

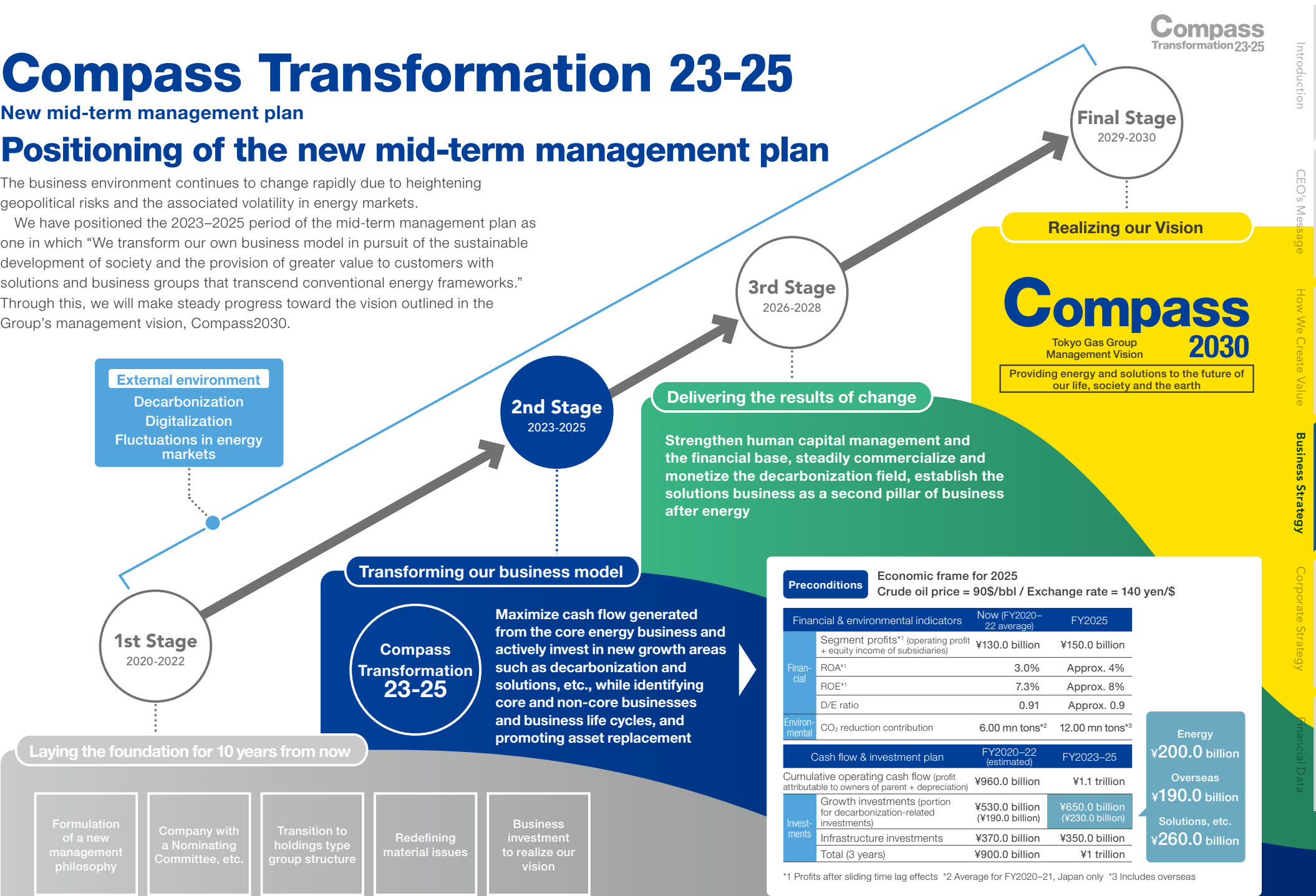
Compass Transformation 23-25

New mid-term management plan

Positioning of the new mid-term management plan

The business environment continues to change rapidly due to heightening geopolitical risks and the associated volatility in energy markets.

We have positioned the 2023–2025 period of the mid-term management plan as one in which “We transform our own business model in pursuit of the sustainable development of society and the provision of greater value to customers with solutions and business groups that transcend conventional energy frameworks.” Through this, we will make steady progress toward the vision outlined in the Group’s management vision, Compass2030.



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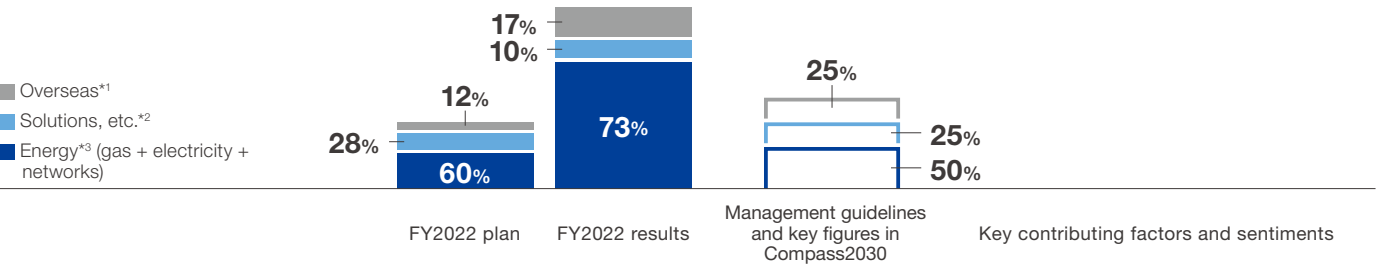
Looking Back on the Previous Mid-term Management Plan

Despite an uncertain business environment owing to the spread of COVID-19 and the expansion of market volatility, our efforts to achieve the mid-term management plan were progressing smoothly.

As for KPIs and KGIs, while some issues remain, such as growth in the No. of customer accounts and renewable power source transaction volume due to ongoing competitive pressure, we were able to generally achieve our targets for the most part.

We will continue to monitor trends in the LNG and electricity markets, international situations, and other factors, and promote initiatives to achieve our vision and the new mid-term management plan.

