

CHAPTER

02

Strategies for Value Creation

To achieve sustainable growth of the Toho Gas Group, we are advancing our financial, business, and human capital strategies in an integrated manner.

Based on our value creation story, we are promoting specific initiatives to enhance corporate value and realize our ideal positioning, leveraging an optimal capital structure and the strengths of each business segment in a unified way.

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Financial Strategy: Message from the Executive in Charge of Finance

We will work to maximize corporate value by using the steady progress of Medium-Term Management Plan 2025–2027 as a foundation, improving capital efficiency, and executing disciplined strategic business investments.



Summary of the First Year of Medium-Term Management Plan 2025–2027: Steady Profit Growth and Progress in Business Structure Transformation

Medium-Term Management Plan 2025–2027 represents the first half of the second phase toward realizing our ideal positioning in the mid-2030s, as set forth in Toho Gas Group Vision. Under the plan, we aim to further strengthen our core city gas and liquefied petroleum gas (LPG) businesses, while accelerating the focused allocation of management resources to strategic businesses such as the electricity and overseas businesses, thereby promoting business structure transformation.

In FY2025, the first year of the plan, we worked on enhancing efficiency and profitability in our core businesses, while also expanding earnings in our strategic businesses. The number of energy customers, which form the foundation of our operations, has grown at a pace exceeding our projections in the plan, driven primarily by the electricity business. We are making steady progress toward achieving the target of 3.14 million customers by the end of FY2027, as set out in the plan. In the electricity

business, one of our strategic businesses, we were able to expand profits through steady implementation of initiatives such as the expansion of our pricing plan options, which underpinned the expansion of our sales base, and diversification of procurement. Going forward, we will maintain a solid foundation in our core businesses while further increasing the profit levels of our strategic businesses.

Initiatives Aimed at Improving Shareholder Returns and Optimizing Equity Capital

Based on the policies set out in Medium-Term Management Plan 2025–2027 of executing progressive dividend increases in line with profit growth and optimizing equity capital (target of approximately 400 billion yen by the end of FY2027), we implemented shareholder returns in FY2025 at a level exceeding a total payout ratio of 100%. Regarding dividends, we achieved profits that exceeded the initial plan for FY2025 and accordingly increased dividends.

As for equity capital optimization, shareholders' equity has steadily moved toward optimal levels through shareholder returns.

However, equity capital at the end of FY2025 increased year on year due to higher cumulative other comprehensive income, reflecting external factors such as stock market rallies and yen depreciation. We will continue to pursue planned progress initiatives in accordance with Medium-Term Management Plan 2025–2027.

Asset Optimization and Effective Utilization: Accelerating the Sale of Cross-Shareholdings

We have set a target of completing the sale of approximately one-third of our cross-shareholdings as of the end of FY2023 by the end of FY2027. In FY2025, we executed sales totaling 10.0 billion yen; however, due to favorable stock market conditions, the market value of these holdings has increased significantly. In light of this situation, as well as the need to further accelerate investments and loans aimed at business structure transformation, we plan to ramp up the pace of sales even further in FY2026. Funds generated from these sales will be used as a source for strategic business investments and shareholder returns, thereby enhancing capital efficiency.

Financial Strategy: Message from the Executive in Charge of Finance

Embedding ROIC Management and Ensuring Disciplined Cash Allocation

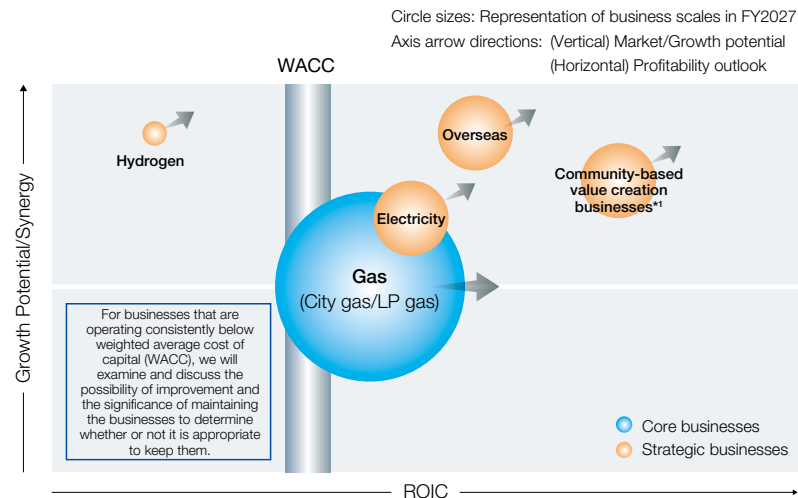
Enhancing corporate value requires the efficient allocation of management resources and the strengthening of earning power. From this perspective, we place importance on capital efficiency and continuously monitor return on invested capital (ROIC) by business and by company.

With respect to cash allocation, we will use cash inflows primarily generated from operating cash flow in our core businesses, as well as proceeds from the sale of cross-shareholdings, to ensure steady investment in core businesses while actively allocating funds to strategic business investments aimed at future revenue growth. At the same time, we will steadily execute shareholder returns. For funding shortfalls, we will utilize borrowing capacity as needed; however, with maintaining our credit ratings in mind, we will set an upper guideline of 0.8 times for the debt-to-equity ratio and promote disciplined financing within a range that ensures financial soundness.

In executing strategic business investments, we will thoroughly enforce investment discipline by carefully assessing changes in the business environment, such as rising equipment and material costs and higher interest rates. We will also set appropriate hurdle rates that reflect business risks and rigorously verify whether expected returns exceed the cost of capital. In FY2025, we prioritized such investment discipline and, as a result, postponed decision-making on certain projects to FY2026 or later, leading to investment and loan results falling short of the plan. However, our policy of expanding strategic business investments aimed at business structure transformation remains unchanged.

In addition, even after investments are executed, we will monitor profitability using ROIC and other indicators. For businesses that are expected to continue underperforming relative to weighted average cost of capital (WACC) with limited prospects for improvement, we will proceed with divestment or withdrawal as appropriate, thereby building an optimal business portfolio.

Ideal Business Portfolio in the Final Year of Medium-Term Management Plan 2025–2027



- Implement **ROIC monitoring** to thoroughly manage profitability by business
- Regularly check whether the Company's portfolio is in a position to contribute to value creation, taking into account the balance of profitability, growth potential, and stability that constitute corporate value

WACC: Mid-3% range*2

Calculation assumptions

Beta value: 0.6–0.7

Market risk premium: 6.0–6.5%

*1 General term for locally based problem-solving businesses. Businesses include lifestyle and administrative support, engineering, urban and real estate development, information services, and agri-food.

*2 Estimated for FY2027 at the time of formulating Medium-Term Management Plan 2025–2027 (March 2025)

To Our Shareholders and Investors

We believe that the first year of Medium-Term Management Plan 2025–2027 has marked a solid start toward achieving our targets. Although geopolitical risks and other developments have recently emerged, we will continue to steadily implement the various initiatives set forth in the plan while responding flexibly to changes in the external environment.

To enable a broader range of investors to support our transformation and growth, we implemented a four-for-one stock split effective April 1, 2026, thereby improving the accessibility of our shares. In addition, we have expanded our shareholder benefit program to further enhance the appeal of our shares and encourage long-term ownership by a broader base of shareholders.

