Business Strategy: Stable Cash Flow Generation from Core Businesses

To generate stable cash flows in our core businesses (city gas, LPG, and other businesses that generate cash flows as a long-term stable earnings base), which form the starting point of our "business structure transformation," we will promote initiatives at each stage of the supply chain.

KPI Core business operating cash flow*1

45 billion yen (FY2027)

*1 Core business profit x (1 – Effective tax rate) + Core business depreciation

Basic Policy: Business sophistication and efficiency

- Advancement of operations that contribute to safety, security, and stable supply
- Promoting proposal-based sales integrated with various services
- Increasing fixed cost efficiency

Action Plan

Expanding Use of City Gas

The 7th Strategic Energy Plan formulated by the Agency for Natural Resources and Energy clearly states that natural gas has the lowest greenhouse gas emissions among hydrocarbon fuels, and the shift to natural gas through fuel conversion and other measures will contribute to reducing adverse environmental impacts. The plan positions natural gas as a critical energy source, even after carbon neutrality is achieved.

Through the conversion of fuel, from coal and heavy oil, to environmentally friendly natural gas, and the introduction of cogeneration and ENE FARM initiatives, we will promote the efficient use of energy and contribute to the realization of a low-carbon society. We will also continue to prioritize the safety, security, and stable supply of gas to ensure that customers can use gas with peace of mind, as we promote efforts to further expand city gas.

KPI City gas development volume

100 million m³ (cumulative period planned*2)

*2 Plan period: FY2025–FY2027

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 main branch pipes.

We will also 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

KPI Earthquake resistance rate of main and branch pipes*3

100 % (FY2030)

*3 Within Toho Gas Network Co., Ltd. supply area

Strengthening Regional Resilience

Further Strengthen Disaster Response Capabilities

To ensure safety, security, and stable supply, we will steadily and systematically promote various physical and procedural measures while further strengthening our disaster risk response capabilities.

We will enhance preventive measures such as earthquake and tsunami countermeasures for gas manufacturing and supply facilities, emergency measures to prevent secondary disasters in areas with severe damage, and recovery measures aimed at quickly resuming gas manufacturing and supply. We will also work to improve recovery support systems and receiving systems and promote cooperation with other gas companies in the event of an emergency. Leveraging the advantages of disaster-resistant city gas and LPG, we will also promote the introduction of gas heat pump air-conditioning in school gymnasiums that serve as evacuation shelters, thereby contributing to the creation of safe evacuation environments.

Furthermore, the entire Group will strive to improve regional resilience through the establishment of disaster prevention systems, the formulation of business continuity plans (BCPs), and regular disaster drills conducted in conjunction with local governments, infrastructure operators, construction companies, and other entities.


Toho Gas Group comprehensive disaster prevention training

KPI Number of blocks*4

109 blocks (FY2027)

*4 Unit for suspending 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

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

Further Measures Against Cyberattacks

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.

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 will continue to promote our heat supply business by proposing optimal heat supply systems that are tailored to the scale and plans of redevelopment projects.

1 2 Provide various kinds of energy and services 3 Supply energy in a safe, secure, and stable manner 4 5 6
Target materiality

Business Strategy: Stable Cash Flow Generation from Core Businesses

Creating an Environment for Promoting Digital Transformation

Human Resource Development and Education

We will enhance DX education so that all employees can proactively utilize IT and digital technologies in their work. We will also establish a system for developing and supporting DX human resources serving as the core of voluntary DX promotion in each department within the Company.

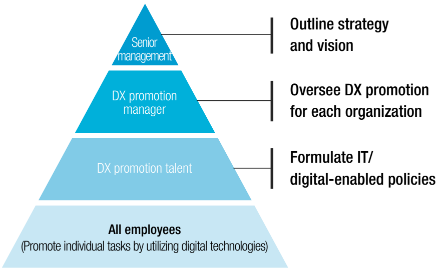
KPI Number of personnel promoting DX

200 people (FY2026)

KPI Accumulation of automated business processes

700 cases (FY2027)

DX Promotion Structure



Acquired DX Business Operator Certification

In June 2025, the Group was certified as a DX Business Operator based on the DX Certification System established by the Ministry of Economy, Trade and Industry. To continue providing various types of energy and services going forward, we will promote digitalization utilizing the latest digital technologies and human resources well-versed in DX, thereby promoting a DX strategy that facilitates the enhancement and streamlining of business, the development and expansion of customer services, and the achievement of other DX targets.

Digital Transformation Certification

Basic Policy: Strengthening LNG procurement capabilities

- **Sourcing from newly established long-term contracts**
  FY2025 onward: LNG Canada Project
- **Promoting diversification of LNG trading**
  January 2025: Singapore subsidiary established
- **Considering procurement portfolios with a view to the future**

Action Plan

Building a Procurement Portfolio

In FY2025, we will commence procurement under the LNG Canada Project, expanding our LNG procurement sources to five countries. To prepare 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.


LNG Canada Project

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.[*1] To further promote LNG trading, we will also incorporate expertise in LNG vessel operations management and revenue management, and examine LNG and charter vessel ownership.

*1 TOHO GAS SINGAPORE PTE. LTD. (established January 2025)

Basic Policy: 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 FY2025/Ministry order for partial revision of the Liquefied Petroleum Gas Act

*2 Wireless communications technology featuring low-power consumption and wide-area communications

Action Plan

Expanding and Strengthening the LPG Business

Expanding Business Scale

We seek to boost our market share through new developments in the core area centering on the three Tokai region prefectures. We will also implement wide-area development in Shizuoka and Nagano prefectures and the surrounding areas.

Strengthening Business Foundations and Supply Chains

We will improve the efficiency of delivery operations through the expanded use of wireless communications technologies and AI to optimize delivery routes and realize other improvements.

We will also promote efficiency and increase supply safety through distribution alliances with other companies in the industry and increased flexibility with regard to terminals receiving raw materials.

Contributing to Enhanced Resilience

LPG, which has excellent on-site stockpiling properties, is positioned as an important energy source under the 7th Strategic Energy Plan approved by the Cabinet of Japan in February 2025. We will continue to expand the use of LPG and introduce equipment for responding to disasters.

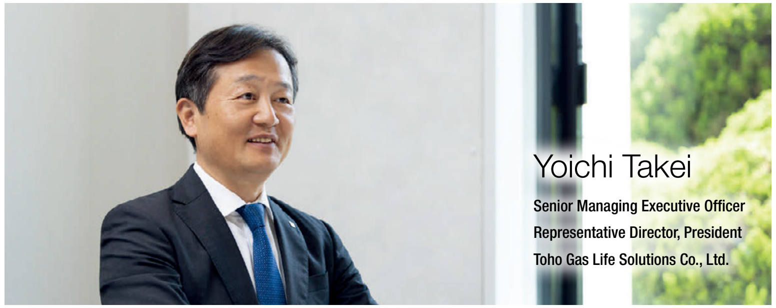
KPI Number of LPG customer accounts

650 thousand (FY2027)

1 2 Provide various kinds of energy and services 3 Supply energy in a safe, secure, and stable manner 4 5 6

Target materiality

Energy x Lifestyle (Residential Sector)



Yoichi Takei
Senior Managing Executive Officer
Representative Director, President
Toho Gas Life Solutions Co., Ltd.

Overview and Role

To support the safety, security, and prosperity of local customers, we focus efforts on supplying energy while also offering home renovations and other lifestyle-related products and services. Through these initiatives, we will strive to expand our energy share while leveraging city gas and other customer bases to enhance services that are useful in various aspects of daily life, thereby deepening relationships with customers and contributing to Group growth.

Main Activities in FY2024

- Promoted comfort and convenience of gas appliances, while working daily to ensure safety and security
- Proposed sets combining electricity gas services to city gas customers, increasing the number of city gas and electricity contracts
- Developed products and services in housing, food, health, and other areas to expand Toho Gas Kurashi
- Focused efforts on promotion, developing television commercials aimed at increasing brand awareness
- Enhanced incentives for My Shop members when purchasing gas appliances

Main Targets Under Medium-Term Management Plan 2025–2027

- Number of energy customer accounts[*1]: 3.14 million (FY2027)
- Sales of products and services in everyday life[*2]: 20 billion yen (FY2027)

*1 Total number of city gas, LPG, and electricity contracts
*2 Sales total for gas appliances, renovations, etc.

Looking Back on FY2024

In FY2024, we positioned expansion of the Toho Gas Kurashi brand as a key initiative. To contribute to the realization of prosperous lifestyles in areas such as energy, housing, food, and health, we used lifestyle shops to strengthen connections with customers, as well as to develop and promote various products and services, in an effort to raise brand awareness.

As a result of these measures, the number of customers in the energy business rapidly reached 3.08 million, exceeding the target of 3.0 million customers set in Medium-Term Management Plan 2022–2025. We are also seeing progress in terms of Toho Gas Kurashi brand penetration.

How I Envision the Company's Ideal Positioning

To remain the customers' choice amid intensifying competition in the energy sector, we must build on our strengths, such as our ability to build trust and facilitate opportunities for real connections, cultivated over more than 100 years of business operations, to enhance our presence as a lifestyle partner that transcends the boundaries of energy.

