustainable growth to our stakeholders, which include shareholders and investors.

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, 2023, to March 31, 2024

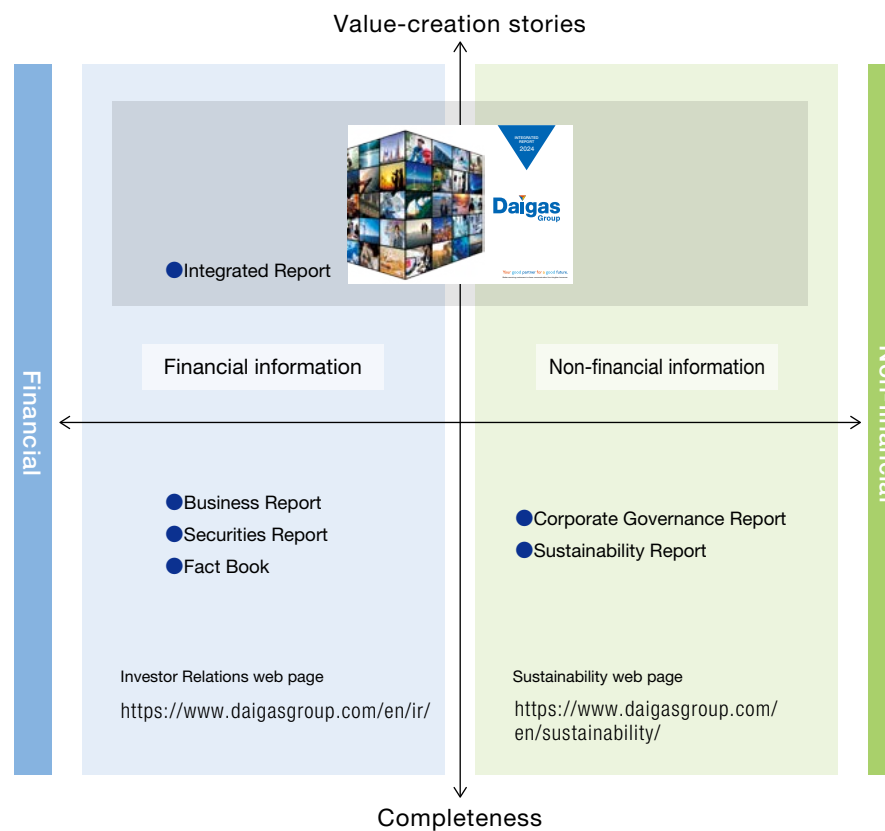
*Matters on other periods are partially included.

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.

Tool Map

The Daigas Group disseminates diverse information with a variety of tools in order to promote communication with stakeholders. The Daigas Group works on proactive information disclosure for better understanding of the Group.



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 and an investment universe (candidates for inclusion in indices) as of June 30, 2024. 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 Blossom Japan Sector Relative Index*1



FTSE Blossom Japan Index



FTSE4Good Index Series



ECPI World ESG Equity

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan ESG Select Leaders Index*2

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Index*2

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

MSCI Nihonkabu ESG Select Leaders Index*2



MSCI ESG Leaders*2



S&P/JPX Carbon Efficient Index



Sompo Sustainability Index



Ethibel Excellence

*1 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Osaka Gas has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. Created by the global index 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 indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

*2 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.



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<https://www.daigasgroup.com/en/>