



CEO's Message

The Tokyo Gas Group is uniquely capable of achieving the goals it has set for itself, namely to “achieve both decarbonization and a stable energy supply” and “expand our lineup of solutions.” By doing so, we will pursue society’s ongoing development and provide further value to customers.

Director, Representative Corporate Executive Officer, President and CEO

SASAYAMA Shinichi

As the new president, I will work to transform the Group’s business model.

I am SASAYAMA Shinichi. I was appointed president in April 2023. I would like to share with you some of my resolutions.

I understand that my role is to diligently execute the Group’s management vision, Compass2030, and the new and recently announced mid-term management plan, Compass Transformation 23-25, in order to achieve sustainable improvement in enterprise value.

In April 2022, we established a holdings-type group structure that converted each business into a quasi-branch company, in conjunction with the separation of the Pipeline Network Division into a separate company as the final step in addressing gas liberalization. Looking ahead, we will move forward with these Group reforms that enable our organizations, strategies, and governance to function more organically. In these ways, I aim to steer the Group as a whole toward further growth.

The Group’s traditional business model is based on strong roots in the community. Our strength lies in the ability to provide customers with courteous, face-to-face service. However, we are entering an era that requires significant transformations, such as digital transformation (DX), green transformation (GX), and strengthening customer communication (CX). We aim to create and provide new services and solutions by utilizing digital channels as well as face-to-face interactions, and by combining various energy sources such as electricity, renewable energy, hydrogen, and e-methane*. We are committed to driving transformation across the entire Group to achieve this.

I personally recognize that taking on new challenges and being able to make drastic changes are my strengths. For about the first ten years since joining the Company, I had been responsible for analyzing various data related to our business, and this gave me

*e-methane: Methane synthesized from non-fossil fuel energy raw materials (green hydrogen, etc.)

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insights into the Tokyo Gas Group from a data perspective.

Subsequently, I was involved in the launch of energy services and power businesses, the full-scale development of our trading business, the development of new services utilizing derivatives, and the promotion of innovation equivalent to our current GX initiatives. Additionally, in the field of digital innovation, I have promoted digitalization through partnerships such as the one with Octopus Energy Group Limited in the UK. When engaging in business development, I placed importance on visiting the actual sites to sense and verify aspects that may not be apparent from the data.

I also formed a network of people in the government, industry, and academic sectors by participating in discussions related to Japan's environmental and energy policies. In this way, I have gained experience in various business areas beyond the city gas business. Recently, I have been deeply involved in the establishment of the Group Management Vision ("Compass2030," announced in 2019), "Compass Action" (announced in 2021), the Group management philosophy (formulated in 2022), and the mid-term management plan (announced in February 2023). These plans have laid the foundation and set the strategy for the entire Group going forward.

Drawing on this experience, I will concentrate on realizing new solutions that combine DX and GX.

We will promote transformation in accordance with three core strategies, based on Compass Transformation 23–25, our mid-term management plan.

The previous mid-term management plan covered FY2020 to FY2022. This period was marked by rapid changes in the environment that had a significant impact on our business, such as of COVID-19 and fluctuations in the energy market, triggered by international instability.

Even in such a business environment, we recognize that we have largely achieved our initial targets. In addition to achieving the targets for segment profits (operating profit + equity method profit), financial indicators, and cost structure reform, we accelerated our efforts toward decarbonization and actively invested in renewable energy. On top of that, I believe that the KPIs that were not achieved due to changes in the market conditions and competitive situation are issues that remain in the new mid-term management plan.

The new mid-term management plan for FY2023–FY2025 depicts a 150 bn yen profit level as the target for FY2025. Beyond that, the Group's management vision calls for segment profits of 200 bn yen in FY2030. In terms of efficiency indicators, we will aim for an ROA of approx. 4% and an ROE of approx. 8%.

