

About the “Daigas Group” brand

Concept of the “Daigas Group”

The concept is “Dynamic and Innovative, Genuine and Studious.” This is a paraphrase of the three guiding principles; “Enterprising spirit,” “Customer-oriented approach” and “Wholeheartedness and a sense of mission,” which have been highly valued to realize the Daigas Group’s Corporate Principles.

Dynamic Triangle

The tricolored triangle within the logo has been named the “Dynamic Triangle.” Each triangle represents the three guiding principles and the Group’s three business pillars evolving towards the future.

Guiding principle: “Customer-oriented approach”

Business area: Life & business solutions

Guiding principle:
“Wholeheartedness
and a sense of mission”

Business area:
Domestic energy

Guiding principle:
“Enterprising spirit”

Business area:
International energy

Daigas
Group

Osaka Gas Co., Ltd.

4-1-2, Hiranomachi, Chuo-ku, Osaka 541-0046, Japan
<https://www.osakagas.co.jp/en/>

Inclusion in SRI Indices

Osaka Gas was included in the following socially responsible investment (SRI) indices and an investment universe (candidates for inclusion in indices) as of June 30, 2021.

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

2021 MSCI ESG Leaders
Indexes Constituent

2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX*

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)*

ECPI Sense in
sustainability

FTSE4Good

2021
Sompo Sustainability Index

FTSE Blossom
Japan

member of the
INVESTMENT
REGISTER
ETHIBEL
EXCELLENCE

EURONEXT
VE
INDICES **WORLD 120**

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responsible sources
FSC C011700

Published in 2021

INTEGRATED
REPORT **2021**

ぐっとそばで、ぐぐっとミライ。

Better servicing customers in closer communication for
a brighter tomorrow

Daigas
Group

Osaka Gas Group is now Daigas Group



Creating Value for a Sustainable Future

We aim to solve various issues in building a sustainable society by taking on new challenges as well as existing ones while thereby achieving further growth of the Daigas Group.

We focus our efforts on creating “value for a sustainable future” with our stakeholders by utilizing our strengths in developing solutions and innovations, and share the achievements with our stakeholders.

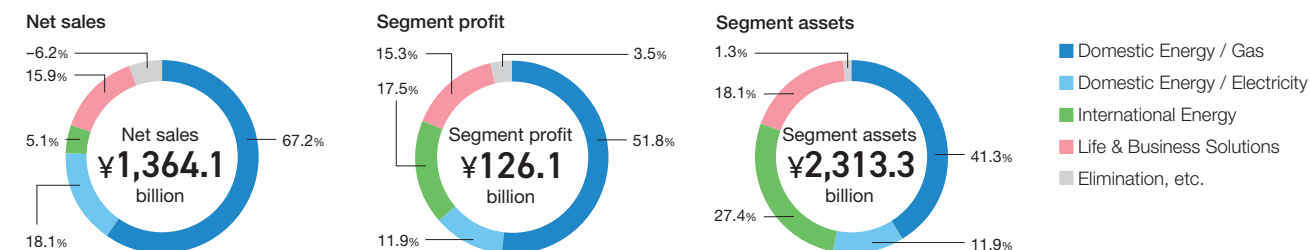
We aim to be an “innovative energy and service company that continues to be the first choice of customers” while striving to make contributions to achieving a sustainable society.

Outline of the Daigas Group

Corporate Profile of Osaka Gas Co., Ltd. (As of March 31, 2021)

Head Office	4-1-2, Hiranomachi, Chuo-ku, Osaka 541-0046, Japan
Date of Establishment	April 10, 1897
Date of Founding	October 19, 1905
Net Sales ^{*1}	[Non-consolidated] ¥1,053.5 billion [Consolidated] ¥1,364.1 billion
Ordinary Profit ^{*1}	[Non-consolidated] ¥73.0 billion [Consolidated] ¥127.7 billion
Profit ^{*1}	[Non-consolidated] ¥54.6 billion [Consolidated] ¥80.8 billion ^{*2}
Share Capital	¥132,166 million
Number of Employees	[Non-consolidated] 3,203 (including executive officers, directors and temporary employees, and excluding employees temporarily transferred to affiliated companies) [Consolidated] 20,941

^{*1} Fiscal year ended March 31, 2021
^{*2} Profit attributable to owners of parent

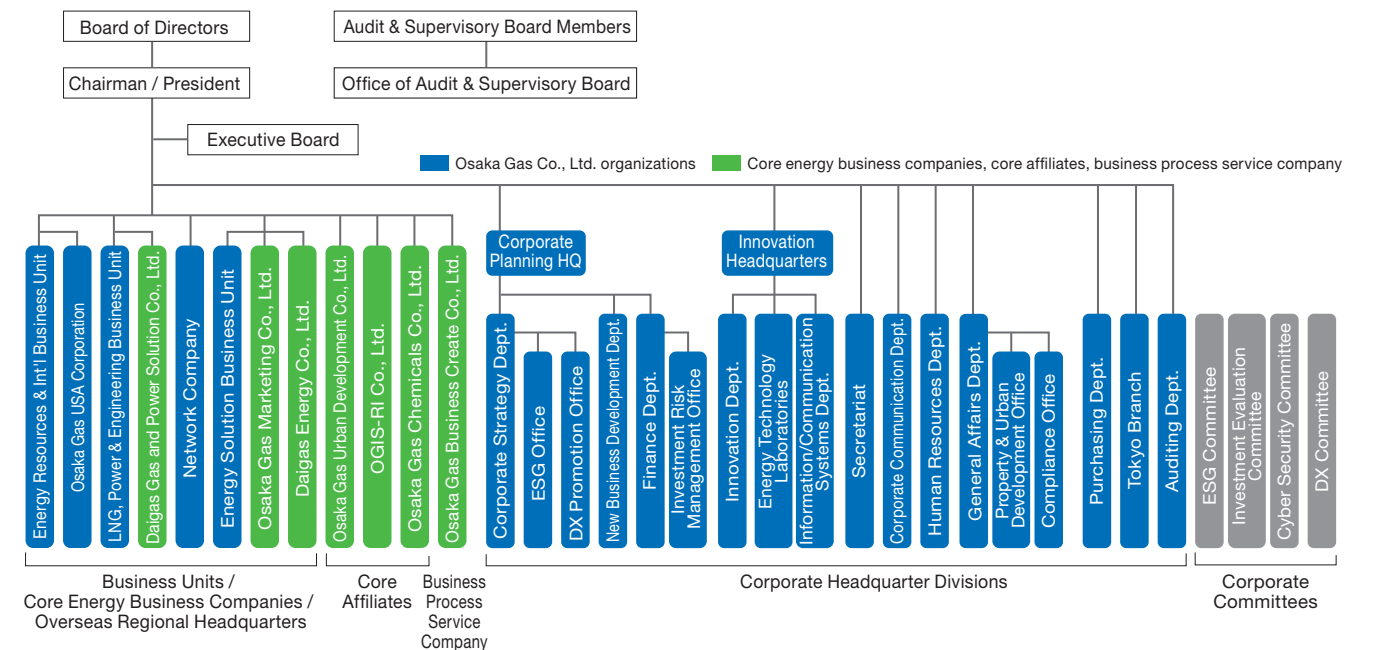


Main Business Lines of the Daigas Group (As of March 31, 2021)

Business segments	Main business lines
Domestic Energy / Gas	Production, supply and sale of city gas, sale of gas appliances, gas pipe installation, sale of LNG and LPG, sale of industrial gas
Domestic Energy / Electricity	Power generation, sale of electricity
International Energy	Development of and investment regarding oil and natural gas, energy supply, LNG transport
Life & Business Solutions	Development and leasing of real estate properties, information-processing services, sale of fine materials and carbon material products



Daigas Group Organization (As of April 1, 2021)



Daigas Group's Values

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.”

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.

We create value primarily for customers, as well as for society, shareholders, and employees.

Our Corporate Motto

Service First

Daigas Group Charter of Business Conduct

- I . Creating value for customers
- II . Contributing to the sustainability of the environment and society
- III . Engaging with and contributing to society
- IV . Respecting human rights
- V . Complying with laws and regulations
- VI . Providing work environment that supports employees' personal growth

Daigas Group Code of Business Conduct

1. Respecting human rights

2. Providing safe and secure workplace

3. Complying with laws and regulations

4. Avoiding use of professional positions and company property for personal reasons

5. Complying with laws in each country and region, and respecting international standards including those on human rights

6. Contributing to the environmental conservation

7. Complying with anti-monopoly laws and regulations, and conducting fair transactions

8. Providing products and services

9. Ensuring safety of products and services

10. Interacting with customers appropriately
11. Engaging with and contributing to society

12. Building and maintaining sound relationships with business partners

13. Engaging business partners in following Daigas Group Code of Business Conduct

14. Managing proper use of information and systems

15. Disclosing information and engaging with stakeholders

16. Properly handling intellectual property

17. Avoiding association with anti-social groups and individuals

18. Making tax payment and performing accounting practices properly



Daigas Group's Values

We have set the Daigas Group Corporate Principles, Charter of Business Conduct, and Code of Business Conduct as guidelines for realizing the Daigas Group's Values including what the Group aims to be, its commitment, corporate motto, attitude, and standards of conduct that executives and employees must follow.

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's Values.

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Tool Map

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

	Leaflets (downloadable from the web)	WEB
Financial information	<ul style="list-style-type: none">Corporate Governance ReportBusiness ReportSecurities ReportFact Book 	<ul style="list-style-type: none">Investor Relations https://www.osakagroup.co.jp/en/ir/ 
Non-financial information	<ul style="list-style-type: none">Integrated Report 	<ul style="list-style-type: none">Sustainability https://www.daigasgroup.com/en/sustainability/ 

Editorial Policy

In Integrated Report 2021, we pay particular attention to non-financial information in order to present how assets accumulated to date will lead to future value creation and realize sustainable growth to our stakeholders, which include shareholders and investors. We will continue to pursue further improvement of its content.

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.

Scope of This Report Osaka Gas Co., Ltd. and its group companies

Period Covered April 1, 2020, to March 31, 2021
*Matters on other periods are partially included.

Guidelines Referred to

- International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- 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)
- ISO26000 (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

Our Commitment



Commitment

To be an innovative energy and service company that continues to be the first choice of customers and achieve sustainable growth

To maximize value for all stakeholders

We would like to extend our warmest greetings to all stakeholders as we issue this Integrated Report.

