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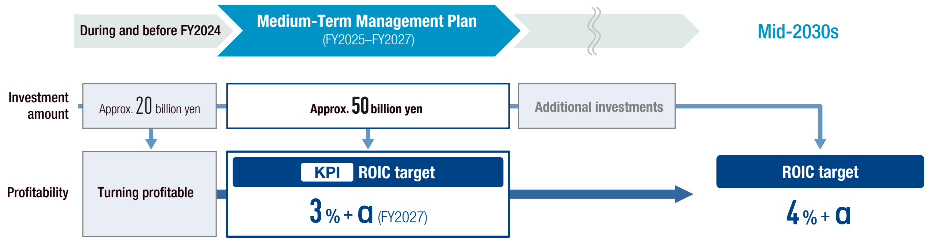
Business Strategy: Cultivating Drivers of Growth (Electricity Business)

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)

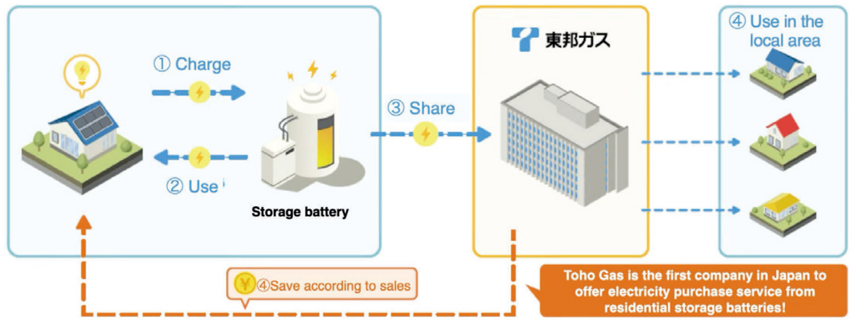
Joint Development of Thermal Power Stations

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)

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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.

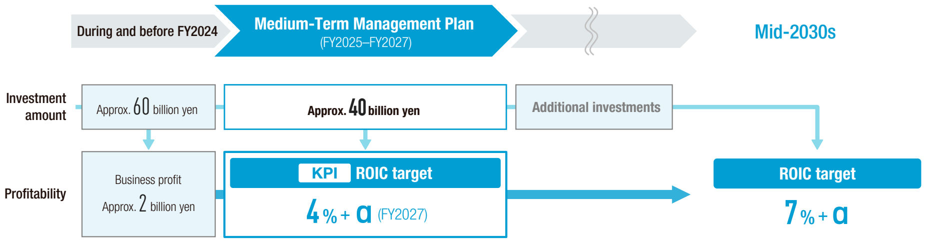
Customer needs are becoming more diverse, including the need to achieve carbon neutrality. We will strive to further expand business by providing environmental value through the combination of various renewable energy sources and added value through new electric power services, thereby earning the trust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

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

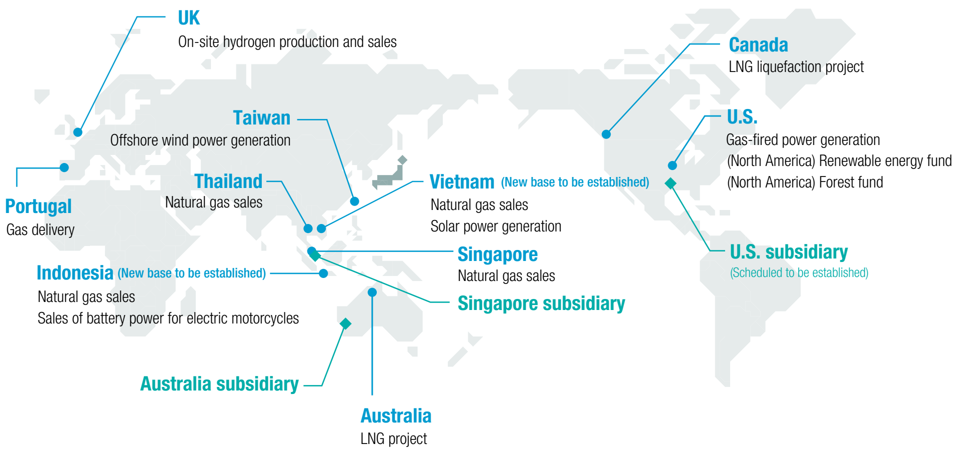
Promoting Deeper Cultivation of Energy Business in Asia, North America, and Other Regions

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

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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.