message

Messages from the Outside Directors

Expectations for Medium-Term Management Plan 2025–2027

The strengths of the Toho Gas Group are a track record of fulfilling its responsibility to provide stable energy supplies for over 100 years and the trust it has earned from stakeholders. As a gas company, the Group has amassed knowledge and refined technologies with a sense of mission focused on serving local communities. Over the past decade, the Toho Gas Group has implemented structural changes as part of its efforts to transform its business in response to the deregulation of the electricity and gas industries. The number of customers in the electric power business is growing year by year.

In response to this trend, the Company's newly announced Medium-Term Management Plan 2025–2027 conveys its sense of mission and desire to contribute to society as a comprehensive energy company. While promoting gas business advances and higher efficiency, we will continue proactively investing resources in the electric power business and overseas operations with a focus on profitability. In this way, Toho Gas will demonstrate its determination to enhance competitiveness and transform the Company into a driving force for next-generation growth, which I find very encouraging.

Looking back on the past 10 years of transformations, Toho Gas Group employees have taken on new challenges and gained a sense of fulfillment from on-site work, further strengthening their desire to take on social issues. There is an increasing number of young employees who are studying with the aim of working overseas in the future. I hope the Company further strengthens the mechanisms linking human resource strategies leveraging employee aspirations with business strategies during the Medium-Term Management Plan period.

Among business strategies, the achievement of carbon neutrality presents a particularly daunting challenge. Under the Medium-Term Management Plan, this challenge is positioned as the Toho Gas Group's mission, and we are committed to responsibly accelerating efforts toward this end. As an energy company, it is our mission to contribute to the future of humanity, and we hope you will continue to have high expectations for the Toho Gas Group as we move forward and take on these difficult challenges.

We will proactively make proposals enabling employees to continue working with enthusiasm regardless of gender or position.

Michiyo Hamada

Outside Director

The Role of Outside Directors in Enhancing Toho Gas Group Corporate Value

Outside directors join the Board of Directors as trustees appointed by shareholders and are responsible for supervising the execution of duties by the representative director and other members of the senior management team. Having been involved in research and education related to corporate law for many years, I will fulfill my role as an outside director while maintaining an awareness of these principles.

The authority granted to the representative director of a company is enormous, and in practice, its exercise involves a considerable degree of discretion in exercising those powers. Outside directors and Audit & Supervisory Board Members must evaluate, from an independent and objective standpoint, whether the representative director and other senior management team members are exercising this discretion appropriately and legally, and whether they are achieving steady progress toward enhancing the Company's long-term corporate value. Furthermore, without appropriate proposals in response to these issues, we are unlikely to achieve sound corporate development.

As an outside director of an energy company, I intend to closely monitor investment plans for renewable energy and energy-saving technologies, as well as responses to climate change and the formulation and progress of decarbonization roadmaps. As a specialist in corporate law, I will also offer useful opinions on matters such as legal compliance, the implementation of M&As, and alliance strategies for new businesses. Furthermore, my wish is that the Toho Gas Group become an organization where women and men work together to raise healthy children, with each employee able to fully utilize their abilities for the benefit of the Company and society. We will proactively make proposals enabling employees to continue working with enthusiasm regardless of gender or position.

We are very encouraged by the growing number of investors who are making investment decisions based on non-financial information such as ESG. Since its founding, the Toho Gas Group has emphasized that coexistence and mutual prosperity of customers, shareholders, and employees are essential as it strives to contribute to society. As an outside director, I sincerely hope that our long-term shareholders will continue to support these values.

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Target materiality

Messages from the Outside Directors

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Expectations for Medium-Term Management Plan 2025–2027

The Toho Gas Group announced its Group Vision in 2022 and formulated Medium-Term Management Plan 2022–2025 (previous plan) as the first step toward realizing that vision. Accordingly, we have steadily promoted efforts focused on the four themes of promoting carbon neutrality, evolving as an energy operator, creating diverse value, and contributing to the SDGs. As the second step toward realizing the Group's vision for the mid-2030s, we launched Medium-Term Management Plan 2025–2027 (new plan).

Under the new plan, in light of experiences gained in the first step, and amid changes in the Toho Gas Group's business environment, to achieve the sustainable enhancement of corporate value, we must accelerate the transformation of our business structure, and the plan sets forth specific numerical plans for management indicators, as well as financial, business, and human resource strategies. Additionally, each individual plan clearly states what to do, how to proceed, and what results to achieve based on specific targets, making each plan extremely easy to understand. Furthermore, action plans associated with business strategies promoted in the first step have been organized into indicators, items, and target values as materiality, resulting in a very comprehensive plan.

I think it is extremely commendable that in the new plan, the Toho Gas Group has formulated an excellent means of helping investors and employees understand the overall vision of what the Company aims to become and how it plans to achieve this vision going forward. The strength of the Toho Gas Group lies in the fact that this management foundation has been passed down from generation to generation. All that remains is for all employees to work together and achieve the targets set out in the plan. I expect each and every employee to be fully aware of their role and fully leverage their capabilities. As an outside director, I will leverage my own experience and knowledge and contribute to Toho Gas Group growth.

