

Be an Energy Driver



TOKYO GAS GROUP | Integrated Report 2023

TOKYO GAS GROUP INTEGRATED REPORT 2023

New Group Slogan

Be an Energy Driver

Today, we are thinking again

“How can we create new value that enriches
people’s everyday lives even more?”

Today, we are challenging ourselves again.

To go beyond the realm of city gas and
to think outside the box.

So that we can weave a happier tomorrow
as we stand by our customers to support society.

We each think and challenge ourselves
to be the energy driver that brings forth
a sustainable future.

We are the Tokyo Gas Group.

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Achieving Twin Goals: A Stable Supply of Energy and Decarbonization

We should never stop the energy supply. As an energy provider that stands by our customers and supports society, we are responsible for ensuring a stable supply of energy. At the same time, we must contribute to achieving a decarbonized society. It is also our responsibility to address climate change head-on for a sustainable global environment. By working simultaneously toward these two objectives and further creating value that transcends the framework of energy, we aim to “Be an Energy Driver.”



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Protecting Safe and Secure Living of Our Customers

Seismometers in the service area*

Approx.
4,000
locations

*Tokyo Gas Network Co., Ltd.

For more than 130 years since our founding, we have done our utmost to ensure the safety and security of our customers as an energy provider. We have advanced our disaster prevention systems by strengthening pipeline networks and arranging seismometers in dense configurations to provide more comprehensive disaster preparedness. Even when our business environment includes unpredictable factors such as the COVID-19 pandemic and geopolitical risks, we remain responsible for maintaining a stable energy supply and protecting our customers' daily living and business activities.

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Photo courtesy of INPEX Corporation

LNG carriers owned and managed by the company

10 carriers

LNG procurement

4 countries / 13 projects

13 million tons

No. of customer accounts

13 million

Serving Diverse Customer Needs with a New Model for Stable Supply

As the energy system becomes more decentralized and bidirectional, the energy market grows increasingly complex. Against this backdrop, we will harness the flexibility of the entire value chain and utilize digital technologies to optimize and control supply and demand.

We will serve the diverse needs of our customers, such as for stability, environmental friendliness, and optimization, by offering a variety of energy sources, including LNG, renewable energy, e-methane, and hydrogen.

LNG terminals

4 locations

Gas generation capacity

In Japan and overseas

Total of
2.118 mn kW

Renewable energy transaction volume

In Japan and overseas

Total of
1.633 mn kW

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Responsibly Leading the Transition by Making Sophisticated Use of Natural Gas

We are committed to promoting a responsible transition towards a decarbonized society, taking into account factors such as stable supply and economic viability. To achieve these goals, we will promote the sophisticated use of natural gas to steadily reduce CO₂ emissions across society.

One solution could be carbon-neutral LNG. This refers to LNG that offsets the CO₂ emitted from natural gas through carbon credits generated through forest conservation and other activities. On a global scale, this type of LNG is considered to be carbon neutral, even if combusted. We are committed to working with our customers to achieve net-zero CO₂ emissions by promoting and expanding the use of carbon neutral LNG.

CO₂ reduction contribution (2030)

17
mn tons



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Achieving Net-Zero CO₂ and Realizing a Decarbonized Society through Innovation

CO₂ emissions by the
Tokyo Gas Group (2050)

Net-zero
CO₂

To realize a net-zero CO₂ world, innovation to decarbonize gas and electricity is essential. We are developing methanation technologies, which recycles CO₂, alongside the expansion of renewable power sources, and are making moves to replace city gas with carbon-neutral “e-methane.” By utilizing existing infrastructure, we aim to achieve net-zero CO₂ without extensive investments.

Our goal is to realize decarbonization that leaves no one behind.

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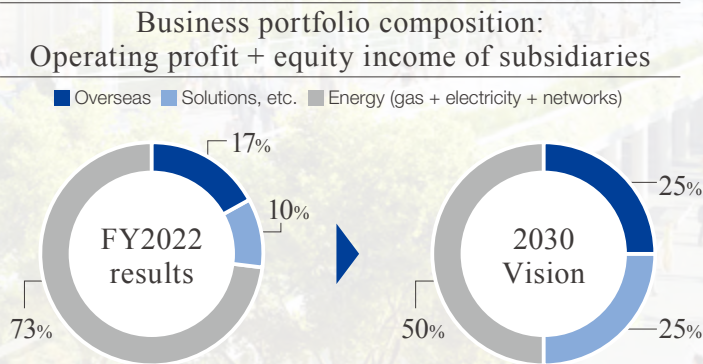
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Providing Value with Solutions That Go Beyond Energy

We view the trends of decarbonization and digitalization, along with other changes in the business environment, as significant opportunities to make a major leap forward. We also recognize the increasing geopolitical risks as important social issues that must be addressed.

By accelerating the shift of our resources toward new growth areas, we aim to transform our business model and provide value centered on resilience, optimization, and decarbonization, through solutions that go beyond the boundaries of the energy business. With transformation as our byword, we are committed to pursuing sustainable development of society and further enhancing value for our customers.





Standing by Every Person and Dedicating Ourselves to the Society

Respecting and sincerely engaging
all individuals and society,
making meaningful contributions.

These are the beliefs we have cherished
since our founding.

While upholding these principles, we will
continue to challenge ourselves to think
beyond conventional boundaries and be
mindful of everyone in the world, striving to
contribute to society.

The Tokyo Gas Group will constantly strive to
build the future of people's lives, communities,
and our planet.



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Editorial Policy

Organizations covered

Tokyo Gas Co., Ltd. and Tokyo Gas Group companies (subsidiaries and affiliates) in Japan and overseas

Period covered

Fiscal Year 2022 (From April 1, 2022 to March 31, 2023; including information on some activities prior to and after the period)

Cautionary statement regarding forward-looking statements

The plans, forecasts, strategies, and other non-historical information contained in this report are forward-looking statements of the Tokyo Gas Group. These results are based on the judgment of the management of the Tokyo Gas Group, which was based on currently available information. Please note that actual results may differ significantly from these forecasts due to various factors. Important factors that can affect actual business results include developments in the Japanese economy and crude oil prices, fluctuations in temperature and the yen/U.S. dollar exchange rates, and the Tokyo Gas Group’s response to rapid technological innovation and deregulation.

The Tokyo Gas Group publishes this report so that all stakeholders, including shareholders and investors, better understand the feasibility of sustainable management and increasing corporate value of the Tokyo Gas Group. More detailed information and the latest information including news releases are available on the corporate website.

Investor Relations Website

<https://www.tokyo-gas.co.jp/en/IR/index.html>

Investors’ Guide (Financial Data and Industry Data)	https://www.tokyo-gas.co.jp/en/IR/library/invguid_j.html
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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%.

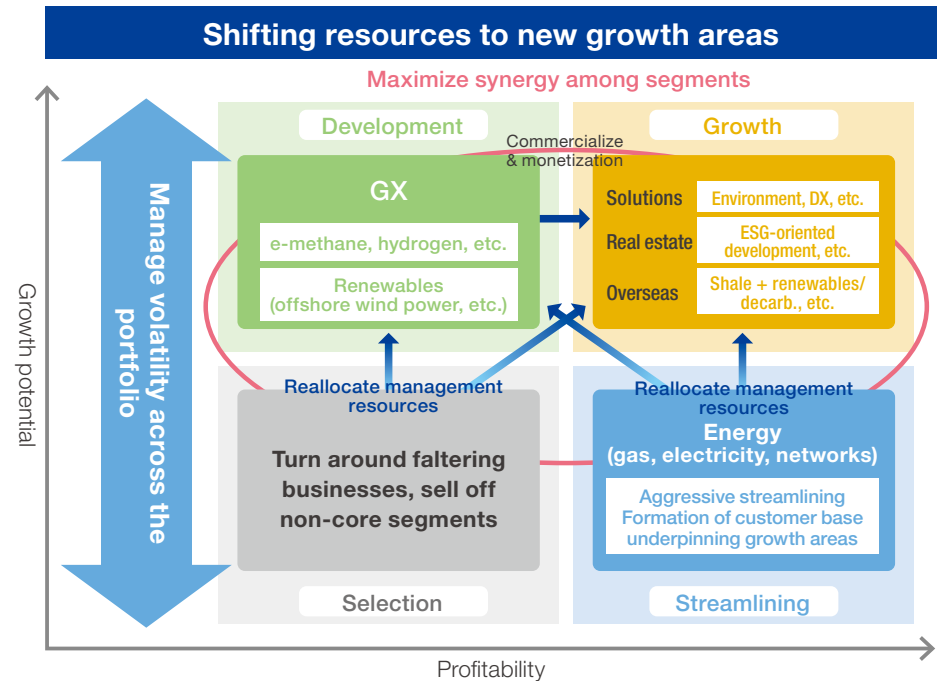
In order to steadily achieve these goals, the new mid-term management plan will fully promote portfolio-based management with enhanced business portfolio management. In the energy field, which has been the Group's mainstay business to date, we will further improve efficiency and generate cash. We will 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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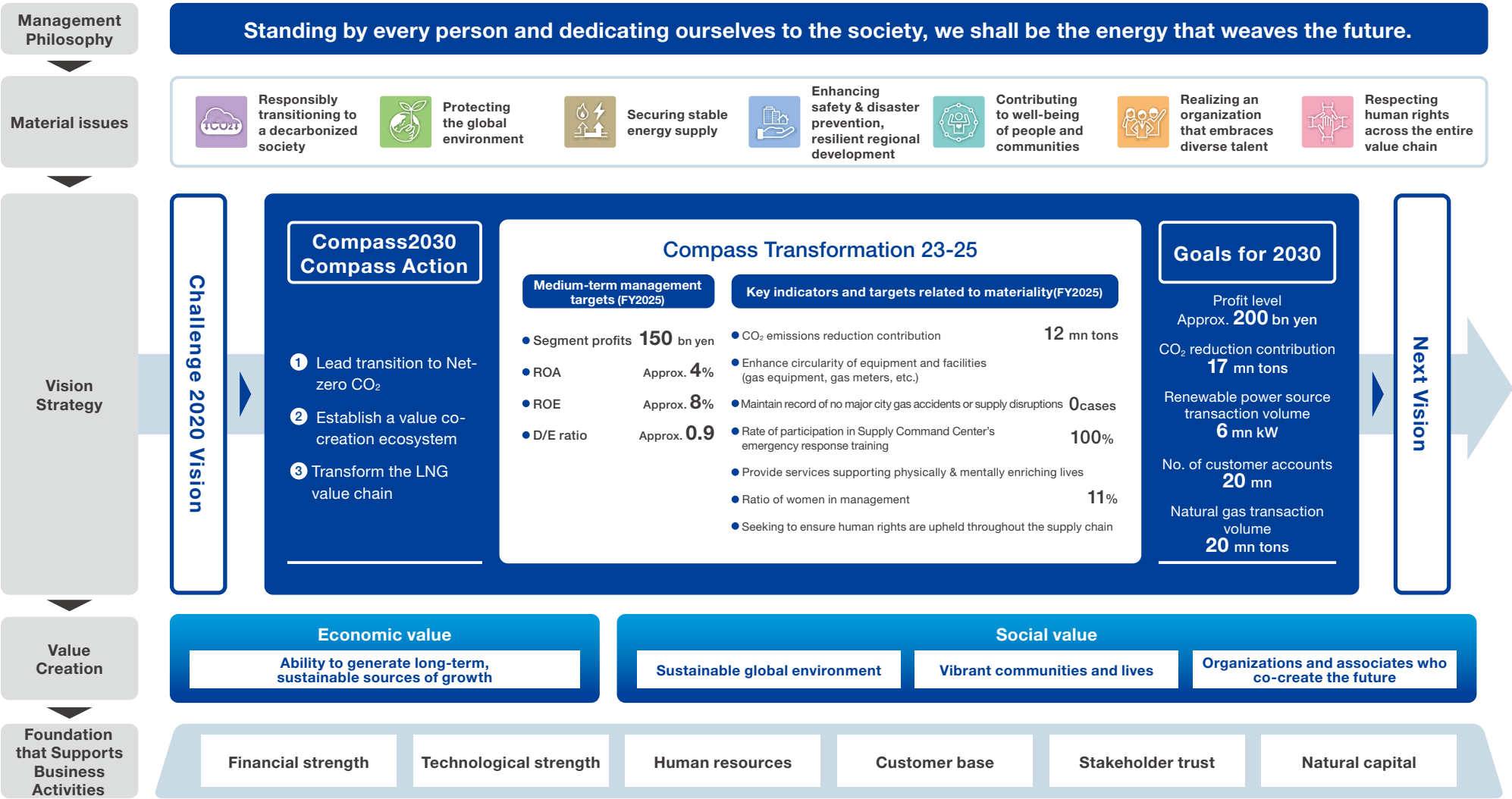
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How We Create Value

The Value Creation Process

Based on its Group's Management Philosophy, the Tokyo Gas Group defines material issues—the key medium- and long-term sustainability issues we need to address— and aims to create economic and social value through its business activities. Furthermore, by strengthening the foundation that supports our business activities through the values created, we will further improve enterprise value.



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Promoting Sustainability and Material issues

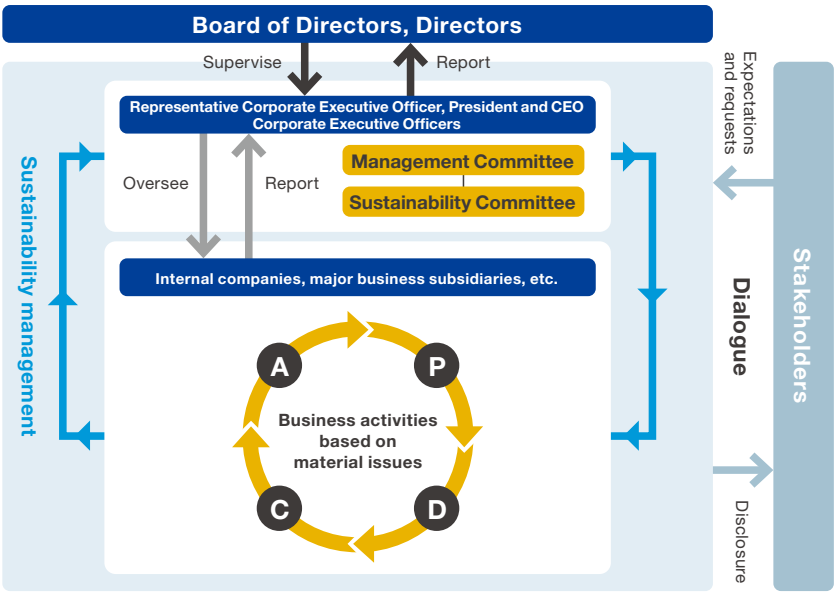
Promoting sustainability

Fundamental policy

We have defined key sustainability issues (material issues) in order to embody the Group’s management philosophy—“Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future.”—and we will tackle them through our business activities. In this way, we strive to create both social and economic value.

Sustainability Promotion System

Various organizations within the Tokyo Gas Group strive to promote business activities based on material issues. In addition, a committee that supports rational decision-making by Corporate Executive Officers (Management Committee) and the Sustainability Committee, which is chaired by the President, are instrumental in promoting sustainability management throughout the Group. Furthermore, important matters are reported to the Board of Directors.



Key Sustainability Issues (Material issues)

Material issues (from FY2023)

We have defined seven material issues corresponding to issues we aim to resolve through our business activities over the medium-to long-term.

- | | | | | | |
|----------|---|--|----------|---|--|
| 1 | Responsibly transitioning to a decarbonized society | | 5 | Contributing to well-being of people and communities | |
| 2 | Protecting the global environment | | 6 | Realizing an organization that embraces diverse talent | |
| 3 | Securing stable energy supply | | 7 | Respecting human rights across the entire value chain | |
| 4 | Enhancing safety & disaster prevention, resilient regional development | | | | |

Comment from an expert

Since the Russian invasion of Ukraine, the world has become increasingly divided, and the Tokyo Gas Group (the “Company”), a comprehensive energy company, is being significantly affected by geopolitical risks. In such a business environment, the Company has become more sensitive to societal trends and reassessed its material issues. As a result, it is committed to addressing climate change, including decarbonization, and supply chain risk management. The Company places a central focus on providing solutions that go beyond traditional energy businesses and aims to have an ongoing impact on society and business growth in the long term, including beyond 2030.

I would like to commend the Company for incorporating the infrastructure business into its growth strategy from a new perspective, without being bound by the traditional “status quo.” This should prove to be a significant strength for the Company as it transitions towards a decarbonized society and becomes a key player in resilient energy infrastructure.

Looking ahead, I anticipate that Company will responsibly transition toward a decarbonized society by developing and implementing a concrete roadmap. Furthermore, I look forward to the Company becoming a leader in closing the gender gap, in addition to promoting women’s empowerment, in line with the goal of “Realizing an organization that embraces diverse talent” from the perspective of diversity, equity, and inclusion.



Fellow (Sustainability)
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YOSHITAKA Mari

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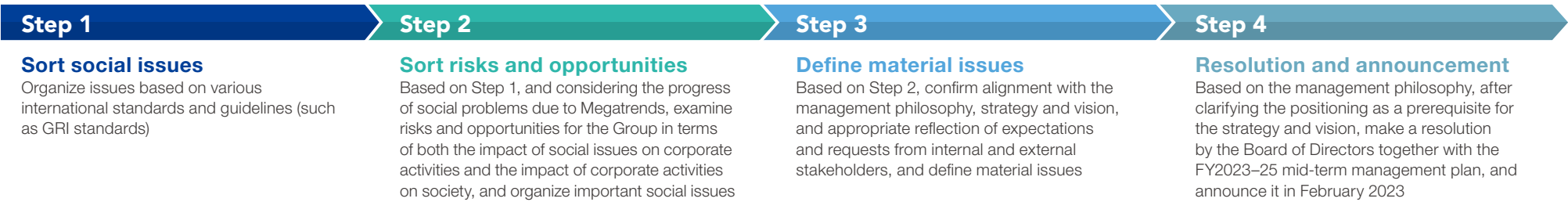
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The Definition Process



Sort risks and opportunities

Sorting of risks and opportunities of importance to the Tokyo Gas Group

- ★ Impact of social issues on our corporate activities
- Impact of our corporate activities on society

Megatrends	Social issues*	Risks	Opportunities	Material issues
Global Climate change	★● Climate change	<ul style="list-style-type: none">● If the decarbonization of gas-based energy does not progress, the value of gas-related assets will be lost● A decline in the competitiveness of the electric power business due to insufficient acquisition of renewable energy● Decrease in demand due to increase in prosumers● Carbon taxes and other schemes that may affect the natural gas business	<ul style="list-style-type: none">● Increasing global demand for natural gas, LNG, and carbon-neutral gas energy● Acceleration of the electric power business with green power● Business opportunities to meet emerging and expanding demand-side needs, such as EVs, storage batteries, PVs, and VPPs	Responsibly transitioning to a decarbonized society
Global Population growth and economic development in emerging countries	★● Environmental destruction at the local and global levels	<ul style="list-style-type: none">● The potential for lawsuits and business injunctions in the event of noncompliance with regional environmental considerations in natural gas extraction, power development, and power plant operation	<ul style="list-style-type: none">● Differentiation of products and services through advanced environmental initiatives (advanced resource recycling, nature positive measures)	Protecting the global environment
	★ Constraints on energy resources and destabilization of the international situation	<ul style="list-style-type: none">● Increasing global demand for natural gas making procurement more difficult● Impact of the worsening supply and demand tightness on supply disruptions	<ul style="list-style-type: none">● Potential for increased profits in upstream operations● Enhancement of stable supply through integrated supply and demand	Securing stable energy supply
Japan Changes in demographics and changes and diversification of values as Japan's economy matures	★ Deterioration of infrastructure and buildings over time	<ul style="list-style-type: none">● Degradation of owned assets● Worsening supply disruptions due to disasters	<ul style="list-style-type: none">● Sustainable urban development using various energy sources● Expansion of gas demand due to the improved positioning of disaster-resistant gas infrastructure	Enhancing safety & disaster prevention, resilient regional development
	★ Shrinking domestic market	<ul style="list-style-type: none">● In the energy retail business, profits decrease as the population declines	<ul style="list-style-type: none">● Improving lifetime value by transitioning to a service model● Development of services contributing to the enrichment of the mind● Efforts to contribute to the local community as a company that has continued to uphold the values of "Safety, Security, and Trust."	Contributing to well-being of people and communities
	★ Declining regional vitality			
	★ A lack of spiritual richness			
	★ Decline in the productive working population	<ul style="list-style-type: none">● Difficulty securing workers at stable supply sites● Negative impact on recruitment and engagement, increase in retirement	<ul style="list-style-type: none">● Accelerating innovation through the diversification of human resources	Realizing an organization that embraces diverse talent
	★ Lack of support for work styles of diverse human resources			
Global Growing demand for corporate social responsibility	★● Human rights violations	<ul style="list-style-type: none">● Growing awareness of human rights and diversification of people involved in supply chains have led to increases in lawsuits and business injunctions worldwide	—	Respecting human rights across the entire value chain

Material issues Initiatives and Value Creation

Material issues	What we aim to become	Main targets and indicators (FY2025 numerical targets)	Relevant SDGs
1 Responsibly transitioning to a decarbonized society	We will contribute to the transition to a decarbonization society in terms of both electricity and heat through our decarbonization of gas and electric initiatives such as low-carbonization and the introduction of renewable energy and methanation through the sophisticated use of natural gas. In this process, we will realize a responsible transition that does not place excessive burden on society from various viewpoints such as economic efficiency, stable supply, and employment.	<ul style="list-style-type: none">• CO₂ reduction contribution (12 mn tons)• Renewable power source transaction volume (2.2 mn kW)• Promotion of large-scale methanation overseas• Reduction of CO₂ emissions from our activities (achieve 60% vs. FY2020)	   
2 Protecting the global environment	As a company that conducts business activities using the earth's resources such as natural gas, renewable energy, and various mineral resources, we will conserve the environment in our business activity areas, including biodiversity conservation, and continue to enhance resource utilization with an awareness of the balance with economic efficiency.	<ul style="list-style-type: none">• Enhance circularity of equipment and facilities (gas equipment, gas meters, etc.)• Promote biodiversity conservation	   
3 Securing stable energy supply	As a company responsible for the stable supply of energy, we will continue to secure stable energy supply through both supply and demand approaches so that society can use energy with peace of mind, even in an increasingly complex business environment with heightened geopolitical risks.	<ul style="list-style-type: none">• Maintain record of no major city gas accidents or supply disruptions (0 cases)• Address procurement risks	  
4 Enhancing safety & disaster prevention, resilient regional development	As an energy infrastructure company, we will promote disaster-resistant urban development so that our customers can use energy safely and securely, not only in normal times but also in the event of natural disasters such as earthquakes and wind and flood disasters, and continue to earn the trust of our customers.	<ul style="list-style-type: none">• Rate of participation in Supply Command Center's emergency response training (maintaining 100%)• Continue subdivision of disaster prevention blocks to contribute to minimize supply outage areas in the event of a large-scale earthquake• Promote the introduction of resilient energy systems	   
5 Contributing to well-being of people and communities	As a company that has built a brand of peace of mind, affluence, safety, and trust based on energy, we will continue to contribute to a society in which people live healthy lives in vibrant communities by working together with various stakeholders to realize a fulfilling life both physically and mentally in light of social conditions such as the declining population and birthrate, the aging population, and the increase in the number of dual-income households, and to revitalize regions and communities.	<ul style="list-style-type: none">• Provide services supporting physically & mentally enriching lives• Promote regional and municipal collaboration on carbon-neutral cities	   
6 Realizing an organization that embraces diverse talent	As a company that is expanding its business areas and promoting innovation, we will continue to promote diversity, equity, and inclusion so that each and every one of our diverse human resources can grow and play an active role on their own and in their own way and give back to society, while we strengthen recruitment and training efforts by enhancing mid-career hiring and providing employees with reskilling opportunities.	<ul style="list-style-type: none">• Ratio of women in management (11%)• Percentage of male employees taking childcare leave of at least one month (100%)• Reskilling/retraining participation rate (100%)• Measure Group employee engagement indicators and make improvements	    
7 Respecting human rights across the entire value chain	As a company involved in a wide range of supply chains, we will respect the human rights of all related people and continue to contribute to a society in which all people can secure their lives and freedom and pursue their own happiness.	<ul style="list-style-type: none">• Seeking to ensure human rights are upheld throughout our supply chain	   

Social value created by the Tokyo Gas Group

Sustainable global environment

We will lead the transition to a decarbonization society while ensuring the stability of society as a whole, and contribute to the response to climate change. We will also contribute to the realization of a society that is less affected by biodiversity loss and resource constraints.

Vibrant communities and lives

With safe, secure, clean energy and optimized solutions, we will contribute to the enrichment of physical and mental well-being, stable businesses, and the revitalization of regions and communities.

Organizations and associates who co-create the future

Based on the premise of respect and esteem for all people involved throughout the Group's entire supply chain, human resources who have a sense of mission and willingness to change the earth, society, community, and individuals will become the driving force for co-creating the future.

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For achieving the Vision Our Strategy

Compass2030 & Compass Action

On November 27, 2019, we announced our new management vision, "Compass2030," and on November 26, 2021, we announced Compass Action to realize our management vision.

For half a century since LNG was first introduced in Japan, Tokyo Gas has led the expansion of this new energy and ushered in the era of natural gas. We are in the midst of a new era of transformation, including decarbonization, digitalization, changes and diversification of customer values, and progress in energy deregulation.

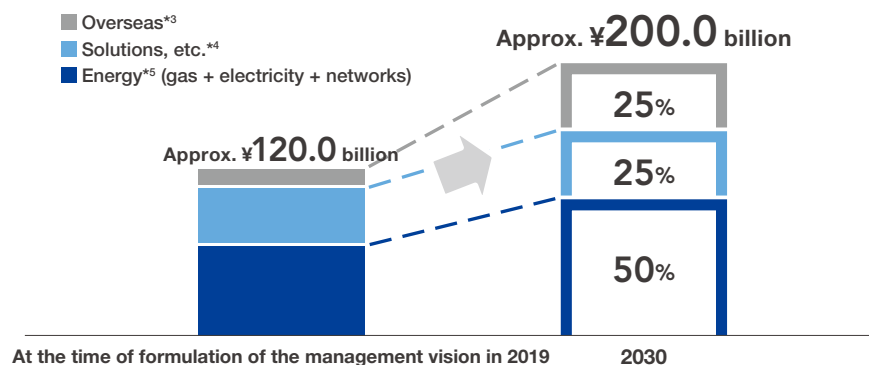
We aim to be a corporate group that continues to create value together with our customers, society and business partners while leading the next generation of energy systems by capitalizing on the strengths of the Tokyo Gas Group, which has revolutionized energy and taken on the challenge of realizing a sustainable society.

