

*Kitagas Group Business Plan*  
**Challenge 2030**

# Our Objective: “Creating a Comfortable Society through Optimization of Energy and Environment”

## Basic Concept

## About Kitagas Group Business Plan “Challenge 2030”

**Challenge 1** While focusing on the carbon-neutral era after 2050, we have set 2030 as the midpoint. Kitagas Group plans for further growth, explores all possible means of energy-saving infrastructure, and seeks new potential as we move forward with preparations for decarbonized society.

**Challenge 2** Facing stronger resource and environmental constraints, we will build next-generation platforms which use digital technologies to enable quantification and valuation of energy saving. Promoting expansion of integrated energy services business by demand-side data, we will establish robust business infrastructure that does not rely on expansion of quantity.

**Challenge 3** Through partnerships with local governments and other partners, Kitagas Group is devoted to leveraging regional resources to pursue possibility of new business opportunities throughout Hokkaido.

**Challenge 4** By breaking free of traditional practices, we will eliminate inefficient and inconsistent elements while optimizing business. All the while, we will promote business reforms by utilizing DX to the maximum.

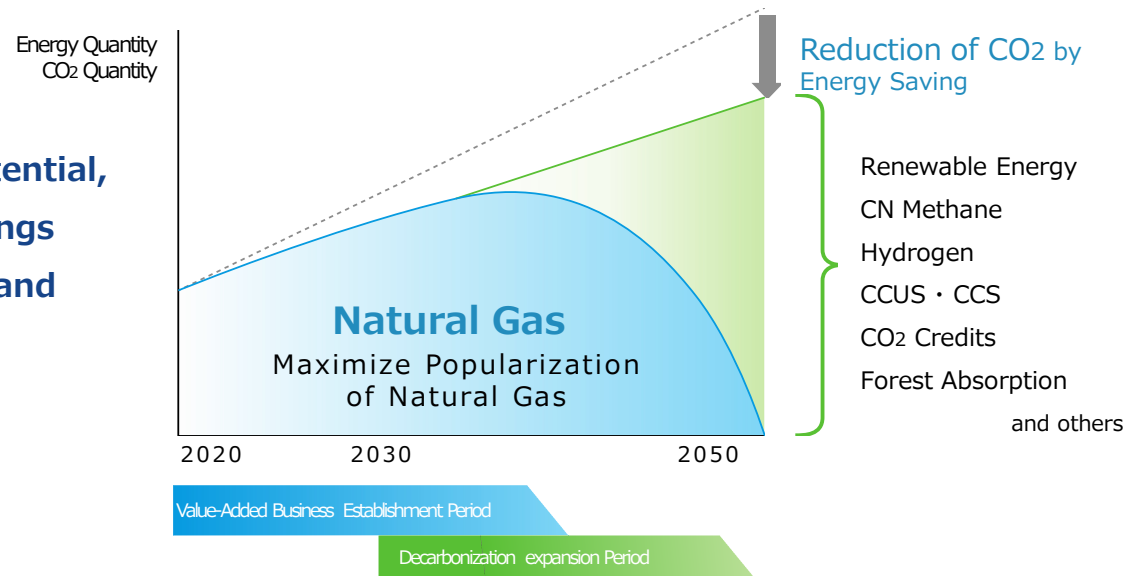
**Challenge 5** Kitagas Group will promote development of human resources throughout, creating leaders for a new generation and establishing practical, high expert team with the qualification and human resources to promote DX that will enhance Kitagas Group’s capabilities.

**Challenge 6** To deal with risks such as sudden social and economic change or disasters, we will prepare in daily operation by DX utilization and build a base of the decision-making acceleration and clarification.

\* Kitagas Group will achieve group-wide paperless operation by December 2023.

### Preparing for Decarbonized Society while Planning for Business Growth

**We will explore all possible means, seek new potential, and prepare, as we aim for effective energy savings brought by integrated energy services business and CO<sub>2</sub> emissions peaking out shortly after 2030.**



# Approach by 2030, in anticipation of 2050

- Business structure reforms by establishment of next-generation platforms will be central as we focus measures on three policies.
- We will refine Kitagas Group strengths, and use total energy service business to strengthen relationships with customers and localities.