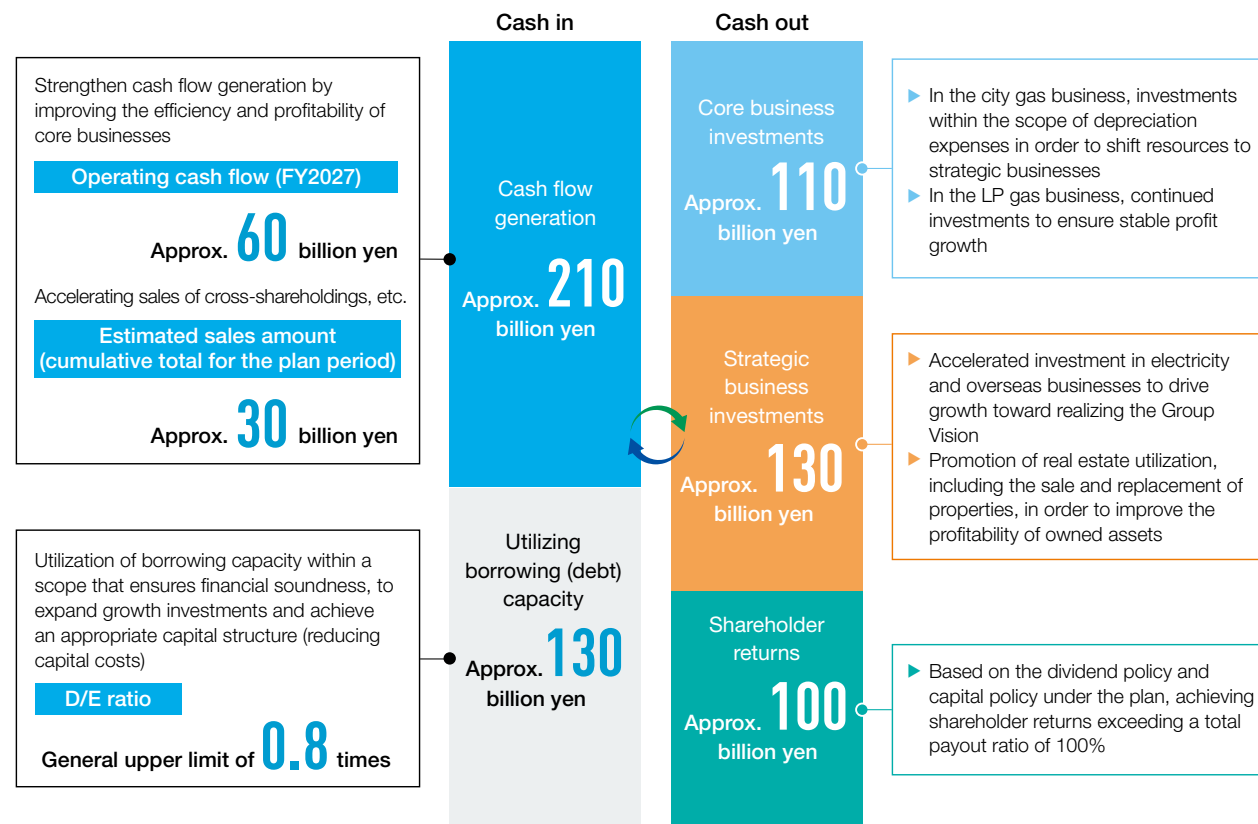
As we pursue business structure transformation and improvements in capital efficiency, we will place even greater emphasis on dialogue with our stakeholders. By incorporating the feedback

we receive into management policy, we will continue working to enhance corporate value.



Financial Strategy

Cash Allocation (Three-Year Cumulative Total of the Medium-Term Management Plan 2025–2027)



Investment and Financing Plan

Three-year cumulative total

240 billion yen

Core business investments **110** billion yen
Strategic business investments **130** billion yen

Breakdown of Investments and Financing Plan

Three-year cumulative total		FY2025 results	FY2026 plan
Core businesses	Subtotal	110 billion yen	31.4 billion yen
			37 billion yen
Strategic businesses	Subtotal	130 billion yen	27.7 billion yen
			50 billion yen
	Electricity business and renewable energy development	50 billion yen	11.4 billion yen
			16 billion yen
	Overseas business	40 billion yen	5.9 billion yen
			18 billion yen
	Community-based value creation businesses, etc.	40 billion yen	10.3 billion yen
			16 billion yen
Total		240 billion yen	59.2 billion yen
			87 billion yen

Overall Strategy and Numerical Plan

Profit and Profitability

Profit target

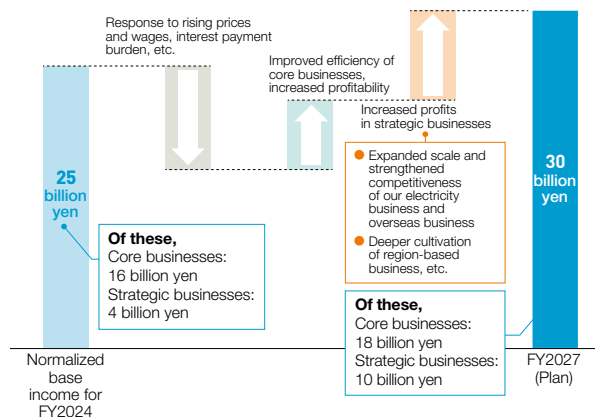
Consolidated
ordinary income

30

billion yen

FY2024 normalized
base income
+5 billion yen

Fluctuation in Consolidated Ordinary Income



Regarding ROE Level

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

ROE forecast for the final year of
Medium-Term Management Plan
2025–2027

6%+α

Cost of equity

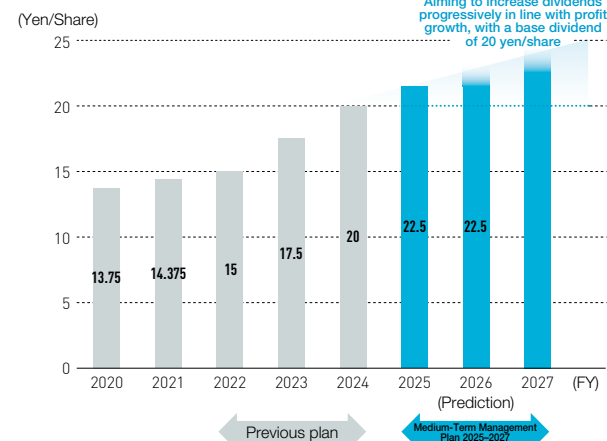
Approx. 5%

Shareholder Returns

Dividend policy during the plan

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

Dividend Trend



Note: The above figures reflect the impact of the stock split conducted on April 1, 2026, at a ratio of four shares for each common share.

Capital Policy

Equity capital optimization

We will continue to repurchase shares as treasury stock and strive for optimization, aiming for

equity capital of **400** billion yen by the end of FY2027.

Sales of cross-shareholdings

We plan to complete the sale of approximately

one-third of our holdings*1 by the end of FY2027.

[Reference] Details of the Company's disclosure in April 2024: "Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

The target level for
equity capital set at approx.
350 billion yen to 400 billion yen*2

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

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

*2 This level was determined based on the necessity of ensuring safety, security, and stable supply, which is the mission of gas operators, and by taking into consideration risks of natural disasters such as large-scale earthquakes and geopolitical risks related to raw material procurement. There is a possibility the level may change depending on changes in the external environment and the quantity and nature of risks.

Business Strategy

To respond accurately to changes in the business environment and achieve sustainable growth and enhanced corporate value, the Toho Gas Group is advancing initiatives under four key themes.

Stable Cash Flow Generation from Core Businesses



Policy Behind Medium-Term Management Plan 2025–2027

To generate stable cash flows in our core businesses, which form the starting point of our business structure transformation, we will promote initiatives at each stage of the supply chain.

- City Gas Business (Energy x Lifestyle)  P.25
- City Gas Business (Energy x Engineering)  P.26
- Gas Pipeline Business  P.27
- LNG Procurement  P.28
- LPG Business  P.29

Nurturing the Driving Forces of Growth



Policy Behind Medium-Term Management Plan 2025–2027

We will leverage the strengths cultivated in our gas business, including our operational foundation, technology, and expertise, and will proactively allocate resources with a focus on profitability to make our electricity and overseas businesses primary drivers of future profit growth, pursuing both scale expansion and enhanced competitiveness in tandem.

- Electricity Business  P.30
- Overseas Business  P.31

Deeper Cultivation of Region-Based Businesses



Policy Behind Medium-Term Management Plan 2025–2027

We will strive for deeper cultivation of problem-solving businesses that lead to 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.