The COVID-19 pandemic has been significantly impacting daily life and economic activity since the previous year. At the Daigas Group, we have been working hard to provide the stable supply of energy and maintain safety, as a corporate group responsible for social infrastructure. And we are rediscovering the weight of this responsibility on a daily basis.

Over the past 115 years since beginning to provide gas for lighting gas lamps in 1905, our gas business has expanded its application to heat source for residential, commercial, and industrial purposes to electric power generation, in response to social and environmental changes. The Daigas Group has worked to evolve as a corporate group that can meet the needs of customers and society through providing gas and electricity, as well as various related products, services, and solutions to support lifestyles and businesses.

The Daigas Group's principles and spirit are reflected in Our Corporate Motto "Service First" and in What We Aim to Be, "a corporate group that powers continuous advancement in customers' lives and businesses," which each employee takes to heart. We believe that it is the management's mission to apply these unwavering corporate principles and values to the greatest extent possible to the Daigas Group's corporate activities, regardless of changes in the times or the environment.

In the age of COVID-19 and even afterward, there will never be a change in the Daigas Group's original intention to genuinely engage with and serve customers and society. We are committed to maximizing value for all stakeholders, including customers and shareholders, and working toward realizing sustainable growth. As we work to meet the commitment, we aim to evolve into "an innovative energy and services company that continues to be the first choice of customers," which is our goal set in the Long-Term Management Vision 2030.

In March 2021, we announced the Daigas Group Medium-Term Management Plan 2023: Creating Value for a Sustainable Future, following the Daigas Group Carbon Neutral Vision released in January. Under the Plan, we will strive to create value for a sustainable future, which consists of achieving a low carbon / carbon neutral society, establishing lifestyles and businesses adjusted to the new normal, and enhancing resilience of customers and society. Creating this value will fulfill our corporate purpose of contributing to society by solving social issues.

As we pursue the goals set in the current Medium-Term Management Plan, we deeply appreciate the continued support and encouragement of our stakeholders.

September 2021

本莊武宏

Takehiro Honjo
Chairman of the Board

藤原正隆

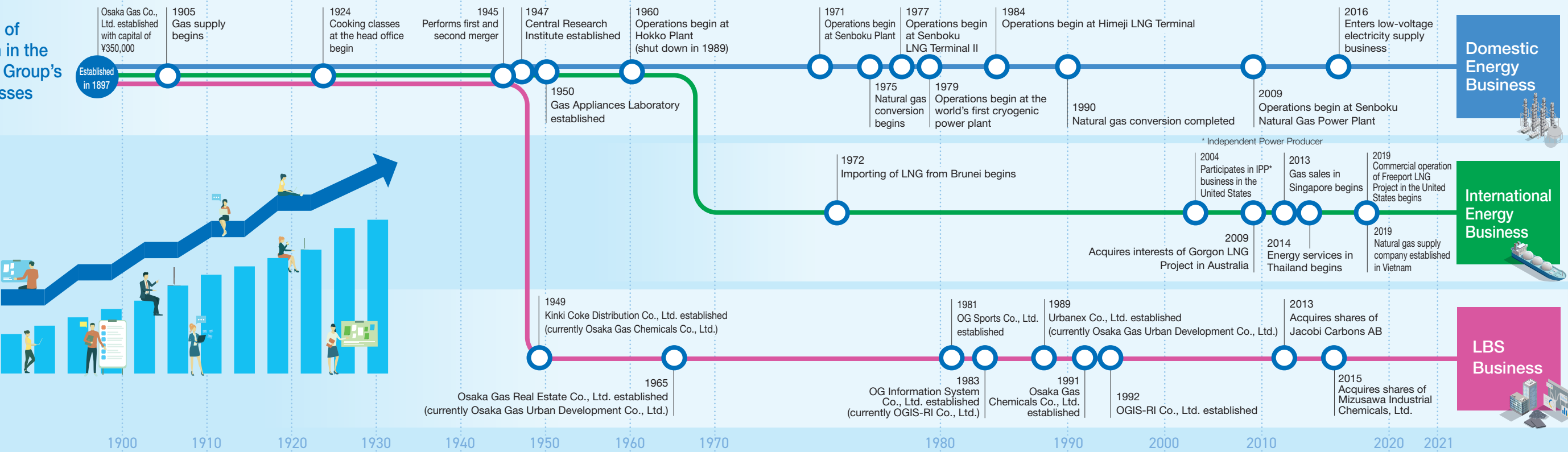
Masataka Fujiwara
Representative Director and President

History of Co-creation of Value

The Daigas Group's gas business began with gas supply in 1905. In over 110 years since, the gas business that started with lighting gas lamps has expanded the application of gas to cooking, 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

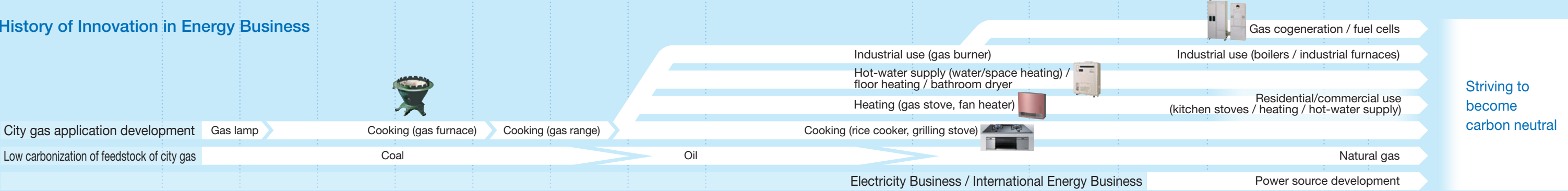
have been fostered through the energy business, the Daigas Group has expanded its business domains and developed into a corporate group that provides various products, services, and solutions.

History of Growth in the Daigas Group's Businesses

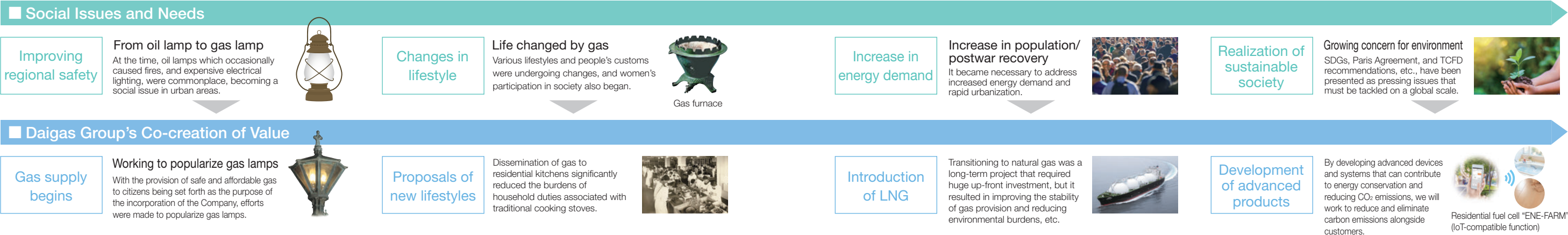


Value Creation Process
P.17

History of Innovation in Energy Business



Social Background and Daigas Group's Strategy



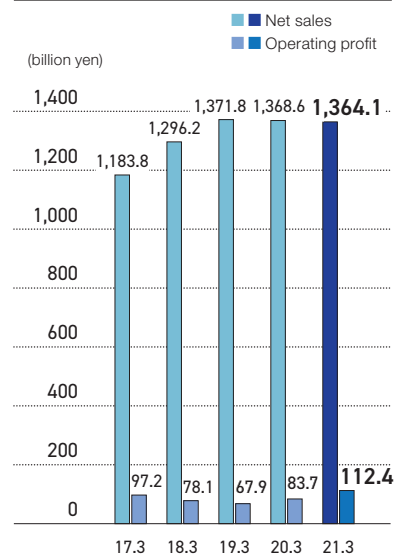
Financial Data

Net sales / Operating profit

Fiscal year ended March 31, 2021

Net sales
¥1,364.1 billion

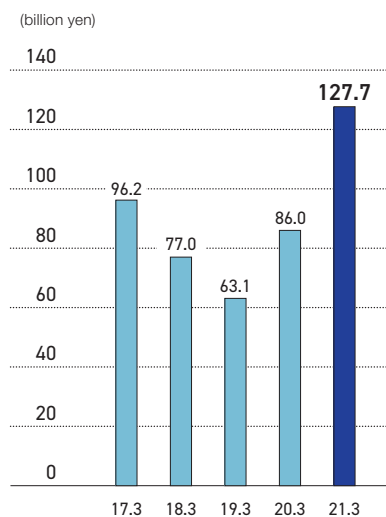
Operating profit
¥112.4 billion



Ordinary profit

Fiscal year ended March 31, 2021

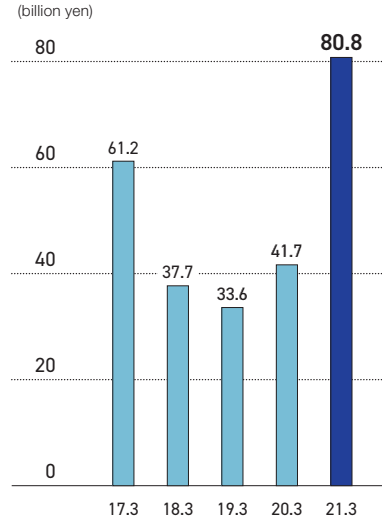
¥127.7 billion



Profit attributable to owners of parent

Fiscal year ended March 31, 2021

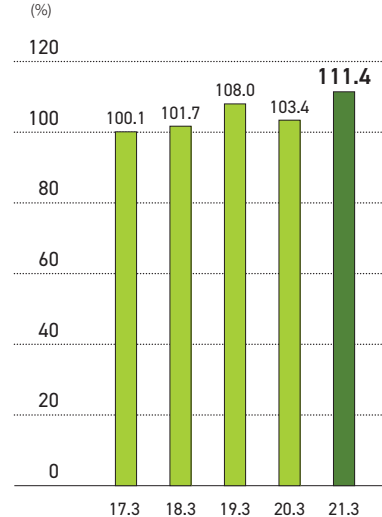
¥80.8 billion



Total shareholder return*1

Fiscal year ended March 31, 2021

111.4%

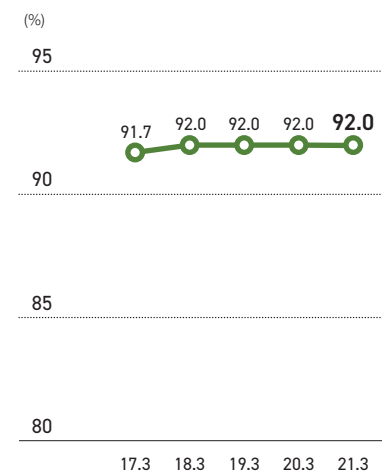


*1 Calculated based on data as of the end of March 2016

Customer satisfaction (overall satisfaction*2) (Osaka Gas)

