

Toho Gas Group

Medium-Term Management Plan

2025–2027

March 2025

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1

Introduction

Our Group's Universal Values [The spirit of trinity]

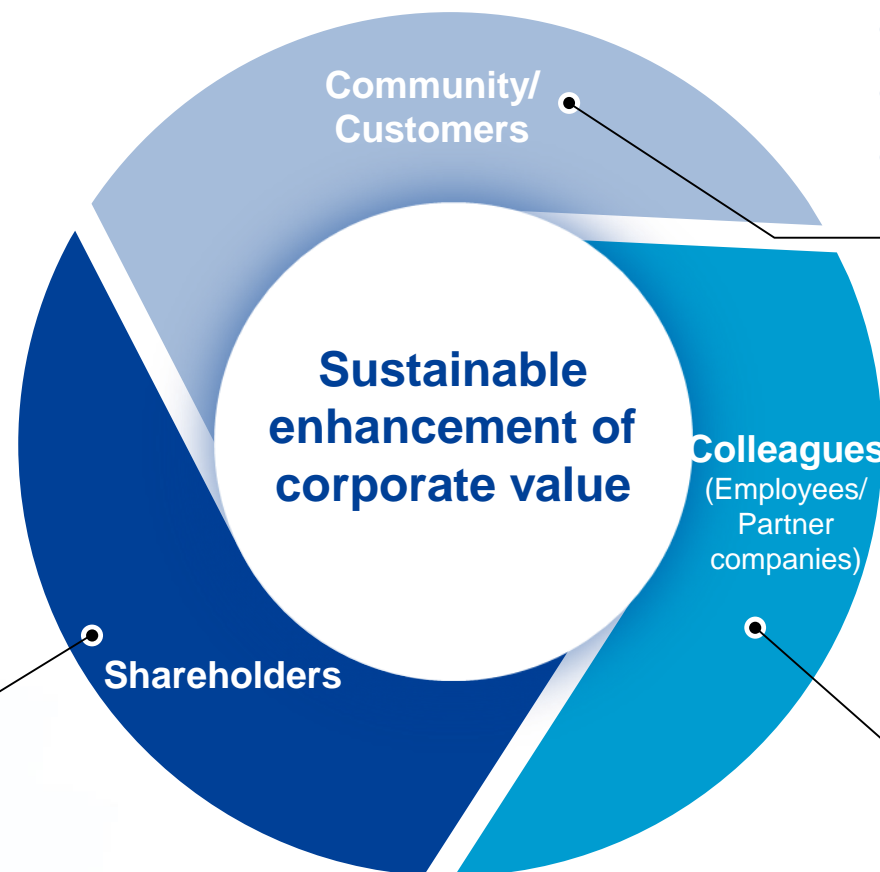
The first President of Toho Gas, Sakura Okamoto, believed in the philosophy that the "coexistence and mutual prosperity of customers, shareholders, and employees are essential," and strove to put it into practice. He also considered service to society and the public to be part of this philosophy, advocating for the enhancement of local community welfare and togetherness.

This spirit has been inherited as part of our company's DNA, and we will continue to strengthen our ties with local communities and pursue benefits for a wide range of stakeholders, thereby achieving sustainable enhancement in corporate value.



First President
Sakura Okamoto

- Achieve stable, steady profit growth
- Secure profitability that exceeds capital costs
- Promote appropriate profit distribution and capital policies
- Enhance information disclosure and dialogue



- Fulfilling our responsibility to support regional resilience by ensuring unwavering safety and security
- Stable supply of energy in a manner that meets the needs of the times
- Providing vitality that realizes the sustainable development and prosperity of local communities and customers

- Provide opportunities for self-actualization and self-growth
- Realize compensation that increases motivation and rewards efforts
- Enhance systems that synergistically improve the quality of work and life
- Build good partnerships that lead to sustainable business operations for our partner companies

Our Group's Vision

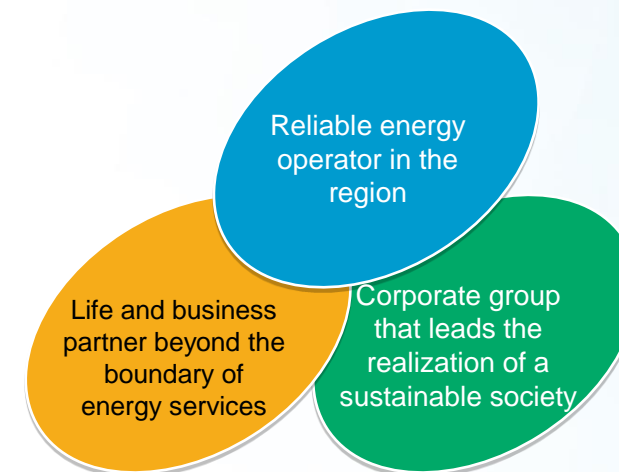
Our Group celebrated its 100th anniversary in June 2022.

The Group Vision announced at this turning point envisions what society will be like in 2050 and sets out the vision we aim to achieve by the mid-2030s, the halfway point of this journey, to enable all Group employees to share a common understanding in carving out a new era together.

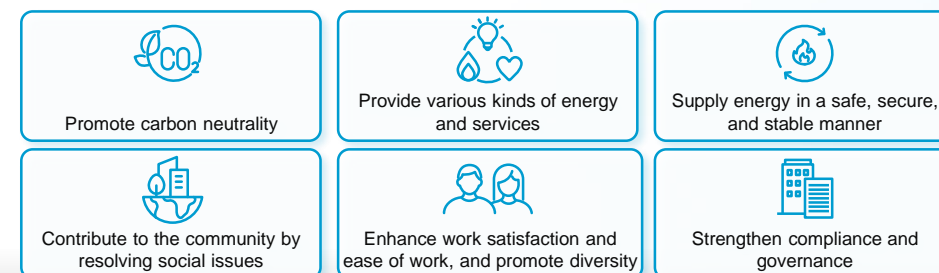
The new Medium-Term Management Plan maps the first half of the second step toward achieving this vision.

Group VISION

What we aim to be in the mid-2030s



Value creation initiatives to realize the Group Vision (materiality)



Founding Spirit (Trinity Spirit)

Corporate Philosophy

*1 Business to create cash flow as a long-term stable earnings base (e.g., city gas, LPG)

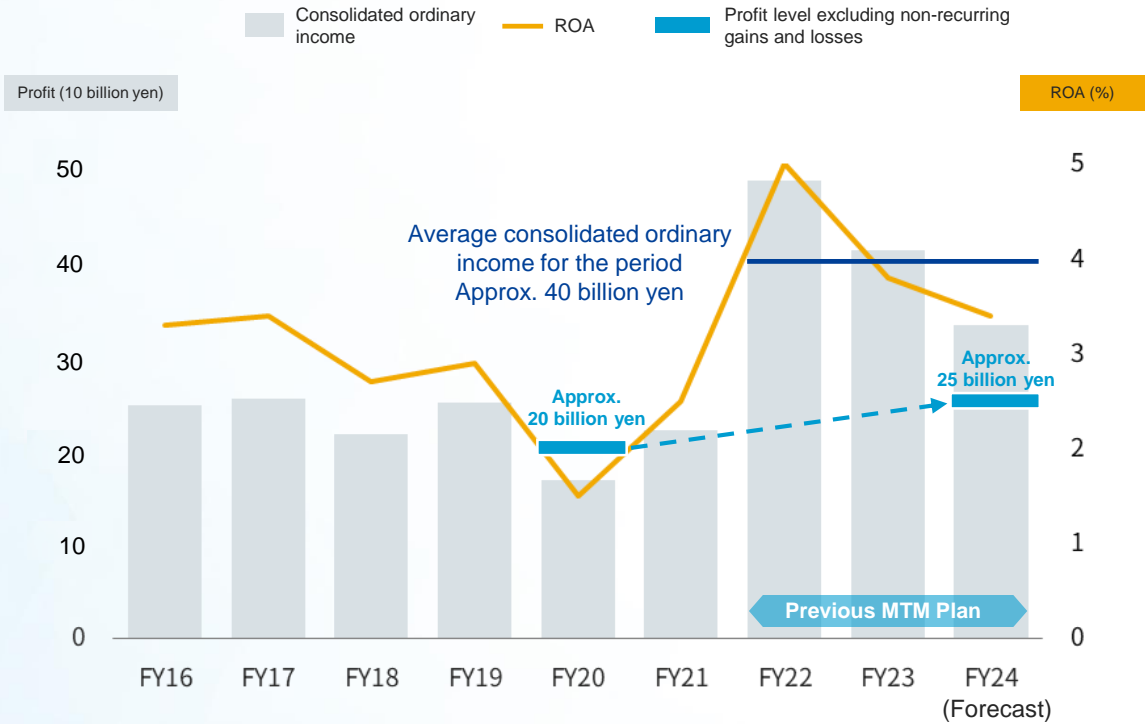
*2 Business that drives medium- to long-term growth (e.g., electricity, overseas operations, energy services)



Looking back on the previous Medium-Term Management Plan

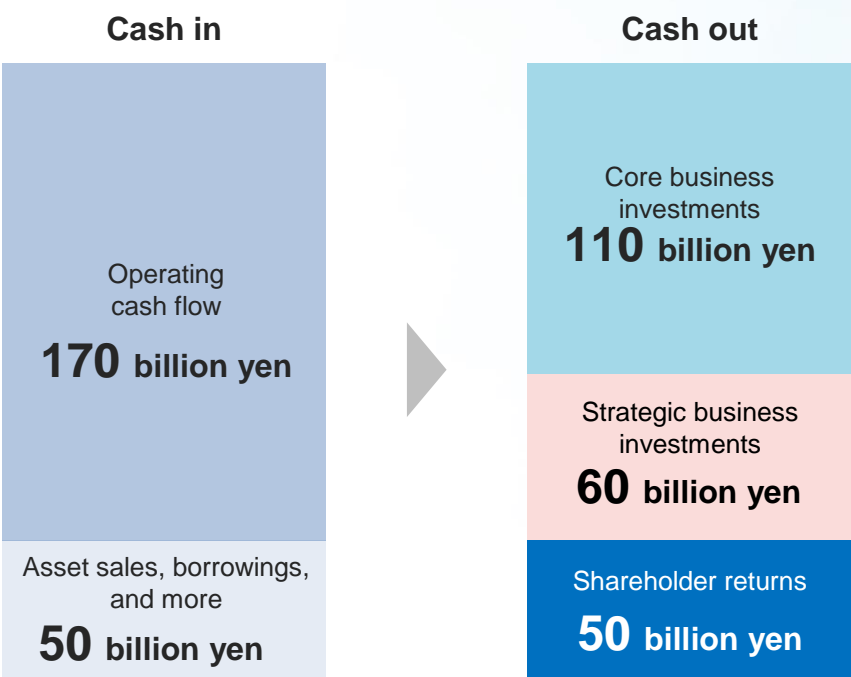
Quantitative performance

Financial highlights



- Expected to **achieve, for the third consecutive year**, the targets for “Consolidated ordinary income of 25 billion yen” and “ROA 3%.”
- With regard to the basic profit level excluding non-recurring gains and losses due to market conditions, etc. (normalized base income), **earning capabilities have improved, resulting in a consolidated ordinary profit of approximately 25 billion yen.**

Cash allocation (Cumulative total from FY 2022 to FY 2024*1)



- **Operating cash flow is progressing ahead of plan.*2**
- **Investments fell slightly short of the plan in strategic businesses** as a result of careful consideration of business feasibility in light of soaring prices of equipment and materials as well as other contributing factors.
- **Actively advancing additional shareholder returns** to achieve an appropriate capital structure and reduce capital costs.