Business portfolio composition: operating profit + equity income of subsidiaries



KGI				
operating profit + equity income of subsidiaries	¥140.0 billion	¥417.0 billion	Approx. 200 bn yen	Strong performance driven mainly by competitive access to raw materials, and by increased revenues from overseas business (particularly upstream interests) due to skyrocketing oil prices, and sharp yen depreciation
Financial indicators				
ROA	Approx. 4%	8.3%	4%	Profitability indicators soared with strong earnings
ROE	Approx. 8%	20.0%	8%	Profitability indicators soared with strong earnings
D/E ratio	Approx. 0.9	0.81	Approx. 0.9	Borrowings are expanding due to focused investment in growth areas, etc., but D/E ratio is advancing as planned thanks to strong earnings
Factoring in hybrid bonds/loans	—	0.76		
KPI				
No. of customer accounts, million (FY-end)	14.80	13.00	20.00	Gas and electricity accounts have steadily risen, but growth in services & solutions accounts has stalled
Natural gas transaction volume, million tons (FY)	17.00	19.00	20.00	Tracking strongly, buoyed by increased demand from power generation industry and other factors
Segment profit from Overseas Business, ¥billion (FY)	16.0	67.9	—	Upstream and shale business performance is robust owing to higher oil prices and other factors
CO ₂ reduction contribution , million tons (Base year: FY2013)	6.50	6.35	17.00 ^{*4}	Plateauing due to factors such as decreased operation of customer equipment
Renewable power source transaction volume, million kW (FY-end)	2.00	1.633	6.00 ^{*5}	Growth is being slowed down by shifting market conditions and fiercer competition
Cost structure reform, ¥billion (vs. FY2019)	-30.0	-30.0	—	Reforms for reducing consignment, repair, indirect, and other costs are moving on track
Capital expenditure	FY2020–22 plan	FY2020–23 results	FY2021–30 plan	
Overseas business (¥ billion) ^{*1}	200.0	153.3	Approx. 500.0	
Renewable energy (¥ billion)	110.0	61.7	—	
Solutions, etc. (¥ billion) ^{*2}	200.0	130.3	Approx. 1,000	
Energy (¥ billion) ^{*3}	380.0	436.0	Approx. 500.0	
Renewable energy (¥ billion)	30.0	107.4	—	
Common (¥ billion)	220.0	106.3	—	
Total (¥ billion)	1,000	826.1	2,000	

*1 All overseas businesses

*2 Energy-related, real estate, other

*3 Gas and electricity business in Japan

*4 The Compass2030 initial target: 10 million tons (Japan only)

*5 The Compass2030 initial target: 5 million kW

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Deriving Strategy from remaining challenges

Achievements and challenges under the previous medium-term plan

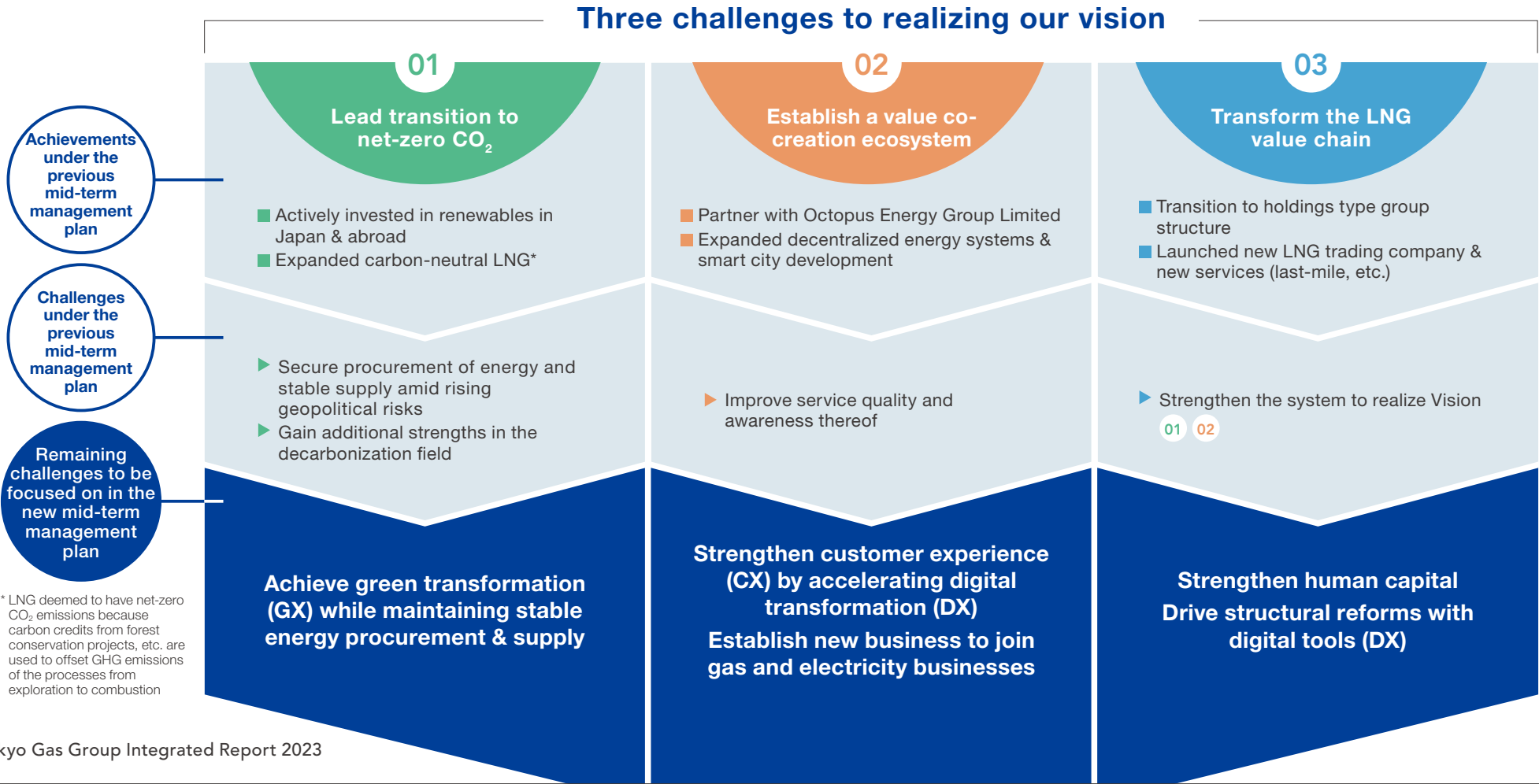
By actively investing in the renewable energy field in Japan and overseas, partnering with Octopus Energy Group Limited, and shifting to a holdings type group structure through FY2022, we have built the foundation to achieve the vision we set for ourselves in Compass2030.

However, as LNG procurement risks due to the external environment, such as geopolitical risks, have become apparent, this was also a period in which we strongly felt the importance of continuing stable procurement and supply.

In addition, challenges remained in acquiring strengths in the decarbonization field,

promoting commercialization and increasing profitability, and in improving the quality and recognition of services amid ongoing competitive aggressiveness.

Based on the achievements and challenges under the previous mid-term management plan, the new mid-term management plan aims to maximize the diverse values of LNG while actively investing resources in the GX field (renewable energy, e-methane, etc.), expand solutions by utilizing digital technology based on our real strengths, establish a profit model, and reform staff operations and Human Capital Management through the use of digital technology.