Management guidelines and results

	FY2022 results	2030
operating profit + equity income of subsidiaries	¥417.0 billion	Approx. ¥200.0 billion
CO ₂ reduction contribution (base year: FY2013)	6.35 million tons	17.00 million tons*1
Renewable power source transaction volume (FY-end)	1.633 million kW	6.00 million kW*2
No. of customer accounts (FY-end)	13.00 million	20.00 million
Natural gas transaction volume (FY)	19.00 million tons	20.00 million tons

*1 The Compass2030 initial target: 10 million tons (Japan only) *2 The Compass2030 initial target: 5 million kW *3 All overseas businesses *4 Energy-related, real estate, other *5 Domestic gas, electricity, and network businesses

Company portfolio in 2030: Profit level



Three challenges for achieving the Vision

Lead transition to Net-Zero CO₂

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Establish a value co-creation ecosystem

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Transform the LNG value chain

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*1 Carbon capture, utilization & storage *2 Methane synthesized from non-fossil fuel energy raw materials (green hydrogen, etc.) *3 The hydrogen supply cost (CIF price) target set by the Japanese government. It is premised on a reduction in the cost of hydrogen production equipment, and achievement of low-cost renewable electricity made possible by factors such as growth of the renewable energy market. *4 Operation & maintenance *5 Technical work performed at customers' residences

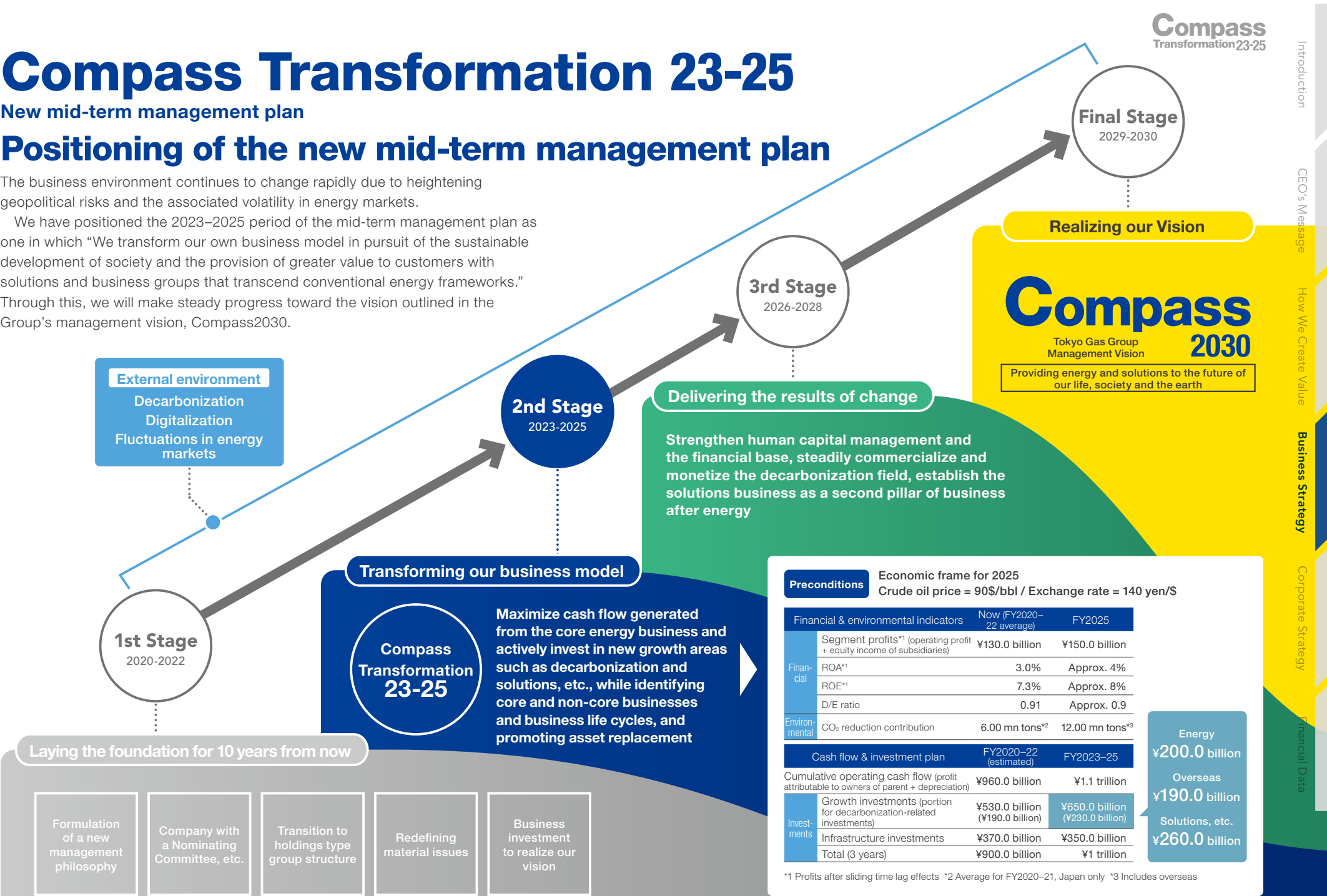
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New mid-term management plan

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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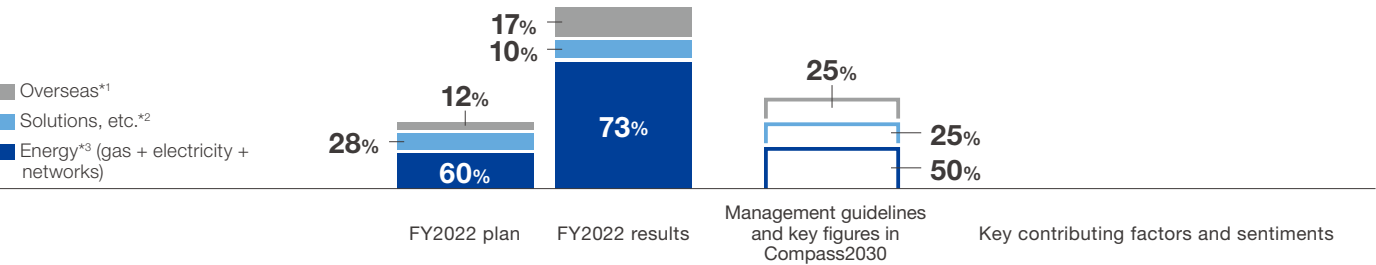
Looking Back on the Previous Mid-term Management Plan

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

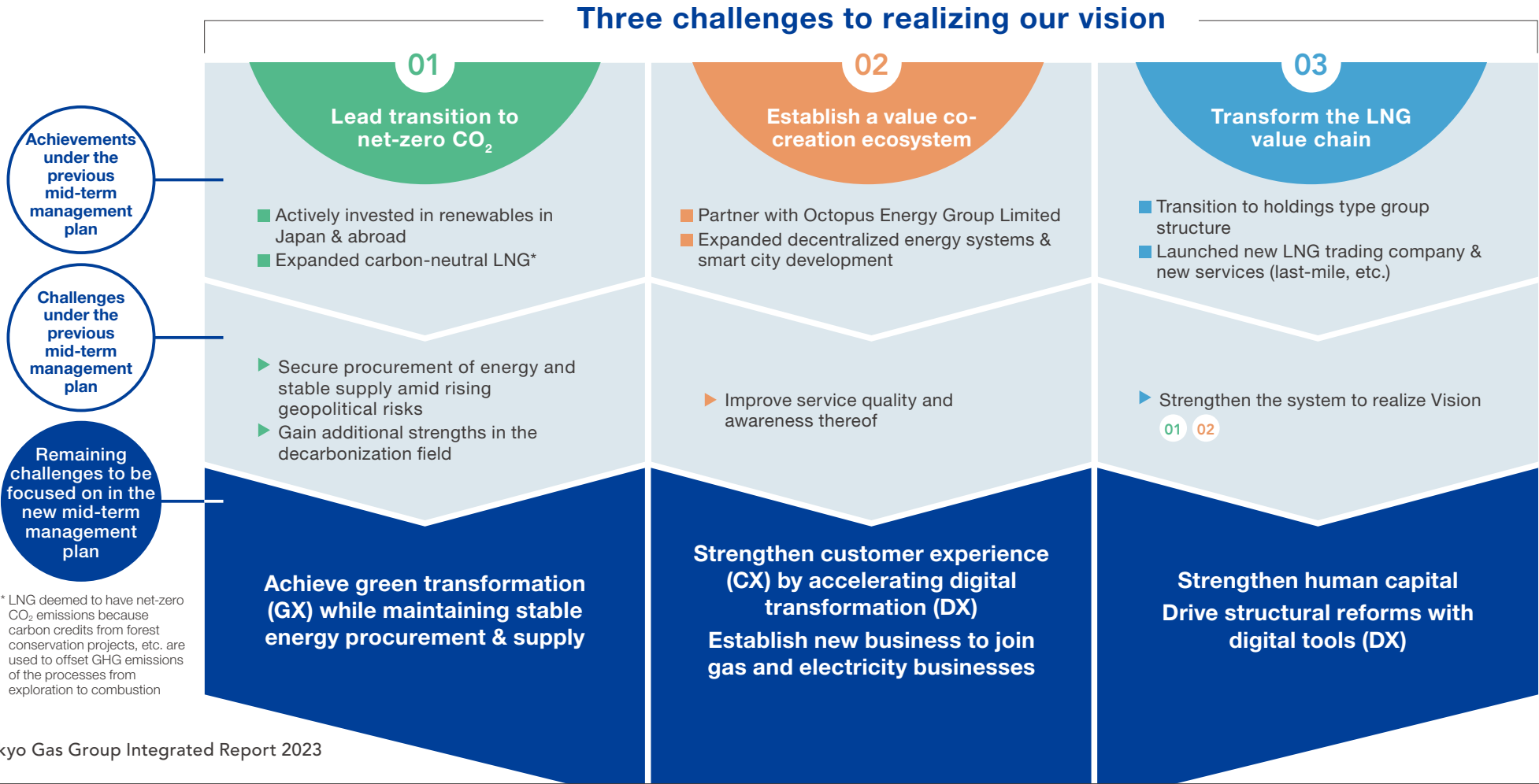
By actively investing in the renewable energy field in Japan and overseas, partnering with Octopus Energy Group Limited, and shifting to a holdings type group structure through FY2022, we have built the foundation to achieve the vision we set for ourselves in Compass2030.

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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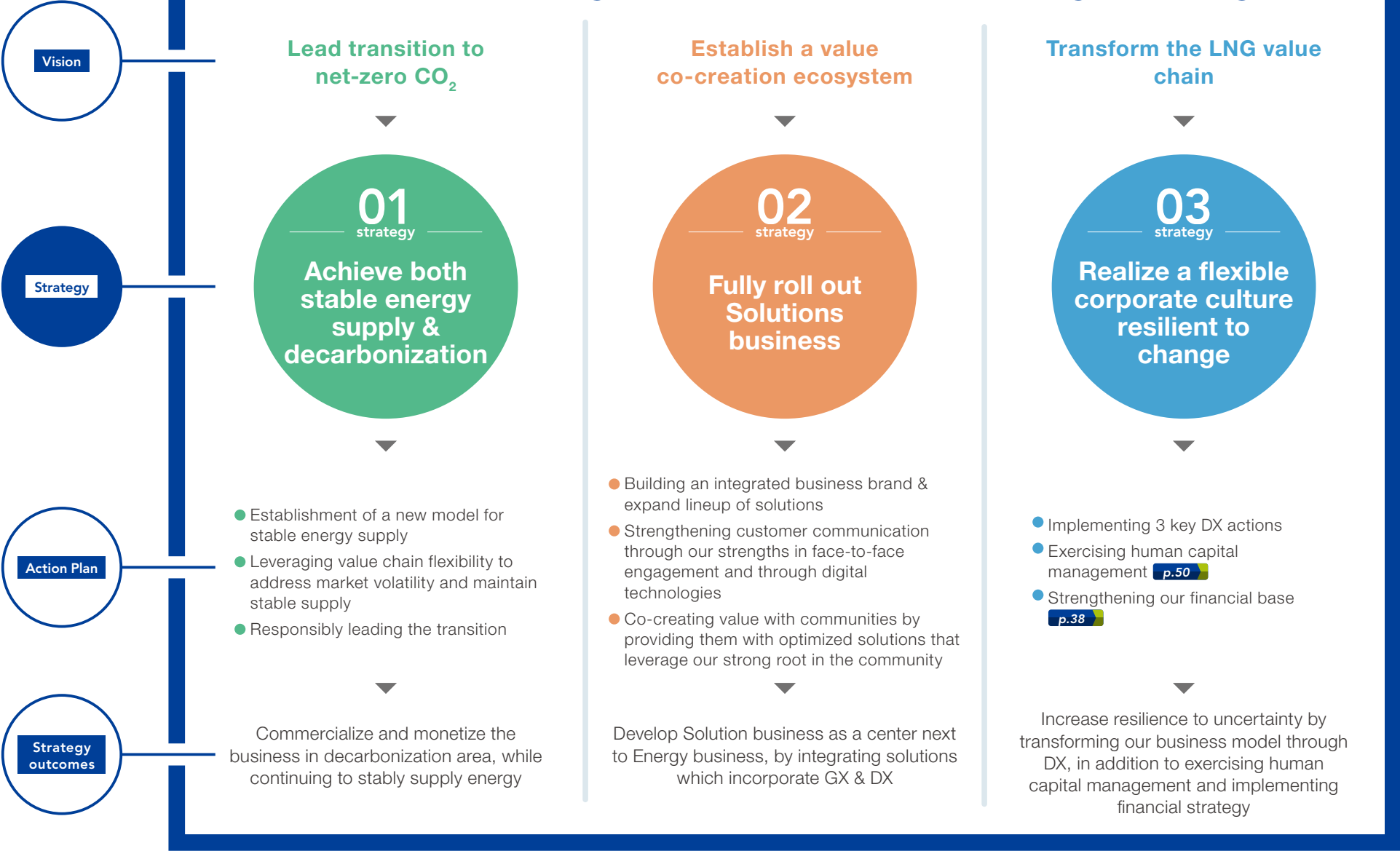
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Three core strategies derived from remaining challenges



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.

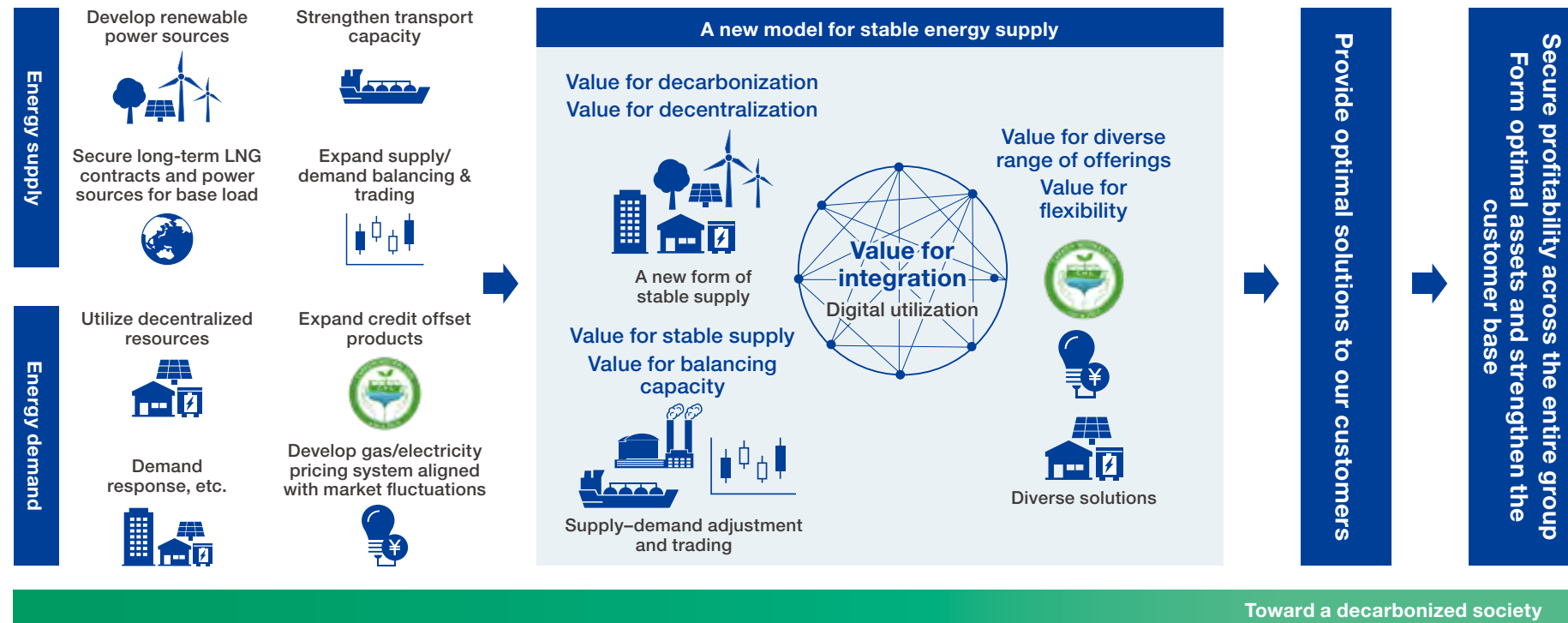
The new model for stable energy supply that we are aiming for is to provide optimal energy solutions to customers through a combination of the value for stable supply of LNG, the value for balancing capacity that flexibly balances supply and demand, the decarbonization and the decentralization value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



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<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

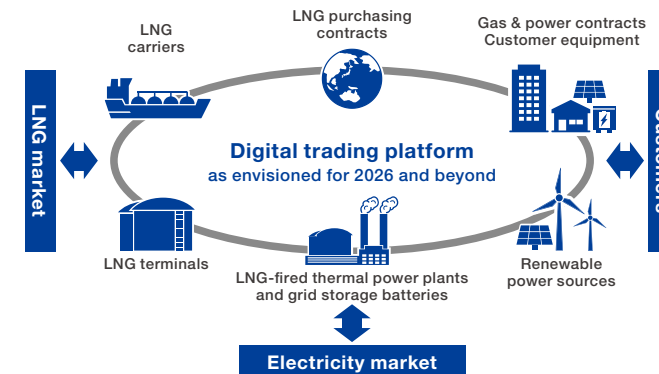
Achieving advanced asset optimization & trading with a digital trading platform

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.

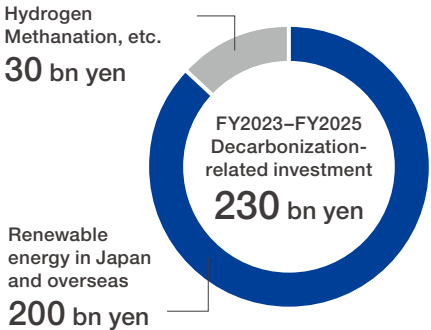
In addition to reduction of our emissions, we will provide optimal solutions that meet customer needs, and establish a virtuous cycle of sustainable development for both our customers and the Tokyo Gas Group, with the aim of achieving both decarbonization and economic growth for society as a whole.

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.



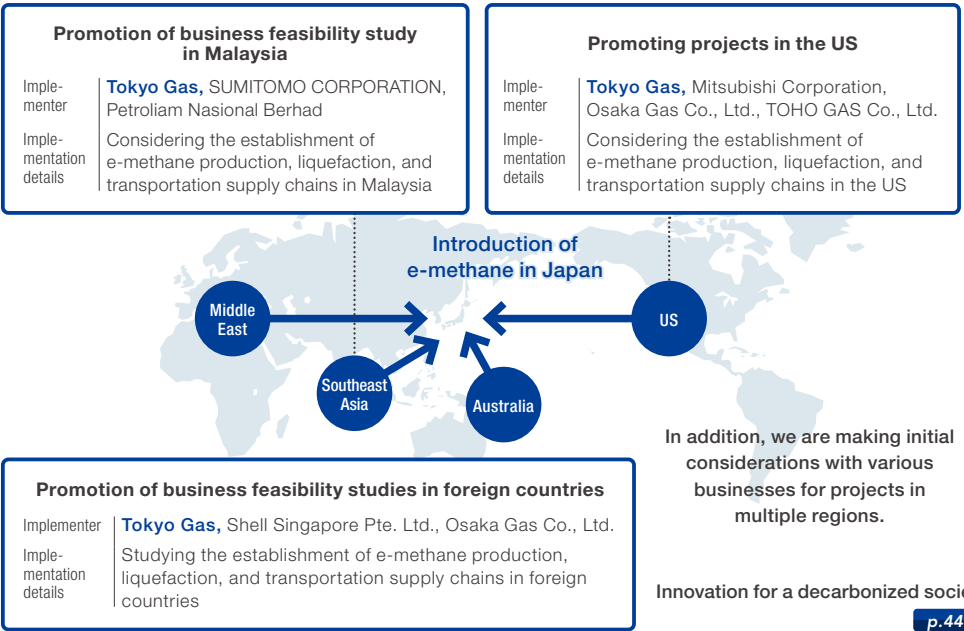
Promotion of Large-Scale e-methane Commercialization Projects Overseas, Development of Innovative Methanation Technologies, and Development of Low-Cost Water Electrolysis Cell Stacks

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

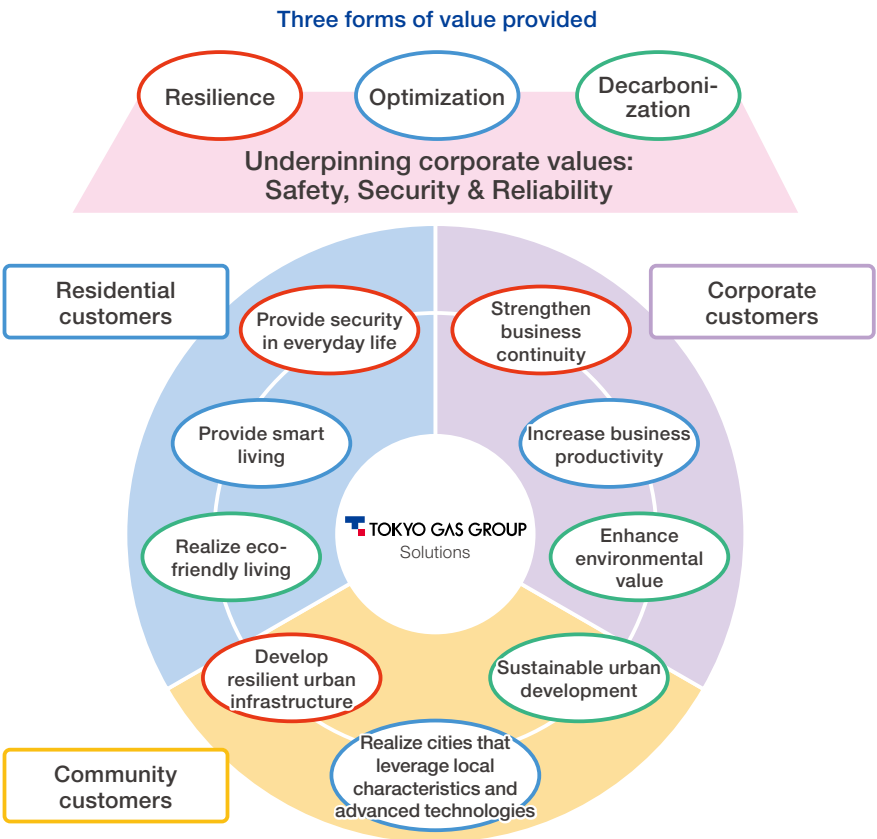
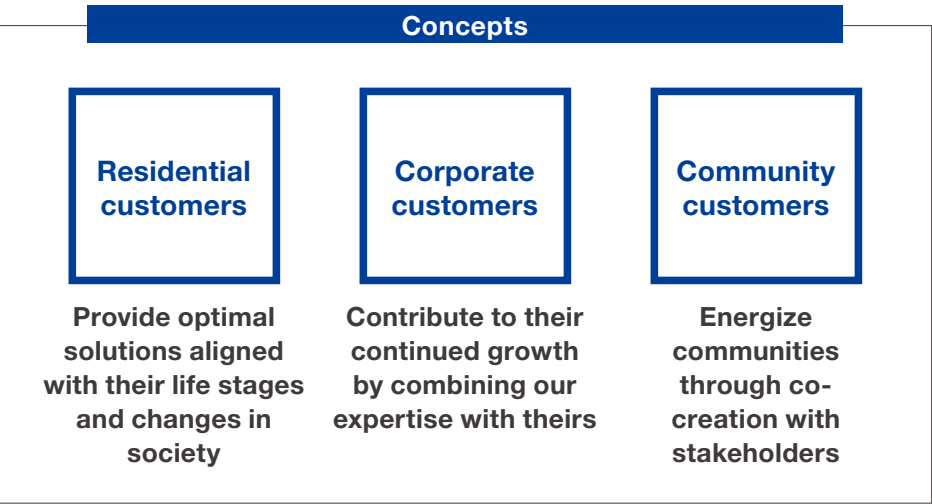
Building an integrated business brand & expand lineup of solutions

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

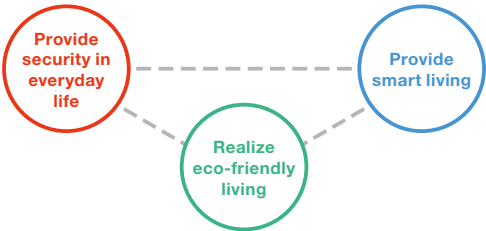
Enhance residential solutions to serve diverse customer needs

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 partners▶ Launched 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 service■ Leverage 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

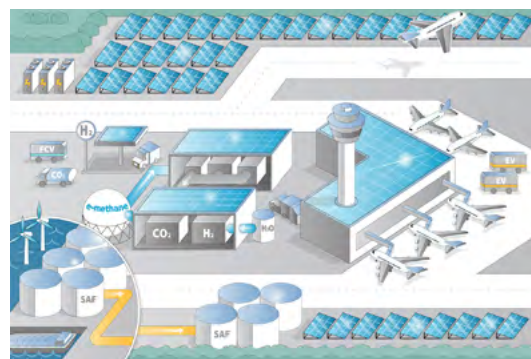
The Tokyo Gas Group and its alliance partners will optimally combine a full range of environmental solutions, from energy conservation to advanced decarbonization technologies, to help solve challenges for our customers and local communities.

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.

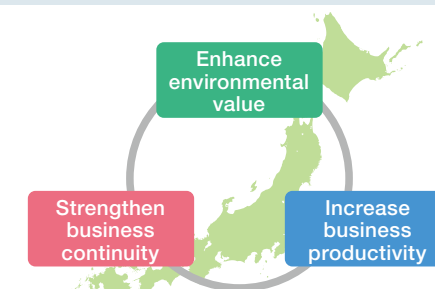


Enhance corporate customer solutions for the era of decarbonization & decentralization

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.)

