

INTEGRATED
REPORT
2025


Daigas
Group

120th

Your good partner for a good future.

Better servicing customers in closer communication for a brighter tomorrow



Editorial Policy

Editorial Policy

In "Integrated Report 2025", the Daigas Group presents our business strategies and value-creation story, along with enhanced non-financial information, to help our stakeholders, including shareholders and investors, understand how the assets we have accumulated to date will contribute to future value creation and sustainable growth.

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, 2024, to March 31, 2025

*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.

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Positioning of Our Reports and Disclosures

The Daigas Group strives to communicate with our stakeholders and deepen their understanding of the Group by proactively disclosing information, including through the dissemination of multifaceted information using a variety of tools.

Financial Information and Business Strategies

Non-Financial and Sustainability Information



INTEGRATED REPORT

Comprehensively explains the Group's key strategy, value creation process, materiality, financial and non-financial information, etc. (updated annually)

Website

Investor Relations

Provides information on the Group's management strategies, financial results, databases, etc. (updated as needed)

- Management vision / business plans
- Financial statements
- Financial highlights (database)
- Latest IR news

Securities Report

Annual Meeting of Shareholders

Business Report

Website

Sustainability Website

Provides comprehensive information on the Group's sustainability, with the latest information introduced in the topics section (updated as needed)

- President's commitment
- Materiality
- Sustainability activities
- Latest topics
- ESG data
- External evaluation / initiatives and organizations the Daigas Group participates in

Sustainability Report



Provides information on the sustainability activities of the Group (updated annually)

Corporate Governance Report

Human Capital Report

Information on sustainability activities that cannot be included in the Integrated Report is provided in the Sustainability Report 2025.



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Key Highlights of Integrated Report 2025

This report focuses on the key strategy of the Medium-Term Management Plan 2026 "Connecting Ambitious Dreams". It introduces the Daigas Group's initiatives and progress made in FY2025.3, the first year of the plan, and clearly explains our approach to value creation.

Key Points

Pages 28-38 Progress of the Medium-Term Management Plan 2026

Based on our Three Commitments to "Co-create Value for a Sustainable Future," "Support Employees to Shine in Their Roles," and "Evolve Business Foundation," we have presented the progress of the Medium-Term Management Plan 2026 as well as our initiatives toward achieving our targets.

Pages 39-45: Business Strategies by Segment

In order to more clearly communicate the Daigas Group's growth strategies, we have systematically organized each segment's earnings structure, vision, business environment awareness, progress of initiatives, etc.

Pages 59-61: Dialogue between Outside Directors and Institutional Investors

We have provided details on a dialogue between Outside Directors and institutional investors on improving capital efficiency and responding to climate change, which was conducted as part of our efforts to deepen relationships of trust with our stakeholders.

Pages 25-27: [Special Feature] Daigas Group Energy Transition 2050

The Energy Transition 2050, announced in February 2025, introduces the Daigas Group's policies and specific roadmap for achieving a carbon neutral society.





What Is the Vision of the Daigas Group?

The Daigas Group's vision is to create four types of value, aiming to be a corporate group that powers continuous advancement in customers' lives and businesses.

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.

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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.” 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 fulfill 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.

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



Creating Value for Society



Creating Value for Shareholders



Creating Value for Employees



Our Corporate Motto

Service First

The Daigas Group's Four Value Creation Tracks

The Daigas Group formulated the “Long-Term Management Vision 2030” in March 2017.

To achieve the vision for FY2031.3 outlined in the 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.”

Value We Have Created So Far



Creating Value for Customers

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



Number of customer accounts

FY2018.3 FY2025.3
 8.27 million → 10.71 million

Customer satisfaction rate*1

13 consecutive years 90% or higher

Continue to meet customers' expectations in various fields

The Daigas Group has strengthened its social capital by maintaining a high level of customer satisfaction and building relationships of trust.

In addition, we have expanded our business domains by leveraging our human and intellectual capital, and increased points of contact with customers by providing useful services such as telecommunications, home renovation, and a refrigerated food delivery service.

Going forward, we will continue to create new services and businesses that meet the increasingly diverse values of our customers, thereby increasing the number of customer accounts and strengthening our financial capital.

*1 Results of a satisfaction survey on 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).



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.



Promote widespread use of highly durable polyethylene (PE) pipes*2

FY2018.3 FY2025.3
 Extension of PE pipeline length
 15,900km → 18,600km

Avoided CO₂ emissions

FY2018.3 FY2025.3
 0.61 million t-CO₂ → 6.29 million t-CO₂

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

As a business operator responsible for social infrastructure, the Daigas Group has realized a stable energy supply by systematically developing and strengthening the gas pipeline network. Increasing the resilience*3 of infrastructure also leads to the continuation of stable business.

It is also important for the Group, which is centered on the energy business, to contribute to a carbon neutral society. As part of our current efforts in the transition period, we are strengthening our manufactured capital through the construction of natural gas power plants, and contributing to reducing CO₂ emissions throughout society by switching from heavy oil to natural gas. Looking to the future, we aim to transition to a seamless carbon neutral society by introducing e-methane, which can be used with existing gas appliances.

*2 PE pipeline length extension of approx. 1,200 km at the time of the Great Hanshin-Awaji Earthquake (1995).

*3 Resilience: With an original meaning of “recoverability,” “flexibility,” “adaptability,” in a business context, it also refers to “recoverability and adaptability that makes it possible to overcome difficulties.”

Value We Have Created So Far



Creating Value for Shareholders

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



Ordinary profit

FY2018.3 → FY2025.3
 77.0 billion yen → 189.6 billion yen

ROE

FY2018.3 → FY2025.3
 3.8% → 8.2%

ROIC

FY2018.3 → FY2025.3
 4.0% → 5.4%

To maximize corporate value with stable growth

The Daigas Group will improve ROE by increasing profits and controlling shareholders' equity in order to increase shareholder value. To achieve this, it is essential that we maintain a stable level of profits and promote ROIC-focused management.

By maintaining a sound financial base through stable profits, we will enable active investment for sustainable growth.

In addition, by implementing ROIC-focused management, we will maximize profits on invested capital. Through these measures, we will strengthen returns to shareholders and increase corporate value.



Creating Value for Employees

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



Enhancement of systems

- Establishment of remote working system (work-from-home and satellite offices)
- Introduction of flextime and hourly paid leave
- Enhancement of childcare and nursing care leave systems
- Support for balancing work and medical treatment, etc.

Employee attitude survey

Comprehensive indicator remained at appropriate levels in FY2025.3*1

Percentage of male employees who have taken childcare leave/leave for childcare purposes*2

FY2018.3 → FY2025.3
 88.8% → 94%

Ratio of female employees promoted to managerial positions*2

FY2018.3 → FY2025.3
 9.4% → 18.2%

To become a company where people with diverse values can thrive

The Daigas Group believes that improving value for employee is the foundation for the other three types of value creation. Therefore, we are promoting the training of human resources necessary for our management strategy, and the acquisition of highly specialized human resources to quickly expand the number of people who will play a role in the development of technologies related to carbon neutrality and the promotion of digital transformation.

By enhancing each measure while monitoring the progress of diversity, equity, and inclusion promotion and the level of loyalty and satisfaction through employee attitude surveys, we will create a more comfortable working environment and lead to the sustainable growth of the company.

*1 The comprehensive indicator is the "overall satisfaction" score, which represents the current level of employee satisfaction with the company. The scores for Osaka Gas and its affiliates were higher than the society average.

*2 Scope : Osaka Gas

Message from the President of Osaka Gas

Driving Growth to Meet the Targets of the Medium-Term Management Plan 2026

Representative Director and President

Masataka Fujiwara

Review of FY2025.3

Executing a balanced strategy to drive growth during the transition while advancing future investments

In FY2025.3, the political and economic outlook remained challenging and uncertain, marked by escalating global geopolitical risks and rising inflation both in Japan and abroad. Despite these adversities, the Daigas Group effectively implemented its balanced strategy to drive both transition-period growth while advancing future investments.

During this crucial transition period, we have seen growth in our domestic electricity business, Sabine in the U.S., and other upstream operations overseas. To drive further growth with natural gas as a practical transition fuel, we intensified efforts to diversify LNG sources and promote customers'

fuel conversion to natural gas. Additionally, to ensure continuous growth, we systematically upgraded our LNG regasification and gas distribution facilities to better prepare for potential natural disasters and enhance our energy security.

Furthermore, in the Life & Business Solutions (LBS) segment, we achieved steady growth by leveraging the unique strengths of each Group company and fostering synergies within the Group. In our real estate development business, we provided environmentally friendly and disaster-resilient solutions. In our materials business, we focused on creating and enhancing activated carbon and other high-value-added products. In our IT business, we drove digital transformation ("DX") initiatives and expanded ERP* operations throughout the Group.

*ERP: Enterprise Resource Planning. A system that centralizes customer business activities to improve management efficiency.



Meanwhile, we made consistent progress in our future investments. In developing e-methane, we established a laboratory-scale SOEC methanation test unit with a methane production capacity of 0.1 Nm³/h. We also completed detailed studies for a project to produce e-methane in the U.S., targeting our FY2031.3 goal of achieving 1% e-methane in our gas grid. In our natural gas distribution business in India, a primary growth market in Asia, we have invested in its expansion.

As a result of these activities, our profitability indicators for FY2025.3 exceeded the targets, highlighting a year of steady progress toward our future goals.

Evolving Energy Landscape in Japan and Its Impact

Importance of a stable energy supply and the use of natural gas, emphasized in the Seventh Strategic Energy Plan

A significant development in Japan's energy landscape was the Cabinet's approval of the Seventh Strategic Energy Plan on February 18, 2025. In response to increasing energy security needs arising from tensions in Europe and the Middle East, along with rising electricity demand fueled by DX, this new plan aims to strengthen the industrial policy to foster economic growth. It focuses on transforming the energy structure to ensure a stable energy supply while advancing decarbonization efforts. Recognizing the uncertainty ahead, which imposes the risk that decarbonization technologies may not be fully developed by 2040, the plan emphasizes the need to secure and utilize fossil fuels, including natural gas via long-term LNG contracts, to ensure a stable energy supply. Natural gas, in

particular, is highlighted for its comparatively low greenhouse gas emissions and potential to lessen environmental impact through fuel conversion to natural gas from coal and oil. Furthermore, the plan identifies hydrogen, ammonia, and e-methane as next-generation energy sources, underscoring the critical need for government support in both technological development and capital investment for these emerging solutions.

Daigas Group Energy Transition 2050

Leading in the practical application of carbon-neutral ("CN") solutions through diverse approaches

In light of Japan's roadmap for carbon neutrality ("CN") by 2050, clarified by the new energy mix outlook for 2040 outlined in the Seventh Strategic Energy Plan, the Daigas Group, as an integrated energy provider, recognized the necessity of presenting a clear pathway toward its 2050 CN goal. Consequently, we announced our Energy Transition 2050 initiative on February 27, 2025.

This initiative consists of three key components. First, it lays out a comprehensive roadmap for the Group's energy transition through 2050, illustrated by multiple projected scenarios. We have clarified our path to achieving CN by specifying our targets for 2040. Going forward, we recognize the importance of regularly reviewing these scenarios to adapt to changes in the business environment.

The second component is our commitment to a CN future with our CN power and thermal energy supply, as well as negative emissions initiatives. As an integrated energy company, we offer a range of

energy options tailored to our customers' needs, with e-methane and renewable energy serving as our business pillars. One of the primary advantages of e-methane is its compatibility with existing infrastructure, allowing a seamless transition to a CN society without imposing considerable social costs or complexities on customers.

Lastly, our plan presents various solutions to co-create value for a sustainable future with our customers. We are dedicated not only to providing CN energy but also to offering customer-centric solutions that address our clients' needs. Together with our customers, we strive to achieve a CN society.

Progress on Key Strategies of the Medium-Term Management Plan 2026

Steadily executing our plan while addressing new challenges

Advancing the shift to CN energy by conducting methanation demonstration tests and entering the basic design phase

We are making steady progress toward fulfilling the Three Commitments outlined in the Medium-Term Management Plan 2026.

Our first commitment is to co-create value for a sustainable future, particularly by providing CN energy solutions. We are advancing our SOEC methanation technology to bench-scale testing with a methane production rate of 10 Nm³/h. For Sabatier methanation, we are conducting a large-scale demonstration in Nagaoka City, Niigata Prefecture, and also showcasing at the Expo 2025 site in Osaka, Japan. In our efforts to produce e-methane abroad, our U.S. project is



progressing to the basic design phase. In the renewable energy sector, operations have begun at the Hyuga Biomass Power Plant and Aichi Tahara Biomass Power Plant, raising our cumulative renewable energy development contribution to 3.7 GW during FY2025.3 (including procurement from other companies). While the shrinking FIT market poses challenges for solar power expansion, the increasing demand for energy in data centers, driven by generative AI, offers new opportunities for our Group. We are targeting a goal of 5 GW by FY2031.3, leveraging our strengths across the entire value chain, from development to sales, including corporate PPAs that enable us to sell electricity directly to specific customers.

Identifying the customer's core issues and applying the Three Realities Principle

In FY2025.3, customer accounts reached 10.71 million, approaching our medium-term management plan target of 10.9 million. This achievement reflects our employees' commitment to our corporate motto, "Service First," which empowers them to identify customer needs, develop tailored products, and deliver solutions effectively. In my early career promoting gas to factories, I frequently visited manufacturing sites and gained a deep understanding of their production processes. This enabled me to identify previously overlooked energy-saving opportunities and propose optimal systems. When communicating with employees, I emphasize the importance of a proactive approach to recognizing customers' real issues, alongside the Three Realities Principle, which focuses on actual place, actual items, and actual facts.

Creating an environment that supports employee growth while enhancing our talent acquisition and development initiatives

Our second commitment is to support employees in shining in their roles. As workforce mobility has increased in recent years, we have seen a rise in mid-career hires within the Group, leading to a more diverse employee base in age and background. These professionals are leveraging their expertise across our organization, which I view as a highly positive development.

For companies, it is crucial to foster a culture where employees are motivated to challenge themselves and experience growth. In FY2025.3, we introduced several career support initiatives, including the employee-supervisor consultations that reference senior colleagues' career paths, an internal internship program, and an internal side job system. In FY2026.3, we are focused on creating an environment that encourages employees to tackle challenges and pursue growth. We have established a system for promptly evaluating performance and linking it to compensation, which enhances employee ambition and contributions to our business. We are also gradually raising the retirement age to 65, enabling employees to thrive without age-related limitations. We remain committed to strengthening our efforts to secure and develop talent that supports the growth of the Group.

Expanding the DX promotion structure developed in the residential sector to accelerate business transformation across the entire Group.

The third commitment is to evolve our business foundation by driving business model

transformation through DX. In the residential sector, the business and digital divisions are collaborating to create a robust framework for advancing DX. We are restructuring our system for residential customers, leveraging customer data to shift from conventional household-based service proposals to personalized offerings. This strategy allows us to focus on individual needs within each household, delivering tailored services at optimal times. Going forward, we plan to extend this initiative to the commercial, industrial, and network sectors, accelerating business transformation across the entire Group.

In addition, at the Senri Power Storage Plant, set to commence operations in FY2026.3, we will implement an optimization system that automatically determines the optimal timing for discharging and charging the power storage. This initiative aims to maximize profit margins from both sales and procurement in the wholesale power market.



Furthermore, we will also focus on strengthening the capabilities of our DX core staff to effectively support these initiatives.

Ensuring strict compliance, an ongoing challenge despite strengthened governance through enhanced oversight and agile responses to key issues

In FY2025.3, we transitioned to a Company with an Audit and Supervisory Committee to enhance oversight on key issues and facilitate flexible decision-making. The Board of Directors is responsible for overseeing the execution of the key strategies of the Medium-Term Management Plan 2026 and monitoring the progress of sustainability indicators.* Additionally, the Board addresses challenges related to advancing ROIC-focused management and enhancing capital efficiency. Furthermore, we established a company-wide Risk Management Committee to oversee and manage preventive measures for key risks that affect the entire Group. This committee develops preventive maintenance plans for key risks and centrally manages their progress to strengthen group-wide governance.

It is with deep regret that we acknowledge an incident involving misleading claims made by members of Osaka Gas Marketing Co., Ltd. in the marketing of the ENE-FARM residential fuel cell CHP system, which violated the Act against Unjustifiable Premiums and Misleading Representations. We sincerely apologize for breaching the trust of our stakeholders and for inconvenience and concern this may have caused. We are committed to fully cooperating with the Consumer Affairs Agency's investigation and will take decisive measures to prevent a recurrence within Osaka Gas Marketing Co., Ltd. and throughout our Group. We strive to reinforce compliance awareness and restore the trust of our stakeholders.

* In FY2026.3, the term "ESG indicators" was changed to "sustainability indicators."

FY2026.3 Business Plan and Outlook

Prioritizing safety while advancing our business to meet the targets of our medium-term management plan

FY2026.3 marks the 120th anniversary of Osaka Gas, which began operations in 1905. Since its inception, the Group has diversified the use of gas, expanding from lighting to cooking, space heating, water heating, air conditioning and power generation. We have broadened our market presence from the residential sector to include the commercial and industrial sectors, extending our reach beyond the Kansai region to all of Japan and into international markets, evolving and adapting to the changing landscape. Embracing our 120-year commemorative catchphrase "Dynamic Daigas Group," which reflects our commitment to innovation and progress, we will engage with our customers with integrity and respond dynamically to the evolving needs of society and the times.



120th anniversary logo

FY2026.3 will usher in new developments and challenges. The Himeji Natural Gas Power Plant is set to begin operations. This major project, initiated approximately a decade ago with an environmental assessment, will see Unit 1 commence operations in January 2026, followed by Unit 2 in May of the same year. This increase in power generation capacity will allow us to meet the growing electricity demand, and we will leverage our strengths across the power value chain to broaden our business scope. We are also focused on creating opportunities to generate profits by optimizing the gas and electricity markets through LNG storage and power storage.

Additionally, all eight biomass power plants currently

under development and construction will start operations. We aim to achieve a total capacity of 450 MW from stable FIT power sources, contributing to the realization of a CN society through the sale of renewable energy.

Furthermore, we have launched e-methane demonstration projects. As mentioned earlier, this initiative includes a demonstration at the Expo 2025, Osaka, Kansai, Japan, and the operation of the world's largest-scale Sabatier methanation facility in Nagaoka City, Niigata Prefecture.

At the Daigas Group, our top priority is to ensure safety and security, along with a stable energy supply, as the cornerstone of our corporate identity. Regardless of how innovative our initiatives may be, any neglect of safety and security would undermine the company's foundation. We remain dedicated to enhancing safety measures even thirty years after the 1995 Great Hanshin-Awaji Earthquake, which devastated areas within our gas supply region. This commitment encompasses both physical improvements, including infrastructure investments, and organizational enhancements, such as the refinement of operational processes, education, and training.

While steadily advancing these initiatives, we strive to maintain stable dividends for our shareholders, targeting a 3.0% dividend on equity (DOE) and pursuing our progressive dividend policy. We will also work to enhance capital efficiency by flexibly executing share buybacks and implementing additional measures to return value to our shareholders.

To achieve the objectives of the Medium-Term Management Plan 2026, we are dedicated to making further progress in FY2026.3, inspired by our aspiration to "secure peace of mind today and build sustainable lifestyles for tomorrow."



Financial Strategy Overview by the President of the Corporate Planning HQ

Strategic Execution of the Medium-Term Management Plan 2026: A Path to Elevating Our Corporate Value.

Representative Director and Executive Vice President

Ko Sakanashi



Corporate Value Enhancement and the Targets of the Medium-Term Management Plan 2026

Prioritizing capital efficiency to enhance our sustainable corporate value, we adopted ROIC as a key performance indicator in our Medium-Term Management Plan 2023, announced in March 2021. In the Medium-Term Management Plan 2026, announced in March 2024, we introduced ROE as a new management indicator alongside ROIC. To achieve financial stability and optimize our asset portfolio, we have conducted a thorough review of our shareholders' equity ratio and debt-to-equity ratio targets. As a result, we have set target values of 45% or higher for the shareholders' equity ratio and 0.8 or lower for the debt-to-equity ratio.

Investors have expressed their expectations for us to meet medium-term targets, including ROIC and ROE. Additionally, they have shared valuable insights on improving PBR, increasing EPS, and enhancing corporate value through effective equity management.

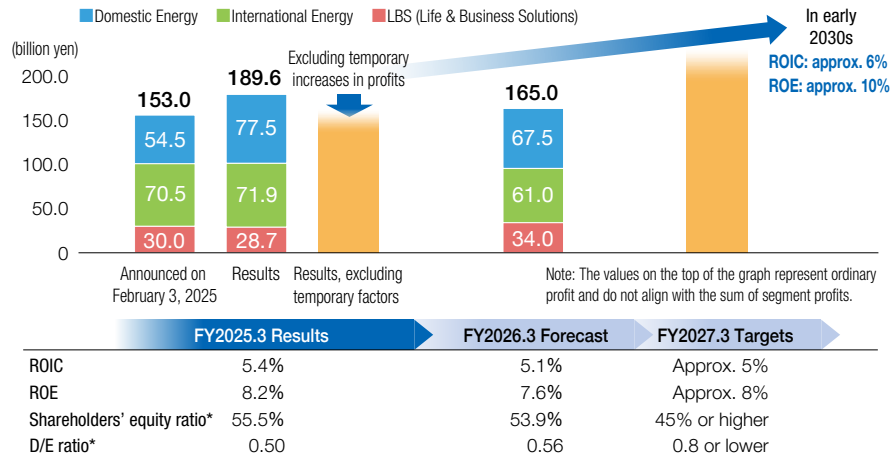
To meet these expectations, we will focus on maximizing our sustainable corporate value by increasing profits through investments for growth in line with the strategies outlined in the Medium-Term Management Plan 2026, while also executing sound financial measures.

FY2025.3 Performance and Challenges

In FY2025.3, the first year of the Medium-Term Management Plan 2026, we exceeded all our initial forecasts for operating profit, ordinary profit, and profit attributable to owners of the parent. This strong performance was driven by time-lag profits, gains from electricity market transactions, and non-operating income and expenses. As a result, our ROIC surpassed 5% and our ROE exceeded 8%, although these figures were influenced by temporary factors. We recognize the importance of consistently achieving the Medium-Term Management Plan targets of 5% ROIC and 8% ROE. To that end, we will intensify our efforts to enhance the capabilities of each business and pursue more efficient management.



Segment profit



* Adjusted to reflect the 50% equity component of issued hybrid bonds

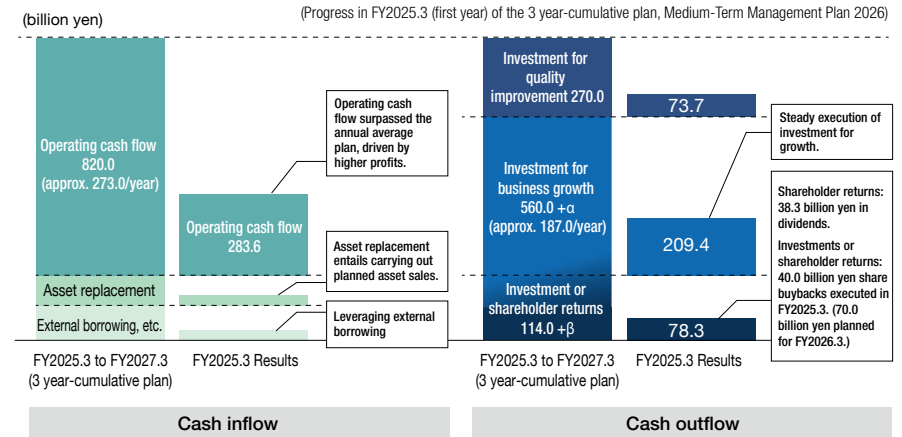
Update on Investment for Growth and Cash Allocation

The Medium-Term Management Plan 2026 aims to increase cash inflow over these three years by generating a total of 820.0 billion yen in operating cash flow and replacing assets in our portfolio to improve ROIC. In FY2025.3, the first year of this medium-term period, operating cash flow demonstrated strong progress, surpassing the annual average outlined in the three-year plan, thanks to profit growth. Additionally, we successfully executed the sale of cross-held shares and other assets as part of our asset replacement strategy.

In terms of cash outflow, we plan to allocate 270.0 billion yen for quality improvement, 560.0 billion yen for business growth, and 114.0 billion yen for shareholder returns over these three years. This allocation ensures that our investment levels are aligned with sustainable growth. Additionally, we have designated specific allocations (labeled α and β on the graph) for additional investments for growth and shareholder returns to achieve our medium-term goals and 2030 targets. Through this framework, we aim to maximize investment opportunities in promising growth projects while flexibly providing shareholder returns.

In FY2025.3, we invested 73.7 billion yen in quality improvement and 209.4 billion yen in business growth. In the area of quality improvement, despite some delays in

Advances in cash allocation

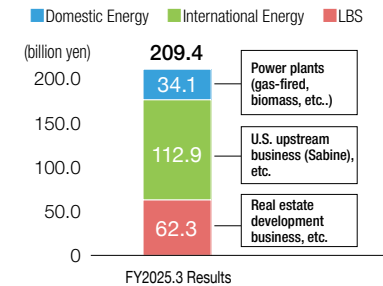


system investments, we successfully executed our planned investments to ensure a safe and stable gas supply, including upgrades to aging gas pipelines. For business growth, our focus centered on the Himeji Natural Gas Power Plant and other electricity projects in Japan, as well as shale gas development in the U.S., additional funding for the city gas distribution business in India, and real estate development in Japan. Through these efforts, we have paved the way for steady profit growth in the future.

In FY2025.3, we primarily allocated the quotas (α and β) for investment in growth and shareholder returns to share buybacks, aiming to manage our shareholders' equity.

Capital Efficiency Enhancement through Disciplined Asset-Light Management

In the Medium-Term Management Plan 2026, we are not only focusing on steady investments for growth but have also prioritized evolving the business foundation as one of our Three Commitments. These commitments highlight our strategic asset-light management approach, which serves as a vital guideline for achieving medium- to long-term business growth while enhancing capital efficiency. Our goal is to strengthen our business portfolio effectively.



To achieve sustainable growth in our corporate value while investing in the CN sector and future business development, it is essential to cultivate an asset-light management mindset throughout the Group.

Asset-light management focuses on identifying the core drivers of a business's added value and competitiveness. It strategically retains those assets that deliver maximum value through ownership. For other assets, where ownership may not be advantageous, this approach flexibly explores alternative forms of asset holding to ensure optimal resource allocation through effective means, including the use of external capital. Based on this strategy, in FY2025.3, we systematically divested our U.S. thermal power plants and sold cross-held shares. We also allowed each business department to autonomously pursue asset efficiency enhancement, such as our renewable energy operation leveraging offtake agreements and external funds, as well as our real estate business utilizing private REITs.

Progressive Dividend Policy and Enhanced Shareholder Returns

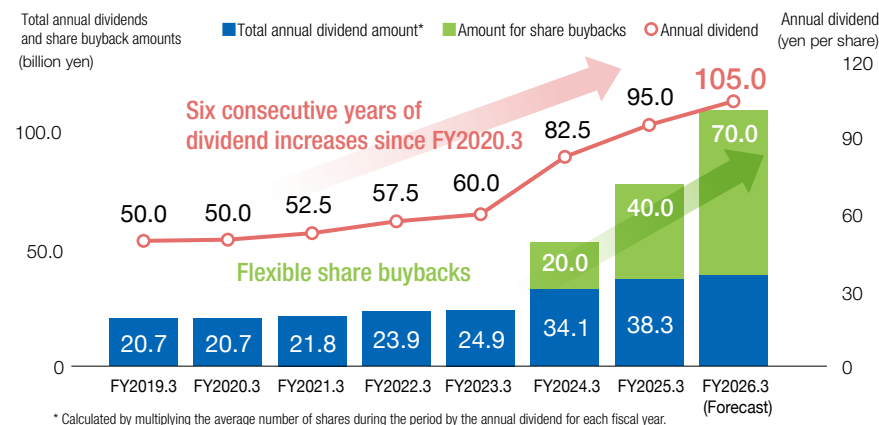
To align more closely with shareholder expectations, we have significantly enhanced our shareholder return policy as part of the Medium-Term Management Plan 2026. Specifically, we have clarified our ongoing commitment to progressive dividends, which avoid dividend cuts and ensure that dividends either grow or remain stable in line with our business expansion. Additionally, we have shifted our approach to determining dividend levels from the traditional payout ratio—often tied to annual profits—to

dividend on equity (DOE), which provides greater stability against short-term profit fluctuations. With a 3.0% DOE as our new target, this stable, long-term dividend growth policy enhances dividend predictability for investors, bolstering their confidence in long-term stockholding, even amidst significant changes in the business environment and fluctuations in short-term profits.