Fiscal year ended March 31, 2021

92.0%

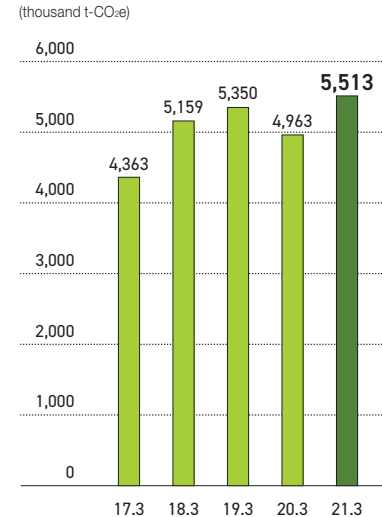


*2 Percentage of evaluations in the highest two ranks of a six-rank scale regarding customer satisfaction levels in seven areas of operation that have direct interaction with customers (opening gas valves, appliance repairs, appliance sales with installation, periodic safety inspections (gas facility surveys), telephone support (customer center), emergency safety calls, expired meter replacements)

Greenhouse gas emissions*3

Fiscal year ended March 31, 2021

5,513 thousand t-CO₂e



*3 Scope 1 and 2

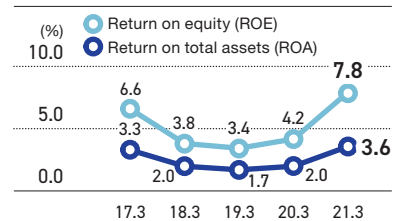
Return on equity (ROE)

Return on total assets (ROA)*

Fiscal year ended March 31, 2021

ROE
7.8%

ROA
3.6%



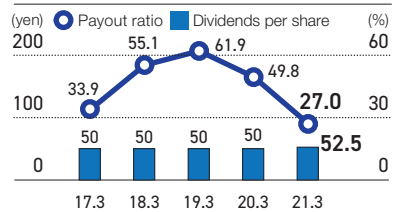
* Calculated taking in account of "Partial Amendments to Accounting Standard for Tax Effect Accounting"

Payout ratio / Dividends per share*

Fiscal year ended March 31, 2021

Payout ratio
27.0%

Dividends per share
¥52.5

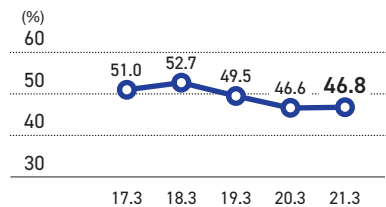


* Taking into account the effects of the 1-for-5 stock consolidation

Shareholders' equity ratio*

As of March 31, 2021

46.8%

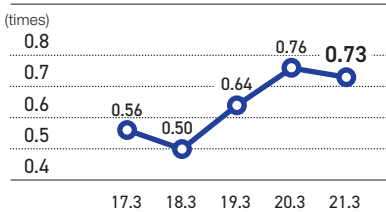


* Calculated taking in account of "Partial Amendments to Accounting Standard for Tax Effect Accounting"

Debt equity ratio

As of March 31, 2021

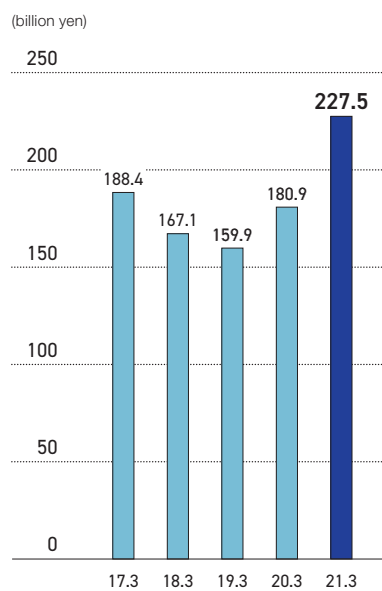
0.73 times



EBITDA

Fiscal year ended March 31, 2021

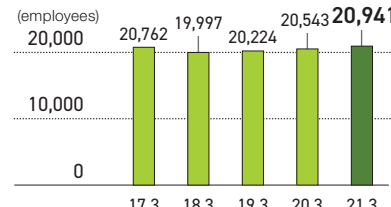
¥227.5 billion



Number of employees

As of March 31, 2021

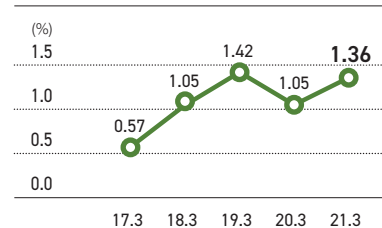
20,941



Job turnover rate (Osaka Gas employees under age 50)

Fiscal year ended March 31, 2021

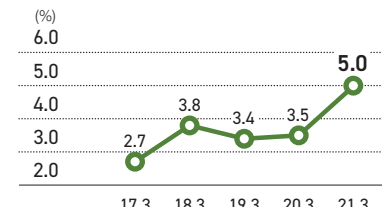
1.36%



Percentage of women in managerial positions (Osaka Gas)

As of March 2021

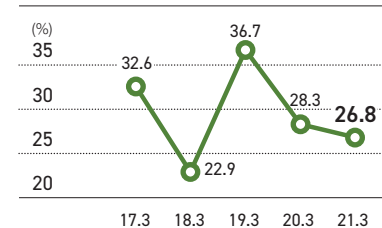
Target 5.0% by 2020
5.0%



Percentage of women in new recruits for career-track positions (Osaka Gas)

Fiscal year ended March 31, 2021

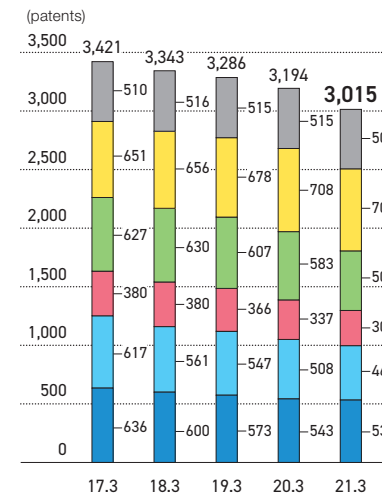
26.8%



Patent portfolio by business type

Fiscal year ended March 31, 2021

3,015 patents



■ Gas production, distribution, and supply
■ Residential gas appliances
■ Commercial and industrial gas equipment
■ Cogeneration
■ Materials technology
■ Other

Message from the President



Creating Value for a Sustainable Future

We strive to create value for a sustainable future with our stakeholders and achieve further growth.

Medium-Term Management Plan 2023 “Creating Value for a Sustainable Future”

In March 2017, we announced the Daigas Group Long-Term Management Vision 2030. Under the Vision, we have been working to diversify the Group’s business portfolio while creating a foundation for sustainable growth in order to adapt to a rapidly changing environment. Amid this process, we have started to see a global paradigm shift in recent years caused by escalation of business environmental changes, which affect the sustainability of society as demonstrated by the COVID-19 pandemic and large-scale natural disasters due to climate change.

To this day, we have worked with a strong sense of mission in our business activities to support lifestyles and society through the stable supply of energy in any situation, even in these times of change. Going forward, we must speedily adapt to changing times by enhancing the resilience of customers and society, realizing a low carbon / carbon neutral society, and responding to new lifestyles. We must also take on challenges to resolve social issues both within and outside Japan, and create new social and economic value.

Based on such awareness, in March 2021, we announced the Daigas Group Medium-Term Management Plan 2023: Creating Value for a Sustainable Future as a way to clarify what we aim to be and to indicate what roles we will play in resolving new social issues. Under this Plan, we are committed to realizing a sustainable society by resolving social issues, and evolving into an innovative energy and service company that continues to be the first choice of customers.

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Masataka Fujiwara
Representative Director and President

Creating Value for a Sustainable Future with Our Stakeholders

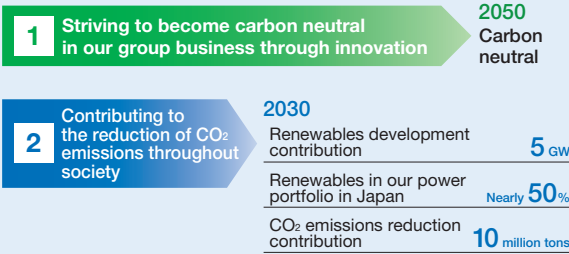
In the Medium-Term Management Plan 2023, we define value for a sustainable future as a set of three types of value that we aim to create, which are achieving a low carbon / carbon neutral society, establishing lifestyles and businesses adjusted to the new normal, and enhancing resilience of customers and society, for solving social issues. We focus our efforts on creating this value for a sustainable future with our stakeholders by leveraging our strengths in solutions and innovation, to share the achievements with our stakeholders. This spirit is described as “Creating Value for a Sustainable Future,” as the subtitle of the Medium-Term Management Plan.



1. Achieving a Low Carbon / Carbon Neutral Society

The first element of value for a sustainable future is achieving a low carbon / carbon neutral society. Under the Daigas Group Carbon Neutral Vision, we will seek out possibilities for the use of hydrogen while continuing to work on the expanded use and advanced utilization of natural gas, a greener energy source than other fossil fuels. As part of this initiative, we will develop methanation*-related technologies to decarbonize city gas and increase the share of renewables in our power generation portfolio to decarbonize power sources, in order to achieve our carbon neutral goal by 2050.

Striving to become carbon neutral by 2050



In the meantime, since it will take some time to establish carbon-free technologies, we need to accelerate our efforts to contribute to CO₂ emissions reduction. We are striving to reduce as much CO₂ emissions as possible to meet the three targets that we set forth as the milestones for 2030: 5 GW of renewables development contribution, nearly 50% of our power portfolio in Japan consisting of renewables, and 10 million tons per year of CO₂ emissions reduction contribution.

