

Medium-Term Management Plan 2022-2025

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Evolve as an energy operator

We will continue to take strong measures to ensure safety, security, and stable supply, and work to expand our energy share by leveraging diverse energy sources. We will also strive to expand our domestic and international business for new energy sources.

Expanding energy share

As a total energy provider, Toho Gas delivers diverse energy sources, including city gas, LPG, electricity, and hydrogen, as well as services to more customers in optimal formats for living and business.

Responding to diverse customer needs

Expanding our city gas business

We are promoting and strengthening proposals to integrate energy and engineering to help our customers reduce CO₂ emissions in their supply chains and provide business solutions through fuel conversion to city gas, advanced energy utilization, and supply of carbon-neutral energy. See pages 19 to 26 and page 34 for details.

We also deliver energy and various services in an integrated and effective method to help our customers realize an ideal lifestyle. See pages 27 to 28 and 33 to 35 for details.

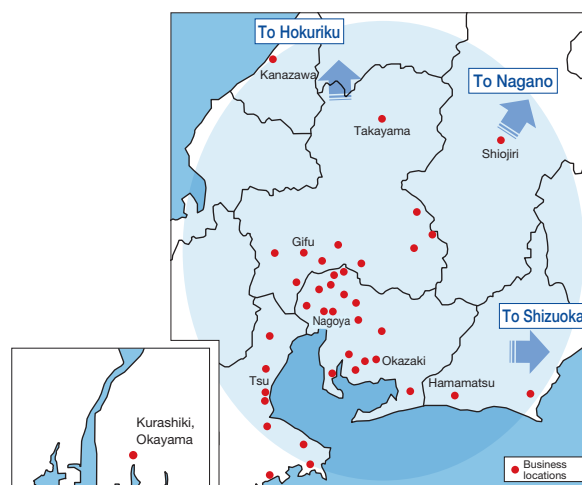
Expanding our LPG business

Growing demand in wide areas and wholesale

In addition to actively developing demand in our core area comprising Aichi, Gifu, and Mie Prefectures and the city of Kurashiki in Okayama Prefecture, we are expanding activities in the outlying Hokuriku, Shizuoka, and Nagano regions and developing residential, commercial, and industrial demand. We also plan to expand our share of wholesale sales through contracted delivery and systemization support.

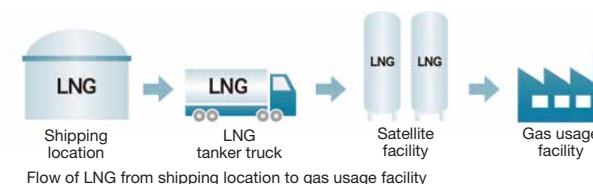
Strengthening filling and distribution bases

We are improving filling and distribution efficiency by reviewing our locations and other efforts. In the future, we will further enhance efficiency by utilizing remote meter reading technology and functions for optimizing distribution routes.



Expanding our LNG business

LNG is delivered by tanker trucks from Chita-Midorihamma Works and Yokkaichi Works to satellite facilities installed on customer premises. This LNG is stored and vaporized at customer satellite facilities to provide clean, low-carbon natural gas.



Strengthening sales proposals and alliances

Through our locally rooted Toho Gas Kurashi Shop sales outlets, we will deepen our relationship with our customers at in-person contact points. In addition to providing a high level of expertise in the sale, installation, repair, and renovation of a variety of equipment, we offer integrated and effective delivery of energy and various services and stand by our customers as a lifestyle partner.

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Our new brand, Toho Gas Kurashi

On October 1, 2023, we launched a new brand, Toho Gas Kurashi.

Based on the concept of creating better lives for tomorrow, our Group and service locations will become lifestyle partners for individual customers, helping them achieve an ideal way of life. Through this brand, we will better respond to diverse customer needs and contribute to development of the local community.