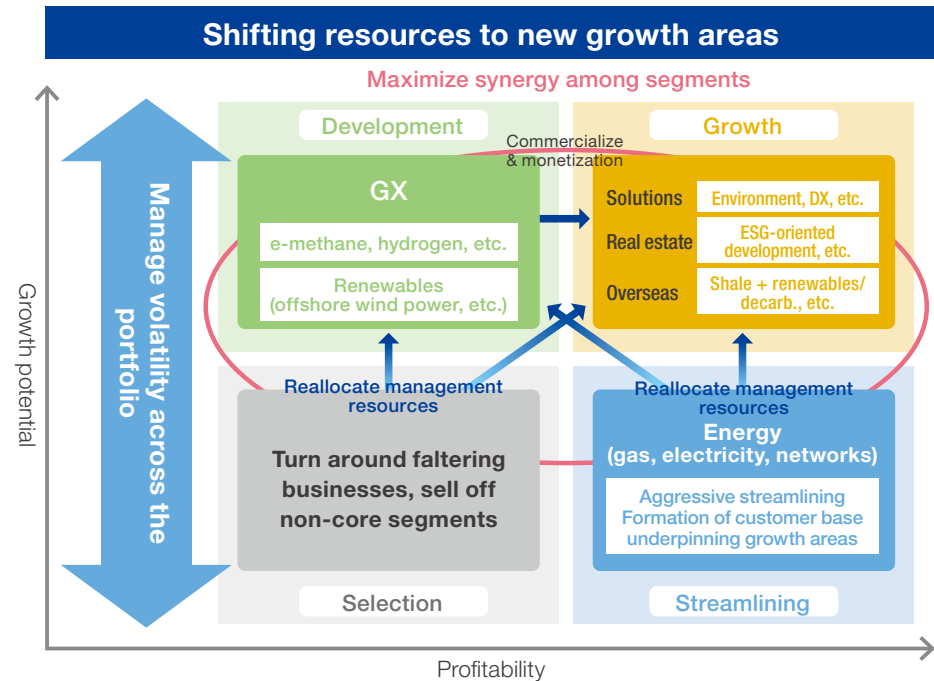
In order to steadily achieve these goals, the new mid-term management plan will fully promote portfolio-based management with enhanced business portfolio management. In the energy field, which has been the Group's mainstay business to date, we will further improve efficiency and generate cash. We will then actively invest in the new growth areas of GX, solutions, overseas, and real estate to develop the cash generated into the next

pillars of our business.

Together with these concepts, we set out "three core strategies" in the mid-term management plan.

The first is "Achieve both stable energy supply & decarbonization." As an energy provider, we believe that our Group's mission is to achieve decarbonization of the energy we supply while securing stable energy supply irrespective of the business environment. We positioned this as a key strategy going forward under the new mid-term management plan as well, in light of the recent heightened geopolitical risks and the acceleration of the decarbonization trend.

We have been responsible for building and operating resilient infrastructure to achieve a stable supply, and we have promoted three types of diversification: Procurement sources, terms of contracts, and LNG networks. In the future, by utilizing our gas and power assets more flexibly and enhancing integrated risk management that combines the supply and demand sides, we will be able to achieve a stable supply and improve profits through trading and other means, even in the face of increasing market volatility.



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Additionally, we will actively promote initiatives toward decarbonization. We will promote various initiatives for the early practical application of decarbonization technologies including renewable energy, hydrogen, and e-methane. In particular, we believe that the value co-creation set forth in our vision will be important for technological development, and we will promote it by collaborating with domestic and overseas partners as well as utilizing the national Green Innovation (GI) fund.

The second core strategy is “Fully roll out the solutions business.” Until now, we have been promoting our business under a structure based on strong roots in the community centered on the Tokyo metropolitan area and focusing on face-to-face customer service, but from the previous mid-term management plan, we have also started full-fledged efforts toward digitalization. We have established a new joint venture in partnership with Octopus Energy Group Limited, a company rapidly growing in the UK, and are promoting businesses that utilize the latest digital technologies. In addition to this, we intend to create new services that integrate DX and GX one after another in the future.

We will also create a new brand to clearly demonstrate the value we provide to Residential customers, Corporate customers and Community customers. The underlying values of the brand as we have categorized them are “resilience,” “optimization,” and “decarbonization.” By offering a variety of solutions and combining them according to customer needs, we will expand our menu based on the value we provide.