*Methanation technology
Technology that uses hydrogen (H₂) and carbon dioxide (CO₂) to generate methane (CH₄).

2. Establishing Lifestyles and Businesses Adjusted to the New Normal

The second element of value for a sustainable future is establishing lifestyles and businesses adjusted to the new normal. The COVID-19 pandemic has been significantly changing people’s lifestyles and ways of work, as well as companies’ business models. We expect, as these changes will gradually become commonplace as the new normal, there will be increasing needs for new value that accommodates this new environment. And this can be only achieved by deeply understanding what customers really need for their lives and businesses in facing the unprecedented changes. Through greater co-creation than ever before, we will provide customized solutions that meet the specific needs of customers, while vigorously working to develop new solutions and services utilizing various resources such as digital technologies.

Through this initiative, we aim to quickly achieve our goal of 10 million customer accounts through new approaches to B to C and B to B customers not only in the Kansai region but other key markets in Japan and overseas.

3. Enhancing Resilience of Customers and Society

The third element of value for a sustainable future is enhancing resilience of customers and society. Through our experiences in restoration and rebuilding after disasters such as the Great Hanshin Earthquake, the Great East Japan Earthquake, and the North Osaka Earthquake, we have tirelessly pursued efforts to enhance resilience of customers and society. We believe that the energy resilience will further grow in importance not only in Japan but also in other countries from the viewpoint of responding to climate change and providing stable energy. We will further enhance energy resilience by improving the stability and safety of the natural gas supply chain. We will also secure emergency electricity supply for large-scale power outages due to natural disasters and contribute to the power system stability with the combination of renewables and distributed power sources.

In the meantime, we will work to prevent the failures of appliances and facilities and improve the quality of maintenance services by utilizing the IoT technologies for customers' higher sense of safety and peace of mind. These measures will not be limited to Japan, but are planned to be widely expanded into other countries such as those in Asia.

Evolve Our Corporate Group

As we create value for a sustainable future as a higher level of value, we must also keep growing and developing at the same time to evolve our corporate group. We will boost the Daigas Group's earning capabilities while strengthening its management foundation to be able to flexibly adapt to changes, through the following three key initiatives.



1. Enhancing Business Portfolio Management

First is enhancing business portfolio management. In order to evolve our corporate group, each business unit must not only seek to grow profits, but also improve capital efficiency to ultimately strengthen the business portfolio of the overall Daigas Group. From this viewpoint of securing financial soundness, we have introduced ROIC as a new management indicator to improve the control of each Group business operation with more focus on their balance sheets. Under the Medium-Term Management Plan 2023, we aim to achieve an ROIC of about 5% while raising cash flows from operating activities to 1.5 times the average of the most recent three years, and provide shareholder returns when we achieve the profit growth.

2. Promoting Business Transformation with DX

Second is promoting business transformation with DX. We promote digital transformation (DX) to improve productivity by strengthening internal data management and reforming operational processes and to enhance our solutions to create and provide innovative customer services. In particular, we focus on building stronger connections with customers through DX and business reforms in all operations in order to achieve business model transformation and innovations.

To that end, we have launched a DX Promotion Office in the Corporate Strategy Department and a DX Committee as a companywide committee in April 2021 for implementing effective and swift digital transformation under the leadership of top management.



3. Maximizing Value for Each Employee

Third is maximizing value for each employee. Employees are the source of corporate value creation and the driving force behind growth. We are committed to maximizing the value for each employee, which will raise the comprehensive strength of the Daigas Group. We support safe and flexible ways of work through policies that allow employees to choose where they work and how they work, and promote diversity and inclusion throughout the Daigas Group as a basis for employees to pursue their individual career opportunities. We also focus on creating an

organizational and corporate culture that encourages employees to take on challenges for resolving social issues with a sense of stability at work. In the meantime, we aim to enhance employee engagement in areas such as corporate loyalty and desire to contribute.

In March 2021, we announced the Declaration of Health and Productivity Management, which declares that the Daigas Group is committed to securing employees' safety, maintaining and enhancing their physical and mental health as the foundation for all operations. Under this declaration, we encourage all employees to maintain and improve their health, distributing a guideline to promote healthy lifestyles.

This concludes an overview of the Medium-Term Management Plan 2023. We will roll out these measures globally going beyond traditional frameworks and evolve into a corporate group that continues to be the first choice of customers, while further contributing to realizing a sustainable society.

Contribution to Achieving SDGs through Creating Value for a Sustainable Future

We will contribute to achieving the Sustainable Development Goals (SDGs) through our business activities to create value for a sustainable future. The activities include contributing to realizing a low carbon / carbon neutral society, building stable and highly resilient energy infrastructure, and promoting community development that is both environmentally and economically sound. We will pursue SDGs through alliances with other companies and partnerships with stakeholders.

Gaining Confidence of Stakeholders Through ESG Management

For the Daigas Group's continued sustainable growth, we must steadily promote ESG-conscious management and continue to gain the confidence of our stakeholders.

Since its founding, the Daigas Group has been practicing ESG-conscious management in various ways while working to provide products and services that accommodate the changes of the times, in order to be a corporate group that provides solutions to customers and society. In 2007, we announced our participation in the United Nations Global Compact, a first for a Japanese public utility enterprise, and we support the principles to be followed by companies as members of international community. In April 2021, when the new Medium-Term Management Plan was released, we revised the Daigas Group Charter of Business Conduct, which shows our universal corporate attitude, and announced the new Daigas Group Human Rights Policy amid a growing awareness of human rights on a global scale.

We are committed to strengthening our corporate governance by not only disclosing information in an appropriate manner but also thoroughly implementing fair business operations across the Daigas Group, further promoting diversity, and enhancing information security. Business execution and supervision have already been separated, and at least one-third of the Board of Directors is comprised of outside directors with the intent of further strengthening business execution functions and supervision functions.

Through implementing these ESG initiatives, we strive to gain the unwavering trust of our stakeholders and demonstrate the comprehensive strength of the Daigas Group, taking on challenges to realize sustainable growth.

September 2021

Daigas Group's Contribution to SDGs

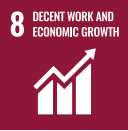
- We pursue an optimal energy mix.
- We raise the proportion of renewables in our energy portfolio.



- We build a high-quality and resilient energy infrastructure for stable energy supply.



- We provide a work environment where female employees can perform at their full potential and pursue their careers.



- We strive to create employment, provide rewarding jobs, and build a work environment where employees' health and safety are protected.



- We pioneer a new era in collaboration with various partners.

Becoming Carbon Neutral by 2050



- We promote the efficient utilization of resources.
- We provide people with information and proposals on solutions using sustainable energy.



- We promote urban development for a sustainable society where people can lead safe and comfortable lives.

- We support productivity enhancement and economic growth by providing various services and creating new value through innovation.

Explanation of Finance Strategy



Aiming to Achieve Goals Set in the Daigas Group Medium-Term Management Plan 2023

Takeshi Matsui
Representative Director and Executive Vice President

Review of the Medium-Term Management Plan 2020

In order to realize what we aim to be as set forth in the Long-Term Management Vision 2030 announced in March 2017, we have worked to create new business pillars by aggressively investing in new assets for business growth and implementing M & A, while steadily making efforts to generate high profit from previously acquired assets.

In the fiscal year ended March 31, 2021, which was the final year of the Medium-Term Management Plan 2020 (Plan 2020), the International Energy Business began to fully contribute to the Group's profit growth, while the Domestic Energy Business and Life & Business Solutions Business each showed steady growth. As a result, we generally achieved the management indicator outlined in the Plan 2020.

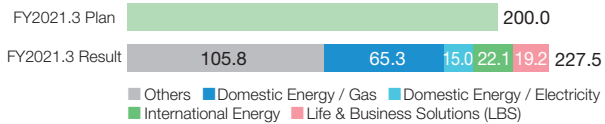
As for profitability indicators, ROE was 7.8%, ROA 3.6%, and EBITDA 227.5 billion yen. In terms of financial soundness indicators, shareholders' equity ratio was 50.5% and D/E ratio was 0.60, which met our targets set in the Plan 2020. With respect to shareholder returns, we raised dividend forecasts for the current and next fiscal years in view of the results of our growth up to this point and projections for future profit levels. Owing to temporary factors that caused profits to rise, the payout ratio was 27.0% for the fiscal year ended March 31, 2021.

■ Review of the Medium-Term Management Plan 2020

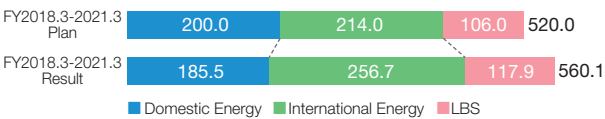
		FY2021.3 Result	Plan 2020
Profitability indicators	ROE	7.8%	7.0%
	ROA	3.6%	3.5%
	EBITDA	227.5 billion yen	200.0 billion yen
Financial soundness indicators	Shareholders' equity ratio*	50.5%	Around 50%
	D/E ratio*	0.60	Approximately 0.70
Shareholder returns	Payout ratio	27.0%	30% or higher

* Calculated with 50% of issued hybrid bonds as equity

■ Breakdown of EBITDA (billion yen)



■ Investment for business growth (billion yen)



Medium-Term Management Plan 2023

As financial policies under the Medium-Term Management Plan 2023 (Plan 2023), we will steadily promote growth by promoting existing business profitability and by investing in new businesses where we can leverage our strengths. In the meantime, we will strive to maintain financial soundness indicators, and distribute shareholder returns according to growth.

■ Financial targets for the Medium-Term Management Plan 2023

		Plan 2023
Profitability indicators	ROIC* ¹ (Reference ROE)	Approximately 5% (Approximately 7.5%)
Financial soundness indicators	D/E ratio* ²	Approximately 0.7
	Shareholders' equity ratio* ²	Around 50%
Shareholder returns	Payout ratio	30% or higher* ³

Growth in existing business through improvement of profitability

To ensure the growth of our existing businesses, we have introduced ROIC as a group-wide management indicator and have been working to enhance business portfolio management.

ROIC is an indicator that represents how efficiently we earn profits from assets used for our business. We have been using company-wide ROE as a management indicator, but under the Plan 2023, we take one step further and work to improve ROIC. While the Daigas Group is an aggregate of business units with different characteristics, we use ROIC as a common management indicator as well as EBITDA, which measures the scale of cash. We aim for ROIC higher than the capital cost by using an ROIC tree while reviewing resource allocation and asset replacement for each business unit as well as the overall company.