ENE FARM residential fuel cells

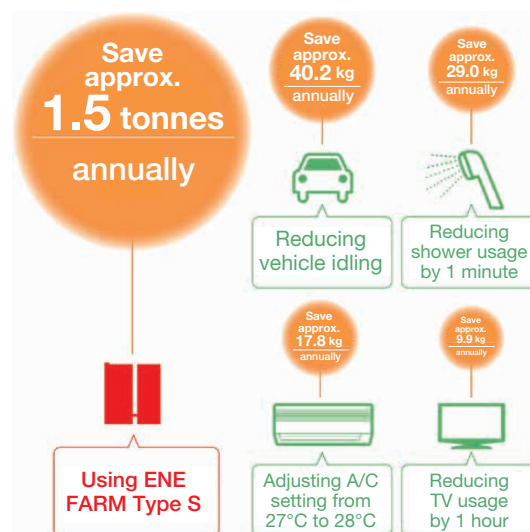
ENE FARM is a residential fuel cell that generates energy and hot water at the same time for a household. Hydrogen extracted from city gas is reacted with oxygen to generate electricity and heat, thereby reducing energy waste and CO₂ emissions.

Models sold since FY2022 come standard with a



ENE FARM residential fuel cell

power outage resilience feature, which automatically switches to self-sustaining operation during a blackout and supplies electricity to a dedicated power outlet, thereby enhancing household resilience.



Example of CO₂ reduction using the ENE FARM residential fuel cell

Source: "A Complete Guide to Energy Conservation in the Home: Spring, Summer, Fall, and Winter," Agency for Natural Resources and Energy at the Ministry of Economy, Trade and Industry (August 2017)

Data based on a simulation using our calculation conditions (with gas hot water floor heating and gas hot water bathroom heater and dryer). Actual values may vary depending on household composition, lifestyle, building, equipment used, usage conditions, temperature, and other factors.

"Meister of My Home" - A Specialized Home Renovation Store

The HOME REFORM by TOHO GAS brand for home renovation is available at 25 locations.

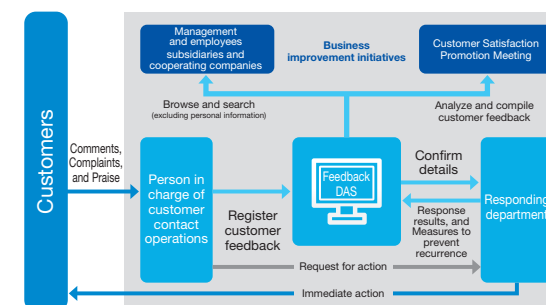
Customer needs for housing are becoming increasingly diverse.

Under this brand, we help customers meet their needs and realize their ideal lifestyle through home renovations.



Improving customer satisfaction

The Customer Satisfaction Promotion Steering Committee, departmental customer satisfaction organizations, affiliates, sales outlets, and gas construction companies work together to improve the quality and services of operations in accordance with the basic policy for customer satisfaction activities determined by the Customer Satisfaction Promotion Meeting, which is comprised of officers and department heads. Customer feedback is shared with relevant divisions as valuable management resources, leading to prompt measures and business improvements. In addition, the results of customer satisfaction surveys are reported to relevant divisions to further improve customer service.



Improving our customer support center

Our customer support center not only receives calls but also provides support via the web and automated voice guidance for increased customer convenience. In addition, we introduced a system in our gas heat pump maintenance service that enables administrators to monitor the call status of all telephone responders in real-time. According to customer surveys conducted in FY2023, we received a 98% satisfaction rating.

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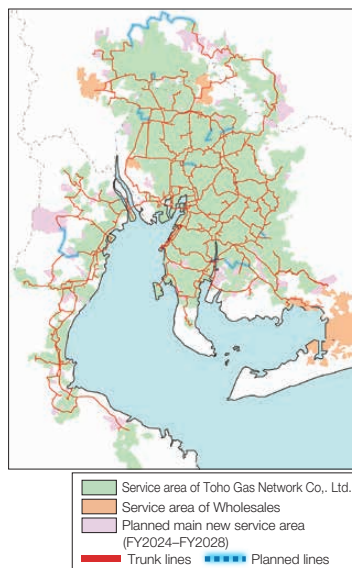
Ensuring unwavering safety, security, and stable supply

Toho Gas will continue to ensure unwavering safety, security, and stable supply while steadily promoting the development of city gas infrastructure aiming for a low-carbon society from the ground up.

Developing a foundation to expand the use of city gas

We will work with urban planning and develop new demand to expand our supply area. We will also expand our pipeline network that serves as our supply base to improve our gas transportation capacity to wider areas.

The gas pipelines maintained and operated by Toho Gas Network Co., Ltd. stretch some 30,000 km, supplying city gas to 55 cities, 22 towns, and 1 village across Aichi, Gifu, and Mie Prefectures as of the end of FY2023.