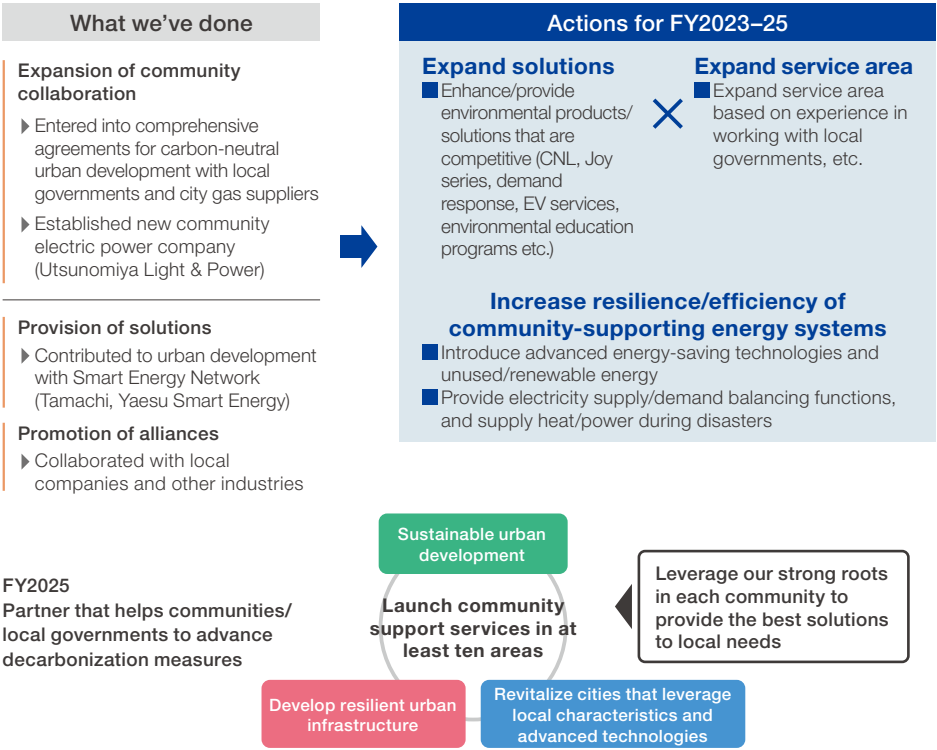
FY2025
Decarbonization solutions partner that solves a wide range of management challenges and co-creates the future for customers that operate offices nationwide

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

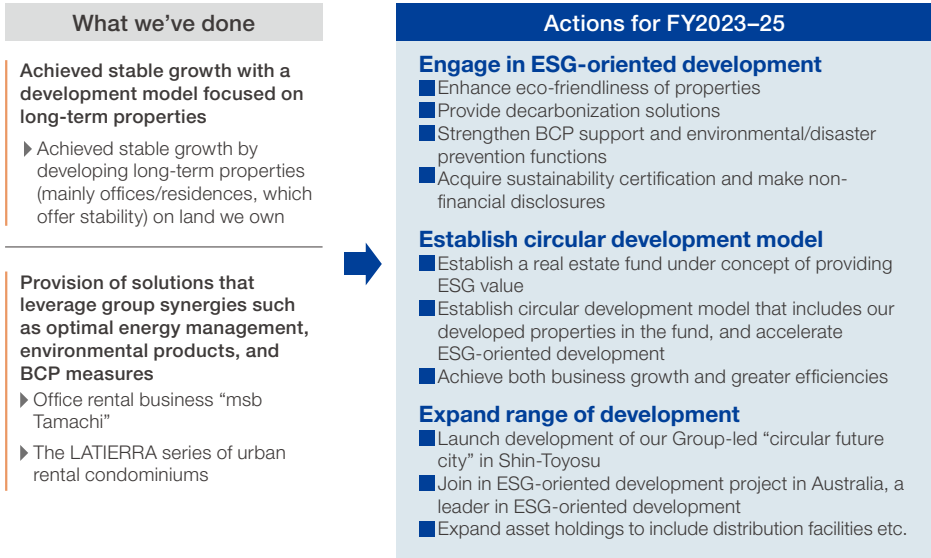
Expand community solutions through co-creation



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)

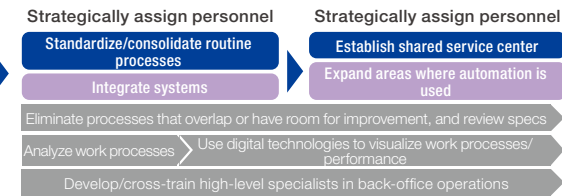
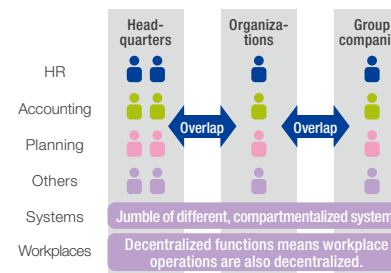
Increase pool of DX talent and strengthen inter-organization coordination through DX promotion committee

- 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](#)



Promotion of optimal CRE* use

- Make optimal use of CRE based on a review of businesses/operations
- Maximize revenue through sophisticated use, including office consolidation, selling off properties, and external leasing

*Corporate Real Estate

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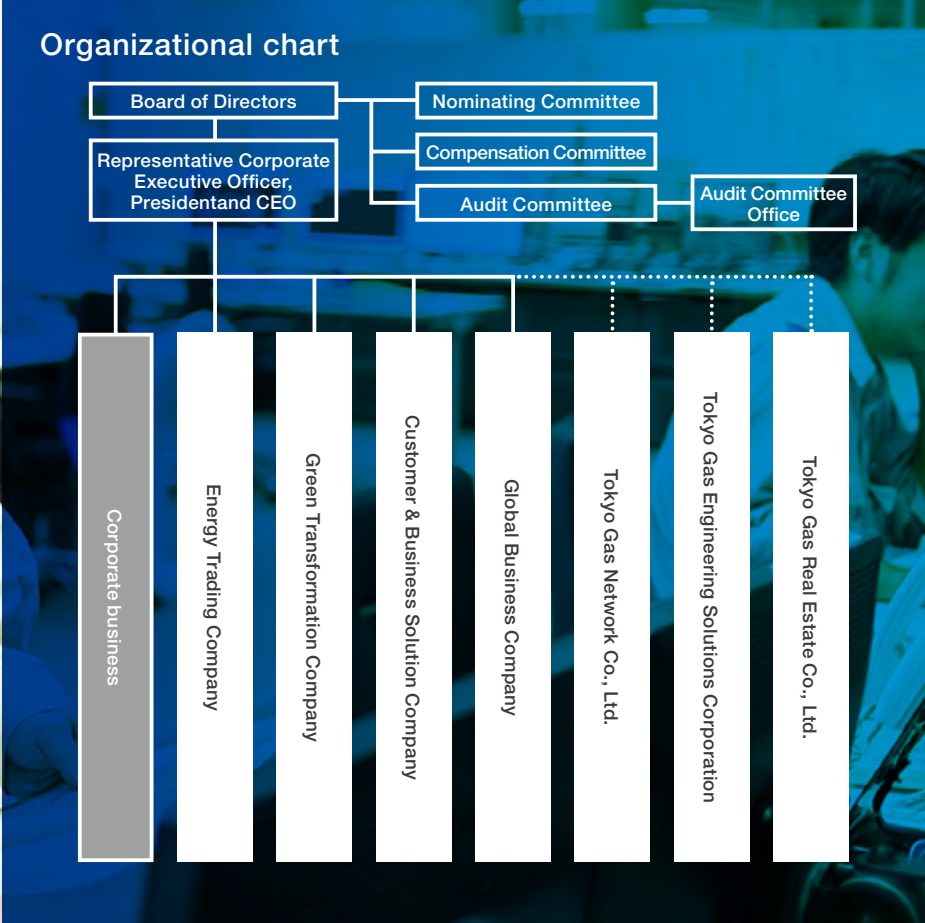
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The holdings-type group structure

In FY2022, the Tokyo Gas Group shifted to a group structure in which quasi-branch companies and business subsidiaries are self-run and grow by working with the market and customers. In order to realize agile decision-making, we have expanded the discretion of the quasi-branch companies and business subsidiaries and pursue group synergy through intergroup collaboration.

Under the new business structure, we promote transformation into a group with multiple business pillars by improving the earning power of each business entity and resilience to fluctuations, and aim to realize Compass2030/Compass Action.

Here, we introduce the four companies and three key business subsidiaries of our Group.



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Energy Trading Company

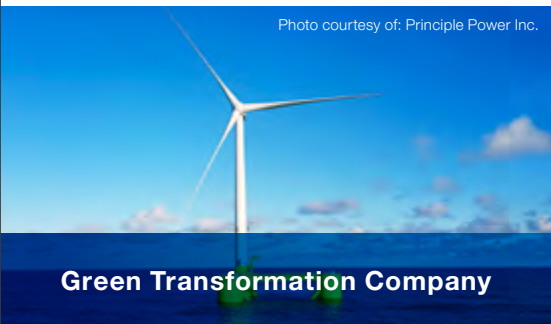


Photo courtesy of: Principle Power Inc.

Green Transformation Company



Customer & Business Solution Company



Global Business Company

This company includes the Raw Material Procurement Division, which engages in LNG contracts and transportation; the Electric Power Division, which deals with development and procurement of electric power sources; the Wholesale & Regional Service Division, which provides energy solutions to other gas companies and municipalities; and the Product Division, which operates LNG terminals and power plants. Through LNG as a commodity, we aim to leverage our strengths that derive from having abundant assets and customer connections to ensure a stable supply and maximize the value of energy. Furthermore, as market volatility is increasing, we will work to establish monetization models. As a leading company handling natural gas, we will take the lead toward net-zero CO₂ and create environmental value.

GX Company was established in FY2023 as a specialized organization to promote decarbonization of electricity and gas. In the electricity sector, we are expanding the volume of renewable energy that we handle, and we have invested in Principle Power Inc., which has a proven track record in Europe, for floating offshore wind power, which is expected to be widely used in the future, and have begun studying a project in waters off the coast of Fukushima using the company's technology. In the gas sector, we are exploring the feasibility of multiple projects with the aim of building large-scale supply chains for e-methane. In addition, we are focusing on research to reduce the cost of hydrogen required for e-methane production and to develop high-precision wind forecasting tools to increase the efficiency of wind power generation.

Customer & Business Solutions Company provides customers with gas and electricity and solutions for homes and businesses. With "Resilience," "Optimization," and "Decarbonization" as the three forms of value we provide, we offer easy-to-understand, systematized solutions for our customers, contributing to the resolution of social issues and the creation of value. In the BtoC sector, we are strengthening not only LIFEVAL's customer contact points, but also digital contact points such as the member site my TOKYOGAS. We are working to improve customer satisfaction. In the BtoB sector, we offer a comprehensive range of decarbonization products (CNL, renewable energy power, environmental consulting) to commercial and industrial customers, and also collaborate with local governments to create attractive towns, aiming to solve social issues by improving environmental sustainability.

In North America and Australia, Global Business Company has been engaging in resource development business, and in Southeast Asia, it has focused on LNG infrastructure projects by leveraging the know-how accumulated in Japan. In recent years, we have also focused on the renewable energy business in North America and Scandinavia. Going forward, we will continue replacing the asset portfolio while participating in growth areas, including the decarbonization field, and acquiring and utilizing functions that link our various businesses. We will promote collaboration among the businesses we have developed so far, and expand our earnings base across the board.

Strengths

- Abundant LNG-related assets (i.e., procurement contracts, terminals and carriers); LNG trading volume and trade management capabilities
- Scale of electric power business (generation and retail)
- Trade experiences

Risks

- Problems in raw material procurement due to geopolitical risks, etc. related to the import of raw materials
- Supply disruption due to damage to production, supply, power generation facilities, etc. caused by large scale disasters
- Impact on earnings due to fluctuations in LNG and electricity wholesale market prices and costs of raw materials and fuels

Strengths

- Acquiring technology and knowledge based on alliances with overseas partners
- Relationship cultivated in the power value chain from power sources development and to retail
- Hydrogen production know-how cultivated through fuel cell development, etc.

Risks

- Declining competitiveness due to delayed implementation in society
- Lagging behind in the technological innovation race
- Uncertainty in international trading rules and system design for environmental value

Strengths

- Community-based sales network composed of LIFEVAL, Enesta, and other outlets, a customer base of over 13 million accounts, the trust of customers
- Expertise in work requiring technical capability at customers' homes (i.e., device installation, repairs, etc.)
- Energy solution technology and one-stop provision of gas, electricity, and solutions

Risks

- Decrease in demand caused by intensified competition driven by liberalization and changes in lifestyle and business environment
- Policy changes and acceleration by national and local governments, including laws, regulations, and systems
- Delay in technological development required to deal with competition and alternatives

Strengths

- Stable operating capability in LNG terminals, power generation projects, etc.
- Expertise in resource development and LNG infrastructure business that we have cultivated so far

Risks

- Stagnation of business operation, increase in expenses, and missing of business opportunities due to compliance with country-specific laws, regulations and/or business practices
- Impact of fluctuations in crude oil/gas prices and foreign exchange rates on the revenue and expenditure of overseas business operations in general

As of March 31, 2023

LNG carriers owned and managed by the company

10 carriers

LNG terminals

4 locations

LNG procurement

4 countries
13 projects
13 million tons

Photo courtesy of INPEX Corporation

Gas generation capacity

Gas power generation at 4 locations in Japan
1.533 million kW

Annaka Solar Power Plant

2030 Target Renewable power source transaction volume
6 million kW

Methanation facility

2030 Target e-methane
1% deployed

Number of businesses/projects selected for public offering by National Research and Development Agency
3 projects

Number of LIFEVAL and other stores

As of the end of April 2023

Ibaraki		Gunma		Tochigi	
Enesta	Enefit	Enesta	Enesta		
2	3	6	1		
Saitama		Chiba			
LIFEVAL	Enesta	Enefit	LIFEVAL	Enefit	
6	4	7	5	1	
Kanagawa		Tokyo			
LIFEVAL	Enefit	LIFEVAL	Enefit		
31	9	34	33		

Major business areas

As of March 31, 2023

Europe
2 bases
1 business

Southeast Asia
6 bases
8 businesses

Australia
1 base
5 businesses

North America
1 base
6 businesses

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TOKYO GAS NETWORK

Tokyo Gas Network Co., Ltd.



TGES

Tokyo Gas Engineering
Solutions Corporation



TOKYO GAS REAL ESTATE

Tokyo Gas Real Estate Co., Ltd.

The Tokyo Gas Group has been expanding the use of natural gas while ensuring a safe and stable supply. Tokyo Gas Network has inherited the gas pipeline business from Tokyo Gas, and commenced operations on April 1, 2022. In addition to actively promoting sales of city gas and contribution to CO₂ emission reductions at customer sites, we will improve value-added businesses by using smart meters and enhance regional value by collaborating with infrastructure operators, thereby maintaining industrial and technological innovation and a foundation for people's lives. We will also continue to promote the spread of natural gas and create environmental value by promoting gas-based low-carbonization and decarbonization.

Since the first LNG installation in Japan (1969), the Tokyo Gas Group has been consistently involved in the entire LNG value chain. Utilizing the technical strength and know-how we have cultivated throughout that involvement, we have provided solutions such as engineering and energy services for LNG terminal and pipeline construction in Japan and overseas. As a key business subsidiary, Tokyo Gas Engineering Solutions will provide one-stop services, gas, power, and engineering to solve challenges for corporate customers throughout Japan, and will expand the provision of low-carbonization and decarbonization solutions that combine renewable energy to create environmental value.

Taking full advantage of the land we have acquired over more than 130 years of business development, we have grown our office and residential leasing business centering on central Tokyo based on the concepts of stable earnings and improvement of asset value. We are also actively working on energy proposals and urban development based on our strong roots in the community through joint projects with business partners. In the future, we will work to achieve stable growth and increase revenue and efficiency through the expansion of development areas such as the establishment of a cyclical development model that incorporates our own developed properties into funds, participation in projects in Australia, and expansion of assets into logistics facilities and expansion of development areas, while at the same time strengthening our competitiveness by accelerating ESG-based development. We will also contribute to sustainable urban development by developing properties that are highly resilient, comfortable and environmentally friendly.

Strengths

- Many years of experience in safe and stable supply of gas
- Ties with customers and communities that have been cultivated through the pipeline business

Risks

- Supply disruption due to damage to supply facilities, etc. caused by large scale disasters

Strengths

- All-in-one proposal for service, energy and engineering
- Insights accumulated from the user's perspective and engineering solutions cultivated through the management and operation of plants and facilities
- Experience in engineering projects related to over 100 LNG terminals in 20 overseas countries

Risks

- Rapid change in the market environment due to intensified competition driven by liberalization and rapid progress in decarbonization
- Policy changes and acceleration by national and local governments, including laws, regulations, and systems
- Supply disruption due to damage to equipment and plants caused by large scale disasters

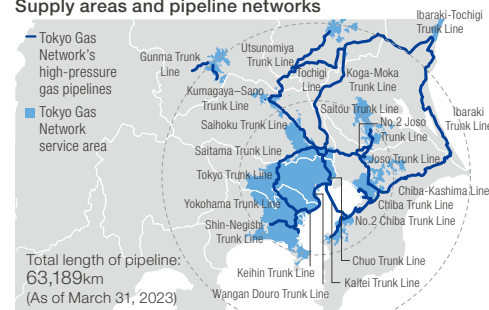
Strengths

- Ownership of high-quality lands in the Tokyo metropolitan area
- Synergy achieved by leveraging the Group's expertise
- Long-standing track record of operation and management of buildings

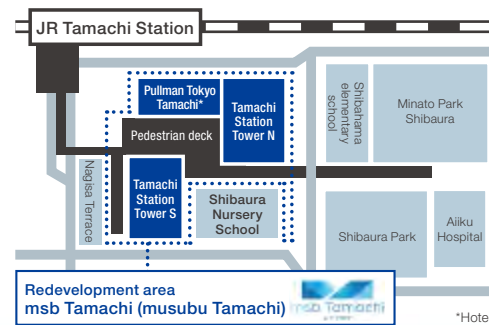
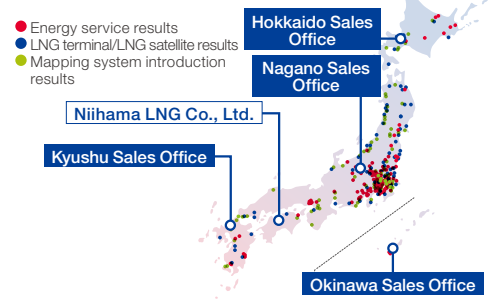
Risks

- Decline in business potential due to real estate market conditions, increased competition, or other environmental changes (including infectious diseases)
- Damage, malfunction, etc. of owned and managed properties caused by large-scale disasters (earthquakes, fires, floods, etc.)

Supply areas and pipeline networks



Domestic sales offices and business results



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Achieve sustainable growth and improve enterprise value by realizing both a sound financial position and growth investments through strengthening business portfolio management

SATO Hirofumi

Senior Managing Executive Officer, CFO



In FY2022, the final year of the previous mid-term management plan, we had set a target of 140 bn yen in segment profits (operating profit + equity method profit), but with a tailwind from the global surge in raw material prices, we achieved 417 bn yen, nearly triple our target. Although this result exceeded our expectations, our analysis posits it as a result of our raw material procurement portfolio and the risk control ability we have built up to date, which have enabled us to appropriately respond to significant market fluctuations.

In FY2023, we are assuming raw material prices on a normal basis, so a significant decrease in profits is inevitable compared to FY2022, and we are forecasting segment profits of 154.8 bn yen.

In the execution of the new mid-term management plan, respond flexibly to the drastically changing business environment and explain the process in detail

The new mid-term management plan, Compass Transformation 23–25, is a more concrete implementation of Compass Action, an action plan through 2030, with a three-year period from FY2023–FY2025. We have positioned these three years as a period for us to accelerate a transformation, and it will be very important for determining the certainty of the path to 2030 as depicted in Compass Action.

The profit forecast for the new mid-term management plan appears almost flat, but there are some changes in the content. As announced in October 2022, we are currently in the process of selling our upstream assets in Australia, and we expect to lose the operating profit from the Australian upstream business during the new mid-term management plan period. This is a challenging indicator, as we are aiming to reach 150 bn yen in FY2025, after compensating for this loss with other factors. In addition to profit growth in the electric power business, we would like to achieve this by selecting projects that can

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contribute to profits at an early stage in each business and making investments.

On the other hand, with regard to the outlook for income and expenditure, we believe that it is difficult to predict three years from now amid such drastic changes in the business environment. During the previous mid-term management plan, there were significant changes in the business environment, such as a decline in demand due to the impact of COVID-19 and a fall in crude oil prices, that disrupted the assumptions in the plan. In the actual situation, the effects of this change were carefully examined and reworked for the plan for that year. Based on this experience, we believe it is important in the new mid-term management plan to respond flexibly and appropriately to changes in the environment, including changes in planned values. When reviewing the mid-term management plan, we will provide detailed explanations, including the background.

With regard to asset efficiency, although it is inevitable that volatility will cause performance fluctuations in a single fiscal year, we believe it is necessary to clear an ROA of 4% on average as a financial discipline. As shown in the new mid-term management plan, it is time to accelerate growth investments, including those related to decarbonization. To prevent a decline in asset efficiency, we will implement full-scale business portfolio management and promote the reduction and replacement of assets that are not expected to lead growth while confirming the ROA and ROIC against the required returns on a business-by-business basis. Similarly, with regard to ROE, we will first aim for 8% and proceed with business operations with a strong awareness of capital efficiency.

Increase flexibility in cash management to maintain necessary growth investments in the face of increasing volatility

We have revised the total return ratio from 50% to 40%. Since the rate has just been lowered from 60% to 50%, we expected to receive severe comments from shareholders and investors.

We in fact achieved a record profit level of over 400 bn yen in FY2022, but the impact of market price volatility is so great that, depending on the situation, our Group's earnings may decline significantly due to external factors. Under these circumstances, we are planning to invest 1 tn yen during the new mid-term management plan, which is necessary for decarbonization and sustainable growth. Investment decisions are made with sufficient discipline, but important investments need to be made steadily regardless of the status of operating cash flow, and depending on the timing and scale of the project, there is a risk that financial soundness could deteriorate significantly. In order to achieve stable business operations and increase business value over the medium to long term, we have decided to shift the focus of cash management somewhat to the safe side and to review the level of the total return ratio and flexibility in the management.

We want to give back to our shareholders not only through short-term returns, but also through long-term improvement of enterprise value, such as the sustainable growth of our Group and contribution toward a decarbonized society.

We aim to improve the Price Book-value Ratio (PBR) by enhancing efficiency and profitability through business portfolio management and increasing confidence in our future growth potential.

In the spring of 2023, we received a request from the Tokyo Stock Exchange to take action toward realizing management that is conscious of the cost of capital and stock prices for listed companies with a PBR of less than one. At our company, we consider the factors contributing to the low PBR to be that our business stability and growth potential has been perceived as declined due to the liberalization of the gas and electric power businesses and the expansion of the business domains, and that the levels of ROE and ROA have declined on lower profit as well as asset expansion.

PBR can be understood as $ROE \times PER$ (Price Earnings Ratio), and in order to improve it, we believe that it is important to raise ROE by applying appropriate leverage while increasing ROA, as mentioned earlier. At the same time, in order to improve PER, we will work to lower the cost of capital by stabilizing the profit structure through the initiatives of the new mid-term management plan, and strive to raise expectations for future growth potential by enhancing dialogues with shareholders and investors as well as disclosure.

Basic policy for improving PBR

PBR

=

ROE

×

PER

Improve PBR by working to improve efficiency and profitability through business portfolio management (ROE improvement) and aiming to increase stock prices by improving market evaluation of future growth potential (PER improvement)

ROE improvement	<p>Efforts to improve ROA and appropriate leverage</p> <ul style="list-style-type: none">Developing a portfolio management system (improving asset efficiency through ROA vs WACC by department and business)
PER improvement	<p>Reducing cost of capital through stabilizing the profit structure</p> <ul style="list-style-type: none">Reducing earnings volatility by strengthening market risk management <p>Eliminating undervaluation factors and raising growth expectations through Investors Relations</p> <ul style="list-style-type: none">Improving capital market confidence in the growth story by explaining the progress and results of investmentsEnhancing disclosure of initiatives that contribute to long-term improvement of enterprise value, such as investments in human capital and technological development, through information media such as integrated reports



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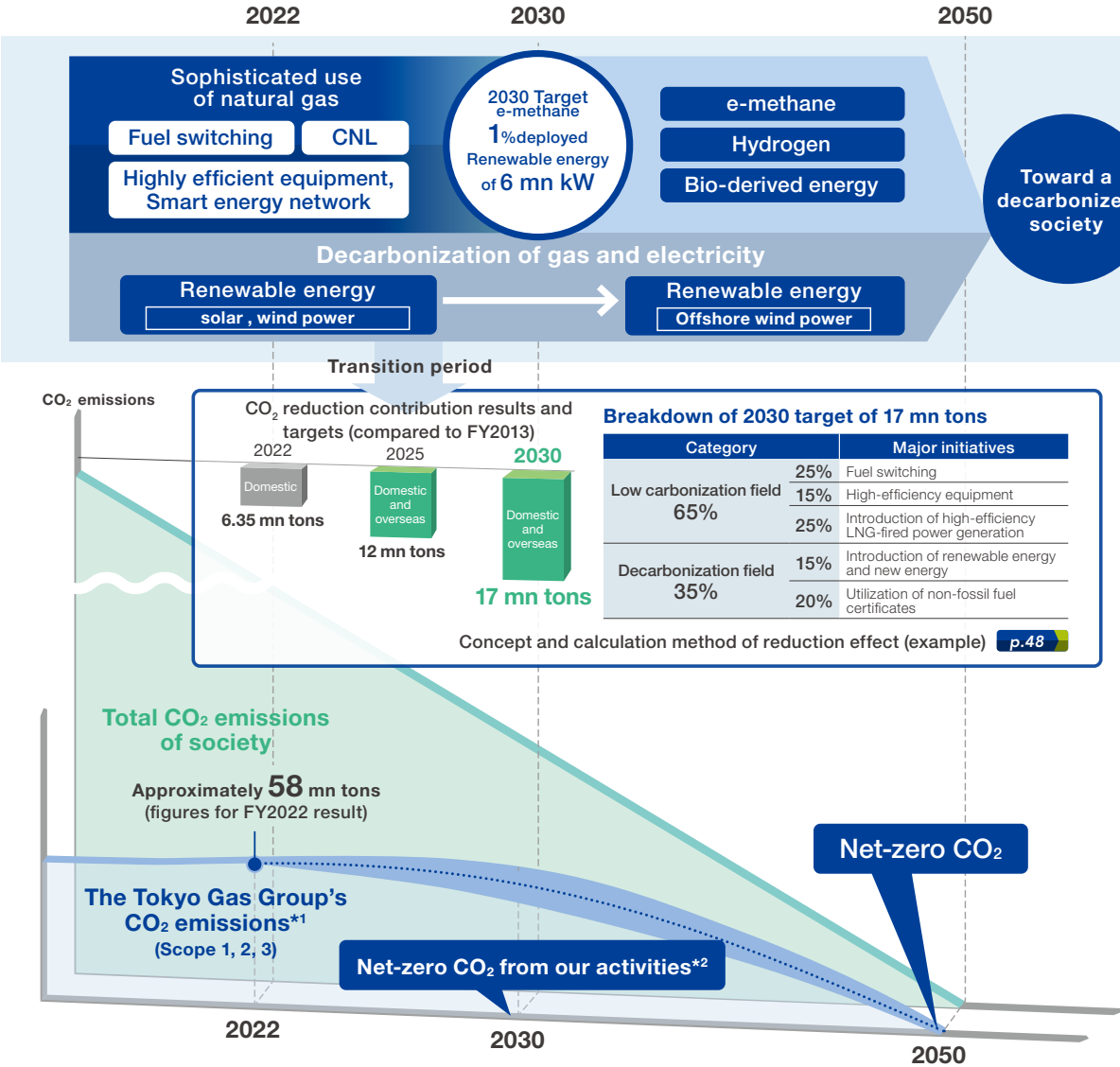
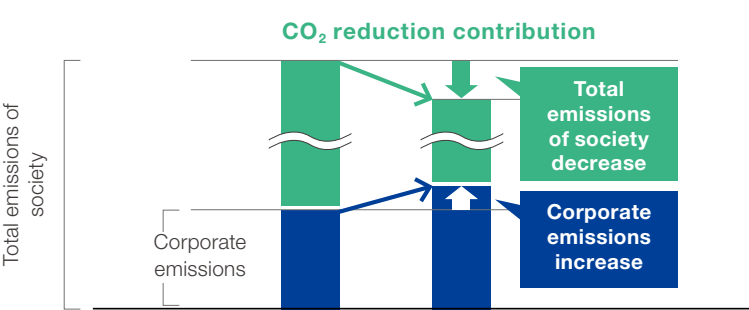
Responding to Climate Change—Initiatives for a Decarbonized Society—

As a group of energy companies that supports society, the Tokyo Gas Group will realize a decarbonized society without compromising stable supply from the present to the medium to long term, even amid uncertainties surrounding energy such as geopolitical risks.