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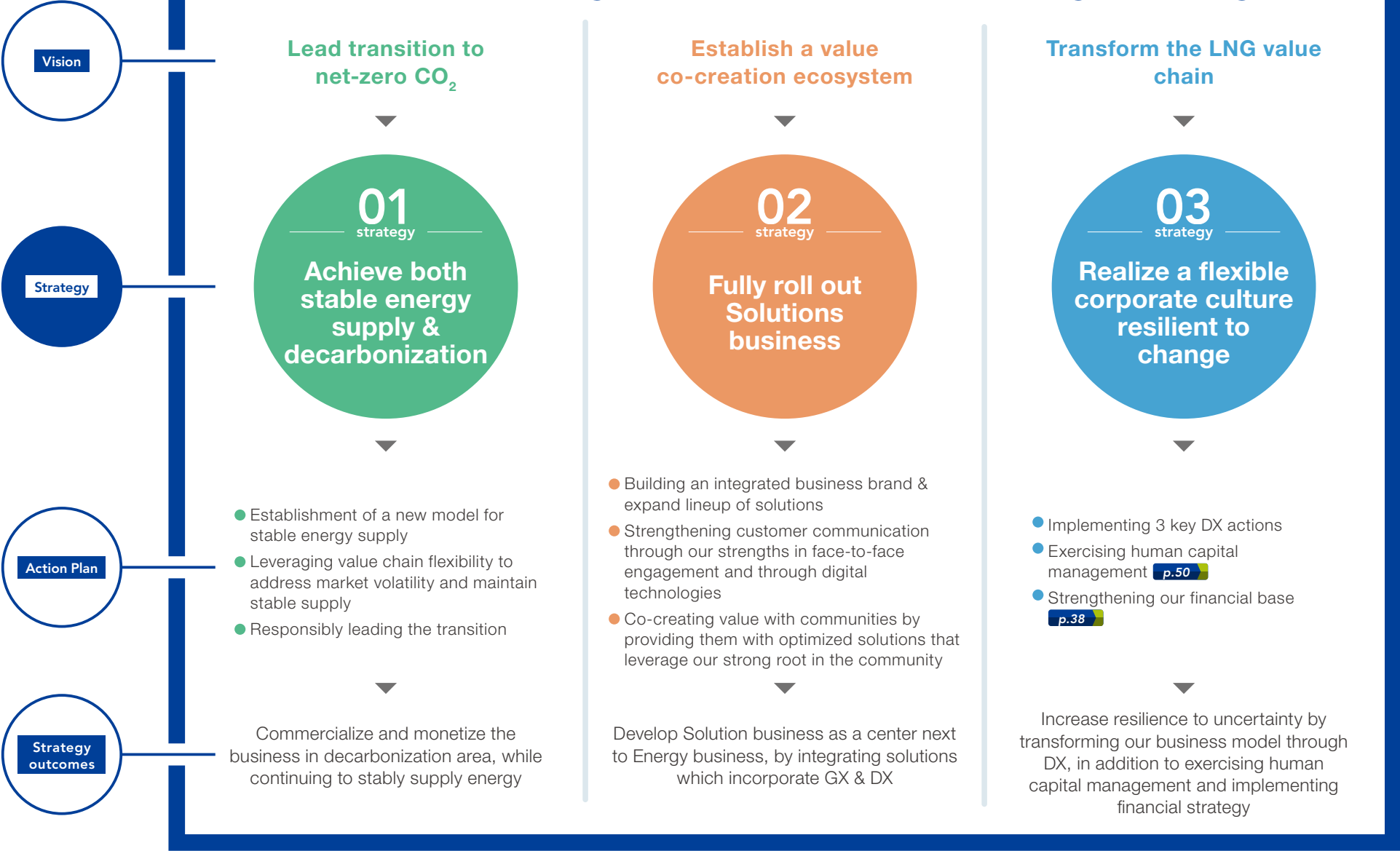
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Three core strategies derived from remaining challenges



Establish a new model for stable energy supply

Provide customers with optimal energy solutions by integrating various values such as decarbonization and decentralization using digital technologies

As an island country with few resources, it is important for Japan to achieve both a stable supply of energy and decarbonization, and the Tokyo Gas Group sees this as its own responsibility.

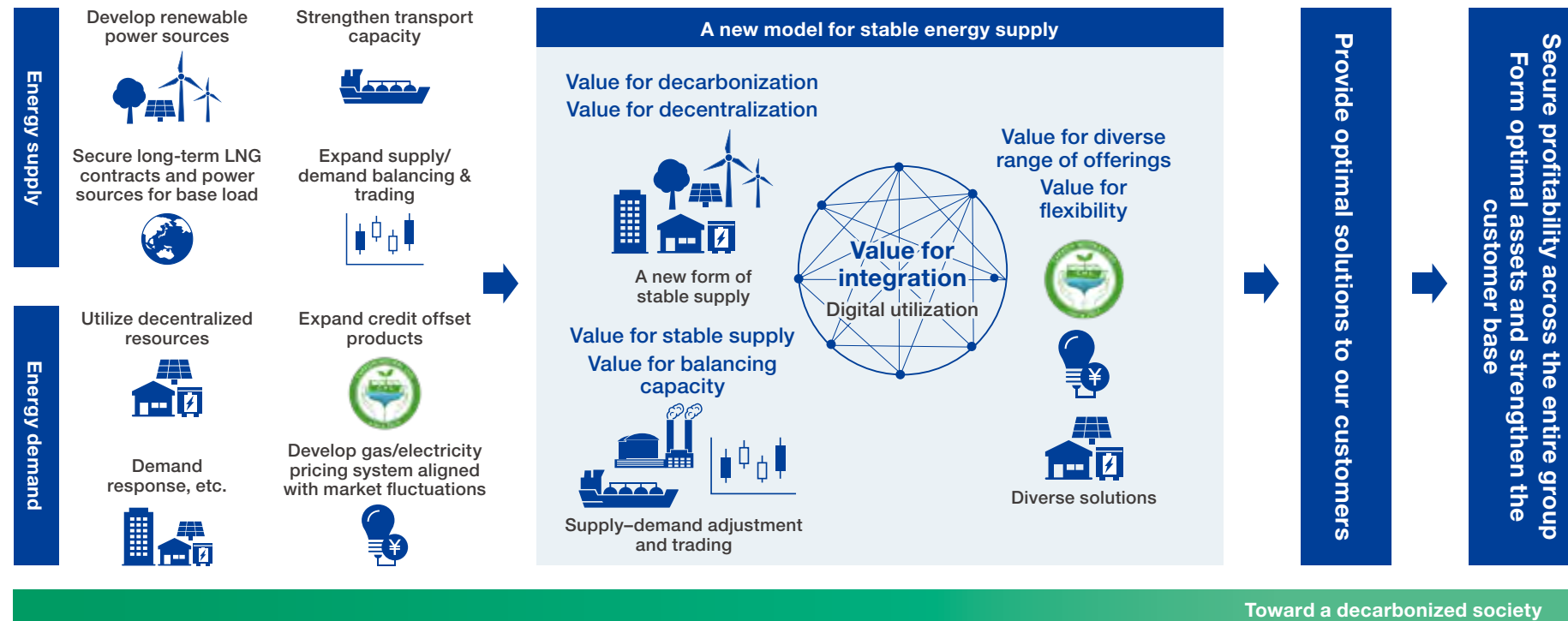
The new model for stable energy supply that we are aiming for is to provide optimal energy solutions to customers through a combination of the value for stable supply of LNG, the value for balancing capacity that flexibly balances supply and demand, the decarbonization and the decentralization value for renewable energy, in combination with the power of digital technology.