Ensuring safety, security, and stable supply of city gas

To ensure unwavering safety, security, and stable supply, we steadily and systematically promote various physical and procedural measures while working to reduce costs, improve operation efficiency, and increase productivity.

Promoting disaster prevention measures against earthquakes, tsunamis, and other natural disasters

We have completed measures to protect against large-scale earthquakes at city gas production facilities, such as reinforcing LNG receiving pipelines, as well as elevating facilities as part of our tsunami countermeasures.



The tsunami screen protects plants from flying flotsam

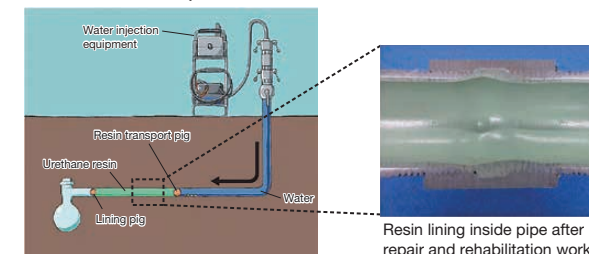
Moving forward, we will enhance our disaster response capabilities by implementing procedural measures.

We have adopted a three-pillar approach to prepare for natural disasters, such as earthquakes and wind and flood damage. This includes preventive measures in case of an earthquake or tsunami at gas pipeline supply facilities, emergency measures to halt supply with the aim of preventing a secondary disaster at hard-hit areas, and recovery measures implemented together with regional gas retailers and national gas companies in the event of a large-scale earthquake. We are also strengthening cooperative efforts with local governments and administrative agencies in preparation for disasters.

Upgrading aging facilities

We are steadily taking measures at our city gas plants, such as by updating aging electrical equipment and instrumentation.

At gas pipelines, we are prioritizing measures based on the type of pipe and environment where it is buried, and we are steadily and systematically conducting regular inspections and examinations of gas facilities. In addition, we are developing and incorporating a trenchless pipe installation method and a repair and rehabilitation method that does not require road excavation.



Repair and rehabilitation method for internal pipes that do not occupy roads

Strengthening our disaster preparedness

As part of our physical measures, we are implementing seismic measures for gas pipelines to further improve the earthquake resistance rate. In addition to promoting the subdivision of blocks, we are introducing a low-pressure shut-off system to ensure the continuation of medium-pressure supply and minimize the scale of supply interruptions. As part of our procedural measures, we conduct our own disaster drills as well as drills coordinated with local governments and other organizations to improve regional resilience. Together with the Japan Gas Association, we are coordinating with national gas companies to establish systems for disaster recovery support and receiving.

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Improving the efficiency of operations by incorporating digital technology

We are incorporating digital technology in operation and maintenance work at city gas plants to make operations more efficient and sophisticated.

Double checking on site and central remote monitoring using a wearable camera

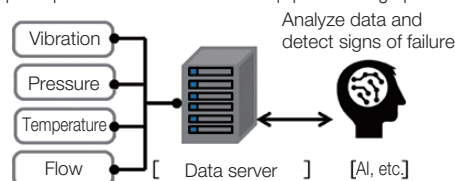


Job site



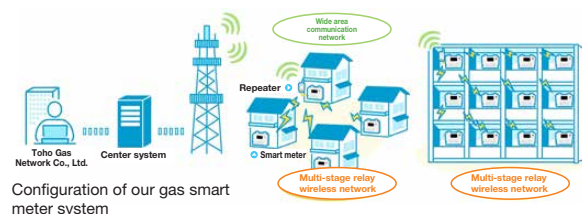
Central monitoring station

Example of preventive maintenance of equipment using operation data



The introduction of smart meters in FY2024 is expected to enable remote monitoring of gas usage at customer locations, improved efficiency of meter reading in normal conditions, as well as quick and reliable on-site response by early detection in abnormal conditions. In the future, we aim to enhance recovery operations using emergency remote shut-off and recovery functions and provide new services and added value utilizing accumulated data.

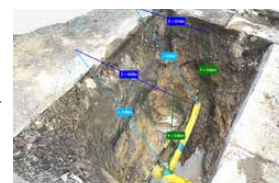
We are also incorporating the latest digital technologies, such as 3D visualization of buried gas lines, to enhance the efficiency and sophistication of on-site operations.