Under this new policy, we aim to distribute a dividend of 95 yen per share in FY2025.3 and 105 yen in FY2026.3, marking six consecutive years of dividend increases since FY2020.3. To manage shareholders'

equity and achieve our target ROE of 8%, we plan to repurchase 70.0 billion yen of our own shares in FY2026.3, following a buyback of 40.0 billion yen in FY2025.3. We are dedicated to achieving the appropriate levels of returns for our shareholders.

Trends in dividends and share buybacks



Shareholder return policy (effective as of FY2025.3)

- **Introduction of progressive dividends** (with a policy to increase or maintain dividends, avoiding any cuts)
- **Dividend on Equity (DOE) at 3.0%**
(calculated on shareholders' equity excluding accumulated other comprehensive income, which is not influenced by short-term profit fluctuations)
- **Implementation of flexible additional shareholder returns**

Investment Risk Management at the Daigas Group

As we proceed with our investments, we will uphold our established and rigorous risk management framework and implement the following four measures.

- 1. Assessing Alignment with Business Strategy:** We assess the alignment of investments with the business strategies outlined in the Medium-Term Management Plan 2026. This assessment will consider multiple factors, including the profitability of individual projects, their synergies with other Group businesses, and their contribution to enhancing our operational capabilities.
- 2. Evaluating Inherent Risks:** We establish hurdle rates according to each project's specific characteristics and capital costs, ensuring alignment with group-wide investment standards. The Investment Evaluation Committee conducts a thorough review and discussion of each project, incorporating input from the Investment Risk Management



Office, as well as internal finance and legal teams. When necessary, we also seek impartial evaluations from external experts to support our decision-making process.

3. Maintaining Balance with Financial Soundness: We evaluate potential losses that could arise if risks materialize after investment. We actively manage our shareholder equity as a risk buffer and seek the appropriate balance across our Group-wide asset portfolio. This approach ensures our financial soundness and enables us to continue investing for steady growth, even in challenging circumstances.

4. Post-Investment Follow-Ups: After making investments, we conduct annual follow-ups to evaluate the portfolio's challenges and direction. Each project is scrutinized to ensure it continues to meet its original strategic objectives, maintains smooth progress, and demonstrates sound profitability while effectively adapting to changes in the business environment. Based on our evaluation results, we consider not only implementing improvements but also the potential for divesting or exiting businesses if necessary.

Execution of Our CN Strategy through the Proactive Use of Transition Finance

Since FY2023.3, we have consistently raised funds through transition finance dedicated to initiatives aligned with a long-term goal to reduce corporate greenhouse gas emissions. By effectively communicating our CN strategies and goals through the Energy Transition 2030 initiative announced in March 2023 and the Energy Transition 2050 initiative announced in February 2025, we have gained understanding and support from corporate bond investors and financial institutions. As a result, we have secured funds for executing our CN

Daigas Group's 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, and projects that contribute to customer facilities' fuel conversion 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	35.0billion yen	Himeji Natural Gas Power Plant
3rd - 5th Transition bonds	June 2023	35.0 billion yen	Himeji Natural Gas Power Plant
Transition-linked bonds	May 2024	25.0billion yen	None
Transition-linked loan	September 2024	30.0billion yen	None

strategies, positioning us as the first gas utility in Japan utilizing transition loans, transition-linked loans, and transition-linked bonds. We believe that actively utilizing transition finance for both bonds and loans will encourage more financial institutions to recognize and support our Group's transition strategies.

Prioritizing CN-related businesses is one of the Group's foremost objectives. Recognizing transition finance as an effective funding tool to support this goal, we will continue to leverage it strategically.

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

TOPIC

Osaka Gas Awarded the Gold Prize (Minister of the Environment Award) at the 6th ESG Finance Awards Japan

In February 2025, Osaka Gas was honored with the Gold Prize (Minister of the Environment Award) in the Fundraisers Category at the 6th ESG Finance Awards Japan, organized by the Ministry of the Environment. This prestigious recognition acknowledges our ongoing efforts in fundraising through transition finance and communicating our strategies through investor relations, making us the first in the energy sector to receive this accolade. We were commended for designing and executing an advanced financing scheme aimed at achieving the transition to decarbonized thermal energy as a key management goal, supported by practical and concrete transition strategies.



Engagement in constructive dialogue with shareholders and investors

Constructive dialogue with shareholders and investors is crucial for achieving the goals of the Medium-Term Management Plan 2026 and sustainably enhancing our corporate value. In FY2025.3, during my first year as the President of the Corporate Planning HQ, I engaged with shareholders and investors through individual and small group meetings, which provided valuable insights. We recognize that the feedback we receive is vital for refining our business strategy and boosting our corporate value, and we will effectively incorporate it into our operations.

To underscore management's commitment, we have revised the performance-linked remuneration metrics for executive officers. Consequently, as of July 2024, ROE and other indicators replaced the previous metric of profit attributable to owners of the parent. Additionally, the proportion of stock-based compensation was increased.

Through these efforts, we aim to reinforce management's commitment to achieving the objectives of the Medium-Term Management Plan 2026 while also fulfilling the expectations of our shareholders and investors.



What kind of Company Is the Daigas Group?

The Daigas Group is a comprehensive energy company with three core businesses: domestic energy, international energy, and Life & Business Solutions (LBS). We continue to strengthen our existing businesses and expand into new business area by leveraging our group's value chain and expertise.

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.

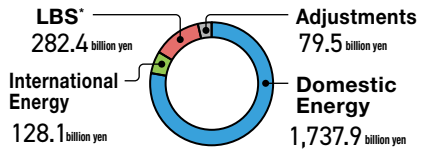
Overview of the Daigas Group

- 16 At a Glance
- 17 History of Growth in the Daigas Group's Businesses
- 19 Businesses
- 20 Value Creation Process
- 21 Capitals with Competitiveness



At a Glance [FY2025.3]

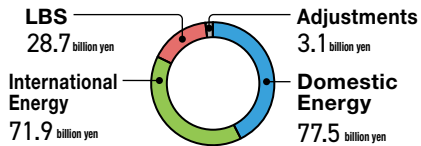
Consolidated net sales



2,069.0 billion yen

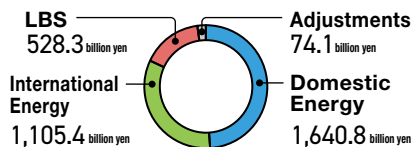
*Life & Business Solutions

Segment profit



181.3 billion yen

Segment assets



3,200.5 billion yen

Number of consolidated subsidiaries



163

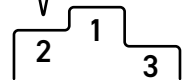
Number of employees (consolidated)



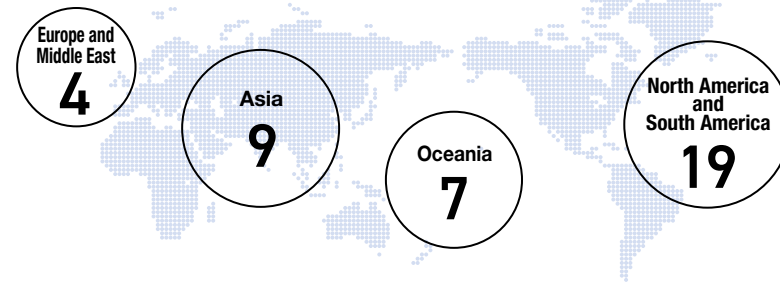
21,404

Share of domestic city gas market

2nd largest (about 20%)

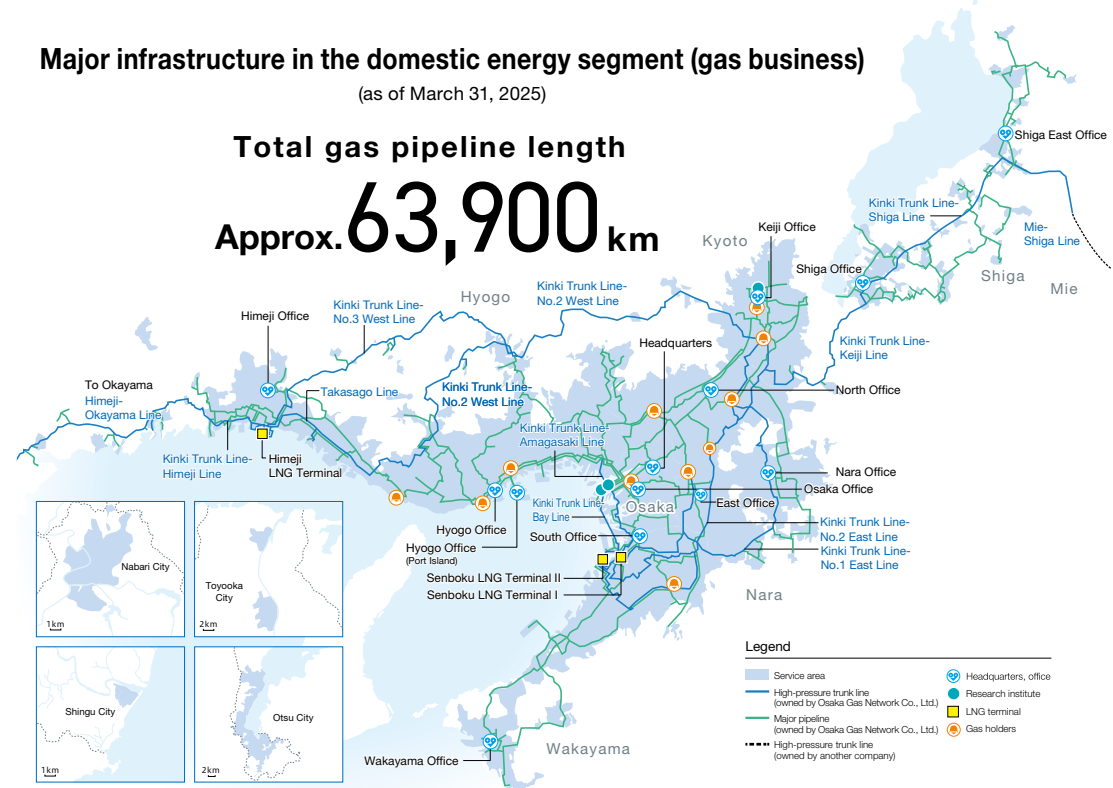


Number of business projects in overseas energy segment



Major infrastructure in the domestic energy segment (gas business) (as of March 31, 2025)

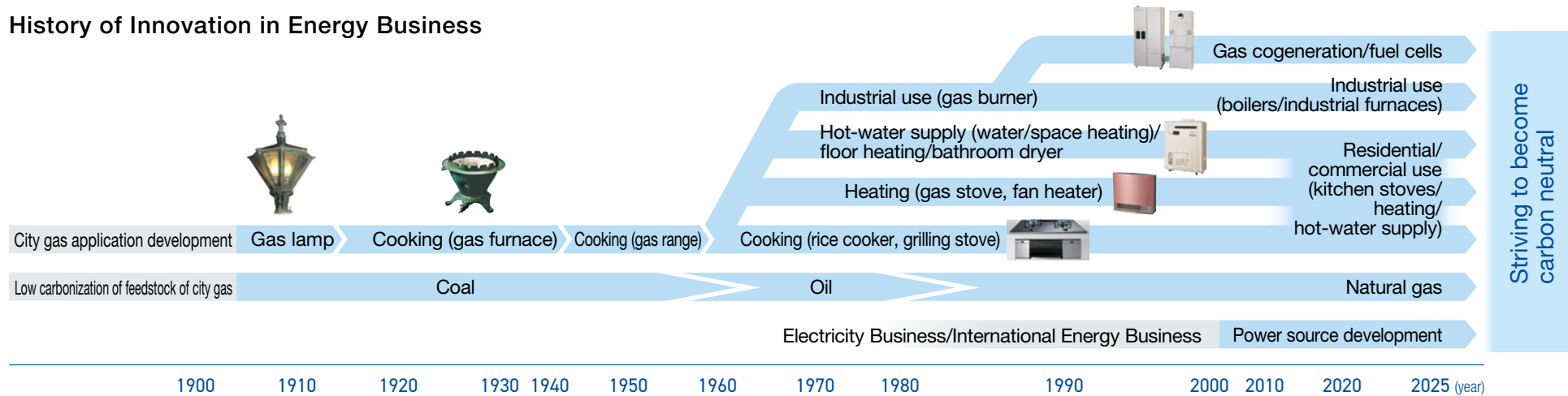
Total gas pipeline length
Approx. 63,900 km



History of Growth in the Daigas Group's Businesses

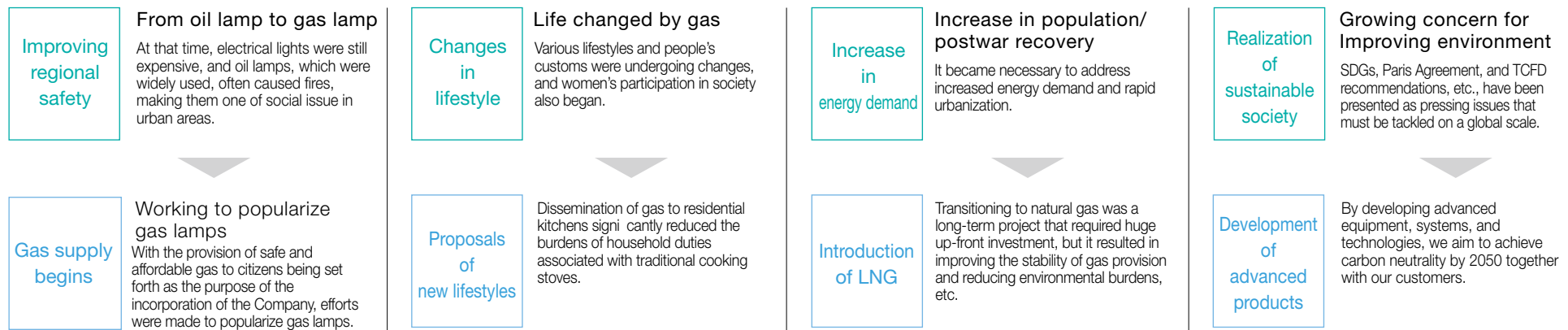
The Daigas Group's gas business began with gas supply in 1905. In the 120 years since then, the gas business that started with lighting gas lamps has expanded the application of gas to cooking, heating, hot water, and power generation, overcoming many obstacles as society evolved and lifestyles changed. 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.

History of Innovation in Energy Business



Social Background and Daigas Group's Strategy

Social Issues and Needs

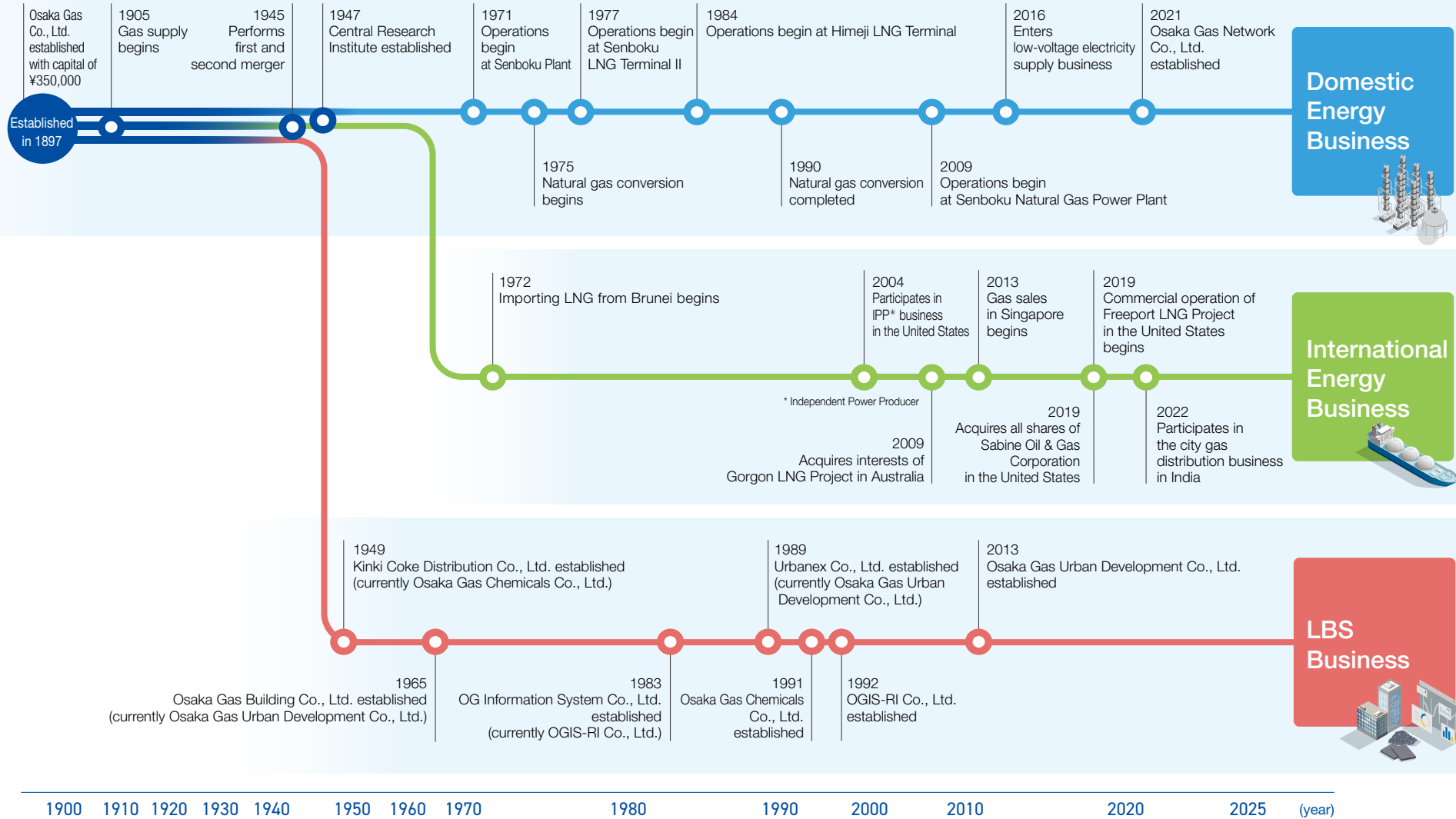


Daigas Group's Co-creation of Value





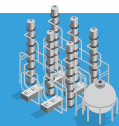
History of Growth in the Daigas Group's Businesses



Businesses

We aim to further grow our existing businesses, 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



Business Unit LNG & Engineering/Power

We are responsible for the operation and maintenance of gas manufacturing plants, as well as the development, operation, maintenance, and management of thermal power plants and renewable energy power plants. In addition to providing a wide variety of energy sources such as low-carbon LNG and CO₂-free electricity, we create environmental value through technological development aimed at realizing a low-carbon and decarbonized society, including engineering projects and plant design.



Business Unit Network

Osaka Gas Network Co., Ltd.* has established a solid network of city gas supply and a complete security system, and by deepening our expertise and utilizing cutting-edge digital technology, we are delivering city gas safely and securely.



*Established on April 1, 2021 as a preparatory company for the spin-off in 2022.

Business Unit Energy Solution

We develop advanced products and services including energy for residential, commercial, and industrial customers, and expand sales of such products and services, thereby co-creating diverse advanced solutions for our customers.



Business Unit Trading

We are diversifying our LNG procurement sources and price indexes to ensure a stable supply of LNG to our customers both in Japan and overseas.

International Energy Business



Business Unit Energy Resources & International

We are growing and expanding our international business mainly in the United States, Asia, and Oceania.

Upstream

We are working to increase production and profits through gas field projects, including with the U.S. shale gas development company (Sabine Oil & Gas Corporation).

Mid- & downstream in North America

Utilizing know-how we have cultivated in Japan, we are participating in overseas power generation projects, LNG terminal projects, energy service projects, and more.

Asia

Utilizing the experience and strengths we have cultivated in the domestic city gas business, we are working to expand sales by promoting the development of city gas infrastructure. We are also involved in renewable energy projects, contributing to the economic development and the transition to low-carbon energy in Asian countries.

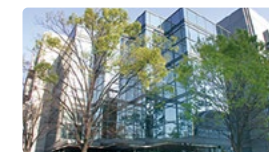


Life & Business Solutions (LBS) Business



Business Unit Urban Development

We roll out real estate businesses, which extends widely to include the development of properties such as condominiums for sale and rent, office buildings, and logistics facilities, as well as their operation and management, and the sale of properties to private REITs.



Business Unit Information Technology

Our information technology business traces back to developing and managing systems for the Group's businesses. We have enhanced our technological capabilities through M&A, and now support digitalization by providing total solutions that meet both internal and external needs through IT consulting, systems development, operations management, data analysis, and more.



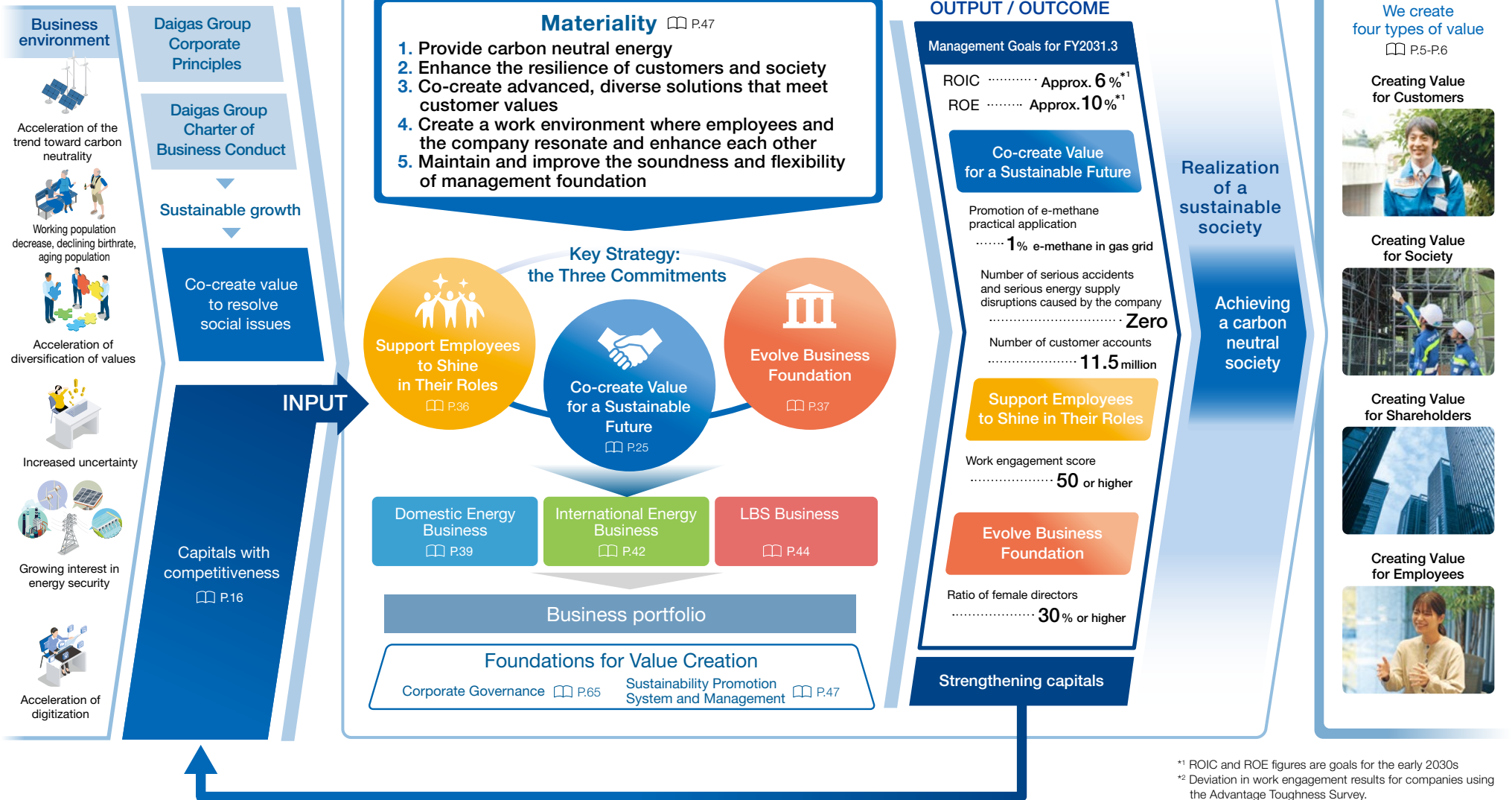
Business Unit Materials

We leverage the company's accumulated coal chemistry technologies (such as the application of by-products from gas production using coal as a raw material) to conduct research and development, manufacture, and sale of high functional materials such as fine materials, preservatives, carbon materials, and activated carbon, we are expanding our business both in Japan and overseas.



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. 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*4 through the effective use of natural gas and renewable energy.</p>
As of March 31, 2025					
<p>Financial soundness*1</p> <p>Equity ratio: 55.5%</p> <p>D/E ratio: 0.50 times</p>	<p>Capital expenditures (FY2025.3 results)</p> <p>221.7 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>2,740 patents</p> <p>R&D expenses (FY2025.3 results):</p> <p>12.69 billion yen</p> <p>R&D expenses by segment (Domestic Energy: 9.37 billion yen, LBS: 3.32 billion yen)</p>	<p>Number of Group employees:</p> <p>21,404 employees</p> <p>Work engagement score*3</p> <p>52.2</p>	<p>Service chain partners:</p> <p>Approx. 200 stores</p> <p>Low-voltage electricity supply contracts:</p> <p>Approx. 1.92 million</p> <p>Gas supply contracts:</p> <p>Approx. 5.11 million</p> <p>Building and maintaining co-creation relationship with stakeholders</p>	<p>LNG handled (FY2025.3 results):</p> <p>Approx. 11.20 million tons</p> <p>Renewable energy development contribution</p> <p>3,700 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.11-P.12,P.38

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.24,P.41,P.43

Promotion of methanation technology development

Investment in the carbon neutral field: Approx.100.0 billion yen (FY2025.3-FY2027.3)
 P.24,P.29

Strengthen recruitment and development of human resources

P.36

Creation of new businesses and services through collaboration with stakeholders

P.35

Contribution to the widespread use and expansion of renewable energy

Renewable energy development contribution: 4 GW (FY2027.3)
 P.41

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 Deviation in work engagement results for companies using the Advantage Toughness Survey *4 S+3E: Safety, Energy security, Economic efficiency, and Environment

What Value is the Daigas Group Creating Today?

The Daigas Group has announced its Medium-Term Management Plan 2026, which strives to achieve sustainable growth with a view to realizing a carbon neutral society by 2050, by promoting both growth during the transition period and the establishment of a business foundation for the future. In the plan, the Group has set out the key strategy: the Three Commitments. We are working to “co-create value for a sustainable future” through carbon neutral energy, “support employees to shine in their roles” as a source of value creation, and “evolve the business foundation” by promoting ROIC-focused management.

In this chapter, we will introduce the progress of each initiative.