To this end, under the Toho Gas Kurashi brand, we are expanding product and service lineups centered on the residential sector, such as renovations and energy conservation, and introduced the Toho Gas Kurashi My Shop program, which offers incentives to customers who register with My Shop as a preferred service provider. Furthermore, to respond to customer needs in a more precise and timely manner, we are consolidating sales functions into a subsidiary and promoting initiatives aimed at creating new value as a lifestyle partner closely connected to each and every customer.

Growth Strategy Aimed at Realizing Our Vision and Achieving the Medium-Term Management Plan

To ensure we are able to respond to diverse customer lifestyle needs, we will work to expand gas rate options and provide new products and services in areas such as housing, food, and health. By analyzing and utilizing website browsing and purchase information collected through digital contact points, we can make proposals tailored to the needs of each individual customer.

Additionally, we will contribute to the promotion of ZEH[*3] in the housing sector through the expansion of ENE FARM and the introduction of initial-cost-free schemes for solar power generation. We will also focus on promoting underfloor heating and clothes dryers, which are popular for their comfort and convenience, and contribute to improving the lives of our customers.

Through these efforts, we aim to enhance our presence as a lifestyle partner that transcends the boundaries of energy, achieve the goals of Medium-Term Management Plan 2025–2027, and realize even further sustainable growth going forward.

*3 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 ENE FARM, solar power, and other means

1 2 Provide various kinds of energy and services 3 Supply energy in a safe, secure, and stable manner 4 5 6
Target materiality

Energy x Engineering (Commercial Sector)

Katsuya Tamada
Executive Officer
Representative Director, President
Toho Gas Engineering Co., Ltd.

Overview and Role

In April 2024, Toho Gas sales functions, including gas and electricity sales to commercial customers, were consolidated into a new subsidiary, Toho Gas Energy Engineering Co., Ltd. We are developing business based on two pillars—the CNxP business,[*1] which provides integrated services, from energy sales to engineering, and helps customers achieve carbon neutrality (hereinafter, "CN"), and the plant business, which handles the design, construction, and maintenance of energy supply facilities.

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

Main Activities in FY2024

- Promoted city gas development and electricity sales through fuel conversion, from heavy oil, coal, and other hydrocarbons to natural gas, which has a lower environmental impact
- Launched carbon offset city gas supply utilizing J-Credits
- Promoted consulting enhancements, product lineup expansion, and strengthened engineering capabilities to expand CNxP business
- Added gas and electricity bill-related documents to the TOHOBIZNEX commercial membership website, disseminating information on the CNxP business

Main Targets Under Medium-Term Management Plan 2025–2027

- City gas development volume: 100 million m³ (cumulative period planned[*2])
- Sales of CNxP business: 13 billion yen (FY2027)

*2 Plan period: FY2025–FY2027

Looking Back on FY2024

In energy sales, we promoted the advanced use of energy through fuel conversion to city gas and the introduction of cogeneration and optimal equipment, as well as electricity sales tailored to customer needs.

In the CNxP business, we installed air-conditioning systems in public elementary and junior high school gymnasiums, hospitals, commercial facilities, and other locations, thereby achieving high energy efficiency and BCP compliance while also expanding sales.

In addition, to meet customer CN needs, we strengthened equipment proposal capabilities by developing CO_2 emissions reduction roadmap support services and registering as a ZEB[*3] planner.

In terms of utilizing diverse energy sources, we expanded our lineup of hydrogen burners, conducted hydrogen demonstration tests, constructed hydrogen stations that utilize solar power, and developed energy service businesses offering an optimal mix of city gas and electricity.

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

How I Envision the Company's Ideal Positioning

We are promoting the integration of our strengths in energy sales, including customer understanding, sales capabilities, and knowledge of energy use, with our engineering design and construction capabilities and operations and maintenance (O&M) expertise in city gas manufacturing plants, heat supply businesses, and energy services. In addition, we aim to be a company that contributes to improving regional industrial competitiveness and creating attractive cities by providing value to customers and working to resolve social issues.

The promotion of these initiatives will lead to the realization of the Toho Gas Group's ideal positioning as a reliable energy operator in the region, a life and business partner that transcends the boundary of an energy service provider, and a corporate group that leads efforts to realize a sustainable society.

Growth Strategy Aimed at Realizing Our Vision and Achieving the Medium-Term Management Plan

We will invest in technology and human resources, which we consider to be the most important factors in realizing the energy sales and engineering services our customers require.

We will strengthen efforts to develop products and services that meet customer needs, including the demand for CN, and to enhance consulting and technical capabilities leading to the creation of value through the integration of existing technologies and know-how with new technologies. To this end, we will promote communication across business divisions, from energy solutions to consulting, design, construction, operation, and maintenance.

By retaining and nurturing people who will execute business, and creating a comfortable working environment, we strive to develop skilled human resources who will contribute to improved organizational competitiveness.

We aim to be a company that contributes to resolving the problems of customers and society by strengthening our foundation, creating new value, and providing diverse energy sources and advanced, high-quality technologies and services.

1 2 Provide various kinds of energy and services 3 Supply energy in a safe, secure, and stable manner 4 5 6
Target materiality

Gas Pipeline Business

Yoshimitsu Shibata
Representative Director, President
Toho Gas Network Co., Ltd.

Overview and Role

Toho Gas Network Co., Ltd. has taken over the gas pipeline business of Toho Gas, which delivers city gas to approximately 2.6 million customers in Aichi, Gifu, and Mie prefectures through a pipeline network spanning approximately 30,000 km. Going forward, as a gas pipeline operator rooted in local communities, we will strive to expand our city gas supply area and ensure stable supplies, safety, and peace of mind while maintaining neutrality and transparency, thereby contributing to the sustainable development of local communities and society as a whole.

Main Activities in FY2024

- Developed supply infrastructure through the construction of trunk lines and expansion of pipeline networks
- Promoted security measures for supply facilities using AI and new technologies
- Promoted physical and procedural disaster prevention measures
- Engaged in full-scale introduction of residential smart meters

Main Targets Under Medium-Term Management Plan 2025–2027

- Expand city gas supply area
- Ensure stable supplies, safety, and peace of mind to increase regional resilience
  - Earthquake resistance rate of main and branch pipes: 100% (FY2030)
  - Number of blocks in supply area*: 109 blocks (FY2027)
- Enhance and streamline operations utilizing advanced technologies and DX

* Unit for suspending 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

Looking Back on FY2024

With regard to supply base development, we proceeded with construction of the high-pressure Ichinomiya to Bisai Line and Nanbu Trunk Line Phase II as planned, which will lead to improved supply stability, and we also expanded our pipeline network, mainly in the Gifu and Mie areas, to expand our supply area.

In terms of supply facility safety, we promoted effective and efficient measures, including the completion of gas pipe upgrades without the need for road excavation. In promoting disaster prevention initiatives, we have conducted gas pipe seismic retrofitting as a physical measure, raising the seismic retrofitting rate to 98%, while working to enhance recovery response capabilities through disaster drills with local governments and infrastructure operators as a procedural measure.

In June 2025, we also commenced full-scale introduction of smart meters for residential use. Going forward, we will accelerate efforts to improve operational efficiency and ensure prompt security through the use of wireless communications for remote meter reading and other applications.

How I Envision the Company's Ideal Positioning

To realize the Toho Gas Group Vision of becoming a reliable energy operator in the region, we aim to achieve further growth in the gas pipeline business. The 7th Strategic Energy Plan positions natural gas as a critical energy source, even after carbon neutrality is achieved, and we view growing expectations for natural gas as an opportunity. While working to expand the use of city gas, we will also establish a system for maintaining and operating supply facilities in a sound manner and continue to uphold our responsibility as a gas pipeline operator, which is to ensure unwavering stable supplies with safety and peace of mind.

Growth Strategy Aimed at Realizing Our Vision and Achieving the Medium-Term Management Plan

We will accurately assess the demand for fuel conversion to city gas, which contributes to the decarbonization of local communities; construct trunk lines; and sequentially commence operations. We also aim to continue expanding our supply areas.

To ensure stable supplies, safety, and peace of mind, human resources play a critical role in supporting the construction and maintenance of supply facilities, emergency safety measures, disaster prevention, and other on-site operations, as well as in enhancing operational sophistication and efficiency. With regard to human resources, we will work closely with partner companies to create attractive workplaces, focusing on retaining and developing human resources while passing on advanced skills to the next generation. To enhance operational sophistication and efficiency, we will proactively utilize advanced technologies and develop and introduce new construction methods and systems, as we take on the challenge of deploying smart technologies on-site.

1 2 Provide various kinds of energy and services 3 Supply energy in a safe, secure, and stable manner 4 5 6

Target materiality

LPG Business

Yoshihiro Furuyama

Senior Managing Executive Officer
Representative Director, President
Toho Liquefied Gas Co., Ltd.

Overview and Role

Toho Liquefied Gas Co., Ltd. is engaged in the LPG business, which is a core business alongside city gas, and has a high market share in the LPG sector and one of the most extensive business scales in Japan. Through our business activities, we contribute to the Toho Gas Group, generating stable cash flows, contributing to improved lifestyles and economic activity in areas where city gas is not yet available, and strengthening resilience to disasters.