An indicator of "how efficiently we earn profits from assets associated with our business"

ROIC*¹ = NOPAT / Invested capital

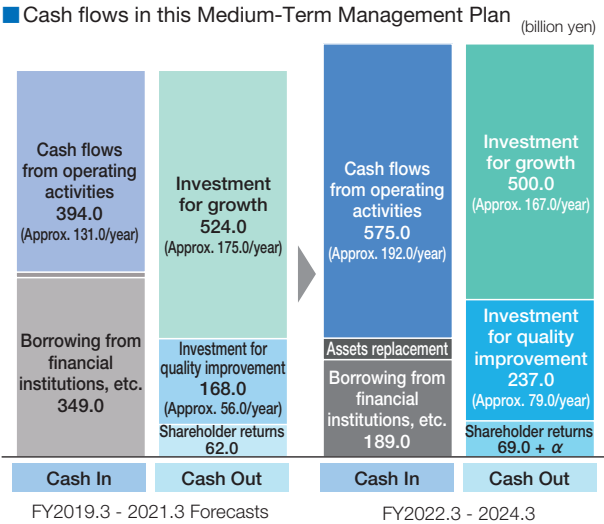
Introduction of common indicators for each business unit and the Daigas Group as a whole

In the meantime, we intend to increase the speed of our responses to changes, and thereby realize a more flexible and highly effective business portfolio management by enhancing the business control functions of each business unit and increasing the frequency of reviews on business plans and resource allocation at the headquarters (Please also see "Enhancing Business Portfolio Management" on page 45).

We will aim to achieve approximately 5% in ROIC on a group-wide basis for the fiscal year ending March 31, 2024. Over the long term, we will aim to raise the target to about 7% in the fiscal year ending March 31, 2031 in light of expected changes in income-and-expense structures associated with future growth.

Growth through investment

We will steadily continue making investment for growth under the Plan 2023 in an effort to expand the scale of revenue. In key areas including decarbonization-related field such as renewable energy, international business, and life and business solutions (LBS), we will make investment for growth in a scale of approximately 500 billion yen during the period covered by the Plan. Of these, we expect that investment in renewable energy will be about 120 billion yen. As for investment in quality improvement, we will enhance investment for DX and resilience. To cover these investments, we will grow our cash flows from operating activities to 1.5 times the forecasts for the three most recent fiscal years.



Investment Risk Management

Our investment stance is to maintain a good balance between risk and return, not taking high risks to seek excessively high returns and avoiding unnecessary risk control. To this end, we manage investment risk by ensuring the following four points.

The first is the consistency with the investment project's strategy. In addition to profit contributions from the project alone, we evaluate whether or not the project contributes to synergies with the Company's other businesses and the improvement of business execution capabilities.

The second is the evaluation of the inherent risks of the investment project. We conduct strict project evaluations and deliberations through the Investment Evaluation Committee after establishing uniform group-wide investment standards and taking into account the evaluations of the Investment Risk Management Office and internal organizations in charge of finance and legal affairs, as well as third-party evaluations of external consultants when necessary.

The third is maintenance of a good balance with financial soundness. We quantitatively assess potential losses for each risk in investment and balance risk and return across the entire Group to make it possible to sustainably conduct investments for growth

while maintaining a certain level of financial soundness even when faced with the risks.

The fourth is follow-up after investment. Based on our investment monitoring standards, we conduct annual follow-ups on each investment project every year. By applying the standards, we evaluate whether or not the project satisfies the original purpose of our investment, keeps up with the changes in the business environment, and faces any issues with its progress and profitability. Depending on the evaluation, we take necessary actions such as improving project profitability or considering divestiture or withdrawal.

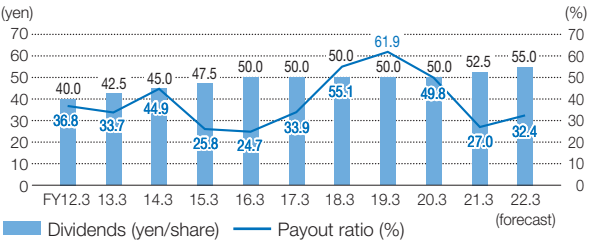
Maintaining financial soundness

During the period of the Plan 2020 (two fiscal years ended March 31, 2020 and March 31, 2021), when the investment for growth exceeded cash flows from operating activities, we issued a total of 175.0 billion yen in hybrid bonds (subordinated corporate bonds) that contributed to both financial soundness and the investment for growth. Going forward, we will increase cash flows from operating activities by appropriately conducting ROIC management, while also advancing the replacement of assets including securities and restricting borrowing from financial institutions. Under the Plan 2023, we intend to maintain D/E ratio of approximately 0.7 and shareholders' equity ratio of around 50% as targets of financial soundness indicators.

Shareholder returns according to growth

Our shareholder return policy is to provide stable dividends while maintaining a consolidated dividend payout ratio of 30% or higher excluding short-term fluctuation factors that affect profits, as our basic stance, and to provide higher dividends when we achieve profit growth. We will consider what would be our optimal measures for shareholder returns, taking into account structural risks such as intensifying competition in the fully deregulated energy market and declining population in Japan while comprehensively evaluating future free cash flow, progress in investments for growth, business performance, and financial situation.

■ Trends in dividends / payout ratio



*1 ROIC = NOPAT / Invested capital
NOPAT = Ordinary profit + Interest expenses - Interest income - Income taxes
Invested capital = (Business unit) Working capital + Non-current assets
(Group-wide) Interest-bearing debts + Shareholders' equity (average of the beginning and the end of each fiscal year)
Interest-bearing debts excludes risk-free leased liabilities to us.
Excluding temporary impact on Domestic Energy Business (time-lag effect of Gas Business and Electricity Business).
*2 Calculated with 50% of issued hybrid bonds as equity
*3 Excluding short-time fluctuation factors that affect profits

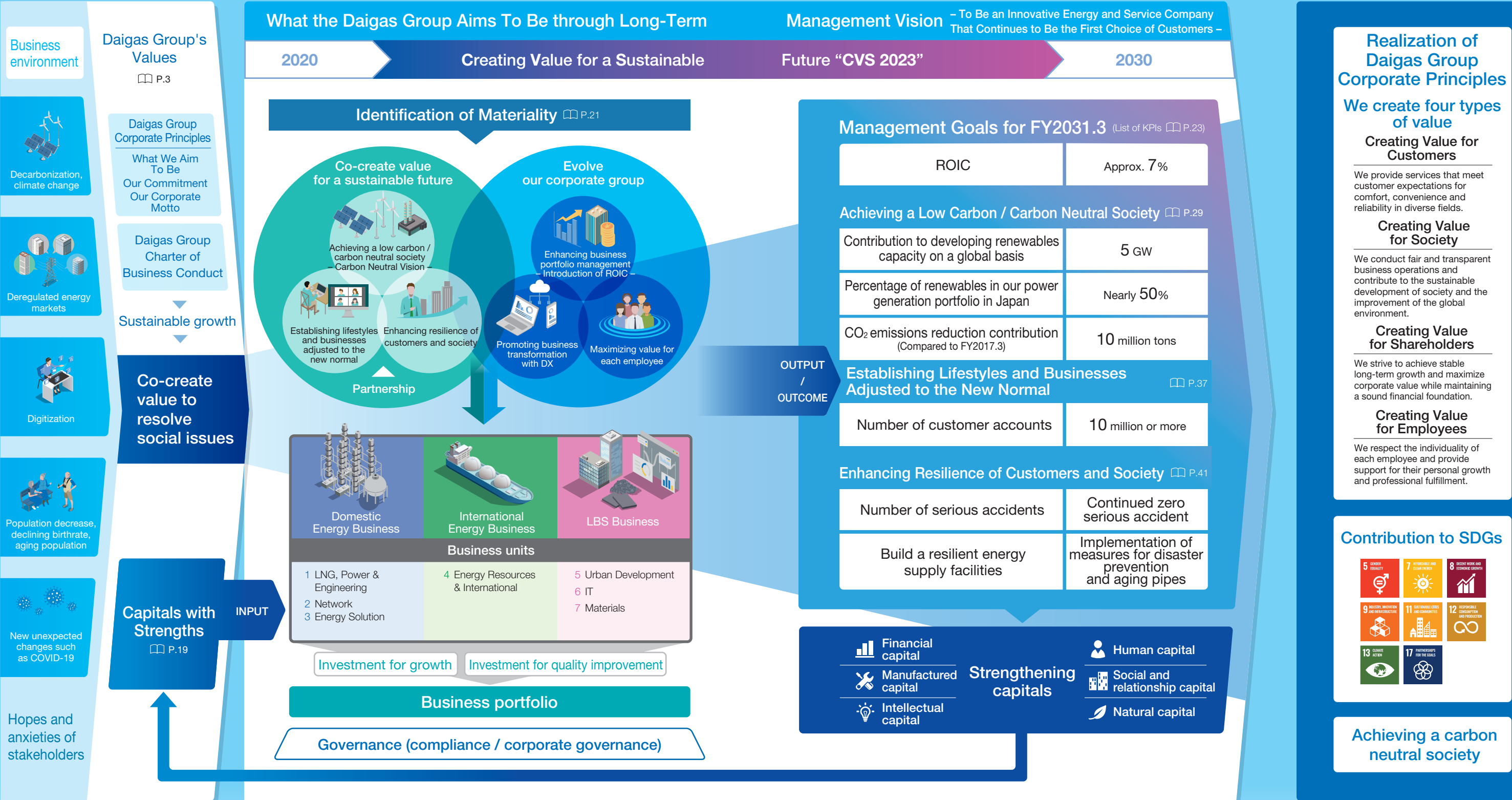
Value Creation Process

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

Under the Daigas Group Medium-Term Management Plan 2023: Creating Value for a Sustainable Future, we are committed to creating value for a sustainable future with our stakeholders and achieve further growth as a corporate group

that provides solutions to social issues for realizing a sustainable society.

The Daigas Group will strive to evolve into an innovative energy and service company that continues to be the first choice of customers by creating a strong business portfolio through autonomous growth of each business unit.



Daigas Group's Businesses and Capitals with Strengths

(Data as of March 31, 2021 and for the fiscal year ended March 31, 2021)

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

International Energy Business

Business unit

Energy Resources & International



Upstream Business

Expanding upstream business field through project participation for group-wide steady profit growth.