*1 Forecast for FY 2024 *2 Plan for approximately 160 billion yen over three years

Initiatives focused on the four key themes

01



Promote carbon neutrality

- ▶ In collaboration with Chita City, **launched an e-methane production demonstration project using CO₂ derived from biogas** (the first in Japan to use it as a raw material for city gas)
- ▶ **Hydrogen production plant begins operation** at Chita-Midorihamma Works
- ▶ **Promotion of technological development such as CO₂ separation and capture** using unused cold energy from LNG
- ▶ **Expansion of the development and procurement** of renewable energy sources

02



Evolve as an energy operator

- ▶ Number of energy customer accounts* **exceeded 3 million**
- ▶ Even amid growing uncertainties, determined to continue to ensure stable supply and procurement, while **strengthening our disaster prevention capabilities in preparation for increasingly severe and frequent natural disasters**
- ▶ **Inherited gas and power generation businesses** from Kanazawa City (jointly with other companies)
- ▶ **Participation in multiple overseas energy projects**, mainly in Southeast Asia

03



Create diverse value

- ▶ **Established the “Toho Gas Kurashi” brand**, offering a wide range of products and services
- ▶ **Launch of CN×P business** to support customers in their low-carbon and decarbonization efforts
- ▶ **Realizing commercialization** in new fields such as **land-based salmon farming** and **next-generation agriculture** through collaboration with other industries and startups
- ▶ **Promotion of real estate development** that will lead to the profitability of owned assets

04



Contribute to the SDGs

- ▶ Signed **partnership agreements with 19 local governments in the three Tokai prefectures to promote initiatives to enhance regional sustainability**, such as decarbonization and disaster prevention
- ▶ **Signed an agreement with Nagoya City and Nagoya University** regarding **the promotion of a decarbonized society** and more at Minato AQUUS
- ▶ **Enhanced support systems for balancing work with childcare and nursing care, and expanded the telework system**

- For each theme, **initiatives are being implemented steadily as planned.**
- Meanwhile, **the creation of new earnings pillars to drive profit growth is still a work in progress.**

*Total number of customer accounts of city gas, LPG, and electricity



Medium-Term Management Plan

FY 2025–2027

Surrounding business environment and the policy behind the Medium-Term Management Plan

The policy behind the Medium-Term Management Plan

We will advance business, financial, and human resources strategies in an integrated manner to increase our earning power, while accelerating the **business structure transformation** to “enhance corporate value” and “realize our vision.”

What is business structure transformation?

- ▶ Growing our strategic businesses to match the scale of our core businesses by the mid-2030s and realizing our vision
- ▶ Shifting human, material, and financial resources and improving their quality and quantity to achieve this goal



Issues to be addressed

Further enhancing earning power

Creating new pillars of growth

Accelerating contributions to regional resilience and low/decarbonization

Achieving an appropriate capital structure

Linking strategy with organization and human resources

Sustainable enhancement of corporate value
Realizing our Vision

Surrounding business environment

Trends that have continued since the formulation of the Group Vision

Demand for sustainability

The 5 Ds surrounding energy*

Current environmental changes

Rising natural disaster and geopolitical risks

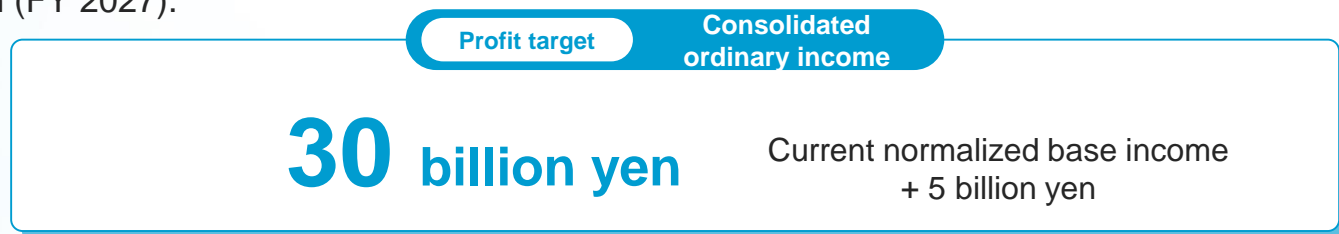
Changes in the economic environment

- Shift in monetary policies - Fundamental price and wage increases
- Increasing demand for management that is conscious of capital costs and stock prices

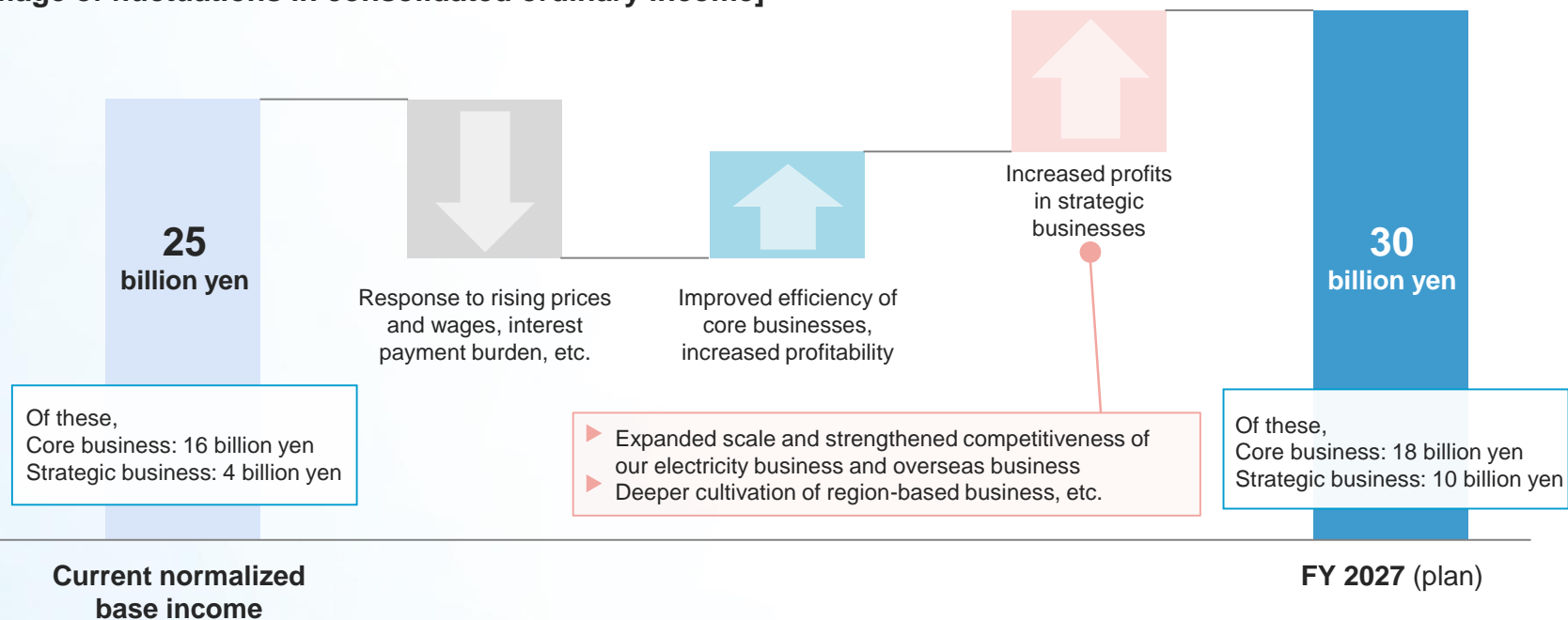
* Changing trends involving the energy industry
De-carbonization, Depopulation, Deregulation, Digitalization, De-centralization

Profit and profitability

As part of the process of increasing profits and profitability to realize our Group Vision, we aim to achieve the following levels by the final year of the MTM Plan (FY 2027).



[Image of fluctuations in consolidated ordinary income]



Regarding the ROE level

- ▶ Based on the profit level , including gains on sales of cross-shareholdings (extraordinary gains), and the equity level, the ROE for the final year of the MTM Plan is expected to be $6\% + \alpha$
- ▶ Aiming to further improve the ROE after the MTM Plan period through sustainable profit growth centered on strategic businesses

ROE forecast for the final year of the MTM Plan

$6\% + \alpha$

>

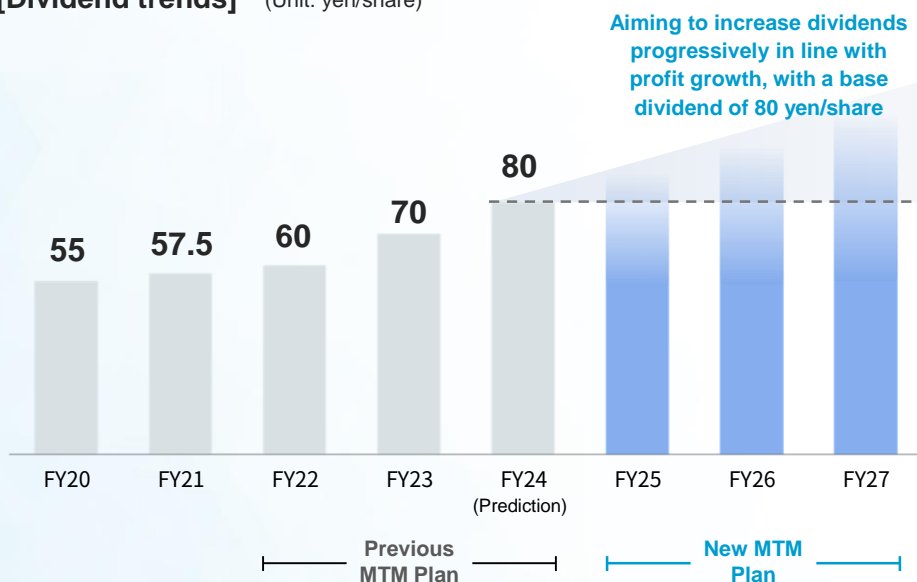
Cost of Equity
Approx.
5%

Shareholder returns and capital policy

Dividend policy during the MTM Plan

We aim to
increase dividends progressively
in line with profit growth.

[Dividend trends] (Unit: yen/share)



Capital optimization

We will continue to repurchase shares as treasury stock and strive for optimization, aiming for
equity capital of 400 billion yen
by the end of FY 2027.

Sales of cross-shareholdings

We plan to complete **the sale of approximately one-third of our holdings^{*2}** by the end of FY 2027.

