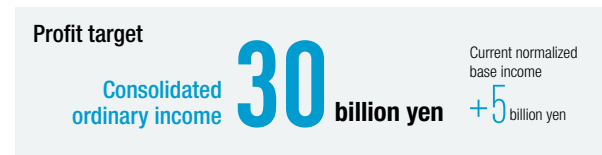
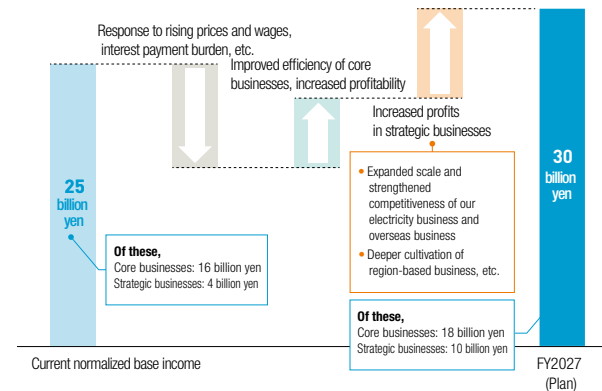


Financial Strategy: Quantitative Targets

Profit and Profitability



Fluctuations in Consolidated Ordinary Income



Regarding ROE level

- Based on the profit level, including gains on sales of cross-shareholdings (extraordinary gains), and the equity level, ROE for the final year of the new plan is expected to be 6% or higher.
- Aiming to further improve ROE after the new plan period through sustainable profit growth centered on strategic businesses

ROE forecast for the final year of the new plan

Cost of equity

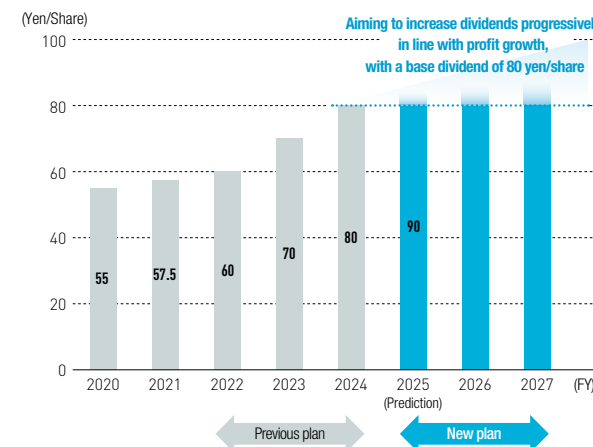
6% + a > Approx. 5%

Shareholder Returns

Dividend policy during the new plan

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

Dividend Trend



Capital Policy

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 FY2027.

Sales of cross-shareholdings

We plan to complete the sale of approximately

one-third of our holdings^{*1}

by the end of FY2027.

[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 approx. **350 billion yen to 400 billion yen**^{*2}