First in this transition period, we will make sophisticated use of natural gas, which has the lowest CO₂ emissions among fossil fuels, in various forms, and steadily reduce CO₂ emissions of society as a whole. At the same time, we will promote the use of renewable energy and actively develop technologies for the social implementation of new technologies such as e-methane, hydrogen, and bio-derived energy. We will promote these initiatives on the premise of stable supply, and realize a responsible transition. By 2030, we will achieve a CO₂ reduction contribution of 17 mn tons.

In addition, beyond 2030, we will continue to contribute to reducing CO₂ emissions of society as a whole by steadily increasing the amount of e-methane introduced and further expanding renewable energy, while aiming to achieve net-zero CO₂ in 2050 for the Tokyo Gas Group's CO₂ emissions (Scope 1, 2, 3). During this period, we will continue to make maximum use of our Group's energy infrastructure and effectively utilize diverse energy sources to optimize the operation of the entire energy system in terms of both supply and demand, thereby realizing a new model for stable supply.

Conceptual diagram of CO₂ reduction contribution (representative example)



*1 Including the amount of absorption (CCUS and forests) and offsetting by carbon credits
*2 CO₂ emissions from city gas production facilities, buildings we use, and corporate vehicles

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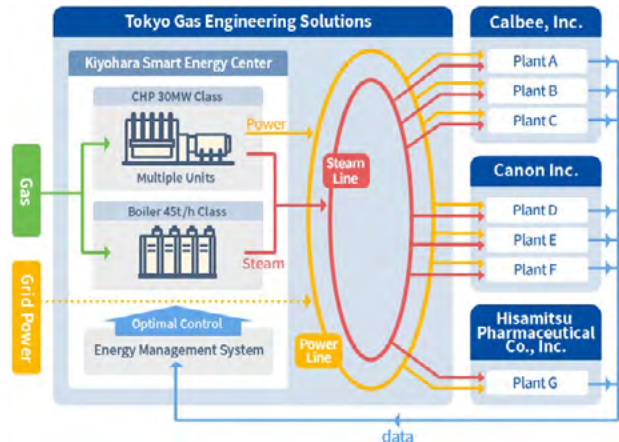
Acceleration of the transition

Smart energy network

Kiyohara Industrial Park: Realizing significant energy and CO₂ savings through business collaboration

The Kiyohara Industrial Park Smart Energy Project (Utsunomiya City, Tochigi Prefecture) is an example of Tokyo Gas Engineering Solutions Corporation building a smart energy network (an optimal energy system for each area utilizing ICT) in an existing industrial park. This unique energy network comprises a smart energy center that uses mainly gas cogeneration, as well as private power lines and steam lines, serving seven plants and offices at the park that are operated separately by three companies. This is designed to supply electricity and heat in a highly stable and environmentally friendly manner. This has resulted in approximately 20% energy and CO₂*¹ savings, which would be difficult to achieve at individual business sites. The project represents Japan's first "integrated energy-saving business serving multiple plants" to supply electricity and heat to multiple businesses of different sectors in an inland-type industrial park, and has been certified by the Minister of Economy, Trade and Industry under its Certification System for Collaborative Energy Saving Plans*². The initiative was also awarded the Chairperson's Prize for Cogeneration in FY2020, the METI Minister's Prize for Energy Conservation in FY2021, and the METI Minister's Prize for the Global Environment in FY2023. Going forward, we will continue to work on initiatives in collaboration with each company toward further energy conservation and CO₂ reduction.

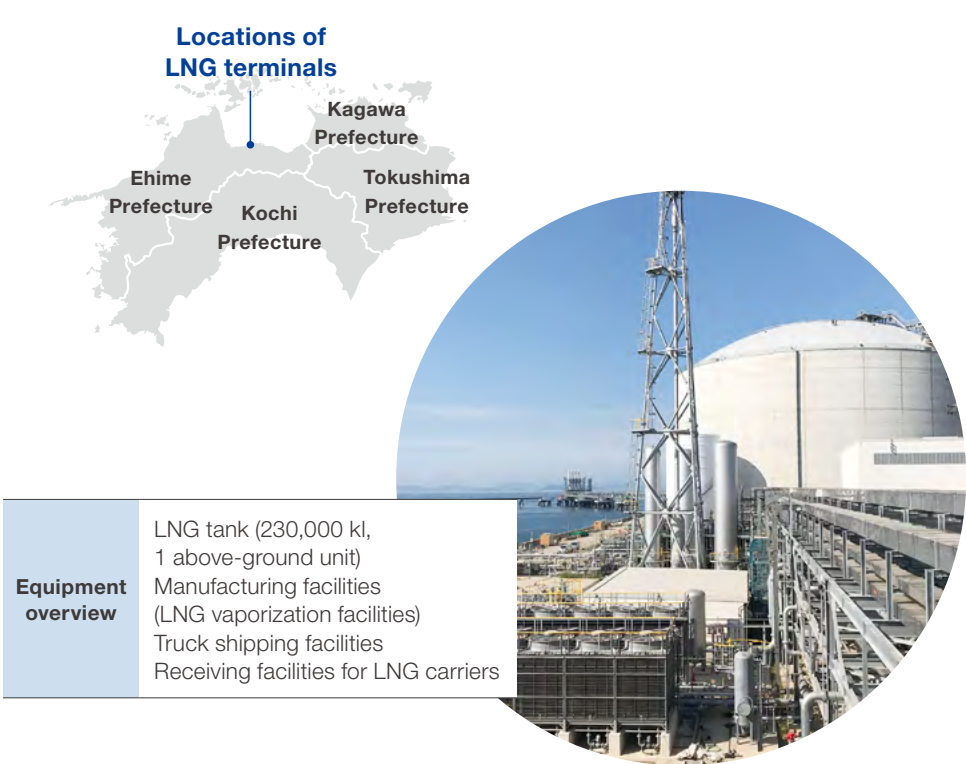
*1 Reduction rate of electricity and heat sent from the Smart Energy Center (compared to FY2015, measured in 2020). Crude oil equivalent approx. 11,500kL/year, CO₂ reduction of approximately 23,000t/year
*2 A system under which, when multiple business operators are collaborating to implement energy-saving initiatives, the amount of energy saved through the collaboration can be distributed among the business operators in their regular reports under the Act on the Rational Use of Energy (Energy Conservation Act).



Fuel switching

Niihama LNG terminal: Promotion of carbon neutrality and stable supply of energy

NIIHAMA LNG Co., Ltd., which Tokyo Gas Engineering Solutions Corporation established jointly with Shikoku Electric Power Company, Inc., Sumitomo Chemical Co., Ltd., Sumitomo Joint Electric Power Co., Ltd., and Shikokugas Co. Ltd., completed construction of the Niihama LNG terminal and started gas supply in March 2022. By supplying natural gas to Sumitomo Chemical Ehime Works, and Sumitomo Joint Electric Power's Niihama Kita Thermal Power Plant, we expect to reduce CO₂ emissions by 650,000 tons per year in the future by switching from coal, LPG, and heavy oil. We also supply gas to nearby customers to promote fuel conversion, reduce CO₂ emissions in the surrounding areas, and contribute to the development of the Shikoku region.



Equipment overview

- LNG tank (230,000 kl, 1 above-ground unit)
- Manufacturing facilities (LNG vaporization facilities)
- Truck shipping facilities
- Receiving facilities for LNG carriers

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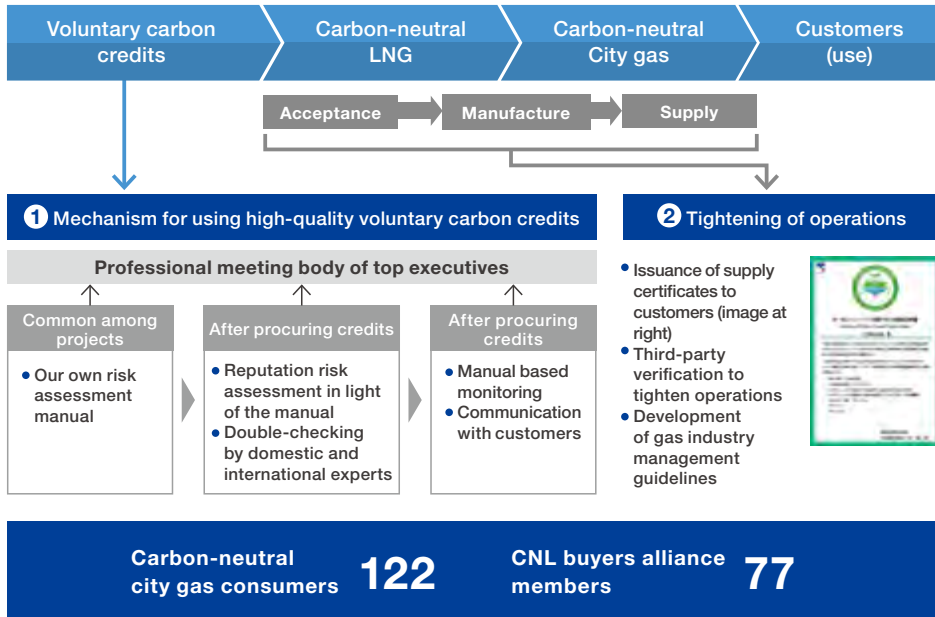
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Specific initiatives Acceleration of the transition

Carbon-neutral LNG: To meet heat demand

Carbon-neutral LNG (CNL) is LNG for which the greenhouse gases emitted in the processes from natural gas exploration to combustion have been offset by carbon credits (carbon offsets) generated from environmental protection projects carried out in emerging countries and elsewhere. In addition to reducing greenhouse gases emissions on a global scale, these environmental conservation projects are also related to SDG goals, such as creating local jobs and protecting biodiversity, and the use of CNL will contribute to the realization of a sustainable society.

The Tokyo Gas Group recommends CNL to its customers to meet their heat demand in addition to promoting energy conservation and introducing renewable energy, and CNL is currently being used by more than 120 customers. As the rules for CO₂ credits are currently in the process of being developed, our Group is working to ensure customer trust by ① improving the quality and transparency of credits and ② tightening operational procedures, including quantity control.



(As of April 30, 2023)

Initiative to achieve Net-zero CO₂ emissions from our activities

The Tokyo Gas Group has been working to reduce CO₂ emissions from our activities by thoroughly conserving energy and introducing high-efficiency equipment. We will further accelerate these efforts to achieve net-zero CO₂ emissions from our activities in FY2030 for buildings we use, city gas production facilities, and company vehicles.

Specifically, we will promote the use of non-fossil certificates for energy consumption, switch to carbon-neutral LNG, and introduce low-emission company vehicles (hybrids, fuel cells, EVs) as our main initiatives, while actively introducing products into our own facilities that the Tokyo Gas Group will plan to build up as businesses (off-site corporate power purchase agreements, EV-related services*, etc).

In FY2022, we achieved 18% net-zero CO₂ emissions from our activities (using FY2020 as the benchmark) by completing the net-zero conversion of our headquarters and offsetting electricity consumption by using non-fossil certificates (electricity) for other buildings we use as well as some city gas production facilities. Going forward, we will continue and expand our efforts, aiming for a 60% achievement rate for FY2025 through net-zero-related initiatives at city gas production facilities.

* EVrest (an EV charging service) and Charge Planner (an EV installation support service for corporations and local governments)

Implementation as of March 2023

Buildings, etc. we use	Tokyo Gas headquarters Offsetting of CO ₂ emissions of electricity consumption by using non-fossil certificates (electricity), carbon-neutral city gas (gas), and J-Credits (heat from district heating and cooling)
	Other buildings used by the company Offsetting of CO ₂ emissions of electricity consumption in some buildings owned by Tokyo Gas Real Estate Co., Ltd. by using non-fossil fuel certificates (electricity)
	Hitachi LNG terminal Offsetting of CO ₂ emissions of electricity consumption by using non-fossil fuel certificates (electricity)



Hamamatsucho headquarters building

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Specific initiatives

Innovation for a decarbonized society

Electric power

Efforts toward commercialization of floating offshore wind power generation business

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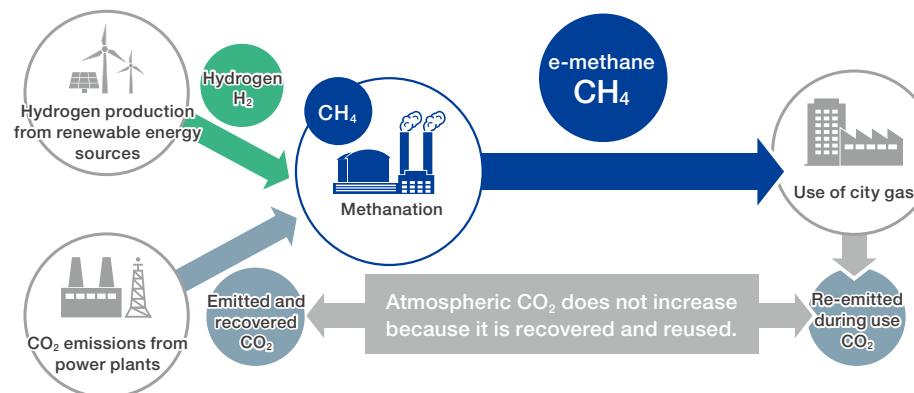
Gas

Aiming for urban decarbonization with e-methane

The Tokyo Gas Group is accelerating Initiatives for the practical application of e-methane, a carbon-neutral gaseous energy. e-methane is produced by methanation, a technique for synthesizing methane which is the main component of city gas, through a chemical reaction between the raw materials hydrogen and CO₂. In the production of e-methane, CO₂ recovered from exhaust gases is reused as a raw material, so even if CO₂ is emitted during combustion, there is substantially no increase in atmospheric CO₂. In addition, we plan to manufacture hydrogen, another raw material, using renewable energy, so e-methane can be said to be a carbon-neutral energy.

e-methane has the following values: ① decarbonization in the heat sector, ② reduction of social costs through the thorough utilization of existing infrastructure, ③ improvement of energy security through reduction of country risk, and ④ overseas expansion of Japan's unique technologies.

CO₂ emission reduction effect of e-methane



Value provided by e-methane

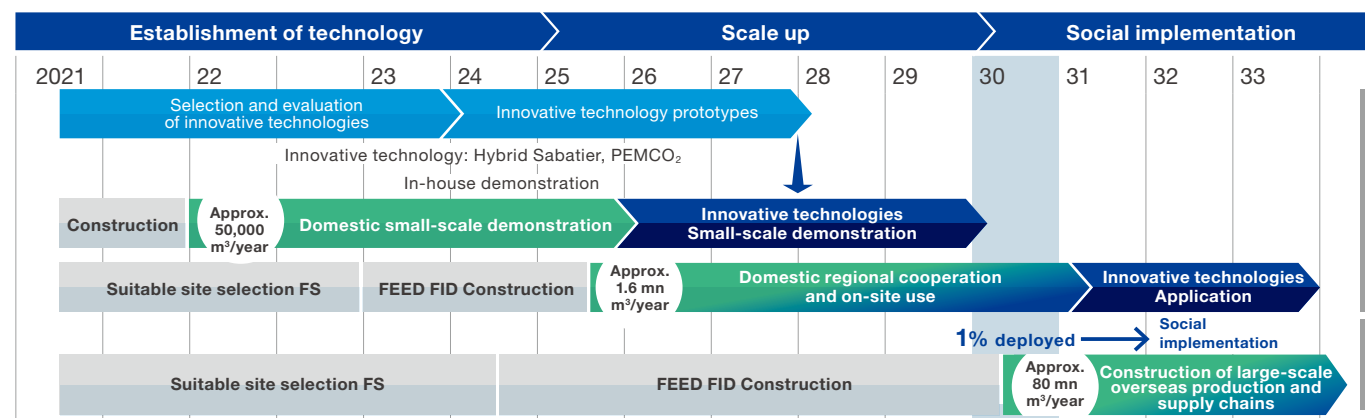
Value ①	Decarbonization in the heat sector	Contribution to the realization of carbon-neutrality in Japan	Value ③	Improved energy security	Reduction of country risk
Value ②	Reduction of additional social costs	Reduction of the burden on the public (customers)	Value ④	Overseas expansion of Japanese technologies	Toward global carbon-neutrality

Roadmap for social implementation

In 2022, the Tokyo Gas Group started a domestic demonstration using the Sabatier reaction, an existing methanation technology, for the social implementation of e-methane.

We aim to establish a large-scale overseas production and supply chain by FY2030 and introduce e-methane for 1% of our Group's domestic city gas demand (approx. 80 mn m³), and we are currently promoting specific projects.

At the same time, we are working to improve efficiency and reduce costs through the development of innovative methanation technologies utilizing the Green Innovation Fund project.



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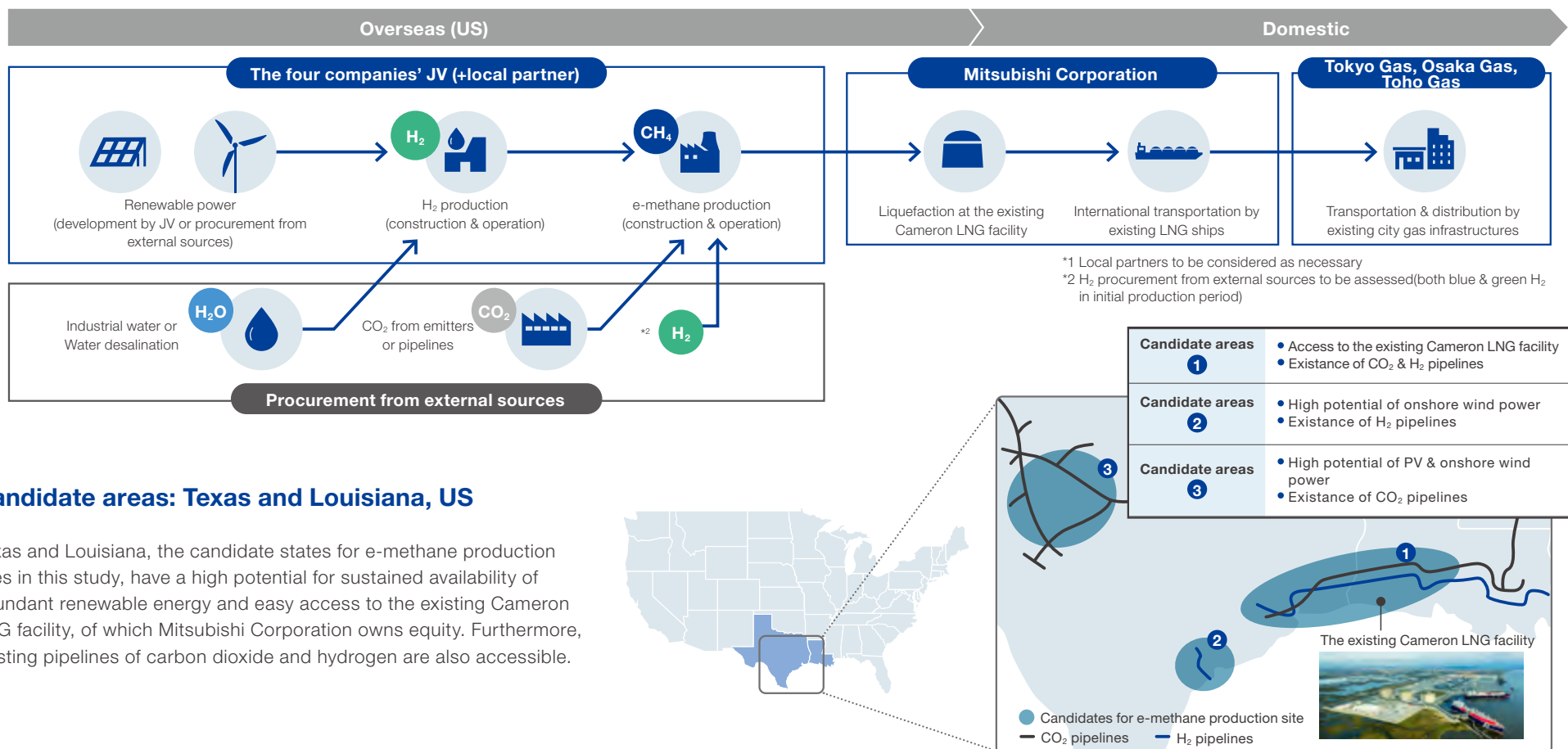
Innovation for a decarbonized society

Produce e-methane in the US and transport it to Japan, utilizing Cameron LNG in Louisiana (large-scale overseas social implementation project)

For e-methane's better visibility, it is effective to promote the e-methane in Japan and overseas simultaneously and important to establish cost-competitive e-methane supply chain from overseas where renewable power is accessible at low cost.

In November 2022, Tokyo Gas, Osaka Gas Co., Ltd., Toho Gas Co., Ltd., and Mitsubishi Corporation have entered into an agreement and commenced to conduct a detailed joint

feasibility study on a project to produce e-methane in Texas or Louisiana, liquefy it at the existing Cameron LNG facility, and transport it to Japan utilizing other existing infrastructure, including LNG ships and receiving terminals in Japan. The targeted e-methane production volume is 130,000 tons per year to start in 2030.



Candidate areas: Texas and Louisiana, US

Texas and Louisiana, the candidate states for e-methane production sites in this study, have a high potential for sustained availability of abundant renewable energy and easy access to the existing Cameron LNG facility, of which Mitsubishi Corporation owns equity. Furthermore, existing pipelines of carbon dioxide and hydrogen are also accessible.

Disclosure based on TCFD recommendations

The Tokyo Gas Group regards the Task Force on Climate-Related Financial Disclosures (TCFD) framework as being an effective way to promote information disclosure and dialogue with stakeholders on climate-related issues. We therefore signed the statement of support for the TCFD, in May 2019. We are utilizing the TCFD recommendations as an framework to assess our response to climate change, and consistently disclosing relevant information on the impact of climate change on our business activities and the measures to be taken.

Governance

The Tokyo Gas Group recognizes responding to climate change as a key sustainability issue to be tackled through business activities, and defines *responsibly transitioning to a decarbonized society* as one of our material issues

Promoting Sustainability and Materiality p.16

As our governance system, the Board of Directors makes decisions on management plans, policies, and other matters, including responding to climate change. In addition, we have delegated the authority to make decisions on business execution to our Representative Corporate Executive Officer and President, which brings speed to management and focus on monitoring based on reports from Corporate Executive Officers. The Management (generally meeting weekly), deliberates on matters submitted to the Board of Directors, as well as important matters related to business execution including responding to climate change. We also have established the Sustainability Committee, chaired by the Representative Corporate Executive Officer and President, to share information within our Group regarding climate change response, and to enable coordination of the company-wide direction. Furthermore, important matters are reported to the Board of Directors.

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The performance of key indicators* related to responding to climate change in a period is reflected in incentive remuneration (bonuses) for Corporate Executive Officers, including those who also serve as Directors (decided by the Compensation Committee in consideration of the linkage with priority management indicators in the management plan for the relevant fiscal year).

* FY2023 performance indicators related to responding to climate change
· CO₂ reduction contribution
· Net-zero CO₂ emissions from our activities
· Volume of newly developed renewable power sources in Japan
· Volume of newly developed renewable power sources overseas

Officer Remuneration System p.58

Strategy

Scenario analysis

The Tokyo Gas Group conducts scenario analysis to qualitatively and quantitatively understand the impacts of climate change on our business, to assess the resilience of business strategies, and to consider countermeasures.

The scenario analysis is conducted by assuming the business environment with reference to scenarios published by the International Energy Agency (IEA) and focusing on energy projects that are expected to be significantly affected by climate change.

		1.5°C scenario (NZE 2050)	2.6°C scenario (STEPS)
Worldview	Scenario assuming the achievement of net-zero CO ₂ emissions by 2050 worldwide through various initiatives for decarbonization		Scenario that assumes existing policies are maintained, but that no stronger decarbonization policies are announced and implemented
	Policy and Legal	Carbon tax will be introduced worldwide*1 ■ Carbon tax per t-CO ₂ : 2022 *a: 3,000 yen, 2050 *c: 30,000 yen	Carbon tax will be introduced in some regions*1 ■ Carbon tax per t-CO ₂ : 2022 *a: 3,000 yen, 2050 *b: 9,240 yen
		Decrease in total energy supply*1, Increase in renewable energy ratio*1 ■ Total supply: 2021: 624EJ → 2050: 532EJ ■ Renewable energy ratio: 2021: 12% → 2050: 70%	Increase of total energy supply*1, increase of renewable energy ratio*1 ■ Total supply: 2021: 624EJ → 2050: 740EJ ■ Renewable energy ratio: 2021: 12% → 2050: 29%
	Market	Increase in electrification rate*1 ■ Electrification rate: 2021: 20% → 2050: 52% Progress in renewable energy and energy conservation markets Activation of offset market	Slight increase in electrification rate*1 ■ Electrification rate: 2021: 20% → 2050: 28% Current status maintained in renewable energy and energy conservation markets Offset market remains at the same level
		Advancing development and utilization of hydrogen, CCUS, and other technologies*1 ■ Utilization rate of hydrogen and hydrogen-derived fuel: 2021: 0% → 2050: 9% ■ CO ₂ capture: 2021: 0.0Gt-CO ₂ → 2050: 6.2Gt-CO ₂	Development and utilization of hydrogen, CCUS, and other technologies remain at the same level*1 ■ Utilization rate of hydrogen and hydrogen-derived fuel: 2021: 0% → 2050: 0% ■ CO ₂ capture: 2021: 0.0Gt-CO ₂ → 2050: 0.0Gt-CO ₂
	Reputation	Increasing environmental awareness among consumers, financial institutions, and investors	Environmental awareness among consumers, financial institutions, and investors remains at the same level
Physical	Acute	Weather disasters intensify to 2030 Increase in non-life insurance premium rate*2 ■ Premium rate: 2021: 100.0% → 2050: 130.9%	Weather disasters intensify to 2050 Increase in non-life insurance premium rate*2 ■ Premium rate: 2021: 100.0% → 2050: 238.0%

Source: *1: IEA WEO 2022, *2: General Insurance Rating Organization of Japan
Note: *a: Median carbon prices in 2022 for 60 countries/regions listed in World Bank State and Trends of Carbon Pricing 2022, *b: Median values for countries (Canada, Chile, Colombia, China, Europe, Korea) referenced in the STEPS scenario, *c: Median values for developed countries in the NZE scenario

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Risks/opportunities and countermeasures

Taking into account the environment surrounding the Tokyo Gas Group's business, we identify risks and opportunities, evaluate them separately in the short to medium term through 2030 and in the medium to long term through 2050, and then consider countermeasures. In the short to medium term, we will promote sophisticated use of natural gas, and in the to medium term, we will achieve decarbonization of gas and electricity.

