

## Toho Gas Co., Ltd.

9533

Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

3-Jul.-2026

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FISCO Ltd.

<https://www.fisco.co.jp>

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## Summary

### In FY3/26, net sales declined slightly, but profits increased. Increase in number of customer accounts in various energy businesses

Toho Gas Co., Ltd. <9533> (hereafter, also “the Company”) is a comprehensive energy provider based in Aichi, Gifu, and Mie Prefectures that is engaged in city gas, LPG, electricity and peripheral businesses. Its Corporate Mission is “We, together with our Group companies, are dedicated to the creation of a rich and exciting life and the development of attractive and vital communities by setting our greatest value on the trust placed in us.” Guided by this Corporate Mission, the Company has been contributing to local communities. It is a long-established company that marked its 100th anniversary in 2022. In step with the changing times, the Company has undergone repeated transformations, shifting its raw materials for energy from coal to petroleum and then to natural gas. In the city gas business, the Company is one of the industry’s top three companies, alongside Tokyo Gas <9531> and Osaka Gas <9532>. The Company stands out for its substantial commercial sales volume in the three Tokai prefectures, which are home to a thriving manufacturing industry. The Company has 30 subsidiaries, 40 affiliates, and 6,074 employees (as of the end of March 2026), and provides energy via city gas, LPG, and electricity to a total of approximately 3.12 million customer accounts (as of the end of March 2026) in the region.

#### 1. Results trends

In the consolidated results for FY3/26, net sales stayed on par with those of the previous fiscal year and each line of profit increased, with net sales decreasing 0.8% year on year (YoY) to ¥651.0bn, operating income increasing 2.9% to ¥31.7bn, ordinary income increasing 16.9% to ¥37.8bn, and net income attributable to owners of the parent increasing 23.6% to ¥31.4bn. Net sales by segment were slightly lower in the Gas business (net sales: down 0.6% YoY to ¥426.5bn) and decreased in the LPG and other Energies business (down 4.8% to ¥96.7bn), while the Electricity business (up 3.0% to ¥98.8bn) expanded steadily, with the number of customer accounts up 25 thousand and sales volume up 2.9%. In terms of profit, an increase in gains from the widening of the time lag on the cost adjustment system (gain on timing difference) in the Gas business (up approximately ¥3.0bn) and an expansion of segment income in the Electricity business drove growth in operating profit.

For FY3/27, based on assumptions of crude oil prices of US\$100/bbl and an exchange rate of ¥160/US\$1, consolidated results forecasts indicate higher net sales but lower profits, with net sales of ¥670.0bn (up 2.9% YoY), operating income of ¥19.0bn (down 40.2%), ordinary income of ¥25.0bn (down 34.0%), and net income attributable to owners of the parent of ¥23.0bn (down 26.9%). Amid changes in the external environment, higher raw material costs are pushing up city gas selling prices, resulting in an expected ¥18.9bn increase in net sales. Conversely, in terms of profit, profits are forecast to decline due to factors that include fluctuations in raw material market conditions (contributing negatively by ¥12.5bn YoY, mainly as a result of the time lag on the cost adjustment system). Moreover, recognition of extraordinary income from the sale of cross-shareholdings can also be expected to continue. While crude oil prices surged due to heightened tensions in the Middle East and disruptions to traffic through the Strait of Hormuz, among other factors, based on the assumption that these factors will gradually ease heading into 2H (as of the end of May 2026), this forecast is considered somewhat conservative.

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## Summary

**2. Growth strategy and topics**

Regarding the impact of the situation in the Middle East, the Company does not procure LNG from the region (its procurement sources include Malaysia, the U.S., and Australia), and there is currently no direct disruption to stable supply. However, the rise in procurement prices due to market fluctuations and the impact of stagnation in the regional economy on energy sales volumes need to be closely monitored.

In order to achieve medium- to long-term growth, the Company is advancing the transformation of its business structure under the Medium-Term Management Plan currently in progress (through FY3/28). Specifically, in its core businesses that include city gas and LPG, the Company will build a robust customer base and generate stable cash flow. Its policy is to actively invest the funds obtained through those efforts in strategic businesses, including electricity, overseas operations, and region-based peripheral businesses, to facilitate the expansion of profits across the entire Group.

In its electricity business, a strategic business, the Company is advancing the in-house development of large-scale power generation facilities. It plans to secure a combined generating capacity of 1.3198 million kW from Chita Thermal Power Station Unit 7 (scheduled to start operation in October 2029) and Unit 8 (scheduled to start operation in January 2030), which are currently under construction. Furthermore, as a means of providing regulating capacity to handle fluctuations in renewable energy output, the Company has made the decision to construct highly flexible gas engine power generation facilities (output: 105,000 kW; operation scheduled to start in Handa City, Aichi Prefecture by FY2030). The Company will leverage its LNG procurement capabilities and operational expertise in gas engine power generation facilities at the Yokkaichi Power Plant in its aim to secure a stable supply of electricity.

**3. Shareholder return policy**

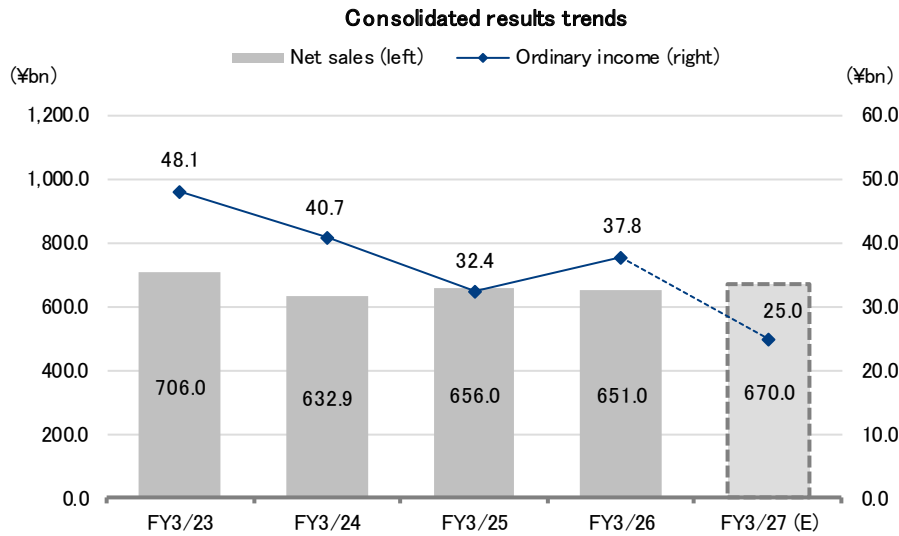
Under the Medium-Term Management Plan currently in progress (FY3/26–FY3/28), the Company aims to increase dividends progressively in line with profit growth. It also plans to continue share buybacks and strive for optimization, aiming for equity capital of ¥400.0bn by the end of FY3/28.