Value Creation Practices

- 23 Roadmap to Realizing Our Long-Term Management Vision
- 24 Medium-Term Management Plan 2026
- 25 Key Strategy Co-create Value for a Sustainable Future
 - Support Employees to Shine in Their Roles
 - Evolve the Business Foundation
- 39 Business Strategies by Segment

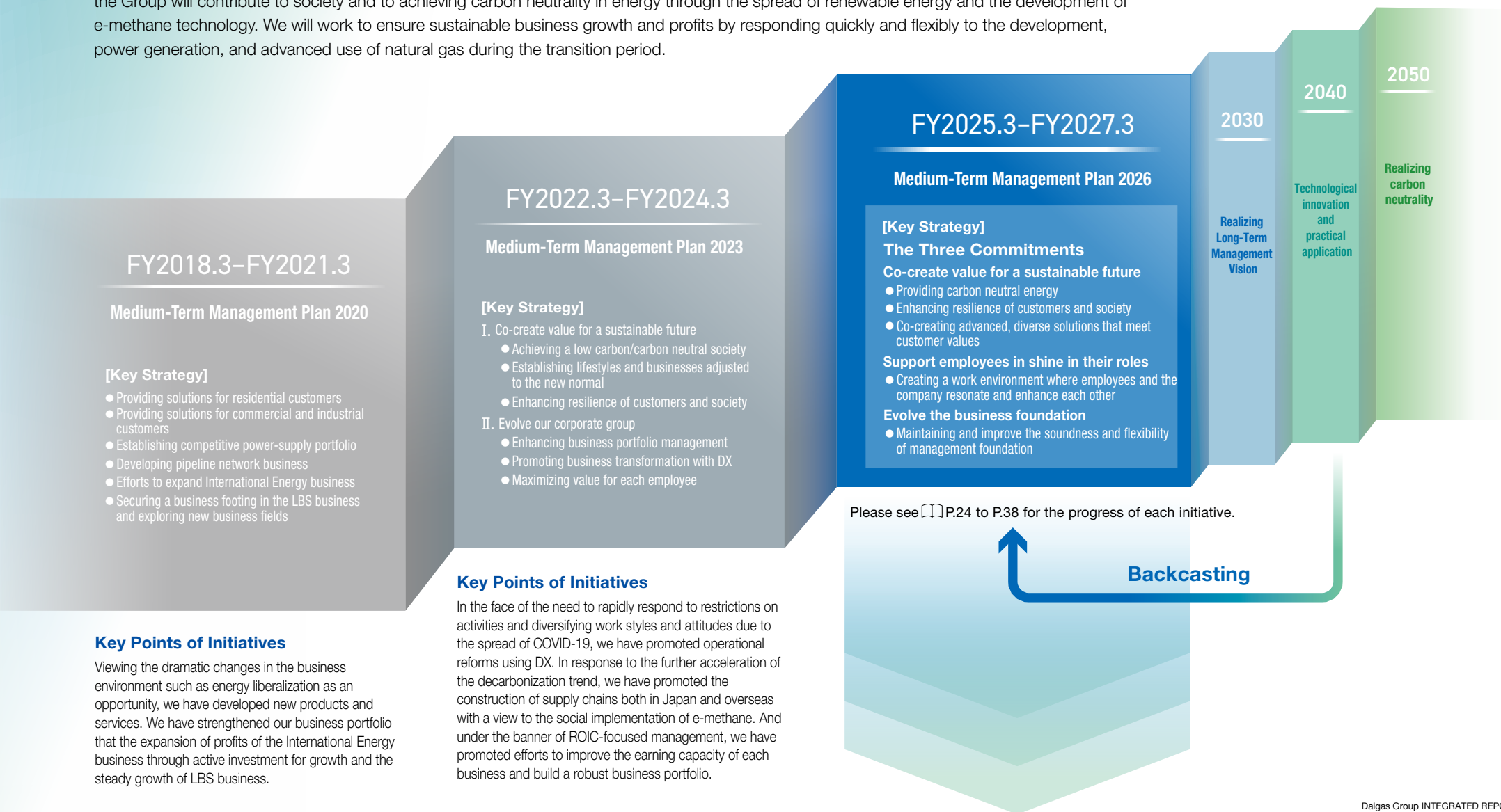


Courtesy of
Freeport LNG
Development L.P.



Roadmap to Realizing Our Long-Term Management Vision

In 2017, the Daigas Group formulated our Long-Term Management Vision for FY2031.3, with the aim of becoming “an innovative energy & service company that continues to be the first choice of customers,” and achieving carbon neutrality (“CN”) by 2050. In order to realize the Long-Term Management Vision, we formulated a Medium-term Management Plan, and, in light of the risk of a decrease in gas sales volume due to population decline, full energy liberalization, and other factors, we have strengthened our financial base and expanded new businesses through investments aimed at business growth. Since FY2018.3, the International Energy business and Life and Business Solutions (LBS) business have steadily grown, improving cash flow and strengthening our business portfolio. In response to the major environmental change that is the acceleration of the trend towards CN, the Group will contribute to society and to achieving carbon neutrality in energy through the spread of renewable energy and the development of e-methane technology. We will work to ensure sustainable business growth and profits by responding quickly and flexibly to the development, power generation, and advanced use of natural gas during the transition period.

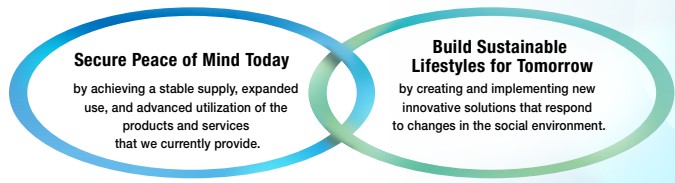


Medium-Term Management Plan 2026

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.

Daigas Group's Aspiration for the Future
**Secure Peace of Mind Today,
 Build Sustainable Lifestyles for Tomorrow**



To fulfill the Daigas Group's Corporate Principles and aspiration



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

Identified materiality
 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. Please see this page for details. >>> **Sustainability Management** [P.47](#)

Medium-to Long-Term Target (FY2031.3)

Ordinary profit	Approx. 200 billion yen
ROIC	Approx. 6 %
ROE	Approx. 10 % <small>early 2030s</small>

Medium-Term Management Plan Target (FY 2027.3)

ROIC	Approx. 5.0 %
ROE	Approx. 8.0 %
Shareholders' equity ratio	45 % or higher
D/E ratio	0.8 or lower

Investment for growth (Cumulative total for FY2025.3 –FY2027.3)

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
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Daigas Group Energy Transition 2050

The Daigas Group has announced its ambition to achieve carbon neutrality (“CN”) by 2050 through publication of its “Carbon Neutral Vision” (January 2021), and has outlined its approaches and specific strategies for the energy transition by 2030 in “Energy Transition 2030” (March 2023).

Since then, we have deepened our activities, while being faced with increasing international geopolitical risks, such as Russia’s invasion of Ukraine, as well as even greater demands to achieve both carbon neutrality and energy supply stability. In light of this situation, we formulated “Energy Transition 2050” in February 2025, which clarifies our energy transition roadmap for achieving carbon neutrality by 2050.

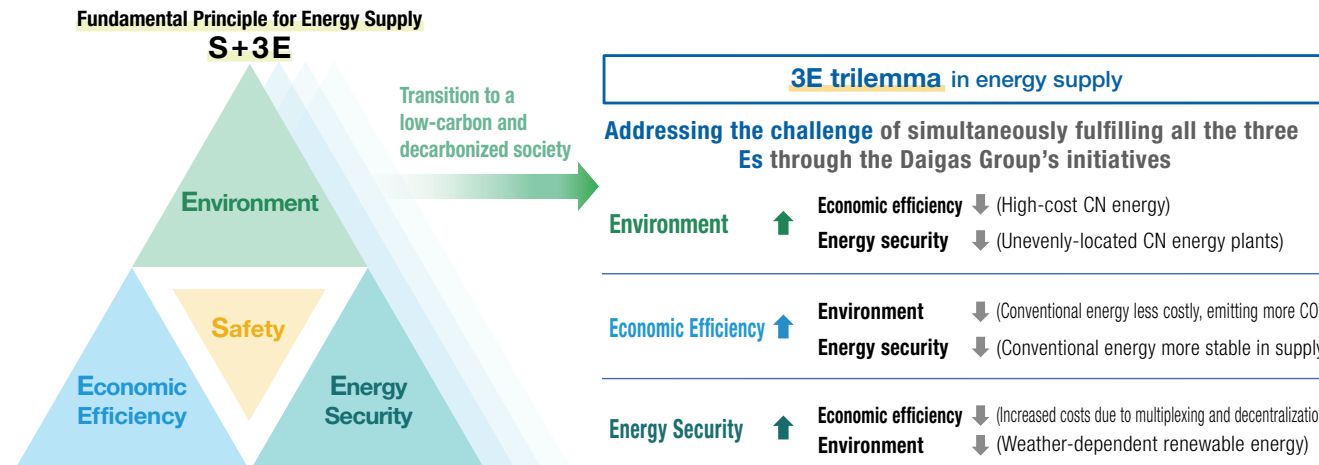
Energy Transition 2050 summarizes the “Comprehensive Overview of Carbon-Neutral Strategy,” “Low-Carbon and Carbon-Neutral Energy Initiatives,” and “Daigas Group’s Solutions for Customers,” and outlines our approaches, initiatives, and co-creation with our customers.

Challenges Regarding Energy Supply and the Daigas Group’s Principle

Our basic approach to energy supply is S+3E*, in which balancing the three Es is essential for the transition to low-carbon and decarbonized energy.

However, switching to environmentally friendly energy currently leads to increased costs and reduced supply stability when the supply chain is not yet established. This relationship is referred to as the “3E trilemma,” and the Daigas Group will challenge itself to satisfy all three Es simultaneously. In particular, because Japan is not blessed with natural resources and has a low energy self-sufficiency rate of 12.6%, it relies on energy imports from overseas. As a result, it is necessary to pay close attention to changes in the international situation and global energy policies.

In light of this background, the Group’s fundamental principle is to prioritize supply stability while ensuring safety as a cornerstone, and to offer our customers a variety of environmentally and economically friendly options.



Carbon Neutral Vision

(released in January 2021)

Energy Transition 2030

(released in March 2023)

Energy Transition 2050

(released in February 2025)

Japan’s energy Policy

Achieving S+3E is considered important in Japan’s energy policy. The Seventh Strategic Energy Plan, approved by the Cabinet in February 2025, outlines a new policy direction for 2040, placing emphasis on natural gas in a balanced manner with the country’s basic policy of S+3E, and indicating a policy of prioritizing a stable supply of energy on the premise of safety.

Risks to consider in energy supply

- International affairs (international conflicts)
- Geopolitics (low energy self-sufficiency)
- Natural disaster (earthquakes, typhoons)
- Pandemic (COVID-19)
- Regulation (carbon pricing)
- Foreign exchange (yen depreciation)

Japan’s energy self-sufficiency: 12.6%^{*2}

→ Reliance on energy imports

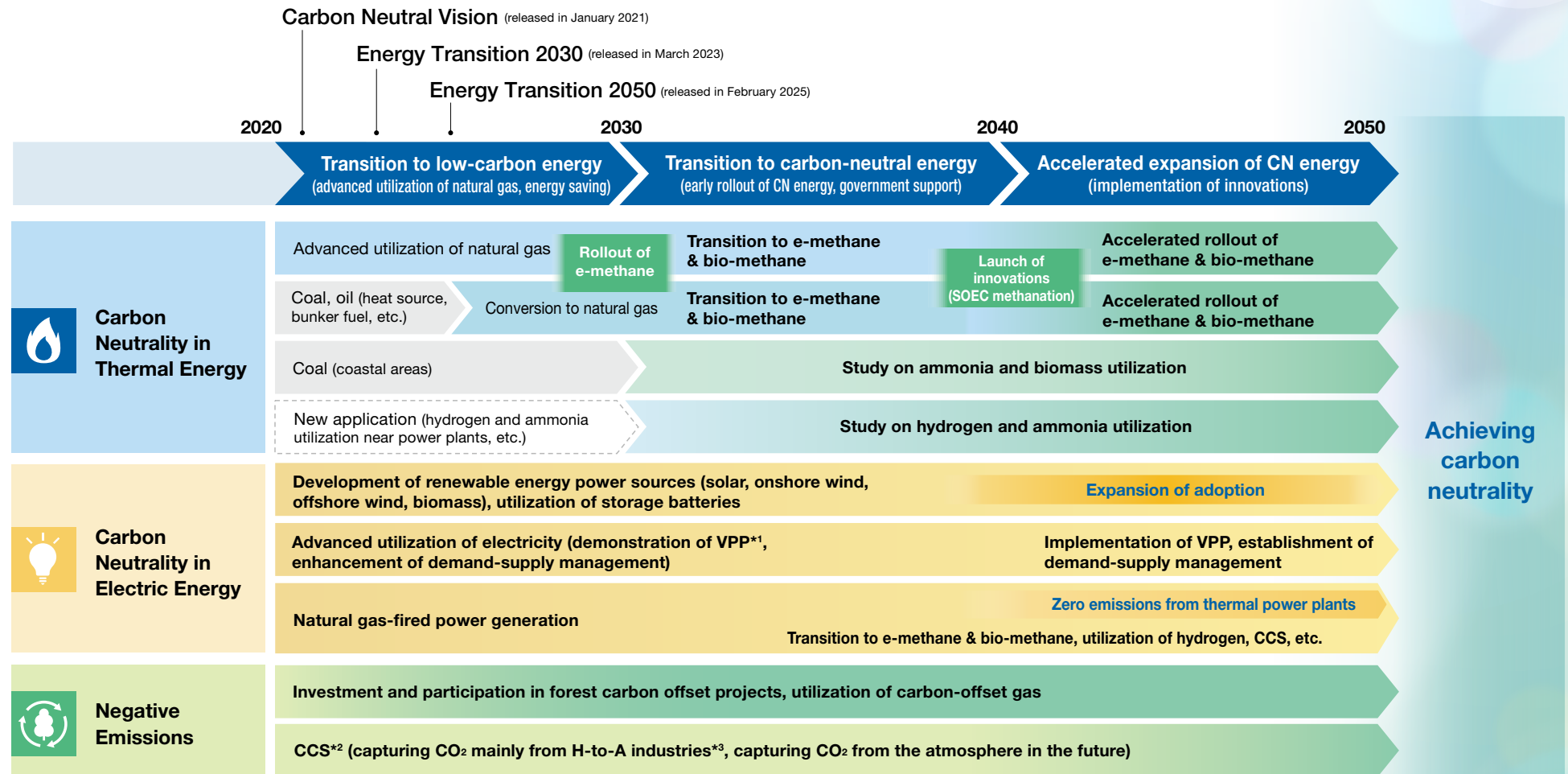
*1 S+3E: Safety, Energy Security, Economic Efficiency, and Environment

*2 FY2023.3 Energy Supply and Demand Results (confirmed report)

Roadmap to Low-Carbon and Carbon-Neutral Energy

As carbon-neutral (CN) energy remains relatively expensive at the current stage, we believe a phased transition is essential to minimizing social costs.

In line with this approach, we will drive the energy transition by reducing carbon emissions through energy savings and existing technologies until 2030, shifting to carbon neutrality with CN energy from 2030, and accelerating the growth of CN energy through innovation from 2040. Through these efforts, we will fulfill our role as a comprehensive energy company in achieving carbon neutrality with stakeholders while delivering optimal solutions in light of S+3E.



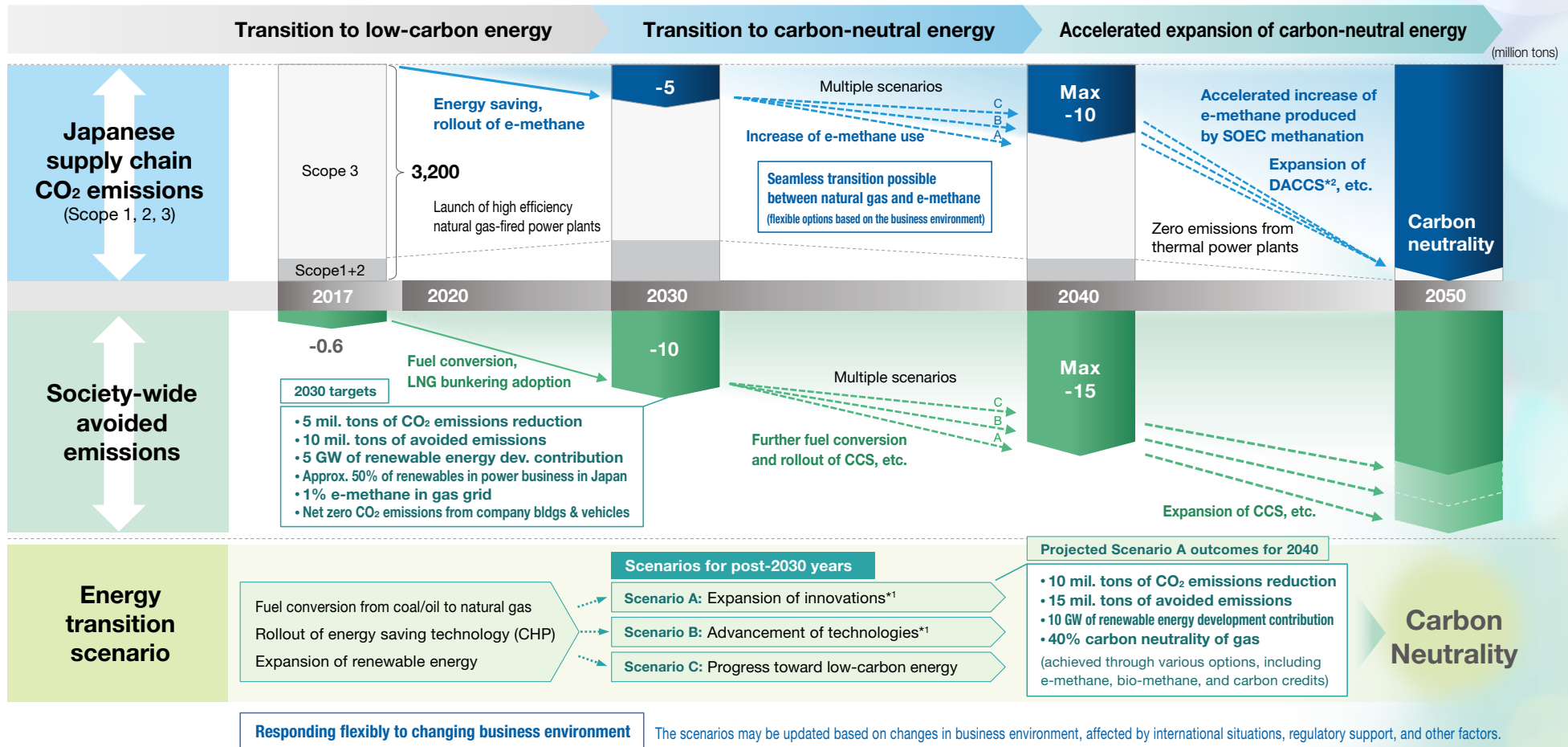
^{*1} Virtual Power Plant: Operating as a single power generation facility by integrating and controlling distributed energy sources through an aggregator, utilizing information and communication technology.
^{*2} Carbon dioxide Capture and Storage
^{*3} H-to-A (Hard-to-Abate) industry: Sectors in which CO₂ emissions reduction is challenging

Roadmap to CO₂ Emissions Reduction

The Daigas Group has formulated a CO₂ reduction roadmap to achieve a CN society in 2050.

With the current emphasis on energy security, the country's energy supply and demand outlook for 2040 requires a variety of scenarios, including risk cases.

Based on this, the Group had considered multiple scenarios for 2040, including the scenario assumed by the government. Below are the estimated values based on the scenario of "Expansion of innovations," in which assumes the maximum progress toward carbon neutrality. This is merely one scenario, and we intend to determine its feasibility by around 2030, and to review the scenario, taking into account international situations and trends in regulatory changes.



*1 Energy demand and supply outlook scenarios from Japan's Seventh Strategic Energy Plan.

*2 Direct Air Carbon Capture and Storage: Technology that combines DAC for separating and capturing CO₂ with CCS for underground storage.

Providing Carbon Neutral Energy



Working toward carbon neutrality in thermal energy, we will promote the widespread and advanced use of natural gas, a low-carbon energy. We will also accelerate the development of technologies such as e-methane and the construction of supply chains. To achieve carbon neutrality in electric energy, we will further develop renewable energy sources, aiming for a stable supply of electricity and zero emissions from natural gas-fired power generation. Furthermore, we will work on negative emissions that absorb and remove CO₂.

FY2025.3 Results

CO₂ emissions of the Daigas Group **23.44** million tons*

Percentage of renewables in our power generation portfolio in Japan **30.4** %

Renewable energy development contribution **3.7** GW




Avoided emissions **6.29** million tons

*CO₂ emissions in the domestic supply chain (Scope 1, 2, 3)
Please refer to □□ P.54 for greenhouse gas emissions from the Daigas Group's value chain (Scope 1, 2, 3).

To achieve CN by 2050, the Daigas Group is taking a multifaceted approach to carbon neutrality in thermal energy, carbon neutrality in electric energy, and negative emissions. Each business unit is formulating specific plans to achieve the management plan targets for FY2031.3.

In the following pages, we report on the progress of technological development related to carbon neutral thermal energy and negative emissions initiatives, aimed at the 2024 to 2026 targets in the Medium-Term Management Plan 2026.

For other specific initiatives, please see Business Strategies by Segment.

Accelerating initiatives	Main initiatives	Main targets* (2024–2026)
 Carbon Neutrality in Thermal Energy	<ul style="list-style-type: none"> ● Conversion of coal and oil to natural gas and LNG □□ P.40 ● Advanced use of natural gas □□ P.40 ● Expansion of the use of natural gas <ul style="list-style-type: none"> Expansion of sales of highly efficient energy-saving equipment □□ P.40 Expansion of shale gas development and city gas business overseas □□ P.43 Expansion of LNG bunkering business ● Development of innovative technologies such as e-methane and bio-methane ● Formulation of e-methane supply chain alliances 	<ul style="list-style-type: none"> ● Avoided emissions ● Renewable energy development contribution
 Carbon Neutrality in Electric Energy	<ul style="list-style-type: none"> ● Development of renewable energy sources □□ P.41 <ul style="list-style-type: none"> Solar power: Promoting development and expanding use through collaboration with partners Wind power: Promoting development and taking on the challenge of offshore wind power generation in Japan Biomass: Promoting use and development Storage batteries: Entering production of storage batteries that are installed alongside renewable energy sources to stabilize the power grid ● Advanced use of electricity □□ P.41 <ul style="list-style-type: none"> Demonstrating VPP and advancing demand-supply management system ● Promotion of natural gas-fired power generation □□ P.41 <ul style="list-style-type: none"> Utilizing natural gas-fired power generation, which is necessary as a coordinator, and promoting zero emissions 	<ul style="list-style-type: none"> ● Percentage of renewables in our power generation portfolio in Japan ● CO₂ emissions of Daigas Group ● CO₂ emissions reduction in the Group company offices and vehicles ● Promotion of e-methane practical application ● Promotion of methanation technology development
 Negative Emissions Initiatives	<ul style="list-style-type: none"> ● Establishment of a CO₂ value chain and Development of CCUS technology ● Investment and participation in forest carbon-offset projects 	

*Please see □□ P.49 for more details of the targets.

Providing Carbon Neutral Energy

Carbon Neutrality Initiatives in Thermal Energy

The following are the Daigas Group's initiatives in the development of diverse methanation technologies.

Development of diverse methanation technologies

1 Existing technology: Initiatives for practical application of Sabatier methanation technology

Jointly with INPEX CORPORATION, we are proceeding 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.

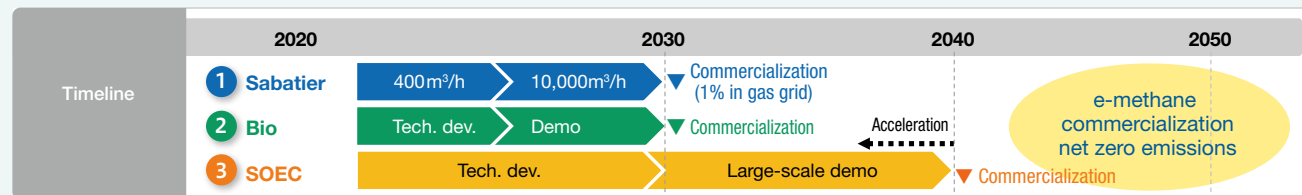
2 Innovative technology: Promoting the development of biomethanation technology

From May to July 2024, we conducted a demonstration of e-methane production from food waste and renewable energy at the Osaka City Waste Incineration Plant (Maishima Plant), successfully achieving the target production of 5 m³/h of e-methane (methane concentration of 95% or higher). We started to demonstrate this technology*2 at the Osaka/Kansai Expo site from April 2025. Please refer to □□ P.30 for details.

3 Innovative technology: Promoting the development of SOEC methanation technology*3

In June 2024, we completed the lab-scale testing equipment for SOEC methanation and commenced testing. In addition, bench-scale testing is scheduled to begin in FY2025.3. Moving forward, 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'"



Sabatier methanation demonstration facility (under construction)



SOEC methanation bench-scale test facility (Completion in June 2025)

Hydrogen and Ammonia Related Technologies

We are also engaged in the exploration, evaluation, and development of hydrogen and ammonia production and combustion technologies to meet our customers' needs.

- Successfully conducted a demonstration test of 30% hydrogen fuel co-combustion. (Daigas Energy Co., Ltd)
- Collaborated with overseas startups on technology evaluation and project development. (Koloma, Inc.: natural hydrogen)
- Developed technology for producing hydrogen from biomass. (Simultaneously producing electricity, hydrogen, and CO₂ using chemical looping combustion technology*4)

*4 NEDO-sponsored projects focused on the "Development of Technologies for Carbon Recycling and Next-Generation Thermal Power Generation/Development of Fundamental Technologies for Next-generation Thermal Power/ Development of technology for a poly-generation system with CO₂ separation/capture capabilities"

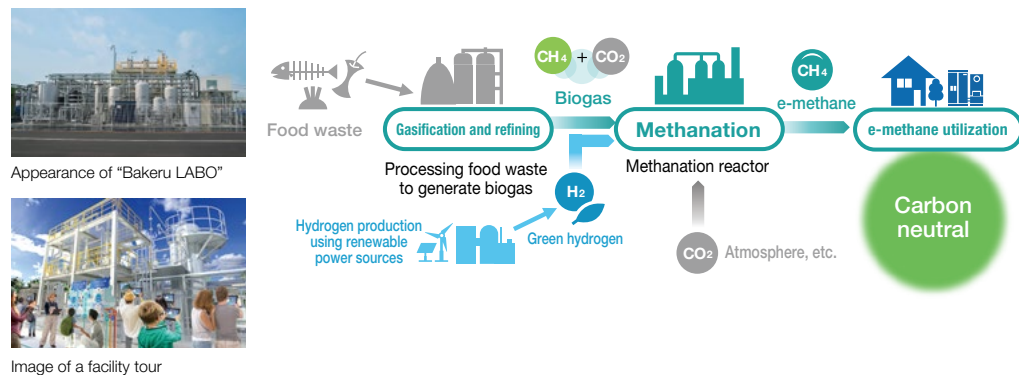
Initiatives at the Expo 2025 Osaka, Kansai, Japan

The Daigas Group uses its advanced technology, including the demonstration of methanation technology, to contribute to realizing the theme of the Expo 2025 Osaka, Kansai, Japan, “Designing Future Society for Our Lives.”

Demonstration of methanation utilizing biogas

In March 2025, we completed construction of the e-methane production demonstration facility “Bakeru LABO” and obtained the first certification for “clean gas production facility”* for Osaka Gas. At this facility, demonstration experiments are being conducted to produce e-methane by synthesizing CO₂ produced by fermenting food waste generated at the venue and CO₂ contained in the air at the venue with green hydrogen through methanation. The produced e-methane is used in the Guest House kitchen at the venue and in city gas consuming equipment such as gas cogeneration facilities. After this demonstration project, while scaling up the methanation facilities, we aim to introduce a system that produces e-methane from renewable energy-derived hydrogen and CO₂ contained in biogas derived from food waste to waste incineration plants and food processing plants mainly in the Kinki region by 2030.

*Certification of clean gas production facility: Our company has been certified under the Clean Gas Certificate Program, which was launched in April 2024 as a “Biogas/E-methane Production Demonstration Facility at the Venue of Expo 2025 Osaka, Kansai, Japan.” This program will enable us to prove the environmental value of e-methane and biogas, and we plan to obtain certification for the equivalent amount of clean gas in the future.



Use of SPACECOOL® at the Expo 2025 Osaka, Kansai, Japan

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 is expected that the use of this material will lower the temperature inside the gas pavilion by a maximum of 10 °C in the summer. It not only keeps a comfortable temperature inside the pavilion but also reduces the load of air conditioning, which contributes to reducing CO₂ emissions.



