

Tokyo Gas Group FY2020 - 2022 Medium-Term Management Plan

This Medium-Term Management Plan has been established to enable us to work to make steady progress and to reinforce the foundations of our business for future growth and expansion in the three-year period starting in FY2020, despite the recent difficult circumstances.

Overview of the Medium-Term Management Plan

In preparation for future growth and expansion, we will establish the following as key strategies:

- ① Evolution of customer solutions
- ② Expansion of LNG business
- ③ Acceleration of overseas business
- ④ Shaping of Net-Zero CO₂

We will strive to

- ① Implement cost structure reform
- ② Continue the digital transformation (DX)*
- ③ Build a flexible organization towards changes

in order to change the revenue and expenditure structure, create resources for future growth and also strengthen our business foundation.

* DX: Digital transformation. The use of data and digital technologies to transform products, services and business models based on customer and societal needs, and also transform work operations themselves as well as organizations, processes, and corporate culture and climate.

Key Strategies

Key Strategy 4

Shaping of Net-Zero CO₂

Offer solutions that optimize natural gas and renewable energies, and seek new technologies that hold promise for the future.

From the Tokyo metropolitan area to other parts of Japan and to other countries

Key Strategy 1 Evolution of customer solutions

Provide energy and services based on a business model that fuses digital and physical operations.

Key Strategy 2 Expansion of LNG business

Use assets to provide LNG with increased value as a product to utility and other customers both at home and abroad.

Key Strategy 3 Acceleration of overseas business

Utilize accumulated strengths and achievements to provide customers in other parts of Asia and elsewhere with solutions aimed at achieving effective use of natural gas.

3 challenges of Compass2030

Challenge 1

Leadership in the effort to achieve Net-Zero CO₂

Challenge 2

Establishment of a value co-creation ecosystem

Challenge 3

Transformation of the LNG value chain

Strengthening of business foundation

Strengthening of business foundation 1

Implementation of cost structure reform

Strengthening of business foundation 2

Continuation of DX*

Strengthening of business foundation 3

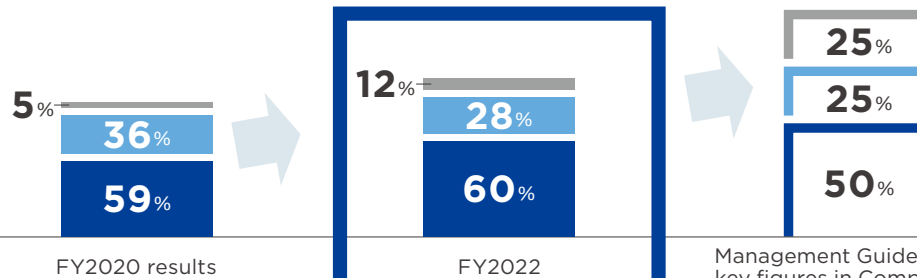
Establishment of a flexible organization towards changes

Key figures

We will achieve operating profits + equity method income of JPY 140.0 billion in FY2022 through a balance between cost structure reform (primarily in the gas business), the expansion of electricity, solutions, etc., and investment in growth.

Project portfolio composition: Operating profit + Equity method income

- Overseas*1
- Solutions, etc.*2
- Energy*3 (Gas + Power)



| KGI | |
|--|--------------------------|
| Operating profit + Equity method income | JPY 79.1 billion |
| Operating profit + Equity method income | JPY 140.0 billion |
| Financial indicators | |
| ROA | 1.9% |
| ROE | 4.3% |
| D/E ratio | 0.92 |

| KPI | |
|--|--------------------|
| No. of customer accounts (as of the end of FY) | 12.31 million |
| Natural gas transaction volume | 18.20 million tons |
| Segment profit from Overseas Business | JPY 3.8 billion |
| Contribution to CO ₂ emissions reduction (as compared to FY2013 levels) | -6.68 million tons |
| Renewable power source transaction volume (as of the end of FY) | 1,383 million kW |
| Cost structure reform (compared to FY2019) | -JPY 12.0 billion |

*1 Overseas: All overseas business *2 Solutions, etc.: Energy-related, real estate, other