In FY3/26, the Company paid an annual dividend of ¥90.00 per share (an increase of ¥10.00 YoY, for a dividend payout ratio of 26.5%). With the completion of share buybacks totaling ¥30.0bn for the year, the total payout ratio rose above 100%. In FY3/27, reflecting the 4-for-1 stock split effective April 1, 2026, the Company forecasts an annual dividend of ¥22.50 (equivalent to ¥90.00 before the split, the same amount as the previous fiscal year, for a dividend payout ratio of 35.6%), and share buybacks of up to ¥15.0bn for the period from April 1, 2026 to September 30, 2026 (announced in March 2026) have also been resolved. The total payout ratio is expected to be high.

**Key Points**

- A comprehensive energy provider based in the three Tokai prefectures, engaged in city gas, LPG, electricity, and peripheral businesses. The core businesses are the Company's Gas business and LPG and other Energies business. Among its key strengths is a robust customer base cultivated through the mainstay Gas business and other operations and its ability to propose solutions leveraging its energy expertise
- In FY3/26, ordinary income increased due to the positive impact of changes in raw material market conditions and other factors
- For FY3/27, ordinary income is forecast at ¥25.0bn, down 34.0% YoY, due largely to market fluctuations, etc. related to procurement costs for raw materials stemming from the situation in the Middle East
- Paid an annual dividend of ¥90.00 per share, up ¥10.00, for FY3/26. Total payout ratio exceeded 100% when ¥30.0bn in share buybacks are included

Summary



Source: Prepared by FISCO from the Company's financial results

## Company profile

### A comprehensive energy provider based in the three Tokai prefectures, engaged in the city gas, LPG, electricity, and peripheral businesses

#### 1. Company profile

The Company is a comprehensive energy provider based in Aichi, Gifu, and Mie Prefectures, engaged in city gas, LPG, electricity, and peripheral businesses. Its Corporate Mission is “We, together with our Group companies, are dedicated to the creation of a rich and exciting life and the development of attractive and vital communities by setting our greatest value on the trust placed in us.” Guided by this Corporate Mission, the Company has been contributing to local communities. It is a long-established company that marked its 100th anniversary in 2022. In step with the changing times, the Company has undergone repeated transformations, shifting its raw materials for energy from coal to petroleum and then to natural gas. Under its Group Vision, as well as its Medium-Term Management Plan that is currently underway, the Company is also planning to drive growth in the Electricity and overseas businesses as well as in fields that go beyond the traditional energy sector. In the city gas business, the Company is one of the industry’s top three companies, alongside Tokyo Gas and Osaka Gas. The Company stands out for its substantial commercial sales volume in the three Tokai prefectures, which are home to a thriving manufacturing industry. The Company has 30 subsidiaries, 40 affiliates, and 6,074 employees (as of the end of FY3/26), and provides energy via city gas, LPG, and electricity to a total of approximately 3.12 million customer accounts (as of the end of March 2026) in the region.

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## Company profile

**2. History**

The Company was founded more than 100 years ago, in 1922. Its first president, Sakura Okamoto, started the city gas business. At the time, he used coal as the raw material. The Company expanded its operating area through new company establishments and mergers, solidifying its base in the three Tokai prefectures and Okayama Prefecture. In 1949, its shares were listed on stock exchanges in Tokyo, Nagoya, and Osaka. In 1959, it commenced its LPG business and began expanding its operating areas. From the 1960s onward, the Company gradually shifted the raw material for gas from coal to petroleum, and by 1993, had completed the transition to natural gas. In 2012, the Company joined the Ichthys LNG Project in Australia, marking the launch of its overseas business development. Currently, the Company has bases in Australia and Singapore and is advancing projects primarily in Asia and North America. In 2016, it entered the Electricity business in step with the liberalization of electricity retailing, and the business has since grown into a core pillar for the future. As part of the 2022 market reorganization of the Tokyo Stock Exchange and the Nagoya Stock Exchange, the Company transitioned to the Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market.

**History**

Date	Main events
July 1922	Established the Company and acquired Nagoya Gas Co., Ltd., starting the gas business
May 1925	Established Gifu Gas Co., Ltd.
August 1930	Established Godo Gas Co., Ltd.
December 1936	Acquired the shares of Okazaki Gas Co., Ltd. (established in April 1910) and participated in its management
January 1940	Began operations at Atsuta Works (formerly Komei Works) in addition to Nagoya Works (formerly Sakurada Works)
April 1942	Established Mizushima Gas Co., Ltd.
May 1949	Listed the Company's shares on stock exchanges in Tokyo, Nagoya, and Osaka
November 1959	Established Toho Liquefied Fuel Co., Ltd. (now Toho Liquefied Gas Co., Ltd.) and began the LPG business
October 1970	Began operations at Sorami Works
October 1974	Exceeded 1 million city gas customer accounts (total for 5 companies in the Gas business)
November 1976	Began operations at Chita Works (now the Chita Calorific Value Adjustment Center)
September 1977	Commenced operations at the Chita LNG Terminal and received first LNG vessel
June 1978	Began shifting to natural gas
October 1991	Began operations at Yokkaichi Works
May 1993	Completed shift to natural gas
May 2001	Began operations at Chita-Midorihamma Works (full-scale operations began in November)
April 2003	Merged Godo Gas Co., Ltd., Gifu Gas Co., Ltd., and Okazaki Gas Co., Ltd.
October 2009	Completed circular transportation trunk line
January 2012	Entered into an interest purchase and sale agreement for the Ichthys LNG Project in Australia
September 2013	Began operation of the Ise Bay Crossing Gas Pipeline
April 2016	Entered the retail electricity business
April 2021	Established Toho Gas Network Co., Ltd.
April 2022	Following the market reorganization of the Tokyo Stock Exchange and the Nagoya Stock Exchange, the Company transitioned from the First Section of each to the Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market

Source: Prepared by FISCO from the Company's annual securities report and Integrated Report 2025