[Reference] Details of the Company's disclosure in April 2024
"Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

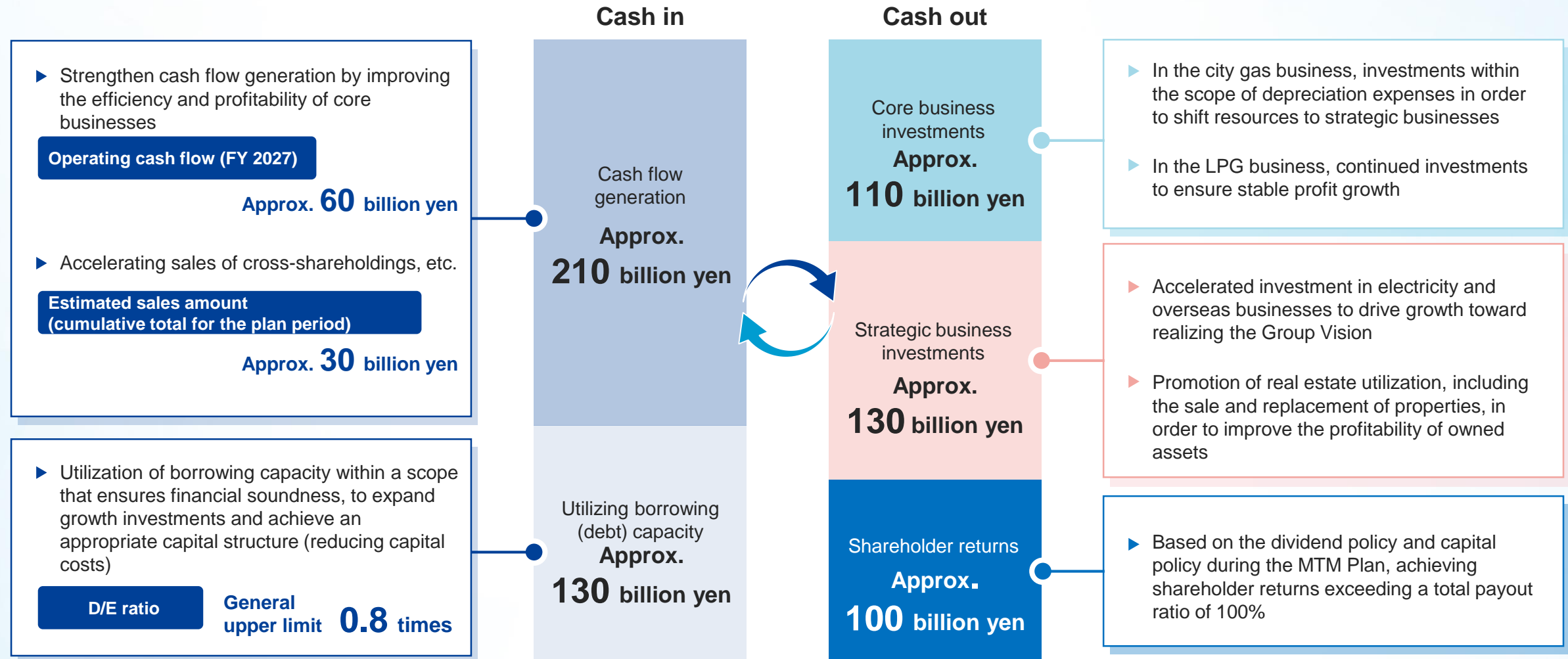
The target level for **equity capital** set at approximately **350 to 400 billion yen^{*1}**

Approximately one-third of cross-shareholdings will be sold,^{*2} focusing on those with diminished significance.

^{*1} This level was determined based on the necessity of ensuring safety, security, and stable supply, which are the missions of gas operators, and by taking into consideration risks of natural disasters such as large-scale earthquakes and geopolitical risks related to LNG procurement. There is a possibility that it may change depending on changes in the external environment and the quantity and nature of risks.

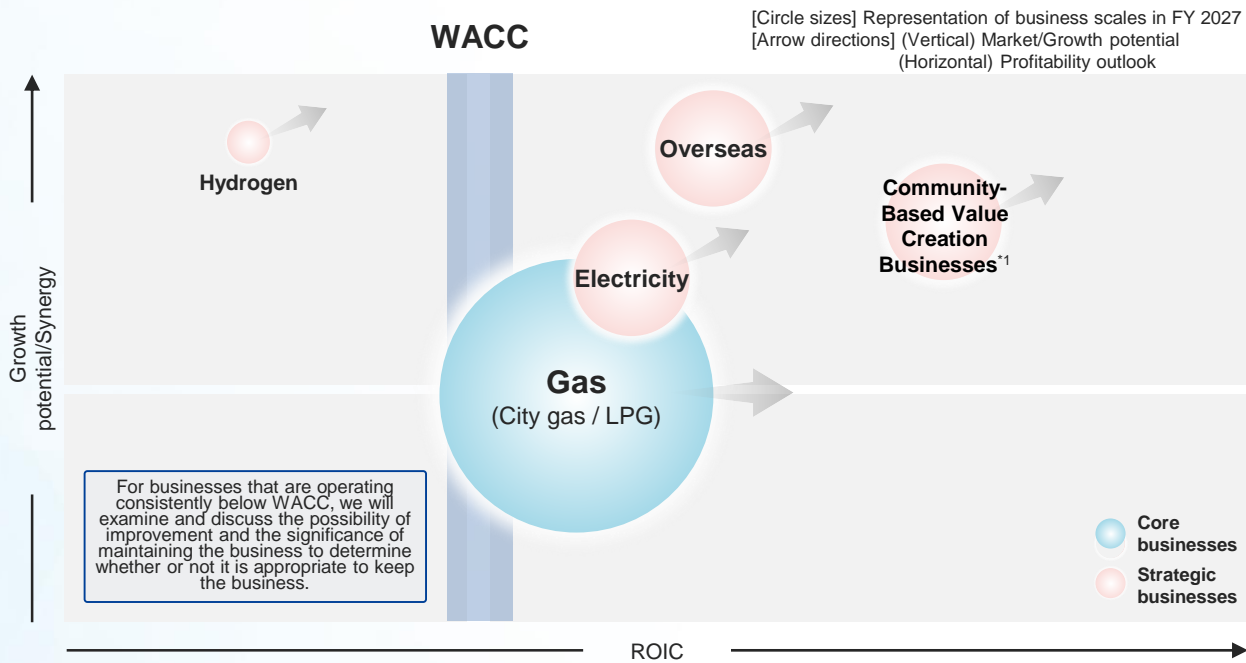
^{*2} 1/3 of balance as of the end of FY 2023. The balance is expected to be less than 20% of the equity capital by the end of FY 2027.

Cash allocation [Three-year cumulative total of the Medium-Term Management Plan]



Deepening balance sheet management

Image of our business portfolio for final year of the plan

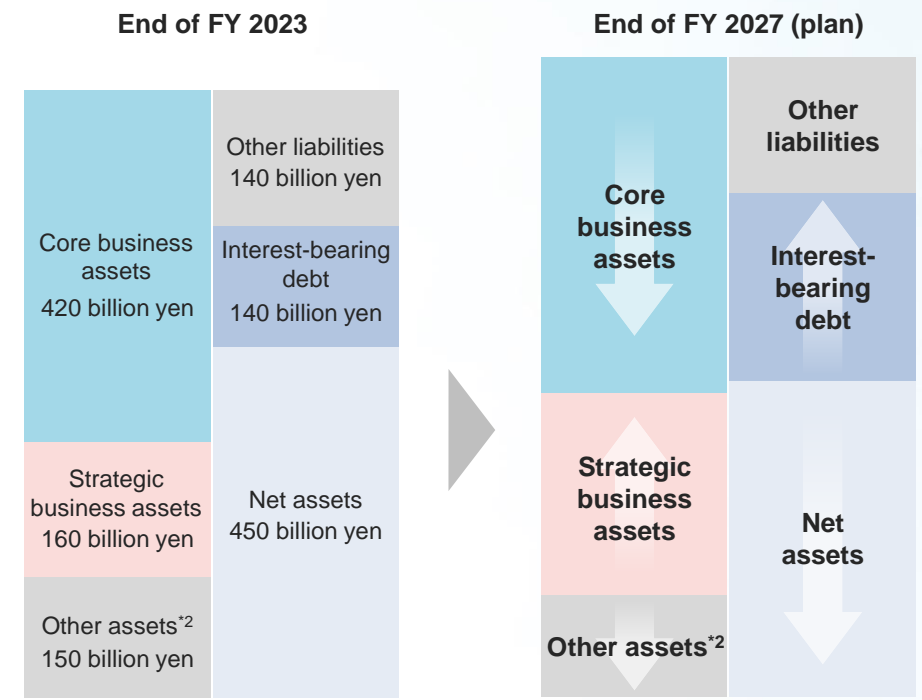


- Implement **ROIC monitoring** to thoroughly manage profitability by business.
- **Regularly check whether the company's portfolio is in a position to contribute to value creation**, taking into account **the balance of profitability, growth potential, and stability** that constitute corporate value.

WACC (planned for FY 2027) : Mid 3% range
[Calculation assumptions] Beta value: 0.6-0.7, market risk premium: 6.0-6.5%

*1 General term for locally based problem-solving businesses. Businesses include lifestyle and administrative support, engineering, town development and real estate development, information services, and agri-food (See page 16 for details.)

Direction of balance sheet management



- Assets side** Increase assets with excellent risk-return potential while streamlining core business assets and selling cross-shareholdings.
- Liabilities and equity side** Implement initiatives to improve capital structure and lower the cost of capital while ensuring financial soundness.

*2 Cross-shareholdings, cash on hand, etc.

Stable cash flow generation from core businesses^{*1}

To generate stable cash flows in our core businesses, which form the starting point of our "business structure transformation," we will promote initiatives at each stage of the supply chain.

Business sophistication and efficiency

Advancement of operations that contribute to safety, security, and stable supply

Promoting proposal-based sales integrated with various services

Improving fixed cost efficiency

- By utilizing advanced technologies and promoting DX, improve regional resilience by ensuring unwavering safety, security, and stable supply, while also improving the efficiency of fixed costs.
- Through cooperation and mutual trust with partner companies, further improve customer satisfaction and maintain a high level of operational quality.
- Promote verification and reconstruction of corporate functions, etc.

Strengthening LNG procurement capabilities

Sourcing from newly established long-term contracts

FY 2025 onward
LNG Canada Project

Promoting diversification of LNG trading

January 2025
Singapore Subsidiary established

Considering the procurement portfolios with a view to the future

- Achieve LNG procurement that balances risk-averse flexibility with competitiveness.

Sustainable growth of the LPG business

Promoting new developments and wide-area expansions

Strengthening the business foundation

Expanded installation of LPWA,^{*2} etc.

