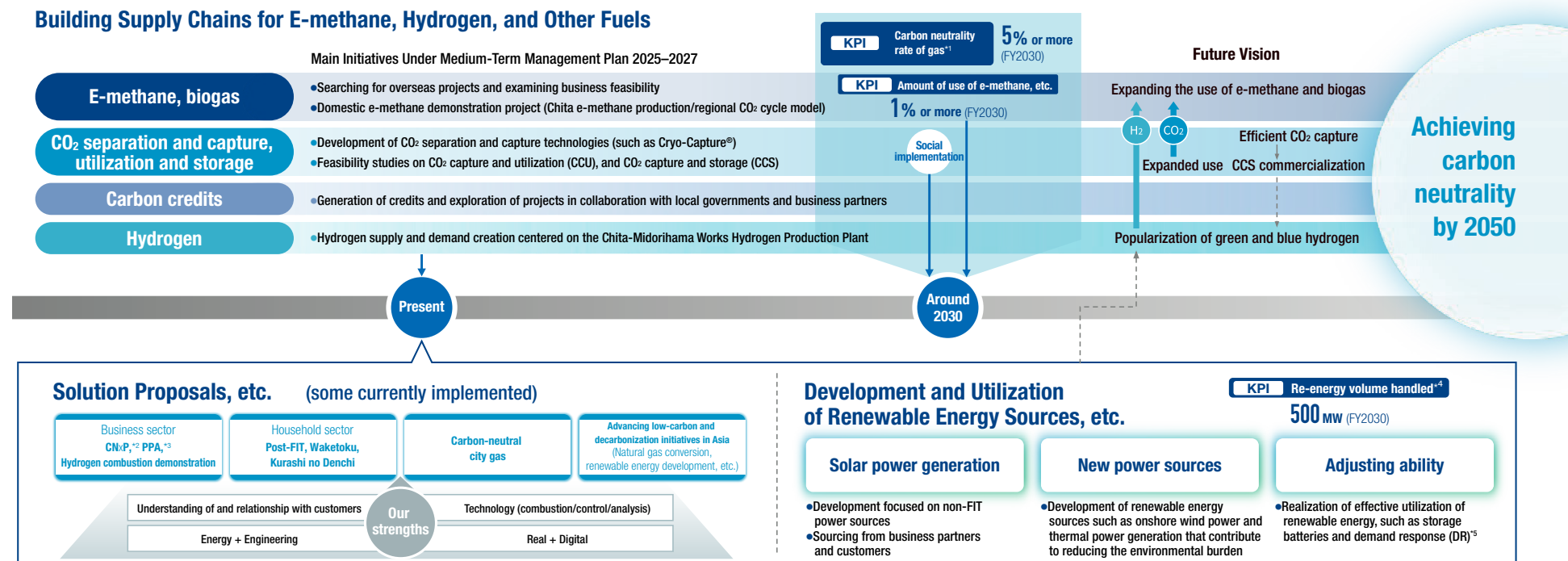


Business Strategy: Mission and Responsibility Toward Carbon Neutrality

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

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.

1

Promote carbon neutrality

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Target materiality

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 CO₂. The raw material used to produce synthetic methane (e-methane) is CO₂ captured from exhaust gases, and even when burned, there is no substantial increase in atmospheric CO₂ levels. Accordingly, methanation is expected to become a technology for decarbonizing gas itself going forward.

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.

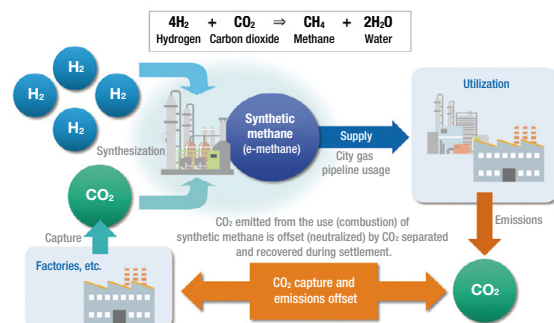
E-methane Production in Japan

At the Chita City Nambu Purification Center, methane is produced by methanation using CO₂ 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 CO₂ Regional Circulation Model

We are examining a CO₂ 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 CO₂ emitted by inland factories is captured, transported by land to a city gas production plant, and methanated, thereby circulating CO₂ within the country and region.



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

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 CO₂, 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 CO₂ Separation and Recovery Technology**

We will promote the development of Cryo-Capture[®] and Cryo-DAC[®], technologies for low-cost separation of CO₂ using unused LNG cold energy, through industry-academia collaboration, utilizing government subsidies. We will expand the scale of testing and work to 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 CO₂ 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 CO₂ as a raw material for concrete, among other efforts, to promote the practical application of CO₂ capture and utilization (CCU).

We will deepen our involvement in domestic and international projects for the social implementation of CO₂ capture and storage (CCS), identify issues, and materialize solutions.

Stable Supply of Hydrogen

Starting from the Chita-Midorihamas 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-Midorihamas Works Hydrogen Production Plant
(Commenced operations in June 2024)

Medium-Term Management Plan 2025–2027

Review of the Previous Medium-Term Management Plan

New Medium-Term Management Plan

Financial Strategy

Business Strategy

Human Resource Strategy

1 Promote carbon neutrality

2 3 4 5 6

Target materiality

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.

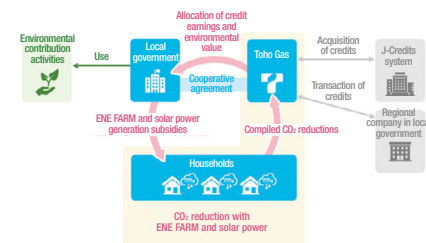
In terms of the practical application of burners that can use both hydrogen and city gas, we are using multiple industrial burners^{*1} that can switch between city gas and hydrogen combustion, which minimizes the replacement of parts.

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



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

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.

J-Credits and Other Offsets

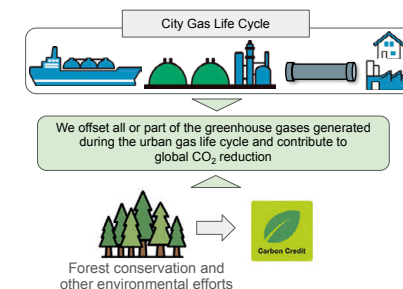
We supply carbon-offset city gas, where CO₂ emissions from combustion and other sources are offset using J-Credits as well as CO₂ credits verified by a highly reliable certification organization.

We are expanding our handling volume in response to demand from local governments and a wide range of industries for measures that contribute to CO₂ reduction.

Going forward, we will contribute to CO₂ reduction on a global scale through the supply of carbon-offset city gas.

KPI J-Credits generated2,000 t-CO₂ (cumulative period planned^{*2})

^{*2} Plan period: FY2025–FY2027

**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



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 CO₂ 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 CO₂ derived from biogas (first in Japan to use as city gas raw material)
- Commenced operation of hydrogen production plant at Chita-Midorihamma 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® CO₂ 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-Midorihamma 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 CO₂ separation and capture technologies, and exploring uses for CO₂.

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 CO₂ 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.