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## Company profile

**3. Business description**

The Company's business segments are the Gas business, LPG and other Energies business, Electricity business, and Others business. In the Gas business, the Company conducts a wide range of operations primarily in Aichi, Gifu, Mie, and Okayama Prefectures, including the manufacture and sale of city gas, the sale of gas equipment, the entrusted transportation and supply of gas, and gas supply piping work. This segment accounts for 62.4% of Group-wide net sales (FY3/26; same applies below), and 63.9% of segment income, serving as the foundation of Group-wide performance. The LPG and other Energies business includes the sale of LPG and LPG equipment, as well as the sale of LNG and the heat supply business. It accounts for 14.2% of Group-wide net sales and 10.2% of segment income. In the Electricity business, the Company conducts the sale of electricity. Accounting for 14.5% of Group-wide net sales and 6.6% of segment income, this business has high growth potential, and is seeing improved profitability. The Others business engages in a wide range of activities, including real estate management and leasing, plant and equipment design and construction, the CN×P (Carbon Neutrality × Professional/Package/ Partner) business (carbon neutrality support business), information processing services, leasing of vehicles and equipment, and overseas development and investment related to natural gas and other resources. It accounts for 8.9% of Group-wide net sales and 19.3% of segment income, making a significant contribution to earnings.

**Segment overview**

Segment	Overview	Main companies	Results (FY3/26 full year)			
			Net sales	Net sales composition (%)	Segment income	Segment income composition (%)
<b>Gas</b>	Manufacture and sale of city gas, sale of gas equipment, entrusted transportation and supply of gas, gas supply piping work, sale of residential equipment, and call center and billing operations, primarily in Aichi, Mie, Gifu, and Okayama Prefecture	The Company Toho Gas Network Co., Ltd. Toho Gas Life Solutions Co., Ltd. Toho Gas Communications Co., Ltd. Mizushima Gas Co., Ltd. Toho Gas Techno Co., Ltd. Toho Gas Customer Service Co., Ltd.	426.5	62.4%	19.2	63.9%
<b>LPG and other Energies</b>	LNG sales, heat supply business, LPG sales, LPG equipment sales, LPG piping work, sale of coke and petroleum products, etc.	The Company Toho Liquefied Gas Co., Ltd.	96.7	14.2%	3.0	10.2%
<b>Electricity</b>	Sale of electricity	The Company	98.8	14.5%	1.9	6.6%
<b>Others</b>	Contracted LNG processing, real estate management and leasing, plant and equipment design and construction, Comprehensive Utility Services business, provision of information processing services, leasing of vehicles and equipment, and overseas development and investment related to natural gas and other resources	The Company Toho Gas Real Estate Development Co., Ltd. Toho Gas Energy Engineering Co., Ltd. Toho Gas Information System Co., Ltd. Toho Service Co., Ltd. Toho Gas Australia Pty Ltd Toho Gas Ichthys Pty Ltd	61.0	8.9%	5.8	19.3%
<b>Total</b>			683.2	100.0%	30.0	100.0%

Note: Net sales include internal sales. Segment income is before adjustment.

Source: Prepared by FISCO from the Company's annual securities report and financial results

## Business overview

### The core businesses are the Company's mainstay Gas business and LPG and other Energies business

#### 1. The Company's strengths

The foundation of the Company's strengths lies in its regional business base, its network supporting stable supply, financial soundness, and human resources that take on challenges. These have been cultivated through its history of and experience in energy diversification. Having entered an era that calls for carbon neutrality, the Company's considerable strengths are its concrete proposals of solutions that take advantage of its diverse knowledge of energy sources and technologies on the customer side and the customer base that it established in the Gas business for developing new customers in businesses such as the Electricity business. Going forward, the ability to propose solutions will also likely be a considerable strength as the Company expands into a more diverse range of energy fields, into other regions that include overseas ones, and into businesses outside energy.

#### 2. Gas business: Features and results trends

The Gas business, which encompasses a range of operations related to the supply of city gas, has continued since the Company's founding and forms the backbone of its operations. In Aichi, Gifu, and Mie Prefectures, the Company conducts the manufacture and sale of gas, as well as the sale of gas equipment. In addition, through its subsidiaries, it carries out entrusted gas transportation and supply, gas supply piping work, call center operations, and billing services. Also, its subsidiary Mizushima Gas Co., Ltd. is engaged in the manufacture/supply, and sales of gas and in related businesses in Okayama Prefecture.

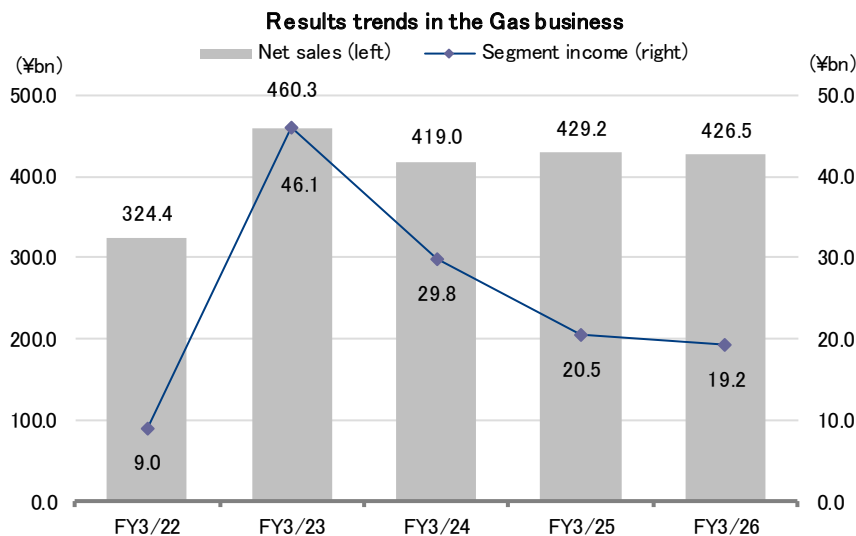
Net sales in the Gas business have remained relatively stable since FY3/22. As sales volume in the Gas business continues to trend slightly downward since FY3/19, the increase in net sales appears to have been caused by higher selling prices arising from rising procurement costs for raw materials. In recent years, in an environment in which temperatures have remained above average, gas usage for water heating has tended to decline. Segment income has shown relatively large fluctuations, also largely due to the impact of the time lag associated with changes in raw material prices. In terms of annual sensitivity, a \$1 per barrel increase in crude oil prices reduces operating income by approximately ¥0.2bn, while a ¥1 increase in the yen-dollar exchange rate (i.e., yen depreciation) similarly reduces operating income by about ¥0.2bn. For FY3/26, as the number of customer accounts increased slightly and sales volume decreased slightly, net sales decreased slightly, down 0.6% YoY to ¥426.5bn. For segment income, the impact of market fluctuations, etc. related to procurement costs for raw materials negatively contributed by approximately ¥1.0bn, and overall, segment income came to ¥19.2bn, down 6.5%.