Category		Factors		Business impact		High financial impact	
						Short to medium term	Medium to long term
Transition	Policy and Legal	Introduction of carbon pricing		Risks	Increased costs for city gas and thermal power generation projects	●	●
	Market	Supply side	Expansion of non-fossil energy	Risks	Decrease in sales of city gas and thermal power	●	
				Opportunities	Expansion of development of renewable power sources and increase in sales volume	●	●
			Expanding need for natural gas as a transition energy	Risks	Soaring LNG prices	●	
				Opportunities	Increase in city gas and natural gas sales volume due to progress in fuel switching	●	
		Demand side	Changes in energy consumption structure	Risks	Decrease in city gas sales volume due to progress in energy conservation and electrification	●	
				Opportunities	Expanding demand for services that utilize decentralized resources (renewable energy, storage batteries, demand response)		
	Technology	Advancement of decarbonization technologies such as renewable energy, e-methane, hydrogen and CCUS		Risks	Decrease in sales of city gas and thermal power	●	
				Opportunities	Profit expansion through renewable energy, e-methane, hydrogen, and CCUS		●
	Reputation	Focus on low carbon and decarbonization in investment standards		Risks	Decrease in financing capacity of fossil fuel-related businesses	●	
Opportunities				Increase in financing capacity of decarbonization-related businesses		●	
Physical	Acute	Extreme weather intensification		Risks	Increase in costs for measures against wind and flood damage, risk of shutdown of operations if production equipment is damaged		
				Opportunities	Expansion of decentralized energy due to disaster prevention and resilience needs		

Measures taken by the Tokyo Gas Group

Sophisticated use of natural gas

- Switch from coal, oil, etc. to natural gas as fuel, introduce cogeneration systems, develop smart cities, strengthen resilience in Japan and global markets.
- Increase provision of carbon-neutral LNG (CNL)
- Expand use of natural gas for balancing renewable power
- CCUS

Decarbonization of gas and electricity

- e- methane: Transition to large-scale & high-efficiency methanation and commercial use
- Hydrogen: Establish practical, affordable hydrogen production technologies
- Expand renewable power sources (Increase solar, wind & biomass power generation)
- Achieve zero emissions in our thermal power generation

Infrastructure development (resilience)

- Enhanced resilience in the natural gas infrastructure
- Enhanced establishment of a water hazard-resilient public utilities (i.e., disaster countermeasures for LNG terminals and power stations) and full preparation for BCP
- Expanded use of decentralized energy systems that are highly resilient, such as smart energy networks, cogeneration systems, and ENE-FARM (home fuel cells), etc.

Risk management

The Tokyo Gas Group defines significant risks as those that are deemed to have a significant impact on its business in its risk management policy that defines the basic matters of risk management. The policy is reviewed each fiscal year and daily monitoring is conducted to check for signs of risk. These significant risks are set by identifying and prioritizing the risks specific to each division and subsidiary for each fiscal year for the entirety of the Tokyo Gas Group business, and risks related to climate change are also set

as significant risks and integrated into the Enterprise Risk Management (ERM) system.

In addition, the Risk Management Committee, which was established with the aim of improving the level of ERM management, regularly checks the status of the development and operation of the ERM system, including the review of risks, and reports it to a committee that supports rational decision-making by Corporate Executive Officers.

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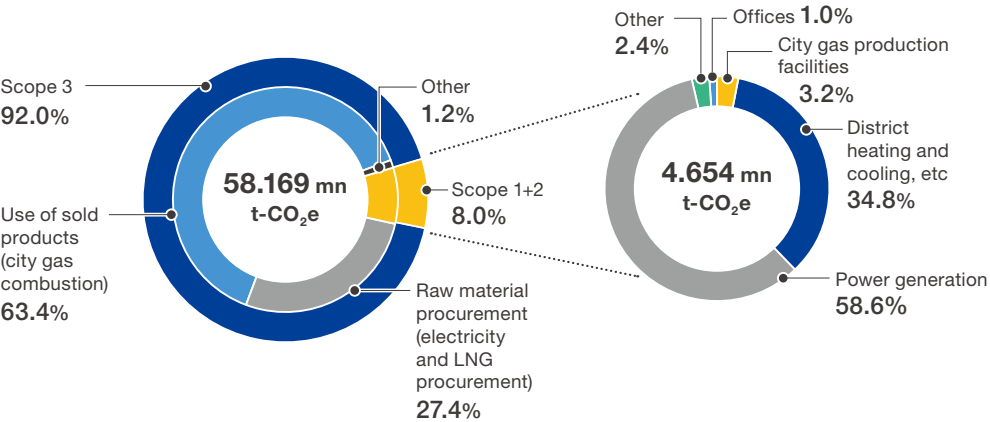
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Indicators and targets

In order to realize a decarbonized society, we have set the following indicators and targets to contribute to reducing CO₂ emissions for society as a whole and to promote progress and management of initiatives, such as reducing the Tokyo Gas Group's CO₂ emissions (Scope 1, 2, 3).

Indicators	Targets	
CO ₂ reduction contribution (vs. FY2013)	2025 12 mn tons	2030 17 mn tons
GHG emissions (Scope 1, 2, 3)	2050 Net-zero CO ₂	
Net-zero CO ₂ emissions from our activities (vs. FY2020)	2025 60% achieved	2030 100% achieved
Renewable energy transaction volume	2025 2.2 mn kW	2030 6 mn kW
Natural gas transaction volume		2030 20 mn tons
e-methane introduction volume		2030 1% deployed (80 mn Nm ³ /year)
Decarbonization investment amount	2023-2025 230 bn yen (3-year total)	

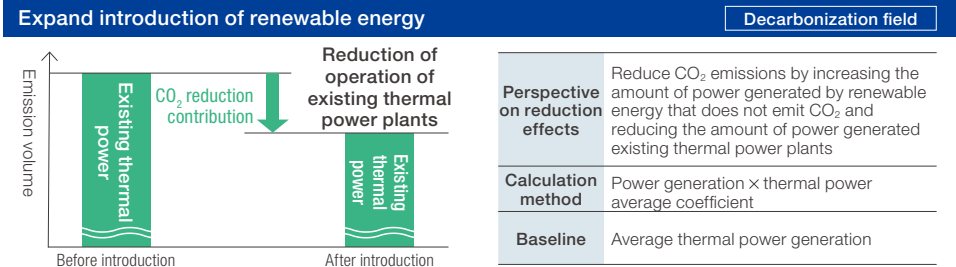
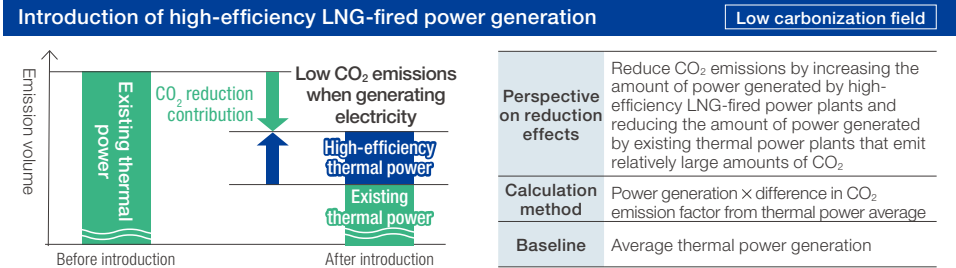
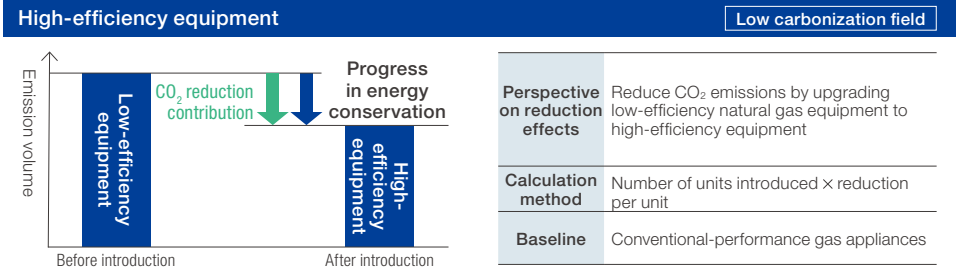
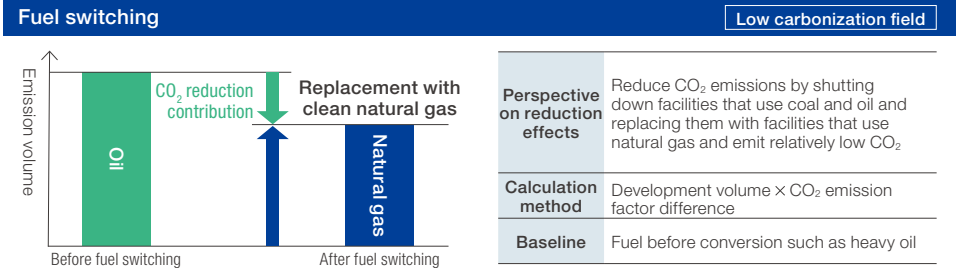
GHG emissions: FY2022 results



CO₂ reduction contribution

Concept and calculation method of reduction effect (example)

CO₂ emissions of society as a whole
CO₂ emissions by the Tokyo Gas Group



*The Tokyo Gas Group's CO₂ emissions remain unchanged

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Energy Security

For a stable energy supply

For more than 130 years since its foundation, the Tokyo Gas Group, as an energy company group that supports social infrastructure, has been dedicated to ensure stable procurement, stable supply, and ensuring safety, providing our customers with safe and secure living.

With regard to stable procurement, in addition to diversifying our LNG procurement sources and schemes, and strengthening trading and management functions, we are also working to strengthen power sources such as renewable energy. For stable supply, in addition to strengthening infrastructure, we are working to improve resilience functions utilizing natural gas, such as by expanding distributed energy systems. In terms of securing

safety, we are strengthening disaster countermeasures based on our experience of the Great Kanto Earthquake, which marks its 100th anniversary this year, including the completion of a disaster prevention system that utilizes high-density seismometers.

Going forward, towards the realization of a decarbonized society, we will promote the practical use of e-methane in addition to renewable energy, and take initiatives for the decarbonization of gas-based energy making maximum use of the existing energy infrastructure. Through such initiatives, we will respond to the diversifying needs of our customers, such as stability, environmental friendliness, and flexibility, and create social values such as the realization of a decarbonized society and safety and security.

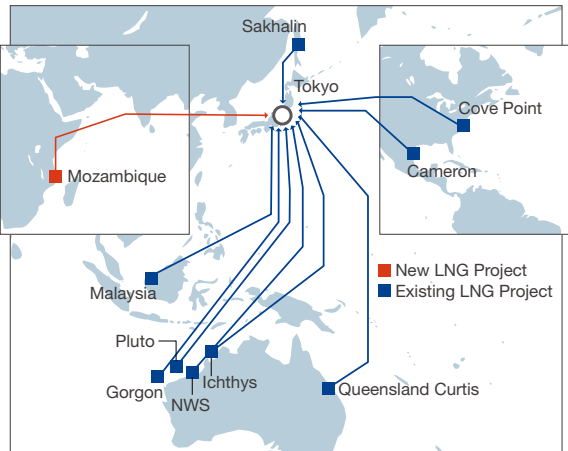
Stable procurement

Flexible LNG procurement

Since the start of LNG imports in 1969, Tokyo Gas has diversified its procurement sources to encompass 13 suppliers projects in four countries, reducing procurement risks. We have also enhanced procurement flexibility through diversification of contract contents, by making contracts based not only on crude oil price indicators, but also on U.S. natural gas prices and coal prices, and making contracts with no destination restrictions. Through strategic partnerships with domestic and overseas companies, we have established an LNG network that connects the Asian, North American, and European markets, thereby increasing LNG transport efficiency and contract flexibility, and reducing costs. Furthermore, in 2020, we established TG Global Trading Co., Ltd., a subsidiary responsible for the LNG trading business, to promote more flexible LNG trading.

Power procurement

In terms of electric power, in addition to procurement through the operation of natural gas-fired power plants with high-efficiency combined cycles utilizing LNG procurement capabilities and facilities such as LNG terminals and pipelines, as well as in initiatives to develop and acquire solar, wind and biomass power plants in Japan and overseas, and strengthening our competitiveness in the development of renewable power sources and procurement capabilities.



Stable supply

Enhance infrastructure resilience

We have improved supply stability and increased transportation capacity by looping high-pressure gas pipelines in the Northern Kanto region. In order to minimize the damage caused by a major earthquake, we have adopted structural designs, materials, and safety technologies with excellent earthquake resistance for manufacturing and supply facilities. The Supply Command Center monitors and controls the status of manufacturing and supply facilities 24 hours a day, 365 days a year. We will systematically carry out the replacement of old gas pipes and conduct regular inspections for gas leaks.

Disaster-resilient everyday lives and city development

We are expanding the introduction of decentralized energy systems such as ENE-FARM and gas cogeneration systems, as well as formation of smart energy networks for heat and electricity used in the ICT-managed areas. We are thereby promoting the creation of cities with enhanced disaster prevention functions and assurance of the continual energy supply even in an emergency.

* The leakage inspection of the inner tube is carried out by the pipeline business operator, and the inspection of consumer equipment is carried out by the retail business operator.

Sustainably utilize existing infrastructure throughout the city gas and LNG supply chains by aiming for decarbonization of gas-based energy through practical application of e-methane

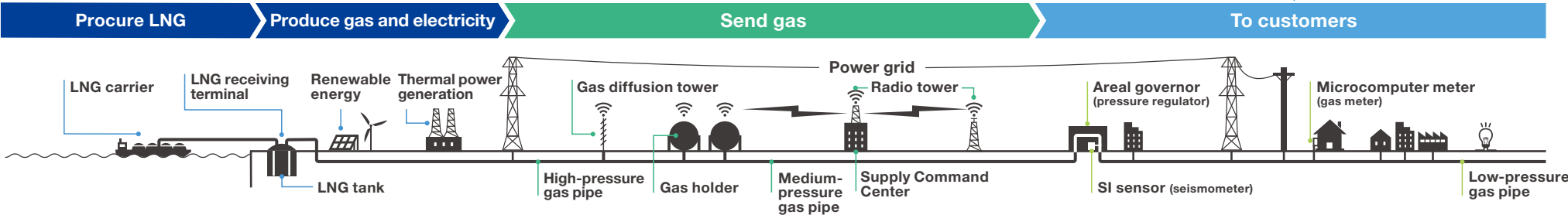
Customers' safe and reliable use of energy services

Safety measures

The Safety Command Center of Tokyo Gas is in operation 24/7 to accept gas leak reports. When such notification is received, Gaslight 24 (our emergency reaction team) promptly responds and dispatches technical staff even at night or on holidays. Periodic security inspections* are conducted at least once every four years for all customers using city gas.

Complete earthquake protection

We have adopted preventive measures to minimize earthquake damage, such as the use of PE pipes for low-pressure gas pipelines. As emergency-preparation measures, we have expanded the installation of microcomputer meters that automatically shut off gas supply during earthquakes of seismic intensity of five or higher, and have divided the medium- and low-pressure pipelines into multiple blocks so as to minimize gas supply cut-off areas and to prevent secondary disasters. As recovery measures, we have established a thorough disaster prevention system that is capable of monitoring seismometers which are installed with high locational density, and controlling gas shutoff. This system enables us to grasp the damage situation of each block where gas supply has been stopped, and to determine the most appropriate recovery method.



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Human Capital Management

At the Tokyo Gas Group, we believe that the source of corporate vitality is people, and that the company will not grow without the growth of its employees. It is each and every member of our Group who will bring about the transformation laid out in Compass Transformation 23–25. By exercising human capital management aligned with the management strategy, we will achieve sustainable improvement of our enterprise value.

Compass2030 “Three Promises”

In order to confront the three challenges outlined in Compass2030, we set forth “Three Promises” to our current and future colleagues. By leveraging the strengths of each of our colleagues, we aim to become a corporate group that strives to create greater value from the chemical reactions created by diversity. In order to fulfill these promises towards 2030, we are developing a human resources strategy and implementing initiatives.

Three Promises

1

We will produce work that will have a major impact on society.

We commend a spirit of taking on challenges and the ability to learn from mistakes.

2

We will create a venue for encounters with diversity and friendly competition.

The Tokyo Gas Group will be a gathering place for diverse thinking and experience.

3

We will emphasize the self-fulfillment of each person.

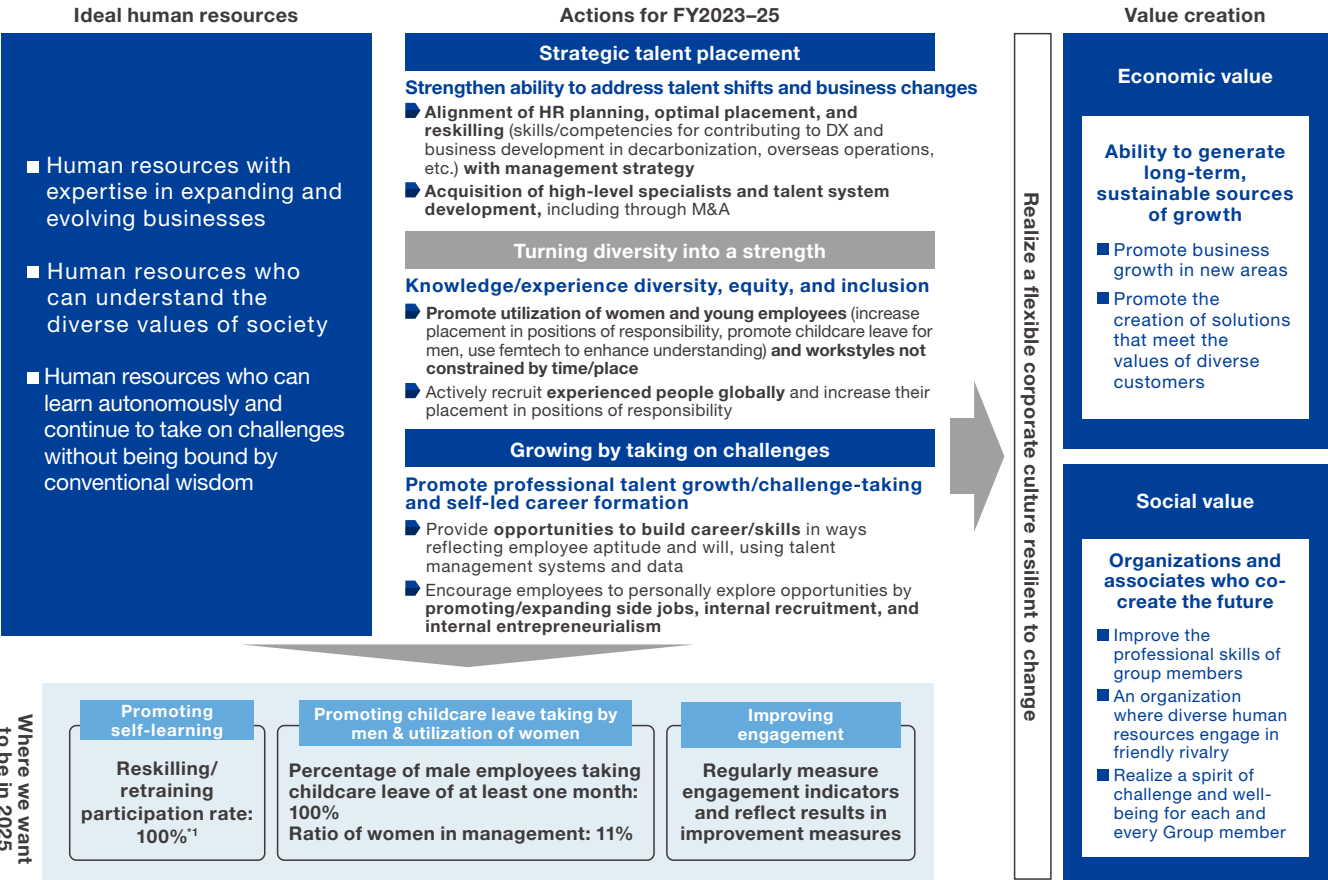
We believe in the potential of each individual and will support each employee's activities.

Initiatives for FY2020–2022

To build a system that can respond to change, we have worked on creating systems that accept, develop, and encourage wide range of diverse talents. This includes the introduction of a talent management system, re-employment of former employees, company-specific hiring, and the implementation of one-on-one meetings.

Initiatives for FY2023–2025

In order to realize a flexible corporate structure that is resilient to change, we will implement human capital management in ways that provide a real sense of our growth, both as individuals and as a Group.



^{*1} Rate of participation in training and certification programs, etc. for acquiring/refreshingskills (including reskilling)

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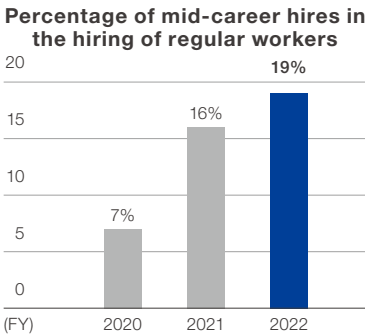
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Strategic talent placement

Acquisition of specialized human resources

In promoting business in growth areas under Compass Transformation 23–25, we are actively recruiting human resources who have expertise in the relevant areas and can immediately lead the business. We will continue to strengthen our proactive acquisition to accelerate business promotion, as the increase in the number of employees with expertise and diverse experience not only enhances the skills of existing employees, but also contributes to strengthening organizational capabilities.



Active participation of human resources with expertise in growth areas



Green Transformation Company
Renewable Energy Business
Development Dept.

TANIGUCHI Chieko

I have engaged in the renewable energy business for about 10 years, involved in investment evaluation in business development and income and expenditure management after operation commencement. After joining the company in 2022, I have been responsible for the operation and management of solar power plants and biomass power plants, working towards the plants' profitability on the premise of stable operation. Leveraging my strengths in both development and management, I will devote myself to contribute to our business operation from the perspective of overall optimization.



Global Business Company
Tokyo Gas Asia Pte. Ltd.

NAKAMURA Takuya

I have worked in project finance and financial advisory in overseas projects at a bank for nearly 10 years. Since joining the company in 2019, I have been engaged in overseas business development and support, utilizing my skills in financial, legal, and technical risk analysis, contract negotiation, and process management and corporate value evaluation in M&A, as well as the network that I built when I was stationed overseas. I am also working to contribute to raising the level of human resources in overseas fields by sharing my own experiences.



Tokyo Gas Real Estate Investment
Advisors Co., Ltd.
President and Representative Director

OTOMO Manabu

After working for 16 years in the operation and new opening of large-scale commercial facilities at a company that develops and operates commercial facilities, I transitioned to a real estate fund management company in 2007. I joined our company, which primarily focuses on real estate investment management business, in 2017 and have been serving as the representative since 2020. We have set a new goal of launching a private REIT within this fiscal year, and I am working diligently every day to achieve this goal.

DX talent training

We are working on DX talent training with the aim of enabling each and every employee to utilize digital technology to transform business and operations. We have set three levels of DX talent and are promoting their development: “DX leaders” who can utilize digital technology in their work, “core DX talent” who can promote DX projects at the core, and “high-level DX talent” who can lead the development of digital platforms necessary for DX promotion using advanced technology.



In the DX Basic Education program aimed at developing DX leaders, the participants select appropriate programs that can be used in their work from among a number of programs including Excel, AI, web analysis, and robotic process automation (RPA). In FY2022, we certified approximately 1,000 DX leaders, and are aiming to certify 3,000 people by FY2025.

In the DX Development Education program aimed at fostering core DX talent, we set up three specialization categories: business transformation, data science, and digital engineering. In addition to e-learning and classroom training, participants spend several months working under the guidance of instructors to solve problems in their practical work which they have set for themselves.



DX talent (target for 2025)

DX leaders: 3,000 persons
High-level/core DX talent: 500 persons

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Turning diversity into a strength

Promoting active participation by women and childcare leave for men

We have positioned active participation by women as the starting point for diversity, equity, and inclusion, and are promoting the creation of opportunities for women to play active roles, including promotion to important positions, support for career formation, provision of information on various role models, and promotion of flexible work styles. In addition, from the perspective that the diversification of work styles of men, who make up the majority of our employees, will lead to a major cultural change, we encourage male employees to take childcare leave and to diversify their perspectives. In FY2022, the percentage of spousal maternity leave taken at Tokyo Gas was 100%, and the percentage of men taking childcare leave is also increasing year by year.

Global recruitment

As the Tokyo Gas Group's business expands overseas, it is extremely important to recruit local human resources who have an in-depth understanding of the actual situations in the target regions, in order to promote our overseas business. From this perspective, we are actively promoting local recruitment at each of its overseas bases. The number of locally hired employees has increased from 42 at the end of FY2018 to 217 at the end of FY2022 (including acquisition of local companies), and their talents are utilized in a wide range of fields including project development, business operation management, technology, legal, and accounting. The Tokyo Gas Group will continue to recruit human resources globally.

Personnel system enabling diverse human resources to play active roles

In order for diverse human resources to play active roles, we believe it is important to reform the personnel system and corporate culture as a foundation, such as by creating an environment with flexible work styles and appropriate evaluation systems. At Tokyo Gas, the return-to-work rate from childcare leave has been 100% for the past three years, and we are also working to create an environment in which diverse human resources can play active roles regardless of time or place. With regard to evaluation criteria, we are currently considering a revision of the personnel system, including the personnel evaluation criteria, so that our diverse human resources can play active roles competing with players from other companies in each business field.

Diversity, equity & inclusion results (non-consolidated)

	(FY)	2020	2021	2022	2025 (targets)
Ratio of women in management*1		9.2%	9.5%	9.8%	11%
Percentage of male employees taking childcare leave		8%	16%	47%	
Percentage of male employees taking childcare leave etc.(including special leave)*2		-	-	110%	100%*4
Percentage of employees with disabilities*3		2.55%	2.54%	2.64%	-

*1 Results as of April 1 in the following fiscal year

*2 No calculation based on the calculation methods provided for in the Child Care and Family Care Leave Act prior to FY2021

*3 Results as of June 1 of the current fiscal year

*4 Percentage of employees taking childcare leave 100%; number of days taken for childcare leave and special leave for the purpose of childcare combined was at least one month.

Growing by taking on challenges

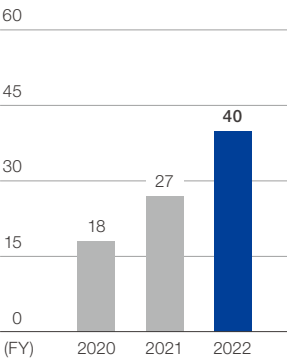
Support for self-led career formation

We provide career formation support so that each employee can draw their own vision and play an active role as a professional. From FY2022, we have introduced company-wide one-on-one meetings, with the aim of aligning the direction of growth between supervisors and subordinates. In addition, we are strengthening the provision of opportunities for employees who take on challenges to excel and grow in diverse fields by enhancing internal recruitment system that allows employees to move to workplaces and jobs of their choice, open recruitment training that supports self-directed learning, and self-development support measures.