Compliance with legal revisions

Full enforcement in FY 2025/
Ministry order for partial revision of the Liquefied Petroleum Gas Act

KPI

Core business operating cash flow^{*3}

45 billion yen (FY 2027)

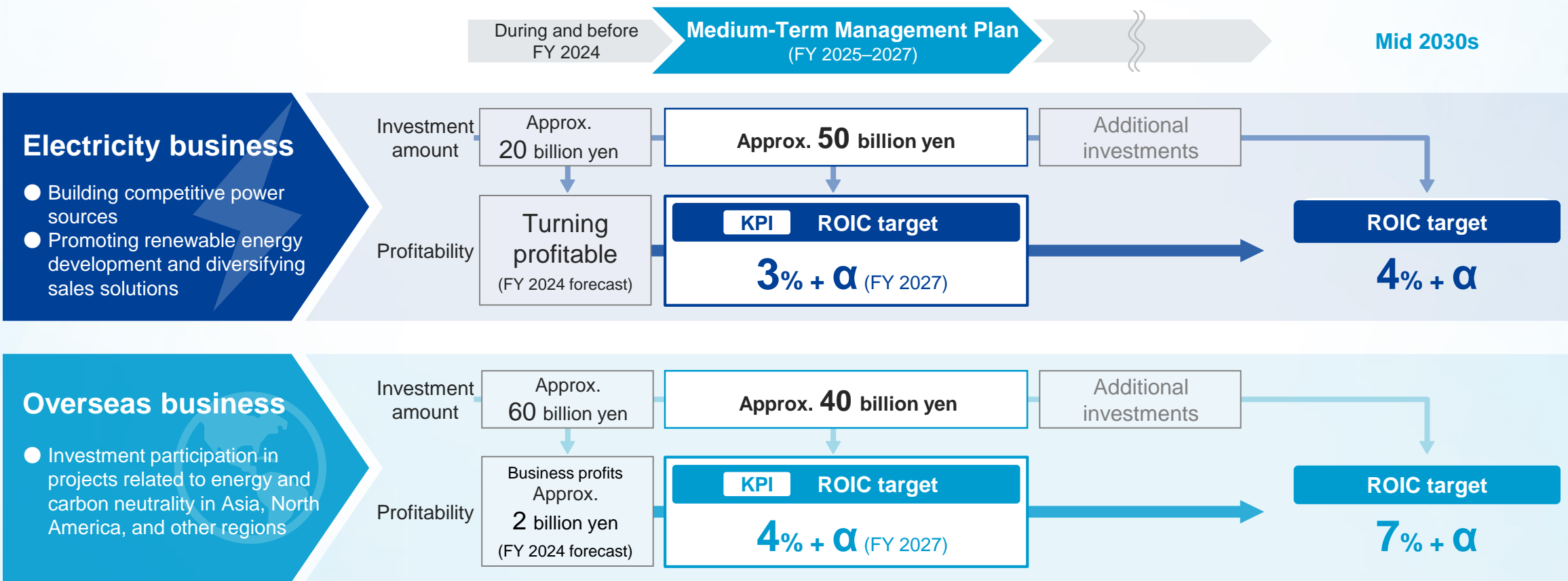
^{*1} Businesses that generate cash flows as a long-term stable earnings base, such as city gas and LPG

^{*3} Core business profits x (1-effective tax rate) + core business depreciation

^{*2} Long-range, low-power wireless communication technology

Nurturing the driving forces of growth

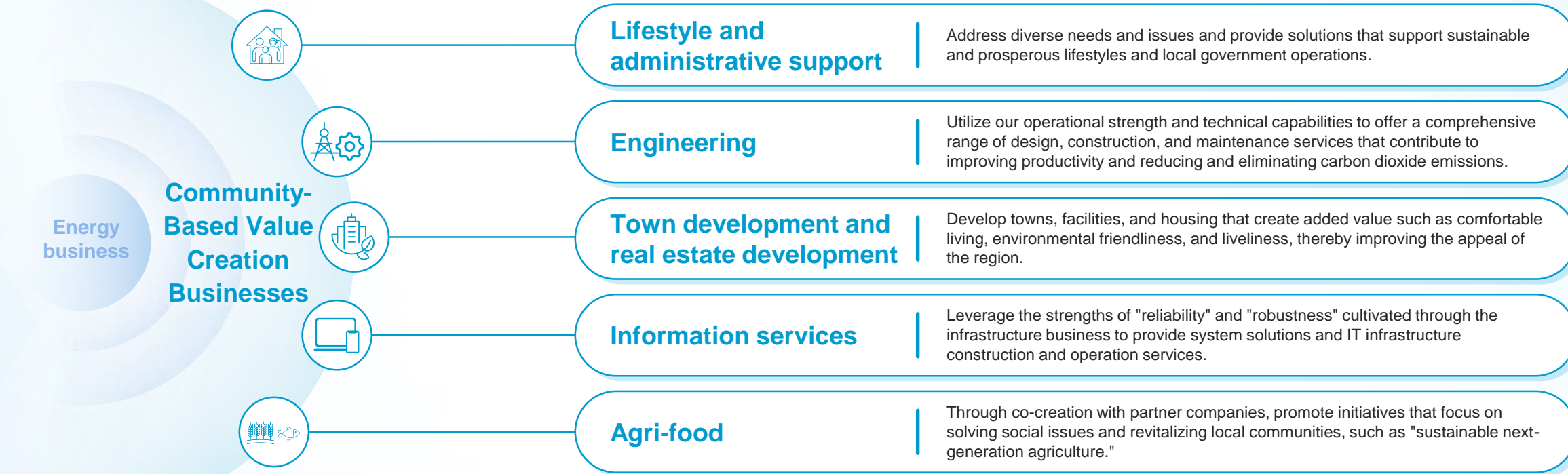
We will proactively allocate resources with an eye on profitability in order to both expand scale and strengthen competitiveness, so that we may leverage the strengths (infrastructure, technologies, and knowledge) we have cultivated in the gas business and ensure that our electricity and overseas businesses will serve as the driving force for profit growth in the next era.



Deeper cultivation of region-based business

We will strive for deeper cultivation of problem-solving businesses that lead to win-win relationships and harmonious coexistence with local communities, businesses, and local governments, focusing on areas related to energy.

We also aim to expand our business domain through collaboration between companies across fields and industries.



KPI

Business profits of Community-Based Value Creation Businesses

5 billion yen (FY 2027/approximately 1.5 times the current level)

Mission and responsibility toward carbon neutrality

To reduce cumulative CO₂ emissions during the transition period, we will focus on promoting the use of natural gas and proposing solutions that contribute to low-carbonization in the heating sector both domestically and overseas, while accelerating our efforts to achieve carbon neutrality by 2050.

Building supply chains for e-methane, hydrogen, etc.

[Major initiatives during the MTM Plan]

E-methane, biogas	<ul style="list-style-type: none"> Searching for overseas projects and examining business feasibility Domestic e-methane demonstration project (Chita e-methane production/regional CO₂ cycle model)
CO₂ separation and capture, utilization and storage	<ul style="list-style-type: none"> Development of CO₂ separation and capture technologies (such as Cryo-Capture®) Feasibility study of CO₂ utilization (CCU) and storage
Carbon credits	<ul style="list-style-type: none"> Generation of credits and exploration of projects in collaboration with local governments and business partners
Hydrogen	<ul style="list-style-type: none"> Hydrogen supply and demand creation centered on the Chita-Midorihamma Works hydrogen production plant

Present

KPI Carbon neutrality rate of gas^{*1}
5% or more (FY 2030)

KPI Amount of use of e-methane, etc.
1% or more (FY 2030)

Social implementation

Around 2030

[Future vision]

Expanding the use of e-methane and biogas

H₂

CO₂

Expanded use

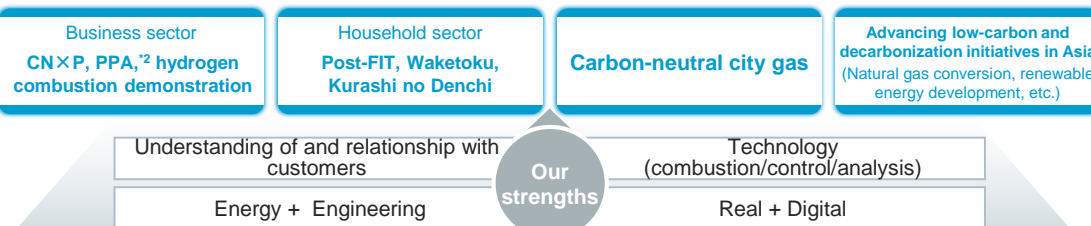
Efficient CO₂ capture

CCS commercialization

Popularization of green and blue hydrogen

Achieving carbon neutrality by 2050

Solution proposals, etc. (Some currently implemented)



Development and utilization of renewable energy sources, etc.

KPI Re-energy volume handled^{*3}

500 MW (FY 2030)

Solar power generation

- Development focused on non-FIT power sources
- Sourcing from business partners and customers

New power sources

- Development of renewable energy sources such as onshore wind power and thermal power generation that contribute to reducing the environmental burden

Adjusting ability

- Realization of effective utilization of renewable energy, such as storage batteries and demand response (DR)^{*4}

^{*1} Carbon neutrality rate achieved through various means

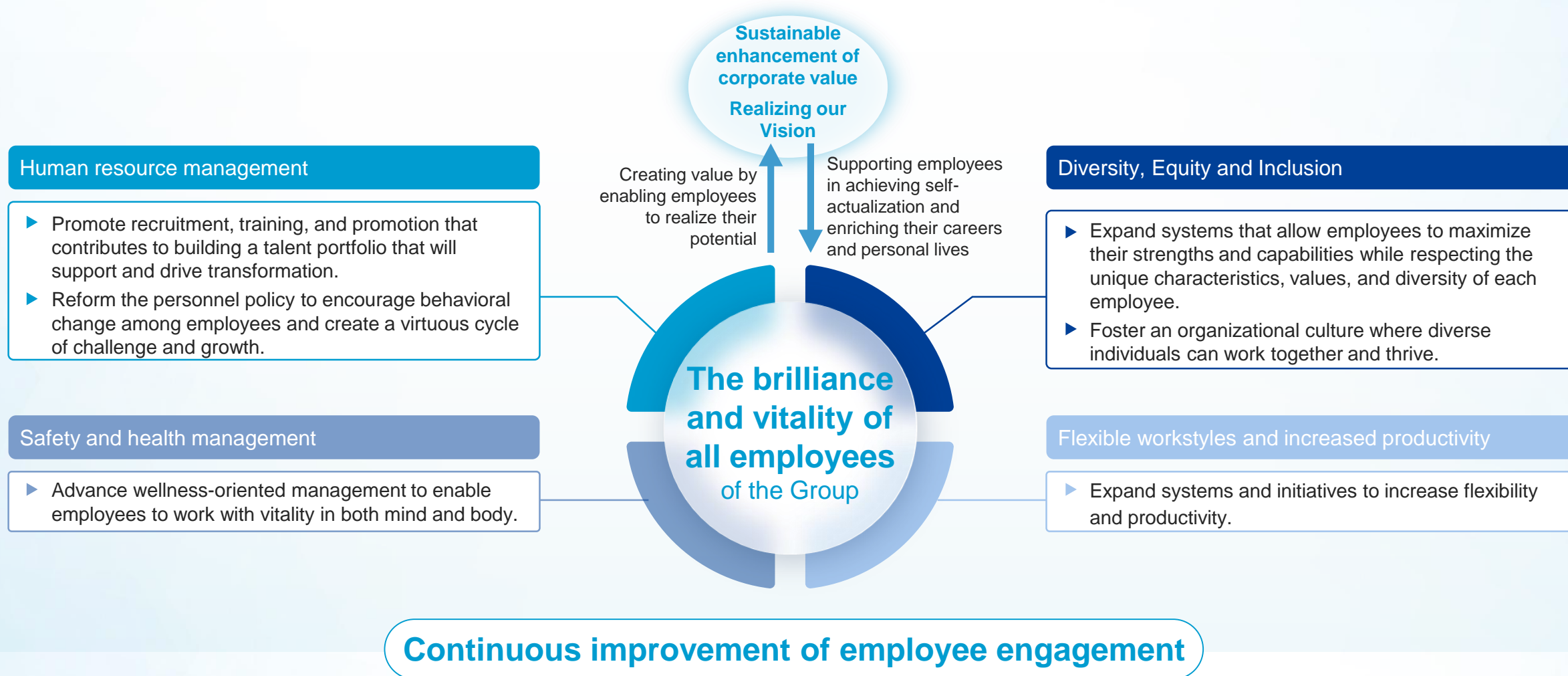
^{*2} A system wherein the Group or its business partners own and operate the facilities, supply the generated electricity to customers, and receive service fees

^{*3} Includes domestic and international renewable energy source development and ownership, FIT power sources, and procurement

^{*4} A mechanism for changing electricity demand patterns by controlling decentralized power sources installed on the demand side, etc.

Linking business strategies and human resources strategies

We support the growth of each employee, recognizing them as the driving force behind “enhancing corporate value” and “realizing our vision,” and work to create and improve their “brilliance” and “vitality.”