Main Activities in FY2024

- Expanded share in core areas (Aichi, Gifu, and Mie prefectures) and promoted development in a wide area (Shizuoka and Nagano prefectures, Hokuriku region)
- Strengthened logistics networks for shipping, loading, and distribution, and improved delivery efficiency through the installation of LPWA*1
- Complied with revisions to the LPG Act
  - Published self-declaration of compliance, three-part rate display
- Took over residential and consumer LPG businesses from Toyotsu Energy Corporation and other companies

*1 Wireless communications technology featuring low-power consumption and wide-area communications

Main Targets Under Medium-Term Management Plan 2025–2027

Targeting sustainable growth of the LPG business to generate stable cash flows
(Contributing to core business profit target of 18 billion yen)

- Promote new developments and wide-area expansion
  - Achieve target of 650,000 customers (FY2027)
- Enhance business foundation
  - Ensure stable feedstock procurement at a reasonable price
  - Create loading and transport infrastructure
  - Enhance operational efficiency through the use of digital technologies

Looking Back on FY2024

FY2024 was a year of great change in the company's business environment, with the revision and enforcement of ministerial ordinances under the LPG Act, as well as a decline in LPG transport capacity due to the "2024 problem"*2 in Japan's logistics industry, among other factors. Given these conditions, we promoted appropriate business activities in accordance with revised ministerial ordinances, revamped our wholesale business structure, and reorganized sales bases in Shizuoka Prefecture, while deepening efforts in core areas, developing demand over a wide region, and steadily promoting M&As, which resulted in our customer base increasing by approximately 30,000 people and our sales volume expanding by about 9,000 t compared with FY2023. Furthermore, in response to declining LPG transport capacity, we have been steadily strengthening our foundations by improving shipping facilities and operations, expanding loading and distribution networks, and streamlining distribution operations through the utilization of LPWA.

*2 The "2024 problem" refers to Japan's logistics industry in which disruptions to supply chains and delivery services were anticipated to occur due to new regulations limiting truck driver working hours.

How I Envision the Company's Ideal Positioning

Medium-Term Management Plan 2025–2027 aims to steadily increase the number of stock items constituting the source of stable cash flows to expand sales, while improving profitability by strengthening our operational foundation. In other words, our aim is to position Toho Liquefied Gas as a driving force for Group growth.

Unfortunately, we do not expect the LPG market to expand significantly due to the declining population and fewer households. However, we are confident in our ability to grow despite these circumstances. Based on our sense of mission to ensure safety, peace of mind, and stable supplies, our greatest strengths are a robust sales force, which enables us to demonstrate our overwhelming presence in the region and increase market share, and our aspiration to boldly take on the challenge of developing demand in the wider region.

Growth Strategy Aimed at Realizing Our Vision and Achieving the Medium-Term Management Plan

There is no particular secret to our growth strategy. I believe that if we stick to the basics and steadily carry out what needs to be done, the results will come naturally. Based on this understanding, we will conduct appropriate business activities in accordance with the law and fulfill our responsibilities as a supplier of LPG, which has been designated as the "last stronghold" in the 7th Strategic Energy Plan. In addition, we will promote the low cost and stable procurement of raw materials utilizing the Meiko LPG Terminal; strengthen our loading and distribution infrastructure, including alliances with other companies; and improve operational efficiency through the use of digital technologies. Investment in the human resources supporting these business activities is the key to growth. We will proactively implement training to enhance core capabilities while increasing employee engagement through various measures. We will strive to foster an open and vibrant corporate culture enabling employees to fully leverage their abilities and continue proactively taking on new challenges.

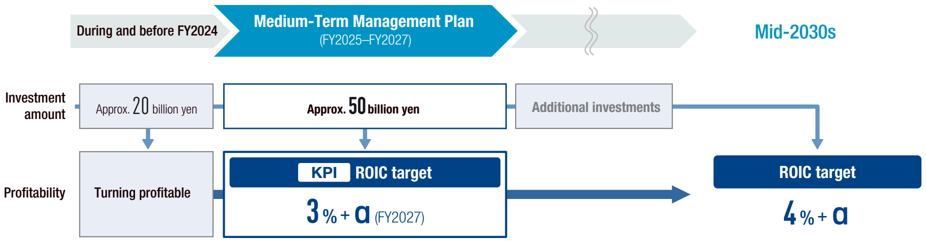
1 Promote carbon neutrality
2 Provide various kinds of energy and services
3 4 5 6
Target materiality

Business Strategy: Cultivating Drivers of Growth (Electricity Business)

We will leverage strengths (infrastructure, technologies, knowledge) developed in our gas businesses to make the electricity business the next driver of profit growth by diversifying electricity procurement, responding to a wide range of needs for low-carbon and decarbonized energy, and creating new solutions.

Electricity Business

- **Building competitive power sources**
- **Promoting renewable energy development and diversifying sales solutions**



Action Plan

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. Additionally, we will always monitor the risk of income and expenditure fluctuations and promote the use of transactions that lead to reducing such risk.

KPI Electricity sales volume

3 billion kWh (FY2027)

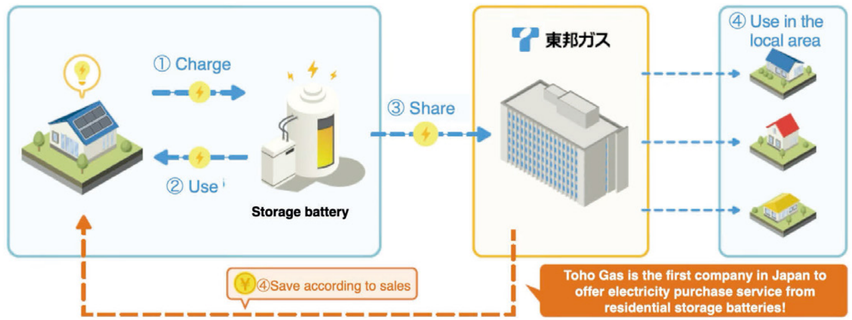
Joint Development of Thermal Power Stations

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.

Rendering of Chita Thermal Power Station Units 7 and 8
(Scheduled to commence operations in FY2029)

Creation of Power Services

We will promote the development of new power services based on the results of electricity purchase services currently being provided.



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

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.

KPI Re-energy volume handled

500 MW (FY2030)

Biomass Power Plant Commenced Operations

In addition to Yatsushiro (Kumamoto Prefecture), where commercial operations are underway, Karatsu (Saga Prefecture) and Tahara (Aichi Prefecture) are scheduled to commence operations.

Yatsushiro Biomass Power Plant
(Operations commenced in June 2024)

Electricity Business

Takayuki Kurobe
Managing Executive Officer
In charge of Power Business Promotion Department

Overview and Role

As a reliable energy operator in the region, we are expanding electricity sales and electric power services to customers with the aim of generating stable profits. To realize a sustainable society, we are also making efforts to develop power sources, including thermal power generation focused on renewable energy and decarbonization.

Main Activities in FY2024

- In collaboration with JERA Co., Inc., made the decision to develop Chita Thermal Power Station Units 7 and 8, which will boast world-leading power generation efficiency
- Commenced operation of the Yatsushiro Biomass Power Plant, developed jointly with other companies
- Established power plant operating company TT Brothers LLC through joint investment with Tokyo Century Corporation, with the aim of developing renewable energy sources
- Commenced operation of the Waketoku service using residential storage batteries
- Invested in storage battery and electric vehicle (EV)-related start-ups

Main Targets Under Medium-Term Management Plan 2025–2027

- Reduce and stabilize procurement prices through the appropriate combination of procurement from power plant operators and wholesale exchanges
- Ascertain income and expenditure risks, and hedge risks
- Proactively develop renewable energy sources to facilitate the handling of 500 MW of renewable energy by FY2030, and develop storage batteries to utilize renewable energy effectively
- Construct large-scale, high-efficiency thermal power plants focused on the future conversion to hydrogen fuel
- Provide new value-added electric power services

Looking Back on FY2024

Since FY2022, procurement costs have increased due to the significant impact of rising energy prices caused by the Russia–Ukraine conflict and other factors, resulting in the electricity business posting losses for two consecutive fiscal years. In response, we diversified procurement and promoted other improvement efforts that returned the business to profitability in FY2024. We also started construction on Chita Thermal Power Station Units 7 and 8, which will become a pillar of our portfolio in the future. When this power station commences operations in FY2029, we expect it will contribute to stabilizing procurement and maintaining competitiveness.

With regard to the development of renewable energy sources, we established a highly efficient system based on our clear understanding that a certain amount of time is required before renewable energy sources can contribute to revenue. Accordingly, we are engaged in the development of a wide range of energy sources, and jointly established a company to promote the development of renewable energy in collaboration with other companies.

How I Envision the Company's Ideal Positioning

We will leverage strengths (infrastructure, technologies, knowledge) developed in gas businesses while steadily expanding the electricity business in pursuit of growth, as outlined in our growth strategy. We will expand market share by leveraging our strengths in diverse energy sources, including city gas and LPG, and contribute to our ongoing evolution as a reliable energy operator in the region. In addition, with an awareness of the need to promote carbon neutrality, we are proactively working to develop renewable energy sources and decarbonize power generation to realize a sustainable society.