Promoting side jobs

We believe that in order to take on challenges in new business areas and provide new solutions, it is important not only to develop human resources within the company but also to learn through business, including outside the company. As such, we have revised our approach to supporting side jobs as part of our personnel system reforms to realize challenge and diversity. By reviewing our policy to support outside work, the number of permits for side jobs has been increasing year by year, and the types of such work have been increasing in the forms of self-employment, such as consulting, design production, and data analysis commissioned by outside companies.

Number of permits for side jobs



Toward permeation of the management philosophy TOPIC

We believe that the permeation and entrenchment of our Group's Management philosophy will motivate each and every employee to act for the benefit of society and become drivers that promote the growth of our company. Since the revision in April 2022, we have promoted initiatives to disseminate the management philosophy through dialogue and workplace discussions between management and employees. An internal survey we conducted in November 2022 found that 99% of our group members are aware of the management philosophy and 66% are able to relate it to their own work.

Going forward, we will work for the further permeation and entrenchment of the management philosophy so that we can become a corporate group that can grow sustainably by ensuring that each and every employee continues to make decisions and take actions based on the philosophy.

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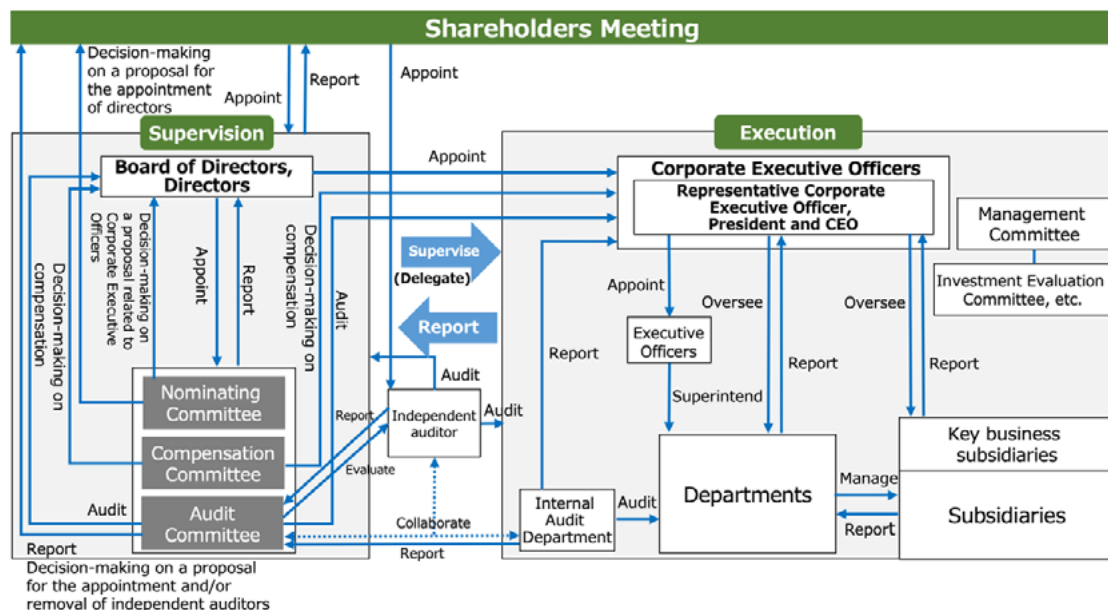
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Policies and Systems



Basic views on corporate governance

Ensuring the legality, soundness, and transparency of the management based on our Management Philosophy, we strive to clarify responsibilities of management and execution, enhance supervisory and auditing functions, and promote accurate and prompt decision-making as well as efficient execution of business operations, in order to enhance corporate governance systems.

Overall Corporate Governance Structure

As a Company with a Nominating Committee, etc., we aim to achieve sustainable growth and medium- to long-term improvement of enterprise value by having two bodies, the Board of Directors and the Executive Committee, clarify and complement each other's roles and responsibilities with a certain level of tension.

The Board of Directors examines and discusses management from a broader perspective, a bird's-eye

Corporate Governance System (As of June 29, 2023)

Number of Directors	9	Number of Corporate Executive Officers*2	
Number of Outside Directors (Those being independent officers*)	6(6)	Number of Executive Officers	2
Average age of Directors	64	Performance-linked remuneration (Short-term incentive remuneration)	Yes
Term of office of Directors	1 year	Non-monetary remuneration (Medium- to long-term incentive remuneration)	Yes
Participation of Outside Directors in selecting Director candidates	Yes		
Participation of Outside Directors in determination of remuneration	Yes		

*1: All six Outside Directors have been notified to the listing stock exchange as independent officers who satisfy the Company's "judgment criteria for the independence of Outside Directors."

*2: Includes a Corporate Executive Officer who concurrently serves as Director (Representative Corporate Executive Officer and President).

Investment
Evaluation
Committee

The Investment Evaluation Committee chaired by the Executive Officer in charge of financial affairs evaluates matters that require evaluation of the significance, economy and risks related to investment, conducts post-investment follow-up, and reports to Corporate Executive Officers and others concerned.

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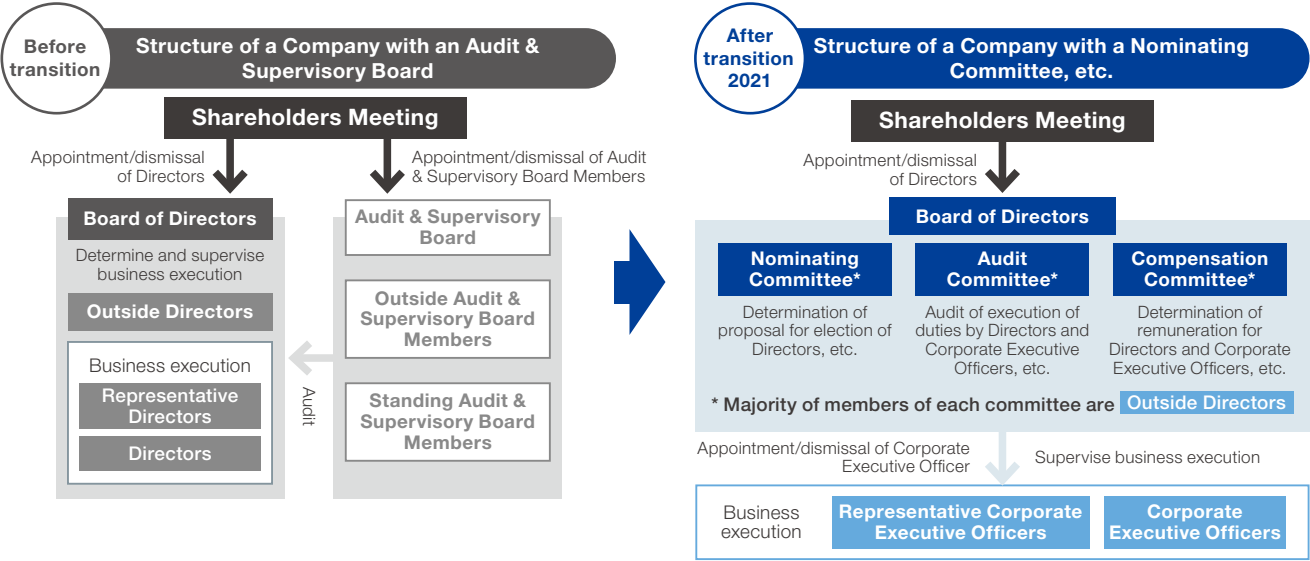
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Transition to a Company with a Nominating Committee, etc. (2021)

For over 130 years, since its foundation in 1885, the Company has engaged in city gas business, primarily in the Tokyo area. However, the world is entering an era of dramatic changes to the energy field; therefore, based on “Compass2030”, our plan for 2030 and beyond, we must accelerate our efforts to expand our business domains and transform our business structure from now on.

We believe that driving management reforms will be essential to these tremendous transformation, the largest since the Company was established. For this reason, in June 2021 we made a transition to a Company with a Nominating Committee, etc.

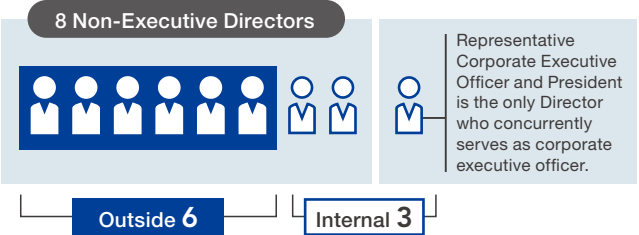


History of Tokyo Gas in enhancing corporate governance

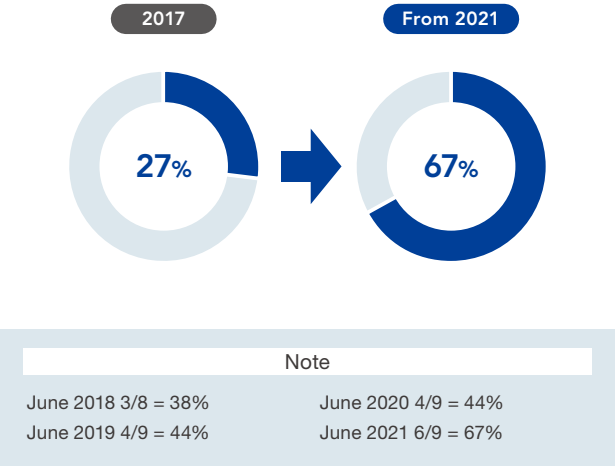
2002	Adopted an executive officer system and reduced the number of Directors Started appointment of Outside Directors
2005	Established an advisory committee (to establish ad hoc committees concerning nomination and compensation, and to improve transparency)
2016	Established the Basic Policy on Corporate Governance Started the evaluation of effectiveness of the Board of Directors
2017	Revised the Regulations of the Board of Directors (Orientation toward a monitoring model)
2021	Made a transition to a Company with a Nominating Committee, etc. (Established Nominating, Compensation, and Audit Committees with a majority being Outside Directors)

Composition of the Board of Directors

To enable the board of directors to more effectively carry out their supervisory functions as a Company with a Nominating Committee, etc., our Director who is also an Corporate Executive Officer is the Representative Corporate Executive Officer and President only. The executive and supervisory functions are clearly separated, ensuring that management is earnest and attentive. Based on this foundation, roughly two-thirds (2/3) of the Board of Directors consists of Outside Directors to make diverse and objective supervision a central element of Board of Directors operations.



Increase in the Ratio of Outside Directors



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Roles and activities of the Board of Directors

The Board of Directors meets once a month in principle to make important decisions regarding management plans and policies, and other management of the company, in accordance with laws and regulations, the Articles of Incorporation, and regulations of the Board of Directors.

In addition, the authority to make decisions on business execution has been largely delegated to the Representative Corporate Executive Officer, and President, which brings speed to management and improves enterprise value through monitoring from a bird's-eye view of management as a whole.

In FY2022, in formulating the Tokyo Gas Group FY2023—FY2025 mid-term management plan, Directors had constructive discussions from various perspectives based on reports from the Executive Officers on business strategies (LNG business, Overseas business, Electric power business, etc.) decarbonization strategy, group personnel reform, and finance strategy.

Compass Transformation 23-25
https://www.tokyo-gas.co.jp/en/IR/support/pdf/20230222-05e.pdf

Attendance at Meetings of the Board of Directors and Nominating, Audit and Compensation Committees

	Number of Directors/members of each committee	Number of meetings*1	Attendance rate*2
Board of Directors	9	13 times	100%
Nominating Committee	4	8 times	100%
Audit Committee	4	14 times	100%
Compensation Committee	5	4 times	100%

*1 From after the Shareholders Meeting in June 2022 until before the Shareholders Meeting in June 2023
*2 Average attendance rate of each member

Structure, Role and Activities of the Nominating Committee, Audit Committee, and Compensation Committee



The Nominating Committee makes decisions on proposals to the Shareholders Meeting concerning appointments and dismissal of Directors and on proposals to the Board of Directors concerning appointments and dismissal of Corporate Executive Officers, among other matters.

Main activities

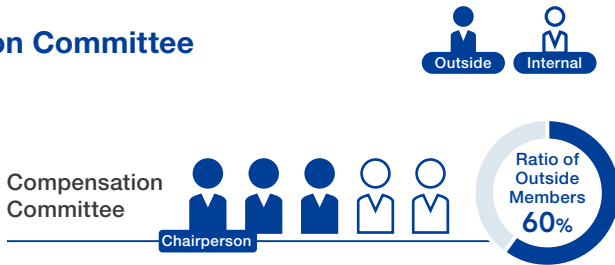
- Election of candidates for Directors, including candidates for newly-appointing Outside Directors
- Election of candidates for Representative Corporate Executive Officer and President



The Audit Committee audits the execution of duties by Directors and Corporate Executive Officers, determines audit reports, and also determines agenda items concerning appointment, dismissal, or refusal of reappointment of independent auditors, among other matters.

Main activities

- Formulation of an audit plan of the Audit Committee
- Establishment of an internal control system and auditing of its operation status, etc.
- Collaboration with the Internal Audit Department, Independent Auditors and subsidiary auditors



The Compensation Committee sets policy for individual remuneration of Directors and Corporate Executive Officers, and makes decisions on remuneration of each Director and each Corporate Executive Officer, according to the policy, among other activities.

Main activities

- Evaluation of results for FY2022
- Formulation of performance KPIs for FY2023
- Consideration of remuneration levels and composition ratios

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Skills and Roles Demanded of Directors







The following have been designated as skills that all Directors are to possess: ‘The knowledge needed to manage the Company at a deeper level,’ ‘The mentality needed to lead the Company’s transformation,’ and ‘The questioning abilities needed to identify the issues faced by the Company.’

Outside Directors must possess the supervisory skills necessary for achieving ‘Compass2030,’ the Group’s management vision, and supplementary skills that complement the knowledge and experience of the Company’s Inside Directors and Corporate Executive Officer.

All Internal Directors other than the Representative Corporate Executive Officer and President are non-executive Directors. Their role is to provide proposals and information in an appropriate and timely manner in order to maintain the effectiveness of the Board of Directors.

Outside Director Skill Matrix

Skills (up to four) held by Outside Directors are as follows:

							
		TAKAMI Kazunori	EDAHIRO Junko	INDO Mami	ONO Hiromichi	SEKIGUCHI Hiroyuki	TANNOWA Tsutomu
1	Energy		●			●	
2	Sustainability		●			●	●
3	Digital/Technology	●					
4	Marketing/Project development	●					●
5	Group management/Governance	●		●	●		
6	Global business		●			●	
7	M&A/Business restructuring	●		●	●		●
8	Communications		●			●	
9	Finance/Accounting			●	●		
10	Risk management			●	●		●

Reason for appointment of each Director (outside and internal) [p.63-64](#)

Details about Each Skill

1 Energy 2 Sustainability	Supervise the responsible transition to a Net-Zero society based on medium- and long-term energy and environmental trends in Japan and overseas
3 Digital/ Technology	Supervise the provision of solutions leveraging digital technologies in order to transition to a Net-Zero society and establish a value co-creation ecosystem
4 Marketing/ Project development	Supervise the migration from the city gas business focused exclusively on the Tokyo area to one that involves multiple businesses and decentralized management by transforming the LNG value chain
5 Group management/ Governance	Supervise the business administration that manages multiple businesses while balancing autonomy and overall optimization, and the management and operation of personnel and organizations

6 Global business	Supervise transformation of the Company’s business structure as a global, total energy company, development and implementation of strategies, and enhancement of the Company’s discernment capabilities and risk management
7 M&A/Business restructuring	Supervise efforts to integrate and concentrate businesses, from a multitude of angles, with the aim of achieving non-continuous, speedy growth, both in Japan and overseas
8 Communications	Supervise timely, high-impact communications based on close public hearing activities with stakeholders
9 Finance/ Accounting 10 Risk Management	In conducting the above business field expansion and M&A activities, supervise financial discipline and investment strategies based on risk balances that differ from those in the past, while at the same time supervising internal controls and risk management

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Effectiveness of the Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, the effectiveness of the Board of Directors was analyzed and evaluated through discussion at the Board of Directors' meetings on the results of the questionnaire-based self-evaluations of each Director and the third-party evaluations .

Summary of evaluation results and future initiatives

After confirming the results of the surveys and third-party evaluations, the Board of Directors discuss the contents and methods of monitoring that should be further improved, as well as specific initiatives.

Summary of evaluation results (opinions from the Board of Directors)

- Medium- to long-term discussions should be held for 2030 and beyond.
- It is necessary to further align awareness of what monitoring should be like in a Company with a Nominating Committee, etc.
- Effectiveness of monitoring should be confirmed in short-term cycles.
- Consider also having opportunities other than meetings of for business understanding.
- A detailed annual schedule for the Board of Directors agenda should be prepared for more systematic monitoring.

Future initiatives

- Based on the initiatives for the next two years after the transition to a Company with a Nominating Committee, etc., we will be even more conscious of making improvements and enhancements by utilizing the knowledge and experience we have accumulated so far.
- Since many of the opinions expressed are focused on "improving the quality of discussion" and "improving agenda setting" setting, we will work on work on specific improvements and enhancements centered on these.

Aggregation and evaluation by third parties (external experts)

The results of questionnaires submitted by each Director are compiled by a third party (external expert) to ensure transparency.
A third-party (external expert) evaluation is also added to the compiled evaluation results.

Evaluation comments from the third party

- The average scores for both internal and external Directors were all above four out of five points, except for some items about the functions of the Board of Directors for which the average score of external Directors was in the higher three-point range, indicating that the effectiveness of the Board of Directors is generally secured at a good level.
- Regarding the contents and methods of monitoring, continuous improvements and innovations are needed to seek optimal solutions even two years after the transition to a Company with a Nominating Committee, etc.

According to the third-party evaluations, "the effectiveness of the Board of Directors is generally maintained at a good level," and we will continue to work tirelessly to further enhance the effectiveness.

Summary of previous evaluation results and specific initiatives

Based on the previous evaluations of the effectiveness of the Board of Directors, the following Initiatives are being implemented by the Board of Directors for FY2022.

Summary of previous evaluation results (opinions at Board of Directors)

- In line with the transition to a holdings-type group structure, it is necessary to focus more than ever on group-oriented management and new business fields.
- In monitoring management, it is necessary to update the indicators for monitoring by paying attention to the links with the goals set by the company.

Specific initiatives

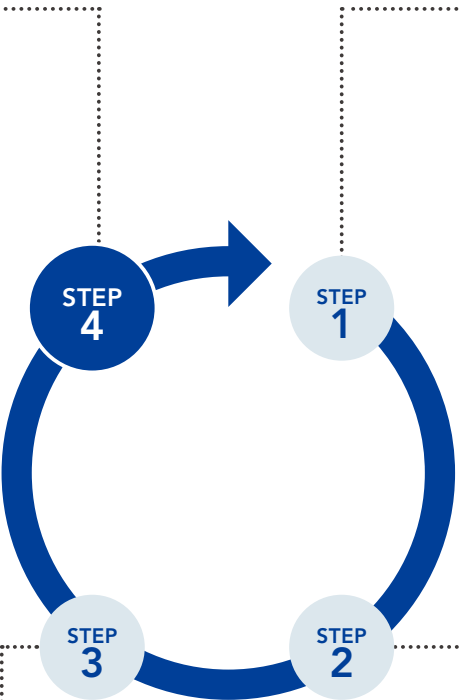
- To formulate the 23–25 mid-term management plan, the Board of Directors held multiple discussions on each business strategy, including the LNG business, and group personnel reform.
- To conduct periodic monitoring, such as checking the progress of KPIs, including of key business subsidiaries, and set indicators based on the key strategies in the 23–25 mid-term management plan.
- To conduct site visits to overseas businesses, new businesses subsidiaries, technology development laboratories, and digital innovation forums that will contribute to business understanding.

Self-evaluation by each Director in the form of a questionnaire

The questionnaire is composed of a five-grade quantitative evaluation and a freely-written qualitative evaluation, enabling fixed-point observations.
As part of this, we are verifying whether we are making steady progress toward our desired governance system after the transition to a Company with a Nominating Committee, etc.

Survey content

- Composition and operation of the Board of Directors (number of people, members, agenda setting, content and explanation of materials, frequency and timing of meetings)
- Functions of the Board of Directors (governance system, decision-making, monitoring, coordination with the Nominating, Audit and Compensation Committees
- Activities outside of the Board of Directors (offering of opotunities to understand the operations, including workshops and on-site visit for directors)
- Proposals for improvements related to the Board of Directors *Free description only



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Officer Remuneration System

The Compensation Committee held on June 29, 2021 resolved a Basic Policy on Officer Remuneration.

Basic Policy on Officer Remuneration

As a Company with a Nominating Committee, etc., a Compensation Committee has been established as stipulated in the Companies Act, and it selects a chairperson from Outside Directors, secures objectivity and transparency, and determines remuneration of individual officers (Directors and Corporate Executive Officers).

(1) Role of officers and officer remuneration

The role assigned to officers is to seek to enhance short-term, medium- and long-term corporate value, and officer remuneration shall serve as an effective incentive for them to perform that role.

(2) Level of officer remuneration

The level of officer remuneration shall be suitable for the role, responsibility and performance of the officer, and be in consideration of changes in the business environment, and the level of other companies according to the research of an external specialized institution.

(3) Composition of annual remuneration

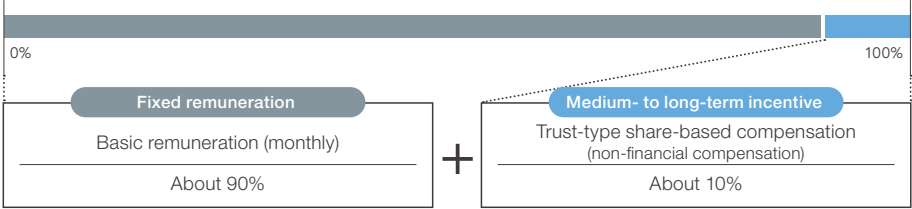
Remuneration of officers shall comprise fixed remuneration (basic remuneration) and incentive remuneration (bonus, share-based compensation).

- Basic remuneration** A fixed amount in accordance with the post of each individual is paid as monthly remuneration.
- Bonuses** As a short-term incentive remuneration, a bonus is paid once a year and its amount reflects the evaluation of individual performance against financial and nonfinancial indicators beside the basic amount set by each rank. Indicators are reviewed and selected each year.
- Share-based compensation** As a medium- to long-term incentive remuneration, points are provided based on the base amount set by each rank. The stocks are provided based on the number of points at retirement.

- Remuneration for Directors is comprised of basic remuneration and share-based compensation, while remuneration for Corporate Executive Officers (including those who concurrently serve as Directors) is comprised of basic remuneration, bonuses, and stock compensation.
- The approximate ratios of each type of remuneration for Directors are 90% in basic remuneration and 10% in share-based compensation. The approximate ratios for Corporate Executive Officers (including those who concurrently serve as Directors) are 65–70% in basic remuneration, 15–20% in bonuses, and 10–20% in share-based compensation.

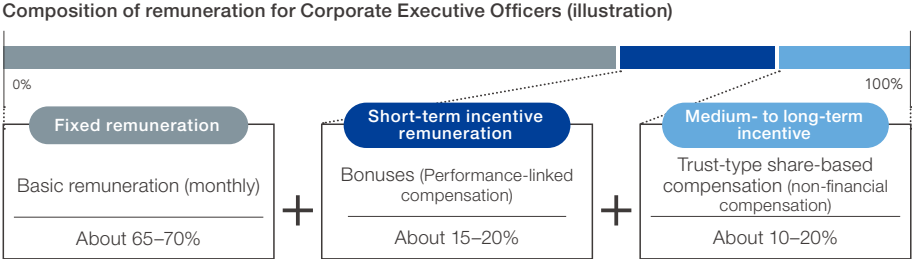
Composition of remuneration for non-executive Directors (internal and outside)

Composition of remuneration for Directors (illustration)



Remuneration structure of Corporate Executive Officers (including those who concurrently serve as Directors)

Composition of remuneration for Corporate Executive Officers (illustration)



The Basic Policy on Officer Remuneration, which was resolved at the Compensation Committee meeting held on June 29, 2021, has incorporated non-financial indicators, in addition to financial indicators, in the evaluation of term performance for bonuses of Corporate Executive Officers. The amount of bonus payments is determined by quantitatively and qualitatively evaluating and reflecting the progress of the term performance in relation to the performance evaluation indicators for each post.

Indicators for bonus evaluation for FY2023

Financial indicators	Consolidated net profit	Profitability
	operating profit + equity income of subsidiaries	
	Increase in number of gas and electricity accounts	
	Solution sales	
Non-financial indicators	Increase in contribution to Overseas operating profit in FY2030	Growth
	Amount of new renewable power sources developed in Japan	
	Amount of new renewable power sources developed overseas	
	CO ₂ reduction contribution	ESG
	Initiatives to achieve net-zero emissions of CO ₂ from our activities	
	Improving Group employee engagement	

*Resolved at a meeting of the Compensation Committee held on May 17, 2023, taking into consideration links with the key management indicators of the 2023 management plan.

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Introduction of a share-based compensation plan using a trust

The Compensation Committee meeting held on June 29, 2021 resolved to introduce a share-based compensation plan for Directors and Corporate Executive Officers with the objective of providing incentives encouraging the enhancement of medium- to long-term corporate value.

Separately, an introduction of a similar share-based compensation plan for executive officers has also been resolved.

(1) Overview

The Company has established a share trust (see the “Overview of the trust”). Points are to be granted to officers each year according to their position, and they shall receive company shares based on the points when they retire/resign.


(2) Target persons

Directors (including Outside Directors), Corporate Executive Officers, and Executive Officers

(3) Overview of the trust (at the time of setting up the trust)

Trust period	From August 2021 to August 2024 (tentative)
Amount to be contributed by the Company as funds for acquiring shares	¥461,889,900
Method to acquire shares for the trust	Acquisition via disposal of treasury shares
Number of shares for the trust	224,600 shares

Press releases on the share-based compensation plan

-  “Notice on the Introduction of a Share-based Compensation Plan” (June 29, 2021)
https://www.tokyo-gas.co.jp/Press_e/20210629-04e.pdf
-  “Decisions on Matters related to Share Acquisition for the Share-based Compensation Plan” (July 28, 2021)
https://www.tokyo-gas.co.jp/Press_e/20210728-04e.pdf

Total Remuneration for Directors, and Corporate Executive Officers for FY2022

Classification of officers	Total value of remuneration (¥ million)	Total value of remuneration by type (¥ million)			Number of eligible officers
		Fixed remuneration	Incentive remuneration		
		Basic remuneration	Bonuses (performance-linked remuneration)	Share-based remuneration (non-financial remuneration)	
Directors (of which, Outside Directors)	216 (78)	192 (72)	— (—)	24 (6)	9 (7)
Corporate Executive Officers	264	174	52	38	4

- (Notes)
1. Remuneration for Directors includes the portion for one Outside Director who retired at the conclusion of the 222nd Ordinary Shareholders Meeting.
 2. Remuneration for one Corporate Executive Officers who concurrently serves as a Director is stated in the remuneration for Corporate Executive Officers.
 3. The amount of stock compensation is the amount recorded as expenses from April 1, 2022 to March 31, 2023.
 4. The above amounts are rounded down to the nearest million yen.