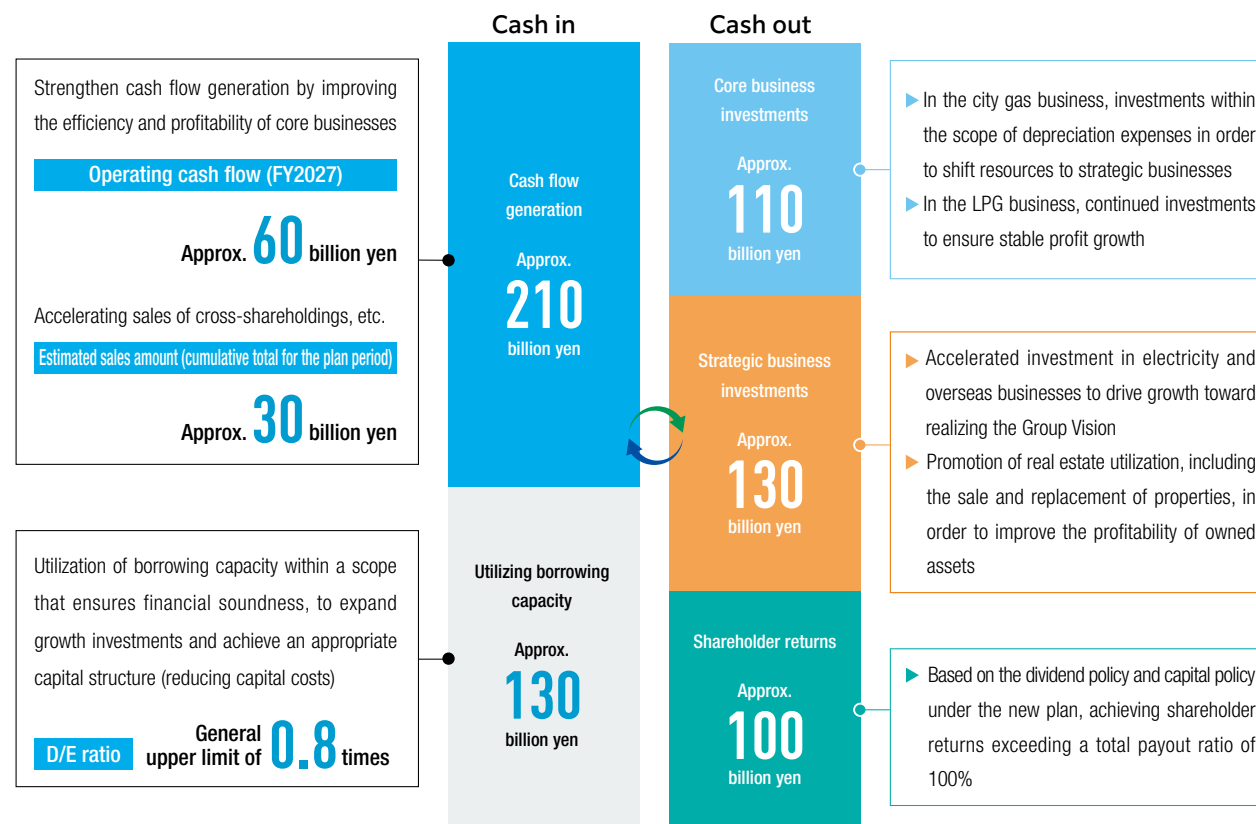
Approximately one-third of cross-shareholdings will be sold,^{*1} focusing on those with diminished significance

^{*1} One-third of balance as of the end of FY2023. The balance is expected to be less than 20% of equity capital by the end of FY2027.

^{*2} This level was determined based on the necessity of ensuring safety, security, and a stable supply, which is the mission 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 the level may change depending on changes in the external environment and the quantity and nature of risks.

Financial Strategy: Quantitative Targets

Cash Allocation (Three-Year Cumulative Total Under the New Plan)



Investment and Financing Plan



Breakdown of Investments and Loans

New Plan Three-year cumulative total			FY2025 (Single-year plan)
Core businesses	Subtotal	110 billion yen	38 billion yen
Strategic businesses	Subtotal	130 billion yen	38 billion yen
	Electricity business and renewable energy development	50 billion yen	11 billion yen
	Overseas business	40 billion yen	14 billion yen
	Community-based value creation businesses, etc.	40 billion yen	13 billion yen
Total		240 billion yen	76 billion yen

Financial Strategy: Message from the Executive in Charge of Finance



We will strive to maximize corporate value through profit growth driven by business restructuring and increased capital efficiency through the optimization of equity capital.

Takeo Haigo

Director,
Senior Managing Executive Officer

Formulation of Medium-Term Management Plan 2025–2027

Medium-Term Management Plan 2025–2027 (hereinafter, the “new plan”) is positioned as the first half of the second step in the process of realizing our vision for the mid-2030s, as outlined in the Toho Gas Group Vision.

We will accelerate revisions to management resource allocation and expand investments in electricity, overseas, and other strategic businesses to further the transformation from a structure centered on city gas and LPG as core businesses.

In terms of profit targets, we aim to achieve consolidated ordinary income of 30.0 billion yen by the end of FY2027, the final year of the new plan. This represents

a 5.0 billion yen improvement in normalized base income, from 25.0 billion yen in FY2024. Although we assume rising prices and wages, as well as increased interest payment burdens going forward, we will raise the profit levels of core businesses by improving efficiency and strengthening profitability; and in strategic businesses, we will expand business scale and enhance competitiveness, primarily in the electricity and overseas businesses, thereby increasing profit levels.

In addition, the new plan includes the Company's first-ever ROE forecast of $6\%+\alpha$. In addition to profit expansion, we will promote a capital policy that includes optimizing equity capital, as we continue to achieve improvements in capital efficiency during the new plan and beyond.

Shareholder Returns and Capital Policy

With regard to dividends, we have always maintained stable dividends as a basic policy and increased dividends in line with profit growth. The new plan clarifies this policy and expresses our intention to avoid dividend reductions, achieve both profit and dividend growth, and increase dividends progressively in line with profit growth.