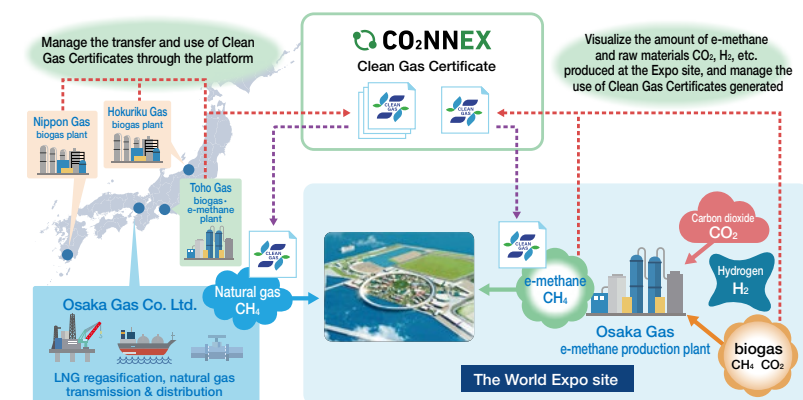
Operation of CO₂NNEX® that enables the transfer of environmental value of e-methane

As more e-methane is supplied in city gas, private operations have begun for clean gas certificates that can transfer the environmental value of e-methane and biogas, similar to non-fossil certificates for electricity. As the trading volume of e-methane and its environmental value will increase in the future, it will be necessary to have a system for transferring environmental value via clean gas certificates.

Osaka Gas and Mitsubishi Heavy Industries, Ltd., have developed CO₂NNEX®, the first system in the city gas industry that enables the transfer of the environmental value of e-methane, and is operating this system at the Expo 2025 Osaka, Kansai, Japan. At the Expo, CO₂NNEX® is being used to transfer and use clean gas certificates obtained from e-methane and biogas produced nationwide to natural gas supplied by Osaka Gas, contributing to carbon neutrality within the Expo.

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

CO₂NNEX® Clean Gas Certificate Transfer Initiative



Expo site image courtesy of Japan Association for the 2025 World Exposition

Formation of Supply Chain Alliances

For the full-scale introduction of e-methane in 2030, the Daigas Group considers 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.

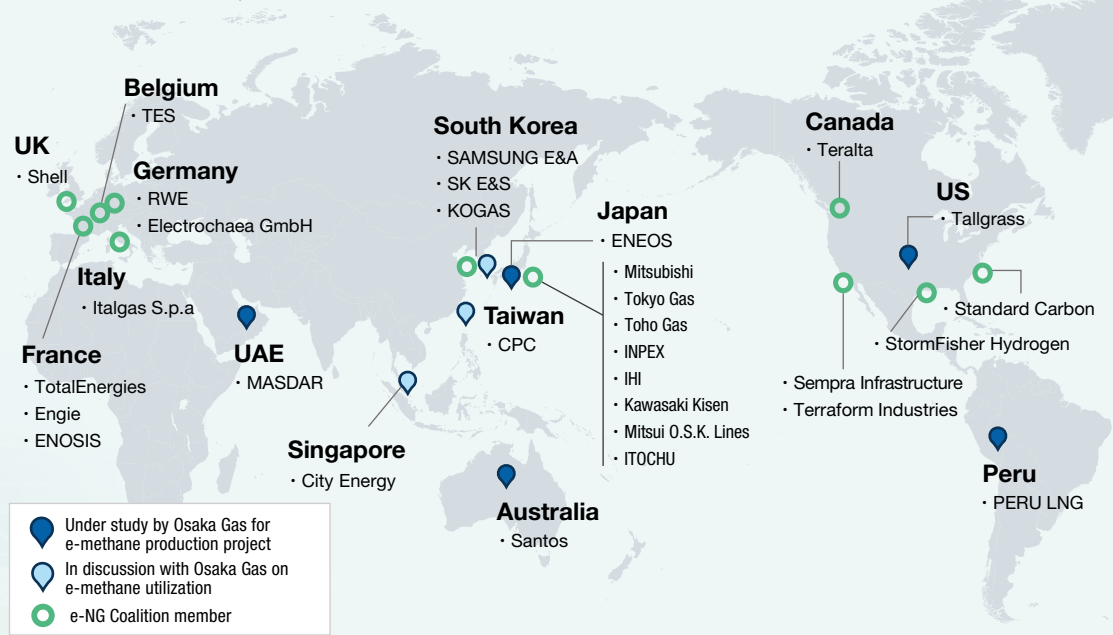
For stable procurement in the future, we are identifying locations suitable for e-methane production, focusing our consideration on North America, South America, Australia, the Middle East, and Southeast Asia, where existing natural gas and LNG facilities can be used. In addition, we cooperate with energy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

In December 2024, we, together with seven leading companies (the initial members) in the energy sector, completed the establishment of the “e-NG Coalition” – the world’s first international alliance targeting the global expansion of e-methane. Through this alliance, we aim to advance e-methane production projects, contribute to reducing greenhouse gas emissions, and promote decarbonization in the Asian region. Furthermore, by promoting the adoption of e-methane, we seek to help establish an international energy market and contribute to the economic growth of Japan and Asia as a new growth industry. 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.



e-methane Supply Chain Development in Japan and Oversea

- **Energy security enhancement**
 - Utilizing existing natural gas and LNG infrastructure
 - Reducing geopolitical risks and ensuring stable supply through multiple sources across the world
- **Utilization promotion in Asia**
 - Engaging with energy providers in other Asian countries to promote e-methane utilization



Efforts for establishing international market

e-NG COALITION

- An organization focused on establishing an international market for e-methane and related products, involving 24 companies from Japan, the US, and Europe, including Osaka Gas
- Aiming to increase the participation and sponsorship, enhance the international recognition of e-methane, and establish rules on trading and the environment

(Main collaborators as of the end of July 2025)

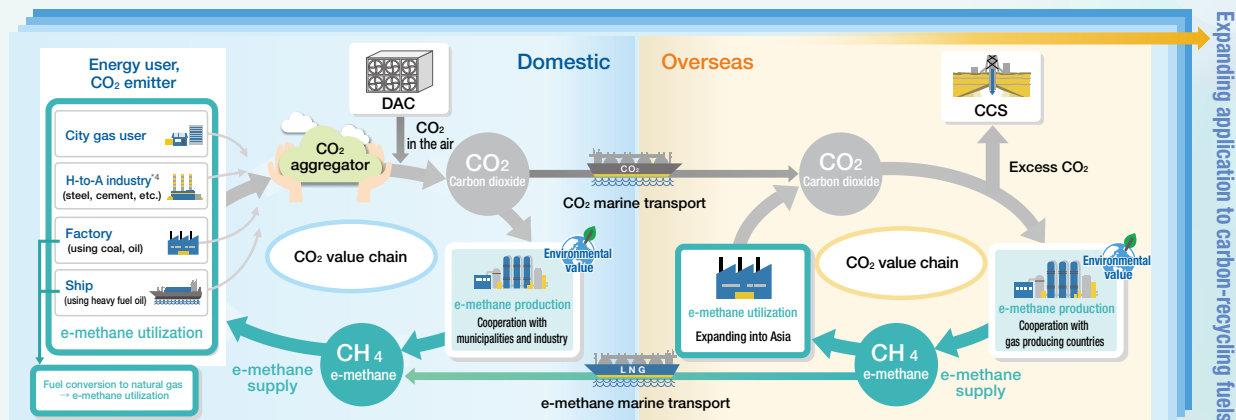
Providing Carbon Neutral Energy

Negative Emission Initiatives

The Daigas Group aims to achieve carbon negativity and is also working to reduce CO₂ emissions from industries where it is difficult to reduce CO₂ emissions, such as steel and cement. We will support our customers' reduction of CO₂ emissions and the sustainable growth of industry by introducing new technologies such as carbon dioxide capture and storage (CCS*), carbon dioxide capture and utilization (CCU**), and carbon credit businesses that contribute to CO₂ offsets.

Initiatives for CO₂ Value Chain Development

The Daigas Group will act as an aggregator to collect CO₂ emissions from customers, including the steel, cement, and chemical industries, and will aim to build a CO₂ value chain by combining the production and supply of e-methane through CCU and negative emissions through CCS. We will develop a CO₂ management system ("CO₂NNEX"¹*) that will enable the management of clean gas certificates obtained from e-methane and visualization of CO₂ distribution and promote the expansion of its application to carbon-recycling fuels.



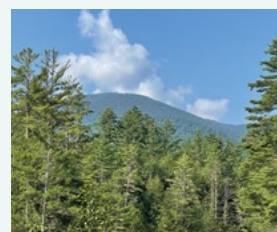
*1 Carbon dioxide capture and storage *2 Carbon dioxide capture and utilization
 *3 CO₂NNEX is a registered trademark of Mitsubishi Heavy Industries, Ltd. *4 H-to-A industries: Industries where CO₂ emissions reduction is difficult (Hard-to-Abate)

Initiatives to Improve Forests' CO₂ Absorption Capacity

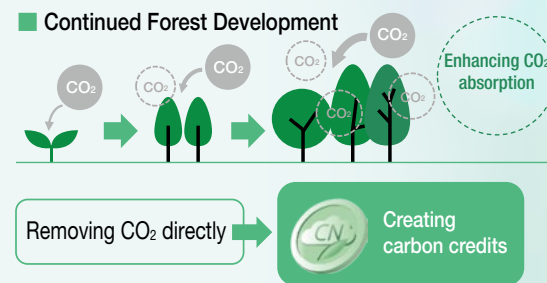
In July 2023, Osaka Gas announced its joint investment, along with nine other Japanese companies, in the East Climate Smart Forestry I ("the Fund") established by the Sumitomo Forestry Group.

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. 90 thousand hectares of forest assets were acquired as of February 2025.

*Carbon credits are a means of offsetting carbon dioxide emissions that cannot be fully reduced through the use of renewable energy and energy-saving efforts.



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



Initiatives to Assess the Quality of Carbon Credits using Generative AI

In March 2025, Osaka Gas launched GreenChecker, the world's first web service that uses generative AI to assess the quality of carbon credits.

For more details, please see [the Sustainability Report 2025](#).



Enhancing 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.

FY2025.3 Results

Number of serious accidents and serious energy supply disruptions caused by the company **Zero**

Implemented measures for disaster prevention and aging pipes

Ratio of strengthening of earthquake resistance*1 **90 %**

Number of supply blocks*2 **738** blocks

Countermeasures completed for gray cast iron pipes

*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 and other natural disasters

Progress through FY2025.3

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 and serious energy supply disruptions caused by the company, a target under materiality indicators. In terms of disaster prevention and aging pipes, we are continually working on four types of disaster prevention measures: preventive measures, emergency measures, recovery measures based on knowledge gained from recovery activities following the Great Hanshin-Awaji Earthquake, and tsunami countermeasures based on the damage experienced during the Great East Japan Earthquake.

In the electricity supply chain, we not only enhanced electricity supply by developing and procuring from renewable energy sources but also promoted technological development to ensure a stable supply and collaboration with other companies.

Please see □□ P.34 for specific initiatives.

Progress of Major Earthquake Countermeasures Since the Great Hanshin-Awaji Earthquake

Item	Major earthquake countermeasures	At the time of the Great Hanshin-Awaji Earthquake (January 1995)	Current situation (March 2025)
Strengthening information gathering functions	Addition of seismometers	Installed in 34 locations	• Installed in approximately 3,300 locations
	Introduction of earthquake damage prediction system	—	• Introduced at the head office, sub-centers, and five business units of Osaka Gas Network Co., Ltd.
Constructing supply stop system	Subdivision of supply blocks	55 middle blocks	• 89 middle blocks • 738 little blocks
	Introduction of supply cutoff devices	Only super blocks (supply areas divided into eight) were remotely controlled	• Remote cut-off devices: Approx. 3,600 locations • Seismic automatic cut-off devices: Approx. 3,000 locations
Strengthening emergency communication	Strengthening of wireless systems	—	• Redundant wireless networks with the main bases being the head office and sub-centers • 6 portable satellite communication devices
Other	Earthquake resistance rate	Percentage of earthquake-resistant pipes: 68%	• Percentage of earthquake-resistant pipes: Approx. 90%
	Promotion of the use of polyethylene (PE) pipes	Approx. 1,200 km of PE pipes	• In principle, all newly constructed low-pressure pipes are made of PE • Approx. 18,600 km of PE pipes
	Backup of important online	—	• Establishment of a backup center

Challenges and Future Strategies

Geopolitical risks are on the rise, including both international political instability and changes in international regulations. As the impact of natural disasters may also be significant, we believe that measures to ensure a stable supply of energy are necessary.

Going forward, we will continue to diversify liquefied natural gas (LNG) procurement areas and optimize contract forms. In addition, we will continue to work on disaster prevention measures and training to ensure the safety of our gas and power generation facilities.

Furthermore, as renewable energy continues to expand, fluctuations in electricity demand both day and night are causing supply surpluses and shortages, which pose a challenge to a stable supply. The Group will contribute to stabilizing the supply and demand for electricity by combining distributed power sources that can be used at home, such as solar power generation and "ENE-FARM." In addition, we will also promote energy management that utilizes AI technology to visualize energy usage and realize optimal energy use.

Enhancing Resilience of Customers and Society

With the aim of enhancing the resilience of its energy supply chain, the Daigas Group is working to ensure stable procurement and optimize procurement and sales by leveraging its trading and transportation know-how and collaborating across the value chain.

We are also working on disaster prevention measures, such as improving security and stable supply through technological development and raising employee safety awareness.

Diversification of LNG Suppliers

We are working on the stable procurement, development, and supply of natural gas, an energy source that will play an important role during the transition period. In FY2025.3, we signed a sales and purchase agreement with ADNOC, the national oil company of the Emirate of Abu Dhabi in the UAE, for LNG produced at the Ruwais LNG Project, thereby diversifying our procurement sources.

Launch of LNG Bunkering Service

Heavy fuel oil is primarily used for marine fuel, and the International Maritime Organization (IMO) has set a goal of zero GHG emissions by around 2050. Osaka Gas became the first city gas company to start a Shore-to-Ship*1 LNG bunkering Service in April 2025, aiming low carbonization of marine fuel. In addition, we plan to start a Ship-to-Ship*2 LNG bunkering Service in the Osaka Bay and Setouchi area in FY2027.3. This will enable LNG fuel supply in a variety of ways, contributing to a stable and flexible LNG fuel supply. In the future, we aim to decarbonize marine fuel by replacing LNG with e-methane as marine fuel.

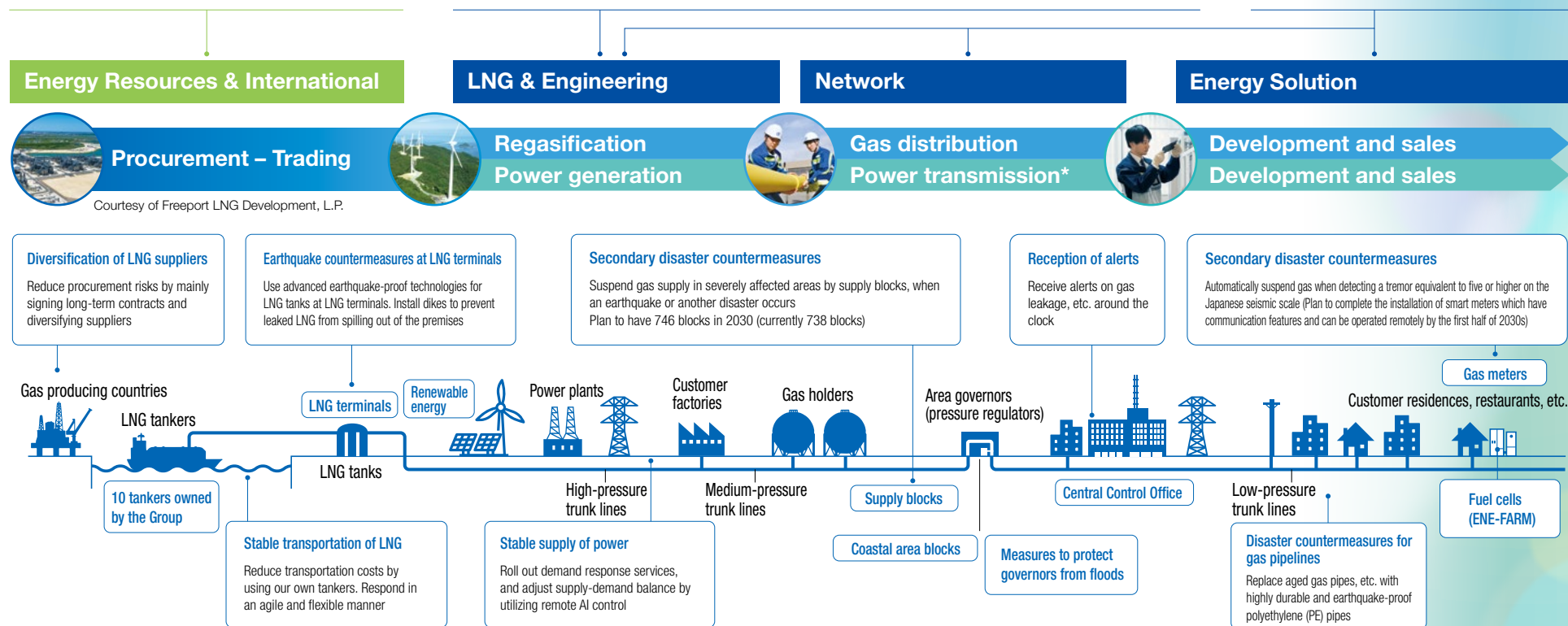
*1 Transferring LNG fuel from an on-shore facilities, such as an LNG terminal, to an LNG-fueled vessel moored at a wharf or jetty.

*2 Transferring LNG fuel from an LNG bunkering vessel to an LNG-fueled vessel moored at a wharf or at anchor.

Disaster Prevention Measures

We are working to improve security and safety of supply through various measures and technological developments in each process from energy production to consumption. We also provide regular training to employees to improve their safety awareness.

Please see P.33 for the progress of major earthquake prevention measures since the Great Hanshin-Awaji Earthquake.



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

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.

FY2025.3 Results

Number of customer accounts **10.71** million

Customer satisfaction rate **92** %

Social implementation of new services that contribute to low carbon/decarbonized energy and efficient infrastructure maintenance



Progress through FY2025.3

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 10.71 million. We also strived to ensure safety and improve the quality of services. The satisfaction rate for customer-facing operations* remained high at 92%. From FY2025.3, we have further strengthened the new business creation function of the Next-Generation Business HQ, and worked to consistently promote research and technology development, collaboration with various partners, and commercialization to further create new businesses. In November 2024, we invested in FPR Energy Limited, an Australian startup company developing next-generation concentrated solar thermal systems, with the aim of contributing to the decarbonization of industrial heat demand. 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]).

Domestic Energy business For more details, please see □□ P.39.

Life & Business Solutions (LBS) business For more details, please see □□ P.44.

For more details of our investment in FPR Energy Limited, please see □ the Sustainability Report 2025.

Challenges and Future Strategies

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 sources of revenue and ensure sustainable growth for the Daigas Group, we will continue to leverage the business know-how and strengths that each company has cultivated, as well as the synergies within the Group, to create new businesses that meet the diversifying needs of our customers.

Major Projects Implemented in FY2025.3

Built a system to evaluate the quality of carbon credits using generative AI

For more details, please see □□ P.32.

Improved the efficiency of leak inspections with laser spectroscopic detectors and dedicated navigation systems
(Received Prime Minister's Award at the 7th Infrastructure Maintenance Awards, and Japan Gas Association Technology Award 2024)

Launched "D-Remove," a service that reduces CO₂ emissions from deodorization processes with zero initial investment

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.

FY2025.3 Results

Ratio of female employees promoted to managerial positions	18.2%
Ratio of female career-track employees	39.4%
Work engagement score	52.2
Total number of new graduates and mid-career hires	116 people
Reserve ratio of next-generation management personnel	260%



Progress through FY2025.3

With the aim of acquiring and developing human resources who can play an active role in a rapidly changing business environment, we have expanded our recruitment methods, such as by hiring new graduates, and increased the number of employees we hire, which has resulted in us acquiring a diverse range of human resources. As a means of supporting autonomous career development, we have introduced an internal internship and internal side job system.

Simultaneously, we worked on the creation of a comfortable work 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. In recognition of these efforts, we have been selected as the “Nadeshiko Brand” seven times as a company that excels in women’s empowerment in the workplace. In FY2025.3, we were selected as a “Next Nadeshiko: Companies Supporting Dual Careers and Co-parenting” as a company that is particularly outstanding in its efforts to support for all employees to manage to strike a balance between empowerment in the workplace and child rearing.

We also work on Health and Productivity Management*. 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 2025” three years in a row.

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

For specific initiatives, please see [Human Capital Report 2025](#), and [Sustainability Report 2025](#).



Challenges and Future Strategies

To expand the Group’s business and diversify business portfolio, it is important to sustainably secure personnel for the entire Group. We aim to expand early the number of 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 will 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. For example, we will encourage employees to take on new challenges and grow by revising our personnel systems, such as extending the retirement age, and promote revitalization of individuals.

Advancing Business Transformation Through DX



In the times when everything is connected via digital technology and evolves rapidly, the Daigas Group recognizes that how we compete to offer services to customers is completely different from conventional approaches. Under such circumstances, our business operations need to respond quickly and flexibly to changes. Based on our belief that accelerating both value provision through new service development and productivity increase through operational process reform will lead to enhanced competitiveness, we will advance business transformation through DX.

FY2025.3 Results

Recruitment of DX core staff **243** people

Progress through FY2025.3

The Daigas Group is transforming its business activities to realize the DX strategy goal of becoming a “corporate group capable of keeping on changing.”

For our first initiative, new service development, we launched a project 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. In FY2025.3, we formulated a system reconstruction roadmap to realize 1-to-1 communication that proposes optimal services at optimal timings for customers.

For our second initiative, operational process reform, we are working to improve operational efficiency by incorporating SaaS*², generative AI, and other digital technologies into business operations. Simultaneously, we are reforming ways of work and how to proceed with tasks through Daigas X*³. This will make room for exploring new value, evolving highly specialized operations, and lead to the provision of new value.

For our third initiative, DX promotion structure enhancement, we hold lectures and dialogues with external experts for management and are working to enhance the development of DX core staff, who play a core role in DX promotion. We have developed a total of 243 DX core staff members as of March 2025. Through these initiatives, we are working to build a system where top-down and bottom-up approaches create synergy.

*1 Please see □ P.40 for examples of FY2025.3 activities in services for residential customers.

*2 A service that allows users to use software via a network, such as the internet.

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

For specific initiatives, please see □ Sustainability Report 2025.

Challenges and Future Strategies

In order to advance business transformation through DX, we need to be swift in adapting to rapid technological innovation, reform our traditional organizational culture, and promote flexible and innovative thinking. We will promote the use of digital technologies such as generative AI across the entire company, evolve our ways of working and methods of proceeding with tasks, and work to build a DX promotion system that can generate synergies from both top-down and bottom-up by enhancing and continuing development programs by job levels.

In addition, we will build a competitive business model through DX by deploying the results of our business transformation activities, which have been focused on the residential business division, to the commercial and industrial business divisions, network division, and other divisions.



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 will improve corporate value by increasing capital efficiency 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.

Progress through FY2025.3

Since introducing ROIC as a management indicator in the Medium-term Management Plan 2023, which outlines our action policy from FY2022.3 to FY2024.3, we have been working to improve ROIC while keeping in mind capital costs (WACC).

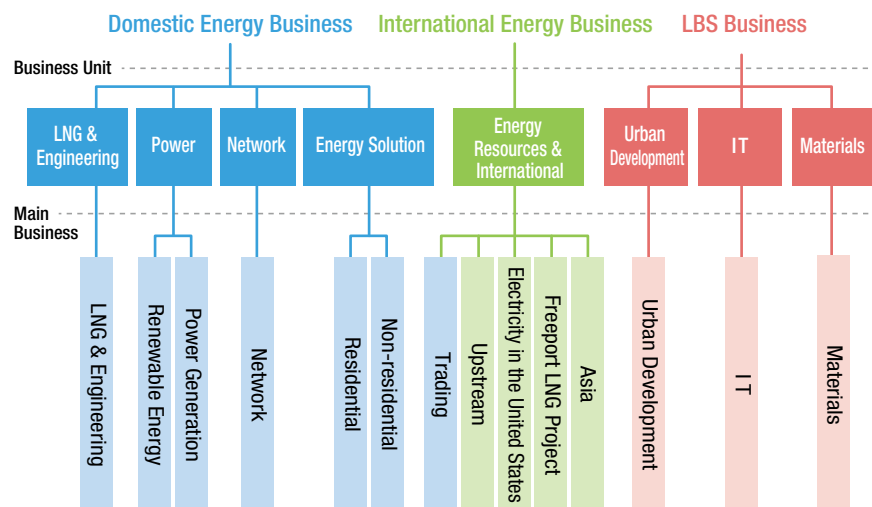
In FY2025.3, each business unit autonomously and swiftly implemented initiatives to improve asset efficiency, such as deciding to sell a U.S. thermal power plant to promote replacement with more efficient assets, promoting the sale of cross-shareholdings, and continuing to promote maximization of off-take of renewable energy in Japan. In terms of profits, we were able to achieve our management targets as planned, thanks in part to the favorable performance of our domestic electricity business. We are making steady progress toward achieving our targets for FY2027.3.

Challenges and Future Strategies

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 continued 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 Business



Main Initiatives and FY2027.3 Targets by Segment

Main initiatives	FY2025.3 result	FY2026.3 forecast	FY2027.3 target
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 cross-shareholdings by re-examining the significance of each stock holding 	4.2%	3.6%	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) 	7.5%	7.4%	7.0%
Life & Business Solutions (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 	5.3%	5.6%	5.5%
Overall	5.4%	5.1%	Approx. 5.0%

Business Strategies by Segment

Domestic Energy Business

FY2025.3 Results

Net sales **1,737.9** billion yen
Segment profit*1 **77.5** billion yen

Investment for Growth for FY2027.3

185.0 billion yen*2
*2 Cumulative total for FY2025.3 – FY2027.3 (plan)en

*1 Operating profit + share of profit of entities accounted for using equity method

What We Aim To Be

In our Domestic Energy business, we will continue to prioritize supplying safe, secure, and stable energy to our customers. At the same time, we will make use of the relationships of trust we have built up with our stakeholders to create a variety of services that contribute to our customers' comfortable lives and the development of their businesses, thereby aiming for the sustainable growth of the Daigas Group.

In addition, by promoting carbon neutrality ("CN") and utilizing natural gas, we aim to help our customers seamlessly transition to a CN society without having to go through the hassle of paperwork.

Business Environment Awareness

Strengths

- An energy value chain from procurement to manufacturing, supply, and sales
- High technical capabilities and know-how for stable supply
- Products and services related to low-carbon energy such as LNG, city gas, and natural gas-fired power generation, as well as renewable energy, and technology and know-how including e-methane, a decarbonized energy source
- Stable customer base and long-standing relationships of trust

Opportunities

- Demand for switching to low-carbon energy during the transition period
- Increasing demand for renewable energy and growing need for grid stabilization
- Increasing energy demand due to advances in DX and generative AI

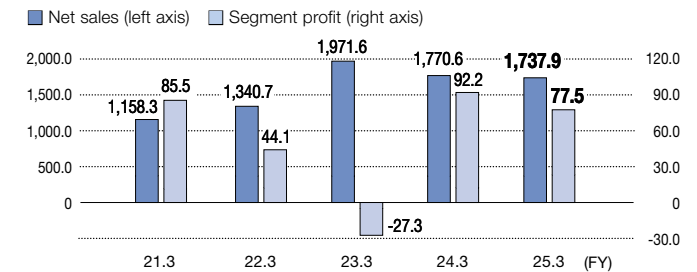
Issues

- Stable and economical procurement of raw fuels
- Securing competitive power sources and expanding the use of renewable energy
- Ensuring stable supply and continued safety

Risks

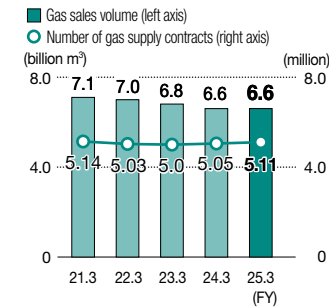
- Problems with procurement, gas production, power generation, and supply due to disasters, etc.
- Rapid changes in the market environment due to climate change and accelerating CN trends
- Intensifying competition with other companies

Net Sales*3 (billion yen) Segment Profit*3 (billion yen)

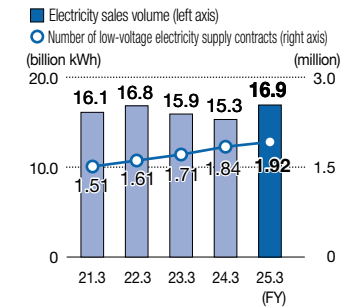


*3 In FY2021.3, Gas and Power Co., Ltd. (Domestic Energy/Electricity) was absorbed into Daigas Gas and Power Solution Co., Ltd. (Domestic Energy/Gas). From FY2022.3, "Domestic Energy/Gas" and "Domestic Energy/Electricity" were integrated into "Domestic Energy," and Osaka Gas International Transport Inc., which transports LNG and was included in "International Energy," was integrated into "Domestic Energy" with the aim of unifying energy sales and supply/demand management. Operating expenses for International Energy included in Osaka Gas (Domestic Energy/Gas) was transferred to "International Energy." The actual results for FY2021.3 are listed according to the changes.