Growth Strategy Aimed at Realizing Our Vision and Achieving the Medium-Term Management Plan

To provide a stable supply of electricity to customers in the region, it is essential we maintain stable, highly competitive power sources. To this end, we will work to optimize our power procurement portfolio, including developing our own power sources, and addressing income and expenditure fluctuation risks from short-, medium-, and long-term perspectives.

Customer needs are becoming more diverse, including the need to achieve carbon neutrality. We will strive to further expand business by providing environmental value through the combination of various renewable energy sources and added value through new electric power services, thereby earning the trust of both individual customers and entire communities.

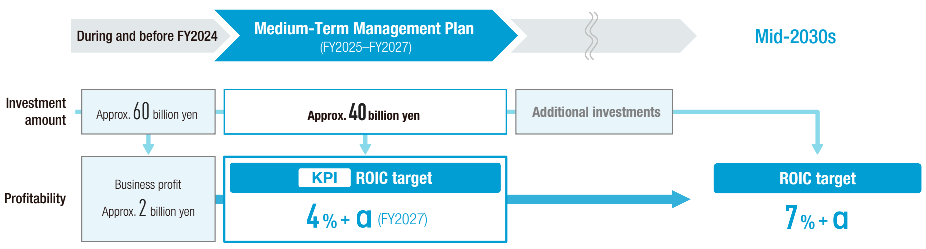
1 Promote carbon neutrality
2 Provide various kinds of energy and services
3 4 5 6
Target materiality

Business Strategy: Cultivating Drivers of Growth (Overseas Business)

We will leverage the strengths (infrastructure, technologies, knowledge) we have developed in our gas businesses and position our overseas business as a driver of profit growth going forward, promoting efforts to expand our gas focused the energy business and contributing to regional decarbonization through the widespread adoption of natural gas and renewable energy.

Overseas Business

- **Participation in investments in energy and carbon-neutral related businesses in Asia, North America, and other regions**



Action Plan

Overseas Energy Business Development

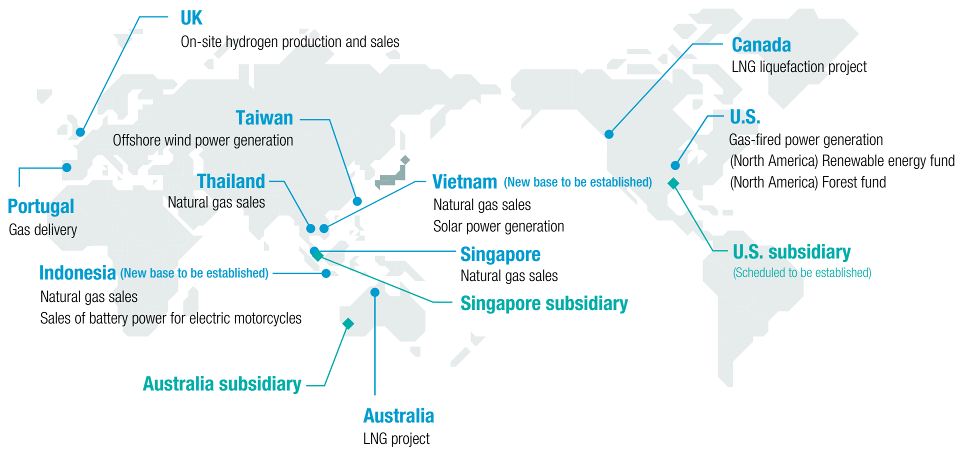
Promoting Deeper Cultivation of Energy Business in Asia, North America, and Other Regions

We will leverage experience and expertise accumulated in our domestic business to promote the spread and advanced use of natural gas to contribute to low carbonization in Asia, where energy demand is expected to increase. We are actively evaluating the commercial feasibility of developing renewable energy such as biogas and hydrogen, while pursuing opportunities to create synergies across our energy business in Asia as we advance toward carbon neutrality. In North America and other regions, we will promote project development utilizing renewable energy funds already invested in FY2024 and new business development to strengthen our portfolio.

International Energy-Related Business

In Southeast Asia, where demand for renewable and other types of energy is increasing, we are leveraging 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 establishing networks to gather market intelligence and identify new opportunities, while providing sales and technical support to investee companies. In Europe, North America, and other regions, we are strengthening our involvement in the management of natural gas-related businesses and promoting business research into carbon neutrality.



Overseas projects with investment participation and overseas subsidiaries

1 Promote carbon neutrality
2 Provide various kinds of energy and services
3 4 5 6
Target materiality

Overseas Business


Mitsuhiro Otsu
Managing Executive Officer
In charge of Business Development Department

Overview and Role

To make our overseas business a key driver of profit growth as we work toward the achievement of the Toho Gas Group Vision, we will leverage our strengths accumulated in our gas business to enhance competitiveness and create synergies in countries and regions with high growth potential. We will also proactively invest in renewable energy businesses with high environmental value, while expanding our business across the value chain and enhance profitability.

Main Activities in FY2024

- Participated as an investor in a pipeline gas sales business supplying industrial users and, separately, in a electricity sales business through a battery swap-subscription service for electric scooters in Indonesia, the fourth country in Southeast Asia, where we operate.
- Invested in North American and European funds supporting renewable energy and forestry projects that contribute to decarbonization, and, separately, in a company with technologies to supply hydrogen to factories and other facilities.
- Continued to examine the business potential of supplying biogas in addition to natural gas to support decarbonization of investee business operations.

Main Targets Under Medium-Term Management Plan 2025–2027

- Promote industrial gas sales in Asia, and develop and promote renewable energy, biogas, hydrogen, and other decarbonization businesses.
- Expand investments in energy-related businesses in North America and other regions, and develop and promote decarbonization businesses through renewable energy and forestry funds.
- In addition to Australia and Singapore, establish offices in Vietnam and Indonesia to strengthen involvement in local activities, and establish a new U.S. subsidiary.

Looking Back on FY2024

In our overseas business, our aim has been to achieve expansion by leveraging knowledge and expertise across the entire value chain, from upstream natural gas operations to mid- and downstream operations such as gas distribution and gas sales, while assessing the risks specific to each business.

In FY2024, we invested in a pipeline gas sales business supplying industrial users in Indonesia, in a region where energy demand is expected to rise. By utilizing our expertise in proposing fuel conversion and other solutions, we promoted demand creation, which contributed to the growth of the business we invested in.

Additionally, in the countries and regions where we have invested, as in Japan, momentum for decarbonization is growing, and we are working with investees and partners to explore the potential for locally produced and consumed energy businesses, such as biogas, with a focus on the creation of synergies.

How I Envision the Company's Ideal Positioning

In the field of business development, we aim to expand our business domain to capitalize on decarbonization efforts both in Japan and abroad, respond to the diversifying needs of customers, while also creating new value and continuing to contribute to local communities.

Under the Medium-Term Management Plan 2025–2027, our overseas business is positioned as one of our key strategies, and our mission is to nurture it as a driving force for future growth. Given the changing state of the global economy and shifts in the energy policies of various countries, identifying market growth opportunities will not be easy. However, our experience and know-how in energy usage, cultivated over many years, will be a major advantage in executing our overseas business strategies. As we expand our natural gas business and transition to decarbonization, we will promote the growth of our overseas business through collaborations and cooperation with reliable partners.

Growth Strategy Aimed at Realizing Our Vision and Achieving the Medium-Term Management Plan

To expand our overseas business, we will first deepen relationships built through collaborations with investees and partners, and then enhance business value by promoting low-carbon and decarbonization initiatives incorporating local needs, including the use of hydrogen and the diversification of gas procurement. We will step up efforts in Asia, a key region with high growth potential for renewable energy and gas businesses. We also plan to leverage our strengths and knowledge to expand in North America and Australia, which offer abundant investment opportunities and large scale markets.

To forcefully drive overseas business strategy and transform our business structure, we will cultivate an organizational culture of taking on challenges and develop global human resources, as the Group works as one to achieve the targets under the Medium-Term Management Plan.

1 2 Provide various kinds of energy and services 3 4 Contribute to the community by resolving social issues 5 6

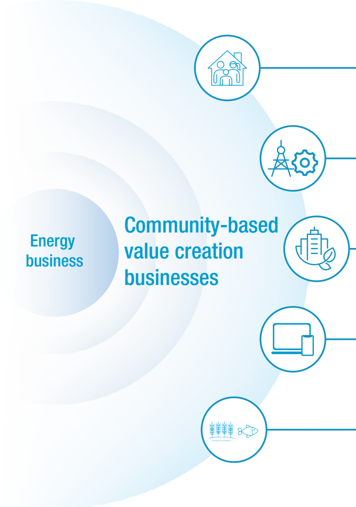
Target materiality

Business Strategy: Deeper Cultivation of Region-Based Businesses

We will strive for deeper cultivation of problem-solving businesses that lead to the creation of 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 (FY2027)



Lifestyle and Administrative Support	Address diverse needs and issues and provide solutions that support sustainable and prosperous lifestyles and local government operations
Engineering	Utilize our operational strength and technical capabilities to offer a comprehensive range of design, construction, and maintenance services that contribute to improving productivity and reducing and eliminating CO_2 emissions
Urban and Real Estate Development	Develop towns, facilities, and housing that create added value such as comfortable living, environmental friendliness, and vitality, thereby improving the appeal of the region
Information Services	Leverage the strengths of "reliability" and "robustness" cultivated through the infrastructure business to provide system solutions and IT infrastructure construction and operation services
Agri-Food	Through co-creation with partner companies, promote initiatives that focus on solving social issues and revitalizing local communities, such as "sustainable next-generation agriculture"

Action Plan

Lifestyle and Administrative Support

Residential Proposals Leading 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.