- City Gas Business (Energy x Lifestyle)  P.25
- City Gas Business (Energy x Engineering)  P.26
- Real Estate Business  P.32

Mission and Responsibility Toward Carbon Neutrality



Policy Behind Medium-Term Management Plan 2025–2027

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 Neutrality  P.33

Stable Cash Flow Generation from Core Businesses Deeper Cultivation of Region-Based Businesses

City Gas Business (Energy x Lifestyle)



We aim to achieve the targets set out in the Medium-Term Management Plan and realize Toho Gas Group Vision by being chosen by customers as a life solutions partner that goes beyond the boundary of energy services.

Wataru Morikawa

Executive Officer
Representative Director, President
Toho Gas Life Solutions Co., Ltd.

Business Environment
(Risks and Opportunities)

At present, the business environment of Toho Gas Life Solutions is uncertain, owing to a number of factors including a decline in housing starts, labor shortages, and rising materials and equipment costs due to the ongoing situation in the Middle East.

In the residential sector, competition with all-electric homes is expected to intensify due to the strengthening of energy efficiency standards for housing, starting in April 2027. On the other hand, interest in high-value-added products such as ENE-FARM, solar power generation, and storage batteries is expected to increase, which represents a significant opportunity for us. We will respond to customer needs through diverse sales methods, including initial cost-free schemes.

In addition, under conditions of chronic labor shortages, we are strengthening our sales capabilities by enhancing and accelerating

proposal capabilities through the use of digital technologies and improving efficiency through the introduction of construction management systems.

FY2025 in Review

FY2025 was the first year of Medium-Term Management Plan 2025–2027, and the energy business progressed largely according to plan. The number of customers for energy services such as city gas and electricity increased steadily to 3.12 million. In addition, the digital membership site Club TOHOGAS celebrated its 10th anniversary and has become a platform used by many customers. Membership in the Toho Gas Kurashi My Shop program, introduced in FY2025, exceeded 210,000 members. Through increased customer touchpoints created by these initiatives, we are disseminating a variety of information and expanding sales of lifestyle-related products such as home renovations.

Business Strategies for Achieving Medium-Term Management Plan 2025–2027 and Realizing Toho Gas Group Vision

To ensure that we are able to respond to diverse customer lifestyle needs, we are working to expand gas rate options and provide new products and services in areas such as housing, food, and health. In digital channels, we will strengthen proposals tailored to customers' lifestyles by enhancing features such as Club TOHOGAS MALL.

In addition, we will contribute to the decarbonization of homes through the wider adoption of ENE-FARM, solar power generation, and storage batteries. At the same time, we will promote the appeal of floor heating and clothes dryers, which create comfortable living spaces, thereby striving to enhance customers' quality of life.

Through these initiatives, we aim to achieve the targets set forth in Medium-Term Management Plan 2025–2027 and realize the Group Vision by being chosen by customers as a life solutions partner that goes beyond the boundary of energy services.

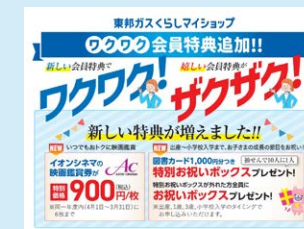
Value Creation Initiatives

Toho Gas Kurashi My Shop Membership Program

The Toho Gas Kurashi My Shop membership program allows customers to easily consult about issues in their daily lives. By registering their preferred shop from among Toho Gas Kurashi Shop locations as a consultation point, customers can receive various benefits when purchasing equipment or requesting repairs.

Membership has steadily increased, surpassing 210,000 members as of the end of February 2026. Using Kurashi My Shop as a touchpoint, we are able to understand customer needs and connect them to product proposals, making this an effective system for the Company as well. Benefits for households with children and movie-related perks have also been well received.

Going forward, we will further enhance these benefits in order to increase sign-ups and improve customer satisfaction.



Stable Cash Flow Generation from Core Businesses Deeper Cultivation of Region-Based Businesses

City Gas Business (Energy x Engineering)



We will create new value through diverse energy solutions and advanced, high-quality engineering, and contribute to solving challenges faced by our customers and society.

Katsuya Tamada

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

**Business Environment
(Risks and Opportunities)**

Under the 7th Strategic Energy Plan approved by the Cabinet of Japan, natural gas has been redefined as an important energy source, even in a carbon-neutral future, and demand for fuel-switching to low-carbon city gas remains firm. Meanwhile, amid overseas developments such as regional conflicts, U.S. tariff policies, and overproduction in China, declining operating rates at plants in Japan have begun to emerge, raising concerns about the impact on customers' investment plans. At the same time, major companies in the region are steadily advancing initiatives toward carbon neutrality, which represents an irreversible trend.

Against this backdrop, customers are facing shortages of personnel responsible for energy and facility planning, as well as on-site management engineers. Toho Gas Energy Engineering addresses these challenges by providing an integrated offering of energy sales and advanced engineering, built on the strong relationships of trust we have cultivated with customers over many years. By creating demand starting from

consulting, we will link this to new growth opportunities and build a robust structure that supports the competitiveness of regional industries.

FY2025 in Review

In energy sales, we promoted fuel conversion to city gas, LNG sales in areas without pipeline infrastructure, advanced energy utilization through optimal control of cogeneration systems and other heat source equipment, and electricity sales tailored to customer needs, including solar power generation.

In the CNxP business,* we successfully captured the expansion of the air-conditioning market, driven by extreme heat and increased sales. A notable initiative was the introduction of the construction director system. By centralizing administrative operations and utilizing ICT, we established a framework that allows field engineers to focus on construction work, thereby enhancing competitiveness in both construction quality and productivity. In addition, we have gained customer confidence through our in-house operation and maintenance structure and expertise, commenced energy service for multiple projects, and further reinforced our stable business

foundation through projects including the provision of heat supply to The Landmark Nagoya Sakae.

Business Strategies for Achieving Medium-Term Management Plan 2025–2027 and Realizing Toho Gas Group Vision

Medium-Term Management Plan 2025–2027 is progressing well. In terms of gas volume development, the steady acquisition of large-scale projects will bring us significantly closer to the target of 100 million m³, which is key to the achievement of the plan over the two-year period of FY2025 and FY2026. In the CNxP business as well, sales are expected to approach the target of 13.0 billion yen, essential to achieving the plan in FY2026.

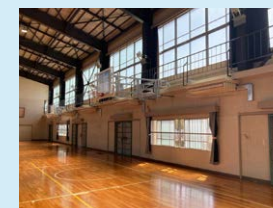
At the core of our future growth strategy is the evolution of our sales consulting capabilities through the combination of energy and engineering. Leveraging our strong network of partner companies, we will provide seamless support to customers from the planning stage of equipment installation through to maintenance, thereby promoting both the expansion of revenue from our core products and the development of markets for new products. By accelerating investment in technology and human resources, which form the foundation of our strategies, and establishing a virtuous cycle of recruitment, development, and retention, we aim to create new value and become a company that contributes to resolving customer and social issues through diverse energy solutions and advanced, high-quality engineering.

* CNxP business: A business that provides one-stop consulting, engineering, and other services for achieving carbon neutrality, supporting customers throughout their transition to low-carbon and decarbonized operations

Value Creation Initiatives**Creating a Comfortable Educational Environment Through Air-Conditioning Installation and Support of Municipal Business Continuity Plans**

Gas heat pump air-conditioning systems installed in gymnasiums and other facilities at 55 elementary and junior high schools in Toyota City, Aichi Prefecture, designed and constructed by Toho Gas Energy Engineering, have commenced operation. The introduction of these air-conditioning systems has created a safe, secure, and comfortable educational environment that protects students from extreme summer heat, while also strengthening the schools' function as evacuation shelters during disasters.

At schools designated as core evacuation shelters, the air-conditioning systems can continue operating for up to 72 hours following a disaster. Schools located within city gas supply areas are equipped with a fuel-switching system that enables transition between city gas and LP gas, as well as an independent power supply function. These features allow the continued use of air-conditioning, emergency power outlets, and lighting both inside and outside gymnasiums even during disasters, thereby contributing to the implementation of municipalities' business continuity plans. Going forward, we will continue to contribute to building the foundation of safe and secure communities through advanced technologies.