Domestic Gas Sales Volume and Number of Gas Supply Contracts



Domestic Electricity Sales Volume and Number of Low-voltage Electricity Supply Contracts



INPUT

- Segment assets **1,640.8** billion yen
- Segment growth investment **34.1** billion yen
- Quality improvement investment **73.7** billion yen
- High technical capabilities and know-how for stable supply
- Stable customer base and long-standing relationships of trust

OUTPUT

- Net sales **1,737.9** billion yen
- Segment profit **77.5** billion yen
- Number of serious accidents and serious energy supply disruptions caused by the company **Zero**
- Number of customer accounts **10.71** million

OUTCOME

- Safe, secure and stable energy supply
- Contribution to CN society
- Co-creation of diverse solutions with stakeholders



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FY2025.3 Results and Initiatives for Further Growth

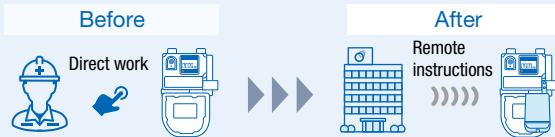
Network Business

In FY2025.3, we completed the construction necessary to address issues related to gray cast iron pipes, which was the goal of the Gas Safety Enhancement Plan. Going forward, we will continue working to create more resilient facilities, such as by replacing gas pipelines with more earthquake-resistant materials such as polyethylene pipes and subdividing the number of supply blocks.

In addition, we are working to enhance safety and productivity through DX. In FY2026.3, we have utilized the communication functions of smart meters to ensure rapid security and streamline work. We have also begun automatically creating pipeline construction drawings using 3D photos to reduce the time necessary to create drawings and improve work efficiency.

● **Utilizing the communication function of smart meters**

Emergency gas shutoff and restoration work and monthly meter reading can be performed remotely



● **Automatic generation of pipe construction drawings using 3D imaging technology**

Automatic creation of 3D drawings from images taken with a smartphone



Left: Generated 3D model data (Can be used for construction drawings)
 Right: Actual installed piping (Recognize required information when taking photographs)

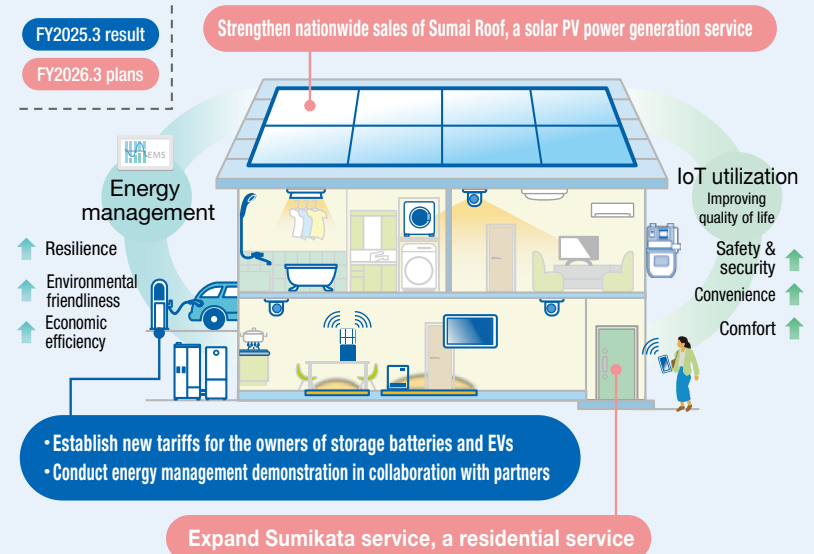
Initiatives to Maintain and Expand Gas Retail Business

We aim to maintain and expand gas sales and supply volume by expanding our residential space services, fuel conversion activities, and strengthening sales of energy services.

● **Initiatives for residential customers**

In addition to conventional gas appliances, we aim to realize smart and comfortable lifestyles by connecting solar power generation and electric vehicles with IoT and managing energy with the best mix of gas and electricity.

In FY2026.3, we will expand our residential space services by strengthening nationwide sales of Sumai Roof, a solar power generation service that can be started with zero installation cost, and adding new menu items to Sumikata Services.



● **Initiatives for commercial and industrial customers**

We are working to shift fuel from coal and oil to natural gas and LNG, which will lead to a decarbonization effort. In FY2025.3, we received an order for a large-scale construction project of approximately 60 thousand tons/year (LNG equivalent). We are also promoting energy conservation by introducing a cogeneration system that effectively utilizes waste heat during power generation.

We will further enhance our D-Lineup as a solution service that solves various problems for our customers from the three perspectives of carbon neutral, 3R*, and DX. Services include reducing and recycling food waste and wastewater with the aim of sustainable resource circulation, and supporting business activities by using data and digital technology to address issues such as labor shortages and technology transfer.

*Reduce/Reuse/Recycle



D-Lineup

- Decarbonization
- Decentralization
- Digitalization

FY2025.3 Results and Initiatives for Further Growth

Power Business

● Initiatives for low-carbon natural gas-fired power generation

To achieve low carbonization and a stable power supply, natural gas-fired power generation, which allows for easy output adjustment, is essential. The Daigas Group started full-scale construction of the Himeji Natural Gas Power Plant in August 2022. Unit 1 is scheduled to begin operation in January 2026, and Unit 2 in May of the same year, with a power generation capacity of approximately 1.2 GW. This will expand our domestic thermal power generation capacity from 2.0 GW to 3.2 GW.

In addition, in March 2025, we decided to jointly construct a natural gas power plant (Himeji Natural Gas Power Plant Unit 3), which we won in a long-term decarbonized power source auction, with several other companies. We will introduce a highly efficient gas turbine combined cycle power generation facility with a capacity of approximately 0.6 GW, and aim to start operation in FY2031.3.

In the future, we will aim to achieve zero emissions from thermal power generation, our main source of energy, by 2050 by examining the possibilities of using e-methane and bio-methane, hydrogen, and natural gas + CCS.

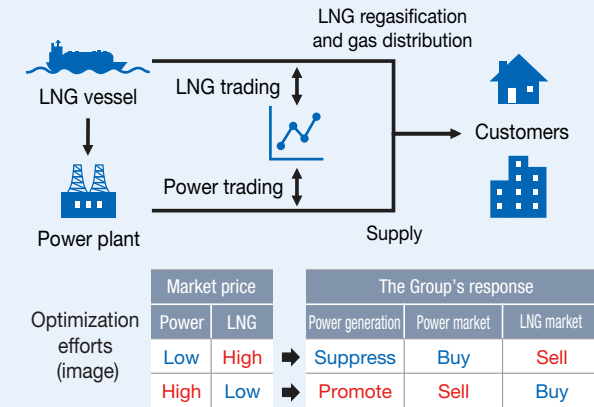


Himeji Natural Gas Power Plant

● Initiatives in LNG and electricity trading markets

The Daigas Group leverages its strengths in owning a value chain from LNG procurement to sales to optimize the operation of its own facilities as well as market transactions, thereby reducing procurement costs while maintaining a stable supply of gas and power and maximizing trading profits.

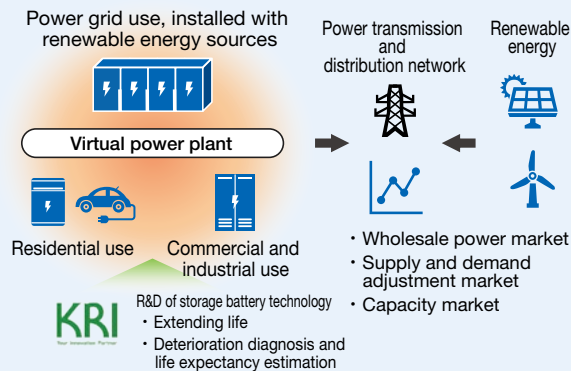
As one example of optimization, when LNG is expensive and electricity is cheap, the Group will suppress power generation, buy cheap electricity from the market, and sell the surplus LNG. By purchasing surplus electricity on the market and providing LNG where there is a shortage, the Group contributes to adjusting the electricity supply and demand, and in return earns trading profits.



● Initiatives to promote the spread of renewable energy

The Daigas Group has been developing a variety of renewable energy sources, including solar, biomass, and wind power. In FY2026.3, all eight biomass power plants that have been developed and constructed so far will begin operation.

In addition, as storage batteries can level out the load on the grid due to the large-scale spread of renewable energy, their importance will increase in the future. The Group is promoting the sale of storage batteries and the installation of storage stations for residential, commercial, and industrial use, in addition to grid-use and renewable energy-connected types. By bundling these together into a virtual power plant, we are aiming to grow into one of the top storage battery operators in Japan.



KRI, Inc.: A wholly owned group subsidiary of the company

■ Biomass Power Plant (As of Sep 2025)

	Location	Start of operation	Capacity of power generation facilities
Matsusaka Woody Biomass	Mie Prefecture	Jan 2018	2MW
Ichihara Biomass	Chiba Prefecture	Dec 2020	50MW
Tokushima Tsuda Biomass	Tokushima Prefecture	Dec 2023	75MW
Hirohata Biomass	Hyogo Prefecture	Dec 2023	75MW
Hyuga Biomass	Miyazaki Prefecture	Oct 2024	50MW
Aichi Tahara Biomass	Aichi Prefecture	Nov 2024	75MW
Sodegaura Biomass	Chiba Prefecture	Jul 2025	75MW
Gobo Biomass	Wakayama Prefecture	Sep 2025	50MW



Courtesy of Freeport LNG Development, L.P.



International Energy Business

FY2025.3 Results

Net sales **128.1** billion yen
Segment profit*1 **71.9** billion yen

Investment for Growth for FY2027.3

225.0 billion yen*2

*2 Cumulative total for FY2025.3 – FY2027.3 (plan)

*1 Operating profit + share of profit of entities accounted for using equity method

What We Aim To Be

In our International Energy business, we have expanded and diversified our business domain from upstream to mid- & downstream businesses, making use of the experience and knowledge we have accumulated over many years of operating in various countries, while also utilizing the O&M and engineering capabilities of the energy value chain we have built in Japan, as well as our ability to propose solution services.

The International Energy business has now grown into one of our business pillars, contributing to the profits of the Daigas Group as a stable earnings base that is not dependent solely on the Domestic Energy business.

We will continue to efficiently expand our profit scale, and aim to provide stable, low-cost energy supplies and convenient services that contribute to the sustainability of the carbon neutral (“CN”) society by developing e-methane projects and taking other measures.

Business Environment Awareness

Strengths

- Developing business across the value chain from upstream to mid- & downstream
- Possessing Operational know-how for the energy business, leveraging knowledge gained in Japan

Opportunities

- Increasing demand for low-carbon and decarbonized energy
- Increasing energy demand in emerging markets

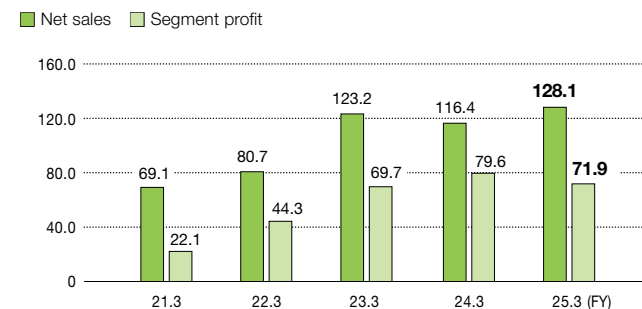
Issues

- Safe and stable operations for stable procurement and profit
- Acquiring know-how in new fields through business participation

Risks

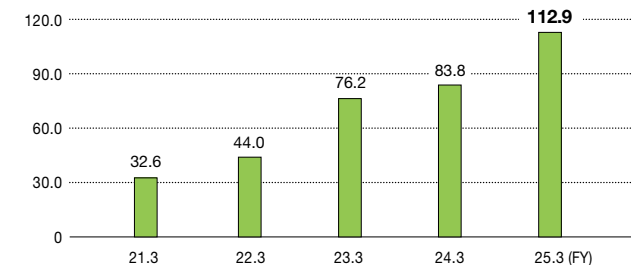
- Implementation or change of policies and regulations, deterioration of economic or social conditions, etc. in the countries in which the Group operates
- Market fluctuation in areas including crude oil prices and gas prices, technical issues

Net Sales*3 (billion yen) Segment Profit*3 (billion yen)



*3 From FY2022.3, Osaka Gas International Transport Inc., which transports LNG and was included in "International Energy," was integrated into "Domestic Energy" with the aim of unifying energy sales and supply/demand management. Operating expenses for International Energy included in Osaka Gas (Domestic Energy/Gas) was transferred to "International Energy."

Growth Investment Amount for Each Fiscal Year in International Energy Business (billion yen)



INPUT

- Segment assets **1,105.4** billion yen
- Segment growth investment **112.9** billion yen
- Developing business across the value chain from upstream to mid- & downstream
- Operational know-how for the energy business, leveraging knowledge gained in Japan

OUTPUT

- Net sales **128.1** billion yen
- Segment profit **71.9** billion yen
- Steady profit growth through price hedging, development expansion, and stable operations at Sabine Oil & Gas Corporation in the U.S.
- Expanding city gas business in the growing market of India

OUTCOME

- Stabilizing global energy supply
- Contribution to CN society
- Contribution to national and regional economic development



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FY2025.3 Results and Initiatives for Further Growth

Upstream Business (U.S.)

The Daigas Group is engaged in upstream businesses that contribute to strengthening and stabilizing the Group's earnings base by expanding its business portfolio.

In the U.S., we acquired all shares of Sabine Oil & Gas Corporation in 2019, and gained operatorship to proactively promote projects in the shale gas development business. While striving to stabilize earnings through hedging, we are working to maximize earnings by flexibly adjusting production volume and new well development and choosing to acquire or sell assets in response to changes in market conditions such as gas prices (Henry Hub), thereby driving the profit growth of the Group.

● FY2025.3 results

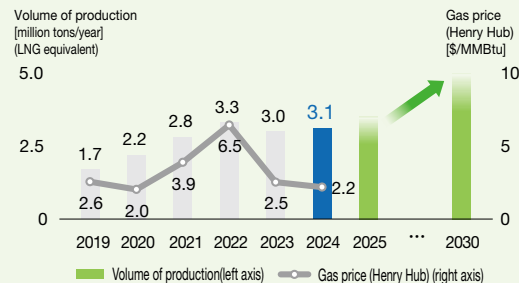
To grow our business further, we acquired additional shale gas mining areas. The mining area has increased by 1.2 times since our 100% investment, expanding to approximately 1,200 km².

Although gas prices remained at low levels, we contributed to stable profits by diversifying hedge transactions to prepare for the risk of price declines, agile production volume control, and expanding sales channels.

● Future initiatives

While closely monitoring gas prices, we aim to expand production in the medium to long term by acquiring additional mining areas and expanding development.

■ Sabine Oil & Gas Corporation's Gas Production Volume



Sabine well drilling site

Asian Business (India)

In Asia, we are developing our mid- & downstream businesses. In these businesses, we are aiming to achieve sustainable growth using the know-how and experience we have cultivated in our Domestic Energy business, while accumulating local business know-how, and contributing to the economic development and carbon neutrality of energy in each country.

The government of India is promoting the expansion of natural gas use, such as encouraging the spread of natural gas vehicles through the development of city gas infrastructure, as a measure to address rising energy demand associated with economic growth, and to promote low carbonization and address air pollution. Therefore, growth is expected in the Indian market. In 2021, the Daigas Group became the first Japanese company to participate in the Indian city gas business through investment in a local city gas business company. In the business area in which we have been granted exclusive business rights by the Indian government, we will expand sales of city gas for residential, commercial, and industrial use with focus on transportation, and develop it into a pillar of our Asian business, in order to contribute to the transition to low-carbon energy and the stable energy supply in India.

● FY2025.3 results

We made additional investments in our city gas business in India, expanding our business area from approximately 270,000 km² to approximately 320,000 km² (approximately 90% of Japan's land area). Our gas pipelines in India now have a total length of 10,000 km (approximately one-sixth of the total length of our pipelines in Japan), while our annual gas sales volume has increased to 370 million m³, approximately 2.5 times more than in the previous fiscal year.

● Future initiatives

We aim to expand our annual sales volume to approximately 3.5 billion m³, equivalent to roughly half of Japan's city gas sales volume, in FY2031.3, and establish a medium- to long-term earnings base.

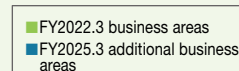
Through a Japanese consortium, we will establish a joint venture with an Indian renewable energy business company and own approximately 400 MW of renewable energy assets in three years, thereby contributing to the decarbonization of energy.

■ Annual Gas Sales Volume (m³)

FY2024.3 result	FY2025.3 result	FY2026.3 plan	...	FY2031.3 plan
150 million	370 million	540 million	...	Approx. 3.5 billion

■ Business area

Total area: Approx. 320,000 km²



A line of vehicles at a CNG station in India



Life & Business Solutions (LBS) Business

FY2025.3 Results

Net sales **282.4** billion yen

Segment profit*1 **28.7** billion yen

Investment for Growth for FY2027.3

150.0 billion yen*2

*1 Operating profit + share of profit of entities accounted for using equity method

*2 Cumulative total for FY2025.3 – FY2027.3 (plan)

What We Aim To Be

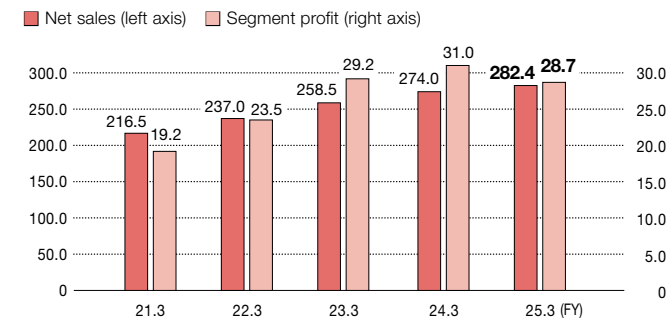
We are steadily growing profits from the LBS business by leveraging the technology and business know-how we have cultivated in the energy business. By developing businesses separate from the energy business, we make them less susceptible to the effects of crude oil prices and exchange rates, and they are steadily making contributions to the Group's profits.

We will accelerate growth by leveraging the strengths that each company has cultivated, such as asset-light real estate business management and provision of high-value-added systems and high-performance materials, and the synergies within the Daigas Group.

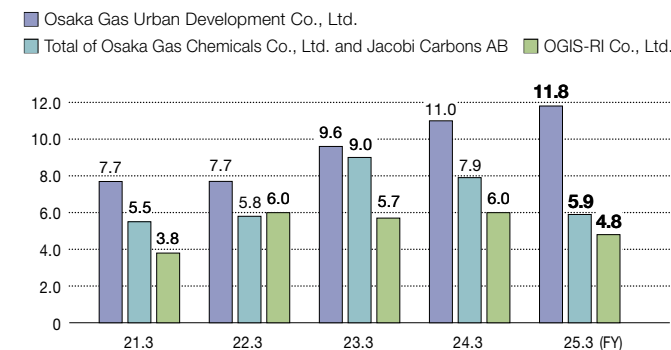
Business Environment Awareness

	Urban Development	Information Technology	Materials
Materials	<ul style="list-style-type: none"> Rolling out a wide range of real estate-related business, including development, management, and sales 	<ul style="list-style-type: none"> Ability to provide one-stop service from IT strategy formulation to development, maintenance, and operation 	<ul style="list-style-type: none"> Technological capabilities to develop highly functional and high value-added products to meet domestic and overseas demand
Opportunities	<ul style="list-style-type: none"> Booming real estate investment market 	<ul style="list-style-type: none"> Increasing need for digital transformation, including AI 	<ul style="list-style-type: none"> Increasing environmental awareness
Issues	<ul style="list-style-type: none"> Responding to rising construction material prices 	<ul style="list-style-type: none"> Securing and developing human resources 	<ul style="list-style-type: none"> Responding to rising raw material prices and developing high value-added products
Risks	<ul style="list-style-type: none"> Deteriorating real estate market conditions 	<ul style="list-style-type: none"> Information leaks due to advanced cyber attacks 	<ul style="list-style-type: none"> Rising raw material prices

Net Sales (billion yen) Segment Profit (billion yen)



Operating Profit of Each Company (billion yen)



INPUT

- Segment assets **528.3** billion yen
- Segment growth investment **62.3** billion yen
- Expanding the real estate business domain with a focus on capital efficiency
- Providing one-stop service from development, maintenance, and operation
- Developing and selling high-value-added chemical products

OUTPUT

- Net sales **282.4** billion yen
- Segment profit **28.7** billion yen
- Growth in real estate business centered on rental and for-sale apartments
- Strengthening of ERP* business domain through M&A
- Strong performance of inorganic materials and other products

*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.

OUTCOME

- Providing comfortable places, spaces, and services
- Evolving our customers' businesses
- Contributing to a sustainable society through manufacturing



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Urban Development Business

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

● **FY2025.3 results**

Our core urban development business of rental and for-sale apartments performed well. We have systematically sold properties to a private REIT, in order to improve capital efficiency.

● **Future initiatives**

We will continue to manage our urban development business with a focus on capital efficiency, while also expanding this business domains, including office businesses in the Greater Tokyo area and logistics businesses.



URBANEX Waseda Terrace

Group synergy effects

Strengthening the capabilities to acquire land information and propose sets of energy products by utilizing the Daigas Group's sales network

Information Technology Business

We are expanding our information technology business to general customers using the knowledge we have gained through the development and operation of systems for Daigas Group businesses. Through M&A, we are broadening our business domain by adding companies in the manufacturing and financial industries, as well as companies with strengths in ERP, to the Group.

● **FY2025.3 results**

We have acquired the business of the Fasttrack Solutions Inc. Group, which operates ERP business in Southeast Asia, mainly in the Philippines.

● **Future initiatives**

We will capture DX demand both within and outside the Group and expand the scale of our business in areas such as ERP and AI.



Group synergy effects

Strengthening the Group's management foundation through Group collaboration in DX promotion activities

Materials Business

Using the coal chemistry technologies (application of by-products from gas production using coal as a raw material, etc.) and pharmaceutical- and agricultural-related technologies cultivated by Osaka Gas, 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.

● **FY2025.3 results**

Inorganic materials and other products performed well.

● **Future initiatives**

While maintaining and expanding our existing materials businesses, we will cultivate growth areas by diversifying our products.



D-BHB (naturally derived ketone bodies)



Activated carbon

Group synergy effects

Strengthening the development of highly functional materials through collaboration in the R&D field, including joint research within the Group and talent rotation programs

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

The Daigas Group believes that fulfilling its social responsibilities as a company through sustainability initiatives such as environmental protection, respect for human rights, and strict compliance is the foundation of our sustainable growth.

In this chapter, we will introduce these sustainability initiatives.

Sustainability

- 47 Sustainability Management
- 48 Recognition of Risks and Opportunities and Materiality in Sustainability Management
- 49 Materiality Indicators, Targets and Results
- 51 Disclosure Based on the TCFD Recommendations
- 54 Environmental Impact throughout the Daigas Group Value Chain
- 55 Initiatives to Comply with the TNFD / Initiatives for Compliance
- 56 Initiatives for Human Rights



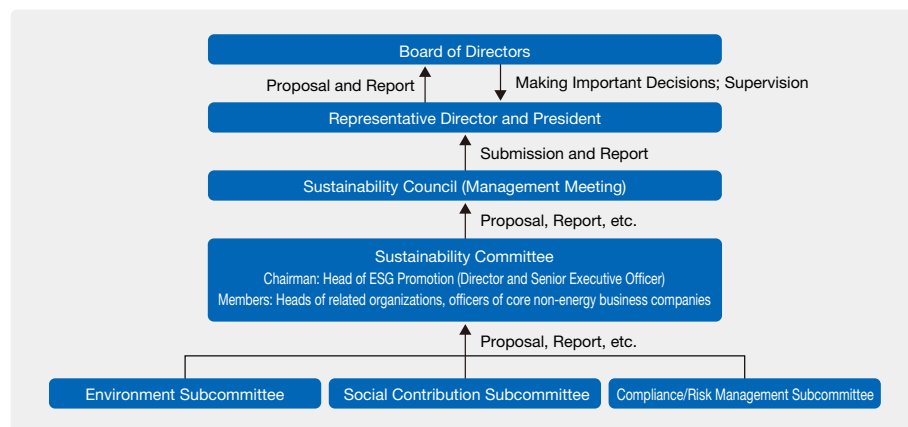
Sustainability Management

Sustainability Promotion System and Governance

The Daigas Group has an Sustainability Committee, chaired by the Head of Sustainability Promotion (Director and Senior Executive Officer), 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 Sustainability management, the status of achievement, and other matters are submitted to and deliberated at the Sustainability 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.

■ Sustainability Promotion System (As of April 1, 2025)

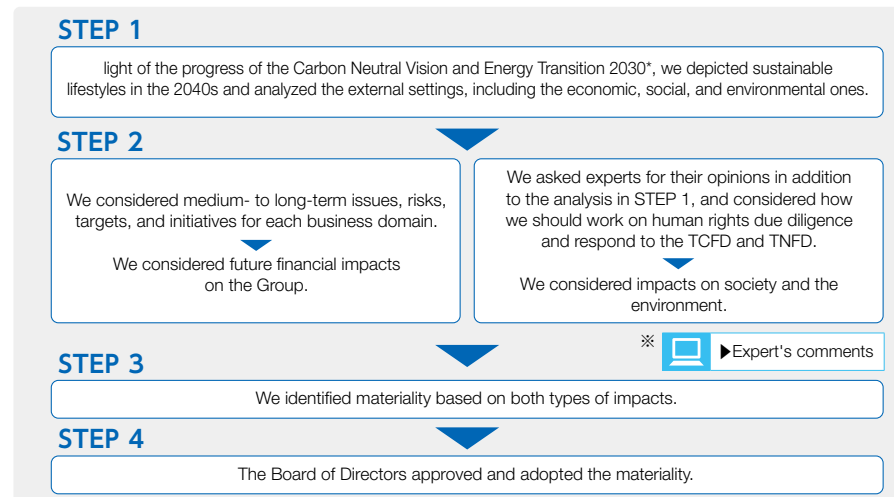


Main Topics for Sustainability at the FY2025.3 Board of Directors Meetings

- May 2024: Performance report for FY2024.3 sustainability indicators and human rights due diligence report
- Nov 2024: First-half performance report for FY2025.3 sustainability indicators
- Mar 2025: Performance forecast report for FY2025.3 sustainability indicators, and sustainability indicator targets and sustainability management plans for FY2026.3, revisions to Group regulations and policies, etc.

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

KPI Performance Evaluation Processes

Outcomes of the initiatives related to sustainability indicators are reported and followed up on three times a year at each meeting within the sustainability promotion system, and are evaluated and supervised by the Board of Directors. At Board of Directors meetings, discussions are held on whether medium- to long-term targets set for initiatives that are progressing smoothly are appropriate. In addition, regarding indicators whose targets are difficult to achieve, discussions are held on causes and solutions. These evaluation processes are used to improve initiatives and review plans for each business related to materiality.