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## Business overview



Source: Prepared by FISCO from the Company's financial results

**Trend in the number of customer accounts and sales volume in the Gas business**

	Unit	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26	CAGR (%)
Total number of customer accounts at fiscal year-end	Thousands of accounts	1,756	1,741	1,747	1,750	1,759	0.0
Total sales volume	Millions of m <sup>3</sup>	3,613	3,454	3,370	3,350	3,300	-2.2
Sales volume (household)	Millions of m <sup>3</sup>	640	583	563	562	559	-3.3
Sales volume (commercial, etc.)	Millions of m <sup>3</sup>	2,973	2,871	2,806	2,788	2,741	-2.0

Source: Prepared by FISCO from the Company's financial results. CAGR is for the five-year period from FY3/22 to FY3/26.

**3. LPG and other Energies business: Features and results trends**

The LPG and other Energies business was launched in 1959. The Company conducts this business over a wide area that includes not only the areas of Aichi, Gifu, and Mie Prefectures, but also Shizuoka and Nagano Prefectures, the Hokuriku area, and certain other locations. Subsidiaries such as Toho Liquefied Gas Co., Ltd. conduct the sale of LPG and LPG equipment, and LPG pipe construction work, as well as the sale of coke, petroleum products and other items. A feature of this business is that it involves logistics operations such as delivery and collection.

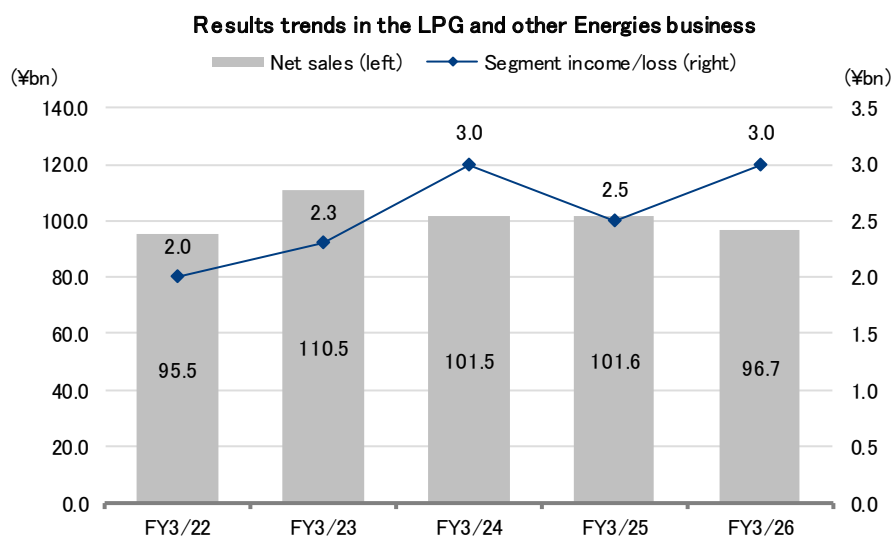
Net sales in the LPG and other Energies business have been on an upward trend since FY3/22, but have subsequently been trending flat. While the number of customer accounts underpinning that trend increased at a CAGR of 1.7%, total sales volume decreased at a CAGR of 0.7%. Also, while segment income has continued its moderate upward trend, the segment income margin is currently trending at the low level of 3.2% (FY3/26).

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Source: Prepared by FISCO from the Company's financial results

**Trend in the number of customer accounts and sales volume in the LPG business**

	Unit	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26	CAGR (%)
Total number of customer accounts at fiscal year-end	Thousands of accounts	603	604	615	645	646	1.7
Total sales volume	Thousands of tons	486	475	465	474	473	-0.7

Source: Prepared by FISCO from the Company's financial results

**4. Electricity business: Features and results trends**

With the liberalization of electricity retailing for general households in 2016, the Company entered the Electricity business. Now in its 10th year, the business has grown to a scale comparable to the long-established LPG business, with net sales of approximately ¥100.0bn and over 700 thousand customer accounts. The Company leverages its accumulated customer contact points in city gas and LPG to offer proposals that combine gas and electricity, which serve as a business advantage.

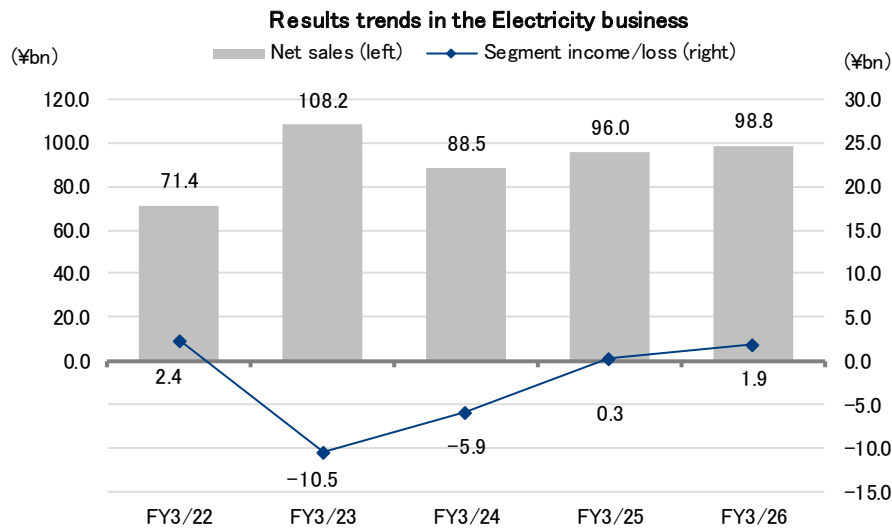
Net sales in the Electricity business have been on an overall uptrend since FY3/22 despite some fluctuations. The number of customer accounts, the underlying driver of this growth, has been increasing at a CAGR of 8.6% and sales volume has been trending upward in line with this trend. In comparison, operating income has fluctuated significantly in the past. For example, in FY3/23, market prices surged due to factors such as the Russia-Ukraine conflict, pushing up electricity procurement costs and causing a sharp decline in segment income. The Company has strengthened initiatives to improve profitability that include conducting diversified procurement from multiple companies, staggering contract years and durations, and combining bilateral contracts with spot procurement. As a result, it achieved profitability in this business for FY3/25. In FY3/26, net sales came to ¥98.8bn, up 3.0% YoY, and segment income to ¥1.9bn, up 476.6%. These results served to further improve the Company's profitability.