Even in an environment with high volatility, we will promote decarbonization while simultaneously controlling the impact of fluctuations by integrating supply and demand, customers, and society as a whole, rather than going unidirectionally from supply to demand.



Compass Transformation 23-25

<https://www.tokyo-gas.co.jp/en/IR/support/pdf/20230222-05e.pdf#page=14>



Leverage value chain flexibility to address market volatility and maintain stable supply

In order to respond to the increasing fluctuations in the energy market, we will form and manage assets suitable for newly growing markets, such as adjustability and environmental value, and by building a digital trading platform, we will realize an energy supply that is highly stable, environmentally friendly, and flexible according to customer needs.

What we've done

Laid AO&T* groundwork

- ▶ Commenced optimal operation of LNG/electricity procurement, supply, and trading in ways leveraging our LNG assets
- ▶ Built platform centered on Singapore & Tokyo for LNG trading in East Asia & Pacific region
- ▶ Launched LNG trading with North America, Europe, and the Pacific through collaboration with European alliance partner

Actions for FY2023-25

Risk management & flexible asset utilization across the value chain

- Centralize management across the entire value chain of market risk and the option values of our LNG and electricity assets, which previously we managed individually
- Decentralized resources (storage batteries, PVs, EVs), which are customer equipment, are also centrally managed across the value chain and utilized as a coordination force

Expand LNG/electricity trading and increase sophistication

- Strengthen LNG trading in European/Atlantic markets
- Combine financial products and our assets, and engage in sophisticated asset operation using digital technology
- Diversify trading by entering the electricity supply/demand balancing market

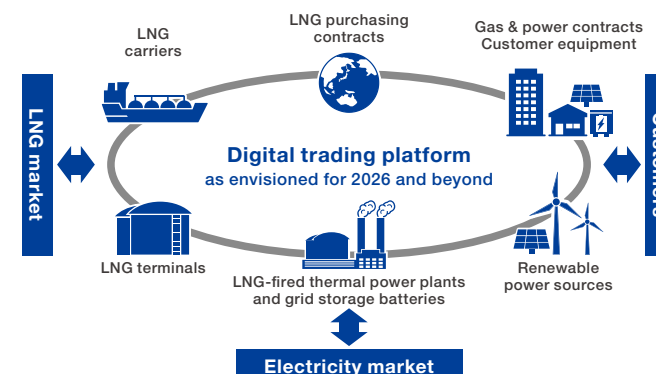
Achieving advanced asset optimization & trading with a digital trading platform

Until now, our focus has been on strengthening our own LNG assets and expanding gas and electricity sales volumes, but going forward, we will expand the value we provide to customers through energy by integrating supply and demand with our digital trading platform.

By centrally managing not only our company assets but also customer-owned equipment such as storage batteries and PVs, as well as other companies' assets, and establishing a series of energy supply and demand portfolios including transactions with the market, we aim to optimize and monetize the option value of each resource, including its adjustability and environmental friendliness, and respond to risks and opportunities in real time.

For example, when electricity market prices rise, we can realize a stable and competitive energy supply by procuring electricity not only from among our own assets but also from customer equipment in the value chain. In addition, if surplus electricity is generated, it can be traded on the electricity market and monetized.

To achieve this, we will combine the knowledge we have cultivated so far with Octopus Energy's Group Limited's technology. In addition, we will accelerate the acquisition of decentralized resources and expand our decarbonization product line.



When the electricity market soars

- Procure electricity not only from among our own assets but also from customer equipment and supply it to customers
- Trading surplus electricity on the electricity market

*Asset optimization & trading: Integrated approach to optimal operation of facilities and trading

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Responsibly leading the transition

While further promoting the advanced use of LNG in Japan and overseas to reduce CO₂ emissions, we will use the profits therefrom to invest in advanced decarbonization fields such as renewable energy (especially offshore wind with its large market), e-methane and hydrogen, and will progressively commercialize these fields to lead a responsible transition that achieves both stable supply and decarbonization.

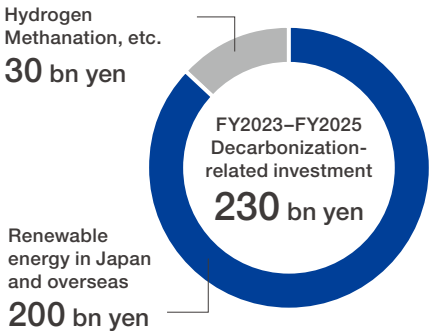
In addition to reduction of our emissions, we will provide optimal solutions that meet customer needs, and establish a virtuous cycle of sustainable development for both our customers and the Tokyo Gas Group, with the aim of achieving both decarbonization and economic growth for society as a whole.

What we've done	Actions for FY2023–25
Sophisticated use of natural gas ▶ Consumer need for carbon-neutral LNG: about 120 projects (As of April 30, 2023)	■ Expand solutions, including carbon credit-based CNL, etc.
Decarbonization of gas ▶ Conducted small-scale methanation demonstration testing ▶ Developed innovative methane production technology ▶ Developed low-cost water electrolysis cell stack	■ Establish large-scale e-methane supply chain ■ Final investment target decision for building large-scale e-methane supply chain overseas in 2025 ■ Develop Commercial low-cost water electrolysis cell stack for production of hydrogen
Decarbonization of electricity ▶ Expanded renewable power sources through development & acquisition ▶ Renewable power source transaction volume*1: 1.49 mn kW	■ Acquire renewable power sources toward acquisition of new revenue sources ■ Accelerate efforts for early real-world deployment of floating offshore wind power ■ Renewable power source transaction volume by 2025: 2.20 mn kW
Reduction of our emissions ▶ Began working to achieve net-zero emissions of CO ₂ from our activities*2 ▶ Net-zero CO ₂ from our activities: Achieved 18% of our target	■ Study methods for achieving net-zero CO ₂ emissions from our thermal power plants ■ Achieve net-zero CO ₂ emissions from city gas production facilities ■ Implement countermeasures for methane emissions in shale development ■ By 2025, reach 60% net-zero CO ₂ from our activities: (vs. FY2020)

*1 Total from our assets (including projects targeted for investment), external suppliers, etc.
*2 CO₂ emitted from city gas production facilities, buildings, etc. we use, and company vehicles. Target is based on FY2020.