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, Targets and Results

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)	What we aim to be	Sustainability indicators	Main achievements in FY2025.3	Related pages	FY2027.3 targets	FY2031.3 targets
Provide carbon neutral energy 	We will contribute to the achievement of a carbon neutral society through the advanced use of natural gas, the introduction and popularization of e-methane, the expansion of renewable energy, and other efforts to achieve carbon neutral thermal and electrical energy, as well as negative emission initiatives.	Avoided emissions*1	6.29 million tons/year	P.28	7 million tons/year	10 million tons/year
		Renewable energy development contribution	3.7 GW		4 GW	5 GW
		Percentage of renewables in our power generation portfolio in Japan	30.4%		Approx. 30%	Approx. 50%
		CO ₂ emissions of Daigas Group*2	23.44 million tons -8.58 million tons (compared to FY2018.3)		—	27.02 million tons -5 million tons (compared to FY2018.3)
		CO ₂ emissions reduction in the Group company offices and vehicles	50%	For specific initiatives, please see the Sustainability Report 2025	67%	100%
		Promotion of e-methane practical application	Conducted a detailed FEED study on e-methane supply chain projects	P.31	Final investment decisions in e-methane supply chain projects	1% e-methane in gas grid
		Promotion of methanation technology development	Completed the first phase of SOEC GI funds business and formulated the second phase implementation plan	P.29	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 	We will strengthen the safety and stability of the energy supply chain and continue to fulfill our mission of ensuring a stable supply.	Number of serious accidents and serious energy supply disruptions caused by the company	Zero	P.33	Zero	Zero
		Establishment of resilient facilities	<ul style="list-style-type: none"> Ratio of strengthening of earthquake resistance: Approx. 90% Number of supply blocks: 738 blocks Completed countermeasures for gray cast iron pipes 		Implementation of measures for disaster prevention and aging pipes	
Co-create advanced, diverse solutions that meet customer values 	We will provide cutting-edge and diverse options to realize comfortable living and increased corporate value.	Customer accounts	10.71 million accounts	P.35	10.9 million accounts	11.5 million accounts
		Customer satisfaction rate	92%		90%	—
		Creation of innovation	Social implementation of new services that contribute to low/decarbonization and efficient infrastructure maintenance		Creation of new business and services	

Materiality Indicators, Targets and Results

Key issues (materiality)	What we aim to be	Sustainability indicators	Main achievements in FY2025.3	Related pages	FY2027.3 targets	FY2031.3 targets
Create a work environment where employees and the company resonate and enhance each other 	By attracting diverse talents and creating an environment where employees can work hard, we will maximize the potential of our employees and build relationships in which both employees and the company can grow.	Percentage of women in members newly promoted to middle management positions	18.2%	P.36	20% or higher	30% or higher
		Percentage of women in new recruits for career-track positions	39.4%		30% or higher	30% or higher
		Work engagement score*3	52.2		50 or more	50 or more
		Total number of new graduates and mid-career hires	116 people		Cumulative total of 3 years: 330 people	—
		Reserve ratio of next-generation management personnel	260%		250%	—
Maintain and improve the soundness and flexibility of management foundation 	By maintaining and improving the management foundation of the Group, we will steadily address each of our key issues and contribute to the development of the supply chain and the local community as a whole.	Ratio of female directors	26.7%	P.68	25% or higher	30% or higher
		Number of serious violations of laws and regulations	1 case*4	P.55	Zero	Zero
		Recruitment of DX core staff	243 employees	P.37	300 employees	—
		Respect for human rights	Implemented human rights due diligence	P.56	Implementation of human rights initiatives within the Daigas Group and throughout the supply chain	
		Contribution to local communities	<ul style="list-style-type: none"> ● Provided next-generation education on energy and the environment, disaster prevention, etc. ● Provided support for children in need of social care and employment support for people with disabilities ● Supported various government agencies in implementing global warming countermeasures plans, etc. 	For specific initiatives, please see the Sustainability Report 2025	Engagement with local communities	
Sustainable growth of LBS business	<ul style="list-style-type: none"> ● Materials business: Reduced environmental impact by introducing power generation equipment that uses waste heat from an activated carbon factory in India ● Information Technology business: Supported employment for people with disabilities and contributed to the environment through PC reuse ● Urban Development business: Implemented initiatives at each company, such as obtaining ZEH-M certification for rental and for-sale apartments, etc. 	P.44 For specific initiatives, please see the Sustainability Report 2025	Implementation of unique sustainability 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 sites and the company's business activities in and after FY2018.3.

*2 CO₂ emissions in the domestic supply chain (Scope 1, 2 & 3). Please refer to □□ P.54 for greenhouse gas emissions from the Daigas Group's value chain (Scope 1, 2 & 3).

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

*4 Included in this figure is inappropriate conduct in the sales of ENE-FARM. We voluntarily reported this matter to the Consumer Affairs Agency on March 27, 2025, in accordance with the Act against Unjustifiable Premiums and Misleading Representations. The Agency is currently investigating this matter, and we will respond in a sincerely manner (as of June 30, 2025).

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 Sustainability 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 Sustainability Committee, chaired by the Head of Sustainability Promotion (Director and Senior Executive Officer), an executive who supervises the Group's sustainability activities, and consisting of the heads of related organizations. The Sustainability 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 Sustainability 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 Sustainability indicators achievement is used as one of the performance indicators. Sustainability indicators include CO₂ emissions and other climate change-related indicators toward achieving carbon neutrality.

Strategy

Scenario analysis

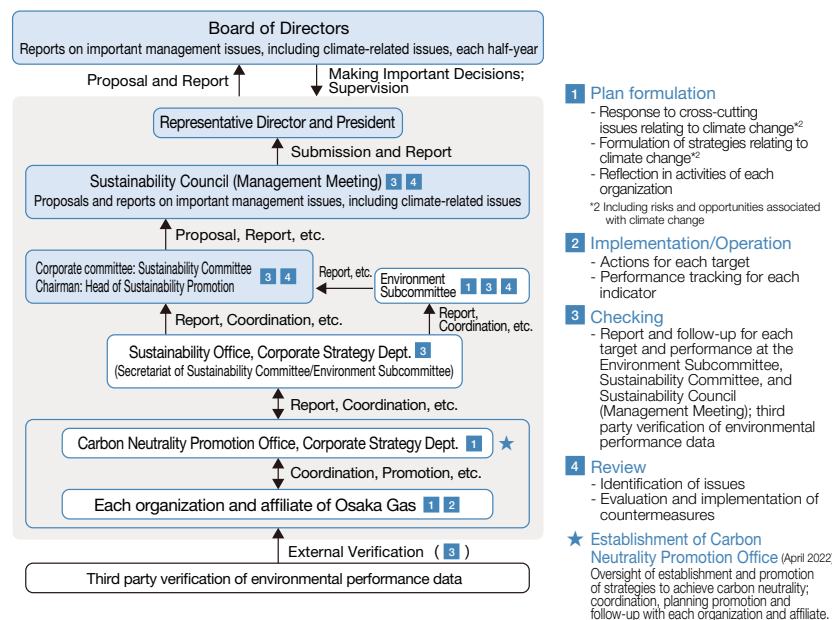
The Group has been working on climate change scenario analysis using scenarios published by an external organization (International Energy Agency, IEA) with the aim of understanding the impact of climate change on the Group's business on a medium- and long-term basis and using its results as reference 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)*²).

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.

*² 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	2.6°C	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
		Reputation	1.5°C	Switch to non-fossil fuel energy	Fall in sales of gas and thermal power	Fall in sales of gas and thermal power
		Policy and legal	1.5°C	Focus of investment criteria on low-carbon or decarbonized businesses	Diminished capital procurement power in gas-related businesses	Declining investment in fossil fuels businesses
			2.6°C	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	2.6°C	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	1.5°C	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	1.5°C	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	
		2.6°C		Expansion of sales of electricity from renewable energy sources	Expansion of sales of electricity from renewable energy sources	
Technology	1.5°C	2.6°C	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*	
		● Investigate, develop, and verify CCUS/"e-methane" technologies	● Full-scale introduction of CCUS/"e-methane," hydrogen, etc. and establishment of supply chains
Opportunities	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  ET2030  ET2050

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.

In February 2025, we formulated "Energy Transition 2050 (ET2050)." Taking into account uncertainties beyond 2030, we have formulated multiple scenarios based on the energy supply and demand outlook presented in Japan's Seventh Strategic Energy Plan and will respond to them flexibly.

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.28-P.32,P.40-P.41,P.43 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, Sustainability Committee, and Sustainability 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, 2025, 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 Energy Transition 2050
- Monitoring of the results for indicators used to manage climate change response, etc.

Please see □□ P.51 for the risk management system for climate change

Introduction of ICP

The Daigas Group introduced the concept of "Environmental Management Efficiency" in 2003, which is used to quantify the environmental impact of business activities by converting environmental impacts per volume of gas produced into monetary values. From 2023, we have adopted internal carbon pricing (ICP) to conduct scenario analysis when evaluating investments with a large carbon impact, which we reference as one of tools when making decisions, including the degree of risk and the existence and effectiveness of countermeasures.

Prices are set according to investment target countries/timeframes with reference to carbon price trend forecasts by the International Energy Agency (IEA), etc.

■ Example: ICP Applied to Domestic Investment Projects (as of June 2025)

Year	Price (US\$/t-CO ₂)
2030	US\$ 60/t-CO ₂
2040	US\$ 70/t-CO ₂
2050	US\$ 90/t-CO ₂

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 FY2025.3

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 FY2025.3.

Combined GHG emissions by the Daigas Group and value chain companies **24.42** million t-CO₂e

- Scopes 1 and 2 **4.77** million t-CO₂e (Approx. 20% of the total emissions)
- Scope 3 **19.65** million t-CO₂e (Approx. 80% of the total emissions)

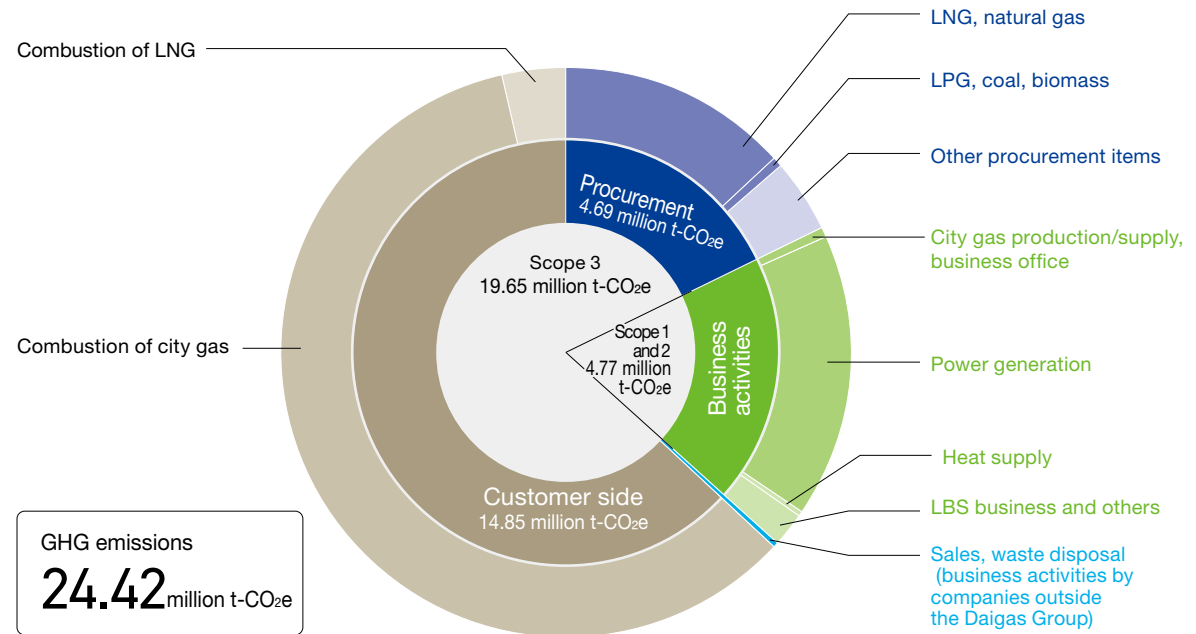
Major causes of emissions

- GHG emissions from city gas and LNG combustion on the customer side amounted to 14.85 million t-CO₂e tons in the reporting year in terms of CO₂, accounting for about 61% of the total.
- GHG emissions through electricity generation, as measured in terms of CO₂ in the year, amounted to 4.08 million t-CO₂e, accounting for about 17% 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 4.69 million t-CO₂e, as measured in terms of CO₂ in the year, accounting for about 19% of the total emissions. The procurement of energy sources, especially LNG, accounted for over 80% 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 FY2025.3 (actual results)



Companies subject to the calculation of GHG emissions : 70 companies in total, including Osaka Gas Co., Ltd., 2 overseas subsidiaries and 67 companies among 163 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 2025.)
- City gas: 2.09 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. 3.5) published in March 2025 by the Ministry of Environment

Initiatives to Comply with the TNFD



The recognition that natural capital is in crisis has been shared globally, as it was reported at the World Economic Forum that more than half of the world's GDP has been potentially threatened by the loss of nature. In response to this situation, “nature positive,” a global societal goal to halt the loss of nature and put it on a recovery track by 2030, and achieve a society in harmony with nature by 2050, was established. Recognizing that companies are required to make efforts to contribute to achieving that goal, the Daigas Group has embarked on an analysis and assessment in line with the LEAP approach*, recommended by the TNFD, in studying nature-related dependencies, impacts, risks and opportunities.

*A methodology developed by the TNFD to enable assessment of nature-related issues in corporate activities such as interfaces with nature, dependencies and impacts on nature, and nature-related risks and opportunities.

Progress of Analysis and Assessment in Accordance with the LEAP Approach

Based on “Locate” (interface with nature) and “Evaluate” (dependencies & impacts) obtained from the LEAP approach, as well as the business processes specific to the Group's businesses and the status of our initiatives, we are gradually proceeding with analysis and assessment that correspond to “Assess” (risks & opportunities) and “Prepare” (respond & report) of the LEAP approach.

For our initiatives in FY2025.3, please see [the Sustainability Report 2025](#).

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 corruption/misconduct, and for prompt and appropriate response.

Initiatives Undertaken by the Compliance Desks (Internal Reporting System) in FY2025.3

The desks received a total of 173 consultations and reports in FY2025.3. 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.

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, investigation results, remedies, and other matters are reported to and shared by the Compliance/Risk Management Subcommittee and the Sustainability Committee to prevent recurrence.

As a result of an investigation regarding descriptions for the sale of ENE-FARM products, triggered by an internal reporting, we found that there existed representations that were questionable under the Act against Unjustifiable Premiums and Misleading Representations (Premiums and Representations Act), so we took measures to prevent recurrence and reported the matter to the Consumer Affairs Agency in March 2025. Osaka Gas Marketing Co., Ltd. and the rest of the Group will further strengthen training and control systems regarding the Premiums and Representations Act.

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.” We integrate the human rights due diligence system, established in accordance with “the Daigas Group Human Rights Policy,” into our business processes and conduct ongoing evaluations.

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 Sustainability Office in the Corporate Strategy Dept. work together to promote human rights due diligence.

A member of the Human Rights Committee is appointed to each organization to be responsible for formulating plans, monitoring results, and overseeing implementation to prevent human rights violations. In addition, the Board of Directors, which makes decisions on and supervises the important business activities throughout the Daigas Group, supervises matters involving human rights issues. At the Sustainability Council (Management Meeting), which is held three times a year, executives discuss activity plans and activity reports related to sustainability issues, including human rights issues, and submit reports to the Representative Director and President.

In addition, the Group also has the Sustainability Committee, chaired by the Head of Sustainability Promotion (Director and Senior Executive Officer), who supervises the Group’s sustainability activities, and consisting of the heads of related organizations. The Sustainability 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 FY2025.3 results

By reference to the dual axes of the severity of each potential human rights infringement and the likelihood of its occurring, we identify key human rights risks that the Daigas Group needs to consider in the course of our business activities and establish a priority order for addressing them. Our Compliance Desks (internal reporting system) received one consultation related to human rights, prompting internal training and information dissemination initiatives to promote respect for human rights. In FY2025.3, 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, in response to compliance with working-hour limits in the construction industry, which was pointed out during last fiscal year’s discussions with external experts to identify key human rights risks, we confirmed the situation at three relevant Group companies. Furthermore, we undertook efforts to identify and address human rights risks at our overseas subsidiaries by conducting on-site inspections at our investee in the city gas business in India. 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.

Identification of Key Human Rights Risks (Assessment)

Based on the FY2025.3 investigation results and discussions with experts, we identified important human rights themes that the Daigas Group should consider in the course of our business activities. As a result, no human rights violations in FY2025.3 that violated our ethics code 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 (human rights risks with a relatively high likelihood of occurring). 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 identify significant risks and review human rights issues through human rights risk assessments and dialogue with experts.

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.

For our initiatives for human rights, please see [□](#) the Sustainability Report 2025.



What Initiatives for Corporate Governance is the Daigas Group Implementing to Build Trust?

The Daigas Group strives to maintain and increase a sense of trust with its various stakeholders through dialogue and other means, and is working to enhance and strengthen corporate governance.

In this chapter, we will present details of the Group's corporate governance activities.

Corporate Governance

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- 59 Dialogue between Outside Directors and Institutional Investors
- 62 Introducing Our Directors
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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 reinforcing measures and systems to promote dialogue with them.

Through IR activities, we strive to provide timely and fair information, and easy-to-understand explanations on our business and financial conditions, as well as our initiatives for sustainable growth. In addition, we are building longer-term relationships of trust with our shareholders and investors by proactively expanding opportunities for dialogue, and appropriately reflecting the opinions received and needs of capital markets in our management strategies.

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 institutional investors and Directors, briefings focused on topics of high interest to capital market such as sustainability information and business activities, and individual IR meetings with institutional investors as appropriate. In our business briefing in FY2025.3, the theme was carbon neutrality. Joint tours of the Nagaoka e-methane demonstration experiment facility were held in collaboration with INPEX CORPORATION, as well as tours of the Niigata Prefecture site, and a responsible division provided detailed explanations.

Through these activities, Directors 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

- Medium- to long-term business strategies (e.g., progress in the Medium-Term Management Plan 2026, addressing the need for carbon neutrality, etc.)
- Financial strategy (approach to capital structure, shareholder return approach etc.)
- Most recent results (status of each segment, etc.)
- Sustainability initiatives (CO₂ emissions, renewable energy diffusion contribution, human capital strategy, governance initiatives, etc.)

System of IR Activities

(i) Head of IR

Dialogue with shareholders and investors is overseen by the Representative Director and Executive Vice President (President of the Corporate Planning HQ).

(ii) Promotion system

Dialogues are promoted by the IR organization of the Corporate Strategy Dept. under the supervision of the Representative Director and Executive Vice President (President of the Corporate Planning HQ). 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 FY2025.3

Representative Director and President	Annual Meeting of Shareholders, management plan briefings, financial results briefings, dialogues with overseas institutional investors (5 times)
Representative Director and Executive Vice President (President of the Corporate Planning HQ)	Annual Meeting of Shareholders, small meetings with domestic institutional investors, dialogues with overseas institutional investors (11 times)
Outside Director	Small meetings with domestic institutional investors <small>Please see □□P.59 for details.</small>
Department in charge of IR	Management plan briefings, financial results briefings, business tours, briefings for individual investors, dialogues with investors (approx. 190 times) (dialogues with sell-side analysts (approx. 20 times), dialogues with domestic institutional investors (approx. 80 times), dialogues with overseas institutional investors (approx. 90 times), etc.)
Department in charge of SR	Dialogues with domestic shareholders (13 times)

Main opinions from shareholders and investors and our responses

Opinions received during dialogues

Even when business conditions fluctuate and short-term profits vary, I would like dividends to be more predictable.

I would like enhanced disclosure to strengthen credibility in achieving the targets of the Medium-Term Management Plan 2026.

In order to strengthen governance, I would like opportunities for dialogue between investors and Outside Directors.

Our responses

Introduced a dividend on equity (DOE) based on shareholders' equity, less affected by short-term earnings fluctuations, and announced progressive dividend policy in the Medium-Term Management Plan 2026.

- Disclosed ROIC forecast by segment.
- Improved international energy segment disclosure (area-based breakdowns, overseas upstream production results).
- Disclosed explanations on the impact of exchange rate fluctuations on shareholders' equity (foreign currency translation adjustments), etc.

● Held small meetings between Outside Directors and institutional investors; disclosed meeting details in the Integrated Report (initiated FY2025.3; expanded disclosure in FY2026.3). Please see □□P.59 for details.



Enhancing Governance Quality with Diverse Stakeholder Insights

As part of efforts to strengthen governance, the Daigas Group facilitates forums for exchanging opinions between Outside Directors and investors. In March 2025, two Outside Directors engaged in an open and productive dialogue with institutional investors on a variety of topics.



Outside Director
Tatsuo Kijima

Appointed as an Outside Director of Osaka Gas in June 2020, Mr. Kijima brings extensive leadership experience from his previous role as President and Representative Director of West Japan Railway Company (JR West) from 2016 to 2019, where he successfully led important management reforms.



Outside Director Who Is an Audit and Supervisory Committee Member
Eriko Nashioka

Appointed as an Outside Member of the Audit & Supervisory Board in June 2022 and as a Director Who Is an Audit and Supervisory Committee Member in June 2024, Ms. Nashioka brings a wealth of experience as a certified public accountant and tax accountant. She is also active as an environmental accounting expert, serving as Representative Director of Institute for Environmental Management Accounting.

Working to improve PBR

As the Daigas Group prioritizes achieving an ROE of 8%, pursuing growth beyond traditional regulated businesses is essential.

Q. How would you assess our current efforts in responding to the Tokyo Stock Exchange's request to improve PBR?

Kijima Currently, Osaka Gas has a PBR in the 0.8 range, and I believe the executive team is fully committed to achieving a PBR over 1.

To improve our PBR, we must prioritize growth while adapting to changes in the business environment, instead of remaining dependent on the conventional gas business, which is regulated.

Since PBR is derived from multiplying ROE and PER, it

is crucial that we first focus on increasing our ROE. I believe we need to prioritize reaching the 8% ROE target set in the medium-term management plan and strive to consistently exceed that level.

Initiatives to enhance capital efficiency

We are dedicated to meeting shareholder expectations by driving profitability across the entire organization and implementing balance-sheet-focused business management throughout the Group.

Q. What do you consider to be the key elements of our initiatives aimed at enhancing capital efficiency?

Kijima The Group has adjusted its optimal shareholders' equity ratio target from "around 50%" to "45% or higher," reflecting our strengthened cash flow and enhanced business portfolio, particularly due to the

growth of our International Energy segment and Life & Business Solutions (LBS) segment. As an infrastructure company, we must prioritize long-term capital investments and adopt a flexible approach to determining our optimal capital structure by balancing financial soundness with improved capital efficiency.

In this initiative, we emphasize making informed investment decisions and engaging in diligent business management with a strong focus on the balance sheet to enhance overall organizational profitability. We introduced ROIC-focused management in FY2022.3, establishing a system to set KPIs for each business. This allows us to swiftly identify signs of performance fluctuations and take corrective actions to improve the businesses, with the aim of achieving an ROIC of 5% by FY2027.3. Additionally, it is essential to consider the levels of interest-bearing debt and the cost of equity to maintain a low WACC.

Q. Should we consider striving to enhance our corporate value by reducing our shareholders' equity ratio to 30%, similar to railway companies, which also operate within the infrastructure sector?

Kijima The Daigas Group faces structural risks unique to the energy industry, such as the full liberalization of the gas retail market in 2017 and the obligation to meet carbon neutrality targets. In light of this fact, I believe that the difference in our shareholders' equity ratio compared to other companies reflects not only variations in business format but also our distinct risk perspectives.

While the Group has set a target ROIC of 5% for FY2027.3, I am concerned about the low ROIC of our businesses in the Domestic Energy segment. Similar to railway operations at railway companies, I believe that enhancing the profitability of our core businesses is crucial for elevating our overall ROIC.

To increase our corporate value, it is vital to strategically design our entire balance sheet. While we currently adhere to a guideline of maintaining a shareholders' equity ratio of 45% or higher, we may reconsider this position in the future. The comparison with railway companies provides valuable insights, but we must carefully evaluate whether aiming for the same equity ratio is truly optimal for our unique circumstances.



Q. From the perspective of ROIC, what do you think about separating part of the gas business and its assets?

Kijima While separating certain assets from the gas business may improve the calculated ROIC, it won't result in a fundamental enhancement of ROIC itself. Given that the gas business is integral to our group's mission, we should focus on strategies to genuinely enhance ROIC within that context. Simply advocating for ROIC-focused management within the Group is not sufficient. As an Outside Director, I have a responsibility to deepen my understanding of the profit structure, explore ways to improve both the numerator and denominator of ROIC, and drive us toward the next phase of growth.

Climate change initiatives

I believe that proactive information disclosure and open dialogue are essential for fostering public understanding of advanced initiatives.

Q. How do you evaluate our initiatives aimed at addressing climate change?

Nashioka Based on my extensive experience in environmental accounting, I believe that addressing the social issue of climate change is a critical priority.

In February 2025, the Group announced the Energy Transition 2050 initiative, through which we are implementing practical and strategic measures, such as developing e-methane and carbon capture, utilization, and storage (CCUS) technologies. As an energy company, we prioritize the "S + 3E" framework—safety, environment, economic efficiency, and energy security. We believe it is essential to adopt a balanced approach to achieving a sustainable society, rather than sacrificing all aspects for environmental concerns.

As e-methane and CCUS are not as widely recognized as solar and wind power, we have a role to play in fostering stakeholder understanding through proactive information disclosure and open dialogue.

I also find the concept of "CO₂ emissions reduction contribution" to be quite rational. Companies that launch environmentally friendly products may increase their own CO₂ emissions by expanding production, yet their contributions to overall emissions reduction in society should be properly evaluated. This principle aligns with the "profit contribution effect" and "risk avoidance effect" in environmental accounting, in which I have been engaged.

Ensuring the transparency and reliability of our calculation methods is crucial. Moving forward, more companies must disclose their avoided emissions and establish fair standards through third-party verification and the creation of robust rules. We aim to contribute to developing a system where corporate initiatives are appropriately evaluated, as we stay attuned to trends in international discussions.

Q. With the anticipated full-fledged implementation of carbon pricing, do you believe that disclosing CO₂ reduction targets will be necessary in terms of not only quantity but also monetary value in the future? What is your perspective on this trend, particularly in the energy industry?

Nashioka The concept of carbon pricing is to refute the belief among companies that environmental investments do not contribute to profits. It will contribute to investment decisions in anticipation of the future introduction of emissions trading markets and carbon levies. However, ensuring transparency in calculation methods remains a challenge for external applications, and the system is currently navigating a trial-and-error process. In particular, how to manage e-methane and CCUS will significantly affect

international financial implications. I believe that by clearly defining the basis for financial impact calculations, as well as establishing robust guarantees and consistent rules across the energy industry, we can create a system in which CO₂ reductions are converted into monetary value and subsequently reflected in corporate value.

Insight from an Outside Director Perspective

We aim to enhance our corporate value by identifying hidden risks and quantifying non-financial information from a third-party perspective.

Q. As an Outside Director, what perspectives do you prioritize on a day-to-day basis?

Kijima Since transitioning to a Company with an Audit and Supervisory Committee, we have fewer routine proposals to discuss, but there is a greater necessity for in-depth discussions focused on strategy and risk.

Drawing from my experience in accident response as a management member of JR West, I aim to emphasize both risk and organizational culture, even in the distinctively different energy sector. From the perspective of identifying hidden risks, I will support enhancements in management quality. Instead of simply discussing theoretical concepts, I intend to approach our actions based on practical considerations—understanding which organizational capabilities to leverage, when to act, what to do, and how to execute it. My role will involve highlighting and optimizing the company's strengths.

Nashioka I will leverage my extensive experience as a certified public accountant specializing in environmental and sustainability issues to facilitate

constructive dialogues with stakeholders and contribute to enhancing our corporate value through the quantification of non-financial information.

Given that information disclosure requirements have become more stringent, there are increased opportunities for me to contribute a third-party perspective to the company. Regarding our human resources strategy, we are dedicated to creating an inclusive environment for both men and women. While it may take time to appoint a female director from within the company, I believe that promoting more female managers will positively impact labor productivity. Additionally, we are implementing innovative initiatives to encourage the participation of senior employees, such as extending the retirement age and eliminating mandatory retirement for managerial positions. Quantifying and effectively utilizing human capital will be crucial for increasing our corporate value in the future, and I am eager to actively propose these changes.