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Source: Prepared by FISCO from the Company's financial results

**Trend in the number of customer accounts and sales volume in the Electricity business**

	Unit	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26	CAGR (%)
Total number of customer accounts at fiscal year-end	Thousands of accounts	514	576	638	691	716	8.6
Total sales volume	Millions of kWh	2,126	2,369	2,579	2,815	2,897	8.0

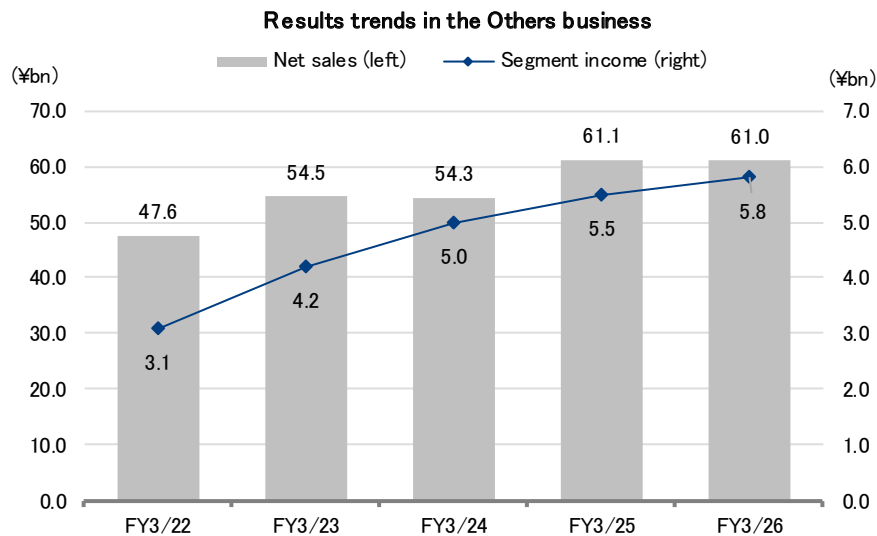
Source: Prepared by FISCO from the Company's financial results

**5. Others business: Features and results trends**

As part of its vision for the mid-2030s, the Company seeks to become a “Life and business partner beyond the boundary of energy services.” Under its Medium-Term Management Plan that is currently underway, the Company has identified “Deeper cultivation of region-based businesses” as a non-energy strategy. It has established the following five specific fields: 1) lifestyle and administrative support; 2) engineering; 3) town development and real estate development; 4) information services; and 5) agri-food. The Company is targeting ¥5.0bn in business profits from its community-based value creation businesses in FY3/28. The key players in this business are Toho Gas Real Estate Development Co., Ltd., which manages and leases real estate; Toho Gas Energy Engineering Co., Ltd., which designs and constructs plants and equipment; and Toho Gas Information System Co., Ltd., which provides information processing and related services. In addition, the overseas business is also included in this segment.

Net sales in the Others business have been on an upward trend since FY3/22. Profitability is also high, with the segment income margin reaching 9.5% in FY3/26 to surpass energy-related businesses. In FY3/26, net sales came to ¥61.0bn, down 0.1% YoY, and segment income to ¥5.8bn, up 3.9%. These results marked a steady expansion in profits.

## Business overview



Source: Prepared by FISCO from the Company's financial results

## Results trends

### In FY3/26, ordinary income increased due to the positive impact of changes in raw material market conditions and other factors

#### 1. Overview of FY3/26 results

In the consolidated results for FY3/26, net sales stayed on par with those of the previous fiscal year and each line of profit increased, with net sales decreasing 0.8% YoY to ¥651.0bn, operating income increasing 2.9% to ¥31.7bn, ordinary income increasing 16.9% to ¥37.8bn, and net income attributable to owners of the parent increasing 23.6% to ¥31.4bn.

Net sales in the mainstay Gas business decreased slightly, falling 0.6% YoY to ¥426.5bn. The number of city gas customer accounts increased 9 thousand from the previous fiscal year-end to 1,759 thousand, while sales volume decreased 1.5% to 3,300 million m<sup>3</sup>. Factors behind the decrease in sales volume include operating rates at customer facilities falling below those of the previous fiscal year in commercial, etc. Net sales in the LPG and other Energies business decreased 4.8% to ¥96.7bn. The number of LPG customer accounts increased by 1 thousand from the previous fiscal year-end, and sales volume fell 0.2% to 473 thousand tons. The Electricity business recorded steady growth, with net sales up 3.0% to ¥98.8bn. The number of electricity customer accounts increased 25 thousand from the previous fiscal year-end, and sales volume rose 2.9% to 2,897 million kWh. Net sales in the Others business decreased 0.1% to ¥61.0bn.

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## Results trends

Regarding profit, factors positively contributing to operating income included a widening of the time lag on the cost adjustment system in the Gas business (gain on timing difference between raw material costs and net sales; up approximately ¥3.0bn YoY) and the expansion of segment income in the Electricity business. Regarding SG&A expenses, said expenses rose 3.9%, and the SG&A ratio came to 22.7%. A gain from the sale of cross-shareholdings of ¥9.5bn was recorded under extraordinary income.

**FY3/26 results**

	FY3/25 (Full year)		FY3/26 (Full year)		YoY
	Results	% of net sales	Results	% of net sales	
Net sales	656.0	-	651.0	-	-0.8%
Cost of sales	483.1	73.7%	471.7	72.5%	-2.4%
Gross profit	172.8	26.3%	179.2	27.5%	3.7%
SG&A expenses	141.9	21.6%	147.5	22.7%	3.9%
Operating income	30.8	4.7%	31.7	4.9%	2.9%
Ordinary income	32.4	4.9%	37.8	5.8%	16.9%
Net income attributable to owners of the parent	25.4	3.9%	31.4	4.8%	23.6%

Source: Prepared by FISCO from the Company's financial results

## Equity ratio is 59.0%, indicating a sound and stable financial base

### 2. Financial position and management indicators

As of the end of FY3/26, total assets were up ¥50.6bn from the previous fiscal year-end to ¥809.4bn, marking an expansion in the Company's asset base. This was mainly due to a ¥57.5bn increase in non-current assets and a ¥58.7bn increase in investments and other assets. Current assets were down ¥6.8bn from the previous fiscal year-end. This was mainly due to notes and accounts receivable - trade, and contract assets (a decrease of ¥8.1bn) and cash and deposits (a decrease of ¥3.7bn) each being down.