Stable Cash Flow Generation from Core Businesses

Gas Pipeline Business



As a community-based gas distribution operator, we are committed to expanding the use of city gas, ensuring a stable supply and maintaining safety and reliability. Through these efforts, we are working to address social issues and enhance resilience.

Yoshimitsu Shibata

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

Business Environment
(Risks and Opportunities)

As a gas distribution operator rooted in local communities, Toho Gas Network delivers city gas to approximately 2.6 million customers across Aichi, Gifu, and Mie prefectures through a pipeline network spanning approximately 30,000 km.

In our business environment, while the importance of natural gas has been reaffirmed in the 7th Strategic Energy Plan, challenges such as rising prices for equipment and materials and increasingly severe labor shortages have also become more pronounced. In addition, following the revision of damage estimates for a Nankai Trough earthquake, conducted for the first time in 10 years, we must continue to strengthen our efforts to build resilience.

We regard growing expectations for natural gas as an opportunity and will continue to expand the adoption of city gas. At the same time, we will place the highest priority on ensuring a stable supply and maintaining safety and reliability, while promoting greater sophistication and efficiency in our operations. We will also strengthen safety measures for aging equipment

and enhance our disaster response capabilities. In addition, we will ensure that we have the organizational structure necessary to maintain and operate our supply facilities in sound condition, including during disasters and other emergencies.

FY2025 in Review

In 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 medium-pressure pipeline network, mainly in the Gifu and Mie areas, to expand our supply area.

To address aging pipelines, we effectively and efficiently implemented countermeasures by applying technologies such as AI-based gas pipeline deterioration forecasting and trenchless pipe installation methods. To bolster our disaster preparedness, we further subdivided supply blocks and conducted various drills based on scenarios including a Nankai Trough earthquake. We also strengthened cooperation with local governments and other infrastructure operators

to improve restoration and recovery capabilities.

In addition, we continued to steadily install residential smart meters, which were fully introduced in FY2024. Beyond facilitating remote meter reading, these smart meters will also contribute to enhanced safety by supporting functions such as the remote shut-off of gas supply in the event of a gas leak alarm.

Business Strategies for Achieving Medium-Term Management Plan 2025–2027 and Realizing Toho Gas Group Vision

We will work to expand the adoption of city gas by accurately capturing demand for fuel conversions to natural gas and steadily developing our supply infrastructure.

We also recognize that personnel who support

on-site operations, including those at our partner contractors, are indispensable to further ensuring safety, peace of mind, and a stable supply. We will focus on securing such essential personnel and passing on advanced knowledge and skills, while also promoting the implementation of new technologies and digital transformation (DX) initiatives on-site to reduce labor requirements and improve operational efficiency.

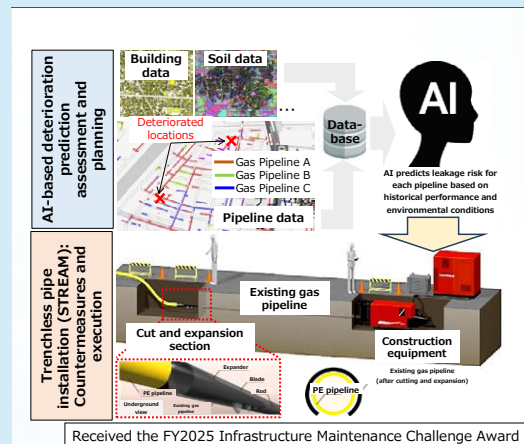
Furthermore, we will leverage the expertise and technologies developed through our pipeline business to expand our pipeline engineering services to other gas utilities and water utilities.

As a gas pipeline operator, we will continue to fulfill our social responsibilities while striving to achieve Medium-Term Management Plan 2025–2027 and realize Toho Gas Group Vision.

Value Creation Initiatives

Pursuing Smarter On-Site Operations

As a concrete example of efforts to enhance and streamline operations, we have applied an AI-based gas pipeline deterioration prediction technology, jointly developed with FRACTA JAPAN Inc., to aging pipeline replacement measures. The results have confirmed approximately twice the return on investment compared with the conventional method of replacing pipelines in order of installation age. In addition, further efficiency improvements are expected through the adoption of trenchless pipe installation technologies.



Stable Cash Flow Generation from Core Businesses

LNG Procurement



By maintaining and strengthening a supply framework that is not affected by changes in the external environment and by earning the trust of our customers, we will contribute to the stable growth of our core businesses.

Mitsunari Asai

General Manager, Gas Resources Department

**Business Environment
(Risks and Opportunities)**

The global LNG market remains unstable due to factors such as the ongoing situation in the Middle East. Under these circumstances, we maintain a well-balanced procurement portfolio, centered on regions across the Pacific Rim, such as Asia, North America and Australia. This serves as one of our key strengths, as it avoids excessive dependence on any single region with elevated geopolitical risk. Going forward, we will continue to maintain and strengthen a supply framework that is resilient to changes in the external environment and contribute to the stable growth of our core businesses by earning the trust of our customers.

FY2025 in Review

In FY2025, while closely monitoring international developments and market conditions in addition

to supply-demand conditions in the gas business, we worked to secure an overall balance between supply and demand. Specifically, aside from our conventional vessel scheduling adjustments, we carried out agile supply-demand balancing through LNG trading activities led by our Singapore subsidiary, which was established in January 2025.

We also advanced the diversification of our procurement regions. By commencing LNG imports under the LNG Canada Project, which began in 2025, we steadily expanded our sources of procurement to five countries, significantly enhancing supply stability. Although disruptions arose due to the deterioration of the situation in the Middle East, our gas supply operations remained unaffected.

Furthermore, we deepened collaboration with the national government and neighboring utility operators through information exchanges aimed

at ensuring a stable supply in the event of an emergency.

Business Strategies for Achieving Medium-Term Management Plan 2025–2027 and Realizing Toho Gas Group Vision

Even amid rising geopolitical risks, our unwavering mission as a gas utility is to continue providing a stable energy supply. By building a procurement portfolio that is resilient to changes in the external environment and securing a reliable supply of raw materials through long-term contracts, we will contribute to the generation of

stable cash flow from our core businesses.

In addition, as an initiative that will enhance future procurement flexibility, an LNG carrier in which the Group has invested is scheduled for completion. By combining our owned assets, including this vessel, with our LNG procurement contracts and the capabilities of our Singapore subsidiary, we will expand LNG trading opportunities and strengthen both our supply-demand balancing capabilities and competitiveness. Through these efforts, we will build a resilient business foundation that is not easily affected by volatile market conditions.

Value Creation Initiatives**Participation in the LNG Value Chain and Development of Global Talent**

Rather than remaining simply a buyer of LNG, we are working to secure greater procurement flexibility and expand earnings through active participation across the entire LNG value chain, from upstream gas field development to midstream liquefaction processing and transportation. Specific examples include our upstream investment in the Ichthys LNG Project in Australia, our midstream investment in the LNG Canada Project in Canada, and our investment in LNG carriers.

By becoming a direct participant in these overseas projects, we not only generate stable business revenue but also gain early access to firsthand information, such as local operating conditions and future development plans, which we leverage in our procurement strategies. In addition, through on-site experience and project management activities overseas, we are fostering globally minded talent capable of taking a broad view of rapidly changing international markets. By building experience through these investment projects, we will further enhance our long-term stable supply framework while accelerating investment in the next generation of talent who will be responsible for future operations.

Stable Cash Flow Generation from Core Businesses

LP Gas Business



As a supplier of LP gas, which is designated as the “last resort” in the 7th Strategic Energy Plan, we will fulfill our responsibility to ensure a reliable energy supply.

Yoshihiro Furuyama

Representative Director, President
Toho Liquefied Gas Co., Ltd.