Buried gas line 3D visualization technology

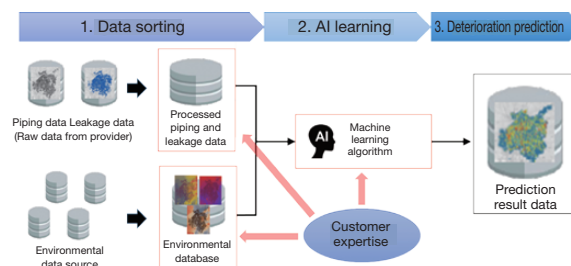


Data acquisition



3D visualization

By utilizing AI developed in cooperation with U.S. startup Fracta, we are able to predict gas line deterioration and prioritize and narrow down measures to take for more efficient gas line replacement. Toho Gas Network Co., Ltd. and Fracta jointly sell this system.



Example of deterioration prediction of gas pipes using AI

Ensuring stable supply of LPG

Toho Liquefied Gas Co., Ltd. is building a network of 22 filling and distribution bases in Aichi, Gifu, Mie, and Shizuoka Prefectures, including the secondary terminal Meiko LPG Terminal as well as the Okazaki, Konan, and Shima Filling Stations designated as core filling stations that are responsible for supplying LPG in case of emergency. Establishing this infrastructure will ensure the smooth supply of LPG even during a disaster.



Core filling station (Okazaki)



Disaster drill at Meiko LPG Terminal

During the 2024 Noto Peninsula Earthquake, which struck on January 1, in addition to the seismic shut-off by a microcomputer meter, a gas line for an industrial customer suffered damage. However, support personnel were dispatched from the head office to complete facility inspection and repairs. In response to demand from a local gas company, we delivered LPG using our tanker trucks from Aichi, Gifu, and Mie Prefectures and cooperated to ensure stable supply to the affected Hokuriku region.

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Realize stable procurement at a reasonable price

To mitigate the impact of changes in the international environment and sudden market changes, we are diversifying procurement sources and realizing stable and affordable procurement.

LNG procurement

Building an LNG procurement portfolio that is resilient to environmental changes

To ensure stable procurement, we will secure sufficient procurement volume mainly through long-term contracts. We will also continue to develop a procurement portfolio that is resilient to environmental changes while achieving both price competitiveness and stable supply.



Promoting agile measures to environmental changes

We are preparing and implementing flexible and agile measures to deal with sudden fluctuations in supply and demand. To strengthen the LNG value chain, we are planning to invest in upstream development and LNG vessels.



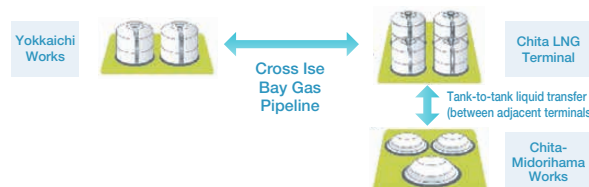
Ichthys central processing facility



LNG Canada Project (under construction)

Effective utilization of LNG receiving terminals

Through use of the Cross Ise Bay Gas Pipeline and tank-to-tank liquid transfer facilities, we are fully utilizing our LNG tanks and ensuring efficient terminal operations.



LPG procurement

Ensuring stable feedstock procurement at a reasonable price

We are working to procure stable and affordable LPG by taking advantage of economies of scale and the Meiko LPG Terminal, our key strength and one of the largest secondary bases in Japan with a storage capacity of over 5,000 tonnes. The Meiko LPG Terminal began operations in October 1987 as a base of Toho Liquefied Gas Co., Ltd. On May 2, 2023, a jointly owned domestic vessel, the Hourin Maru No. 1, docked as the 9,526th vessel to the terminal, bringing the cumulative LPG intake volume to 7 million tonnes. Measures to protect the terminal against increasingly severe natural disasters and upgrades to aging facilities continue to be made, and the terminal contributes to realizing stable, low-cost procurement of LPG as a supply hub for the Tokai region.



Meiko LPG Terminal



Hourin Maru No. 1 vessel

Electricity Procurement

Through collaboration with multiple partners and utilization of the Yokkaichi Power Plant, we will ensure stable procurement of energy sources.

We will promote efforts to contribute to securing energy sources and improving our in-house power source ratio for enhanced procurement and stable income and expenditures.

Ensuring stable energy source procurement

In addition to our own power sources such as through renewable energy sources and the Yokkaichi Power Plant, we will combine various methods of procurement to secure a stable supply of power. We are also installing a large-scale storage batteries (grid storage batteries) that directly connect to the power grid. We will continue efforts to improve our in-house power source ratio, such as by studying the feasibility of large-scale power sources and the utilization of a virtual power plant (VPP) and storage batteries.