Mid- & Downstream Business in North America

Supporting the stable operation of the Freeport LNG project in the US for LNG price stabilization and index diversification.



LNG Trading

Importing LNG under long-term contracts, and diversifying LNG supply sources and price indices to enhance the stability of LNG procurement.

*Capital is organized in accordance with the International Integrated Reporting Framework.

Manufactured capital

Natural gas liquefaction processing plant

1 location

Carriers owned by the Group

8 ships

Power generation capacity (in operation)

4.69 GW

(Of which, renewable energy: 393 MW)

Gas manufacturing plant

2 locations

Total pipeline length

Approx. 63,100 km

Central Control Office*

* Operating 24 hours a day, 365 days a year to ensure stable supply and safety

Financial capital

Cash flows from operating activities

219.7 billion yen

Financial soundness

D/E ratio

0.73 times

Shareholders' equity ratio

46.8%

Intellectual capital

Number of patents held

3,015 patents

R&D expenses

9.4 billion yen

Human capital

Number of employees

20,941 employees

Job satisfaction

3.86/4.25

Attachment to the Company*

*FY2019.3 result of the "Employee Attitude Survey" (Scale of 5 for each item)

Natural capital

Natural gas resources

Renewable energy

Domestic Energy Business

Business unit

LNG, Power & Engineering

Network

Energy Solution

Ensuring reliable power supply with various sources including gas-fired power plants at the Senboku LNG terminal, cogeneration systems, and renewables.



Power Generation Renewable Energy

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



Electricity Transmission

Providing safety and peace of mind in customers' energy usage with an around-the-clock emergency response.



Residential Market



LNG & Engineering

Ensuring the reliability of LNG facilities including 25 LNG tanks located in Senboku and Himeji.



Network

Extending pipelines and conducting scheduled facility update for stable gas supply.



Non-residential Market

Providing solutions to meet customer needs at homes, factories and offices.



IPP in North America

For decarbonization, increasing renewables in our portfolio, which has mainly focused on gas-fired power plants.



Asia

Expanding our businesses in renewables and LNG terminals, as well as natural gas marketing and energy services.

International Energy Business

LBS Business

Business unit

Urban Development

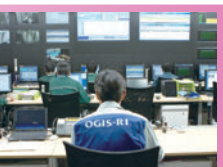
IT

Materials

Developing non-energy businesses for risk diversification by leveraging technologies and know-how we have cultivated in our energy business.



Urban Development



IT



Materials

Social and relationship capital

Number of customer accounts*

Approx. 9.40 million

Including:
Low-voltage electricity supply contracts:

Approx. 1.51 million

Gas supply contracts:

Approx. 5.14 million

Service chain partners

Approx. 200 stores

Co-creation relationship with stakeholders

*Total number of contracts, including city gas, electricity, LPG, ENE-FARM, Sumikata Service, and utility agent contracts.

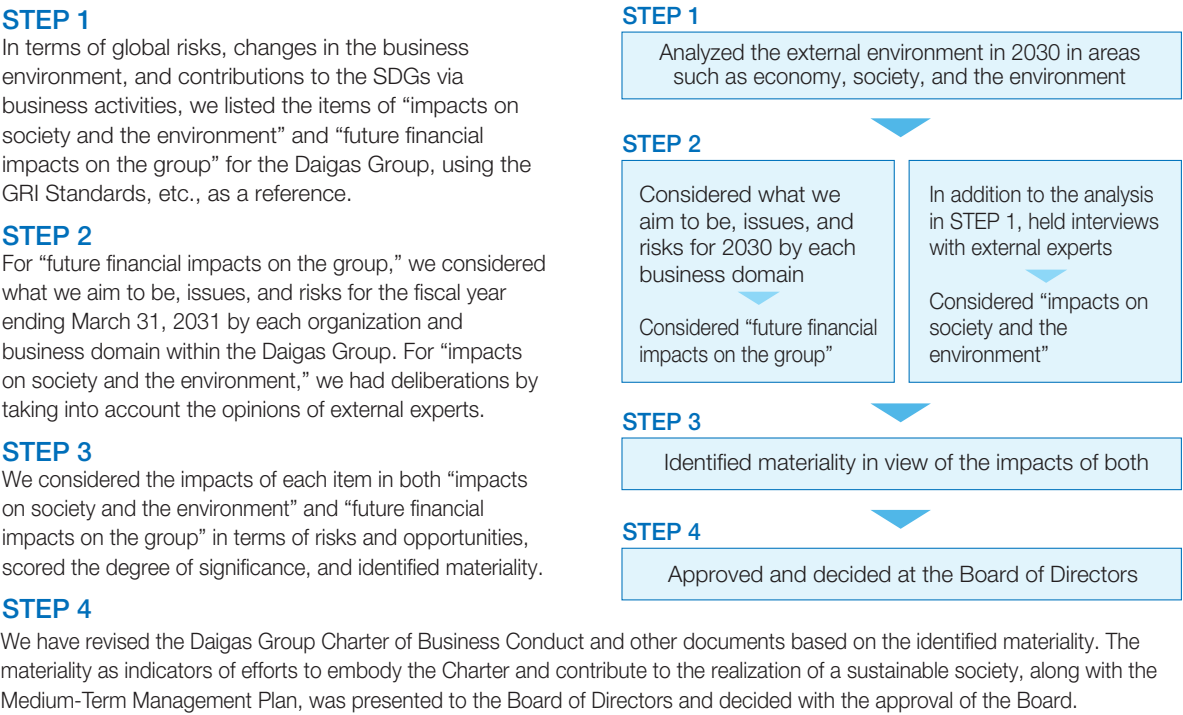
Materiality Identification Process

In formulating the Medium-Term Management Plan 2023 (Plan 2023), the Daigas Group newly identified important aspects (materiality). Regarding the identification of materiality, we held numerous discussions with organizations in the Group and extracted the items of “impacts on society and the environment” over the medium- to long-term in view of changes in the business environment and social trends related to sustainability, and then identified the items of “future financial impacts on the group.”

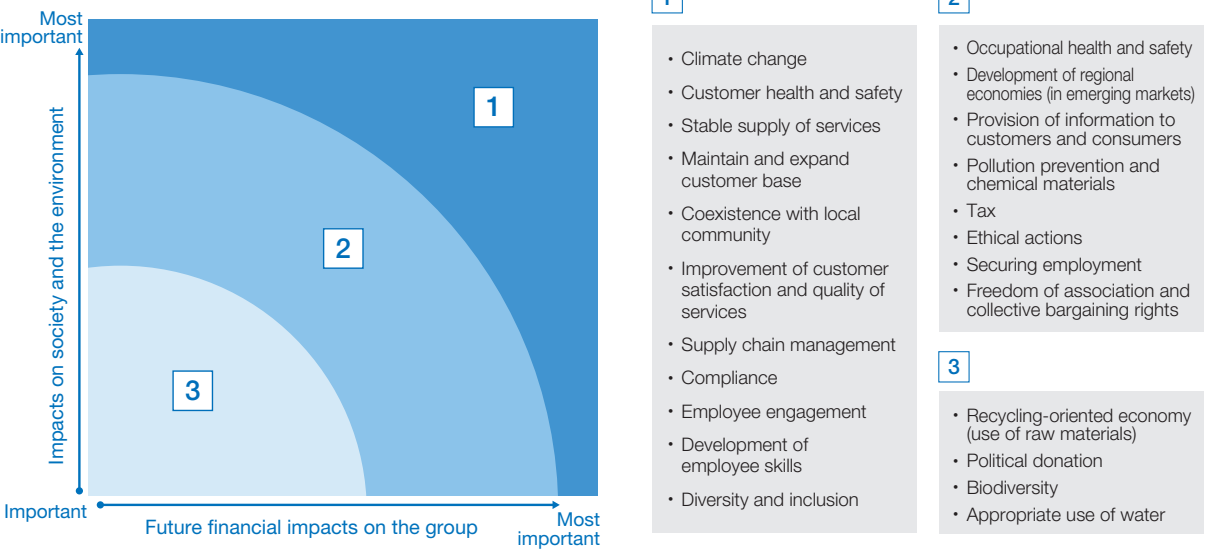
After considering the impacts of each item, we received opinions from external experts regarding “impacts on society and the environment.”

The materiality items identified are approved by the Board of Directors alongside the Plan 2023 after discussions at the ESG Committee and the ESG Council. Each KPI will be reported annually while running a PDCA cycle in the future.

Materiality Identification Process



■ Impact evaluation chart



Comment from External Expert

Identification of Materiality at the Daigas Group



Hidemi Tomita
Representative Director
Lloyd's Register Japan K.K.

The Daigas Group has been identifying materiality and setting KPIs by incorporating the views of external experts, managing progress through the PDCA cycle, and reporting details of this process. Throughout this process, the Group refers to the GRI Standards, a set of global guidelines for corporate sustainability reporting. The methods that the Group adopted to identify materiality and tie it to management policies could be described as “straightforward,” and the Group can be considered to have steadily generated results through this process.

The Group's new materiality has been identified in the same process as above, but has made considerable progress in the following areas.

1. Introduction of double materiality approach

In addition to the GRI Standards, which the Daigas Group has used for some time, various standards related to the disclosure of sustainability information have been created from different perspectives in recent years. While these circumstances have contributed to a deeper understanding among stakeholders of the relationship between business and sustainability, they have caused significant confusion for companies actually disclosing information, because the definitions of materiality differ between different sets of standards. In such a context, the Daigas Group has become an early adopter of the double materiality approach that is expected to be adopted in European laws and regulations on sustainability reporting. The concept of the double materiality is to consider both the financial impact that sustainability has on companies (financial materiality) and the impact that companies have on social and environmental sustainability (social and environmental materiality). Financial materiality is of particular interest to investors, but social and environmental materiality is closely tied to social impact, including contribution to the SDGs. Accordingly, this

perspective is essential for the Daigas Group as a company that manages social infrastructure, and we can thus say that it is the proper way for the Company to think about information disclosure.