*3 Energy: Gas and electricity business in Japan

Management Guidelines and key figures in Compass2030

Approx. JPY 200.0 billion

20.00 million

20.00 million tons

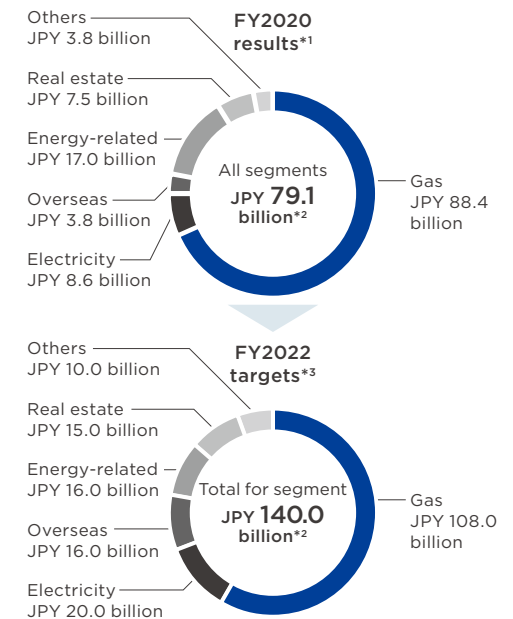
-

-10.00 million tons

5.00 million kW

-

Supplementary reference Profit planning by segment



| Segment | Main activities |
|----------------|---|
| Gas | Factor in increased depreciation costs and intensified competition while carrying out drastic cost structure reform and boosting LNG sales (trading). |
| Electricity | Achieve a balance between reducing marketing costs and increasing the number of accounts. |
| Overseas | Growth of upstream, midstream and downstream projects, primarily in North America. |
| Energy-related | Promote cost structure reform including making services for profit. |
| Real estate | Take into account the full-fledged start of the Tamachi Project |
| Others | Promote cost structure reform and create profitability of M&A. |

1. Frame in FY2020: Oil price \$43.35/bbl, Exchange rate ¥106.1/¥

2. Including consolidation adjustment

3. Anticipated frame for FY2022: Oil price \$60/bbl, Exchange rate ¥110/¥

Update

Key Strategy 1

Evolution of customer solutions

Key Strategy 2

Expansion of LNG business

Provide solutions for problems in customers' daily lives

Improve value of services provided manually

We have expanded the range of services to plumbing, in which customers often experience problems, in addition to gas equipment. We plan to expand services to housekeeping and housework support.



Launched optional services for electricity equipment and plumbing in the "Special Support For Gas Appliances" program (Oct. 2020)

Improve convenience by leveraging digital tools

We will improve customer satisfaction by accumulating and analyzing customer data to improve work quality, reduce customers' hassle and save time.

Specific examples Trials in FY2020

- For requests of repairs, we analyze and forecast the necessary work from the information received to improve the completion rate in one visit.
- We obtain and aggregate the results of service users' recommendation assessment (scale of 1 to 11) on a timely basis and utilize them to improve workers' skills and service specifications.

Diversify energy services and expand service areas

Formed Strategic Alliance with UK-based Octopus Energy

Tokyo Gas agreed to invest in Octopus Energy Group Limited, a rapidly growing company in the U.K. market, and to establish a joint venture company in Japan.

We plan to realize a value of new customer experience by leveraging Octopus Energy's digital technology and customer service know-how, and providing electricity rate and service menu tailored to needs of each customer. A new business model will be created with customers, regardless of areas from fall 2021.



Diversify energy services and expand service areas

We will offer services that facilitate introduction of renewable energy to a broad range of customers, including factory, detached house, condominium and building customers through a third-party ownership model* for solar power generation.



Launched Hinatao Solar, a service for condominiums and buildings (Oct. 2020).

*The Tokyo Gas Group installs solar power generation equipment on the roof of customers' buildings or in their premises and supplies the generated electricity to those customers

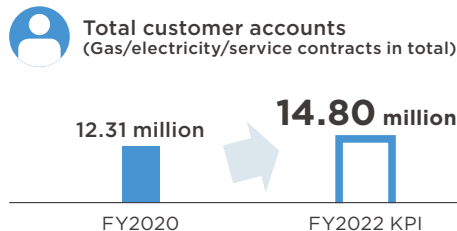
Established a new LNG trading company

Tokyo Gas established TG Global Trading Co., Ltd., a wholly owned subsidiary engaged in the trading of LNG. The company aims to expand the LNG trading business by maximizing and optimizing assets (storage tanks, LNG vessels and LNG sales and purchase agreements) owned by the Tokyo Gas Group.



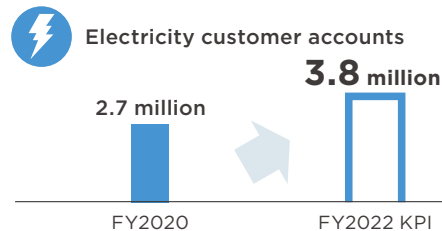
TG Global Trading

KPI for 2022

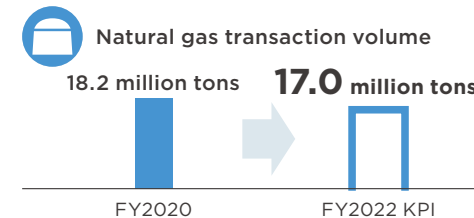


Reason for setting this KPI

This KPI has been set as an indicator to measure the effects of our efforts to maximize our customer base at an early stage in order to ensure stable profit in the gas/electricity/service business.