## I. Create distributed society through the evolution of total energy service business

Combine “Natural Gas + Energy Savings + Renewable Energy” with energy management systems (EMS) to create distributed society

## II. Challenges to carbon neutral

Leading low carbon and decarbonization in Hokkaido through possible strategic measures

## III. Leverage digital technologies to achieve business structure reforms

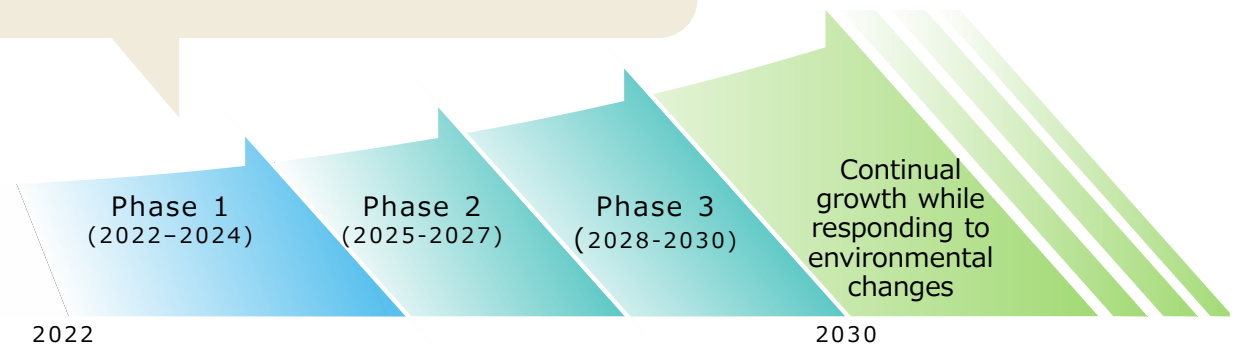
Establish a resilient business foundation that will support evolution of integrated energy services business

## Establish Next-generation Platforms

- Provide a flexible and dynamic response to environmental changes by breaking the “Challenge 2030” period down into three-year phases

During the first period, Phase 1 (2022-2024), we will:

- Continue to expand our customer base through maximizing popularization of natural gas, with particular focus on number of customers and energy share.
- Release information-sharing infrastructure centered on leveraging next-generation platforms and digital technologies, and plan fundamental business structure reforms.



Challenge 2030

# Fundamentally reform our business structure to enhance earning ability, and establish robust, high added value format business and fiscal foundations

Consolidated Sales **200** billion yen

Consolidated Operating Profit **16** billion yen

Consolidated Interest-bearing Liabilities **50** billion yen level

Business Structure Reform  
Leveraging Next-Generation Platforms

Personnel Reallocation **Scale: 300**  
**Employees**

- Through fundamental business structure reform, we will change labor-intensive business, creating positions on a scale of about 300 employees.
- Newly created positions will be transitioned in stages into growth field such as demand development, DX promotion, carbon neutral measures, and new services.

Growth Investment **Scale: 40**  
**Billion Yen**

- Further utilize and expand next-generation platforms  
(Utilization throughout entire Kitagas Group, partnership with regional governments, etc.)
- Boost installation of renewable resources such as solar and wind, and utilize existing regional resources throughout Hokkaido to establish local production for local consumption energy models
- Demonstration of methanation and hydrogen production using renewable energy and of city gas utilization

# I . Create distributed society through evolution of total energy service business

Optimizing supply and demand through promoting popularization of home power generation system and cogeneration, and standardization of energy management systems

- Maximize popularization of natural gas, and call to action for effective energy saving
- Standardize "home power generation system + Energy Management System (EMS)"
- Promote implementation of distributed EMS in city center redevelopments
- Utilize digital technologies to enhance customer service