Appendix

Medium-Term Management Plan (FY 2025-2027) Investment and financing plan

Medium-Term Management Plan Three-year cumulative total		FY 2025 (Single-year plan)
Core businesses	Subtotal110 billion yen	38 billion yen
Strategic businesses	Subtotal	38 billion yen
	Electricity business and renewable energy development	11 billion yen
	Overseas business	14 billion yen
	Community-Based Value Creation Businesses, etc.	13 billion yen
Total	240 billion yen	76 billion yen

Action Plan

Action Plan

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Themes for value creation initiatives (materiality)



Promote carbon neutrality

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Provide various kinds of energy and services

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Supply energy in a safe, secure, and stable manner

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Contribute to the community by resolving social issues

- Town development / New business 35
- Coexistence with the local community 36



Enhance work satisfaction and ease of work, and promote diversity

- Human resource strategy 37



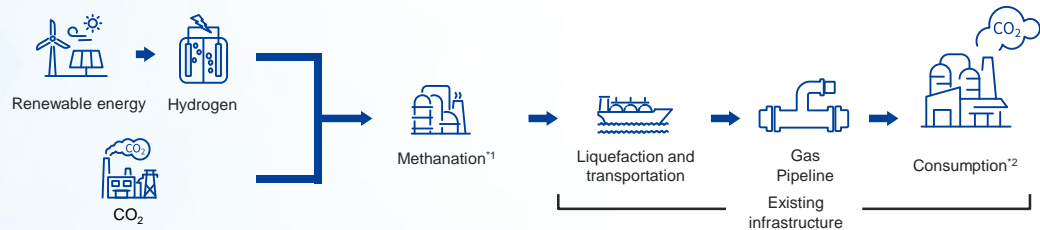
Strengthen compliance and governance

- Sustainability management 38
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To achieve carbon neutrality, we will participate in e-methane production projects, which can effectively utilize existing infrastructure, and also work on technical demonstrations for CO2 utilization.

Challenges in e-methane commercialization

- We will promote project searches and feasibility studies in the U.S. and Australia to expand the introduction of e-methane.
- The demonstration test at the Chita LNG Joint Terminal, which started in FY2024, will evaluate the operational status and quality of the facilities, leading to the solution of issues such as future large-scale, low-cost production facilities.



Flow of e-methane from overseas production to domestic consumption (Image)

*1 Technology to synthesize methane (CH₄), the main component of city gas, through the reaction of carbon dioxide (CO₂) and hydrogen (H₂).

*2 E-methane does not increase atmospheric CO₂ because CO₂ emitted by consumption (combustion) is offset by CO₂ recovered as a raw material.

KPI

Amount of use of e-methane, etc.

1% or more (FY2030)

Business feasibility study for CCUS

Development of CO₂ separation and recovery technology

- We will promote the development of “Cryo-Capture®” and “Cryo-DAC®,” technologies for low-cost separation of CO₂ using unused LNG cold energy, through industry-academia collaboration, utilizing government subsidies.
- We will expand the scale of testing and work to solve issues such as larger scale and optimal operation, with a view to social implementation in FY2030.

Promotion of CO₂ utilization and storage projects

- We will promote efforts toward the practical application of CO₂ utilization (CCU) by promoting a project*3 to immobilize CO₂ in concrete.
- We will deepen our involvement in domestic and international projects for the social implementation of CO₂ storage (CCS), identify issues, and materialize solutions.

*3 Under joint study with AISIN CORPORATION and TAISEI CORPORATION, with commercialization support from Aichi Prefecture

KPI

Cryo-Capture® technology development

Social implementation
(FY2030)



Meeting a wide range of needs for low-carbon and decarbonized energy sources by steadily promoting initiatives that contribute to the expansion of renewable energy sources and hydrogen use.

Expanding renewable energy sources

► Availability of various renewable energy sources and regulating power

- We will promote the development of various renewable energy sources such as solar, biomass, and wind power. We will also strive to secure stable and inexpensive renewable energy by utilizing cooperative initiatives with other companies, such as TT Brothers LLC, which we established together with Tokyo Century Corporation.
- Parallel to this, we will develop regulating power sources such as storage batteries to make the most effective use of renewable energy with fluctuating output.

► Biomass power plant begins operations

- In addition to Yatsushiro (Kumamoto Prefecture), where commercial operation has started, Karatsu (Saga Prefecture) and Tahara (Aichi Prefecture) are scheduled to start operation after 2025.



Yatsushiro Biomass Power Plant
(operation started in June 2024)

KPI

Re-energy volume
handled

500 MW

(Current status:
150MW / by FY2030)

Establishing a foundation to expand the use of hydrogen

► Stable supply of hydrogen

- Starting from Chita-Midorihaman Hydrogen Production Plant, we will establish our position as a hydrogen supplier in the Chubu region by providing a stable supply of hydrogen.



Chita-Midorihaman Hydrogen Production Plant
(operation started in June 2024)

► Creating demand for hydrogen

- In collaboration with local governments and business partners, we will create demand in the mobility and heat sectors by promoting demonstrations, development, etc. related to the utilization of hydrogen.

KPI

Hydrogen sales
volume

400 tons

(FY2024 forecast:
25 tons / by FY2027)

Contribute to the decarbonization of the local community

Promote carbon neutrality

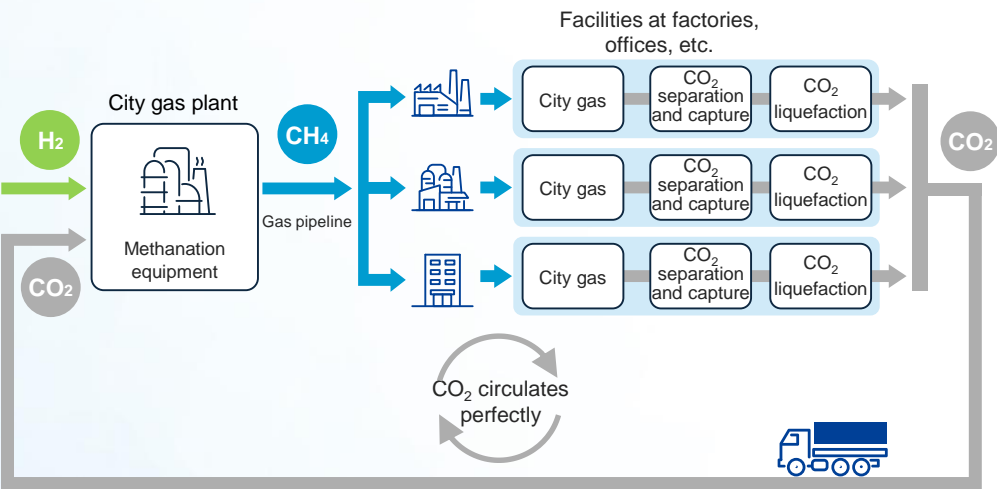


Target materiality

Contributing to the realization of carbon neutrality in the community through resource recycling and the creation of carbon credits by deepening cooperation with local governments and business partners.

Establishing a regional CO₂ circulation model

- We will work with AISIN CORPORATION and DENSO CORPORATION to evaluate the feasibility of a “regional circulation model for CO₂,” whereby CO₂ emitted from customers’ factories, etc. is recovered and transported to our factories and used as raw material for methanation.



Regional CO₂ circulation model (image)

Promoting carbon neutrality in local areas

► Collaboration with local governments and regional companies

- To promote carbon neutrality in the Chubu region, we will participate in the “Hydrogen Utilization Study Group in Chubu” and the “Nagoya Port Decarbonization Promotion Council” to deepen cooperation.

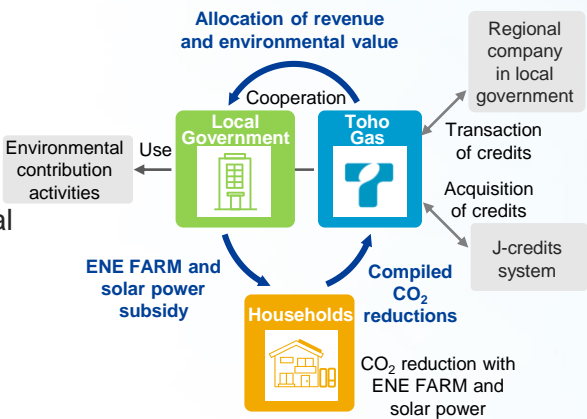
► Environmental value creation

- We will promote regional low-carbon and decarbonization through J-credits creation efforts in cooperation with local governments.
- We will continue to create environmental value through the promotion of energy conservation, the use of renewable energy, and forest and agricultural land and other management activities.

KPI J-credits generated

2,000 tons-CO₂

(FY2024 forecast: 30 tons / cumulative period planned)



Initiative for the creation and utilization of J-credits in cooperation with local governments



Contributing to the realization of a low-carbon society through the promotion of fuel conversion and advanced use of city gas, and in the LPG business, expanding the scale of operations and strengthening business foundations

Expanding use of city gas

- We will help realize a low-carbon society by converting fuels from coal, heavy oil, etc. to natural gas, which has a lower environmental impact.
- We promote the advanced use of energy by introducing gas cogeneration systems, ENE FARM, and other equipment optimized to meet customer needs.



Combustion of city gas in
industrial furnaces



New gas pipeline
construction

KPI

City gas development
volume

100 million m³
(cumulative period planned)

Expanding and strengthening the LPG business

▶ Expanding business scale

- We seek to boost our market share through new development in the core area centering on the three Tokai prefectures. In addition, we will implement wide-area development in Shizuoka, Nagano, and other surrounding areas.

▶ Strengthening business foundations and supply chains

- We will improve the efficiency of delivery operations by expanding the use of wireless communication technology and using AI to optimize delivery routes and other means.
- Through distribution alliances with other companies in the industry and increased flexibility in terminals for receiving raw materials and other measures, we will promote efficiency and increase security of supply.

▶ Contributing to improving resilience

- LPG, which has excellent on-site stockpiling properties, enjoys an important position in national energy policy. We will continue to expand the use of LPG and introduce equipment to address disaster situations.

KPI

Number of LPG
customer accounts

650 thousand

(FY2024 forecast: 640
thousand / by FY2027)



Enhancing profitability and stability through diversifying procurement and participating in power generation projects, as well as creating new solutions.

Stabilization and strengthening of the electricity business

► Optimization of procurement portfolios

- We will secure the necessary volume and stabilize procurement prices through an appropriate combination of short-term and long-term contracts from power producers and procurement from wholesale exchanges.
- We will always monitor the risk of income and expenditure fluctuations and promote the use of transactions that contribute to reducing such risk.

► Joint Development of thermal power stations

- Jointly with JERA Co., Inc., we will establish Chita Energy Solutions LLC and begin construction of an LNG-fired power plant boasting world-leading power generation efficiency.
- In the future, we intend to convert to hydrogen as a fuel.