Additionally, 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.

KPI Number of energy customer accounts[*2]

3.14 million (FY2027)

KPI Sales of products and services in everyday life[*3]

20 billion yen (FY2027)

*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 ENE-FARM, solar power, and other means
*2 Total number of customer accounts of city gas, LPG, and electricity
*3 Total sales of gas appliances, renovation, etc.

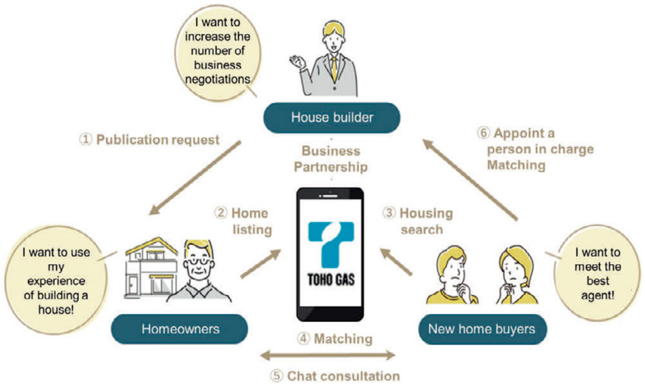
1 2 Provide various kinds of energy and services 3 4 Contribute to the community by resolving social issues 5 6

Target materiality

Business Strategy: Deeper Cultivation of Region-Based Businesses

Building a Business Model That Leverages Digital Technology

We 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.



IELABO correlation diagram (services commenced in March 2025)

Accelerating Open Innovation

We have formed the CVC[*1] "Shin Infrastructure Fund by TOHO GAS" with the aim of creating businesses through collaboration with start-ups 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.[*2]

*1 Corporate venture capital
*2 One of Japan's largest open innovation hubs, located in Showa Ward, Nagoya City

Invigorating Communities with Franomista Beverage Subscriptions

For a monthly fee of 550 yen (tax included), subscribers to the Franomista service can enjoy a free daily beverage at participating restaurants and one free beverage at each restaurant from the second visit onwards. As an energy provider, we aim to bring more smiles to people and the community by helping raise a glass and bringing more cheers to Japan.

Commercialization of Netsumori® Thermal Protection Covers

We have commercialized Netsumori®,[*3] a thermal protection cover that protects wearable sensors installed in smartwatches and other devices from high temperatures. Our latent heat storage technologies have enabled the use of smartwatches in saunas. Netsumori® supports a safe and secure sauna experience tailored to each individual's physical condition.

*3 Netsumori® is a registered trademark of Toho Gas Co., Ltd.

Netsumori® thermal protection cover

Initiatives related to lifestyle and administrative support
For details, please visit our website.
https://www.tohogas.co.jp/lang/en/approach/eco/pdf/2025toho_web_en_living.pdf

Engineering

Strengthening Consulting and Engineering

We provide one-stop services, from consulting focused on the formulation of CO_2 emissions reduction roadmaps through to engineering, aimed at contributing to low-carbon and decarbonized operations at customer sites.

- Consulting: We understand actual and potential client needs and provide support through the formulation of roadmaps toward low-carbon and decarbonized operations.
- Engineering: We provide high-quality construction of everything, from gas, electricity, hydrogen, solar power, and other energy equipment to production plant facilities.

KPI Sales of CNxP business[*4]

13 billion yen (FY2027)

*4 One-stop consulting, engineering, and other services to help customers become carbon neutral, and to support their low-carbon and decarbonization efforts

External Sales of Proprietary Technologies

We will promote external sales of technologies, as well as trenchless pipe installation methods[*5] 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.

KPI External sales of proprietary technologies

7 billion yen (FY2027)

*5 A method for installing gas pipes underground by excavating pits at both ends of the construction zone

Business Strategy: Deeper Cultivation of Region-Based Businesses

Urban and Real Estate Development

Contributing to Society Through Minato AQULS

Minato AQULS (Minato Ward, Nagoya) is promoting urban development based on the concept of creating a town that fosters connections among people, the environment, and the community. COMTEC PORTBASE, a live music hall that opened in March 2025, contributes to the creation of a vibrant area offering more diverse experiences and opportunities for interaction. Additionally, by centrally managing energy supply and demand through our community energy management system (CEMS), we continue to maintain a CO_2 emissions reduction rate of 60% or higher compared with 1990 levels.

COMTEC PORTBASE (opened earlier in the Phase II area of Minato AQULS)

Furthermore, we installed ENE-FARM Type S residential fuel cells in a total of 503 ZEH-M Oriented[*1] condominium units. By sharing surplus electricity, we contribute to providing approximately 10% of local electricity supplies, facilitating local production for local consumption. We will also continue promoting development in the Minato AQULS Phase II area.

Additionally, Toho Gas Real Estate Development Co., Ltd. operates sports facilities at Minato AQULS, including Howa Minato Sports & Culture, which is equipped with a skating rink and pool; Howa Seminar Plaza, a lodging-style training facility; and Cherry, a bakery and cafe. We strive to improve these services so they can be used by as many people in the local community as possible.

*1 ZEH-M Oriented: Condominium buildings that reduce primary energy consumption more than 20% site-wide, including common areas

Leveraging Proprietary Know-How

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.[*2] 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.

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

Effective Use of Company-Owned Land

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, Toho Gas Real Estate Development Co., Ltd. is considering the implementation of a condominium business jointly with partners on the site of a former employee dormitory in Meito Ward, Nagoya.

Additionally, in Imaisecho Ichinomiya, Aichi Prefecture, we planned a residential land and detached house development (16 lots in total) that commenced sales in July 2024.

Information Services

Scaling Up Existing External Sales Efforts

We will steadily promote the expansion of businesses with growth potential, such as packaged products (Smaraku Kenshin[*3]), SAP,[*4] and data centers, as we examine the potential for increasing scale and revenue expansion strategies that leverage our strengths.

Smaraku Kenshin logo

*3 A smartphone meter reading app developed by Toho Gas Information System Co., Ltd.
*4 Enterprise resource planning (ERP) products provided by SAP, a major software company based in Germany

Agri-Food

Recycling-Based Low-Carbon Agriculture

In collaboration with investee TOWING Co., Ltd.,[*5] we are engaged in various initiatives aimed at realizing recycling-based low-carbon agriculture, including support for the design and construction of a Soratan[*6] manufacturing plant, joint research and development of plant equipment, and the production of agricultural products utilizing Soratan (Shine Muscat grapes).

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

*5 TOWING Co., Ltd. is a start-up company spun off from Nagoya University that uses technology to upcycle unused biomass into a superior agricultural biochar called Soratan.
*6 Soratan is a high-performance biochar produced by TOWING Co., Ltd., which utilizes its soil microbial culture technologies to convert unused biomass from agriculture, livestock, and food industries into biochar (a porous material) and then adds cultivating microorganisms.

Land-Based Farming of Chita Cool Salmon

At the Chita-Midorihama Works, we commenced the full-scale land-based farming of Chita Cool Salmon utilizing LNG cold energy in November 2024, with the first shipments launched between mid-May and mid-June 2025. This product is sold mainly through local supermarkets and is enjoyed by many people in the local community.

1 2 Provide various kinds of energy and services 3 4 Contribute to the community by resolving social issues 5 6
Target materiality

Real Estate Business

Overview and Role

In addition to the Gas Building, we operate and manage commercial facilities, office buildings, and rental housing, as well as skating rinks, accommodation and training facilities, restaurants and bakeries, green space management, and design businesses. As a core company responsible for the real estate, lifestyle and services, and housing-related businesses positioned as strategic businesses as part of the Group Vision, we will play our part in realizing the Toho Gas Group's sustainable growth.

Main Activities in FY2024

- Launched sales of residential land and detached housing in Ichinomiya, Aichi Prefecture
- Acquired student dormitory Soleil Yagoto
- Received large facility management order from outside the Group
- Installed new equipment and renovated golf driving ranges
- Opened an esports facility

Main Targets Under Medium-Term Management Plan 2025–2027

Real estate business
- Develop and utilize Group-owned real estate
- Utilize regional housing stock, including vacant homes
- Participate in urban development through involvement in PFI and PPP projects

Facility business
- Expand business utilizing know-how cultivated through in-house facility management

Lifestyle content business (sports, seminars, food and beverages, green activities)
- Create new content and services to increase user and visitor numbers

Looking Back on FY2024

In FY2024, our company name was changed to Toho Gas Real Estate Development Co., Ltd., with the aim of further expanding our business domain. In the real estate business, we launched sales of residential land and detached housing in Ichinomiya, Aichi Prefecture, with the aim of utilizing our real estate holdings. We also acquired the student dormitory Soleil Yagoto to ensure stable profits.