The third core strategy is “Realize a flexible corporate culture resilient to change,” which includes human capital management. As I mentioned earlier, we must challenge ourselves in new fields such as GX, DX, and CX. As for the mindset of our Group employees, while valuing the traditional corporate culture of safety, security, and trust, I would like them to strengthen their awareness of the Group’s reforms, take on the challenge of reskilling in new fields, and proactively gain a variety of experience.

Human resources with diverse external experience have joined our Group. The wish I always convey to them is: “We want the Group to work together as one to promote our business, so please actively communicate with employees who have been with our Group for a long time. That said, please don’t start to see everything through ‘Tokyo Gas Group’



glasses.” We look forward to the infusion of a new culture and the resulting chemical reactions for the Tokyo Gas Group to become a truly diversified company.

One of the features of the Tokyo Gas Group that has characterized it so far is its earnest approach, putting stable supply and safety first, and making thorough consideration and acting accordingly so that nothing goes wrong. Of course, there are areas where that is necessary, and not every new cultural change is necessarily good. However, new fields will require different approaches and forms of risk management. To that end, we place importance on having diversity within us.

Portfolio management will enable us to respond flexibly to market changes while clearly enhancing capital efficiency.

With the Group taking on a holdings-type group structure and need arising for internal companies or business subsidiaries to be self-run, awareness of earnings within the Group

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is increasing more than ever. Up until now, P&L management has had a strong significance, but I would like to focus on improving asset efficiency from now on. As we set required returns for each business based on risks and other characteristics and manage our portfolio, I would like to raise awareness on the balance sheets and capital costs of each company.

In the future, further investment will be needed to fully promote decarbonization. We will improve capital efficiency by enhancing business portfolio management so that we can sustainably generate the cash we need in the future.

We will ramp up our focus on augmenting corporate value while contributing toward the solution of social issues.

I have mentioned the need for reform, but looking back at our long history—about 140 years since our founding, reveals a picture of a history of challenges, overcoming turbulent times, including the Great Kanto Earthquake. The challenge of introducing LNG in 1969 was a major historic and significant undertaking not only for our company but also for Japan. Japan entered a period of rapid economic growth in the latter half of the 1950s and faced both sharply rising energy demand due to urban concentration and air pollution caused by factories. Tokyo Gas made concerted efforts over 12 years to address these problems, holding discussions with relevant government agencies and energy companies, and realized LNG imports for the first time. With regard to IT and DX, we introduced large-scale computers at a very early stage and have been using them not only for factory operations but also as part of business reforms, in customer information management and business systems. In this way, the Tokyo Gas Group has historically been equipped to deal with potentially major changes in environmental issues and the IT and DX areas.

The Group management philosophy, which was formulated in 2022, has been in place for one year and is now recognized by almost 100% of employees. However, if the Group management philosophy is not taken to heart and utilized as one's own, it becomes only lifeless words on a page, so I am convinced that it is necessary to



through business activities, and based on this, we have established a new mid-term management plan.

The Tokyo Gas Group will continue to focus on improving its enterprise value by achieving both sustainable growth and solutions to social issues, including contributions to the decarbonization field, as the materialities indicate. I would like to ask for your continued understanding and support.

continue to work to have it take hold. I have conversations with Group members about the management philosophy, new values and management whenever I have the opportunity, and I feel that the number of members who talk about various businesses in light of the philosophy is steadily increasing.

The meaning of our philosophy in the former part, “Standing by every person and dedicating ourselves to the society,” has been our foundation since the old days of “Security, Safety, and Trust,” and this part is obviously necessary.

On the other hand, it is my conviction that the latter part, to become “the energy that weaves the future,” will be extremely important for the future. There are two meanings to “energy” here. One is, literally, the energy we supply to our customers. In addition to conventional gas and electricity, this also includes renewable energy, hydrogen, e-methane, and energy solutions for future decarbonization. The second meaning of energy is the “vitality” or “drive” necessary for all Group members to take on challenges toward a bright future, which is also linked to Human Capital Management, which is based on the premise for providing new solutions to our customers.

We will take on the challenge of “weaving the future” with energy under both of these meanings. That is, “we who weave the future” will realize “the energy that weaves the future” and “the solutions that weave the future.”

In addition, based on the Group management philosophy, and incorporating insights from external stakeholders, we have defined materialities, which are key sustainability issues that the Group will address

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