Chita Thermal Power Station Units 7 and 8
Rendering (Scheduled to begin operation in FY2029)

KPI

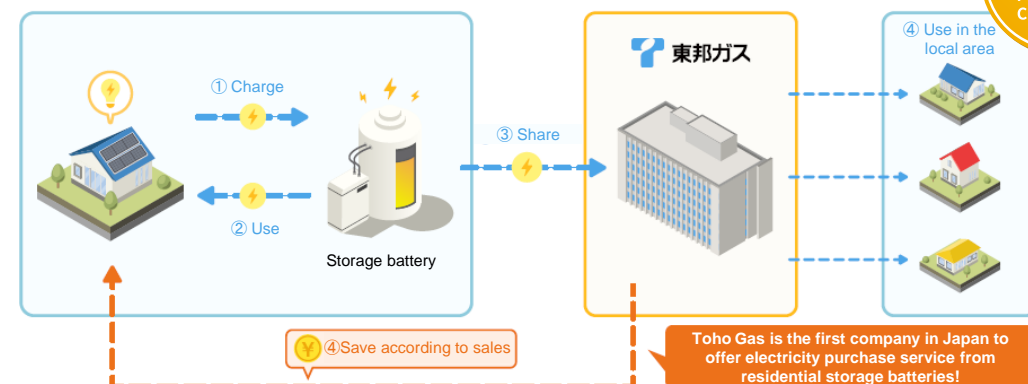
Electricity sales
volume

3 billion kWh

(FY2024 forecast:
2.8 billion kWh / by FY2027)

Creation of power service

- Based on the results of the electricity purchase service being developed and the power service demonstration for EV users, we will promote the development of new value-added electric power services.
 - A new organization will be established to centralize the development of solutions combining demand response, storage batteries, EVs, DR*, etc., and to strengthen collaboration with startups and others.
- * A mechanism for changing electricity demand patterns by controlling decentralized power sources installed on the demand side, etc.



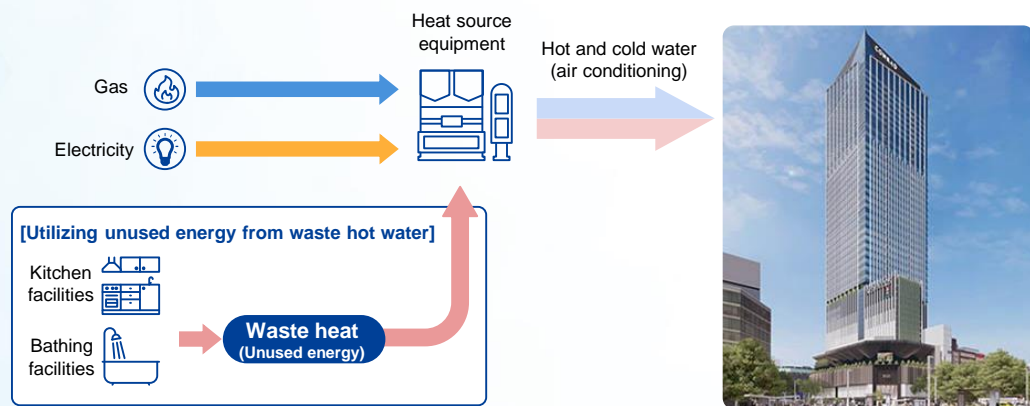
Scheme of electricity purchase service "Waketoku (started in October 2024)"



Promoting energy-efficient heat utilization in conjunction with redevelopment and town development. In addition, we will expand revenue by strengthening external sales of technologies developed in the city gas business.

Promoting the heat supply business

- In supplying heat to “The Landmark Nagoya Sakae,” which is under construction by MITSUBISHI ESTATE CO., LTD. and others, energy will be saved by utilizing unused energy from waste hot water.
- We contribute to environmentally friendly town development by proposing optimal heat supply systems that match the scale and planning of redevelopment projects.



(Rendering)

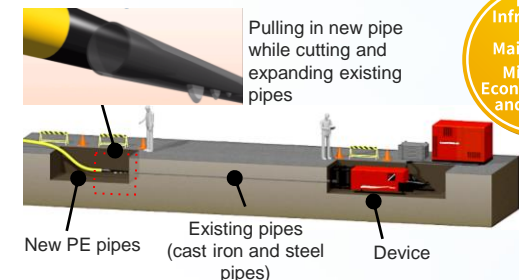
Outline of the heat supply system installed in “The Landmark Nagoya Sakae”

External sales of proprietary technologies

- We will promote external sales of technologies such as gas differential pressure power generation using the energy generated when gas is depressurized, as well as trenchless pipe installation methods that are highly effective in reducing costs and environmental impact.
- In addition to the city gas business in Japan, we will contribute to solving social issues such as aging regional infrastructure by expanding into the water supply business and other areas.
- We contribute to customers’ digital promotion and business development by supporting solutions such as core systems, database construction, and application development.



Gas differential pressure power generation



Trenchless pipe installation method “STREAM Method”



KPI

External sales of proprietary technologies

7 billion yen

(FY2024 forecast: 6.5 billion yen / by FY2027)



To become a lifestyle partner that transcends the boundaries of energy, we will provide products and services that meet diverse needs.

Value delivery in everyday life

▶ Expanding energy and services that support lifestyles

- We will expand gas and electricity rate options to realize optimal proposals tailored to customers' lifestyles.
- We aim to further deepen relationships with customers and enhance our brand value by enhancing Toho Gas Kurashi products and services for My Shop members, which support customers in realizing their ideal lifestyles.

▶ Proposing housing that leads to a sustainable society

- We will strengthen sales of storage batteries and promote initial-cost-free proposals for solar power generation and ENE FARM, supporting ZEH^{*1} compliance for new homes and improving the energy-saving performance of existing homes.
- As an effort to contribute to the formation of a circular society, we will promote studies to expand our business areas, for example, the utilization and value enhancement of local stock housing, including vacant houses, etc.

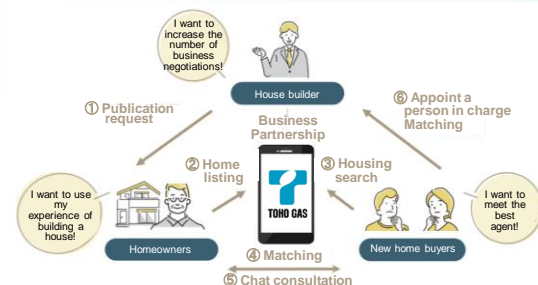


Residential storage batteries (image)

^{*1} ZEH: Net Zero Energy House that aims for net-zero primary energy consumption annually by enhancing thermal insulation and energy efficiency while generating necessary energy through solar power and other means

▶ Building a business model that leverages digital technology

- We have launched “IELABO,” a platform service that provides new options for home building.
- We will continue to take on the challenge of co-creating solutions that weave together customer “needs” and “solutions” by staying close to local lifestyles.



Correlation diagram of “IELABO”
(service launched in March 2025)

KPI Number of energy customer accounts^{*2}

3.14 million

(FY2024 forecast: 3.08 million / by FY2027)

^{*2} Total number of customer accounts of city gas, LPG, and electricity

KPI Sales of products and services in everyday life^{*3}

20 billion yen

(FY2024 forecast: 16 billion yen / by FY2027)

^{*3} Total sales of gas appliances, renovation, etc.



To become a business partner that transcends the boundaries of energy,
we will provide one-stop solutions to enhance business sustainability.

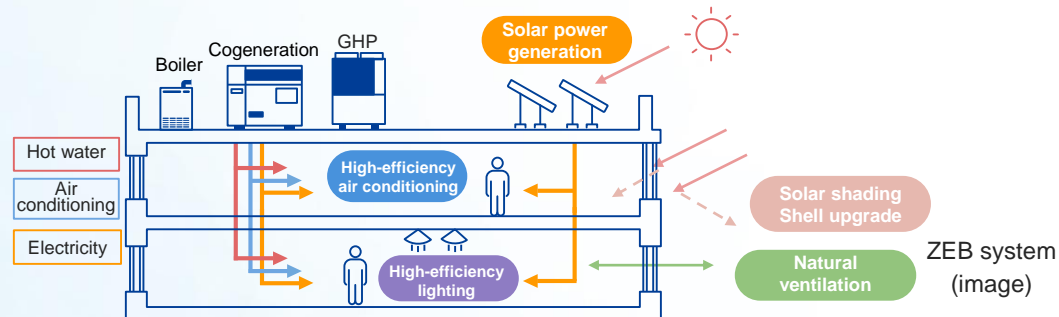
Providing value in the business field (to promote CN×P business^{*1})

► Strengthening consulting

- We will continue to contribute to the low-carbonization of customers' operations by leveraging our accumulated expertise, including support for the formulation of CO₂ emission reduction roadmaps.
- As a ZEB planner, we will propose optimal facilities such as gas air conditioning and cogeneration to our customers to promote ZEB,^{*2} a key government initiative for achieving carbon-neutral buildings.

^{*1} One-stop consulting, engineering, and other services to help customers become carbon neutral, and to support their efforts for low-carbon and decarbonization

^{*2} ZEB: Net Zero Energy Building that aims for net-zero primary energy consumption annually by energy conservation and energy creation



► Expanding products

- We will satisfy customers' needs for introducing hydrogen by expanding our lineup of hydrogen burners and offering a hydrogen combustion tasting service.
- Through on-site solar power generation systems,^{*3} we will support the introduction of renewable energy at customer sites and expand our lineup of equipments such as storage batteries and control services.

^{*3} An initiative to introduce solar power generation using customers' rooftops

► Strengthening engineering capabilities

- In addition to gas facilities, the Toho Gas Group provides high quality construction services for electrical air conditioning, electrical equipment, and production facilities.
- Equipment monitoring and inspections are used to continuously conserve energy and reduce the occurrence of breakdowns. We also support the stable operation of our customers' facilities through rapid recovery responses.

KPI

Sales of CN×P
business

13 billion yen (FY2024 forecast:
12 billion yen / by FY2027)

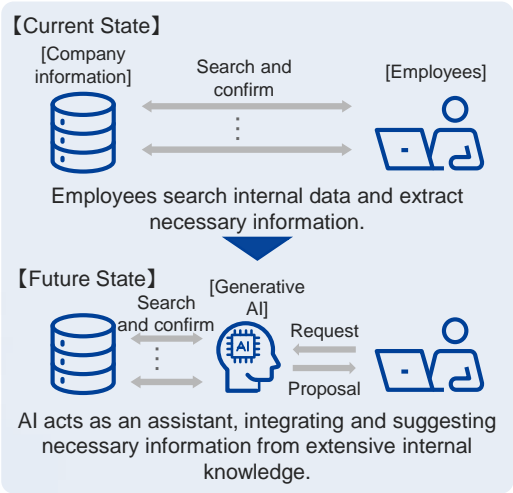
Promoting the sophistication and efficiency of operations through DX and the creation of new value through digital technology, while working to develop human resources to support these efforts

Promoting DX and data utilization

▶ Revising business processes

- We will promote the review of business processes from a digital perspective, including automating reception duties and mobilizing on-site operations, by utilizing generative AI, RPA*, etc.

* RPA: Robotic Process Automation that automate tasks using software robots



▶ Data analysis and utilization

- We analyze our energy and equipment data and use it to optimize facility operations and improve maintenance efficiency, etc.

KPI

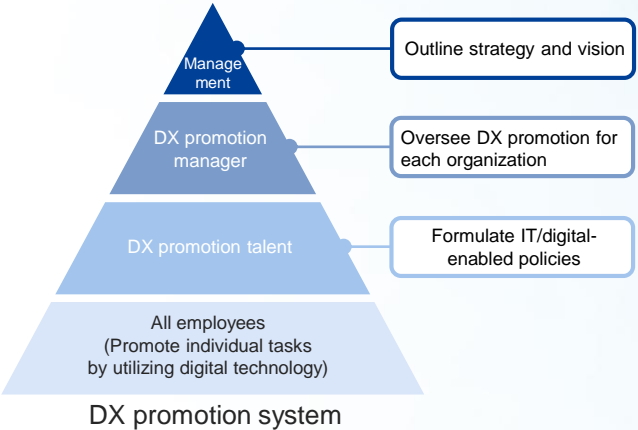
Accumulation of automated business processes

700 cases (FY2024 forecast: 350 cases / by FY2027)

Creating an environment for promoting digital transformation

▶ Human resource development and education

- To accelerate DX, we will focus on developing DX promotion talent who will lead the formulation and execution of measures using digital technology.
- All employees will be trained to improve their DX literacy to actively leverage IT and digital technologies in their own work.