We will engage in ongoing discussions to ensure that activities aimed at achieving the Company's targets are carried out efficiently.

Taku Oshima

Outside Director

The Role of Outside Directors in Enhancing Toho Gas Group Corporate Value

The Toho Gas Group's management structure consists of executive officers who execute business operations, a Board of Directors that oversees the execution of business operations, and Audit & Supervisory Board Members who audit the status of management. Our role as outside directors is to utilize our respective expertise and experience to support the Company's sustainable growth based on sound management policies. In my case, I want to contribute in any way I can to promoting technological developments and improvement activities, drawing on the knowledge I have cultivated as an engineer and my management experience as president and chairman of a company.

As mentioned above, the Toho Gas Group has set four themes for realizing the Group Vision in the mid-2030s and has been making efforts to forge a path to new growth by shifting management resources from core businesses to strategic businesses. Now, in the second step—the new plan—specific measures and target values are outlined for each strategy, making for an extremely comprehensive plan.

To ensure their efficacy, it is important that these plans are incorporated into the activities of each employee, and I hope to see everyone in the Company work together to achieve this. In particular, we are focusing on the development of carbon-neutral technologies that will contribute to future energy demand. The 7th Strategic Energy Plan was approved by the Cabinet of Japan in February 2025, and decarbonization efforts in countries throughout the world are evolving year by year. At this stage, we are still in the technical demonstration phase, but my hope is for remaining issues to be overcome one by one to establish technologies that will lead to future applications.

Going forward, at Board of Directors' meetings, we will accurately monitor the progress of these important issues and engage in ongoing discussions to ensure that activities aimed at achieving the Company's targets are carried out efficiently.

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Messages from the Outside Directors

Expectations for Medium-Term Management Plan 2025–2027

The Toho Gas Group Vision is to become a reliable energy operator in the region, and the first step in this direction—Medium-Term Management Plan 2022–2025—shifted management resources from the core city gas and LPG businesses to strategic businesses such as electricity, overseas operations, and energy services, achieving steady growth as an energy provider. The business environment surrounding the Toho Gas Group is changing rapidly and becoming increasingly complex, with conditions remaining uncertain due to protracted conflicts between Russia and Ukraine and in the Middle East, tariff measures, and rising materials prices. Given this environment, we recognize that in the second step—Medium-Term Management Plan 2025–2027—we must further improve current profit levels while also preparing the way for the creation of new pillars of growth. To ensure a safe, secure, stable, and affordable energy supply, we must strengthen LNG procurement capabilities, optimize our power supply portfolio, and reduce risks while further accelerating our participation in the power generation business. Carbon neutrality is also a pressing need for businesses in this area. I look forward to seeing steady progress toward the establishment of domestic and international supply chains for e-methane and hydrogen, the development of renewable energy, and the securing of coordination capabilities, leading to the achievement of carbon neutrality by 2050.

The strengths of the Toho Gas Group are its ability to generate stable cash flows from core businesses, its ability to meet the diverse needs of local communities, its many points of contact with customers through which it can ascertain their concerns, and its ability to create diverse value and expand business domains through proposal-based sales. To leverage these strengths and take on new challenges, the Company must utilize existing assets as well as collaborate with start-ups through open innovation activities and promote new urban development that will benefit future generations, and I am extremely enthusiastic about these activities. Continuing to take on challenges and contributing to a sustainable society is what makes the Toho Gas Group great, and I believe this is the value we can provide in this regard. I will continue making every effort to help create a bright and happy future.

We will strive to foster an organizational culture that believes in and supports its members and continues to take on challenges in areas outside the scope of existing business.

Isao Nakanishi

Outside Director

The Role of Outside Directors in Enhancing Toho Gas Group Corporate Value

My career began in the technical department of an automobile company, where I was involved in product planning and vehicle testing. I then spent many years working in new business development, promoting projects for a wide range of customers in the energy, agri-bio, marine, aerospace, and healthcare fields. I also have experience in promoting business from a customer-oriented approach.

I have taken on a variety of challenges and experienced many failures, and I want to share the many lessons learned from those experiences. In these uncertain times, when there seems to be no right answers, I will do my utmost to foster an organizational culture where we believe in and support each other, say "thank you" to each other, and continue to challenge ourselves in fields beyond the scope of existing business. The Toho Gas Group will continue to prioritize safety, security, and stable supplies so that customers can use energy with peace of mind. In the core city gas and LPG businesses, we will strive to improve efficiency and profitability, thereby enhancing the stability of our revenue base. Furthermore, to make these businesses the driving force behind profit growth for the next generation, we will work to expand the scale of strategic businesses, including the electricity business, overseas business, and community-based value creation business, and enhance competitiveness to increase profit levels.

I will continue contributing to Toho Gas Group management, leveraging my experience and knowledge to the best of my ability to realize a sustainable and bright future.