Q. What specific hidden risks do you refer to, Mr. Kijima?

Kijima Since I became an Outside Director, the company has experienced serious incidents, such as the accident at the Freeport LNG plant and the fire at the Sodegaura Biomass Power Plant. I continuously observe how each department responds to these events and consider the lessons we can learn to enhance our future actions. While accidents in the gas business are relatively rare, they can have a significant impact when they occur. Therefore, I believe it is crucial to anticipate and prepare for accidents to minimize their consequences.

Q. How do you view the progress of quantifying non-financial information, Ms. Nashioka?

Nashioka Quantifying non-financial information is an area I have been dedicated to since I began my work in environmental accounting. Corporate value creation needs to be evaluated from both economic and social value perspectives. However, discussions around social value have largely remained intuitive, making it challenging to compare and assess effectively. Thus, our key challenge is to quantify non-financial capitals, such as CO₂, water, and human capital, to develop reliable indicators.

For example, the price of one ton of CO₂ emissions has historically varied widely, from a few hundred yen to several tens of thousands of yen. Recently, however, the methods of calculating these values have been refined, bringing them closer to a reliable, verifiable level. I believe we will see gradual progress in the quantification of human capital and other assets in the future. It is crucial for companies to disclose numerical information as indicators of value creation through trial and error. Investors, in turn, must use this information for their decision-making. I am fully dedicated to supporting this movement.



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

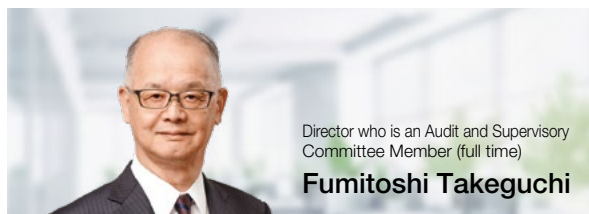
[Biography]

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



[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.

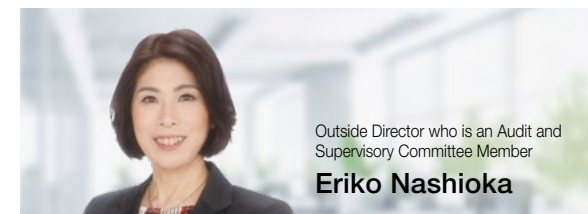


[Biography]

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.



[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 Sustainability 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.

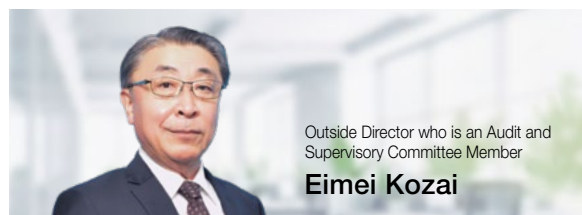


[Biography]

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.



[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

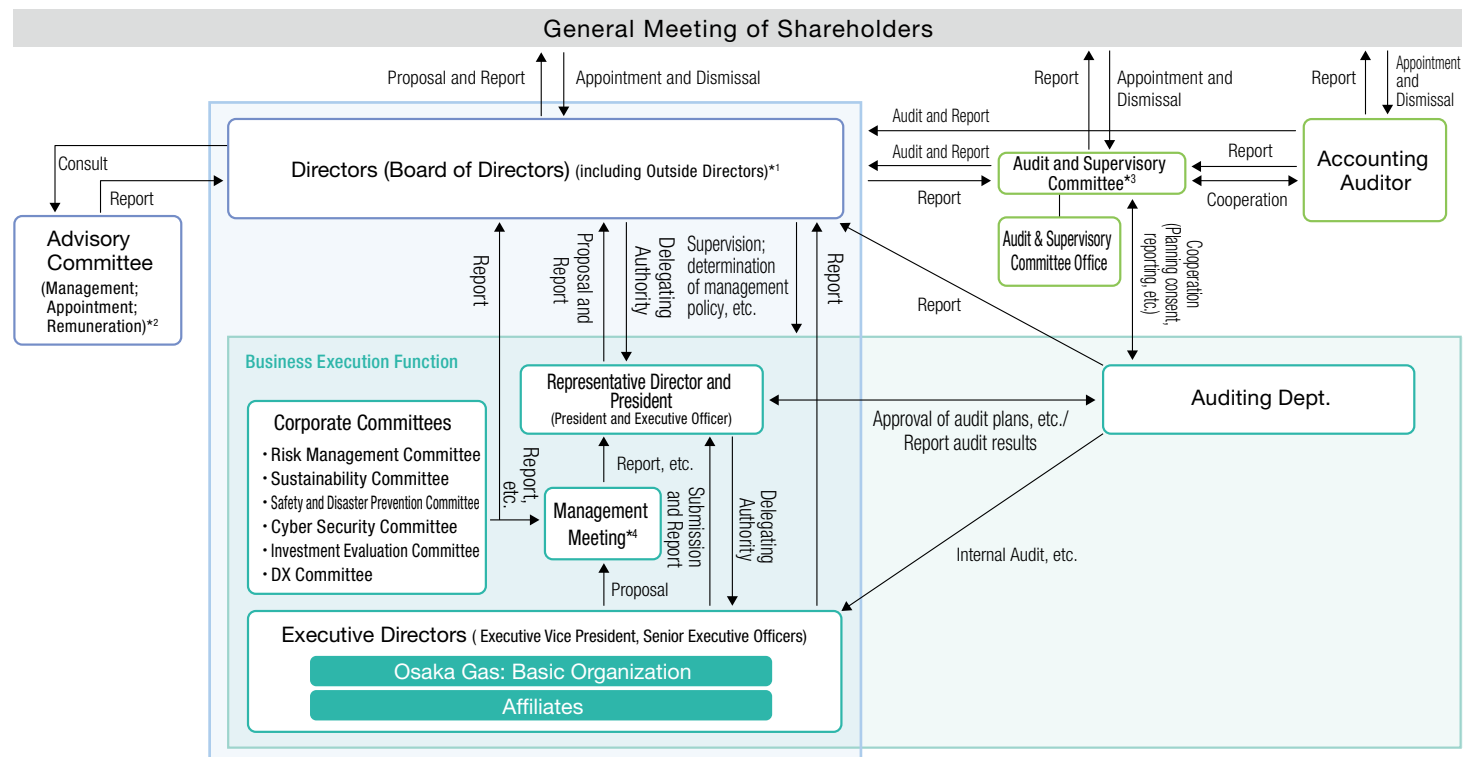
As a corporate group that powers continuous advancement in customers' lives and businesses, our Corporate Principles aim to create four types of value: "Value for Customers," "Value for Society," "Value for Shareholders" and "Value for Employees" by providing various products and services relating to 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 transitioned 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. With the business environment changing at an ever-increasing pace, we aim to achieve flexible decision-making by delegating decision-making authority for important business execution to Executive Directors, while also enhancing discussion of management policies and strategies by the Board of Directors and further strengthening the supervisory function. 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 24, 2025)



- *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), 1 Director who is an Audit and Supervisory Committee Member, and Representative Director and 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 4 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 FY2025.3, the Board of Directors held 13 meetings, with 100% attendance by all Directors. The 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 Executive President, Executive Vice Presidents, Senior Executive Officers, and Executive Officers), which enables the Directors of the company to focus on making business decisions and monitoring and supervisory functions, and work 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 the 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 "Sustainability Council*," which deliberates on activity plans and reports on activities related to the promotion of sustainability management.

*On April 1, 2025, the ESG Council was renamed the Sustainability Council.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of five Directors who are the Audit and Supervisory Committee Members, including 3 Outside Directors, and audits the execution of duties by the Directors. It is responsible for ensuring sound management to enhance corporate value through audits of the Directors' execution

of their duties, the operation of internal control systems, and the appropriateness of accounting audits. The composition of the Audit and Supervisory Committee includes persons with appropriate knowledge of law, finance, and accounting, and in accordance with the Articles of Incorporation, the number of members is at least 3, and at least half of them are outside Audit and Supervisory Committee members.

Auditing Department

The Company has established the Audit Department as its internal audit division. Based on an annual audit plan agreed to by the Audit and Supervisory Committee and from an independent and objective standpoint, the Audit Department evaluate the compliance and efficiency of business activities and the appropriateness of systems and standards, identify issues, and make recommendations and follow-up actions that lead to operational improvements in the audited organization. Audit results are reported regularly to the Management Meetings, the Board of Directors, and the Audit and Supervisory Committee. In the event that an internal audit identifies a matter that may have a significant impact on management, the Executive Officer in charge of the Audit Department or the General Manager of the Audit Department reports to the Board of Directors (Dual Reporting). At the same time, in accordance with internal rules, the Company is striving to enhance and strengthen its auditing and internal control functions by appointing auditors (internal auditors) at business divisions, Core Non-Energy Business Companies, Network Company, Core Energy Business Companies, etc., and conducting self-audits. The Audit Department, in cooperation with the internal auditors, evaluates internal control over financial reporting based on the Financial Instruments and Exchange Law, and reports the results to the Management Meeting. The Audit Department maintains and improves the quality of audit work while taking into consideration the opinions and evaluations of external organizations. The General Manager of the Audit Department exchanges information with the Audit and Supervisory Committee and accounting auditors as needed to enhance mutual cooperation and improve the effectiveness and quality of audits.

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 1 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 strategy, sustainability, risk management, and DX.

The Advisory Committee on Appointment and the Advisory Committee on Remuneration are composed of all Outside Directors (4 members, excluding Directors who are Audit and Supervisory Committee Members), 1 Outside Director who is a member of the Audit and Supervisory Committee, and the President, and deliberates on matters related to the selection of candidates for Directors, selection and dismissal of Representative Directors and other Executive Directors, and remuneration of Directors from the perspective of ensuring objectivity and transparency in the decision-making process. In addition, the participation of 1 director who is a

member of the Audit and Supervisory Committee ensures that the Audit and Supervisory Committee can accurately exercise its right to express its opinions regarding director nominations and compensation.

All committees are chaired by Outside Directors (Advisory Committee on Management, Advisory Committee on Appointment, and Advisory Committee on Remuneration).

Sustainability Committee*

The company has established the Sustainability Committee to promote activities relating to the Group's sustainability, including the environment, compliance, social contribution, respect for human rights, etc. (Chairman: Head of Sustainability Promotion/Director and Senior Executive Officer)

*On April 1, 2025, the ESG Committee was renamed the Sustainability Committee.

Safety and Disaster Prevention Committee

In order to take all possible measures to ensure safety, disaster prevention, and gas supply stability, 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/Representative Director and Executive Vice President)

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

The company has established the Risk Management Committee to efficiently and effectively respond to significant risks that may affect the business performance and financial position of the Group, which is expanding its business domain. (Chairman: Head of Risk Management/Director and Senior Executive Officer)



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 promote diversity including gender at important decision-making bodies such as the Board of Directors, and in the "Daigas Group Diversity Promotion Policy," 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 areas 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 24, 2025)

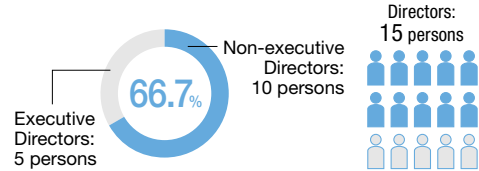
Name	Position	Age	Years in office	Executive Director	Internal/Outside	Attendance at Board of Directors Meetings in FY2025.3	Fields of Significant Expertise and Experience								
							Corporate Management	Marketing	Technology/R&D	DX	Global Management	Sustainability	Finance/Accounting	Legal/Risk Management	Human Resources Development
Takehiro Honjo	Director, Chairman of the Board	71	16	— Chairman of the Board of Directors	Internal	100%	●	●				●	●	●	●
Masataka Fujiwara	Representative Director	67	9	○ President	Internal	100%	●	●	●	●	●	●			
Takayuki Tasaka	Representative Director	62	7	○ Executive Vice President	Internal	100%	●	●					●	●	
Keiji Takemori	Representative Director	61	1	○ Executive Vice President	Internal	100% ²	●				●		●		●
Ko Sakanashi	Representative Director	58	1	○ Executive Vice President	Internal	100% ²	●		●	●		●	●		
Toshiyuki Imai	Director	59	1	○ Senior Executive Officer	Internal	100% ²		●				●		●	●
Kazutoshi Muraō	Director	72	6	— Outside Director	Outside	100%	●				●		●		●
Tatsuo Kijima	Director	70	5	— Outside Director	Outside	100%	●					●		●	●
Yumiko Sato	Director	73	4	— Outside Director	Outside	100%						●		●	●
Mikiyo Niizeki	Director	57	2	— Outside Director	Outside	100%	●	●					●		●
Fumitoshi Takeguchi	Director Audit and Supervisory Committee Member	63	(4) ¹	—	Internal	100% ²						●	●	●	●
Ichiro Hazama	Director Audit and Supervisory Committee Member	59	(2) ¹	—	Internal	100% ²		●						●	●
Eriko Nashioka	Director Audit and Supervisory Committee Member	58	(3) ¹	— Outside Director	Outside	100% ²	●					●	●		●
Chieko Minami	Director Audit and Supervisory Committee Member	64	(2) ¹	— Outside Director	Outside	100% ²	●	●		●					●
Eimei Kozai	Director Audit and Supervisory Committee Member	67	1	— Outside Director	Outside	100% ²	●							●	●

¹ The status of Director who is an Audit and Supervisory Committee Member Fumitoshi Takeguchi includes his previous position (Director and Senior Executive Officer), while the statuses of Ichiro Hazama, Eriko Nashioka and Chieko Minami include their previous positions (Audit & Supervisory Board Member).

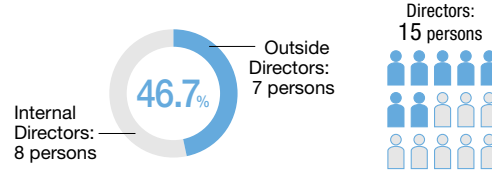
² This represents the attendance at meetings held since assumption of office on June 27, 2024. During the period prior to the transition to a Company with an Audit and Supervisory Committee, Director who is an Audit and Supervisory Committee Member Fumitoshi Takeguchi had been appointed as a Director of the Company, and Ichiro Hazama, Eriko Nashioka and Chieko Minami had been appointed as Audit & Supervisory Board Members of the Company, and all of them attended all Board of Directors meetings held during said period.

■ Independence of Directors (as of June 24, 2025)

Percentage of Non-executive Directors

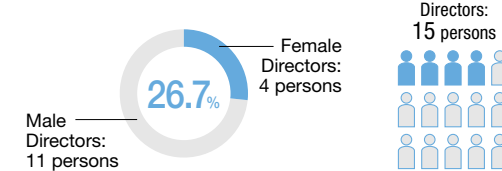


Percentage of Independent Outside Directors



■ Diversity of Directors (as of June 24, 2025)

Percentage of Female Directors



■ Corporate Governance Initiatives

		2020	2021	2022	2023	2024	2025	
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				From 2024: Audit and Supervisory Committee Members: 3 persons		
	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)		
	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 2024: indicators: consolidated EBITDA, consolidated ROE		
Internal control	Corporate committee ²	From 2003: Investment Evaluation Committee						
		From 2020: ESG Committee				From 2025: Sustainability 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 ³)	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 ESG indicators changed its name to Sustainability indicators on April 1, 2025.

² Established for the purpose of coordinating and promoting matters (important issues for the entire Group) across multiple basic organizations

³ Systematized self-assessment of risk management practices (Gas Group Risk Management System)

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 FY2025.3, the Advisory Committee on Management held five times, the Advisory Committee on Appointment held four times, and the Advisory Committee on Remuneration held three times. The attendance of chair and committee members and main agenda are shown in the table below.

All committees are chaired by Outside Directors.

FY2025.3 Results

Name	Composition of each advisory committee and percentage of Outside Directors	Agenda	Issues discussed	Name	Chairperson	Position	Attendance	Attendance rate	Number of the meetings held in FY2025.3
Advisory Committee on Management	(Management) 	Key issues such as medium- to long-term corporate strategy and sustainability	Carbon neutral strategy, technology strategy, human resources strategy, domestic power business strategy, management plan for the next fiscal year, etc.	Tatsuo Kijima	○	Outside Director	5 out of 5 meetings	100%	5 meetings
				Masataka Fujiwara		Representative Director and President	5 out of 5 meetings	100%	
				Ko Sakanashi		Representative Director and Executive Vice President	5 out of 5 meetings	100%	
				Kazutoshi Murao		Outside Director	5 out of 5 meetings	100%	
				Yumiko Sato		Outside Director	5 out of 5 meetings	100%	
				Mikiyo Niizeki		Outside Director	5 out of 5 meetings	100%	
				Eriko Nashioka		Outside Director and Audit and Supervisory Committee Member	5 out of 5 meetings	100%	
				Chieko Minami		Outside Director and Audit and Supervisory Committee Member	5 out of 5 meetings	100%	
Eimei Kozai		Outside Director and Audit and Supervisory Committee Member	5 out of 5 meetings	100%					
Advisory Committee on Appointment	(Appointment) 	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.	Revision of the composition of the Board of Directors, the policy for selecting director candidates, etc., the election of candidates for Directors, selection and dismissal of Representative Directors and other Executive Directors, skills matrix, etc.	Kazutoshi Murao	○	Outside Director	4 out of 4 meetings	100%	4 meetings
				Masataka Fujiwara		Representative Director and President	4 out of 4 meetings	100%	
				Tatsuo Kijima		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%	
Advisory Committee on Remuneration	(Remuneration) 	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	○	Outside Director	3 out of 3 meetings	100%	3 meetings
				Masataka Fujiwara		Representative Director and President	3 out of 3 meetings	100%	
				Takayuki Tasaka		Representative Director and Executive Vice President	2 out of 2 meetings*	100%	
				Kazutoshi Murao		Outside Director	3 out of 3 meetings	100%	
				Tatsuo Kijima		Outside Director	3 out of 3 meetings	100%	
				Mikiyo Niizeki		Outside Director	3 out of 3 meetings	100%	

* Deliberations, etc. on Directors' remuneration, 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, as part of the 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.

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), and the number of Directors subject to stock-based remuneration is 6. Matters related to monetary compensation were previously determined by the Representative Director and President based on delegation by resolution of the Board of Directors, following deliberation by Advisory Committee on Remuneration. However, with the aim of enhancing objectivity, transparency, and ensuring fairness in the determination of individual compensation for directors, the Remuneration Rules for Directors were revised by a resolution of the Board of Directors in January 2025. Accordingly, such matters are now resolved by the Board of Directors following deliberation by the Advisory Committee on Remuneration.

Outline of Remuneration

Remuneration items	Fixed/variable	Standard composition*2			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 consolidated EBITDA, consolidated ROE and Sustainability indicators in the Medium-Term Management Plan (indicators: main Sustainability 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).

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

Details of Activities of the Board of Directors and Advisory Committee in the Process for Determining the Amount of Remuneration, etc., for Officers during FY2025.3.

With regard to matters related to the remuneration for officers, at meetings held in February and May 2024, the Advisory Committee deliberated matters such as the performance-linked remuneration calculation methods, the payment coefficient, the appropriateness of remuneration levels, and the number of shares to be granted as stock-based remuneration. These matters were then decided by the Representative Director and President as mentioned above. Following an Advisory Committee meeting, the Board of Directors adopted a resolution at its March 2025 meeting on the remuneration for officers from April 2025 onwards.

■ EBITDA

Term			206th
Fiscal year ended			March 31, 2024
EBITDA	Billion yen	Plan	264.5
		Result	328.1

■ ROE for the Last Three Years

Term			204th	205th	206th
Fiscal year ended			March 31, 2022	March 31, 2023	March 31, 2024
ROE	%	Plan	6.6	6.8	8.5
		Result	11.0	4.3	8.9

■ Total Amount of Remuneration, etc. by Officer Classification and by Type of Remuneration, etc., and Number of Eligible Officers of Reporting Company

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 Audit and Supervisory Committee Members and Outside Directors)	503	223	159	119	8
Audit and Supervisory Committee Members (excluding Outside Directors)	63	63	—	—	2
Audit & Supervisory Board Members (excluding Outside Members)	16	16	—	—	2
Outside Directors	96	96	—	—	8

Note : The number of persons and amounts include two Directors 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 206th Annual Meeting of Shareholders held on June 27, 2024. The company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee on June 27, 2024.



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. *ESG indicators changed its name to Sustainability indicators on April 1, 2025.

The coefficient of Sustainability indicators achievement includes the achievement of the following main Sustainability indicators achievement stated in the Medium-Term Management Plan 2026, and is evaluated based on the achievement status during the implementation period Medium-Term Management Plan 2026 (FY2025.3-FY2027.3).

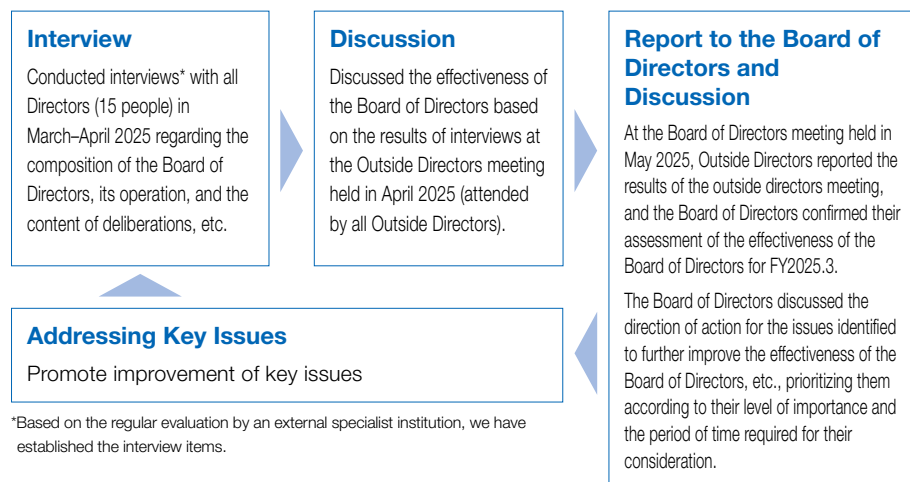
■ Main Sustainability Indicators

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. The methods and results of the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2025 are summarized below.

1. Method



2. Interview Items

- ① Initiatives in response to issues
 - Enhancement of discussions and provision of information on medium- to long-term management issues
 - Expanding opportunities for contact with board candidates and employees at various levels
 - Developing internal executive candidates from a medium- to long-term perspective (especially women and highly specialized personnel)
 - Provide more information on director candidates
- ② Composition and operation of the Board of Directors, etc.
 - 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 Formulation of management policies and strategies, and monitoring and supervisory functions
 - Discussion, planning, and monitoring of management strategies and plans, and status of response to key issues
 - Initiatives to promote management conscious of capital costs and share price performance
 - Content and timing of reporting and provision of information, 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 Directors' meetings and others
 - Themes, number of meetings, time schedule, etc.
- ⑥ Free opinion

3. Evaluation Results

The evaluation confirmed that there were no problems with the effectiveness of the FY2025.3 initiatives to address issues identified in FY2024.3, including initiatives associated with the transition to a company with an Audit and Supervisory Committee, and that initiatives are being taken to improve effectiveness.

(FY2025.3 initiatives to address issues identified in FY2024.3 and the effect of such initiatives)

- The Advisory Committee on Management addressed important issues such as our carbon neutral strategy, technology strategy, power business strategy, and human resources strategy. The Committee also expanded the provision of information to enhance strategic discussions at Outside Directors meetings. In line with this, the exchange of opinions between Outside Directors and employees at the head of internal organizations and above was enhanced.
- We conducted meetings to exchange opinions with female Outside Directors and female executive employees, etc., with a view to promoting female officers.
- The Advisory Committee on Appointment expanded the provision of information on future candidates for Directors and enhanced discussions on the future shape of the Board of Directors.

(Initiatives and effects of the transition to a company with an Audit and Supervisory Committee)

- The company revised the criteria for the agenda of the Board of Directors meetings to delegate all resolutions that can be delegated to Directors, and generally stipulated such delegated items as matters to be reported at the Board of Directors meetings, thereby promoting prompt decision-making while ensuring the monitoring and supervisory functions, and focusing on discussions on management policy and management strategy.
- The number of meetings of the Advisory Committee on Management and meetings of Outside Directors was increased, and discussions on management policies and strategies were strengthened by reporting the results of deliberations of the Advisory Committee on Management to the Board of Directors.
- To enable the Audit and Supervisory Committee to properly exercise its right to express its opinions, The Audit and Supervisory Committee Members attended the Advisory Committee on Appointment and Remuneration and shared details of the deliberations with the Audit and Supervisory Committee.

The Board of Directors discussed the direction of action for the issues identified to further improve the effectiveness of the Board of Directors, prioritizing them according to their level of importance and the period of time required for their consideration. As a result, it recognized the following key issues.

(Major issues)

- Further enhance discussions on each strategy and important issues based on the long-term vision
- Strengthen supervision and monitoring functions (expansion of regular reporting and provision of information in a flexible manner)
- Concretize measures to develop internal executive candidates from a medium- to long-term perspective (training and securing human resources, education and training, etc.)

In the future, we will enhance reporting and information sharing on important projects and issues through the Board of Directors, Advisory Committee on Management, and Outside Directors meetings. At the same time, we will continue to provide reports and information that contribute to supervision and monitoring, such as audit reports, risk response status, and investment follow-up. In addition, the Advisory Committee on Management will enhance discussions on the Group's overall and individual strategies based on the medium- to long-term vision. By doing so, we aim to further deepen the discussion of management policies, strategies, and important issues at the Board of Directors meetings. We will also continue to strive to develop and secure the human resources necessary for medium- to long-term growth.

Audit

The company's Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee Members, of whom three are Outside Directors. We also established the Audit & Supervisory Committee Office, consisting of five full-time staff outside the chain of command of Executive Directors, to assist the Audit and Supervisory Committee in performing its duties, thereby enhancing the Audit and Supervisory Committee's auditing functions.

■ Main Activities of Audit and Supervisory Committee 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.

The Audit and Supervisory Committee reports and share information on the implementation status of the audit, as well as conducts necessary deliberations and resolutions.

In FY2025.3, 11 Audit and Supervisory Committee meetings were held. The main resolutions of the Audit and Supervisory Committee are as follows.

The deliberations of the Advisory Committee on Appointment and the Advisory Committee on Remuneration are shared and used as a basis for forming opinions on the appointment and remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members).

■ Main Resolutions at the Audit and Supervisory Committee Meetings

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

Periodic rotation of accounting auditor

The company's accounting auditor is KPMG AZSA LLC. To ensure the independence of the accounting auditor, the lead engagement partner may not be involved in the audit for more than five consecutive accounting periods and the other engagement partners may not be involved for more than seven consecutive accounting periods.

The Audit and Supervisory Committee has assessed the accounting auditor's audit activities as appropriate.



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 24, 2025, it was reported that the internal control systems were operating in a proper manner.

Overview of Operating Status of the Internal Control Systems (FY2025.3)

①Matters 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. We developed and published "Daigas Group Energy Transition 2050" to further clarify the roadmap for energy transition toward achieving carbon neutrality in 2050 and to summarize solutions to associated challenges. Educational materials, including a guide to the Daigas Group Code of Business Conduct, are posted on the intranet at all times to familiarize Directors and employees of the Group with said Code to promote and ensure its understanding.

As a result of an investigation regarding descriptions for the sale of ENE-FARM products, triggered by an internal reporting, we found that there existed representations that were questionable under the Act against Unjustifiable Premiums and Misleading Representations (Premiums and Representations Act), so we took measures to prevent recurrence and reported the matter to the Consumer Affairs Agency in March 2025. Osaka Gas Marketing Co., Ltd. and the rest of the Group will further strengthen training and control systems regarding the Premiums and Representations Act.

②Matters concerning risk management, etc.

Organizational heads of the company and presidents of the affiliated companies 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.

The Risk Management Committee meets to identify important risks requiring management involvement, and to review preventive maintenance plans and the status of response to each important risk.

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 the 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.

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 regularly inspect and follow up on the

Group's security, and to further strengthen measures against attacks from outside the Group's network.

In preparation for the Expo 2025 Osaka, Kansai, Japan, we established a company-wide liaison system in January 2025, with a focus on contingency preparedness and information sharing, to ensure the reliability of our energy production and supply systems.