▶ Strengthening security measures

- In response to the increasing threat of cyber attacks, we will enhance security for the entire Group by taking both preventive and post-attack measures, such as appropriate management of access permission and practical cyber-security training, including management-level activities.

KPI

Number of personnel promoting DX

200 people (FY2026)



Contributing to the low-carbon and decarbonization of each region by expanding the use of natural gas and renewable energy, and also expanding our operational bases to further deepen our overseas energy business.

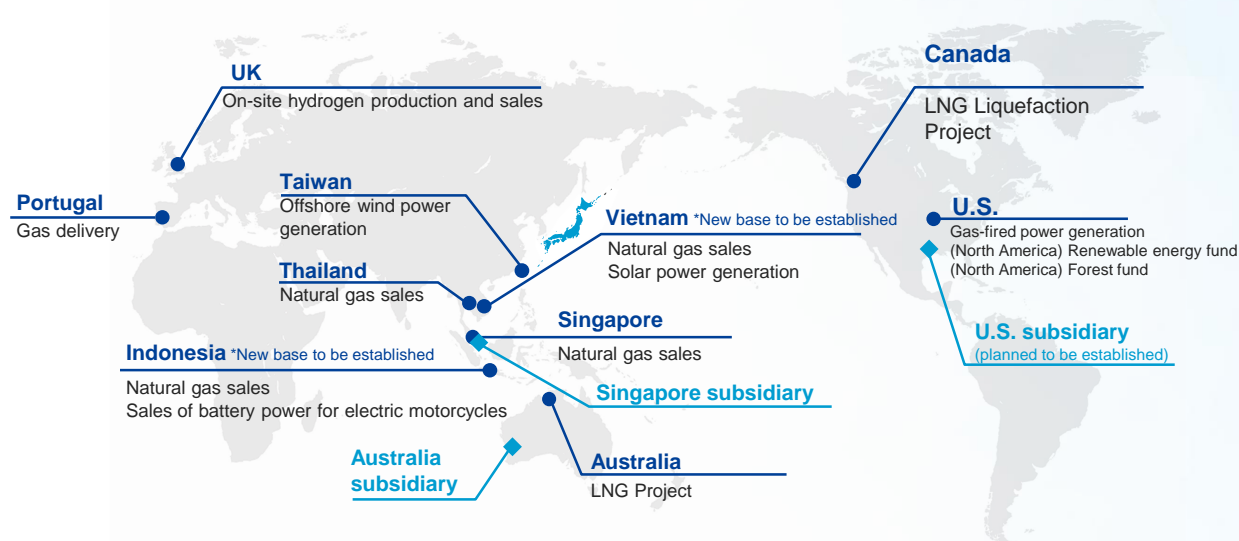
Overseas energy business development

▶ Contributing to low-carbon and decarbonization in Asia

- We will promote the diffusion, expansion, and advanced use of natural gas, which contributes to low-carbon growth in Asia, where energy demand is expected to increase, by leveraging our experience and know-how accumulated through domestic business.
- We will promote feasibility studies related to the development of renewable energy and new fuels such as biogas and hydrogen, and work to create a path toward carbon neutrality in Asia for synergy creation.

▶ Strengthening carbon-neutrality-related businesses

- In Australia, where carbon-neutral businesses are expanding due to abundant renewable energy and policy support, we aim to participate in businesses such as renewable energy and CCS by utilizing our local offices.
- In North America, we will take advantage of invested renewable energy and forestry funds to expand our knowledge and network, leading to a step-by-step strengthening of business portfolios.



Overseas projects with investment participation and overseas subsidiaries

▶ Overseas base expansion

- In addition to the existing areas in Australia and Singapore, we will develop bases in Indonesia and Vietnam to strengthen our involvement with investee companies. In addition, we will establish a new North American subsidiary to strengthen local activities.
- We will work to systematically secure and train human resources who can play an active role overseas.



Establish an optimal procurement portfolio and promote LNG transactions to realize flexible and competitive procurement. In addition, we will enhance our involvement in the value chain to improve profitability and reduce our environmental footprint.

Strengthening LNG procurement capabilities

► Building procurement portfolios

- We will commence procurement from the "LNG Canada Project" in FY2025 and expand our LNG procurement sources to five countries.
- In preparation for geopolitical risks and sharp fluctuations in market conditions, we will diversify procurement regions and contracts, and build a procurement portfolio centered on long-term contracts.

► Promoting LNG trading

- Amid increasing liquidity in the energy market, in addition to coordinating the allocation of LNG vessels, we will strengthen our supply and demand adjustment function by developing an LNG trading system centered on the Singapore subsidiary.*

* TOHO GAS SINGAPORE PTE. LTD. (Established in January 2025)

► Efforts to procure next-generation energy

- Foreseeing a staged transition to carbon neutrality, we will also consider overseas procurement of e-methane, biogas, etc.

Involvement in the LNG value chain

► Initiatives for upstream and midstream businesses

- The "Ichthys Project (Australia)" will work with partners to address the challenges of complying with local environmental regulations and maintaining future production volumes.
- The liquefaction business of the "LNG Canada Project" will produce LNG with a low carbon footprint, using hydroelectric power.



LNG Canada Project
(Under construction)

► Involvement in LNG transportation

- To further promote LNG trading, we will absorb know-how on operational control, profit management, etc. from our partially invested LNG vessels, and proceed with evaluating our own LNG vessel ownership and chartering options.

Contributing to improving the resilience of the entire region by ensuring safety, security, and stable supply, and improving the efficiency of basic operations in both directions, as well as enhancing the ability to respond to disaster risks.

Unwavering safety and security, stable supply and efficiency

- To achieve the safety advancement target set by the government, we will further expand the use of safety-type gas equipment, develop educational activities, steadily implement measures for highly aged equipment, and further improve the earthquake resistance rate of low-pressure main branch pipes.
- We will promote the advancement of security and operational efficiency by using advanced technologies, such as AI-based predictive detection of abnormalities in manufacturing facilities and prediction of conduit deterioration.
- We will steadily introduce smart meters to improve efficiency through remote meter reading, and ensure prompt safety through remote operation.



Regular safety inspection (image)

KPI Earthquake resistance rate of main and branch pipes*1

100% (Current status: 98% / by FY2030)

*1 Subject: Toho Gas Network Co., Ltd. service area

Improving local resilience

► Further strengthen disaster response capabilities

- To ensure continued manufacturing and supply and minimize damage in the event of a contingency, such as a Nankai Trough earthquake, we will loop core routes, subdivide supply areas, and conduct various drills.
- We will build partnerships and cooperative relationships with local governments, infrastructure providers, construction companies, etc., leading to mutual cooperation and early restoration in the event of a contingency.
- Taking advantage of the usefulness of disaster-resistant city gas and LPG, we will promote the installation of gas air conditioning (Gas engine Heat Pump: GHP) in school gymnasiums that serve as evacuation centers, thereby contributing to the creation of a safe evacuation environment.

► Further measures against cyber attacks

- Even as the threat of cyberattacks increases, we will advance security measures for the control and monitoring systems of our manufacturing and supply facilities to prevent significant impacts on our supply.

KPI Number of blocks*1 *2

109 blocks (Current status: 106 blocks / by FY2027)

*2 Unit to stop gas supply that aims to minimize areas subject to supply interruptions in the event of damage from earthquakes, etc., by subdividing supply areas and increasing the number of blocks



Challenge to develop attractive communities and create new value through both in-house development using our assets and know-how, and collaboration with other companies.

Contribution to local attractiveness

Promoting town development

- We will continue to develop the Phase II area of Minato AQUUS, which has been selected as a leading decarbonization area (the Ministry of the Environment), while deepening cooperation between industry, academia, and government.
- We will also contribute to the creation of an attractive community by utilizing the know-how accumulated by the Toho Gas Group, with a view to participating in PFI projects.*1



“COMTEC PORTBASE”
(opened earlier in the Phase II area of Minato AQUUS)

*1 A business method whereby public facilities are constructed and operated using private-sector funds and know-how

Effective use of company-owned land, etc.

- We will promote the development of real estate that creates added value for communities, such as ease of living and environmental friendliness, and the monetization of land owned by the Toho Gas Group. As part of this, we will consider implementing a condominium business jointly with partners on the site of a former employee dormitory in Meito Ward, Nagoya City.
- We will expand the facility business to provide comprehensive maintenance of facilities and buildings, leveraging the expertise we have accumulated through our real estate management.

Taking on new challenges

Accelerating open innovation

- We have formed a CVC*2 “Shin - Infra Fund” with the aim of creating businesses through collaboration with startups that possess innovative technologies and ideas.
- We will develop new businesses that contribute to the development of local communities by drawing on co-creation centers such as STATION Ai.*3

*2 Corporate Venture Capital

*3 One of Japan's largest open innovation hubs, located in Showa Ward, Nagoya City

Scale-up of projects underway

- We will examine the possibility of scaling up and profit-increasing measures by leveraging our strengths in the businesses we are promoting that are expected to expand their markets, such as land-based salmon aquaculture and data centers, and implement those that have good prospects for business viability in due course.

シン・インフラファンド by TOHO GAS



Coexistence with the local community



Contribute to the community by resolving social issues.

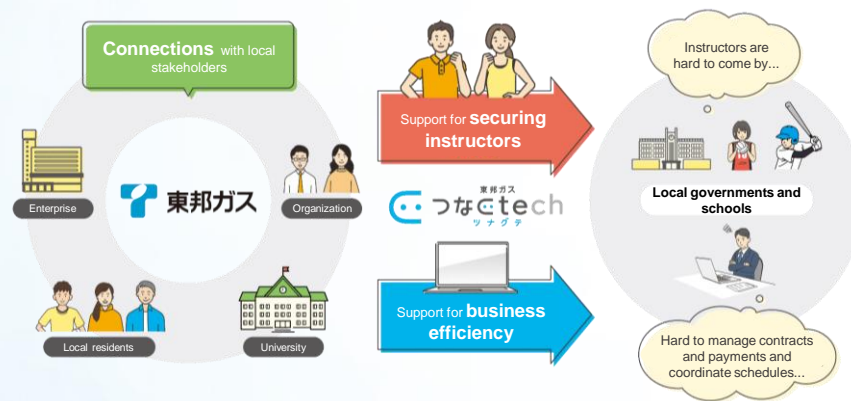


Target materiality

Addressing social issues faced by local communities, and aiming for sustainable growth together with communities by balancing both social and economic values.

Initiatives for Well-Being

- At the child development support business “Flower Kids Nobiruko,” we support children’s growth through creative activities and daily life experiences according to their individual characteristics.
- “Toho Gas Tsunagutech (Tsunagute)”, a solution service for local governments, has started a demonstration experiment related to club activity reform in collaboration with the Board of Education. We will continue to sequentially expand services that contribute to solving issues.