2. Assessment per business domain

The Daigas Group operates a wide variety of businesses apart from the gas business, but it is particularly notable that when assessing materiality, each business unit proactively participated in discussions and identified risks and issues after considering changes in the external environment in their respective businesses, with those risks and issues being subsequently reflected in the determination of materiality from a medium- to long-term perspective. Through this process for identifying materiality, it is likely that each business unit feels a clearer connection to materiality in their respective business activities. Additionally, the Group's materiality identification used to be based only on the GRI Standards for each of its themes, so, for example, there was no clear theme related to the “stable supply of service,” an extremely important theme for the gas business. With the new process, the Group has overcome this issue, and as such, it can identify issues that are more closely related to its diverse range of businesses.

3. Link with Medium-Term Management Plan

Furthermore, I should note that the newly identified materiality will contribute to realizing the Daigas Group Charter of Business Conduct, the Group's basic principles, and the Group has also linked the concept of materiality to its Medium-Term Management Plan and its assessment of business performance for each business unit. As a result, it is clear that the materiality identified by the Daigas Group represents the issues it should prioritize in its businesses. Additionally, the fact that these measures were approved following discussion by the Board of Directors indicates that the process is correct in terms of conforming to Japan's Corporate Governance Code, which was revised this year.



























From this perspective, the Daigas Group's newly identified materiality can be considered more appropriate for dialogue with stakeholders. In addition, I hope that the Daigas Group as a whole will accelerate its sustainability efforts by taking steady steps toward the KPIs including those set based on identified materiality, which will lead to significant results, such as contributions to the SDGs and greater recognition from investors.

Materiality and Daigas Group Charter of Business Conduct

In light of the process to identify materiality, the Daigas Group has set forth “co-create value for a sustainable future” in its Medium-Term Management Plan, defining the pursuit of creation of value for solving social issues alongside stakeholders as one of its key strategies.

In conjunction with the identification of materiality and the formulation of the Medium-Term Management Plan, we revised the Daigas

Group’s charter, code of conduct, etc., to reflect the recent changes in the global external environment and the expansion of the Daigas Group’s business. Through unified management that integrates corporate principles, the Medium-Term Management Plan, materiality, and key performance indicators (KPIs), we will work to accelerate ESG management.

Charter of Business Conduct		Important Issues (Materiality)	Value for a sustainable future	Initiatives to create value for a sustainable future	Indicators	Goals	Fiscal Year to be achieved	Points of contribution to SDGs by achieving the indicators	Contribution to SDGs
I	Creating value for customers	Maintain and expand customer base	Establishing lifestyles and businesses adjusted to the new normal	Maintain and expand customer base	Number of customer accounts	10 million or more	FY2031.3	<div>■ Increasing opportunities to provide clean energy through improvement of customer satisfaction</div> <div>■ Promotion of safe, pleasant, and sustainable urbanization through co-creation with our stakeholders</div>	<div></div> <div></div>
		Improvement of customer satisfaction and quality of services		Enhance customer relationship management	Customer satisfaction rate	90%	FY2024.3		
		Customer health and safety GRI Standards: 416-1	Enhancing resilience of customers and society	Maintain safety and quality levels	Number of serious accidents	Continued zero serious accident	FY2031.3	<div>■ Sustainable management and efficient use of clean energy combined with safe and secure provision</div> <div>■ Implementing management and assessment of quality of city gas / understanding the impact in case of disasters</div>	<div></div> <div></div>
		Stable supply of services		Strengthen resilience of energy supply	Build a resilient energy supply facilities	Implementation of measures for disaster prevention and aging pipes	FY2031.3		
II	Contributing to the sustainability of the environment and society	Climate change GRI Standards: 302-1 305-5	Achieving a low carbon / carbon neutral society	Implement carbon neutral measures	CO ₂ emissions of Daigas Group	Net zero emissions	FY2051.3	<div>■ Management of the amount of CO₂ emissions</div> <div>■ Management of the amount of renewable energy</div> <div>■ Management of the environmental burden in the value chain</div> <div>■ Including activities toward low-carbon society in business plans</div> <div>■ Achieving a low carbon / carbon neutral society through co-creation with our stakeholders</div>	<div></div> <div></div> <div></div>
				Provide clean energy and expand renewable energy value chain	Percentage of renewables in our power generation portfolio in Japan	Nearly 50%	FY2031.3		
					Contribution to developing renewables capacity on a global basis	5 GW 2.5 GW	FY2031.3 FY2024.3		
				Promote advanced utilization of natural gas and environmental products	CO ₂ emissions reduction contribution (compared to FY2017.3)	10 million t	FY2031.3		
III	Engaging with and contributing to society	Coexistence with local community GRI Standards: 413-1	Building foundations that support the realization of value for a sustainable future	Promote communication with local communities	Number of our participations in local governments' activities (i.e. community development planning)	14 cases	FY2024.3	<div>■ Increasing opportunities to provide clean energy through improvement of customer satisfaction</div> <div>■ Promotion of safe, pleasant, and sustainable urbanization through co-creation with our stakeholders</div> <div>■ Control of the impact on stakeholders in case of disasters</div>	<div></div> <div></div>
					Number of joint efforts with local communities	170 times	FY2024.3		
IV	Respecting human rights	Supply chain management GRI Standards: 308-1 414-1		Build a responsible supply chain	Appropriate new supplier ratio	100%	FY2024.3	<div>■ Building a sustainable society through co-creation with our stakeholders</div> <div>■ Understanding the status of suppliers through questionnaires regarding sustainability activities, etc.</div> <div>■ Management of fair training opportunities</div> <div>■ Management of safe and secure labor environments</div> <div>■ Understanding BCP measures</div>	<div></div> <div></div>
V	Complying with laws and regulations	Compliance GRI Standards: 307-1 418-1 419-1		Promote the Group's compliance	Number of serious violations of laws and regulations	Continued zero serious violation	FY2024.3	<div>■ Improving awareness of compliance to secure equal opportunities for leadership</div> <div>■ Improving awareness to promote safe and secure labor environments</div>	<div></div>
VI	Providing work environment that supports employees' personal growth	Employee engagement		Create a workplace where employees can feel a sense of fulfillment	Attitude survey (Loyalty Score)	Maintained and improved employee engagement	FY2031.3	<div>■ Securing equal opportunities for leadership, understanding the status of safe and secure labor environments through employee attitude surveys</div> <div>■ Management of fair training opportunities</div> <div>■ Management of percentage of women in management positions</div>	<div></div>
		Development of employee skills GRI Standards: 404-1			Annual average hours of training per employee	Implementation of human resource development and work environment improvement	FY2031.3		
		Diversity and inclusion GRI Standards: 405-1		Promote diversity and inclusion	Percentage of women in 1. executives, 2. members newly promoted to the middle management positions, and 3. new recruits for career-track positions	1. 20% or more 2. 30% or more 3. Continue 30% or more	FY2031.3		

Long-Term Management Vision 2030 and Medium-Term Management Plan 2023

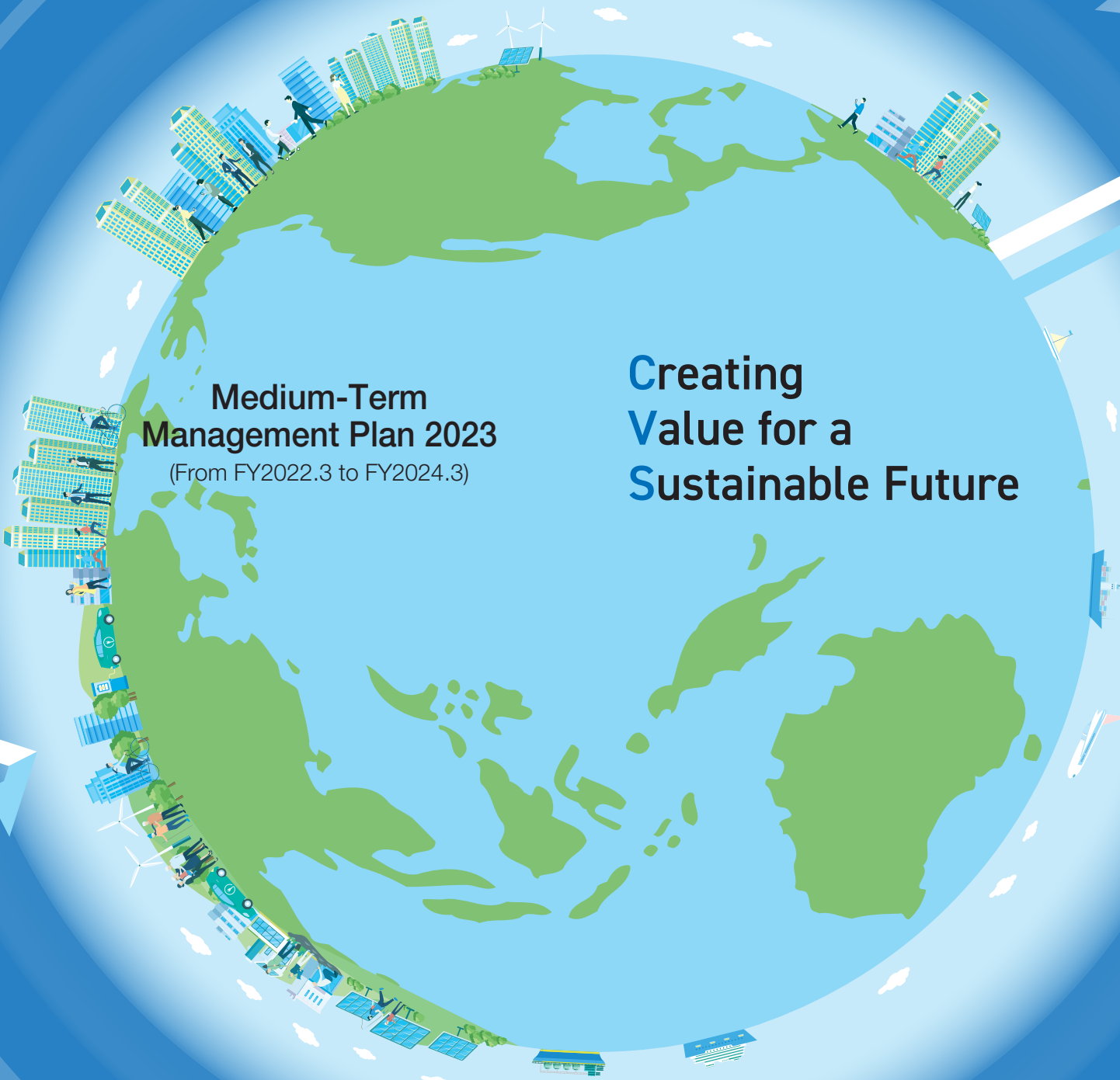
The Daigas Group has formulated a Long-Term Management Vision that looks toward FY2031.3, aiming to be “an innovative energy and service company that continues to be the first choice of customers” and achieve carbon neutrality by 2050.