In the facility business, we launched initiatives aimed at expanding orders from outside the Group.

In the sports, seminar, and food and beverage businesses, we installed new equipment at each facility to improve customer satisfaction, including Trackman Range golf ball flight measurement devices at our golf driving ranges, and also opened an esports facility.

How I Envision the Company's Ideal Positioning

Toho Gas Real Estate Development comprehensively handles all aspects of the real estate business, from upstream to downstream, including development, facility management, and the creation of vibrant environments. All of these businesses have a strong affinity with the energy business and are closely linked to daily life and the activities of society.

Leveraging these unique characteristics, we aim to become a company that contributes broadly to urban development and regional revitalization by enthusiastically engaging in 1) real estate development and facility maintenance and management in collaboration with Group companies; 2) sports, seminar, and restaurant businesses that facilitate abundant lifestyles and lead to symbiosis with local communities; 3) area management, in which we are accumulating knowledge through the Minato AQULS project currently under development; and 4) PFI projects in collaboration with other companies, and also in efforts to address vacant housing, which has become a social issue.

As a member of the Toho Gas Group, which is more than a century old, we will continue to enhance our value as a company that supports and serves local communities.

Growth Strategy Aimed at Realizing Our Vision and Achieving the Medium-Term Management Plan

We are targeting stable and sustainable growth based on the three business pillars of real estate, facilities, and lifestyle content.

In the real estate business, we will focus on utilizing real estate assets transferred in January 2025, while considering the acquisition of income-generating properties and asset replacement in light of real estate market conditions. We will also work to improve the profitability of company-owned buildings and rental housing.

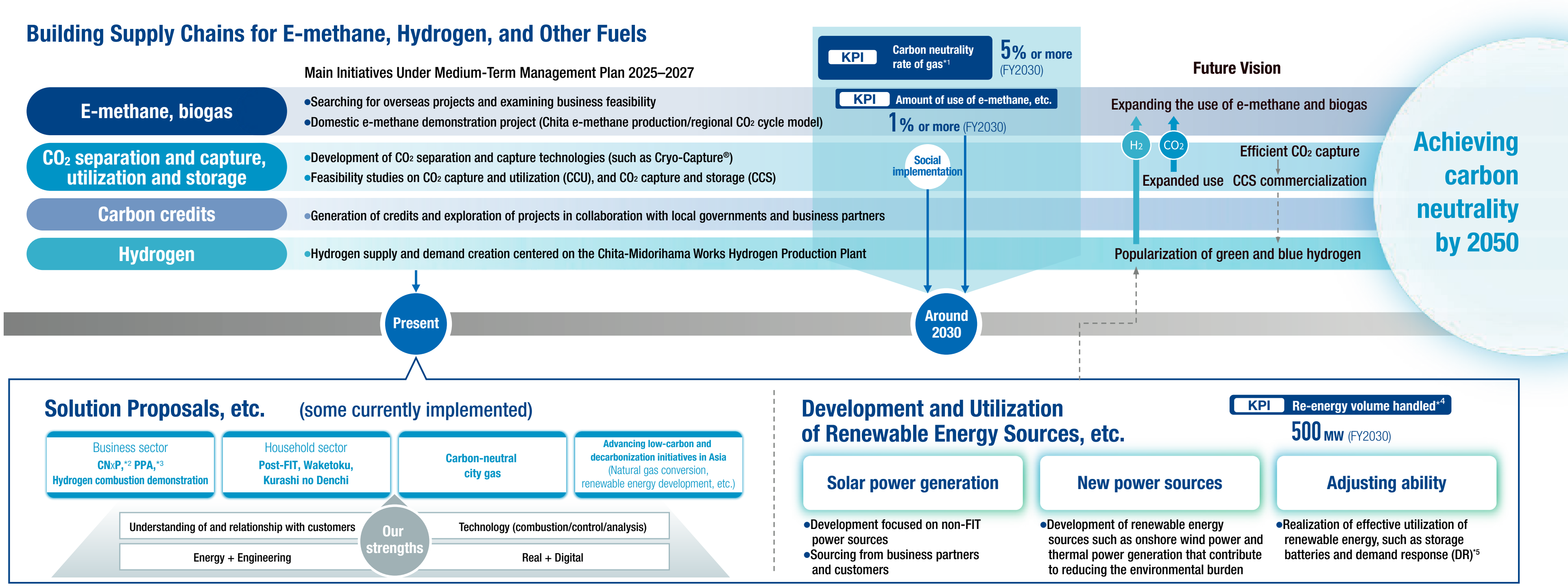
In the facility business, we will work to increase new orders and improve the quality and competitiveness of our operations, thereby increasing the proportion of external orders within sales.

In the lifestyle content business, we will operate facilities that enable people to enjoy a variety of activities in one location while also promoting health, as we strive to provide products and services that meet customer needs.

Business Strategy: Mission and Responsibility Toward Carbon Neutrality

To reduce cumulative CO_2 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.

Carbon Neutral Strategy Overview



*1 Carbon neutrality rate achieved through various means *2 We provide one-stop consulting and engineering services for carbon neutrality, in support of customers' low-carbon and decarbonization efforts.
*3 A system wherein the Group or its business partners own and operate the facilities, supply the generated electricity to customers, and receive service fees
*4 Includes domestic and international renewable energy source development and ownership, FIT power sources, and procurement
*5 A mechanism for changing electricity demand patterns by controlling decentralized power sources installed on the demand side, etc.

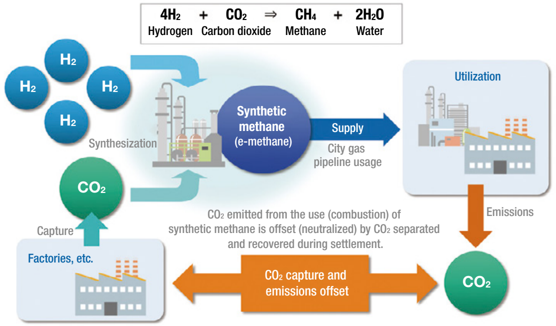
Business Strategy: Mission and Responsibility Toward Carbon Neutrality

Action Plan

Gas Decarbonization Efforts

Methanation

Methanation is a technology that generates methane, the main component of city gas, through a chemical reaction between hydrogen and CO_2. The raw material used to produce synthetic methane (e-methane) is CO_2 captured from exhaust gases, and even when burned, there is no substantial increase in atmospheric CO_2 levels. Accordingly, methanation is expected to become a technology for decarbonizing gas itself going forward.



KPI Amount of e-methane, etc.
1% or more (FY2030)

We will promote the use of e-methane as the main method for decarbonizing gas, and in Japan, we will promote demonstration projects aimed at resolving issues related to increasing efficiency and lowering costs.

In addition, we aim to implement these initiatives in society by 2030 through efforts overseas in collaboration with partner companies.

E-methane Production in Japan

At the Chita City Nambu Purification Center, methane is produced by methanation using CO_2 derived from biogas generated during sewage sludge treatment, and hydrogen produced using power generated by cogeneration, with the resulting methane used as a raw material for city gas. This is the first initiative in Japan using e-methane as a raw material for city gas. These efforts will enable us to increase the scale of manufacturing facilities while reducing costs.

Creating a CO_2 Regional Circulation Model

We are examining a CO_2 regional circulation model together with Aisin Corporation and Denso Corporation.

To quickly secure a means of realizing carbon-neutral heat demand, we are considering a model case in which CO_2 emitted by inland factories is captured, transported by land to a city gas production plant, and methanated, thereby circulating CO_2 within the country and region.

Procuring E-methane from Overseas

To expand the introduction of e-methane, it is important to establish overseas supply chains to ensure a stable supply of hydrogen and CO_2, which are the raw materials for producing e-methane. Going forward, we will continue to work with business partners to leverage existing infrastructure and accelerate efforts in the United States and Australia.

Business Feasibility Study for CCUS

Development of CO_2 Separation and Recovery Technology

We will promote the development of Cryo-Capture® and Cryo-DAC®, technologies for low-cost separation of CO_2 using unused LNG cold energy, through industry–academia collaboration, utilizing government subsidies. We will expand the scale of testing and work to resolve issues such as larger-scale and optimal operation, with a view to social implementation in FY2030.

KPI Cryo-Capture® technology development
Social implementation (FY2030)

Promotion of CO_2 Utilization and Storage Projects

With support for business development from the Aichi Carbon Neutral Strategy Council, we are working with Aisin Corporation and Taisei Corporation to advance a project that fixes CO_2 as a raw material for concrete, among other efforts, to promote the practical application of CO_2 capture and utilization (CCU).

We will deepen our involvement in domestic and international projects for the social implementation of CO_2 capture and storage (CCS), identify issues, and materialize solutions.

Stable Supply of Hydrogen

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

Chita-Midorihama Works Hydrogen Production Plant
(Commenced operations in June 2024)

Business Strategy: Mission and Responsibility Toward Carbon Neutrality

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, and other activities related to the utilization of hydrogen.