Total liabilities were up ¥21.5bn from the previous fiscal year-end to ¥331.9bn. Of this amount, non-current liabilities increased ¥31.7bn while current liabilities decreased ¥10.1bn, and interest-bearing debt increased overall (up ¥12.0bn). Total net assets increased ¥29.1bn to ¥477.5bn and the equity ratio came to 59.0% (59.1% at the previous fiscal year-end), indicating a sound financial base is being maintained. Note that the Company is pushing forward with share buybacks in the medium term in order to optimize its equity capital with a target of ¥400.0bn.

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## Results trends

**Consolidated balance sheets and management indicators**

	End of FY3/25	End of FY3/26	Change
	(¥bn)		
Non-current assets	571.0	628.5	57.5
(Investments and other assets)	255.5	314.3	58.7
Current assets	187.7	180.8	-6.8
(Cash and deposits)	46.7	43.0	-3.7
(Notes and accounts receivable - trade, and contract assets)	84.6	76.4	-8.1
<b>Total assets</b>	<b>758.7</b>	<b>809.4</b>	<b>50.6</b>
Non-current liabilities	190.0	221.8	31.7
(Bonds payable)	87.5	97.5	10.0
(Long-term borrowings)	43.7	54.1	10.4
Current liabilities	120.2	110.1	-10.1
(Current portion of non-current liabilities)	22.1	13.5	-8.6
(Notes and accounts payable - trade)	38.5	32.0	-6.5
<b>Total liabilities</b>	<b>310.3</b>	<b>331.9</b>	<b>21.5</b>
<b>Total net assets</b>	<b>448.3</b>	<b>477.5</b>	<b>29.1</b>
<b>Total liabilities and net assets</b>	<b>758.7</b>	<b>809.4</b>	<b>50.6</b>
<Stability>			
Current ratio (Current assets ÷ Current liabilities)	156.1%	164.3%	8.2pp
Equity ratio (Equity capital ÷ Total assets)	59.1%	59.0%	-0.1pp
<Profitability>			
ROE (Net income ÷ Equity capital)	5.6%	6.8%	1.2pp
ROA (Ordinary income ÷ Total assets)	4.3%	4.8%	0.5pp
ROS (Operating income ÷ Net sales)	4.7%	4.9%	0.2pp

Source: Prepared by FISCO from the Company's financial results

## ■ Outlook

### For FY3/27, ordinary income is forecast at ¥25.0bn, down 34.0% YoY, due largely to market fluctuations, etc. related to procurement costs for raw materials stemming from the situation in the Middle East

For FY3/27, consolidated results forecasts indicate higher net sales but lower profits, with net sales of ¥670.0bn (up 2.9% YoY), operating income of ¥19.0bn (down 40.2%), ordinary income of ¥25.0bn (down 34.0%), and net income attributable to owners of the parent of ¥23.0bn (down 26.9%).

Regarding net sales, the Company anticipates an increase of ¥18.9bn YoY due to expectations that city gas selling prices will rise due to higher raw material costs stemming from the situation in the Middle East and other external factors. The number of city gas customer accounts is expected to increase by 8 thousand from the previous fiscal year-end to 1,766 thousand, while sales volume is forecast to decrease 1.5% to 3,251 million m<sup>3</sup>. The number of LPG customer accounts is forecast to increase by 8 thousand to 654 thousand and sales volume is expected to decrease 0.7% to 470 thousand tons. The number of electricity customer accounts is projected to grow 22 thousand from the previous fiscal year-end to 738 thousand, and sales volume is forecast to decrease 2.5% to 2,824 million kWh. Sales volumes across the Company's businesses are affected by outdoor temperatures during the summertime. The outlook for the fiscal year in progress assumes a reaction to the previous year's high temperatures.

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## Outlook

Regarding operating income, in the Gas business, negative factors are expected to be significant due to the impact of market fluctuations, etc. related to procurement costs for raw materials, resulting in a decrease of ¥12.5bn YoY (including a decrease of ¥24.5bn attributable to the time lag on the cost adjustment system). For FY3/27, the Company is forecasting a crude oil price of \$100.0, up \$28.6, and an exchange rate of ¥160.0, reflecting a depreciation in the yen of ¥9.3. The Company forecasts a decline in profits in both the LPG and other Energies business and the Electricity business. As in FY3/26, the Company will also continue to sell cross-shareholdings, and is therefore expected to record gains on sales of investment securities as extraordinary income.

FISCO thinks the Company's FY3/27 forecasts are somewhat conservative. While crude oil prices surged in 1H due largely to heightened tensions in the Middle East and disruptions to transit through the Strait of Hormuz, on the assumption of a gradual easing into 2H, a projection of the price of crude oil of around \$90 (US Energy Information Administration (EIA); 2026 full-year average) has grown more plausible (as of the end of May 2026). Moreover, although the impact of market fluctuations, etc. related to procurement costs for raw materials may be negative (as well as positive) in the short term, this tends to equalize over the medium to long term. As such, we at FISCO would like to include improvement in underlying profits as a metric for performance evaluation. In this regard, the key will likely be how much the Company can increase its underlying profits during the fiscal year in progress.

**FY3/27 forecast (consolidated results)**

	FY3/26		FY3/27		
	Results	% of net sales	Forecast	% of net sales	YoY
Net sales	651.0	-	670	-	2.9%
Operating income	31.7	4.9%	19	2.8%	-40.2%
Ordinary income	37.8	5.8%	25	3.7%	-34.0%
Net income attributable to the parent	31.4	4.8%	23	3.4%	-26.9%

Source: Prepared by FISCO from the Company's financial results

## Growth strategy and topics

### The impact of the situation in the Middle East on supply is expected to be limited. The Company will bolster its strategic investment in power facilities and other areas

#### 1. Impact of situation in the Middle East: No disruption to stable supply is expected at this juncture

The Company has a low dependence on the Middle East for raw materials. As such, it does not expect that any disruption to stable supply will arise at this time. Specifically, the Company sources LNG (the main feedstock for city gas) from Malaysia, the U.S., Sakhalin, Australia, and Canada, which is why there is no impact at present. LPG (for city gas calorific value adjustment and for use in the LPG business) is also procured from domestic primary wholesalers and others. Because Japan's dependence on the Middle East for LPG imports is around 4% (FY2024), the impact is limited for LPG as well. However, procurement prices for LNG, LPG, electricity, and so forth may be affected by market fluctuations, including crude oil prices. Additionally, if the situation worsens or persists for a prolonged period and weighs on economic activity in the Company's region (the Chubu region), energy sales volumes may be affected. Close monitoring of future trends is therefore necessary.

