

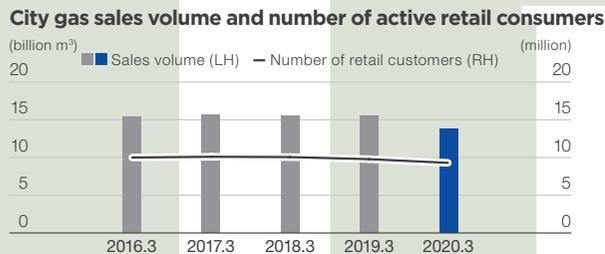
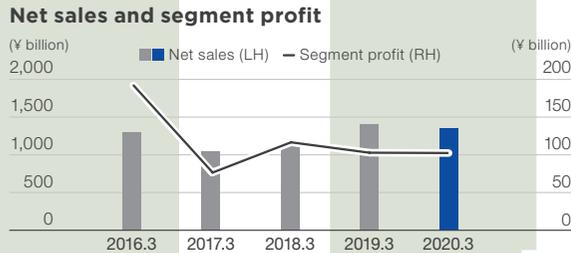
GAS BUSINESS

City Gas and LNG sales

Outline

We have been operating the city gas business in the Greater Tokyo Area while the applications of city gas expanded to household, commercial and industrial consumption as well as use for power generation and other purposes. We will strive to enlarge our sales areas by promoting electricity and services. We will redefine LNG, which is a raw material for city gas, as a commodity and increase the flexibility and price competitiveness of the procurement portfolio to expand the LNG business, including asset-backed trading.

Number of retail customers (active)	City gas sales volume	Segment profit
9.129 million As of the end of March 2020	13.85 billion m³ FY2019 Equivalent to approximately 37% of total nationwide gas sales volume in Japan	¥102.4 billion FY2019

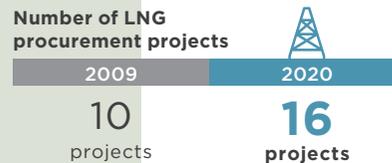


Strengths Customer base of over 11 million customers and a relationship of trust with customers through close ties with local communities
Established history of providing a safe and reliable supply of gas amongst our customers
The Kanto region centered around Tokyo, with its high concentration of production and consumption, as our primary sales area
Safety-related know-how and energy solution capabilities

Risks Difficulties in LNG procurement due to the impact of geopolitical risks, etc., regarding imports
Potential supply issues due to damage to production and supply facilities caused by a large-scale disaster
Intensified competition driven by market deregulation; decline in demand caused by changing lifestyle

Diversification 1 Supply sources

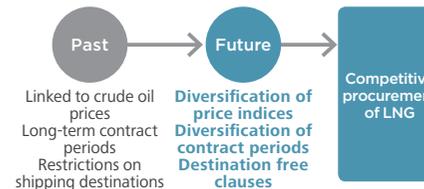
In 2018, we started to procure LNG from the US, while continuing to acquire supplies from existing sources, including Southeast Asia, Australia and Sakhalin (Russia). In 2020, the portfolio agreement with Shell Eastern Trading, under which multiple supply sources supply us with LNG, came into effect, increasing our supply sources to 16 projects in six countries. In the future, we will work to diversify our procurement sources, including a Mozambique LNG project from which we will jointly purchase LNG with Centrica, and the LNG Canada Project in an effort to improve supply stability.



Japan relies heavily on LNG imports for procuring natural gas, and LNG import prices are generally determined by a mechanism linked to crude oil prices. With the aim of achieving stable and affordable LNG procurement under these conditions, the Tokyo Gas Group strives to achieve three types of diversification: diversification of supply sources, contract terms and conditions, and its LNG network.

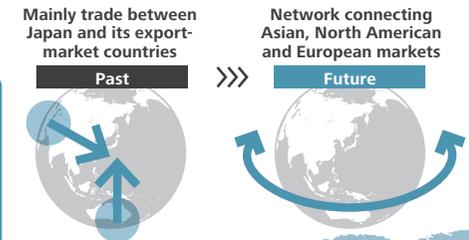
Diversification 2 Contract terms and conditions

We will add contracts based on the U.S. natural gas prices and coal prices to conventional contracts based on crude oil prices to diversify price indices. In addition, we will diversify agreements by signing those without limits on destinations and those with an eye toward medium-term, short-term and spot procurement to make our procurement more flexible.



Diversification 3 LNG Network

We will form strategic alliances with different companies in Japan and abroad to construct an LNG network that links the Asian, North American and European markets to increase the transport efficiency of LNG and to step up efforts to reduce costs and increase flexibility in procurement and sales agreements.



Tokyo Gas' long-term contracts (as of April 2020)