In our previous Medium-Term Management Plan, we endeavored to offer optimal solutions and expand our businesses by combining various energies with high-quality technical capabilities as well as attractive products and services in order to meet the diverse needs of our customers.

In our Medium-Term Management Plan 2023, “Creating Value for a Sustainable Future,” we have adopted a backcasting approach from our long-term vision in formulating our plan. Our aim is to create “value for a sustainable future” together with our stakeholders and continue to grow as a corporate group that creates value that contributes to solving social issues, with the goal of achieving a sustainable society.

Carbon Neutral Vision
Striving to become carbon
neutral by 2050

Long-Term
Management Vision 2030



Backcasting

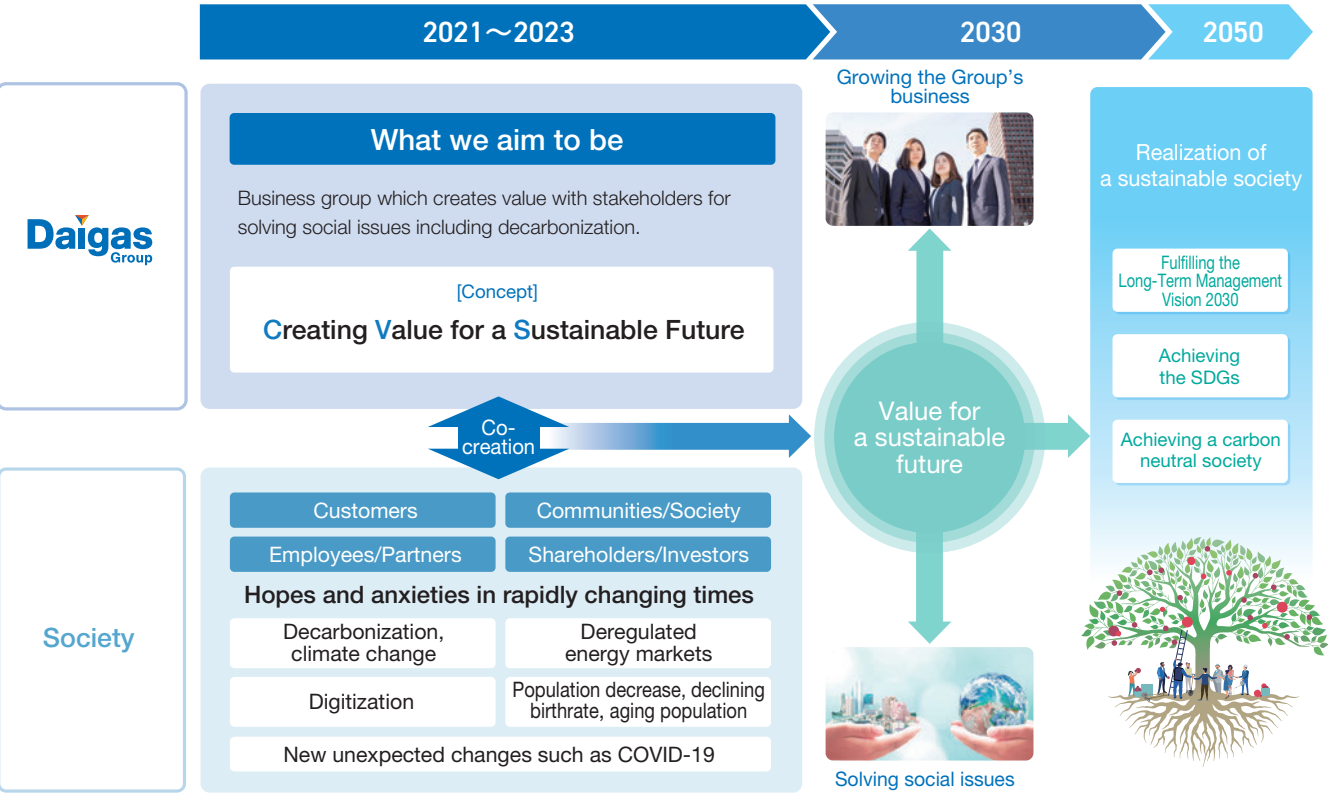
Medium-Term
Management Plan 2020
(From FY2018.3 to FY2021.3)

Medium-Term Management Plan 2023

In March 2021, the Daigas Group formulated and announced the “Daigas Group Medium-Term Management Plan 2023 ‘Creating Value for a Sustainable Future’” that covers the three years from FY2022.3 to FY2024.3. Under the Medium-Term Management Plan 2023, we have committed to creating “value for a sustainable future” with our stakeholders and achieving further growth as a corporate group that provides value that contributes to solving social issues in order to realize a sustainable society.

Medium-Term Management Plan 2023 as a Momentum Builder

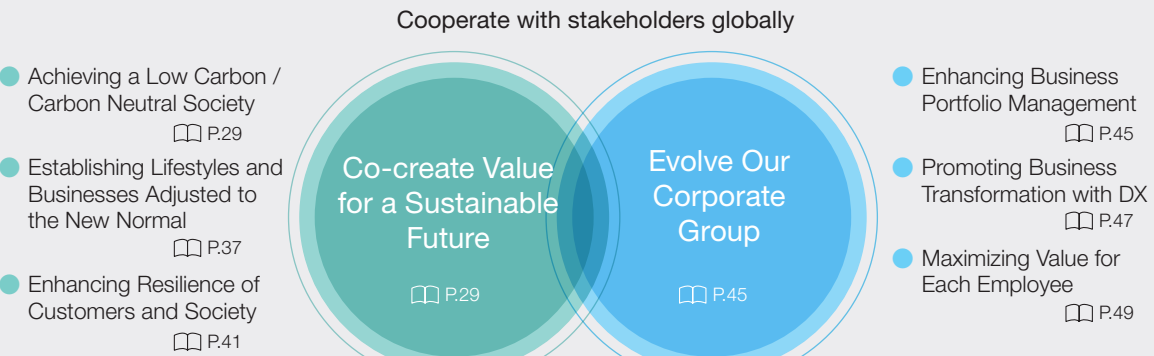
Under the Medium-Term Management Plan 2023, we strive to build up momentum for a further growth of our business as a corporate group that provides solutions to achieving a sustainable society, focusing on creating value for a sustainable future with our stakeholders.



Key Strategy

- I . Co-create Value for a Sustainable Future**
Pursuing the creation of value for solving social issues alongside stakeholders.
- II . Evolve Our Corporate Group**
Building a robust business portfolio and strengthening the management foundation to support the enhancement of our business portfolio management.

Key Initiatives



Key points

Achieving approx. 5% in ROIC; Increasing cash flows from operating activities by 50%*; Distributing shareholder returns when we achieve profit growth

*Total amount from FY2022.3 - FY2024.3 divided by Total forecasts from FY2019.3 - FY2021.3

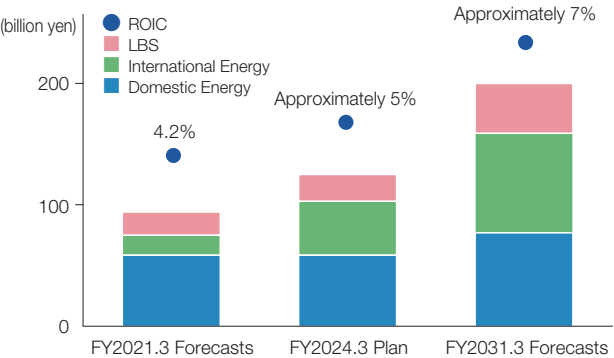
Management Indicators

We aim to enhance our earning capabilities through growth of our existing business and growth by investment and to ensure shareholder returns depending on our profit growth while maintaining our financial soundness. We also strive to achieve growth in each of our business segments, which are Domestic Energy, International Energy, and Life & Business Solutions.

		FY2021.3 Forecasts	FY2024.3 Plan
Profitability indicators	ROIC*1 (Reference)ROE	4.2% (7.0%)	Approximately 5% (Approximately 7.5%)
Shareholder returns	Payout ratio	30.5%	30% or higher*2
Financial soundness indicators	D/E ratio*3	0.65	Approximately 0.7
	Shareholders' equity ratio*3	50.1%	Around 50%

*1 ROIC = NOPAT / Invested capital
NOPAT = Ordinary profit + Interest expenses - Interest income - Income taxes
Invested capital= (Business unit) Working capital + Non-current assets
(Group-wide) Interest-bearing debts + Shareholders' equity (average of the beginning and the end of each fiscal year)
Interest-bearing debts excludes risk-free leased liabilities to us.
Excluding temporary impact on Domestic Energy Business (time-lag effect of Gas Business and Electricity Business).
*2 Excluding short-time fluctuation factors that affect profits
*3 Calculated with 50% of issued hybrid bonds as equity

Forecasts for ordinary profit by segment*4



*4 Excluding temporary impact. (Time-lag effect of Gas Business and Electricity Business)

We aim to achieve proper capital allocation to secure sufficient funds for investment and shareholder returns while minimizing external borrowing by enhancing our capabilities to increase cash flows from operational activities as well as replacing our assets.

Cash In		[Breakdown of investment for growth] (billion yen)			
Maintain financial soundness by reducing borrowing from financial institutions through asset replacement and growth of cash flows from operating activities. (Increasing cash flows from operating activities by 50% from the previous period)	FY2019.3 - 2021.3 Forecasts	Domestic Energy 158.3	International Energy 250.3	LBS 115.6	524.0
	FY2022.3 - 2024.3	174.0	168.0	158.0	500.0
Cash Out					
Implement strategic and selective investment for business growth in light of investment efficiency.					
• Decarbonization area (Renewable energy in domestic and overseas, etc.)					
• Areas where steady earnings contribution is expected (Business in North America, power source development, LBS business, etc.)					
• New growth areas where strengths can be utilized, such as Asia					

As for investment for quality improvement, we intend to increase investment in decarbonization, DX, and resilience enhancement. We strive to distribute shareholder returns depending on our profit growth and in accordance with the Shareholder Return Policy*.

*Maintain stable dividends, a consolidated dividend payout ratio of 30% or higher