Investment in the decarbonization sector, including renewable energy, methanation, and hydrogen

In the domestic renewable energy sector, we plan to expand our earnings through the development and acquisition of power sources. For overseas renewable energy, we will invest in Europe and Southeast Asia to contribute to future earnings. In the area of hydrogen and methanation, we will work on establishment of technologies, system compliance, and raw material procurement to build a large-scale overseas e-methane supply chain, with the aim of monetization in the future.



Strengthening the earnings base overseas and contributing to decarbonization

Overseas, in addition to replacing assets, we will promote collaboration among our businesses and expand earnings. For example, in the shale gas business, we are considering connecting each business through trading functions, rather than generating revenue through individual projects. We will also accelerate investments in the decarbonization field including renewable energy to contribute to future profits. By 2025, we aim to establish a stable profit base by making profit contributions in the shale gas business and contributing to profits in the decarbonized field including renewable energy.



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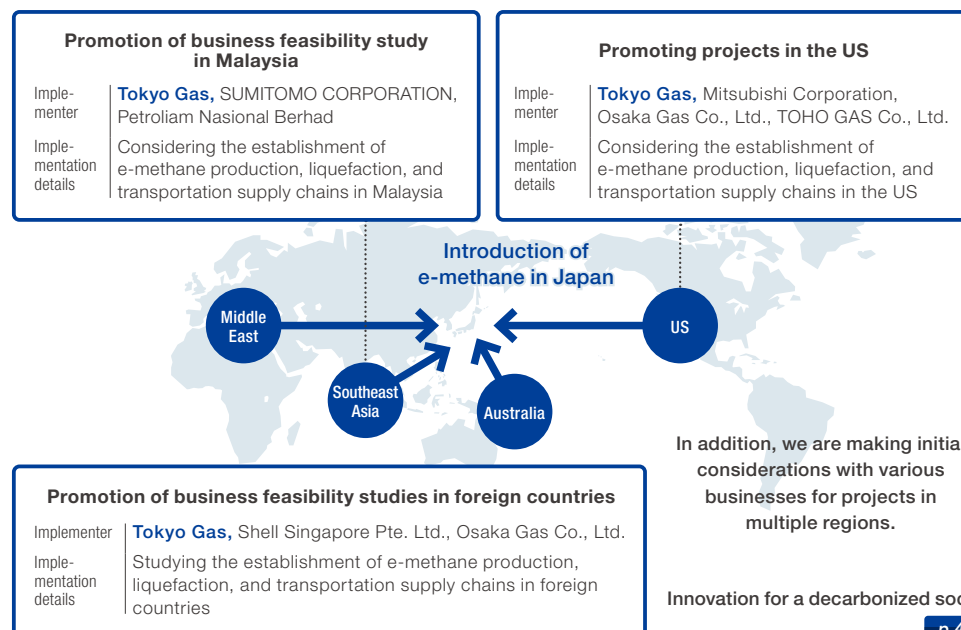
Promotion of Large-Scale e-methane Commercialization Projects Overseas, Development of Innovative Methanation Technologies, and Development of Low-Cost Water Electrolysis Cell Stacks

Leveraging the knowledge we have gained from the small-scale demonstration of e-methane in Japan, we are promoting multiple commercialization projects to establish the world's first large-scale manufacturing and supply chain for e-methane overseas. The goal for FY2025 is to make investment decisions for building a large-scale supply chain for e-methane overseas, and we will also support the introduction of e-methane in Asia, where LNG market growth is expected in the future.

In addition, we are developing innovative methanation technologies with the support of the Green Innovation Fund to reduce the cost of e-methane production.

Furthermore, in order to reduce the cost of production of hydrogen, which is a raw material for e-methane, we are working with SCREEN Holdings Co., Ltd. to develop low-cost water electrolysis cell stacks utilizing the knowledge cultivated in fuel cells.

Consideration for building a large-scale e-methane supply chain overseas



Efforts toward commercialization of floating offshore wind power generation business

In May 2020, Tokyo Gas invested in Principle Power Inc., developer of its own floating foundation system for offshore wind power generation, WindFloat®. WindFloat®, owned and developed by Principle Power Inc., has excellent stability at sea and has already been adopted*1 for large wind turbines in Europe. For Japan, which has few shallow waters, floating offshore wind power generation using technology that can be installed even in deep waters is expected to have great potential, and it is expected to be introduced more and more in the future.

In February 2023, Tokyo Gas and Shinobuyama Fukushima Power Co., Ltd. announced the start of their study on a floating offshore wind power project off the coast of Fukushima Prefecture. Based on Principle Power's floating technology, we will aim to commercialize the project by utilizing the know-how gained through the demonstration research project**2 conducted off the coast of Fukushima.

WindFloat®

Among floating foundation systems for offshore wind power generation, WindFloat® uses what is called a semi-submersible platform, and it has already been commercially operated in the Atlantic Ocean and the North Sea with a total capacity of 72.7 MW. As to the technical performance of WindFloat®, it has a track record of being able to operate without problems even in an environment where waves of a maximum height of 17 m and wind of a maximum speed of 59.4 m/s. occur.



Photo of the Kincardine Offshore Wind Farm project courtesy of Principle Power Inc.