Additionally, while our guideline for equity capital was previously set in the range of 350.0–400.0 billion yen, we have now clarified the time frame for achieving this target and aim to optimize equity capital at 400.0 billion yen by the end of FY2027. Furthermore, with regard to cross-shareholdings, we clarified our target for the sale of approximately one-third of assets held at the end of FY2023 with diminished significance, which we aim to complete by the end of FY2027.

Financial Strategy: Message from the Executive in Charge of Finance

Cash Allocation for Business Structure Transformation

As we move forward with the expansion of strategic business investments and the optimization of our capital structure, we will also change how we have been allocating cash until now.

Regarding cash outflows, we will continue to invest in the city gas business within the scope of depreciation expenses, while strategic business investments will be significantly larger than in the past and shareholder returns are assumed at a total payout ratio exceeding 100%.

At the same time, with regard to cash inflows, in addition to operating cash flow, we factor in proceeds from the sale of cross-shareholdings and other items, with any shortfall in cash outflows covered by our borrowing capacity.

Some may be concerned about issuing corporate bonds or borrowing at a time when interest rates are expected to rise. We recognize that we have significant financial headroom, and with an awareness of maintaining our credit rating, we will continue to raise funds in a planned manner, while being mindful of the debt to equity ratio upper limit (0.8 times).

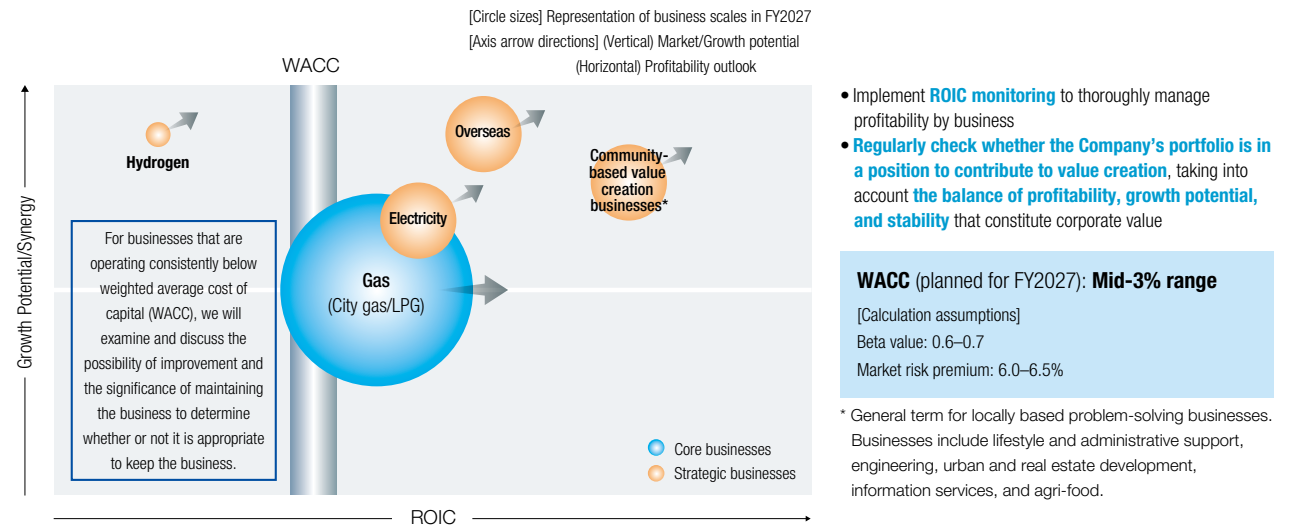
Ensuring Strategic Business Profitability and ROIC Monitoring

We will ensure that strategic business investments are profitable and gain the understanding of all stakeholders.

For example, at the investment decision stage, we set hurdle rates for each project, taking into account business, country, and other risks, and then decide whether or not to invest.

Additionally, after an investment is made, we monitor profitability using return on invested capital (ROIC) and implement improvement measures as appropriate. If improvement is deemed difficult, we will consider withdrawal through sales or other means.

Ideal Business Portfolio in the Final Year of the New Plan



To Our Shareholders and Investors

As we proceed with the transformation of our business structure, it is important that we carefully explain to our shareholders and investors how our future direction and strategic businesses will contribute to earnings, and that we appropriately reflect their opinions in management. The new plan was created based on our shareholders' feedback and expectations through our discussions with them, with an emphasis on both business initiatives and our commitment to increasing capital efficiency.

As FY2025 is the first year of our new plan, we will steadily execute investment and capital policies to ensure that this year serves as a springboard for achieving our goals. At the same time, we will continue to place greater emphasis on dialogues with stakeholders to further raise expectations for our company.