*For more details on BCP exercises, please see [the Sustainability Report 2025](#).

③Matters 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.

④Matters concerning the effectiveness of audits by Audit and Supervisory Committee

Audit and Supervisory Committee Members have periodic exchanges of opinions with the Chairman and Director, the Representative Director and President, and the Accounting Auditor. Partly through the opportunity to exchange opinions with the accounting auditor, Audit and Supervisory Committee evaluates the qualifications, expertise, and independence of the accounting auditor.

Full-time Audit and Supervisory Committee Members attend important meetings such as the Management Meeting, the ESG Council, the Investment Evaluation Committee, and the Risk Management Committee, etc., and read approval documents and other important documents. All Audit and Supervisory Committee Members attend meetings of the Advisory Committee on Management, and Outside Audit and Supervisory Committee Members attend meetings of the Advisory Committee on Appointment and the Advisory Committee on Remuneration. The Audit and Supervisory Committee hears the annual audit plan in advance from the Auditing Department and receives regular reports on individual audit plans and audit results. Through the Board of Directors' resolution on the internal control systems, they also clarify important matters to be reported to Audit and Supervisory Committee Members and disseminate information thereof.

Five assistants to the Audit and Supervisory Committee are in place to engage solely in assisting the Audit and Supervisory Committee 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>7. Inappropriate relationships</p> <ul style="list-style-type: none"> Cozy relationships, bribery, etc. with public servants; cozy relationships with clients and suppliers 	<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>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>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>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>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>29. Funds, derivatives</p> <ul style="list-style-type: none"> Problematic fund management and fund procurement Problematic fund control Speculative derivative transactions
<p>3. Personnel affairs, labor affairs</p> <ul style="list-style-type: none"> Inappropriate labor management and non-compliance 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>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>24. Information control in general</p> <ul style="list-style-type: none"> Leakage, loss, and illegal use of information 	<p>30. Electronic banking</p> <ul style="list-style-type: none"> Illegal and erroneous money transfers using the electronic banking system
<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>18. Environment-related</p> <ul style="list-style-type: none"> Violation of environment-related laws 	<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 from the lack of security measures 	
<p>5. Response to relevant laws</p> <ul style="list-style-type: none"> Violation of applicable laws and regulations 	<p>11. Management of seals</p> <ul style="list-style-type: none"> Illegal use of seals 	<p>19. Products, services</p> <ul style="list-style-type: none"> Quality of products and services (complaints, defects, recall, product liability, consumer protection, etc.) 	<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>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>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>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>27. Personal information concerning employees</p> <ul style="list-style-type: none"> Leakage, loss, and illegal use of personal information concerning employees 	
	<p>13. Illegal practices concerning money transfer</p> <ul style="list-style-type: none"> Illegal use of bank accounts Embezzlement of cash Embezzlement of sales proceeds Illegal spending The same person taking a spending-related post for a long time 	<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>14. Accounting, tax-related procedures</p> <ul style="list-style-type: none"> Errors, illegal practices, and delays concerning accounting and tax-related procedures 			

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 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 risk management processes with reference to ISO 31000, the international standard for risk management.

Risk Management System

As the Group's business domains expand, in addition to implementing risk preventive maintenance planning and progress follow-up through corporate committees such as the Sustainability Committee, the Safety and Disaster Prevention Committee, and the Cyber Security Committee, we have established the Risk Management Committee, a corporate committee that is independent from the Audit and Supervisory Committee. Across the entire company, we manage significant risks that may affect the business performance and financial position of the Group including ESG-related risks such as climate change and human rights.

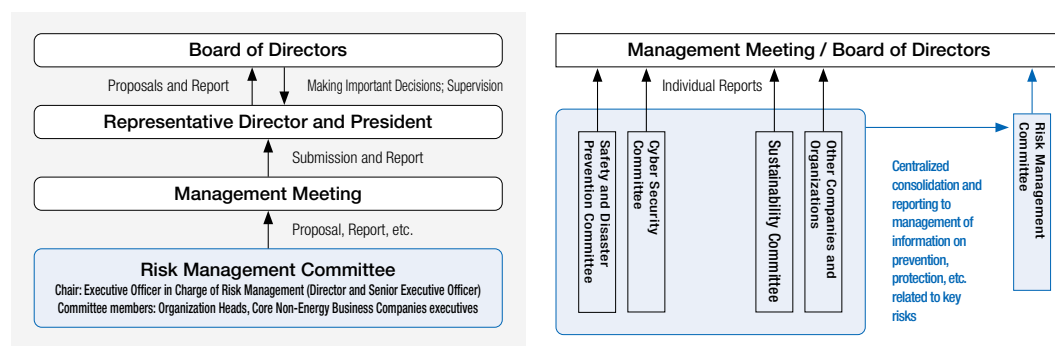
The Risk Management Committee is chaired by the Executive Officer in Charge of Risk Management (Director and Senior Executive Officer), who oversees the Group's risk management, and includes the heads of related organizations as members.

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, and implement efficient and effective risk management.

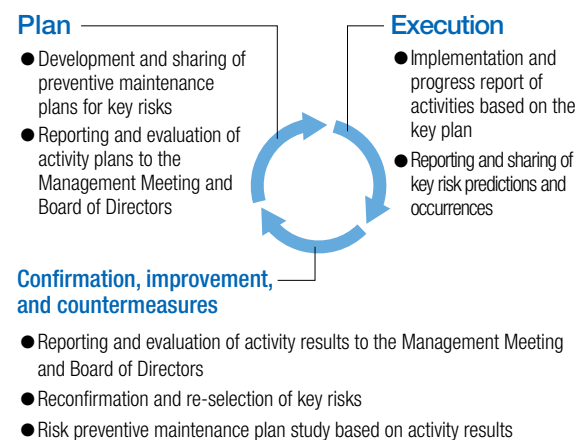
With regard to the risk preventive maintenance activities, the Management Meeting, chaired by the President and Executive Officer, receives reports and holds discussions on selected key risks (see □□ P.78 for details), as well as on preventive maintenance plans and their results. The Board of Directors makes decisions on matters that have a significant impact on management and oversees the risk management process.

In FY2025.3, the Risk Management Committee met three times to identify key risks; formulate, implement, follow up on, and manage the performance of preventive maintenance plans; and share risk-related information. In April 2025, the Board of Directors confirmed that the risk management process, including implementation results, had been properly executed.

Group-wide Risk Management System



Group-wide Risk Management Cycle



Recognition of and Countermeasures against Significant Risks (Business Risks) That May Affect Business Performance and Financial Position

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

Business Risks	Countermeasures against Risks
① Risks of business strategies	a. 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."
	b. 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.
	c. Changes in international rules, policies, 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, policies, laws and regulations, and institutional systems.
	d. Intensifying competition and the resulting increase in choices available to consumers With the aim of becoming a company that continues to be the first choice of customers, we are working to increase our market competitiveness in all business segments by increasing added value, reducing raw material costs, developing technologies, and promoting digital transformation.
② Market risks	a. Changes in foreign exchange rates and borrowing rates 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.
	b. 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.
	c. 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.
③ Procurement risks of raw materials	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.
④ Environmental risks, such as responding to climate change	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.
⑤ Security risks in information and control systems	We are promoting and monitoring security measures, ensuring dissemination and education of information management, building and upgrading information systems, etc.
⑥ Accounting and financial risks	Based on comprehensive management judgments by the Investment Evaluation Committee, including evaluations of projects' economic feasibility and risks, the Board of Directors makes decisions on various types of investments for growth.
⑦ Risks related to gas production, power generation, gas supply, and gas consumption equipment and services	a. 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.
	b. Issues related to products such as gas equipment and facilities We are striving to ensure a stable supply of products, and promoting the use of safe equipment and related inspection and dissemination.
	c. 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.
⑧ Risks related to catastrophic disasters, accidents, infectious diseases, etc.	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.
⑨ Overseas investments risks	In our international business, 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.
⑩ Compliance risks	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.
⑪ Human capital risks	We are striving to secure human resources in the face of a declining working population.
⑫ Human rights risks	We have positioned respect for human rights in our business activities as a key management issue, and have established the Daigas Group Human Rights Policy based on the United Nations Guiding Principles to ensure its penetration throughout the Group. We are also conducting human rights due diligence in an effort to respect human rights and achieve sustainable growth.



Corporate Data

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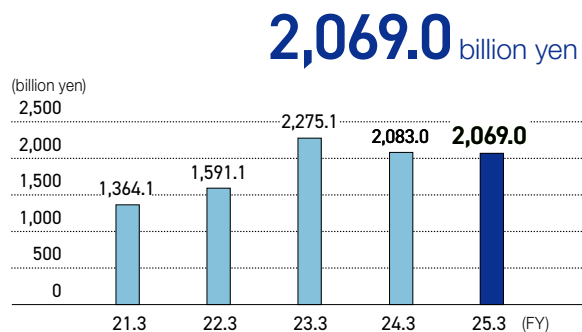


Financial Data

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

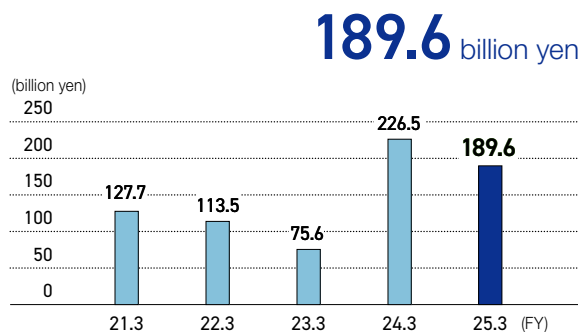
Net sales Fiscal year ended March 31, 2025

Despite an increase in electricity sales volume in the Domestic Energy business, net sales for FY2025.3 decreased compared to the previous fiscal year due to factors such as a decrease in LNG sales volume and lower gas sales prices based on the fuel cost adjustment system.



Ordinary profit*1 Fiscal year ended March 31, 2025

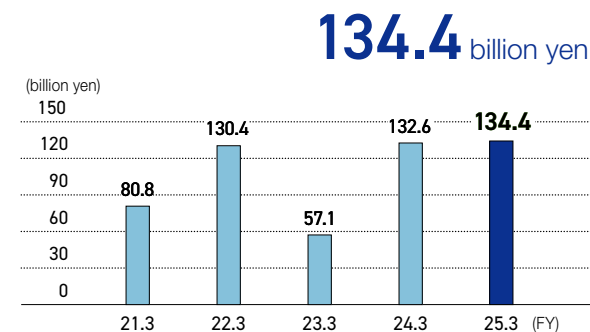
Ordinary profit for FY2025.3 decreased compared to the previous fiscal year due to a decrease in the positive impact of the time lag for fluctuations in raw material prices, to be reflected in sales prices, in the Domestic Energy business.



*1 185.3 billion yen in FY2025.3 if time-lag profit impact excluded.

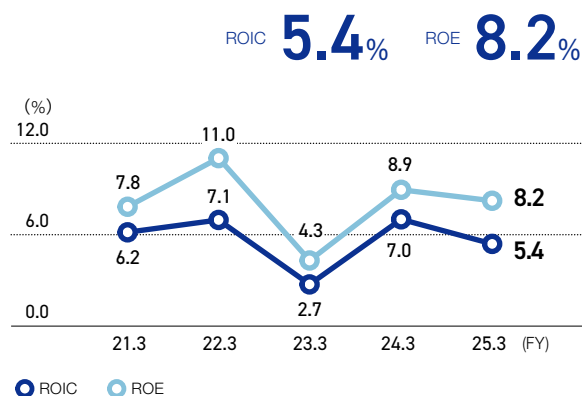
Profit attributable to owners of parent Fiscal year ended March 31, 2025

Profit attributable to owners of parent for FY2025.3 increased from the previous fiscal year due to extraordinary income from the sale of cross-shareholdings.



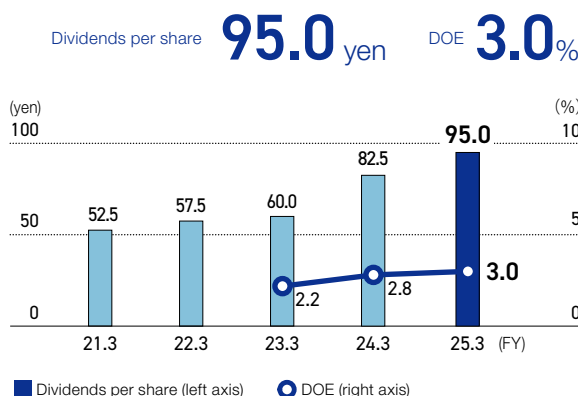
ROIC / ROE Fiscal year ended March 31, 2025

While ROIC and ROE were affected by a one-off increase in profits from the electricity business, they continued to make steady progress from the previous fiscal year and are improving steadily.



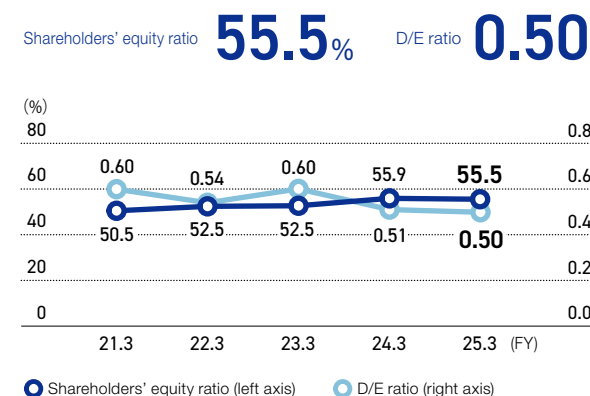
Dividends per share / DOE Fiscal year ended March 31, 2025

Dividends per share increased based on our shareholder return policy of progressive dividends and a dividend on equity (DOE) of 3.0%.



Shareholders' equity ratio*2 / D/E ratio*2 As of March 31, 2025

The shareholders' equity ratio and D/E ratio, which are indicators of financial soundness, have maintained a "shareholders' equity ratio of 45% or higher and D/E ratio of 0.8 or lower" as outlined in the Medium-Term Management Plan 2026.



*2 Calculated with 50% of issued hybrid bonds as equity

Prepared under the "Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (1976, Ministry of Finance Ordinance No. 28) since FY2023.3. Figures for FY2022.3 are on a retrospective basis.



Non-Financial Data

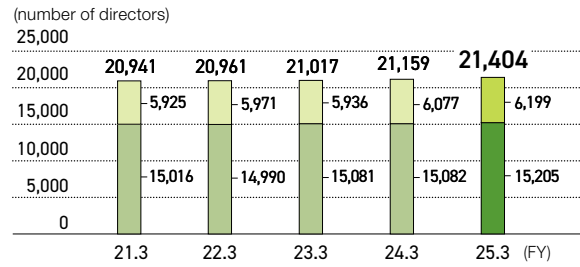
For detailed non-financial data, please visit our website.



Sustainability of the Daigas Group

Number of employees (Group) Fiscal year ended March 31, 2025

21,404



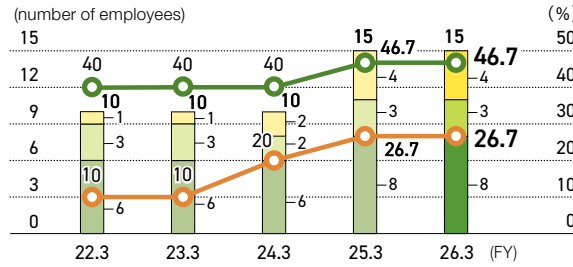
Male Female

Number of Directors of Osaka Gas

Starting in FY2025.3, we transitioned to a company with an Audit and Supervisory Committee and strengthened the supervisory function of the Board of Directors.

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

15

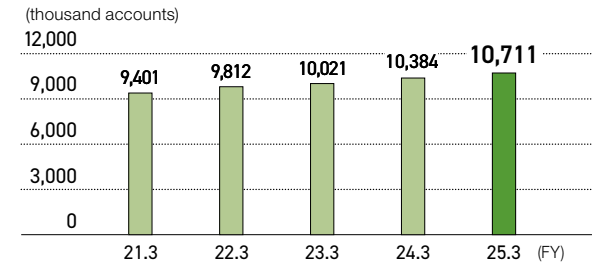


Internal/male (left axis) Outside/male (left axis) Outside/female (left axis) Ratio of Outside Directors (right axis) Ratio of female Directors (right axis)

Customer accounts Fiscal year ended March 31, 2025

Through collaboration with other companies, the development of new services, and other efforts, we are making steady progress toward our goals for FY2031.3.

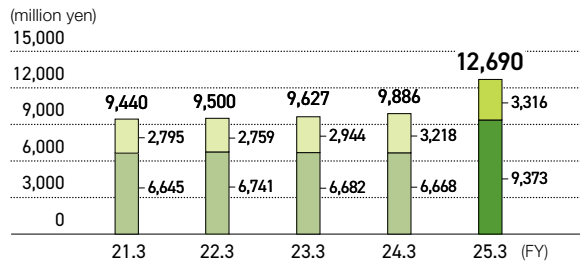
10,711 thousand



R&D expenses Fiscal year ended March 31, 2025

We focused on research and development aimed at carbon neutrality, including e-methane.

12,690 million yen



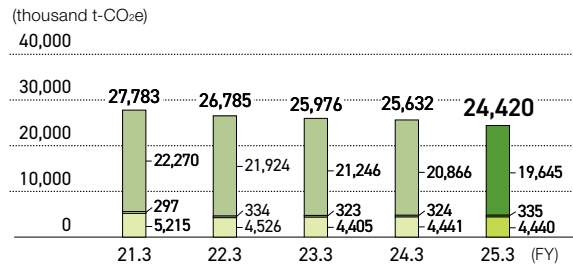
Domestic Energy LBS

Greenhouse gas emissions (Group) Fiscal year ended March 31, 2025

The Group has set a goal of achieving carbon neutrality by 2050.

We are also making steady progress toward our FY2031.3 targets for reducing CO₂ emissions into society through the operation of natural gas power generation overseas and renewable energy power generation in Japan.

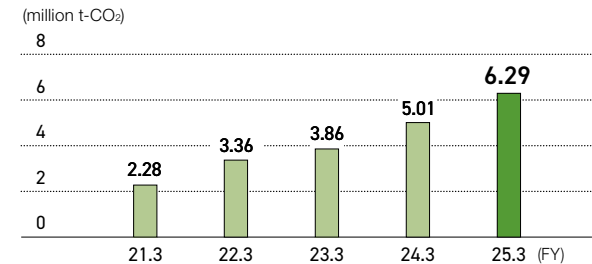
24,420 thousand t-CO₂e



Scope 1 Scope 2 Scope 3

Avoided emissions Fiscal year ended March 31, 2025

6.29 million t-CO₂



Value Creation and Growth Strategies

Overview of the Daigas Group

Value Creation Practices

Sustainability

T/Corporate Governance

Corporate Data

Summary of Consolidated Operating Results

	(FY)	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3*1	2023.3*1	2024.3*1	2025.3*1
Financial Information											
Net sales	million yen	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	2,069,019
Operating profit	million yen	146,674	97,250	78,118	67,977	83,792	112,491	99,201	60,001	172,553	160,731
Ordinary profit	million yen	134,986	96,276	77,087	63,103	86,018	127,752	113,525	75,649	226,563	189,647
Profit attributable to owners of parent	million yen	84,324	61,271	37,724	33,601	41,788	80,857	130,421	57,110	132,679	134,414
Comprehensive income	million yen	38,256	78,029	60,590	27,966	14,996	108,723	210,905	146,373	234,112	191,099
Capital expenditures for quality improvement	million yen	56,051	48,253	42,191	44,205	57,498	68,873	67,931	65,019	73,367	73,706
Depreciation + amortization of goodwill	million yen	86,747	86,206	88,723	99,745	91,925	101,444	108,902	119,823	123,565	127,549
R&D expenses	million yen	11,340	10,374	9,708	10,961	10,174	9,440	9,500	9,627	9,886	12,690
Total assets ^{*2*}	million yen	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	3,200,525
Net assets ^{*3}	million yen	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	1,739,291
Shareholders' equity ^{*3}	million yen	906,623	961,905	999,569	1,004,340	997,492	1,081,881	1,271,617	1,391,421	1,577,512	1,688,794
Balance of interest-bearing debts ^{*3}	million yen	567,164	540,668	503,789	647,465	754,006	785,383	815,079	981,556	938,292	972,423
Cash flows from operating activities	million yen	281,819	148,801	168,731	65,116	182,892	219,797	145,350	33,572	312,609	283,681
Cash flows from investing activities	million yen	(144,198)	(137,527)	(110,456)	(204,192)	(232,266)	(198,354)	(152,163)	(203,938)	(215,944)	(255,626)
Cash flows from financing activities	million yen	(90,716)	(50,530)	(51,591)	85,262	79,272	(1,636)	(30,479)	119,617	(110,123)	(34,085)
Cash and cash equivalents at end of period	million yen	209,367	166,912	171,061	115,769	146,813	166,762	130,769	84,793	77,229	82,309
Free cash flow (Cash flows from operating activities + Cash flows from investing activities)	million yen	137,620	11,274	58,274	(139,076)	(49,374)	21,443	(6,813)	(170,365)	96,665	28,055
Capital expenditures	million yen	114,418	88,657	81,716	107,259	131,010	189,454	189,317	195,330	198,421	221,735

*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)	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3	2025.3
Per Share Information*4											
Earnings per share (EPS)	yen	202.64	147.29	90.71	80.80	100.50	194.48	313.69	137.39	320.60	333.31
Net assets per share (BPS)	yen	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	4,254.13
Dividends	yen	50.0	50.0	50.0	50.0	50.0	52.5	57.5	60.0	82.5	95.0
Key Ratios											
EBITDA (Operating profit + Depreciation + Amortization of goodwill + Share of profit of entities accounted for using equity method)	million yen	228,883	188,403	167,100	159,916	180,943	227,554	220,946	192,754	328,101	308,934
Shareholders' equity ratio*5 (Shareholders' equity / Total assets (as of the end of the fiscal year))	%	49.5	51.0	52.7	49.5	48.9	50.5	52.5	52.5	55.9	55.5
D/E ratio*5 (Interest-bearing debts / Shareholders' equity (as of the end of the fiscal year))		0.63	0.56	0.50	0.64	0.67	0.60	0.54	0.60	0.51	0.50
Return on equity (ROE) (Profit attributable to owners of parent / Average shareholders' equity during the fiscal year)	%	9.4	6.6	3.8	3.4	4.2	7.8	11.0	4.3	8.9	8.2
Return on invested capital (ROIC)	%	—	—	—	—	—	6.2	7.1	2.7	7.0	5.4
Payout ratio*6 (Interim dividends + Annual dividends) / Earnings per share (EPS)	%	24.7	33.9	55.1	61.9	49.8	27.0	18.3	43.7	25.7	28.5
Gas Sales Volume											
	million m ³	8,052	8,694	8,580	7,935	7,362	7,157	7,090	6,845	6,646	6,650
Number of Employees											
	employees	20,844	20,762	19,997	20,224	20,543	20,941	20,961	21,017	21,159	21,404

*4 Calculated in consideration of share consolidation.

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

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

Group Companies

As of March 31, 2025

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. (City gas transmission and supply, gas piping construction, and others)	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
	Global Base Corporation	Renovation of used condominiums, brokerage and purchase / sales of real estate	95	90.3
	Senboku Natural Gas Power Generation Co., Ltd.	Electric power supply	2,000	90.0
	Nakayama Nagoya Joint Power Generation Co., Ltd.	Electric power supply	450	95.0 (95.0)
	Shiribetsu Wind Development Co., Ltd.	Electric power supply	50	100.0 (100.0)
	Hizen Wind Power Generation Co., Ltd.	Electric power supply	100	100.0 (100.0)
	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)	
International Energy	Osaka Gas USA Corporation*	Investment in natural gas projects, energy supply business, and others	US\$1	100.0
	Sabine Oil & Gas Corporation*	Development of and investment in natural gas, and others	US\$0.8 million	100.0(100.0)
	Osaka Gas Australia Pty. Ltd.*	Development of and investment in natural gas, and others	US\$1,327 million	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 Crux Pty. Ltd.*	Development of and investment in natural gas, and others	US\$107 million	100.0 (100.0)
	Osaka Gas Singapore Pte. Ltd.*	Research, development, investment and others relating to energy-related business	622 million Singapore dollars	100.0
	DAIGAS SJ CGD PTE. LTD.*	Investment relating to the city gas, and others	US\$380 million	60.2(60.2)
	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 163 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 47 companies

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

Company Data As of June 30, 2025

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

Indonesia

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

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

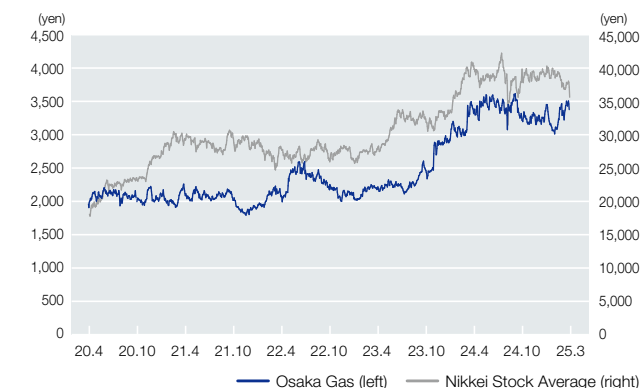
Date of Establishment	April 10, 1897
Annual Meeting of Shareholders	Held in June each year (In 2025, the Annual Meeting of Shareholders was held on June 24.)
Common Stock	Authorized: 700,000,000 shares Issued: 404,105,300 shares
Listing of Shares	Tokyo Stock Exchange
Number of Shareholders (As of March 31, 2024)	90,003
Stock Transaction Units	100 shares
Independent Certified Public Accountants	KPMG AZSA LLC
Transfer Agent	Sumitomo Mitsui Trust Bank, Limited

Major Shareholders (As of March 31, 2025)

Shareholder	Number of shares (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust a/c)	66,198	16.68
Custody Bank of Japan, Ltd. (Trust a/c)	25,381	6.39
Nippon Life Insurance Company	13,469	3.39
Resona Bank, Ltd.	10,555	2.66
STATE STREET BANK WEST CLIENT-TREATY 505234	8,658	2.18
MUFG Bank, Ltd.	8,391	2.11
STATE STREET BANK AND TRUST COMPANY 505001	7,406	1.87
Aioi Nissay Dowa Insurance Co., Ltd.	5,973	1.50
Meiji Yasuda Life Insurance Company	5,838	1.47
JP MORGAN CHASE BANK 385781	5,234	1.32

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.



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 as of June 30, 2025. 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**

FTSE Blossom Japan Sector Relative Index*¹




**FTSE Blossom
Japan**

FTSE Blossom Japan Index




FTSE4Good

FTSE4Good Index Series



ECPI Sense in
sustainability

ECPI World ESG Equity




MSCI
Selection Indexes
Constituents
2025

MSCI SELECTION INDEXES*²

**2025 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**


MSCI Japan ESG Select
Leaders Index*²



S&P/JPX Carbon Efficient Index

**2025 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX**

MSCI Nihonkabu ESG Select Leaders Index*²





2025
Sompo Sustainability Index

Sompo Sustainability Index

**2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

MSCI Japan Empowering Women Index*²

External Evaluation of Sustainability Activities

Third-party organization	Evaluation of our company
 CDP Climate Change Report 2024	<ul style="list-style-type: none"> • Leadership A- • Supplier Engagement Assessment 2024 Score A
Ministry of the Environment Eco-First Program  Press release	Certified as an Eco-First Company Press release
Ministry of Economy, Trade and Industry and Tokyo Stock Exchange Health & Productivity Stock Selection Program	Selected as a 2025 Health & Productivity Stock Selection Brand
Ministry of Economy, Trade and Industry FY2024 Next Nadeshiko: Companies Supporting Dual Careers and Co-parenting	Selected as Next Nadeshiko
Toyo Keizai Japan CSR Ranking 2025	40th (of about 1,400 companies)
Ministry of the Environment ESG Finance Awards Japan	<ul style="list-style-type: none"> • Gold Prize in the Fundraisers Category • Selected as an Environmentally Sustainable Company
Ministry of the Environment The second half of the FY 2024. Nationally Certified Sustainably Managed Natural Sites	The Senboku Terminal has been certified as a Nationally Certified Sustainably Managed Natural Sites

*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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