Yokkaichi Power Plant



Tsu Power Storage Station (under construction)

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Expanding domestic and international energy-related business

By leveraging our knowledge and expertise gained in past business operations, we are expanding our domestic and international energy businesses including gas, LNG, and renewable energy.

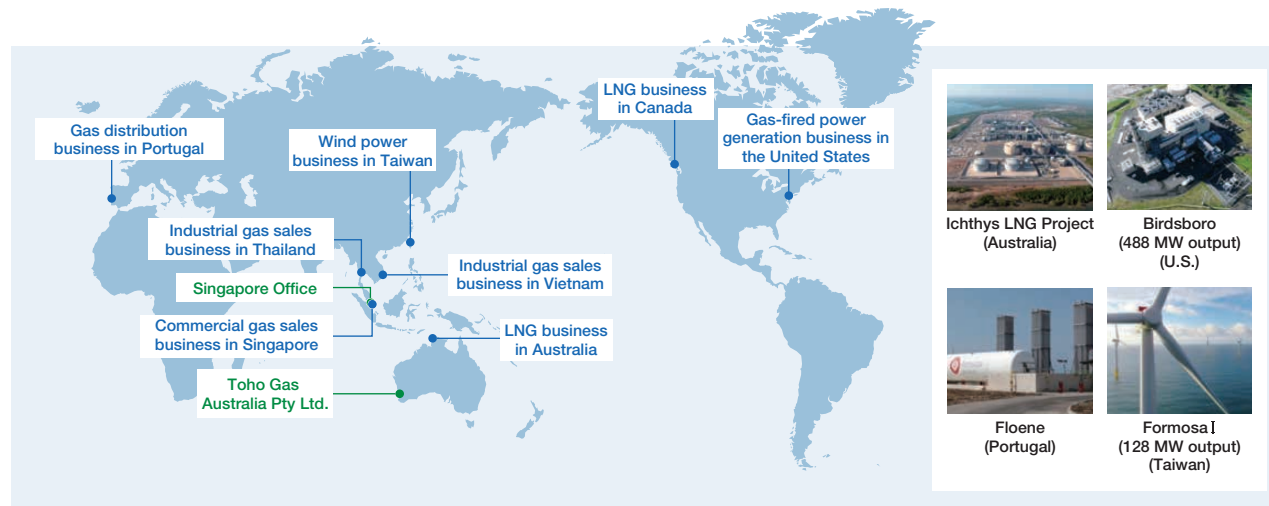
Investment in domestic and international energy businesses and participation in an LNG value chain

International energy-related business

In Southeast Asia, where energy demand is increasing, we are using our knowledge and expertise in natural gas utilization to contribute to local economic growth as well as a low-carbon and decarbonized society.

In Singapore and Australia, we are building information networks and identifying new projects while providing sales and technical support to investee companies.

In Europe, North America, and other regions, we are deepening our involvement in the management of businesses related to natural gas and promoting business research into carbon neutrality.



Australia	In addition to the Ichthys Project (LNG business), we are studying and examining projects related to carbon neutrality, including renewable energy and CO ₂ capture and storage (CCS).
Portugal	Working jointly with Marubeni Corporation, we have set up a special purpose company to participate in the gas distribution business as well as investing in privately owned businesses that own gas distribution operators with business rights in their respective regions.
U.S.	Working jointly with Saibu Gas Holdings and Hiroshima Gas, we have set up a special purpose company to participate in gas-fired electric power generation in which Sojitz Corporation and others have invested.
Canada	Working with partner companies, we are participating in a project to produce LNG by liquefying natural gas.
Taiwan	Working jointly with Mitsui O.S.K. Lines and Hokuriku Electric Power Company, we have set up a special purpose company to participate in an offshore wind power generation project funded by JERA and other companies from Europe and elsewhere.
Thailand	Working jointly with Shizuoka Gas, we have set up a special purpose company to develop natural gas sales for industrial use with local companies.
Vietnam	We have invested in local companies that are developing gas businesses and participating in sales of natural gas for industrial use. We are also participating in a solar power generation project in Hau Giang Province in southern Vietnam.
Singapore	We have invested in local companies that are developing gas businesses and participating in sales of natural gas for commercial use.