*1 Performance details: commercial operation of three 8.4-MW units offshore Portugal and five 9.5-MW units offshore Scotland

**2 Fukushima floating offshore wind farm demonstration research project

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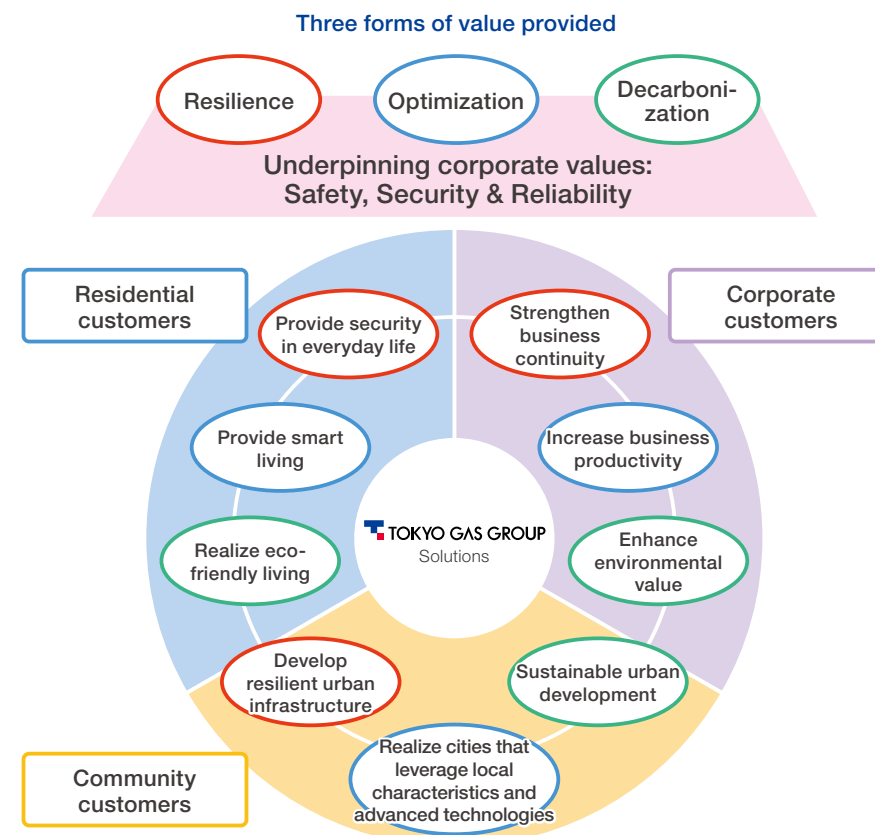
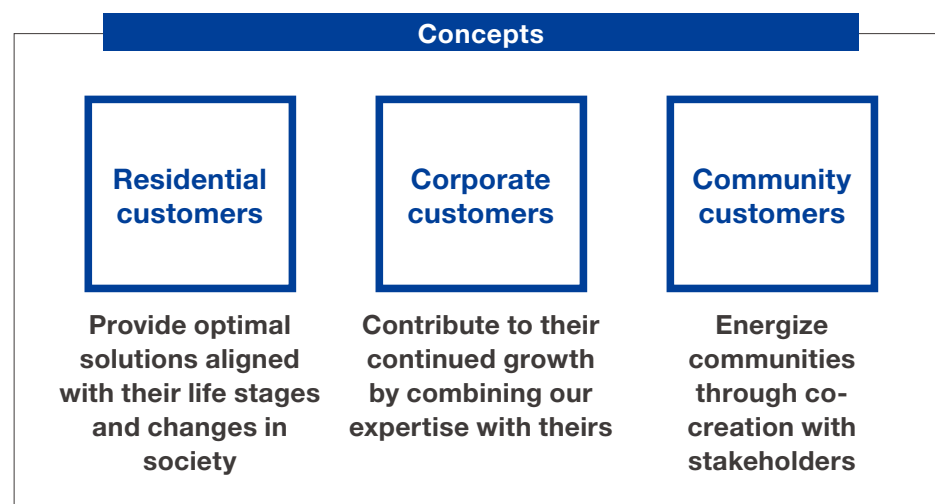
Building an integrated business brand & expand lineup of solutions

We have redefined the values we provide to our customers as “Resilience,” “Optimization,” and “Decarbonization,” and we are building a new brand that integrates solutions related to these. We provide easy-to-understand and easy-to-use solution menus for residential, corporate, and community customers.

Role and purpose of building a comprehensive business brand

In addition to the corporate values of “safety, security, and reliability,” which have been cultivated as the foundation of our business, we will formulate a business brand that incorporates the three values of “resilience, optimization, and decarbonization” in order to expand our solutions.

We have been developing each service according to the needs of our customers, but by branding the solutions we deliver and clarifying the value we provide, we will further improve recognition and achieve profit growth.



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Strengthening customer communication through our strengths in face-to-face engagement and through digital technologies

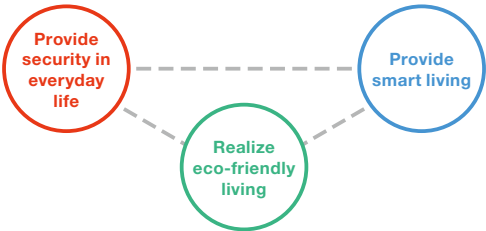
Enhance residential solutions to serve diverse customer needs

By utilizing advanced digital technologies such as those of Octopus Energy Group Limited to enhance communication with our customers, we will further strengthen the relationships we have cultivated with them through in-person contact.

What we've done	Actions for FY2023–25
Energy supply <ul style="list-style-type: none">Expanded customer base with co-creation partnersLaunched Sasutena Denki & other new electricity plans	Achieve real growth in energy business <ul style="list-style-type: none">Establishment of price menus and service delivery systems that meet the diverse needs of our customers, such as environmental friendliness and different usage patterns
Expansion of products/services <ul style="list-style-type: none">Began offering products/solutions for PV, storage batteries, etc.Rolled out repair & home support services that leverage our last-mile strengths	Turn energy & environmental equipment into solutions <ul style="list-style-type: none">Leverage decentralized resources (PV, storage batteries, EV) to build up solutions (demand response, etc.) through alliances with diverse players
Platform for value provision <ul style="list-style-type: none">Redesigned platform for customer reception/management	Implement personalized digital marketing that capitalizes on our strengths in face-to-face engagement <ul style="list-style-type: none">Standardization and centralization of systems that have until now been subdivided by serviceLeverage digital technology platform to expand interactive communication with customers, by shifting to highly responsive customer-centric processes/systems and optimizing approaches based on data on customer traits/behavior

FY2025
Expand internal/external partnerships and co-creation to support customer lifestyles

Total sales **Approx. ¥100 billion**
(more than +40% over 3 years)



Strengthening of customer relationships through solutions that leverage the last-mile

The strengths of LIFEVAL and Enesta, which are responsible for Tokyo Gas' last-mile, lie in their having many engineers and connections with customers and local communities. We leverage these strengths to provide services such as in-home repair and equipment installation for our customers who demand technical capability and quality.

Based on these strengths and high-quality services, we will continue to expand and utilize our digital infrastructure, including standardizing systems subdivided by service, and provide solutions that can immediately respond to customer needs.