**Business Environment
(Risks and Opportunities)**

The Toho Liquefied Gas Group is responsible for the LP gas business, which, alongside the city gas business, is one of the core businesses of the Toho Gas Group. As such, it plays a leading role in expanding the Group's core businesses and strengthening earning capacity. Although the LP gas market, which is primarily operated by Toho Liquefied Gas, is not expected to experience significant expansion due to factors such as declining population and household numbers, we believe that considerable room remains for growth within the Toho Liquefied Gas Group. Specifically, we will seek to increase our market share in our core area of Aichi, Gifu, and Mie prefectures; expand into a wider geographic area that includes the Hokuriku region and Nagano, Shizuoka, and Shiga prefectures; and broaden our business activities in the industrial materials field. Our greatest strength in achieving this growth lies in our robust sales capabilities, which have enabled us to establish an overwhelming presence and expand our market share in the region, driven by a strong sense of mission to ensure safety, security, and

stable supply. We are also supported by a spirit of ambition that drives us to proactively develop demand across a wider geographical area.

FY2025 in Review

FY2025 was a year of significant change for the LP gas industry. The business environment was affected by factors including the introduction of a three-tier pricing system following amendments to and enforcement of ministerial ordinances under the Liquefied Petroleum Gas Act, changes in sales activities, reduced transport capacity resulting from the so-called 2024 logistics problem in Japan, and rising material and energy costs.

In addition, toward the end of FY2025 the LP gas procurement environment, which had remained relatively stable throughout the year, became increasingly uncertain. Growing navigational risks in the Strait of Hormuz heightened concerns over rising procurement costs and supply stability.

Against this backdrop, on the sales front, we increased both the number of customers and sales volumes compared with the previous fiscal year by expanding direct sales and wholesale demand development activities across a wide

area centered on the three Tokai prefectures, as well as by promoting mergers and acquisitions. On the supply front, we strengthened the operational foundation for stable LP gas supply by expanding our in-house delivery system using large tank trucks and promoting the use of low-power wide-area (LPWA)* technologies to improve the efficiency of loading and distribution operations.

* A wireless communications technology featuring low-power consumption and wide-area connectivity

Business Strategies for Achieving Medium-Term Management Plan 2025–2027 and Realizing Toho Gas Group Vision

In conducting our business activities, we remain committed to staying true to the fundamentals and steadily executing measures that need to be taken. Based on this approach, we will conduct appropriate sales activities in compliance with the revised Liquefied Petroleum Gas Act and fulfill our responsibilities as a supplier of LP gas, which has been designated as the “last resort” in the 7th Strategic Energy Plan.

In addition, we will continue to pursue low-cost and stable raw material procurement through the Meiko LPG Terminal, strengthen our loading and distribution infrastructure through alliances with other companies, and improve operational efficiency through the use of digital technologies.

Underpinning these efforts and the key to expanding our business is our investment in human resources, who support all of these business activities. Through a variety of initiatives, we will work to enhance employee engagement while actively promoting talent development that strengthens our organizational capabilities. We will also strive to foster an open and vibrant corporate culture in which employees can fully demonstrate their abilities and continue to take on new challenges with a positive mindset.

Value Creation Initiatives**Acquisition of Daimaru Co., Ltd. in Gifu Prefecture as a Subsidiary**

In April 2026, Daimaru Co., Ltd., an LP gas distributor based in Ogaki, Gifu Prefecture, joined the Toho Liquefied Gas Group. Deeply rooted in its local community, the company has strengths in home renovation, waterworks construction, and other high-level installation and maintenance services, as well as services that support people in their daily lives.

Through this acquisition, we have strengthened our ability to provide high-value-added services in the Seino region by offering one-stop solutions for a wide range of customer needs, from energy services to housing-related concerns. At a time when challenges such as a lack of successors are becoming increasingly serious across the industry, we believe our role is to be a partner that respects the history built by local distributors and carries their aspirations forward to the next generation. While capital alliances are one possible approach, we have also established a framework that allows us to begin with flexible forms of cooperation tailored to issues faced on-site, including sales support and technical assistance, to help ensure business continuity.

As the go-to partner for advice on safeguarding regional infrastructure for the long term, we will continue to work together with our partners to help realize a sustainable society and enhance the corporate value of the Group.

Nurturing the Driving Forces of Growth

Electricity Business



We will expand the electricity business into a core revenue pillar alongside the gas business.

Tsutomu Maeda

Director, Senior Managing Executive Officer
In charge of Power Business Promotion Department

**Business Environment
(Risks and Opportunities)**

The 7th Strategic Energy Plan incorporates not only energy security considerations but also growing electricity demand driven by the expansion of data centers and advances in AI. We view these developments, including progress toward carbon neutrality, as new growth opportunities and will respond to societal needs through the development of large-scale thermal power generation and renewable energy sources.

Meanwhile, uncertainty in the Middle East has led to surging fuel prices and electricity spot market prices, creating a challenging business environment. Even under such circumstances, we believe that providing customers with a stable supply of electricity at stable prices is a fundamental responsibility of an energy supplier. By enhancing our procurement capabilities and implementing other measures to address these challenges, we will strengthen customer trust while achieving both business growth and contributions to local communities.

FY2025 in Review

In FY2025, we made steady progress in both our procurement and sales efforts. On the procurement side, we worked to secure lower-cost electricity while expanding our network of suppliers. On the sales side, we promoted bundled offerings with city gas and LP gas and expanded our lineup of pricing plans, including the “Tokutoku Time Plan,” which is priced according to the time of day a certain service is used, to better meet customer needs. As a result, the number of electricity customers exceeded 700,000, making the business comparable in scale to the Group's LP gas business. Consequently, the electricity business remained profitable for a second consecutive year, following FY2024.

To support future growth, we also began developing services utilizing electric vehicles and battery storage systems through investments in start-ups. In addition, we continued preparations for the next generation of renewable energy development through initiatives such as demonstration projects for perovskite solar cells and

participation in the Floating Offshore Wind Technology Research Association (FLOWRA).

Business Strategies for Achieving Medium-Term Management Plan 2025–2027 and Realizing Toho Gas Group Vision

Building on the steady growth of the retail side of our electricity business, we will fully commence power generation operations with the start-up of a large-scale power plant in FY2030. Specifically, we are advancing the construction of Units 7 and 8 of the Chita Thermal Power Station as baseload power sources, together with a gas engine power plant that offers excellent supply-demand balancing capabilities. Through these initiatives, we will meet the growing societal need

for increased electricity supply while establishing a robust revenue base that is less susceptible to volatility in the electricity spot market.

At the same time, we will continue to develop renewable energy sources while responding flexibly to changes in the development environment in order to contribute to the realization of a carbon-neutral society.

Through these efforts, we will grow the electricity business into a core revenue pillar alongside the gas business.

Value Creation Initiatives**Construction of a Large-Scale Gas Engine Power Plant**

In April 2026, Toho Gas announced the construction of the Chubu region's first large-scale, 100 MW-class gas engine power plant. The project was awarded through Japan's Long-Term Decarbonized Power Source Auction scheme, which was established to secure decarbonized power generation capacity. The plant is scheduled to be built on the premises of the Chita Works of JFE Steel Corporation in Handa, Aichi Prefecture. Construction is set to begin in April 2027, with operations targeted to commence in fiscal 2030.

The facility will consist of 14 highly responsive gas engines. By controlling the number of operating units and their operating hours, the plant will be able to respond flexibly to fluctuations in power output caused by supply-demand balancing constraints associated with the expansion of renewable energy sources. Through these capabilities, the plant will contribute to the stability of the power grid while also helping to stabilize revenue in our electricity business.

Nurturing the Driving Forces of Growth

Overseas Business



We will unite as a group to develop our overseas business into a core revenue pillar and firmly advance the realization of Toho Gas Group Vision.

Mitsuhiro Otsu

Managing Executive Officer
In charge of Business Development Department

Business Environment (Risks and Opportunities)

The business environment in which we operate our overseas business is becoming increasingly complex, driven by factors such as global decarbonization initiatives, shifts in energy policies, and the volatile geopolitical situation in the Middle East. As a result, assessing future market growth is far from straightforward. However, we view these developments as a significant opportunity to leverage the expertise we have cultivated in energy utilization. In Southeast Asia, where growth is expected, and in North America and Australia, where investment opportunities are abundant, there is strong demand not only for further development of conventional electricity and gas businesses but also for a transition to biomethane and the adoption of renewable energy as part of decarbonization efforts. By accurately identifying changes in customer needs both in Japan and overseas, as well as broader decarbonization trends, we intend to expand our business domains overseas while creating new value as an energy provider. Drawing on the expertise gained through many years in the gas business and collaborating with trusted partners, we will pursue steady growth even in this uncertain business environment.