〈FY2030 Objectives〉

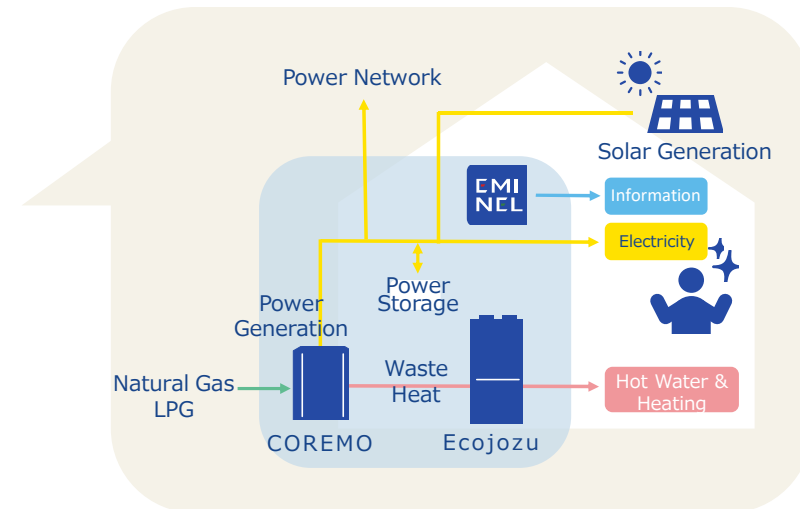
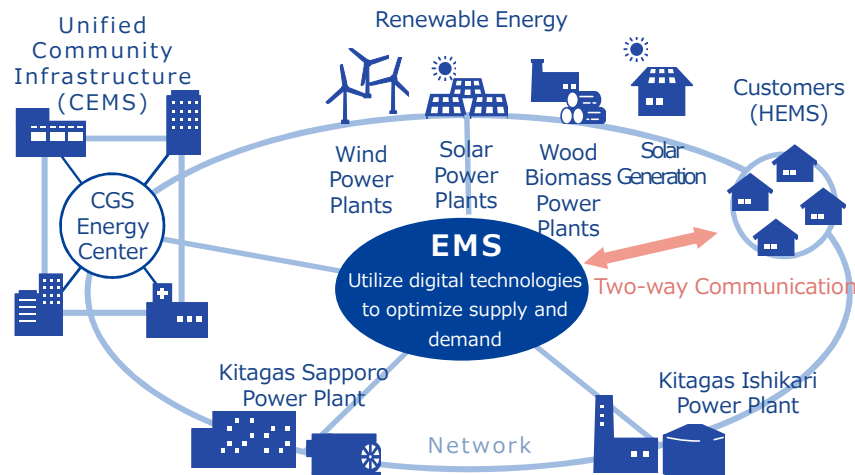
Gas Sales  
**770** million m<sup>3</sup>

LNG Sales  
**200,000** tons

Electricity Customers  
**280,000**

home power generation system	50,000 users
EMINEL	100,000 users
TagTag	500,000 users

Combine "Natural Gas + Energy Saving + Renewable Energy" with EMS to create a distributed society



## Local partnerships to establish local production for local consumption energy models

Through partnerships with regions throughout Hokkaido, Kitagas Group applies its collective capabilities to utilize local resources and solve local issues, leading to development of integrated energy services business throughout Hokkaido, and allowing us to pursue new business opportunities.

Distribute local renewable energy resources within the region  
**to achieve reduced carbon emissions / decarbonization and promote local economic circulation**