KPI

Number of community activities

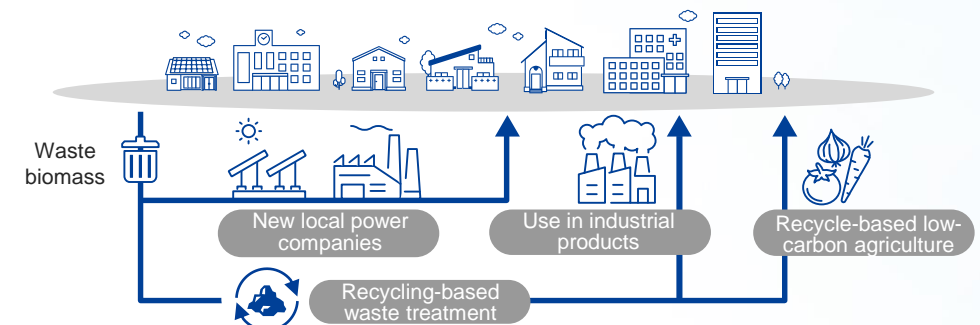
600 cases (FY2024 forecast: 180 cases /cumulative period planned)

Contributing to the realization of a circular society

- Together with Nihon Agri, Inc., which possesses agricultural management know-how, we will start production of Shine Muscat using “Soratan,” which is developed by TOWING Ltd. Considering the use of abandoned agricultural land, we will promote the spread of recycling-based low-carbon agriculture using biomass, through gradual expansion of the production scale.
- We will also tackle recycling-oriented waste treatment, in which carbon is created from organic waste and is used as an industrial material.
- We will contribute to solving various regional issues through local production for local consumption of energy and economic circulation utilizing business profits, such as waste power generation through new local power companies.



Planned cultivation of Shine Muscat (photo provided by Nihon Agri, Inc.)



Our Group's contribution areas in a circular society (image)

Working to expand a system and foster an organizational climate that enable each employee to realize their maximum potential, driving both achievement and personal growth.

Human resource management

- We will systematically secure and train human resources to strengthen on-site capabilities in core businesses, which will serve as the starting point for reforming business structure.
- New courses will be established to develop human resources for strategic businesses such as electricity, overseas business, etc., which will drive the transformation, and to secure more specialized talent.
- We will develop future management leaders through early promotion of young employees to management positions, secondments to companies inside and outside the Group, and MBA study abroad.

Safety and health management

- Through periodic health checkups and stress checks, we identify risks that may harm health and provide guidance for improvement by industrial physicians and others to strive to maintain and promote the health of our employees.
- We will prepare a comfortable work environment through the renewal of the cafeteria and meeting rooms, enhancement of the IT infrastructure, etc.

KPI Health and Productivity Management Certification*1

White 500 certified (Every year)

Diversity, Equity and Inclusion

- We will develop systems and environments that enable women, childcare/caregivers, seniors, and people with disabilities to maximize their abilities.
- We will engage in training and other activities for managers to create an organization with a high level of psychological safety, which will serve as a foundation for this development.

KPI Number of female managers*2

50 people (FY2024 actual forecast: 26 people / by FY2027)

Flexible workstyles and increased productivity

- We will work to develop systems that contribute to improving work-life balance, such as telework and hourly leave, incorporating employee feedback, and to foster a culture that facilitates their use.
- We will enhance the productivity of the entire Group through the promotion of digitalization and support of corporate functions among Group companies.

KPI Rate of taking parental leave*1

100% (FY2024 actual forecast: 100% / by FY2027)

*1 Subject: Toho Gas Co., Ltd.
*2 Figures are estimates based on the new personnel system (scheduled for revision in April 2026), and apply to employees originally registered with Toho Gas Co., Ltd.

Promoting sustainability management to simultaneously achieve a sustainable society and sustainable corporate growth

Deepening sustainability management

► Environmental conservation initiatives

- To achieve the government's Nature Positive goal by 2030, we will continue to engage in activities such as biodiversity conservation and *satoyama* conservation.
- We contribute to the realization of a circular economy through environmentally conscious circular business activities.



Satoyama conservation activities



Green curtains (donated by Toho Gas)

► Achieving social justice

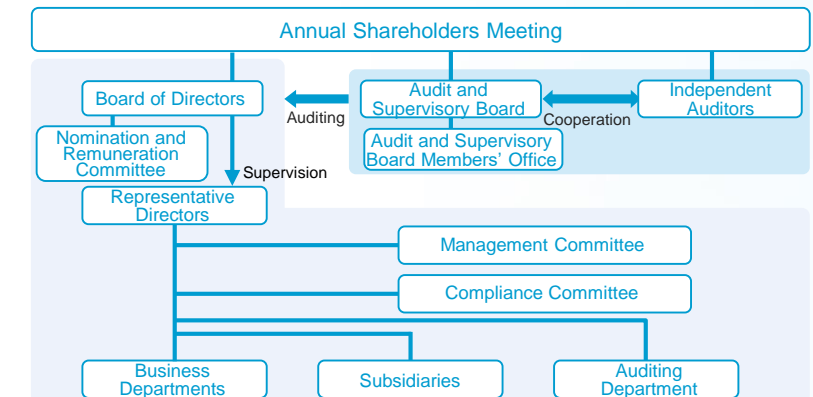
- Under the “Toho Gas Group Human Rights Policy,” we will work to foster a corporate culture that respects diversity and fairness by, for example, conducting training for all employees.
- We will deepen our connections with the local community through education, culture, sports, and other initiatives aimed at the next generation.



Education for the next generation

► Sustainable business operations

- We will further strengthen corporate governance through evaluation of the effectiveness of the Board of Directors and the operation of internal control systems.
- We will strengthen IR and SR activities and promote dialogue with the capital market.



Corporate governance organizational chart



Endeavoring to strengthen the relationship of trust with customers and society by acting in accordance with laws and regulations, common sense, and ethical standards, which are the basic premise of business operations.

Ensuring Compliance

► Cultivating a corporate culture that prioritizes compliance

- We will further raise employees' awareness of compliance by establishing internal and external (law firm) compliance consultation services, holding seminars and training sessions on laws and regulations, labor management, etc., and conducting periodic inspections on the status of compliance with laws and regulations, etc.
- Guided by a firm determination not to repeat violations of the Antimonopoly Act, we will implement multilayered and focused training as part of our business improvement plans, and appropriately and rigorously operate a pre-approval and ex-post facto reporting system for contacts with competitors.
- In addition, the “Business Improvement Plan Verification Conference,” consisting of a majority of outside third parties, will verify the implementation status, effectiveness, etc. of the Business Improvement Plan.

► Strengthening personal information protection

- We will strengthen the protection of personal information through the development of internal regulations, regular meetings of the committee to discuss privacy policy activities, self-audits on the status of private security management, and measures to ensure information security such as countermeasures against unauthorized access from the Internet.

► Compliance Promotion System

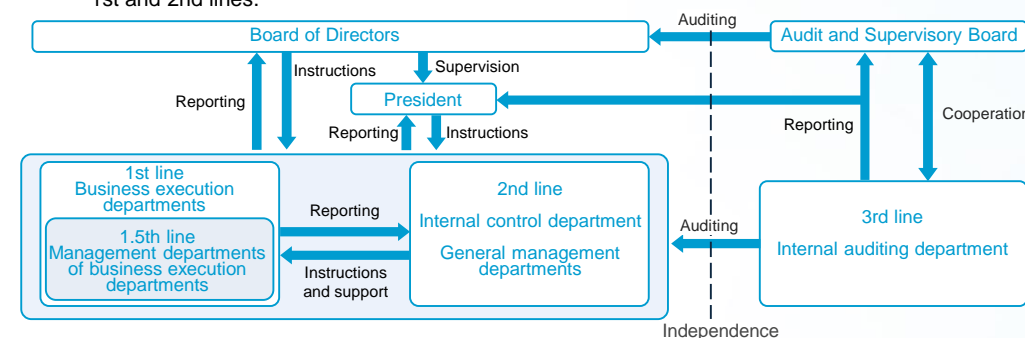
- The Compliance Committee, which is chaired by the president and includes the director in charge, the general manager, and other members, meets twice a year in principle to discuss activity plans, results, etc.
- Multi-pronged risk management is carried out through the establishment of a three-line management system.

<Three-line management system at Toho Gas Co., Ltd.>

1st line: Compliance response by business execution departments (management departments of business execution departments act as the 1.5th line, overseeing and managing the entire department)



2nd line: Planning and promotion of company-wide compliance activities by an internal control department, and management of responsible areas by other general management departments (legal, finance, etc.)

3rd line: Auditing the appropriateness of business activities by an internal auditing department independent from the 1st and 2nd lines.



Three-line management system (schematic diagram)





Main materiality targets

		Indicators and items	Targets
 Promote carbon neutrality	Contribution to CO ₂ reduction* ¹	3 million tons	[FY2030]
	Carbon neutrality rate of gas* ²	5% of gas sales volume	[FY2030]
	Amount of use of e-methane, etc.	1% of city gas sales volume	[FY2030]
	Re-energy volume handled	500 MW	[FY2030]
	Hydrogen sales volume	400 tons	[FY2027]
	J-credits generated	2,000 tons-CO ₂	[cumulative period planned]
	Development of CO ₂ separation and the capture technology Cryo-Capture®	Social implementation	[FY2030]
 Provide various kinds of energy and services	Number of energy customer accounts	3.14 million	[FY2027]
	(Of which) Number of LPG customer accounts	650 thousand	[FY2027]
	City gas development volume	100 million m ³	[cumulative period planned]
	Electricity sales volume	3 billion kWh	[FY2027]
	External sales of proprietary technologies	7 billion yen	[FY2027]
	Sales of products and services in everyday life	20 billion yen	[FY2027]
	Sales of CNxP business	13 billion yen	[FY2027]
	Accumulation of automated business processes	700 cases	[FY2027]
	Number of personnel promoting DX	200 people	[FY2026]

*1 Contribution to CO₂ reduction through business activities (cumulative total since FY2021 / annual reduction baseline: FY2020)

*2 Carbon neutralization rate to be achieved through various means

Main materiality targets

		Indicators and items	Targets	
	Supply energy in a safe, secure, and stable manner	Earthquake resistance rate of main and branch pipes	100%	[FY2030]* ³
		Number of blocks in supply area* ⁴	109 blocks	[FY2027] * ³
	Contribute to the community by resolving social issues	Number of community activities	600 cases	[cumulative period planned]
	Enhance work satisfaction and ease of work, and promote diversity	Engagement	Continuous improvement* ⁵	
		Number of female managers	50 people or more	[FY2027]* ⁶
		Rate of female general employees hired	40% or more	[cumulative period planned]* ⁷
		Rate of employees with disabilities	2.7% or more	[FY2027]* ⁸
		Rate of rehired employees	80% or more	[cumulative period planned]* ⁹
		Health and Productivity Management Certification	Continue obtaining White 500 certification* ⁷	
		Rate of taking parental leave	100%	[FY2027]* ⁷
	Strengthen compliance and governance	Number of human rights violations	Zero	[period planned]
		Number of environmental conservation activities	50 cases	[cumulative period planned]
		Compliance	Share and spread compliance awareness and risk recognition throughout the organization.	

*3 Subject: Toho Gas Network Co., Ltd. service area

*4 Unit to stop city gas supply

*5 Subject: Toho Gas Co., Ltd. and Group companies conducting engagement surveys

*6 Figures are estimates based on the new personnel system (scheduled for revision in April 2026), and apply to employees originally registered with Toho Gas Co., Ltd.

*7 Subject: Toho Gas Co., Ltd.

*8 Subject: Toho Gas Group as a whole

*9 Subject: Employees who were with Toho Gas Co., Ltd. at the time of retirement



東邦ガスグループ

Earning forecasts and other forward-looking statements in this document are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.