Utilization in Mobility

In the Chubu region of Japan, the use of hydrogen for mobility purposes continues, and we are developing hydrogen stations and cultivating demand to support the adoption of fuel cell vehicles. Together with Toyota Tsusho Corporation and Taiyo Nippon Sanso Corporation, we applied and have been accepted to participate in a New Energy and Industrial Technology Development Organization (NEDO) project to study the hydrogenation of port equipment and logistics trucks at the Port of Nagoya.

KPI Hydrogen sales volume

400 t (FY2027)

Utilizing Heat

We are promoting the development of hydrogen combustion-related technologies and aim to achieve rapid commercialization after conducting demonstrations at customer locations.

In terms of the practical application of burners that can use both hydrogen and city gas, we are using multiple industrial burners[*1] that can switch between city gas and hydrogen combustion, which minimizes the replacement of parts.

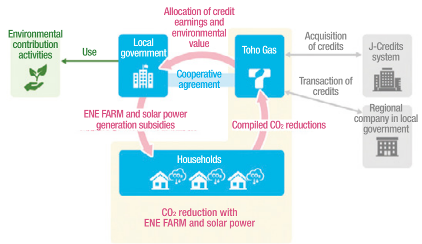
Additionally, in collaboration with Mitsubishi Heavy Industries Engine & Turbocharger, Ltd., we conducted a city gas and hydrogen combustion demonstration using a gas engine for commercial cogeneration systems, and commercialized a hydrogen-mixed cogeneration system that allows for spontaneous switching between city gas-only operation and hydrogen-mixed operation during load operations.

*1 One type for direct heating and two types for indirect heating

Expanding the Use of Carbon Credits

Environmental Value Creation and Procurement

In addition to creating J-Credits in collaboration with local governments, we are also working to create and procure credits both domestically and internationally in partnership with other organizations to promote low-carbon and decarbonization initiatives on a regional and global scale. We will continue to create and procure environmental value through the promotion of energy conservation, the use of renewable energy, the conservation of forests and agricultural land, and the pursuit of other management activities.



Collaboration scheme with local governments to create and utilize J-Credits

KPI J-Credits generated

2,000 t-CO_2 (cumulative period planned[*2])

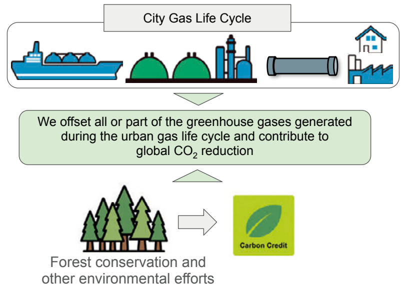
*2 Plan period: FY2025–FY2027

J-Credits and Other Offsets

We supply carbon-offset city gas, where CO_2 emissions from combustion and other sources are offset using J-Credits as well as CO_2 credits verified by a highly reliable certification organization.

We are expanding our handling volume in response to demand from local governments and a wide range of industries for measures that contribute to CO_2 reduction.

Going forward, we will contribute to CO_2 reduction on a global scale through the supply of carbon-offset city gas.



Collaborations with Business Partners Aimed at Carbon Neutrality

Collaborations with Government Agencies

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.

New Regional Electric Power Company Initiatives

We will establish new regional electric power companies in collaboration with local governments and other entities, and promote carbon neutrality in the region by supplying electricity generated from local power sources including waste-to-energy. We have established and are operating new regional electric power companies in collaboration with seven local governments and other agencies, and six companies in the three Tokai prefectures of Aichi, Gifu, and Mie.

Researching and Developing Carbon-Neutral Technologies and Services

External partnerships with start-ups and other organizations are essential for establishing, developing, and differentiating our proprietary technologies and services related to carbon neutrality. To achieve this, we are deepening partnerships with multiple investment and financing companies, including fund participation in September 2024, and are considering ways to discover and partner with start-ups.

Initiatives related to carbon neutrality
For details, please visit our website.
https://www.tohogas.co.jp/lang/en/approach/eco/pdf/2025toho_web_en_carbon.pdf

Carbon Neutrality

Katsuhiko Kozawa

Director, Senior Managing Executive Officer
In charge of Carbon Neutral Development Department
Planning Department

Overview and Role

The most important measures to be taken during the transition to carbon neutrality (CN) are the further expansion of natural gas, which has a low environmental impact, and the promotion of thorough energy conservation at customer sites. Our role is particularly important in the Tokai region, which is a manufacturing hub.

We also feel it is our mission to disseminate the know-how cultivated at customer sites in the Tokai region to the rest of Japan, as well as to markets overseas, mainly in Asia, which is in the midst of remarkable economic growth.

At the same time, to realize carbon neutrality, it is essential we offer a wide range of options that meet customer needs, including new decarbonized energy sources such as e-methane, biogas, and hydrogen, as well as CO_2 capture, utilization, and storage (CCUS), carbon credits, and renewable energy. To develop and maintain these options, we are making every effort to steadily implement measures that can be taken immediately, while also working to resolve various issues, such as further technological developments and cost reductions, and the establishment of environmental value rules in Japan and overseas, with the aim of realizing full-scale introduction as quickly as possible.

Main Activities in FY2024

- In collaboration with Chita City, launched an e-methane production demonstration project using CO_2 derived from biogas (first in Japan to use as city gas raw material)
- Commenced operation of hydrogen production plant at Chita-Midorihama Works
- Expanded the development and procurement of renewable energy sources

Main Targets Under Medium-Term Management Plan 2025–2027

Measures targeting the achievement of a 5% CN ratio for gas sold in FY2030

- Acceleration of domestic demonstration projects and overseas procurement studies for the introduction of e-methane and biogas
- Promotion of development for the social implementation of Cryo-Capture® CO_2 separation and recovery technology

Achieve hydrogen sales of 400 t in FY2027 and ensure a stable supply system

Looking Back on FY2024

In April 2024, we established the Carbon Neutral Development Department and secured the necessary funding and personnel, strengthening our ability to gather information on trends within and outside Japan to a greater degree than ever before, and establishing a system enabling us to take concrete actions quickly.

Regarding e-methane, which is expected to become a future raw material for city gas, we launched a production demonstration project in Chita City, Aichi Prefecture, the first use of e-methane for city gas in Japan. At the same time, in light of raw material procurement, costs, and other factors, we are also focusing efforts on overseas project development activities in cooperation with partner companies.

Furthermore, as for hydrogen, we are working to establish a hydrogen supply chain in the region, starting from the Chita-Midorihama Works Hydrogen Production Plant, which commenced operations in June 2024. We have begun collaborating with various alliance partners in Japan and overseas to quickly establish a variety of methods for achieving carbon neutrality, such as developing renewable energy sources, creating carbon credits, developing CO_2 separation and capture technologies, and exploring uses for CO_2.

How I Envision the Company's Ideal Positioning

Although our goal is carbon neutrality, the process of achieving it varies greatly depending on the characteristics and circumstances of each customer's business. Our greatest strength lies in our ability to identify issues faced by customers, and then propose effective and concrete solutions tailored to those issues, based on our long history in the energy business. To realize our vision of becoming a reliable energy operator in the region and a corporate group that leads the realization of a sustainable society, we will continue to pursue diverse measures that ensure safety, supply stability, economic efficiency, and environmental compatibility.

Growth Strategy Aimed at Realizing Our Vision and Achieving the Medium-Term Management Plan

In the initial phase of our CO_2 emissions reduction efforts, it is important to start on-site to gain a realistic understanding of the customer's situation. We then leverage our strengths in measurement and energy-saving technologies to implement optimal carbon-neutral conversion planning tailored to each customer. We call this the CNxP Project, and since its launch in FY2022, we have seen some encouraging results. We are working at full speed to train personnel so that we can respond appropriately to customer inquiries.

To make gas itself carbon neutral in the future, we are proactively promoting the launch and development of specific projects, including e-methane and biogas. E-methane in particular is considered to be the key to gas decarbonization, and the gas industry will unite and work with overseas companies and international organizations to expand the use of e-methane worldwide and establish rules for environmental value that transcend national borders.

We will also contribute to the realization of a carbon-neutral society utilizing multiple options, including CCUS, carbon credits, and expansion of renewable energy sources.

Disclosure Based on TCFD Recommendations

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Toho Gas Group recognizes addressing climate change as a critical management issue and endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in April 2020. The Group appropriately discloses information about the impact of climate change on the Company's business activities and its efforts to address these in accordance with TCFD recommendations.

Information Disclosure in Line with TCFD Recommendations

The TCFD encourages companies to disclose information about governance, strategies (risks, opportunities, and responses), risk management, and metrics and targets related to climate change.

1 Governance

The Toho Gas Group recognizes addressing environmental issues, including climate change countermeasures, as a critical management issue.

The Carbon Neutral Promotion Committee, chaired by the representative director and president of the Company and composed of executive officers in charge of relevant departments, is held to conduct discussions on and determine the direction of important matters, including the formulation of policies and plans related to carbon neutrality.

Additionally, the Sustainability Committee, chaired by the general manager of the Sustainability Promotion Department and composed of executive officers in charge of relevant departments, directors, and others from Toho Gas and major affiliates, is convened to discuss and review sustainability policies and targets including climate change countermeasures. Furthermore, with regard to important matters related to climate change, including risks and opportunities, strategies, risk management, and metrics, reports are deliberated by the Management Committee and submitted to the Board of Directors, which oversees their implementation.