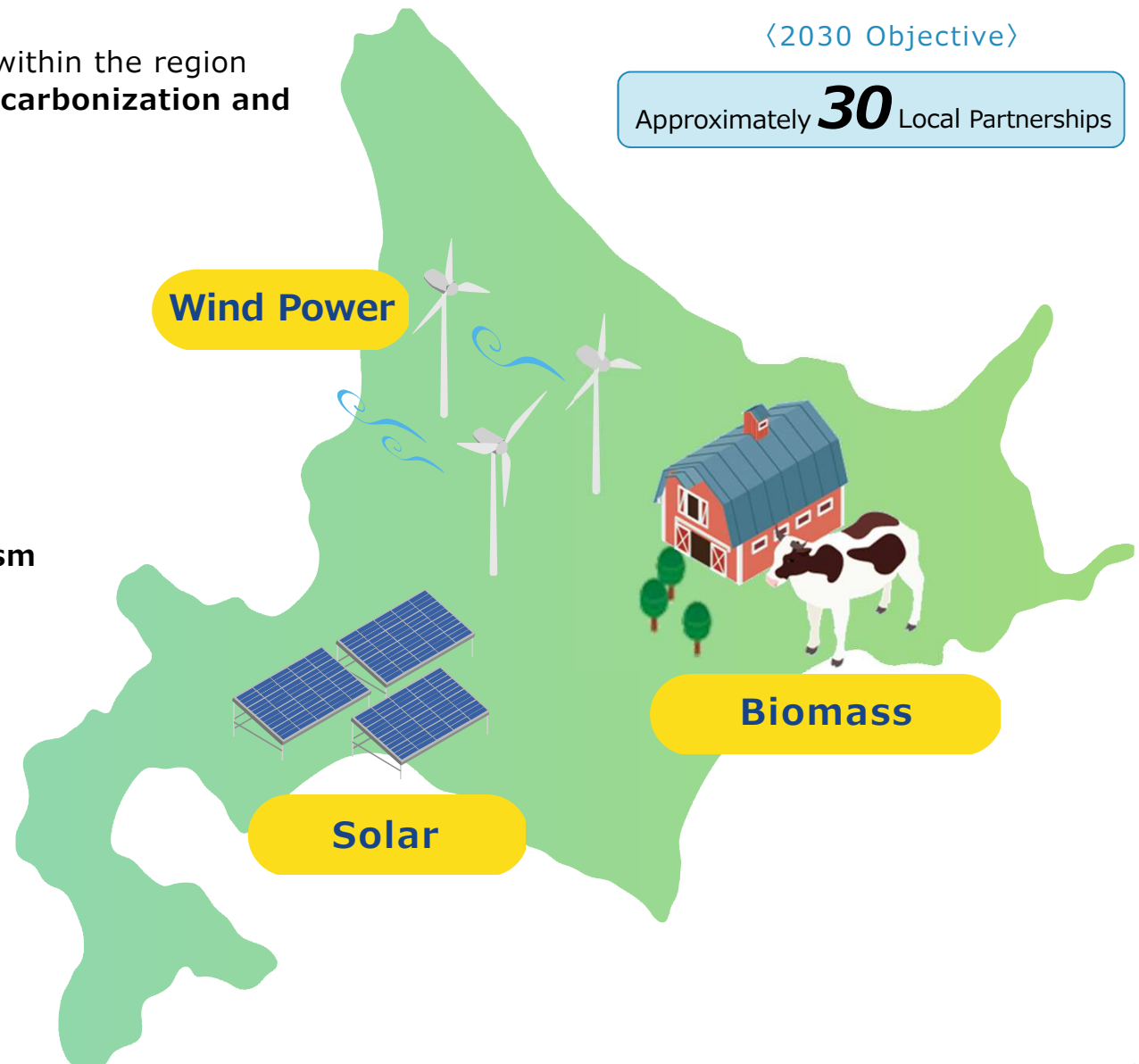
Improve local power supply  
**to enhance energy security**

Utilize local renewable energy for production  
**to promote local products and build tourism brand strength**

Deeply understand local characteristics  
**to provide services that will support comfortable lifestyles**

〈2030 Objective〉

Approximately **30** Local Partnerships



## II . Challenges to carbon neutral

By promoting integrated energy services business to achieve effective energy savings while we expand installation of renewable energy, utilize local resources, and implement next-generation technologies such as hydrogen and methanation, we will drive reduction of carbon emissions and decarbonization throughout Hokkaido.

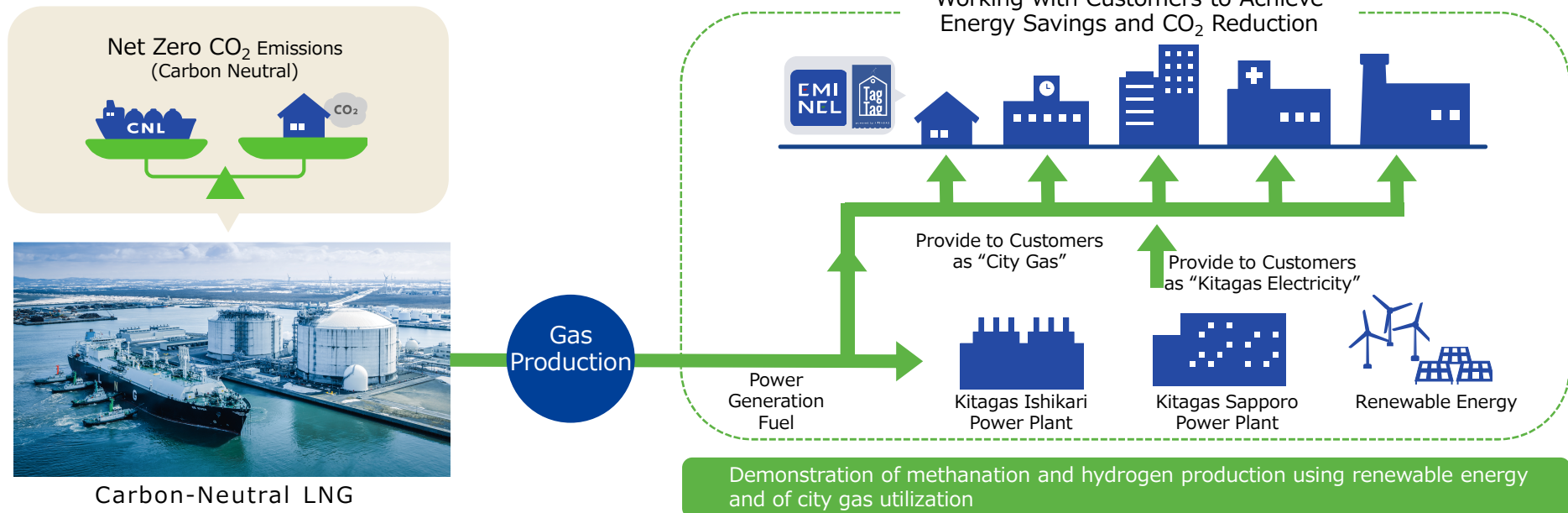
- Quantify and value energy savings
- Achieve carbon emission reductions and decarbonization via local renewable energy-based electricity supply
- Provide carbon-neutral energy
- Endeavor towards next-generation technologies to support reduction of carbon emissions and decarbonization