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Growth strategy and topics

## 2. Aims for ordinary income of ¥30.0bn under the Medium-Term Management Plan (through FY3/28)

The Company is currently advancing a three-year Medium-Term Management Plan with FY3/28 as the final year. The initial year, FY3/26, progressed in line with this plan. Under the Group Vision, the Company seeks to be a provider of diverse forms of energy as a “Reliable energy operator in the region,” along with being a “Life and business partner beyond the boundary of energy services.” To this end, the Company aims to carry out deeper cultivation of a group of problem-solving community development businesses and expand its business areas through collaboration with other sectors. Its basic strategy is to accelerate the review of management resource allocation and promote the transformation of the business structure. The Company plans to strengthen the profitability of core businesses and actively reinvest the cash generated into strategic businesses to support further growth.

The profit target under the new Medium-Term Management Plan is consolidated ordinary income of ¥30.0bn in FY3/28. Based on an assumed normalized base income of ¥25.0bn, the amount of ordinary income in FY3/25, the plan calls for an increase of ¥5.0bn over that amount. Although various cost increases (such as increases in prices, wages, and interest payments) are anticipated during the Medium-Term Management Plan period, the Company aims to enhance overall profitability by continuing to improve efficiency and strengthen profitability in core businesses while also achieving growth in its strategic businesses (including the electricity and overseas businesses and a group of region-based community value creation businesses).

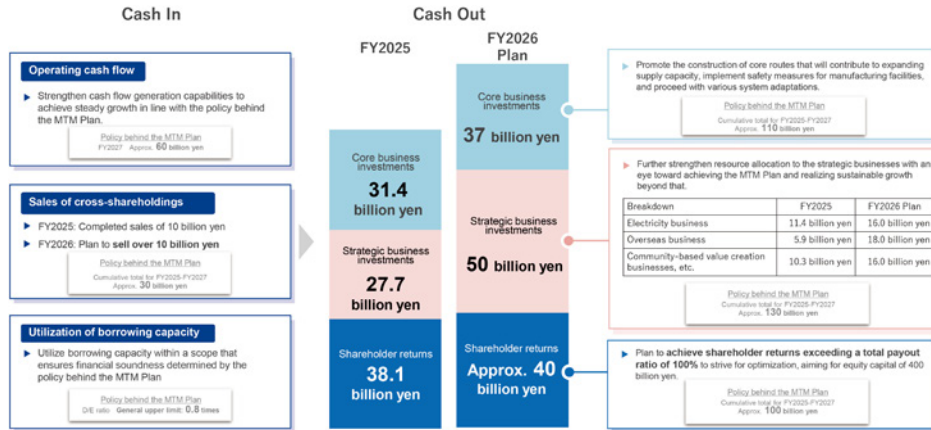
## 3. Plans for core businesses and strategic businesses and cash allocation for FY3/27

The Company's core businesses, the city gas business and the LPG business, are promoting initiatives at each stage of the supply chain, with the aim of generating stable cash flows. In FY3/26, the number of customer accounts for both city gas and LPG increased, resulting in the steady expansion of the Company's customer base. The Company is also focusing on the installation of smart meters as an upfront investment. While this will increase costs in the short term, the benefits in the medium term, such as greater efficiency in meter reading, are considerable. In FY3/27, the Company plans to increase investment to ¥37.0bn.

The Company has identified its strategic businesses as the Electricity and overseas businesses and a group of region-based community value creation businesses. In particular, the Electricity and overseas businesses, which can fully leverage the Company's strengths (infrastructure, technologies, and knowledge) that it has cultivated in the Gas business, will serve effectively as the driving force for profit growth in the next era. The Electricity business is growing at a pace approaching ¥100.0bn in net sales. It has achieved profitability since FY3/25. During the Medium-Term Management Plan period, the Company will work on building competitive power sources, promoting renewable energy development, and diversifying sales solutions, among other endeavors. In its overseas business, to date, the Company has contributed to the decarbonization and reduction of carbon emissions in various regions through the expanded adoption of natural gas and renewable energy. Going forward, the Company will pursue investments in the U.S. and Southeast Asia. In FY3/27, the Company plans to double the amount of investment to ¥50.0bn.

Growth strategy and topics

Cash allocation status



Source: The Company's results briefing materials

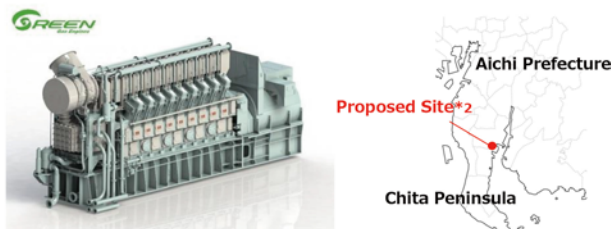
4. Made the decision to construct gas engine power generation facilities

The Company has been working to expand its electricity business as a strategic business. As for the development of the Company's own large-scale power sources, preparations are underway for those power sources to enter operation in 2029. Chita Thermal Power Station Unit 7, which is currently under construction, is scheduled to start operation in October 2029, with Unit 8 to follow suit in January 2030. Additionally, the Company made the decision to construct gas engine power generation facilities for the purpose of addressing peak electricity demand. Highly flexible gas engines provide effective regulating capacity to address fluctuations in renewable energy output affected by the time of day, weather, and season, making it possible to ensure a stable supply of electricity. The Company has an advantage in that it can leverage its LNG procurement capabilities and the expertise in constructing and operating gas engine power generation facilities that it has accumulated at the Yokkaichi Power Plant. The output of these power generation facilities will be 105,000 kW. Their scheduled construction site is Handa City, Aichi Prefecture. Construction is slated to begin in April 2027, with operation planned to start by FY2030.