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Internal Control

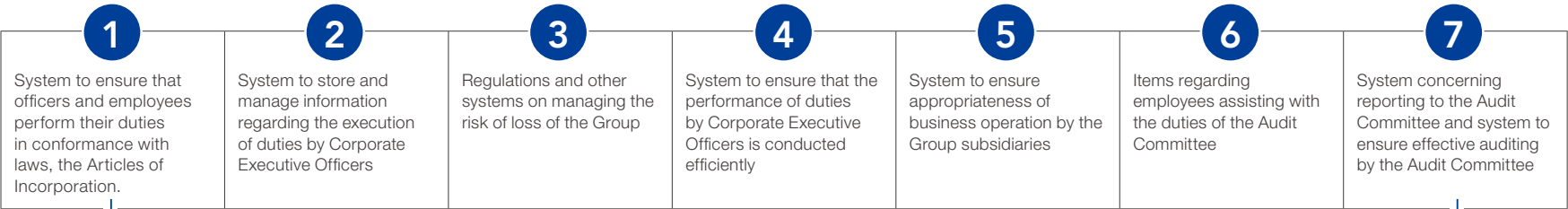
Internal Control System

Ensuring the legality, soundness, and transparency of the management based on our Management Philosophy, we strive to clarify responsibilities of management and execution, enhance supervising and auditing functions, and promote accurate and prompt decision-making, efficient execution of business operations, for sustainable growth and improvement in medium- to long-term corporate value. In addition, Tokyo Gas and its subsidiaries direct their efforts toward lasting development by respecting the autonomy of each and sharing the pursuit of total optimization as their common cause.

In order to ensure appropriate business operation of the Tokyo Gas Group, the Basic Policy on Development of Internal Control Systems has been adopted by the Board of Directors and Corporate Executive Officers have accordingly and effectively established the Internal Control Systems and have been operating them.

Overview of Internal Control System

Specific Examples of Internal Control System



Internal Audit Department

We have established a department responsible for internal audits of the Group (hereinafter referred to as the "Internal Audit Department") to efficiently and effectively audit the status of business execution. The Internal Audit Department reports the audit results to the President, the Management Committee, the Audit Committee (dual report line), and Directors of the audited subsidiaries. The Internal Audit Department is an organization for internal audit of the Company, which is established to conduct professional audits. Its organizational structure and number of employees are shown on the right.

Internal Audit Department
37 staff members
(As of March 31, 2023)

Audit Sect. I

Audit Sect. II

Audit Sect. III

Planning & Internal Control Sect.

Response to "Internal Control Reporting System"

To comply with the "Internal Control Reporting System" under the Financial Instruments and Exchange Act, Tokyo Gas follows the internal control basic framework presented in Financial Services Agency standards, arranges and administers internal control related to financial reporting, assesses their effectiveness, and improves them as necessary. In the internal control report for the previous consolidated fiscal year prepared following this system, which found our internal control regarding financial reporting to be effective, the Auditors expressed the opinion that all the material points were represented appropriately.

Audit Committee

We have established a system for officers and employees of the Group to report to the Audit Committee without delay, and ensure that members of the Audit Committee, who are selected by the Committee itself, attend important meetings and express their opinions when necessary, and that important information is made available. In addition, the Audit Committee has taken measures as follows to ensure effective implementation of audit activities, including coordination with the Internal Audit Department and independent auditors.

Confirmation of appropriateness of audit method and results, confirmation of independence, conveying of audit plans and results

Audit by the Audit Committee

Confirmation of appropriateness of internal control, conveying of audit plans and results

Reporting of audit plans and results, and exchange of opinions

Audit by Independent auditors

Reporting of audit plans and results, and exchange of opinions

Internal audit

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Compliance

Compliance Structure

The company has established the Management Ethics Committee, chaired by the President, to promote transparent management and foster an open organizational culture through discussions related to compliance in general, including compliance with laws and regulations as well as with our management philosophy. We also monitor the implementation status of various measures and confirm activities in the following fiscal year and beyond. Also to that end, we have set up a Compliance Committee for each division and subsidiary to carry out initiatives based on their actual situation.

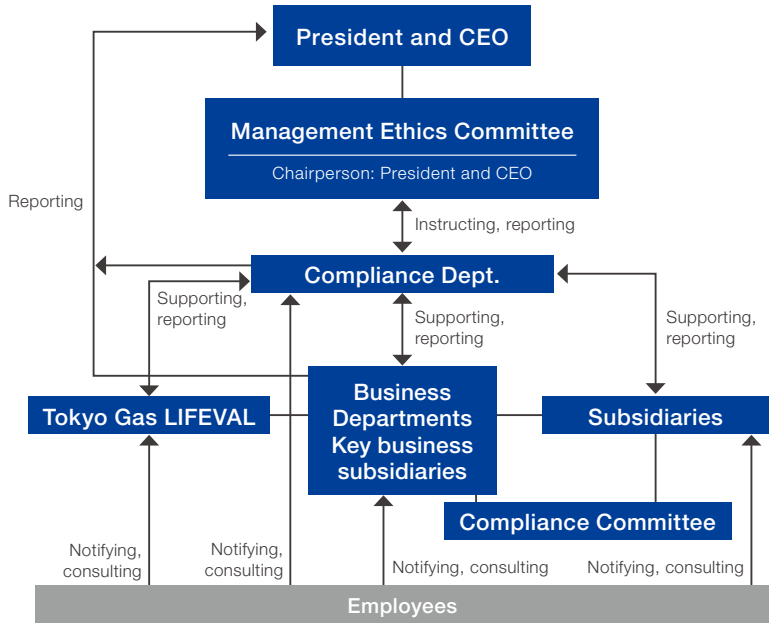
We have also established “Our Code of Conduct,” which serves as a code of conduct for the Tokyo Gas Group in the course of our business operations, and we use workplace discussions in which all employees participate at their respective workplaces, as well as level-specific training coinciding with hiring and promotion, to ensure that employees are continuously and thoroughly informed.

Compliance Risk Management

We have formulated and implemented escalation rules that encourage any employee finding anything unusual to notify the employee’s manager without hesitation and have been effectively operating internal and external consultation desks. We are thereby endeavoring to ensure that compliance-related issues are discovered and resolved at an early stage and our corporate self-regulatory processes functions effectively.

We monitor the effectiveness of Group compliance promotion activities by conducting regular compliance awareness surveys of all employees. The results of these surveys are reflected in initiatives for the following years. Moreover, the Internal Audit Department conducts internal audits of the Company and its subsidiaries, focusing on potential risks that may materialize and their degree of importance from the viewpoint of strict compliance with laws and regulations, corporate ethics and social norms. The status of improvement concerning any recommendations made as a result of the internal audits is checked in a follow-up audit in the following year to ensure steady improvement in risk management.

Compliance Framework



Respect for human rights

The Tokyo Gas Group positions “Respecting human rights across the entire value chain” as one of the material issues. We have established a Sustainability Committee, chaired by the President, to promote respect for human rights and its continuous improvement throughout the Group based on Tokyo Gas Group Human Rights Policy.

Specifically, we are establishing a mechanism for human rights due diligence based on the United Nations Guiding Principles on Business and Human Rights and other global standards. With regard to human rights issues throughout the supply chain, we determine priorities by assessing risks in consideration of the potential human rights violations in each business sector, product, and region, taking into account the specific circumstances of our company Group. We also present our suppliers with the Purchasing Guidelines for Suppliers, request that they show consideration for human rights, and conduct risk assessments and analysis through surveys etc., to implement initiatives for improvement. In addition, we have established consultation offices both inside and outside the company to handle issues related to compliance, including those concerning human rights. If it is found that human rights violations are being caused or promoted through our business activities, we take appropriate measures to rectify and remedy the situation.

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Risk Management System

In accordance with the Risk Management Policies which stipulated basic items of the Tokyo Gas Group's risk management, we have established an enterprise risk management system and are using an "ordinary-time response" (to understand risks and implement measures against the risks) method, or an "emergency-time response" (to respond when

a significant risk emerges) method. The Risk Management Policies stipulate that the Board of Directors, taking into account the importance of risk management, shall always oversee the effectiveness of risk management and take appropriate action when a significant risk occurs.

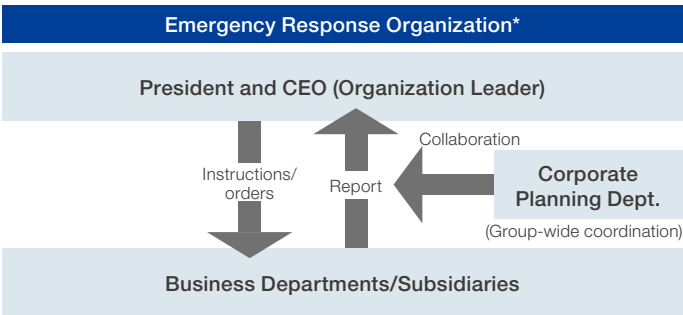
Ordinary-time response

Our Risk Management Regulations have explicitly stated specific initiatives and major risks at ordinary times and an enterprise risk management (ERM) system has been established to undertake them. The Risk Management Committee was established with the aim of improving the management level of the ERM system. The Committee checks progress regarding the establishment and operational status of the ERM system, including periodic risk assessments. It also reports to a committee that supports the Corporate Executive Officers' reasonable decision-making. Under the framework, around 240 risk management promotion officers (as of April 1, 2023) are deployed in the business departments of Tokyo Gas and its subsidiaries in order to promote ERM. Each year, we assess risks and the implementation and improvement status of countermeasures. This system facilitates the steady implementation of the ERM-PDCA (Plan-Do-Check-Act) cycle.



Emergency-time response

Because the Group provides public services that comprise a lifeline, for many years it has also had a crisis management system that serves as a response system in case an accident or other risk-related event actually occurs. Specifically, we have formulated Emergency Response Organization Regulations. In case of major crises, including major natural disasters, such as earthquakes, or production or supply disruptions arising from major accidents at pipelines or LNG terminals, as well as spread of highly pathogenic or infectious diseases, terrorism, failures in mission-critical IT systems, and compliance problems, the Emergency Response Organization has been established to respond to the situation immediately in accordance with the Emergency Response Organization Regulations. Periodic training is conducted in relation to response measures against large earthquakes, cyber terrorism, and other major risks. Moreover, the company has also formulated a Business Continuity Plan (BCP) outlining its responses in the event of a major earthquake of the magnitude as assumed by Japan's Cabinet Office, a major accident disrupting gas supply, a widespread blackout, highly pathogenic or infectious diseases, etc. This plan is in place to reinforce the company's risk management system.



* A department in charge of an executive office is predetermined depending on the type of emergency.

Business or other risks which may significantly affect judgment of investors (as of April 1, 2023)

1. Risks associated with accidents, disasters, etc.

- (1) Energy resource procurement difficulties
- (2) Natural disasters
- (3) Accidents and supply impairments accompanying city gas production and supply, and power generation
- (4) Spread of a highly virulent or contagious infections
- (5) Unforeseeable, large-scale power outages
- (6) Problems in securing the safety of city gas and in quality of gas appliances
- (7) Reputational damage arising from a city gas accident of another company

2. Market fluctuation risk

- (1) Fluctuation in market prices and interest rates
- (2) Fluctuation of the electric power market and LNG prices

3. Risks associated with business execution

- (1) Risks related to existing businesses
 - 1. Decrease in demand caused by intensified competition
 - 2. Fluctuation in material prices
 - 3. Changes in laws, regulations, and national or local policy
 - 4. Fluctuation in gas sales volume caused by climate change
 - 5. Decrease in existing demand caused by changes in the business environment
 - 6. Interruption of telephone services at call centers
 - 7. Delay in technology development
- (2) Risks associated with overseas business development
- (3) Delay in development of new markets
- (4) Inability to recover investments

4. Risks related to information management and system operation

- (1) Leakage of personal information
- (2) Shutdown or malfunction of IT systems
- (3) Cyber attacks

5. Risks related to corporate social responsibility

- (1) Compliance violations
- (2) Response to new environmental regulations
- (3) Insufficient customer services
- (4) Insufficient response to human rights issues

Directors (As of June 29, 2023)



Director, Chairperson of the Board (Nominating Committee Member and Compensation Committee Member)
UCHIDA Takashi

Reason for appointment

Mr. UCHIDA Takashi has experience mainly in operations related to corporate planning, and energy resources & global business. As the Representative Corporate Executive Officer and President until March 2023, he engaged in efforts for a smooth transition of the management structure and achieved further growth amid changes in the environment surrounding the Company, including the full deregulation of the electric power and gas retail markets, legal separation of the Pipeline Network Division, and transition to a new group management structure. Currently, as Director he is working to enhance corporate governance.

Roles played at the Board of Directors

During the term of office as the Representative Corporate Executive Officer and President, as a Director who also serves as a Corporate Executive Officer, Mr. UCHIDA organically connected the Corporate Executive Officers and the Board of Directors, including by providing appropriate and timely explanations on the status of business execution to the Board of Directors to enable it to provide appropriate supervision. Currently, as a Chairperson of the board, he works to improve the effectiveness of the Board of Directors by utilizing his experiences.

- April 1979 Joined the Company
- April 2010 Executive Officer and General Manager of Corporate Planning Dept
- April 2012 Managing Executive Officer and in charge of Personnel Dept., Secretary Dept., Compliance Dept. and Internal Audit Dept.
- April 2013 Managing Executive Officer and Chief Executive of Energy Resources Business Div.
- June 2015 Director, Managing Executive Officer and Chief Executive of Energy Resources Business Div.
- April 2016 Representative Director, Executive Vice President and Chief Executive of Residential Sales and Service Div.
- April 2017 Representative Director, Executive Vice President and Chief Executive of Residential Service Div.
- April 2018 Representative Director, President
- June 2021 Director, Representative Corporate Executive Officer and President
- April 2022 Director, Representative Corporate Executive Officer, President and CEO
- April 2023 Director
- June 2023 Director, Chairperson of the Board (Current position)



Director, Representative Corporate Executive Officer, President and CEO (Compensation Committee Member)
SASAYAMA Shinichi

Reason for appointment as Director

Mr. SASAYAMA Shinichi has experience mainly in operations related to corporate planning, electric power and DX. In recent years, he has promoted the Group's new challenges, including the formulation of the Group's management vision (Compass2030), efforts to strengthen the energy trading business, and the development of the renewable energy business. Mr. SASAYAMA was elected as Director, as he currently served as Representative Corporate Executive Officer and President, leading the entire company toward the realization of the FY2023–2025 mid-term management plan.

Reason for appointment as the Representative Corporate Executive Officer, President and CEO

We have appointed Mr. SASAYAMA as Representative Corporate Executive Officer and President because he is the most qualified person to head the company in the period of change when it is necessary to take up further challenges and make a leap forward in order to steadily implement the FY2023–2025 mid-term management plan and ensure the sustainable growth of the Group, amid significant changes in the external environment.

- April 1986 Joined the Company
- April 2016 Executive Officer and General Manager of Corporate Planning Dept.
- April 2018 Managing Executive Officer and Chief Executive of Digital Innovation Div. and in charge of Corporate Planning Dept.
- April 2019 Managing Executive Officer and Chief Executive of Digital Innovation Div. and in charge of Corporate Planning Dept. and Business Transformation Project Dept.
- April 2020 Senior Managing Executive Officer and Chief Executive of Asset Optimization & Trading Div.
- June 2020 Director and Senior Managing Executive Officer and Chief Executive of Asset Optimization & Trading Div.
- June 2021 Senior Managing Corporate Executive Officer and Chief Executive of Asset Optimization & Trading Div.
- April 2022 Representative Corporate Executive Officer, Vice President and CSO
- April 2023 Representative Corporate Executive Officer, President and CEO
- June 2023 Director, Representative Corporate Executive Officer, President and CEO (Current position)



Director (Audit Committee Member)
HIGO Takashi

Reason for appointment as Director

Mr. HIGO Takashi has experience mainly in operations related to finance, energy resources, corporate planning, and sales. He has engaged in efforts to improve the Company's financial strength as well as to enhance communication with customers, shareholders, and investors. In recent years, he has been dedicated to ensuring the soundness of management as the Executive Officer in charge of the Secretary Dept., General Administration Dept., Corporate Communications Dept., Sustainability Dept. and Internal Audit Dept.

- April 1986 Joined the Company
- April 2015 General Manager of Finance Dept.
- April 2017 Executive Officer and General Manager of Gas Resources Dept., Gas Resources & Energy Production Div.
- April 2018 Executive Officer and General Manager of Gas Resources Dept., Gas Resources & Energy Production Div., and Representative Director and President of Tokyo LNG Tanker Co., Ltd.
- April 2019 Managing Executive Officer, and Representative Director and President of Tokyo Gas Engineering Solutions Corporation
- April 2021 Managing Executive Officer and Chief Executive of Energy Solution Div.
- April 2022 Senior Managing Executive Officer and in charge of Secretary Dept., General Administration Dept., Corporate Communications Dept., Sustainability Dept. and Internal Audit Dept. (retired in March 2023)
- June 2023 Director (Current position)



Outside Director
(Chairperson of the Compensation Committee and Nominating Committee Member)

TAKAMI Kazunori

Reason for appointment

Mr. TAKAMI Kazunori's management capabilities, based on the broad vision and in-depth knowledge he developed as an executive in the electrical industry, and especially the marketing sense he acquired from the consumer perspective in the home appliance business, will greatly contribute to the promotion and supervision of the Company's management strategies.

Important concurrent positions

- Outside Director of Tokyo FM Broadcasting Co., Ltd.
- Outside Director of Nojima Corporation
- Outside Director of FUJITA KANKO INC.

- April 1978 Joined Matsushita Electric Industrial Co., Ltd. (Current Panasonic Holdings Corporation)
- December 1998 General Manager of Corporate Planning Office of Electric Appliances and Housing Facility Company of Matsushita Electric Industrial Co., Ltd. (Current Panasonic Holdings Corporation)
- June 2004 Director of Corporate National Marketing Div. of Matsushita Electric Industrial Co., Ltd. (Current Panasonic Holdings Corporation)
- April 2009 Managing Executive Officer, President of Home Appliances Company of Panasonic Corporation
- April 2012 Representative Director, Senior Managing Executive Officer and President of Appliances Company of Panasonic Corporation
- April 2015 Representative Director, Executive Vice President and in charge of Japan region, Customer Satisfaction, and Design of Panasonic Corporation
- June 2015 Outside Director of Tokyo FM Broadcasting Co., Ltd. (Current position)
- June 2017 Corporate Advisor of Panasonic Corporation (Retired in March 2018)
- June 2018 Outside Director of Nojima Corporation (Current position)
- March 2019 Outside Director of FUJITA KANKO INC. (Current position)
- June 2019 Director of the Company (Current position)



Outside Director
(Nominating Committee Member and Compensation Committee Member)

EDAHIRO Junko

Reason for appointment

Ms. EDAHIRO Junko's in-depth knowledge regarding energy and sustainability, communication abilities, and extensive practical experience in communities, which she has cultivated as a journalist and creator, will greatly contribute to the promotion and supervision of the Company's management strategies.

Important concurrent positions

- Representative Director of e's Inc.
- Director and Chairperson of Change Agent Inc.
- Professor of Shizenkan University Graduate School of Leadership & Innovation
- Representative Director of mirai-sozo.work
- Chief Director of Blue Carbon Network

- July 1993 Interpreter and translator
- October 1998 Environmental journalist
- July 2002 CEO of EcoNetworks Co. (Retired in July 2005)
- August 2002 Joint Chief Executive of Japan for Sustainability (NGO)
- April 2003 Representative Director of Edahiroba Inc. (Current e's Inc.) (Current position)
- April 2005 Representative Director and Chairperson of Change Agent Inc.
- May 2006 Director and Chairperson of Change Agent Inc. (Current position)
- August 2010 Chief Executive of Japan for Sustainability (NGO) (Retired in July 2018)
- September 2014 Professor of Department of Environmental Management, Faculty of Environmental Studies of Tokyo City University (Retired in March 2018)
- August 2018 Professor of Shizenkan University Graduate School of Leadership & Innovation (Current position)
- June 2019 Director of the Company (Current position)
- October 2019 Representative Director of Shimokawa Seeds K.K. (Retired in September 2022).
- September 2020 Representative Director of mirai-sozo.work (Current position)
- August 2022 Chief Director of Blue Carbon Network (Current position)



Outside Director
(Chairperson of the Audit Committee)

INDO Mami

Reason for appointment

Ms. INDO Mami's capabilities in advanced and diverse management analysis and guidance she developed as an analyst and advisor in the financial industry, as well as her management sense from a risk perspective nurtured by her experience in a monitoring agency, will greatly contribute to the promotion and supervision of the Company's management strategies.

Important concurrent positions

- Outside Director of Ajinomoto Co., Inc.
- Outside Director of AIG Japan Holdings KK
- Outside Director of Mitsui Fudosan Co., Ltd.

- April 1985 Joined Daiwa Securities Co. Ltd.
- April 2009 Senior Managing Director and General Manager of Consulting Div. of Daiwa Institute of Research Ltd.
- April 2013 Executive Managing Director and Deputy General Manager of Investigation Div. of Daiwa Institute of Research Ltd.
- April 2016 Senior Managing Director of the Institute of Daiwa Institute of Research Ltd. (Retired in December 2016)
- December 2016 Commissioner of Securities and Exchange Surveillance Commission (Retired in December 2019)
- June 2020 Audit & Supervisory Board Member (External) of Ajinomoto Co., Inc.
- June 2020 Outside Audit & Supervisory Board Member of AIG Japan Holdings KK
- June 2020 Director of the Company (Current position)
- June 2021 Outside Director of FUJITEC CO., LTD. (Retired in February 2023)
- June 2021 Outside Director of Ajinomoto Co., Inc. (Current position)
- June 2021 Outside Director of AIG Japan Holdings KK (Current position)
- June 2023 Outside Director of Mitsui Fudosan Co., Ltd. (Current Position)

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Directors (As of June 29, 2023)



April 1979 Joined Ajinomoto Co., Inc.

June 2007 Corporate Executive Officer and General Manager, Finance Dept. of Ajinomoto Co., Inc.

June 2011 Member of the Board & Corporate Vice President (In charge of finance and purchasing) (Retired in June 2017)

Director of Japan Investor Relations Association (Retired in June 2017)

April 2013 Member of the Investment Committee of Government Pension Investment Fund (Retired in June 2017)

June 2019 Outside Director of Mebuki Financial Group, Inc. (Current position)

June 2020 Audit & Supervisory Board Member of the Company

June 2021 Director of the Company (Current position)

Outside Director

(Audit Committee Member)

ONO Hiromichi

Reason for appointment

Mr. ONO Hiromichi's management capabilities, based on the broad perspective and in-depth knowledge he developed as an executive in the food industry, and especially his management sense nurtured from a group perspective and a risk perspective in the finance division will greatly contribute to the promotion and supervision of the Company's management strategies.

Important concurrent positions

Outside Director of Mebuki Financial Group, Inc.



April 1979 Joined Japan Broadcasting Corporation

August 1987 Reporter in the Economics Section, News Department of Japan Broadcasting Corporation (responsible for covering the Ministry of Transport, Ministry of Finance, Ministry of International Trade and Industry, distribution companies, trading companies, the Bank of Japan, the finance sector, etc.)

June 1998 Economics Section Deskman, News Department of Japan Broadcasting Corporation

June 2001 'Economics Front Line' Newscaster, News Commentator, General Broadcasting Administration of Japan Broadcasting Corporation

April 2004 'Business Compass' Newscaster of Japan Broadcasting Corporation

June 2007 Chief News Commentator of Japan Broadcasting Corporation

June 2014 News Commentator Vice-chairperson of Japan Broadcasting Corporation

April 2017 'Ohayo Nippon/Oha Biz' Newscaster of Japan Broadcasting Corporation (responsible for corporate strategy, energy affairs, green innovation, corporate governance, growth strategy, industrial policy, etc.)

January 2022 Retired from Japan Broadcasting Corporation

June 2022 Director of the Company (Current position)

Outside Director

(Audit Committee Member)

SEKIGUCHI Hiroyuki

Reason for appointment

Mr. SEKIGUCHI Hiroyuki's keen perception, deep discernment in approaching the heart of matters, and great skills at presentation from the TV viewer's perspective concerning the overall economy including energy and sustainability, which he developed through his experience as a TV journalist and senior commentator, will greatly contribute to the promotion and supervision of the Company's management strategies.

Important concurrent positions

None



April 1976 Joined Mitsui Toatsu Chemicals, Inc. (Current Mitsui Chemicals, Inc.)

April 2007 Executive Officer, General Manager of Human Resources & Employee Relations Div. of Mitsui Chemicals, Inc.

April 2010 Managing Executive Officer, Business Sector President of Basic Chemicals Business Sector of Mitsui Chemicals, Inc.

June 2012 Member of the Board, Managing Executive Officer of Mitsui Chemicals, Inc.

April 2013 Director, Senior Managing Executive Officer of Mitsui Chemicals, Inc.

April 2014 Representative Director, Member of the Board, President & CEO of Mitsui Chemicals, Inc.

April 2020 Representative Director, Member of the Board, Chairperson of Mitsui Chemicals, Inc.

June 2022 Outside Director of KDDI CORPORATION (Current position)

April 2023 Chairperson of the Board of Mitsui Chemicals, Inc. (Current position)

June 2023 Director of the Company (Current position)

Outside Director

Newly appointed

(Chairperson of the Nominating Committee and Compensation Committee Member)

TANNOWA Tsutomu

Reason for appointment

Mr. TANNOWA Tsutomu's management abilities based on his broad view and in-depth knowledge he has acquired as a corporate executive of a chemicals manufacturer, and knowledge on governance, especially his business sense from a risk perspective developed through management reforms and business restructuring, will be very useful in the promotion and supervision of the management strategy which the Company aims for.

Important concurrent positions

Chairperson of the Board of Mitsui Chemicals, Inc.
Outside Director of KDDI CORPORATION

Corporate Executive Officers

Representative Corporate Executive Officer, President and CEO	SASAYAMA Shinichi	CEO
Representative Corporate Executive Officers, Vice Presidents	KASUTANI Toshihide	Chief Executive of Global Business Company
	KIMOTO Kentaro	CTO Chief Executive of Green Transformation Company
	OGAWA Shinsuke	Chief Executive of Customer & Business Solution Company

For reference

From April 1, 2022, the Company expanded the chief officer structure to clarify their roles and implement internal and external responses to management issues across the Group. (The title of CFO was previously introduced).

CEO: Chief Executive Officer

CTO: Chief Technology Officer

CDO: Chief Digital Officer

CRO: Chief Risk Management Officer

CHRO: Chief Human Resources Officer

CIO: Chief Information Officer

CFO: Chief Financial Officer

Executive Officers

Senior Managing Executive Officers	TANAZAWA Satoshi	Chief Executive of Energy Trading Company
	SATO Hirofumi	CFO In charge of Financial Management Dept., Accounting Dept., and Purchasing Dept.,
Managing Executive Officers	SHIGITANI Ayumi	CIO President, Representative Director of TOKYO GAS IINET CORP.
	HOSOYA Isao	Chief Executive Officer of TOKYO GAS ASIA PTE. LTD.
	SAITO Akihiro	In charge of Secretary Dept., General Administration Dept., Legal Dept., Corporate Communications Dept., Compliance Dept., and Internal Audit Dept.
	KONISHI Yasuhiro	President, Representative Director of Tokyo Gas Engineering Solutions Corporation
	SUGESAWA Nobuhiro	CDO In charge of Digital Transformation Promotion Dept. and Business Development Dept., and Deputy Chief Executive of Customer & Business Solution Company (In charge of Solution Co-creation Dept. and Solution Technology Dept.)
	TSUJI Eito	CRO, CHRO In charge of Corporate Planning Dept. and Human Resources Dept.
Executive Officers	KONISHI Masako	In charge of Sustainability Dept., and Head of Regional Affairs
	KADO Masayuki, ENDO Yo, KURIMOTO Kazuya, TAKEUCHI Atsunori, MINAMI Taku, YAKABE Hisataka, OHASHI Taro, NAKAMURA Hajime, MIURA Kazutaka, MURAKOSHI Masaaki, SHIMIZU Seita, ENDO Masahiko, ISHIZAKA Tadashi, KAWAMURA Toshio, KOWADA Yuko, GOSHIMA Nozomu	

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Dialogues with Shareholders and Investors

We are developing systems and implementing initiatives to promote constructive dialogue with shareholders and investors.

