



Photo of the WindFloat Atlantic project
courtesy of Principle Power/Ocean Winds

How We Create Value

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Weaving the Future with Energy and Solutions

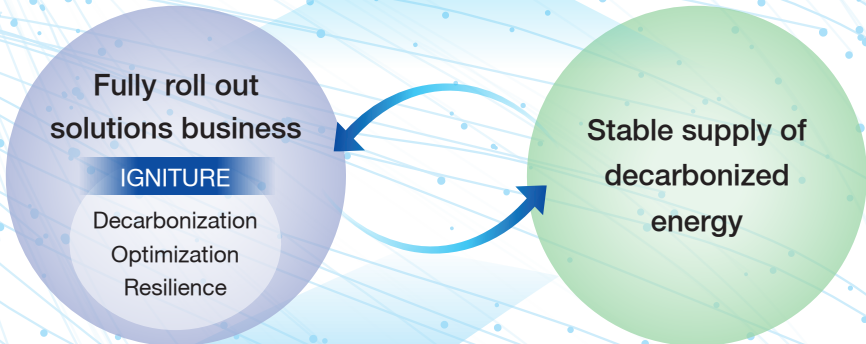
The Tokyo Gas Group Vision toward the Future

Ever since its establishment, the Tokyo Gas Group has transformed its business model according to changes in society, such as expanding its scale, evolving the LNG value chain, and establishing a value co-creation ecosystem.

Going forward, the environment that society finds itself in will undergo great change, that includes decarbonization, innovation in digital technology, transformations in energy systems, and changes and diversification in values. The aim of the Tokyo Gas Group in such circumstances is to take up a position at the core of a carbon neutral society through the stable supply of decarbonized energy and the provision of future-focused solutions.

In addition to our strengths in the technology, intellectual property, energy data, and the customer base that we have built up thus far, we will also leverage our digital abilities and become the energy that weaves the future.

Become the Energy that Weaves the Future



Compass 2030

Providing energy and solutions to the future of our life, society and the earth

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2025

- CO₂ reduction contribution: **12 mn tons**
- Renewable power source transaction volume: **2.2 mn kW**

Compass Transformation 23-25
Business model transformation

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Evolution in LNG Value Chain

Scale expansion (expansion in area/application)

- 2050 • **Net-Zero CO₂**
- 2040
 - CO₂ emissions reduced by **60%***
 - Carbon neutrality in gas and electricity supplied domestically: **50%**
- **ROE: 10% or more**
- 2030
 - CO₂ reduction contribution: **17 mn tons**
 - Renewable power source transaction volume: **6 mn kW**
 - No. of customer accounts: **20 mn**

* Greenhouse gas emissions of the entire supply chain (including upstream) associated with our supply of energy (gas & electricity) to domestic users, in CO₂ equivalents. The rate of reduction is compared to FY2022.

Weaving the Future with Energy and Solutions

The Path to Sustainable Growth

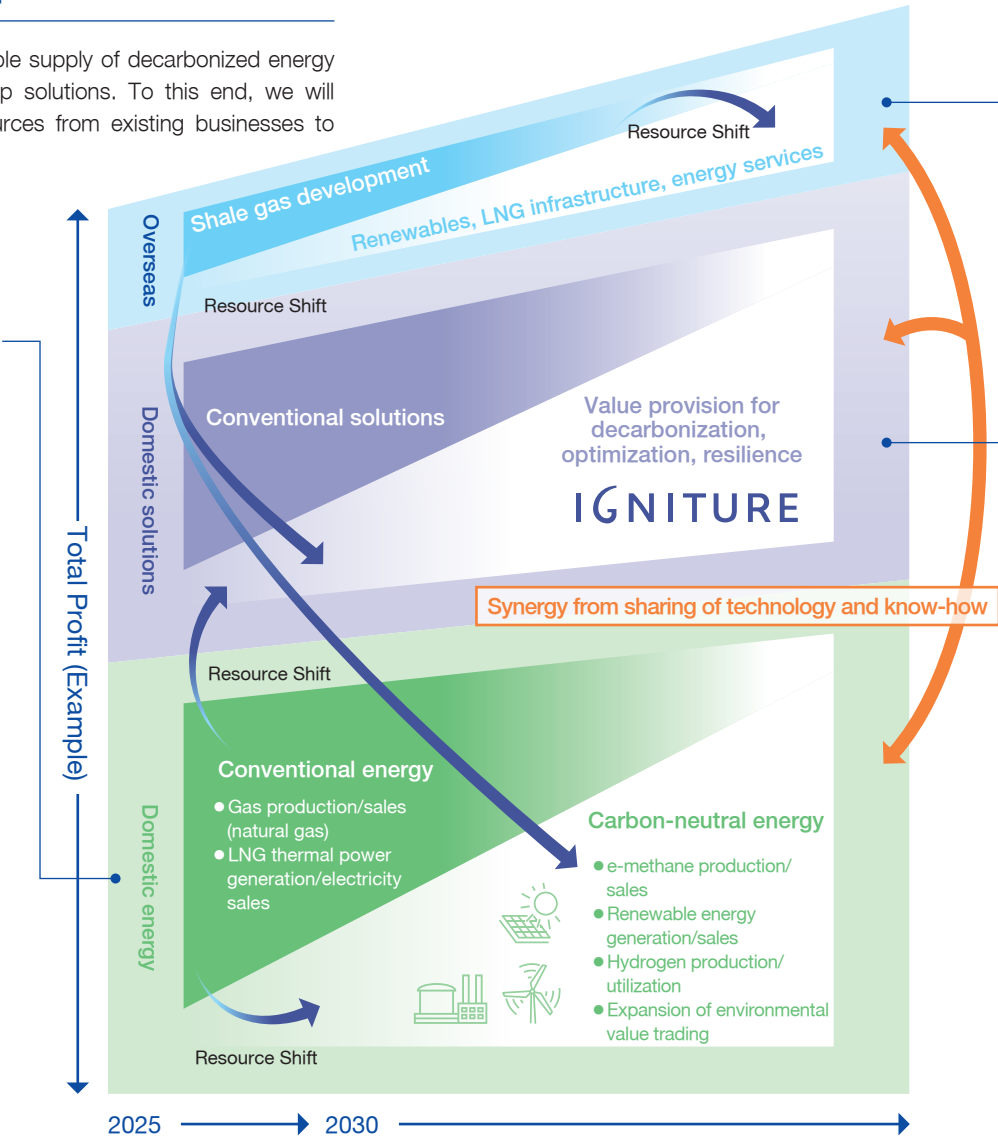
We will achieve further growth through the stable supply of decarbonized energy and the provision of unique Tokyo Gas Group solutions. To this end, we will accelerate the shift of our management resources from existing businesses to growth areas.