### 〈2030 Objectives〉

Contribution to CO<sub>2</sub> Emission Reduction<sup>※1</sup> **1.4** Million Tons<sup>※2</sup>

Renewable Energy Electricity Service **150,000** kW<sup>※3</sup>

※1 2030 cross-section CO<sub>2</sub> reduction throughout Kitagas Group and its customers  
 ※2 Equivalent to over 50% reduction of 2020 CO<sub>2</sub> emissions throughout Kitagas Group and its customers  
 ※3 Including nationwide electrical generation and procurement



# III. Leverage digital technologies to achieve business structure reforms

Utilize digital technologies and next-generation platforms to achieve a fundamental reform of our business model to establish a peerless, highly added value-oriented business foundation.

Reexamine business processes and extensively reduce business costs

Consider environmental changes as we establish business infrastructure to best suit each region

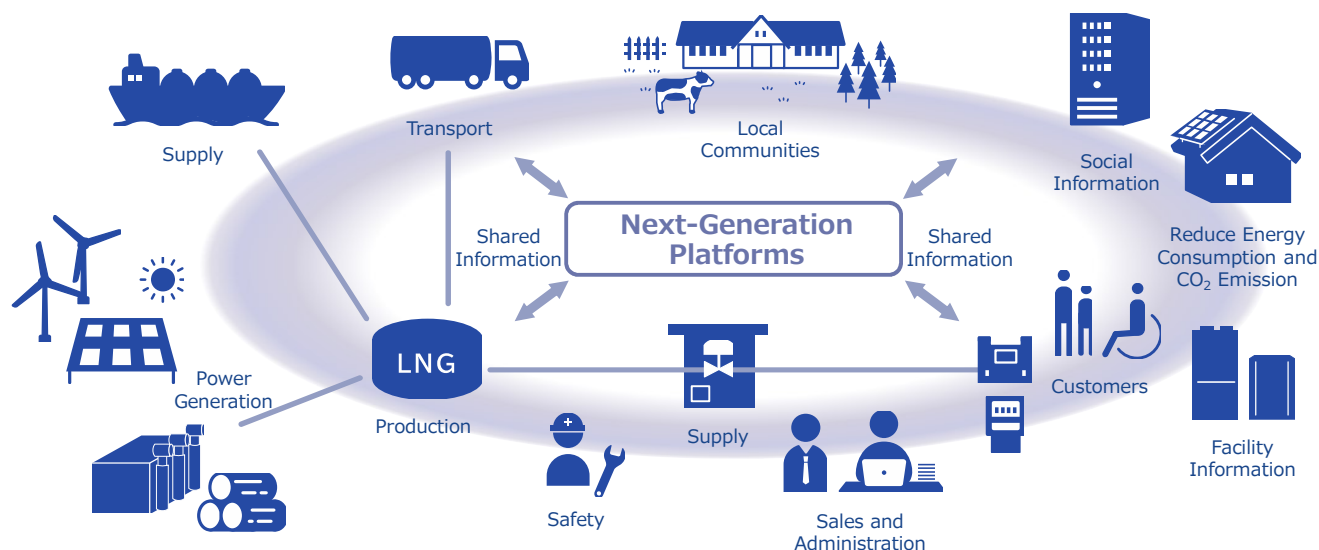
Innovate highly-specialized human resources and business organization