We share the opinions and insights gained through dialogue with the Board of Directors, Corporate Executive Officers, and related departments, and link them to improvements in management plans, business activities, and disclosure.

Main dialogue opportunities The main correspondents are in parentheses	Shareholders Meeting	Domestic and overseas institutional investor interviews (Representative Corporate Executive Officer, President and CEO and others)
	Q2 financial results and year-end financial results briefing (Representative Corporate Executive Officer, President and CEO)	Small Meetings with investors and Outside Directors
	Q1 and Q3 financial results briefings and other briefings to be held as needed	Facility tour for Institutional Investors
	Briefing on Mid-term management plan (Representative Corporate Executive Officer, President and CEO)	Briefing for Individual Investors
	President's Small Meetings (Representative Corporate Executive Officer, President and CEO)	

Small Meeting between investors and Outside Directors (March 2023)

In FY2022, we held the first small meeting between investors and Outside Directors to enhance dialogue toward improving enterprise value from a medium- to long-term perspective.

Three Outside Directors (Directors TAKAMI, EDAHIRO, and ONO) attended the meeting and exchanged opinions

based on questions from investors. We take the opinions we received seriously and will utilize them in future management policy decisions and monitoring of execution.

The following are Outside Directors' responses to some example questions from investors.



Q: How do you see your mission and expected role as an outside Director?

Director TAKAMI Kazunori

In addition to being aware of the questions “What can be done to increase the corporate value of Tokyo Gas?” and “What should I say to make the governance of the Board of Directors effective?,” I am thinking about what the business should be like based on my experience as the head of marketing and management. I have also long emphasized the importance of business portfolio management and the Company announced the strengthening of such management as part of its mid-term management plan. I believe that we will need to deepen consideration on the specific steps in the future, so we will confirm them through monitoring at the Board of Directors.



Director ONO Hiromichi

Based on my experience in financial accounting and risk management, I strongly feel that I have a role to play in internal control and risk management as well as in business. One of the things that Tokyo Gas values very much, and what I realize when I actually participate in the Board of Directors, is the foundation of social trust—safety, security, and trust—that it has built up over nearly 140 years. As I have learned from my experience in the food industry, this kind of social trust takes a very long time to earn, but only a moment to lose. In order to connect the foundation of Tokyo Gas's social credibility to the future, I will steadily fulfill my role, including my responsibilities as an Audit Committee member.



Director EDAHIRO Junko

It is my enduring belief that the role of Outside Directors is to represent society, including our shareholders. I believe that there are things that are natural within the company but that may look different or out of step with the times from the outside, and I frankly communicate questions and opinions on those points and monitor them. I've been working on the climate change issue for a long time, and decarbonization is my number-one priority. I am serving as an Outside Director with the belief that Tokyo Gas will lead decarbonization throughout Japan. While fulfilling our responsibility to provide stable energy supply to society as a whole, it is important to balance the order and timing of our efforts to achieve net-zero CO₂, and I will continue to play my role while holding discussions with executives.



We received various questions that day, including the following.

- What is necessary to improve the enterprise value of Tokyo Gas?
- On which KPIs are you focusing in your monitoring?
- What do you think about the relationship and balance between long-term perspectives such as working toward decarbonization and short-term results?
- What is the status of the discussion on capital efficiency?
- What discussions were held when reviewing the shareholder return policy? What kind of approach did the Outside Directors make?
- How do you view the decline in Price Book-value Ratio (PBR) over time?
- Investment in growth areas is expected to increase, but how do you manage risk?
- How is the quantitative effect of human resource investment measured?

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Outside Director
INDO Mami

We will promote improvement of the transparency in management in order to earn the trust of our stakeholders and continue to grow as a corporate group.

I believe that the most important role of Outside Directors is to monitor the operation of the Group with our various stakeholders in mind. The way companies are viewed and evaluated changes over time. I believe that it is extremely important for our Group to embrace the change and to keep learning, and achieve growth while appropriately fulfilling the roles required of us as a public entity of society.

Through my work as an analyst and consultant at a securities think tank, I was extensively involved in corporate business model analysis and corporate management. I have also objectively observed how the demands of the capital market on companies change due to changes in the economic environment and society. Outside Directors have diverse backgrounds and expertise. It is our role to bring new awareness to the executives from diverse perspectives.

Two years have passed since the transition to a Company with a Nominating Committee, etc., and the monitoring of execution by the Board of Directors has been improved over the past two years. The environment surrounding our Group is changing drastically, including the progress of energy liberalization, the acceleration of decarbonization, and the increase in geopolitical risks. In this situation, the Board of Directors has been holding discussions to determine the major direction of the company, and the Outside Directors have actively expressed diverse opinions, broadening the scope of discussions.

In particular, in FY2022, we examined each theme of the mid-term management plan at the Board of Directors. I believe that the deep discussions held over the past six months have made clear what the Group should aim for, what should be radically changed, and what new initiatives should be accelerated. Drawing on our experience. In formulating the mid-term management plan, we will create an annual agenda for future Board of Directors meetings and proceed with discussions systematically. I believe that this will further improve the accuracy of monitoring.

Regarding the improvement of capital efficiency, which is one of the management issues, we have set a target ROE of 8%, but to be honest, I would like to proceed with corporate transformation so that we can aim to achieve 10% or more in the long term. With regard to the request from the Tokyo Stock Exchange to take action toward realizing management that is conscious of the cost of capital, we are still on the way to achieving a PBR of one, but although it may take some time, we will work to show a path to realizing this as well.

The Group has already begun efforts to improve capital efficiency. For example, we have established a system to evaluate investments through the Investment Evaluation Committee based on the risk of each business, after verifying the cost of capital and other factors, and to continue monitoring after an investment is made. Now is the time for innovation, and it is necessary to increase the ratio of growth investments, but we hope to gain further trust from our shareholders and investors by showing a path for future profit growth.

Since 1885, when SHIBUSAWA Eiichi founded the Company, our Group has developed its business based on an entrepreneurial spirit and the high social significance of “lighting Japan with gas lamps.” Now, we are definitely at a major turning point in our long history. I hope that you all will support the transformation of our Group and enjoy the fruits of growth together with us. To that end, management transparency and reliability are essential. As an outside Director, I will refine management and make further efforts to improve enterprise value in order to meet the expectations of stakeholders.

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10-Year Consolidated Financial Highlights*1

	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3
Net Sales (¥ million)	2,112,117	2,292,548	1,884,656	1,587,085	1,777,344	1,962,308	1,925,235	1,765,146	2,154,860	3,289,634
Operating Profit (¥ million)	166,044	171,753	192,008	58,365	116,302	93,704	101,418	77,675	127,525	421,477
Operating Profit Margin (%)	7.86	7.49	10.19	3.68	6.54	4.78	5.27	4.40	5.92	12.81
Ordinary Profit (¥ million)	159,613	168,169	188,809	55,688	111,546	89,386	102,645	70,500	136,481	408,846
Profit attributable to owners of parent (¥ million)	108,451	95,828	111,936	53,134	74,987	84,555	43,293	49,505	95,702	280,916
Equity (¥ million)	1,011,787	1,069,515	1,100,271	1,101,498	1,136,027	1,159,055	1,147,747	1,153,813	1,251,781	1,558,404
Total Assets (¥ million)	2,176,816	2,257,662	2,251,518	2,230,269	2,334,316	2,428,149	2,539,919	2,738,348	3,187,627	3,581,425
Interest-bearing Debt (¥ million)	713,823	730,739	715,769	713,596	724,940	803,216	905,066	1,065,988	1,220,589	1,263,233
Operating Cash Flow (¥ million)	248,831	237,680	257,122	217,439	240,328	246,436	213,171	229,315	296,648	490,216
Free Cash Flow (¥ million)	827	13,084	25,089	14,081	31,583	22,655	(13,887)	(17,116)	89,422	276,983
EBITDA (¥ million)	306,424	313,605	337,194	222,670	281,643	255,585	271,296	257,485	328,471	630,777
Capital Expenditure (¥ million)	248,004	224,596	232,033	203,358	208,745	223,781	227,058	246,431	207,226	213,233
Depreciation (¥ million)*2	140,380	141,852	145,187	164,305	165,342	161,881	169,878	179,810	200,946	209,300
EPS (Earnings per Share) (¥)	43.10	39.15	46.68	23.02	164.12*3	187.60	97.86	112.26	217.67	646.99
BPS (Book Value per Share) (¥)	402.91	438.28	460.35	479.74	2,487.58*3	2,575.99	2,602.53	2,616.37	2,847.88	3,595.60
Number of Issued Shares (Common Stock) (thousands of shares)	2,517,551	2,446,778	2,396,778	2,302,856	458,073*3	451,356	442,436	442,436	440,997	434,875
Dividend per Share (¥)	10	10	11	11	55*3	60	60	60	65	65
DOE (Dividends on Equity) (%)	2.59	2.34	2.42	2.29	2.25	2.35	2.29	2.30	2.38	2.01

Notes: *1 The financial information contained in this integrated report is based on annual securities report. However, it has not been audited by Audit firms etc.
*2 Depreciation includes amortization of long-term prepaid expenses.
*3 The Company carried out a share consolidation at a ratio of 5 common shares to 1 on October 1, 2017.
The dividend per share of ¥55.0 is calculated on the post-consolidation basis (the interim dividend of ¥5.50 per share before the share consolidation and the year-end dividend of ¥27.50 per share after the share consolidation).

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	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3
Payout Ratio (%)	23.2	25.5	23.6	47.8	33.5	32.0	61.3	53.4	29.9	10.0
Total return ratio (%)	60.0	60.9	60.1	60.7	60.2	60.3	61.0	60.1	46.6 ^{*4}	50.3
Current Ratio (%)	156.7	150.6	155.5	142.7	135.6	156.0	152.0	132.7	163.0	200.9
D/E (Debt-Equity) Ratio (times)	0.71	0.68	0.65	0.65	0.64	0.69	0.79	0.92	0.98	0.81
Equity Ratio (%)	46.5	47.4	48.9	49.4	48.7	47.7	45.2	42.1	39.3	43.5
ROE (Return on Equity) (%)	11.2	9.2	10.3	4.8	6.7	7.4	3.8	4.3	7.9	20.0
ROA (Return on Assets) (%)	5.2	4.3	5.0	2.4	3.3	3.6	1.7	1.9	3.2	8.3
Total Asset Turnover (times)	1.01	1.03	0.84	0.71	0.78	0.82	0.78	0.67	0.73	0.97
WACC (%)	3.2	3.6	3.4	3.0	3.1	3.0	2.7	2.6	2.3	2.4
Number of city gas retail customers (thousand)	9,844	9,982	10,125	10,269	10,209	9,821	9,129	8,863	8,688	8,701
Gas sales volume (million m ³)	14,735	15,541	15,436	15,720	15,568	15,198	13,855	12,990	13,146	12,574
Gas Sales Volume, Gas Volume used in-house ^{*5}	17,225	18,360	18,587	19,053	19,052	18,397	17,666	17,577	17,102	17,392
Number of electricity retail customers (thousand)	—	—	—	635	1,105	1,742	2,350	2,717	3,014	3,475
Electric power sales volume (100 million kWh)	97.1	106.1	109.6	126.5	146.6	154.8	206.0	247.6	282.9	344.5

^{*4} The total return ratio for the year ended March 2022 based on the profit attributable to owners of parent prior to the retrospective application (as of April earnings announcement) is 50.2%.

^{*5} It is the amount that added self-consuming volume, LNG sales volume (excluded volume for Nijio) to a consolidated gas sales volume.

Computations

Operating Cash Flow = Profit attributable to owners of parent + Amortization of Long-term Prepaid Expenses + Depreciation
Free Cash Flow = Profit attributable to owners of parent + Amortization of Long-term Prepaid Expenses + Depreciation – Capital Expenditure
Current Ratio = Current Assets (year-end) / Current Liabilities (year-end) x 100
Debt-Equity Ratio = Interest-bearing Debt (year-end) / Equity (year-end)
Equity Ratio = Equity (year-end) / Total Assets (year-end) x 100
Total Asset Turnover = Net Sales / Total Assets (average)

WACC calculation data (FY2022 results)
a) Cost of interest-bearing debt: Real interest rate of 0.56% (after tax)
b) Cost of shareholders' equity
• Risk-free rate: 10-year JGB yield of 0.30%
• Risk premium: 5.5%, Beta coefficient of 0.75

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	2022.3.31	2023.3.31
Assets		
Current assets		
Cash and deposits	179,769	453,502
Notes and accounts receivable-trade, and contract assets	364,683	446,061
Lease receivables and investments in leases	17,824	17,125
Securities	10	10
Merchandise and finished goods	3,467	6,030
Work in process	12,083	15,653
Raw materials and supplies	67,135	135,769
Other current assets	258,610	145,882
Allowance for doubtful accounts	(3,714)	(2,122)
Total current assets	899,870	1,217,914
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	338,517	346,262
Machinery, equipment and vehicles, net	892,515	921,572
Tools, furniture and fixtures, net	14,484	10,714
Land	192,455	197,245
Leased assets, net	5,899	8,231
Construction in progress	125,501	98,878
Total property, plant and equipment	1,569,373	1,582,904
Intangible assets		
Goodwill	6,018	6,410
Other intangible assets	294,296	308,122
Total intangible assets	300,315	314,533
Investments and other assets		
Investment securities	236,303	278,497
Long-term loans receivable	48,653	56,550
Retirement benefit asset	5,864	8,809
Deferred tax assets	34,670	32,849
Other investments	94,223	93,649
Allowance for doubtful accounts	(1,647)	(4,283)
Total investments and other assets	418,068	466,073
Total non-current assets	2,287,757	2,363,511
Total assets	3,187,627	3,581,425

	2022.3.31	2023.3.31
Liabilities		
Current liabilities		
Notes and accounts payable-trade	76,229	63,845
Short-term borrowings	6,385	6,674
Current portion of bonds payable	—	20,000
Current portion of long-term borrowings	48,972	59,973
Income taxes payable	33,830	118,636
Other current liabilities	386,573	337,028
Total current liabilities	551,990	606,158
Non-current liabilities		
Bonds payable	548,619	548,976
Long-term borrowings	568,725	607,262
Deferred tax liabilities	29,641	33,901
Retirement benefit liability	66,195	64,570
Provision for share awards for Directors (and other officers)	84	183
Provision for gas holder repairs	3,427	3,444
Provision for safety measures	637	527
Provision for contract loss in regards to appliance warranties	2,620	5,176
Provision for point card certificates	531	654
Asset retirement obligations	27,692	27,559
Other current liabilities	106,310	93,709
Total non-current liabilities	1,354,486	1,385,965
Total liabilities	1,906,477	1,992,124
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	846	—
Retained earnings	1,076,184	1,310,908
Treasury shares	(3,524)	(3,658)
Total shareholders' equity	1,215,350	1,449,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,866	30,954
Deferred gains or losses on hedges	(11,904)	(9,626)
Foreign currency translation adjustment	32,545	86,226
Remeasurements of defined benefit plans	(3,076)	1,754
Total accumulated other comprehensive income	36,430	109,309
Non-controlling interests	29,368	30,896
Total net assets	1,281,150	1,589,301
Total liabilities and net assets	3,187,627	3,581,425

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Consolidated Statements of Income

	2021.4.1-2022.3.31	2022.4.1-2023.3.31
(Million yen)		
Net sales	2,154,860	3,289,634
Cost of sales	1,766,392	2,596,462
Gross profit	388,467	693,172
Selling, general and administrative expenses	260,941	271,695
Operating profit	127,525	421,477
Non-operating income		
Interest income	1,032	2,463
Dividend income	1,692	2,797
Share of profit of entities accounted for using equity method	3,725	—
Foreign exchange gains	14,550	5,089
Gain on derivatives	13,725	6,639
Miscellaneous income	14,673	11,510
Total non-operating income	49,399	28,500
Non-operating expenses		
Interest expenses	14,466	15,138
Loss on derivatives	11,864	10,308
Share of loss of entities accounted for using equity method	—	4,450
Miscellaneous expenses	14,113	11,233
Total non-operating expenses	40,444	41,130
Ordinary profit	136,481	408,846
Extraordinary income		
Gain on sale of non-current assets	2,226	—
Gain on sale of investment securities	4,118	3,795
Gain on sale of businesses	—	3,506
Total extraordinary income	6,344	7,301
Extraordinary losses		
Impairment losses	3,742	4,093
Loss on valuation of investment securities	2,468	2,420
Loss on valuation of long-term loans receivable	—	2,154
Total extraordinary losses	6,211	8,669
Profit before income taxes	136,614	407,479
Income taxes-current	32,951	122,208
Income taxes-deferred	6,429	3,748
Total income taxes	39,381	125,956
Profit	97,233	281,522
Profit attributable to non-controlling interests	1,530	605
Profit attributable to owners of parent	95,702	280,916

Consolidated Statements of Comprehensive Income

	2021.4.1-2022.3.31	2022.4.1-2023.3.31
(Million yen)		
Profit	97,233	281,522
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,178)	12,063
Deferred gains or losses on hedges	(6,841)	3,113
Foreign currency translation adjustment	25,006	51,756
Remeasurements of defined benefit plans, net of tax	(10,964)	4,795
Share of other comprehensive income of entities accounted for using equity method	5,560	4,879
Total other comprehensive income	8,583	76,608
Comprehensive income	105,816	358,130
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	108,198	353,795
Comprehensive income attributable to non-controlling interests	(2,381)	4,334

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Consolidated Statements of Cash Flows

	(Million yen)	
	2021.4.1-2022.3.31	2022.4.1-2023.3.31
Cash flows from operating activities		
Profit before income taxes	136,614	407,479
Depreciation	196,810	205,076
Impairment losses	3,742	4,093
Amortization of long-term prepaid expenses	4,136	4,224
Loss on retirement of property, plant and equipment	2,574	1,658
Loss (gain) on derivatives	(15,362)	10,904
Loss (gain) on sale of investment securities	(3,983)	(3,347)
Loss (gain) on valuation of investment securities	2,468	2,420
Loss on valuation of long-term loans receivable	—	2,154
Loss (gain) on sale of businesses	—	(3,506)
Decrease (increase) in retirement benefit asset	(11,312)	3,207
Increase (decrease) in provision for contract loss in regards to appliance warranties	2,620	2,556
Interest and dividend income	(2,724)	(5,260)
Interest expenses	14,466	15,138
Foreign exchange loss (gain)	(7,757)	(1,910)
Share of loss (profit) of entities accounted for using equity method	(3,725)	4,450
Decrease (increase) in trade receivables	(147,505)	(114,253)
Decrease (increase) in inventories	(22,491)	(78,491)
Increase (decrease) in trade payables	10,132	7,107
Decrease (increase) in contract assets	2,305	(2,594)
Increase (decrease) in contract liabilities	(12,587)	6,541
Increase (decrease) in accrued consumption taxes	542	12,761
Decrease (increase) in accounts receivable - other	(57)	(3,587)
Decrease (increase) in prepaid expenses	(2,796)	(1,789)
Increase (decrease) in long term advances received	8,835	(2,223)
Other, net	11,906	53,814
Subtotal	166,852	526,622
Interest and dividends received	9,068	14,915
Interest paid	(14,483)	(14,069)
Income taxes paid	(16,209)	(40,437)
Net cash provided by (used in) operating activities	145,227	487,030
Cash flows from investing activities		
Purchase of investment securities	(16,214)	(28,011)
Proceeds from sale and redemption of investment securities	8,841	13,574
Purchase of property, plant and equipment	(167,197)	(150,647)
Purchase of intangible assets	(29,777)	(34,294)
Purchase of long-term prepaid expenses	(6,584)	(5,237)
Proceeds from sale of non-current assets	6,334	5,769
Net decrease (increase) in short-term loans receivable	(399)	(1,520)
Long-term loan advances	(3,180)	(10,922)
Proceeds from collection of long-term loans receivable	2,158	6,642
Payments of guarantee deposits	(13,189)	(8,128)
Proceeds from refund of guarantee deposits	9,846	14,706
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(15,074)	(1,303)
Proceeds from sales of subsidiaries' shares resulting in change in scope of consolidation	263	2,718
Profits due to transfer of business	—	4,112
Payment for settlement of contingent consideration	—	(3,914)
Other, net	(482)	(7,065)
Net cash provided by (used in) investing activities	(224,656)	(203,522)

	(Million yen)	
	2021.4.1-2022.3.31	2022.4.1-2023.3.31
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	679	13,839
Net increase (decrease) in commercial paper	30,000	(30,000)
Repayments of lease liabilities	(2,683)	(2,928)
Proceeds from long-term borrowings	165,014	97,366
Repayments of long-term borrowings	(123,252)	(72,241)
Proceeds from issuance of bonds	73,620	19,791
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,620)	(1,867)
Purchase of treasury shares	(3,326)	(16,031)
Dividends paid	(26,424)	(29,474)
Other, net	(19,515)	(857)
Net cash provided by (used in) financing activities	90,490	(22,403)
Effect of exchange rate change on cash and cash equivalents	9,117	12,628
Net increase (decrease) in cash and cash equivalents	20,179	273,733
Cash and cash equivalents at beginning of period	157,811	179,699
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	1,708	—
Cash and cash equivalents at end of period	179,699	453,432

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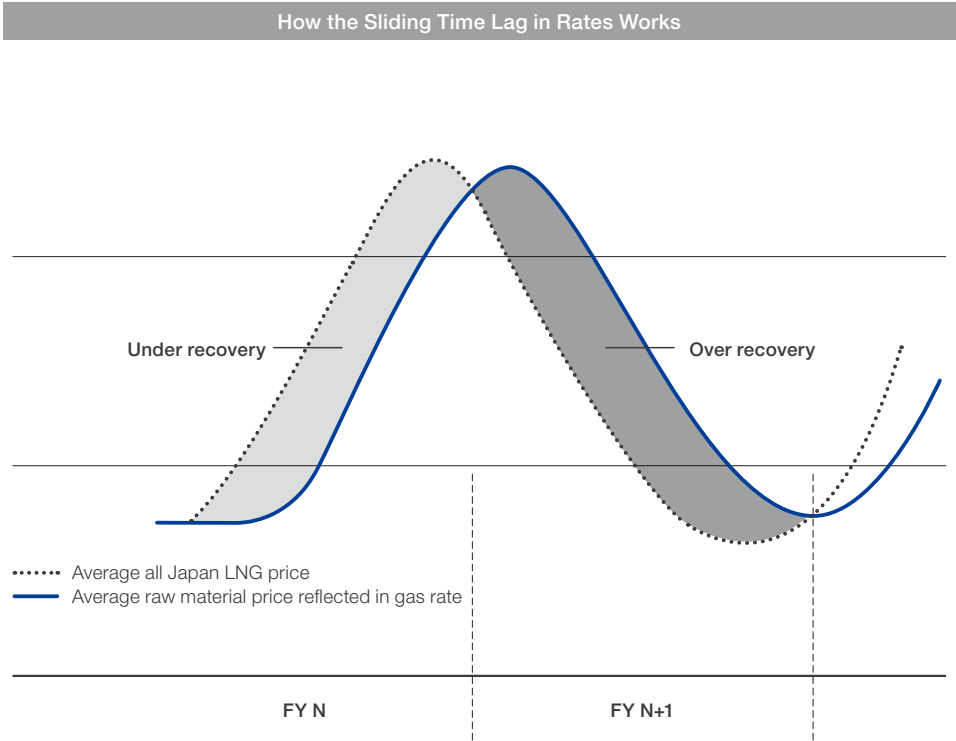
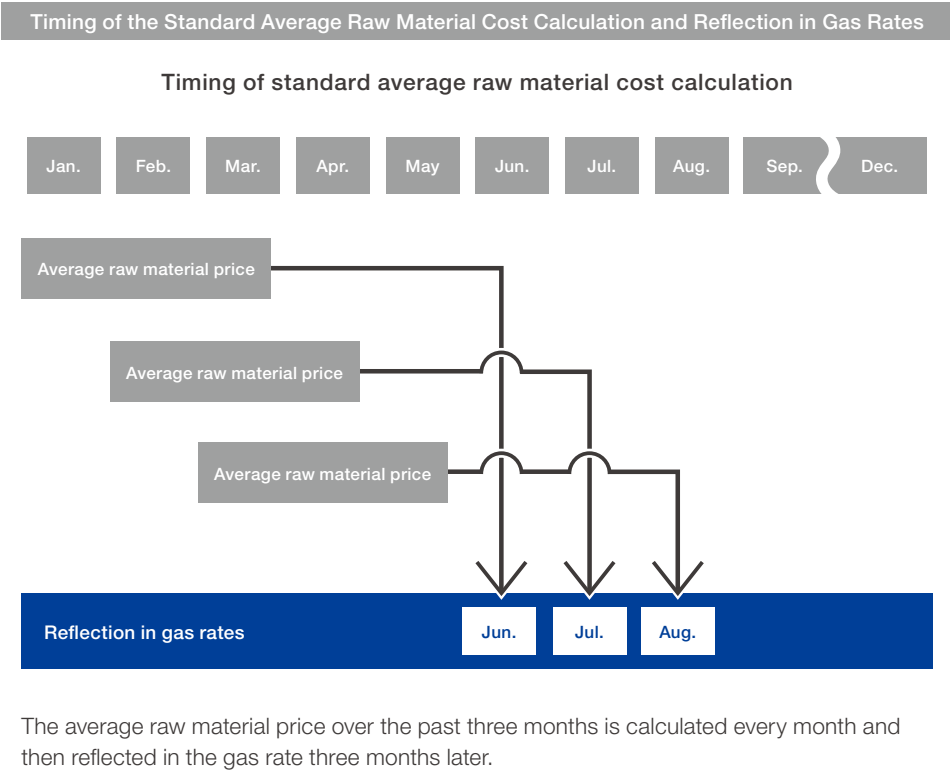
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Gas Rate Adjustment System’s Medium- to Long-Term Neutralizing Effect on Crude Oil Price and Exchange Rate Formation

Gas prices are determined using the gas rate adjustment system. Through this system, average raw material prices over a three-month period according to trade statistics are compared with the raw material cost that is used as the standard (standard average raw material cost), and the gas rates are adjusted using a defined calculation method based on the differences. A time lag of four months on average (called a sliding time lag) exists

between the payment of raw material costs and the reflection of such changes in gas rates. Consequently, fluctuations in crude oil prices and exchange rates may result in the under recovery or over recovery of raw material costs if this lag cuts across a fiscal year, thereby affecting income. Looking at the medium- to long-term, however, the gas rate adjustment system has a neutralizing effect on the income impacts of fluctuations in raw material costs.



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