Number of holders of gas appliance repair qualifications

2,176 persons As of May 2023

Number of holders of plumbing repair qualifications

1,147 persons As of May 2023

Number of registered equipment installation workers

3,293 persons As of May 2023

Expanding customer accounts by leveraging TG Octopus Energy's Group Limited's digital technology

We established TG Octopus Energy Group Limited, a joint venture with Octopus Energy's Group Limited, a UK-based energy tech company, and began operations in Japan in November 2021. Octopus Energy's Group Limited proprietary system centralizes essential functions for energy services such as customer information management, billing management, and invoicing, enabling the quick creation of a variety of rate plans and services. In addition, the same customer support team is always available for each customer, forming a concierge-like service to solve all inquiries.

We will apply this expertise in the gas and power services of the Tokyo Gas Group to further expand customer accounts.



Co-creating value with communities by providing them with optimized solutions that leverage our strong root in the community

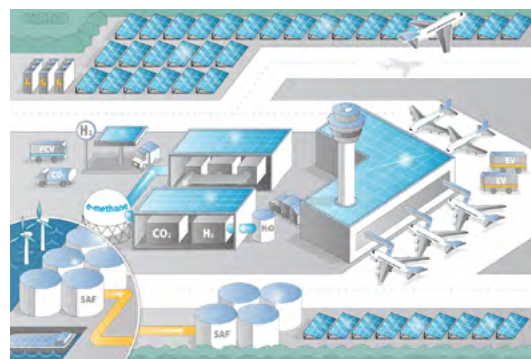
The Tokyo Gas Group and its alliance partners will optimally combine a full range of environmental solutions, from energy conservation to advanced decarbonization technologies, to help solve challenges for our customers and local communities.

Furthermore, we will promote ESG-oriented real estate development and urban development by expanding our solutions, business areas, and fields, aiming to realize sustainable communities.

An energy supply company contributing to the decarbonization of Narita International Airport

Green Energy Frontier, which was established by NARITA INTERNATIONAL AIRPORT CORPORATION and Tokyo Gas to provide energy supply to Narita International Airport, began operations in April 2023. We will start supplying energy (electricity and heat) to Narita International Airport and take on the challenge of decarbonizing the energy supplied to it by 2050. We plan to invest 100 bn yen by 2050 in the construction of a new energy plant and the installation of a 180MW*1 solar power generation facility which will be the world's largest*2 solar power generation facility at an airport.

The Tokyo Gas Group will engage in the energy supply business and the airport decarbonization business by leveraging the energy supply know-how it has cultivated over the years, as well as its knowledge in the construction and operation of large-scale energy plants.

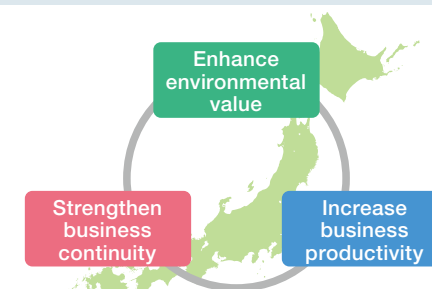


Enhance corporate customer solutions for the era of decarbonization & decentralization

What we've done	Actions for FY2023-25
Energy supply <ul style="list-style-type: none"> Expanded supply of city gas, LNG, and electricity in mainly the Tokyo metropolitan area Became first in Japan to introduce carbon-neutral LNG 	Enhancement and nationwide deployment of decarbonization solutions <ul style="list-style-type: none"> Providing continuous and highly effective solutions in domains ranging from environmental consulting to EPC, from energy services to operation and maintenance Enhance/provide decarbonization products and link them with certification (Provide customer-tailored renewable energy [Solar Advance, biomass, geothermal, etc.] and carbon credit offsetting products) Promote large projects combining energy supply and decarbonization solutions
Provision of solutions <ul style="list-style-type: none"> Provided engineering solutions that capitalize on our user know-how 	Sophisticated decentralized energy networks <ul style="list-style-type: none"> Help customers to improve the value added of their equipment and optimize energy management (VPP*3, demand response, storage batteries, CPPA*4, corporate EV services, etc.) Ensure stable energy procurement/supply, expand range of solutions aligned with market conditions
Sales organization realignment <ul style="list-style-type: none"> Corporate sales functions were consolidated at TGES 	Develop/deploy data-driven solutions <ul style="list-style-type: none"> Expand new solutions that help to streamline work processes and save labor (Helionet Advance, O&M-DX, Joy series*5, facility management, etc.)

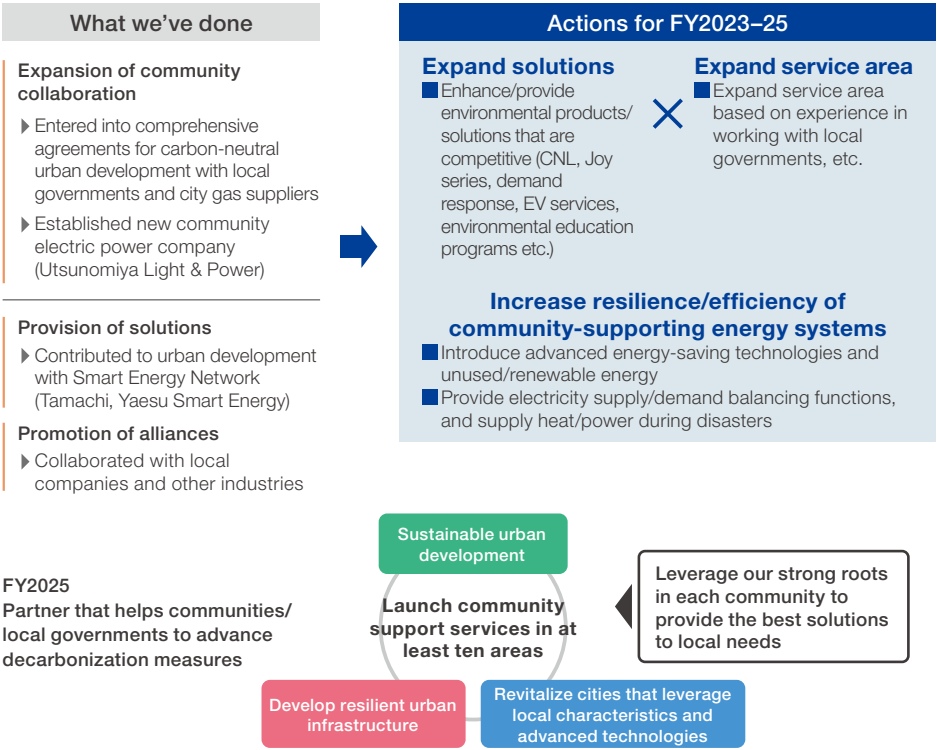
FY2025
Decarbonization solutions partner that solves a wide range of management challenges and co-creates the future for customers that operate offices nationwide

Total sales **Approx. ¥210 billion**
(+10% over three years)