The achievement status of climate-related metrics, such as contribution to CO_2 reduction, for each fiscal year is reflected in the remuneration of internal directors.

2 Strategies

The Toho Gas Group implemented a cross-sectional scenario analysis for the year 2050 to identify and evaluate future risks and opportunities related to climate change and strategies to address these, in line with TCFD recommendations.

In terms of scenario analyses, from external scenarios, we selected the 1.5°C scenario, in which temperature rise is limited to 1.5°C, and the 4°C scenario, in which low-carbon initiatives are not promoted.

Main External Scenarios Used in Scenario Analysis

International Energy Agency (IEA)

- World Energy Outlook: NZE, APS, STEPS
- Energy Technology Perspectives: B2DS and RTS

Intergovernmental Panel on Climate Change (IPCC)

- Fifth Assessment Report: RCP2.6 and RCP8.5

Based on the envisioned society in 2050 derived from these two selected scenarios, we identified risks and opportunities considering temporal axes such as short- to medium-term (through 2030) and medium- to long-term (through 2050), and assessed their impact. We are working on enhancing resilience to address both business risks and opportunities.

As a strategy for 2050, we announced the Toho Gas Group 2050 Carbon Neutrality Initiative in July 2021, which required deliberation by the Management Committee and submission to the Board of Directors for discussion. Specific measures include promoting initiatives to decarbonize gas itself through the introduction of e-methane and biogas; establishing a hydrogen supply chain starting from the hydrogen production plant located at the Chita-Midorihama Works; expanding renewable energy sources; promoting the development of CO_2 separation and recovery technologies; and creating environmental value in collaboration with local governments and other entities. By combining and implementing these various measures when and where necessary, we are accelerating efforts to achieve carbon neutrality.

3 Risk Management

The Toho Gas Group promotes organizational identification, assessment, and addressing risk occurrence and change based on risk management rules, and we are working to improve the level of risk management and ensure smooth business operations.

Risks associated with climate change are integrated into the company-wide risk management system and processes based on risk management rules. Risk factors, including those related to climate change, are identified each year, countermeasures are examined, and a comprehensive assessment is performed. The results of the comprehensive assessment and other related information are deliberated by the Management Committee and submitted to the Board of Directors at least once a year, and the Board of Directors oversees the status of company-wide risk management and its implementation.

4 Metrics and Targets

The Company has set environmental action goals as metrics and targets, with progress toward these goals reviewed by the Management Committee, and submitted them to the Board of Directors, which supervises the implementation of these efforts.

Main Climate Change-Related Metrics and Targets

Metrics and items	Targets [2025]	[2027]	[2030]	[2050]
Contribution to CO_2 reduction	1 million t*1		3 million t*1	
Greenhouse gas emissions (Scope 1 to 3)				Carbon neutrality
Gas carbon neutrality rate*2			5% or more of gas sold	
Amount of e-methane, etc., introduced			1% or more of city gas sold	
Renewable energy handled	250 thousand kW		500 thousand kW	
Hydrogen sales		400 t		
J-Credits generated	[2025–2027 cumulative total] 2,000 t-CO_2			
Cryo-Capture® CO_2 separation and capture technology development			Social implementation	
CNxP business sales		13 billion yen		

*1 Cumulative total since FY2021, annual reduction baseline: FY2020

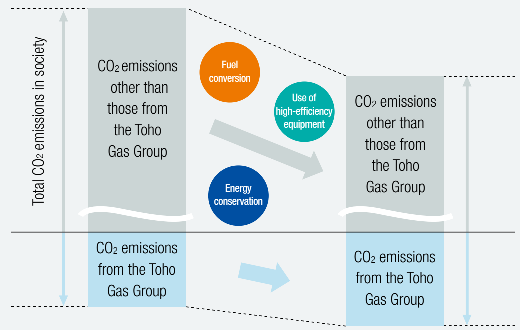
*2 Carbon neutrality rate to be achieved through various means

Contribution to CO_2 Reduction

The contribution to CO_2 reduction volume is the quantified measure of how much Toho Gas products and services have contributed to reducing CO_2 emissions from others.

Calculated based on the "Guidelines for Calculating Contributions to Greenhouse Gas reduction in the City Gas Industry" (Japan Gas Association)

How the Toho Gas Group Affects Total CO_2 Emissions in Society



By transitioning from other fossil fuels to low-carbon city gas, CO_2 emissions from the Group increase, but CO_2 emissions from customers decrease.

Disclosure Based on TCFD Recommendations

Risks with comparatively large financial impact | Opportunities with comparatively large financial impact

Scenarios and external environment					Short- to medium-term (through 2030)	Medium- to long-term (through 2050)
Major climate change-related risks	1.5°C scenario	Transition risks	Technology	Progress of decarbonization innovation	Poor competitiveness due to delay in technological development	Further loss of competitiveness due to delay in technological development
			Regulation	Carbon pricing	Increased sales prices of gas and electricity	Accelerated overseas relocation of domestic companies
				Energy shift	Reduce amount of energy usage through energy conservation Shift to electrification starting from the ground up	Reduce amount of energy usage through energy conservation Shift to electrification in the thermal sector
			Market	Change in customer preferences	Decreased thermal demand in the industrial sector Promote passenger car electrification Shift to electrification due to ZEH and ZEB (mainly new buildings)	Further decreases in thermal demand in the industrial sector Promote electrification of various passenger car models Shift to electrification due to ZEH and ZEB (new and existing buildings)
			Reputation	Assessment by investors	Lower assessment of companies that are unwilling to decarbonize	Even lower assessment of companies that are unwilling to decarbonize
	4°C scenario	Physical risks	Acute	Increasing weather intensity	Gradual increase in the cost of countermeasures related to production and supply facilities Gradual increase in disaster recovery costs	Further increase in the cost of countermeasures related to production and supply facilities Further increase in disaster recovery costs
			Chronic	Rising temperatures	Decreased demand for heating and hot water Strain on power transmission capacity at peak periods	Further decreased demand for heating and hot water Further strain on power transmission capacity at peak periods
Major climate change-related opportunities	1.5°C scenario	Transition risks	Technology	Progress of decarbonization innovation	Social implementation of decarbonization technology (e-methane, hydrogen, etc.) Expanded use of technology for energy conservation and advanced, high-efficiency energy utilization	Expanded use of decarbonization technology (e-methane, hydrogen, etc.) Further expanded use of technology for energy conservation and advanced, high-efficiency energy utilization
			Regulation	Carbon pricing	Rising demand for gas and electricity (fuel conversion and advanced use)	Expanded use of carbon-neutral energy
				Energy shift	Expanded use of renewable energy and storage batteries Expanded use of cogeneration	Further expanded use of renewable energy and storage batteries Expanded use of decarbonization technology
			Market	Change in customer preferences	Growing need for decarbonization support Expanded use of fuel cell vehicles (passenger vehicles and fuel cell commercial vehicles) Growing need for optimal and advanced energy utilization	Further growing need for decarbonization support Expansion of fuel cell vehicle market (vehicle model expansion, port equipment) Expanded use and expansion of energy demand optimization systems
			Reputation	Assessment by investors	Higher assessment of companies that are proactive in decarbonization efforts	Even higher assessment of companies that are proactive in decarbonization efforts
	4°C scenario	Physical risks	Acute	Increasing weather intensity	Growing need to introduce a highly resilient supply infrastructure and energy system	Further growing need to introduce a highly resilient supply infrastructure and energy system
			Chronic	Rising temperatures	Rising demand for air-conditioning and growing need for high-efficiency HVAC systems Rising demand for products and services that reduce peak electricity usage	Further rising demand for air-conditioning and growing need for high-efficiency HVAC systems Further expanded use of products and services that reduce peak electricity usage

Main responses

Main responses to climate change — 1.5°C scenario — Transition risks

Gas
- Explore projects focused on and review feasibility of expanded e-methane and biogas usage
- Demonstrate e-methane production at the Chita LNG Terminal
- Consider CO_2 regional circulation model via e-methane
- Develop CO_2 separation and capture technology
- Promote CO_2 utilization and storage projects
- Create environmental value in collaboration with local governments and businesses
- Promote CNxP business supporting customers' efforts toward reduced carbon and decarbonization
- Support efforts toward reduced carbon and decarbonization in Asian countries

Hydrogen
- Stably supply and create demand for hydrogen starting from the Chita-Midorihama Works Hydrogen Production Plant
- Expand hydrogen burner lineup

Electricity
- Maintain renewable energy sources and procurement capabilities
- Expand services for handling and controlling storage batteries and other equipment

We are challenging ourselves to become carbon neutral by 2050 throughout the entire supply chain including customers' sites.

Toho Gas Group
2050 Carbon Neutrality Initiative
https://www.tohogas.co.jp/lang/en/corporate/company-vision/pdf/carbon-neutrality-initiative.pdf

Main responses to climate change — 4°C scenario — Physical risks

- Storm surge and flood countermeasures
- Supply block subdivision
- Expanded use of a highly resilient energy system
- Proposals for energy conservation and advanced energy utilization
- Peak shaving through aggregation and advanced utilization of city gas