FY2025 in Review

In FY2025, we significantly strengthened the foundation of our overseas business, a key driver of future growth. Specifically, through an equity investment in YES Group (SA), an Australian renewable energy developer, we entered the solar power generation and energy storage markets. Separately, to accelerate business development in Asia, we will strengthen our local presence by opening offices in Vietnam and Indonesia, in addition to our existing operations in Singapore. Building on our existing industrial natural gas sales and renewable energy businesses, we are also exploring the commercialization of biogas projects based on local production (sourcing) and local distribution. In developed markets such as North America, we have also made steady progress in building a diversified portfolio through investments in renewable energy and hydrogen technologies. Leveraging the expertise we have cultivated across the entire natural gas value chain, we are applying our knowledge to assess individual project risks and propose fuel-switching solutions. As a result, we are steadily establishing a business foundation that will contribute to local demand creation and economic growth in the regions where we operate.

Business Strategies for Achieving Medium-Term Management Plan 2025–2027 and Realizing Toho Gas Group Vision

Under Medium-Term Management Plan 2025–2027, the overseas energy business is positioned as a strategic business that will drive profit growth. While we will further accelerate the expansion of the business foundation we have built in Asian markets, the cornerstone of our strategy is to enhance business value through stronger collaboration with existing partners. While responding swiftly to changes in government policies and other external factors, we will promote low-carbon and decarbonization initiatives that address local needs by maintaining price competitiveness, diversifying procurement sources, and exploring new products such

as locally produced (sourced) and distributed biogas. At the same time, we regard North America and Australia, where investment opportunities are more abundant, as key regions for our next stage of growth. In these regions, we will pursue new business opportunities in the electricity and gas sectors and expand our operations by leveraging the strengths of the Toho Gas Group.

To drive these initiatives forward with conviction, we will focus on fostering a corporate culture that encourages taking on challenges and on developing global talent, thereby carrying out the transformation of our business structure. We will unite as a group to develop our overseas business into a core revenue pillar and firmly advance the realization of Toho Gas Group Vision.

Value Creation Initiatives

Entry into the Renewable Energy Market in Australia

In December 2025, Toho Gas invested in YES Group, a company that develops and operates renewable energy projects and conducts electricity retail operations across southeastern Australia, as well as in the business assets owned by the group. This investment marks our entry into Australia's renewable electricity market. YES Group has developed more than 100 solar power plants and battery storage facilities to date and possesses expertise across the entire value chain, from construction and operation management of these assets to electricity retail sales.

Through this investment, we will contribute to the expansion of infrastructure centered on solar power generation and battery storage systems being developed by YES Group. In addition, we will deepen our understanding of power markets and strengthen collaboration with local partners, thereby identifying new business opportunities and contributing to the region's low-carbon and decarbonization efforts.



YES Group solar power plant and battery storage facility currently under construction

Deeper Cultivation of Region-Based Businesses

Real Estate Business



As a core company responsible for the Real Estate Business, which has been positioned as a strategic business under Toho Gas Group Vision, we will continue to play a role in supporting the sustainable growth of the Toho Gas Group.

Takashi Fujii

Representative Director, President
Toho Gas Real Estate Development Co., Ltd.

Business Environment (Risks and Opportunities)

Toho Gas Real Estate Development operates a broad range of businesses, primarily in the Nagoya area, including the operation and management of commercial and office buildings such as the Gas Building, rental apartments, sports facilities including an ice-skating rink, hotel and training facilities (for seminars), food and beverage businesses (restaurants and bakeries), and green-related services (landscape management and exterior works). Although the business environment remains challenging due to rising material and raw material costs, labor shortages, and increasing interest rates, we will leverage the expertise and community relationships cultivated over nearly 70 years since our founding in 1958. As a core company responsible for the Real Estate Business, which has been designated as a strategic business under Toho Gas Group Vision, we will pursue initiatives in the real estate business, facility business, green business, and lifestyle content business, thereby contributing to the sustainable growth of the Toho Gas Group.

FY2025 in Review

In the real estate business, as part of the development and utilization of real estate assets, we began construction of a condominium project jointly with Nomura Real Estate Development Co., Ltd. on the site of a former employee dormitory in Meito Ward, Nagoya. In addition, with a view toward future entry into the asset management business on our own, we invested in private funds and real estate investment trusts (REITs) and participated, together with a Japanese corporation, in a mixed-use development project in Australia.

In the facility business, which includes facility management, cleaning and security services, and building management, we worked to improve operational efficiency through initiatives such as unmanned operation of building management functions. We also focused on reducing equipment failure rates and maintenance costs while enhancing service quality. Together with the green business, we expanded direct sales activities targeting property owners to secure new orders from outside the Toho Gas Group.

In the lifestyle content business, including sports, seminars, and food-related operations, we

expanded fitness center space in response to growing membership. We also renovated the Howa Seminar Plaza in anticipation of increasing hotel accommodation demand. In addition, we undertook various initiatives, including hands-on experience programs, to further enhance customer satisfaction.

Business Strategies for Achieving Medium-Term Management Plan 2025–2027 and Realizing Toho Gas Group Vision

Leveraging the strengths that come with being a part of the Toho Gas Group, we will enhance our presence in the region while pursuing stable and sustainable growth and contributing to the realization of a low-carbon society.

In the real estate business, in addition to increasing earnings from our core assets, including owned office buildings and rental housing through sound property management, we will examine and plan mixed-use developments utilizing properties we own, as well as community development projects centered on detached houses for sale. We will also closely monitor real estate market conditions while pursuing the acquisition of income-producing properties and participation in joint ventures for new projects.

In the facility business and green business, we will work to expand profits through greater operational efficiency while providing high-quality and competitive products and services and increasing the number of new contracts.

In the lifestyle content business, we will contribute to coexistence efforts with local communities as a member of the Group while striving to secure profitability. To ensure that customers can use our facilities with peace of

mind, we are preparing to apply for certification under Japan's disclosure and barring service (DBS) system in accordance with the Prevention of Sexual Violence Against Children Act. In addition, we will expand services for corporate and organizational customers and provide support for sports clubs and other activities.

All of our businesses contribute to the realization of a richer and more fulfilling lifestyle. By capitalizing on these characteristics, we will continue working to meet the expectations of local communities and our customers.

Value Creation Initiatives

Condominium development planned for construction (Artist's rendering)



Mixed-use facility in Rozelle Village, Australia (Artist's rendering)



Mission and Responsibility Toward Carbon Neutrality

Carbon Neutrality



Together with the entire Group, and in partnership with local communities and customers, we will contribute to the realization of a carbon-neutral society and the further development of the Tokai region.

Takayuki Kurobe

Managing Executive Officer
In charge of Planning Department and
Carbon Neutral Development Department

Business Environment (Risks and Opportunities)

Even amid growing uncertainty in the business environment, including the emergence of geopolitical risks and a slowdown in carbon-neutrality-related investments, our responsibility to contribute to the realization of a carbon-neutral society remains unchanged.

Under the 7th Strategic Energy Plan, natural gas continues to be positioned as an important energy source even in a carbon-neutral future, while e-methane is identified as a next-generation energy source. As a company serving the Tokai region, one of Japan's leading manufacturing hubs, we have a significant role to play. We also have a mission to expand the expertise and know-how cultivated through our work with customers into rapidly growing regions like Asia.

While steadily advancing initiatives that can be implemented in the near term, we will devote our full efforts to addressing various issues through technological development, cost reductions, and collaboration to establish environmental value frameworks and rules both in Japan and overseas.

FY2025 in Review

In light of changes in the business environment, we revised our *2050 Carbon Neutrality Initiatives* and presented an updated roadmap to meet the diverse needs of customers. This will be achieved by realizing the carbon neutrality of supplied energy through multiple means, based on the "S+3E" approach, which aims to balance the three Es of energy security, economic efficiency, and environmental compatibility with safety as the major premise.