Overview of Gas Engine Power Generation Facilities

Proposed Site	1-1 Kawasaki-cho, Handa City, Aichi Prefecture (Within the grounds of JFE Steel Corporation Chita Works)
Generation Capacity	105,000kW (7,500 kW x 14 Units)
Fuel	City gas (Considering future use of city gas derived from e-methane*1)
Construction Start	April 2027

Power Generation Facilities (Source: Kawasaki Heavy Industries, Ltd.) and Proposed Site



\*1 Synthesized using CO<sub>2</sub> and hydrogen derived from renewable energy, etc.  
 \*2 Location of JFE Steel Chita Works (Source: Geospatial Information Authority of Japan)

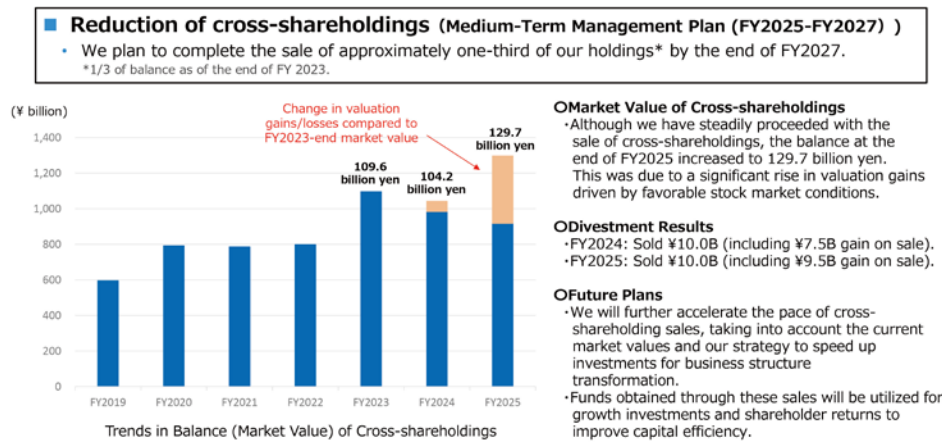
Source: The Company's results briefing materials

Growth strategy and topics

5. Accelerating measures that include the sale of cross-shareholdings and share buybacks

In April 2024, the Company announced its “response to realizing management with an awareness of capital cost and share price,” and is aiming to improve asset efficiency and achieve an appropriate capital structure to enhance its price-to-book ratio (PBR). In its efforts to improve asset efficiency, the Company will enhance the profitability of each of its businesses as well as accelerate the pace of sales of cross-shareholdings. Specifically, for the time being, the Company will proceed to sell approximately one-third of its holdings based on their appraisal value relative to the balance as of the end of March 2024, focusing particularly on holdings with diminished holding purpose. In FY3/26, although the Company had steadily disposed of holdings totaling ¥10.0bn (including gains on sales of ¥9.5bn), their valuations are currently rising due to stock market conditions. As an appropriate capital structure, the Company has set a target equity capital level of ¥400.0bn, which it aims to achieve by the end of FY3/28. The Company’s equity capital has been on an upward trend, reaching ¥448.3bn at the end of FY3/25 and ¥477.5bn at the end of FY3/26. However, this is largely influenced by external factors, particularly the rise in the valuation of its equity holdings due to the buoyant stock market. Meanwhile, the Company is steadily carrying out share buybacks, a driver for optimizing equity capital. It has a track record of buying back ¥30.0bn of its own shares in FY3/25 and ¥30.0bn in FY3/26, respectively. In terms of FY3/26, the scale of the share buybacks is evident, with the Company having bought back ¥30.0bn in shares compared to distributing total dividends of ¥8.3bn. In FY3/27 as well, the Company has resolved to buy back up to ¥15.0bn of its own shares for the period from April 1, 2026 to September 30, 2026 (announced in March 2026). The total payout ratio is expected to be high. As the Company is expected to continue making a high level of share buybacks over the medium term, shareholders can anticipate satisfactory returns.

Status of reduction in cross-shareholdings

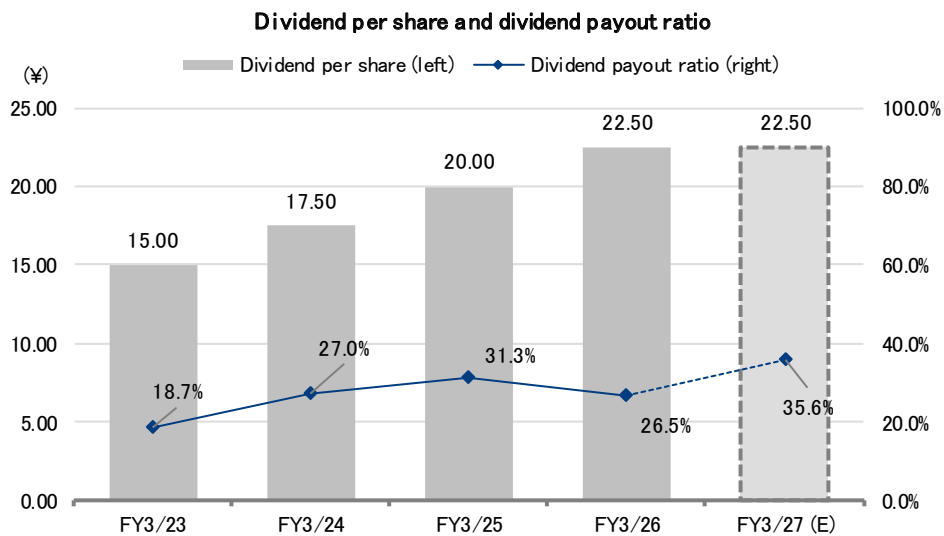


Source: The Company’s results briefing materials

## Shareholder return policy

**Paid an annual dividend of ¥90.00 per share, up ¥10.00 YoY, for FY3/26. Total payout ratio exceeded 100% when ¥30.0bn in share buybacks are included**

The Company's basic policy on profit distribution is to strengthen its management foundation and provide stable dividends. During the period of the Medium-Term Management Plan (FY3/26 to FY3/28), the Company is planning to increase dividends progressively in line with profit growth. It also plans to continue share buybacks and strive for optimization, aiming for equity capital of ¥400.0bn by the end of FY3/28. (Equity capital at the end of FY3/26 was ¥477.5bn.) For FY3/26, the Company paid an annual dividend of ¥90.00 per share (an increase of ¥10.00 YoY, with an interim dividend of ¥45.00 already paid and a year-end dividend of ¥45.00), for a dividend payout ratio of 26.5%. In FY3/26, the Company completed share buybacks of ¥15.0bn in 1H and ¥15.0bn in 2H. The total payout ratio exceeded 100%. For FY3/27, the Company is forecasting an annual dividend of ¥22.50 per share (an interim dividend of ¥11.25 and a year-end dividend of ¥11.25), with a dividend payout ratio of 35.6%. As the Company conducted a 4-for-1 split of its common stock effective April 1, 2026, the dividend on a pre-split basis will be the same amount as that in the previous fiscal year. Additionally, as noted above, share buybacks of up to ¥15.0bn for the 1H FY3/27 period are underway.



Note: Effective April 1, 2026, the Company conducted a 4-for-1 split of its common stock. The above figures have been retrospectively restated.

Source: Prepared by FISCO from the Company's financial results



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