KPI for 2022



Reason for setting this KPI

This KPI has been set as an indicator to quantify the expansion of business with LNG as a commodity, including LNG trading and the overseas LNG business, in addition to domestic gas sales.

Key Strategy 3

Acceleration of overseas business

Key Strategy 4

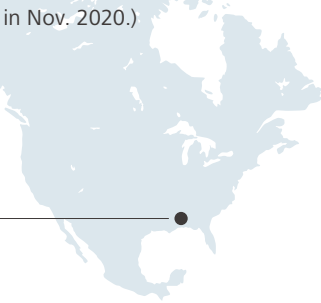
Shaping of Net-Zero CO₂

Strengthening of business foundation 1

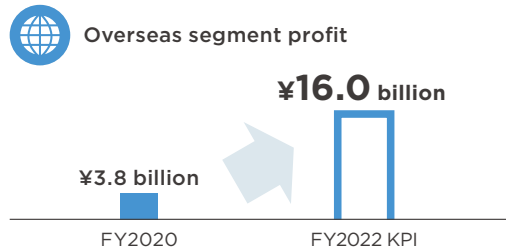
Implementation of cost structure reform

Acquired tight sand assets in the U.S.A. and a majority interest in Castleton Resources LLC (CR) (July 2020)

CR, an upstream gas company in Texas in which Tokyo Gas America Ltd. has a stake, has decided to acquire gas assets in Louisiana. Tokyo Gas took a majority interest in CR. (CR was renamed TG Natural Resources in Nov. 2020.)



KPI for 2022



Reason for setting this KPI

This KPI has been set as an indicator to measure the growth of our overseas business, which drives future profit, toward its target.

Expanded use of renewable energy power sources

We have obtained renewable energy power sources at a speed that outpaces our plan through large investments in solar power generation in the U.S.A. and wood pellet biomass power generation in Japan.

To promote the development of floating offshore wind power in Japan and abroad, we are obtaining the necessary technologies, such as by leveraging the floating system technology developed and owned by Principle Power, Inc. of the U.S.A. (invested in May 2020).

We will aim to further acquire power sources and roll out business while assessing energy policies and economic trends.



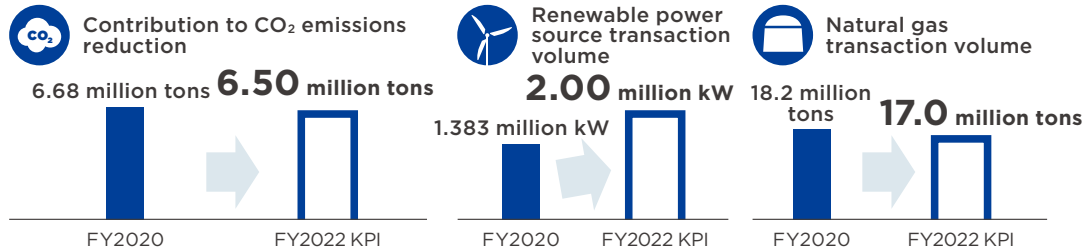
Photo courtesy of Principle Power. Artist: DOCK90

Feature

Progress and highlights of the Medium-term Management Plan



KPI for 2022



* As compared to FY2013 levels, including contribution at customer site

* Domestic and international, including purchases

* Including overseas business

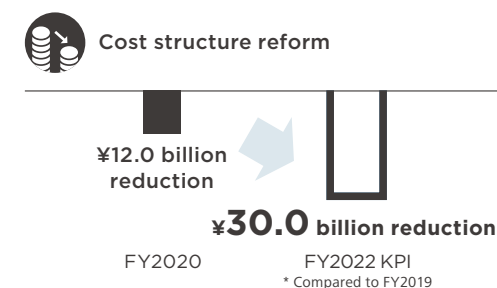
Reason for setting this KPI

This KPI has been set as an indicator to continuously measure outcomes from CO₂ emissions reduction contributions, including those from customers, through expanded effective use of natural gas, increases in the scale of use of renewable energy, etc.

Reason for setting this KPI

This KPI has been set as an indicator to quantify the increased use of renewable energy power sources and business expansion.

KPI for 2022



Reason for setting this KPI

This KPI has been set as an indicator to measure the effects of our efforts to drastically review operations and their structure and create resources for growth to be allocated to immediate profit contribution and key strategies.