At the same time, we worked to expand the adoption of natural gas, which contributes to near-term decarbonization efforts. We also participated in the Live Oak Project, an e-methane production initiative in the United States aimed at commencing operations in FY2030, and conducted a trial procurement of U.S.-sourced biogas. In addition, we advanced a range of initiatives in Japan and elsewhere overseas, including a joint demonstration project aimed at generating carbon credits through the use of the private-sector Joint Crediting Mechanism (JCM), demonstration testing of CO₂ separation and

capture technologies, and the commencement of operations at a biomass power generation facility.

We also established a new U.S. subsidiary and are promoting initiatives in the United States that contribute to the realization of a carbon-neutral society.

Business Strategies for Achieving Medium-Term Management Plan 2025–2027 and Realizing Toho Gas Group Vision

To realize a carbon-neutral society, it is essential to provide a diverse range of options tailored to the specific characteristics of each customer's business. To help reduce CO₂ emissions in the near term, we take a field-based approach to gain a thorough understanding of each customer's challenges and provide optimal solutions by leveraging our strengths in measurement and energy-saving technologies. At the same time, we are expanding our lineup of equipment and services.

In parallel, we are increasing the pace of project development both in Japan and overseas with a broad range of partners for the introduction of e-methane and biogas by fiscal 2030, one of the targets set forth in Medium-Term Management Plan 2025–2027. In addition, we are working with government bodies and industry organizations to establish frameworks for environmental value and enhance the recognition of these technologies.

Together with the entire Group, and in partnership with local communities and customers, we will contribute to the realization of a carbon-neutral society and the further development of the Tokai region.

Value Creation Initiatives

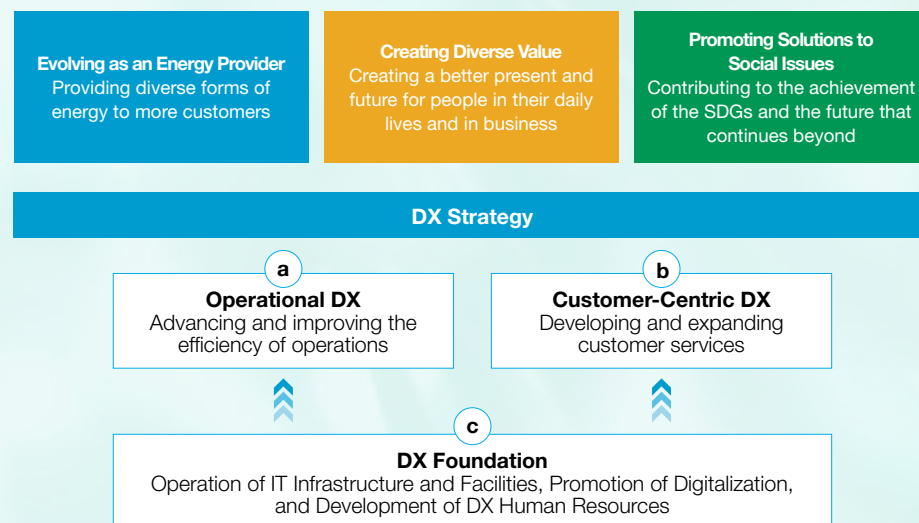
Live Oak Project: e-methane Production Initiative in the U.S. State of Nebraska

The Live Oak Project is an initiative to produce e-methane, a next-generation energy source, in the U.S. state of Nebraska, by synthesizing renewable energy-derived green hydrogen with biomass-derived CO₂ recovered from a bioethanol plant. Annual production capacity is expected to be approximately 75,000 tons. In December 2025, we entered into a joint development agreement with Osaka Gas Co., Ltd., ITOCHU Corporation, TotalEnergies, and Tree Energy Solutions (TES). The project aims to achieve the world's first commercial-scale production of e-methane and establish an international supply chain. Under a strong partnership framework, studies and preparations are being accelerated toward a final investment decision by FY2027 and the commencement of production and exports to Japan in FY2030.

DX and Technology Development Activities Supporting Business Strategy

DX Initiatives

To drive efforts focused on the themes set forth in Toho Gas Group Vision, namely, evolving as an energy provider, creating diverse value, and promoting solutions to social issues, we will promote digital transformation (DX) across the Group by leveraging digital technologies, led by the Digital Transformation Promotion Department of the Innovation Promotion Division.



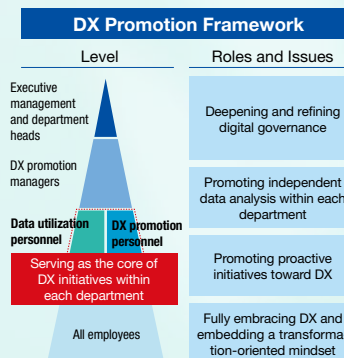
Human Resource Development and Training

We will enhance DX-related education so that all employees can proactively utilize IT and digital technologies in their work.

In addition, we will develop DX human resources who serve as the core of proactive DX promotion initiatives within each department across the Group and establish systems to support them.

Acquisition of DX Business Operator Certification

In June 2025, Toho Gas was certified as a DX Business Operator. By promoting digitalization and developing human resources well-versed in DX, we will promote DX in areas such as the development and expansion of customer services.



Technology Development Initiatives

The Group aims to contribute to a sustainable society, including the realization of carbon neutrality by addressing diverse needs and challenges related to daily life, communities, and business through technology development.

Core Businesses

We will promote technology development aimed at shifting to natural gas with a lower environmental impact and its advanced utilization, as well as initiatives that achieve both a stable gas supply and operational efficiency.

Strategic Businesses

We will engage in technology development aimed at realizing a circular economy, contributing to deeper cultivation of region-based businesses, as set forth in Medium-Term Management Plan 2025-2027.

Carbon Neutrality

We will contribute to regional decarbonization through CO₂ separation and recovery technologies that form the starting point for carbon recycling, e-methane demonstration projects, and initiatives that support the adoption of hydrogen.

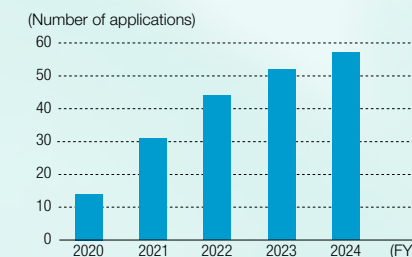
Intellectual Property Activities to Enhance the Value of Technology

As we advance our technology development initiatives, we continue to file patent applications on a steady basis. Going forward, we will continue promoting the use of IP Landscape*1 to acquire higher-quality intellectual property and secure a competitive advantage in technology.

*1 An initiative that utilizes analysis of intellectual property information in formulating corporate strategies

*2 The number of patent applications filed since FY2020 that have been published. Data for FY2025 and FY2026 is not presented because it includes patent applications that have been filed but not yet published.

Cumulative Number of Patent Applications*2



Technical Communication for Social Implementation

To facilitate the social implementation of the outcomes of our technology development efforts, we are actively engaged in technical communication.

As one example, we have opened CaN-Lab, a visitor facility at the Technical Research Institute that introduces technology development initiatives, including those related to carbon neutrality, to stakeholders. Through visits to this facility, we deepen communication with customers and create opportunities for collaboration.



Technical Communications Facility, CaN-Lab

Human Resource Strategy



We will build an environment where diverse human resources can maximize their potential.

Tadamasa Morii

Executive Officer
General Manager of Personnel Department

Risks and Opportunities Related to Human Capital

To realize the business structure transformation set forth in Toho Gas Group Vision, it is essential to secure and empower diverse human resources in both the strengthening of our core businesses and the expansion of our strategic businesses.

Amid changes in the labor environment, securing talent is becoming increasingly challenging due to the declining working-age population associated with Japan's aging society and low birth rate. At the same time, greater labor mobility and the diversification of values present opportunities to welcome people with knowledge and experience in a wide range of fields and to generate new ideas. Based on this perspective, Medium-Term Management Plan 2025–2027 emphasizes alignment between business strategy and human resource strategy. We have identified four key human resource priorities: human resource management; diversity, equity, and inclusion (DE&I); flexible workstyles and productivity improvements; and safety and health management. Through these initiatives, we are advancing the development of an environment in which diverse employees can maximize their potential.