## Reform Business Processes

- Achieve paperless operation throughout all Kitagas Group business processes
- Decision-making acceleration and clarification
- Reduce work and enhance resilience with automation and remote operation
- Foster professional human resources, and establish specialized organizations

## Enhance Customer Relationships

- Optimize management for maximum energy savings
- Establish two-way communication with customers
- Provide personalized services
- Maximize data value throughout the entire Kitagas Group



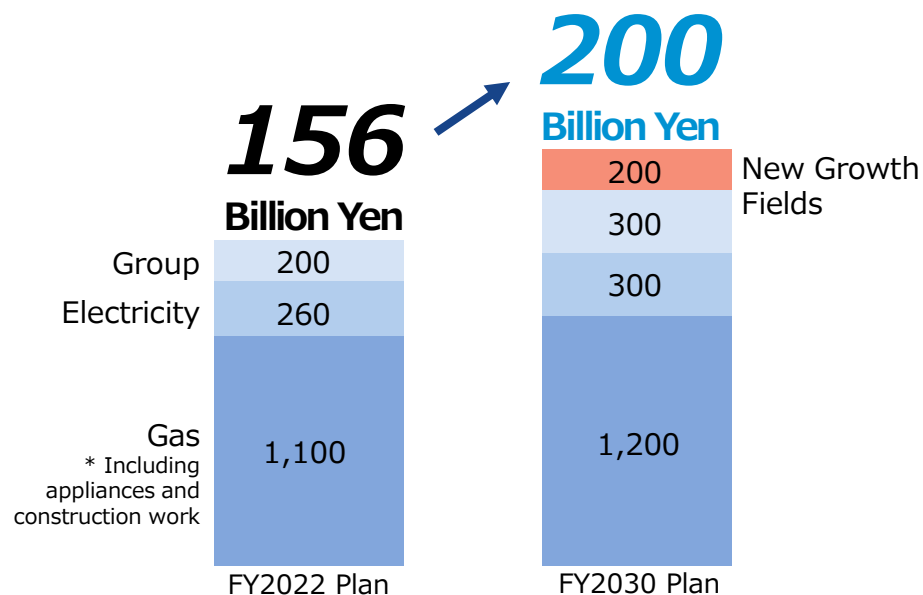


# Business Indicators / Kitagas Group Business Plan “Challenge 2030”

Lead to continual growth by achieving business structure reforms and establishing robust business and fiscal foundations

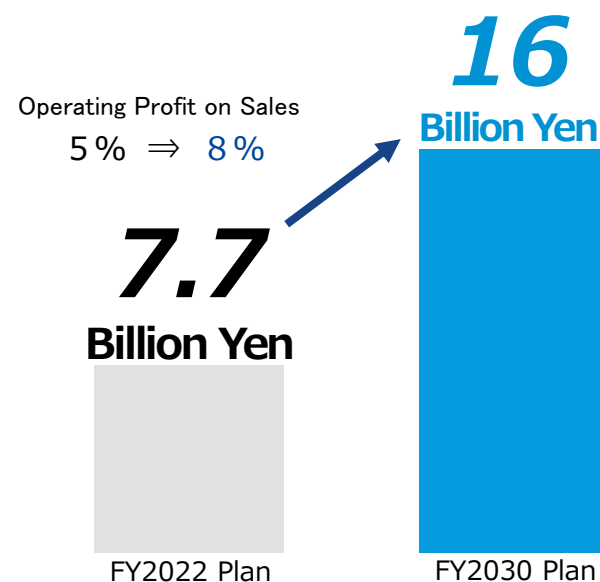
## ■ Consolidated Sales

Expand profitability through investment in growth fields and staged personnel reallocation



## ■ Consolidated Operating Profit

Drive profit levels by increasing quantity of customers and sales while extensively reducing operating costs



Financial Indicators (Consolidated)	FY2022 Plan	FY2030 Plan
Consolidated Sales	156 billion yen	200 billion yen
Consolidated Profit	7.7 billion yen	16 billion yen
Interest-bearing Liabilities	77 billion yen	50 billion yen level
Capital-to-asset Ratio	Over 36%	Over 50%