*1 Generating panel capacity
*2 According to research by Narita International Airport Corporation and Tokyo Gas
*3 Virtual power plant (a system that provides integrated control of customer-owned power sources and uses them to balance electricity supply/demand)
*4 Corporate power purchase agreement (agreements in which corporate customers [businesses, local governments, etc.] make long-term purchases of electricity from utilities)
*5 Central management software that helps customers with factories, etc. digitalize utility equipment and improve productivity

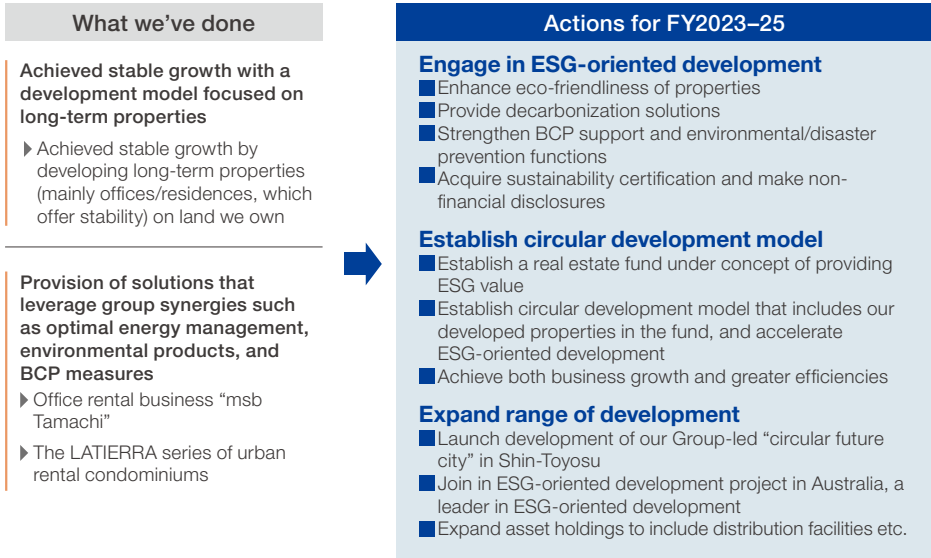
Expand community solutions through co-creation



Provision of solutions in collaboration with local governments and city gas companies

Leveraging the strengths of community contribution, execution, and long-term support that we have cultivated in our business areas, the Group will solve regional issues and maximize profit opportunities by combining carbon neutral LNG, renewable energy, digital solutions, and EV charging management. In July 2021, Utsunomiya Light & Power Co., Inc. was established through joint investment with Utsunomiya City, NTT Anode Energy Corporation, The Ashikaga Bank, Ltd., and THE TOCHIGI BANK, LTD. With Utsunomiya Light & Power supplying electricity from biomass power generation and solar power generation in Utsunomiya City to municipal facilities, we are promoting local production for local consumption of renewable energy.

Engage in ESG-oriented real estate development



Example of ESG-based development: LATIERRA Ueno-Inaricho (tentative name)

In addition to obtaining the ZEH-M Oriented environmental certification, we plan to install solar panels on the roof and use Sasutena Denki, which is effectively 100% renewable energy.



FY2025
Contributing to sustainable urban development by co-creating value with investors through ESG-based development as an engine for growth

Profit growth of more than 10% over three years

Real estate fund size of 40 billion yen

Started large-scale development in Shin-Toyosu

Implementing three key DX actions

We will promote the following measures as the three pillars of DX, with the aim of incorporating the knowledge of advanced companies and evolving systems and business processes that take advantage of the characteristics of digital technology.

Exercising Human Capital Management **p.50**
Strengthening our financial base **p.38**

1 Establishment of a digital trading platform that contributes to both supply and demand adjustment and profit generation

Core strategies in the new mid-term management plan **1**

Digital trading platform **p.27**

To achieve both stable energy supply & decarbonization, we will proceed with building a digital trading platform. We aim to provide stable supplies of energy and gas, electricity, and environmental value that meet our customers' needs.

2 Improve CX by centralizing and standardizing customer management systems platform

Core strategies in the new mid-term management plan **2**

Centralization and standardization of customer management system platform **p.31**

In order to fully roll out the Solutions business, we will promote the centralization and standardization of the customer management system platform. We will realize the transition to customer-centric, highly responsive operations and systems, and digital marketing based on customer demographic and behavior data.

3 Double the productivity of indirect operations by fundamentally reviewing the business processes of staff operations

We will improve efficiency and strengthen governance by standardizing and consolidating staff operations and promoting strategies for optimal utilization of real estate holdings. In addition, we will utilize digital technology to improve productivity by visualizing business processes and performance. By 2025, we aim to achieve a 40–50% reduction in indirect operations and improve earning power and management agility.

Development of data and digital infrastructures, Expansion of DX human resources by strengthening recruitment of external human resources and actively investing in education

What we've done

Implemented DX measures in each value chain function

Built an integrated platform for Group-wide data analysis

Established Digital Innovation Division to lead Group-wide DX

Systematized DX talent training (800 DX leaders)

FY2025
Begin operating data/digital technology platform

Actions for FY2023–25

Build a data/digital platform

- Strengthen data platform for value co-creation through internal/external data coordination and for AI-enhanced sophisticated processing
- Build digital technology platform for supporting implementation of focused DX actions (use Octopus Energy's technologies)

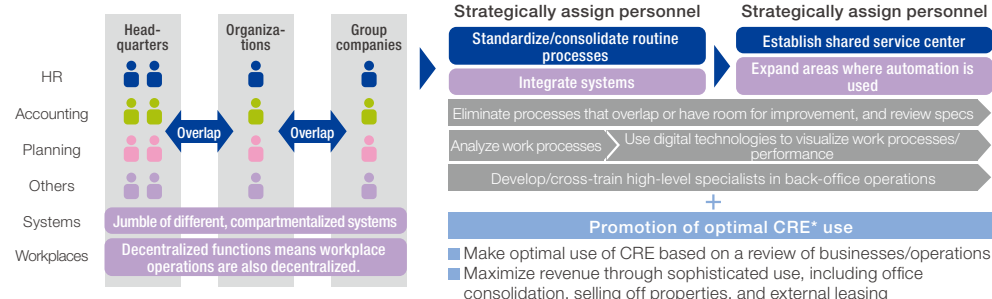
Increase pool of DX talent and strengthen inter-organization coordination through DX promotion committee

- Enhance DX training that emphasizes practical expertise and actively invest in training
- Increase recruitment of high-level DX talent and develop career paths
- Establish DX promotion committee chaired by CDO

DX leaders: 3,000

High-level/
core DX talent: 500

Development of DX human resources **p.51**



*Corporate Real Estate