Human Resource Strategy for Enhancing Corporate Value

In response to changes in the labor environment and to help realize our ideal positioning, we revised our human resource system in April 2026 as part of our human resource management initiatives. Under the new system, we reviewed job grades to enable more flexible and earlier promotions, while also introducing a new framework that allows employees with advanced expertise in specific fields, such as DX and engineering, to fully leverage their specialized skills.

In implementing the new system, we aim to promote behavioral change among employees and create a virtuous cycle of pursuing challenges and growth through the linkage of human resource initiatives, including appropriate evaluation, optimal talent placement, and talent development, thereby achieving the sustainable enhancement of corporate value. In particular, we place importance on day-to-day interaction between supervisors and employees. By increasing the frequency of regular one-on-one meetings and providing evaluator training, we seek to promote dialogue that fosters mutual understanding and strengthens support for employee growth. In

addition, we have reorganized our human resource development framework, including qualification and training programs, and continue to support self-directed career development by expanding opportunities to take on challenges, such as our internal job posting system, studies at graduate schools in Japan and abroad, and overseas fieldwork initiatives.

Under our diversity, equity, and inclusion (DE&I) initiatives, we are working to secure and support the success of diverse human resources through measures that include promoting the recruitment and advancement of women and mid-career hires, supporting the balance between work and personal life, and expanding job opportunities for employees with disabilities.

We are also promoting flexible workstyles and productivity improvements through a two-pronged approach of expanding programs such as telework and hourly paid leave while also promoting digitalization to improve operational efficiency. Going forward, we will drive fundamental reviews of work processes through the use of generative AI and other technologies to accelerate value creation across the organization.

The effective execution of these initiatives requires the creation of a workplace where employees can work with confidence and peace of mind. To this end, we are also striving to build organizations that deepen mutual understanding, including by holding workplace meetings focused on the theme of psychological safety.

In the area of safety and health management, we are creating a workplace environment where employees can continue to work safely, comfortably, and with peace of mind over the long term by promoting Group-wide occupational safety and health activities and health and productivity management. Beginning in FY2026, we have

further strengthened our health and productivity management initiatives by expanding options for additional medical examinations and enhancing health-related measures through the introduction of an occupational health management system. As a result of these efforts, Toho Gas was recognized for the sixth time in total as a Certified Health & Productivity Management Outstanding Organization 2026 (White 500, Large Enterprise Category).

Value Creation Initiatives

Publication of Toho Gas Group Human Capital Report 2026

In March 2026, we published *Toho Gas Group Human Capital Report 2026* (Japanese only) to help customers and other stakeholders gain a deeper understanding of the Toho Gas Group's human capital management initiatives.

As the importance of human resources continues to increase as we aim to achieve the goals set forth in Toho Gas Group Vision, this report summarizes the Group's approach to people, various initiatives based on its human resource strategy, and related targets and performance results. To highlight specific initiatives, the report introduces the perspectives, work, and workstyles of a diverse range of employees through interviews and discussions with Toho Gas Group employees.



Human Resource Strategy

Human Resource Strategy Initiatives

Basic Concept

The source of the Toho Gas Group's sustainable growth lies in the challenges undertaken and growth achieved by each individual employee. To realize Toho Gas Group Vision, announced in March 2022, it is essential that we implement business structure transformation to enhance corporate value. We will therefore increase investment in human resources, who are the driving force behind this transformation, and develop talent capable of leading change by providing diverse opportunities for taking on challenges and achieving growth. At the same time, to create an environment in which every employee can fully demonstrate their capabilities, we are enhancing systems and fostering an organizational culture from four perspectives: human resource management; DE&I; flexible workstyles and productivity improvements; and safety and health management. Through efforts focused on these areas, we will continuously improve employee engagement and maximize individual motivation to take on challenges and pursue growth, thereby accelerating a virtuous cycle in which both our human resources and the Company grow together.

Human Resource Management

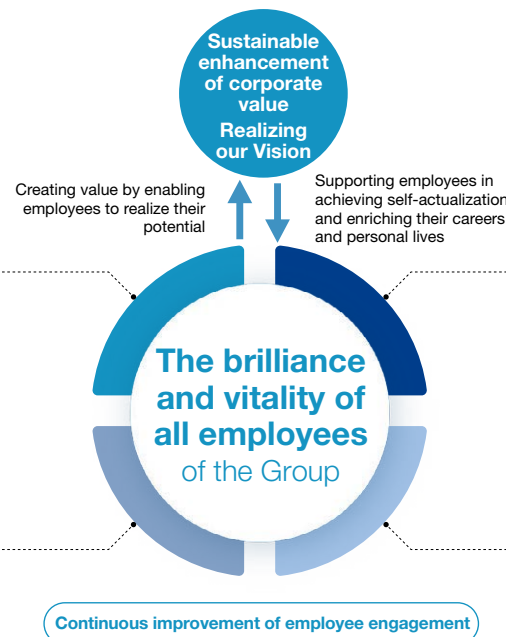
With the aim of realizing our desired human resource portfolio, we are promoting recruitment, personnel development, and fair and appropriate evaluation and compensation. Through these initiatives, we seek to nurture and secure talent that supports our core businesses, as well as talent with the management capabilities and expertise needed to lead businesses through periods of transformation.

- Systematically retain and develop human resources to strengthen on-site capabilities in core businesses
- Develop talent that drives transformation in strategic businesses and DX initiatives
- Appropriately evaluate diverse contributions, including enabling employees with advanced expertise and skills in specific fields to fully leverage their professional capabilities
- Develop future management talent through measures such as the early promotion of younger employees, enhanced job rotation in departments related to strategic businesses, and opportunities including secondments and studies at graduate schools in Japan and abroad

Safety and Health Management

Based on our belief that ensuring the safety and health of employees is the foundation on which our organization is built, we promote Group-wide initiatives to ensure the safety and health of our employees, while striving to create a safe and comfortable workplace in which they can thrive over the long term.

- Ensure employee safety and maintain health by preventing traffic and workplace accidents, conducting health checkups and stress checks, and introducing an occupational health system
- Enhance employee health and performance through health and productivity management initiatives, including mental health measures and lifestyle disease prevention programs
- Create a comfortable workplace environment through initiatives such as renovating cafeterias and meeting rooms and enhancing IT infrastructure



Diversity, Equity, and Inclusion

Recognizing that enhancing corporate value and achieving sustainable growth require people with diverse knowledge, experience, and values to exchange ideas and generate new perspectives, we are working to create an organizational culture that enables diverse talent to thrive through support tailored to individual characteristics and initiatives that promote mutual understanding.

- Strengthen the recruitment of women and mid-career hires and proactively appoint employees to management positions based on aptitude and ability
- Support long-term engagement of older employees through career development training, preference-based job matching, and compensation aligned with abilities and responsibilities
- Expand hiring and job opportunities for persons with disabilities and promote understanding through initiatives such as tours of our special subsidiary, Toho Flower
- Foster psychological safety through training programs and workplace meetings focused on this theme

Flexible Workstyles and Productivity Improvements

Through the development and enhancement of various programs that support flexible workstyles, including work-life balance initiatives, the establishment of work environments that enable employees to work regardless of location through tools such as web conferencing, and organizational and cultural initiatives including efforts to improve IT literacy, we are creating an environment in which each employee can work productively and with peace of mind.

- Increase flexibility in working hours and locations through initiatives such as a flextime system, hourly paid leave, and a telework program
- Expand measures to support balancing work with childcare and caregiving through leave programs, shortened working hours, and consultation services provided by specialists
- Respect individual workstyle preferences through initiatives such as a side-job program and a relaxed dress code
- Improve Group-wide productivity through the promotion of digitalization and support for corporate functions across Group companies



For details, please refer to *Toho Gas Group Human Capital Report 2026* (Japanese only).

https://www.tohogas.co.jp/corporate/eco/pdf/2025toho_social.pdf