Stable supply of decarbonized energy

By 2030, we will contribute to CO₂ emissions reduction of society as a whole while maintaining and growing our customer base through the sophisticated use of natural gas. We will also redistribute the revenue we obtain from overseas shale gas business and trading into investments related to decarbonization. From 2030 onward, we will undertake a full commercialization of e-methane, and accelerate the fully-fledged deployment of floating offshore wind power and other such technologies. We will incrementally increase the ratio of carbon neutrality in gas and electricity, and in addition to energy trading, we will expand our environmental value trading.

In order to provide a stable supply of energy, we will leverage the flexibility and balancing capability of the entire value chain, and create a mechanism for supply and demand optimization incorporating the capabilities of digital technology.

Special Feature
The Challenge for a Carbon Neutral Society P. 17



Further expansion in overseas business

We will work on profit maximization through the shale gas business, marketing, and trading. Furthermore, we will grow our business with a focus on renewable energy and other areas of decarbonization, LNG infrastructure in Asia, and energy services.

Fully roll out solutions business

By 2030, we will expand the area in which we offer our energy services and other conventional solutions and take forward our ESG-oriented real estate business. Concurrently, leveraging a range of data, know-how, our customer base and other such things, we will evolve our suite of solutions that offer the value of decarbonization, optimization, and resilience, aiming for revenue generation. From 2030 onward, we will establish solutions as a key pillar of our business after energy by establishing a future-focused business model that incorporates customer needs and new market data.

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IGNITURE: Creating the Future P. 23

The Value Creation Process

On the basis of the Group's Management Philosophy, the Tokyo Gas Group has identified key sustainability issues (material issues) that it needs to tackle over the medium- to long-term, and will create economic and social value through its business activities.

Management Philosophy

Standing by every person and dedicating ourselves to society, we shall be the energy that weaves the future.

Material issues

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Responsibly transitioning to a decarbonized society

Protecting the global environment

Securing stable energy supply

Enhancing safety & disaster prevention, resilient regional development

Contributing to well-being of people and communities

Realizing an organization that embraces diverse talent

Respecting human rights across the entire value chain

The Source of Value Creation

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Assets across the value chain

• LNG purchasing contracts, LNG carriers, LNG terminals, power plants, etc.

Intellectual property/technology/know-how

• Resilience-related technology / know-how

• Optimized control technology

• Engineering capabilities

• R&D capabilities

Customer base/regional base

• Relationships with customers and local communities

• Customer data

• Relationships with suppliers

Human capital

• Employees and organizational culture to deal with social issues

Management plan

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Management Vision Compass 2030 / Compass Action

Medium-term Management Plan Compass Transformation 23-25

Business Domain

Growth Potential

GX

Solutions

Overseas

Real Estate

Energy

Gas, Electricity, Networks

Maximize synergy among segments

Profitability

Manage volatility across the portfolio

Base to support value creation

Human Resources Strategy

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Financial Strategy

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Corporate Governance

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Economic Value

Capability to produce resources for growth over the long term

Social Value

Sustainable Global Environment

Vibrant communities and lifestyles

Organizations and associates co-creating the future

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Financial / Non-financial Data

Financial Data

Non-financial Data

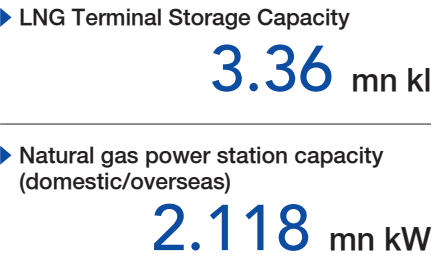
15 Tokyo Gas Group Integrated Report 2024


The Source of Value Creation



Assets across the value chain

By centrally managing LNG purchasing contracts, LNG carriers, LNG terminals, natural gas/renewable energy power plants, and other such assets across the value chain and leveraging them as a balancing capability, we will handle risks and opportunities during periods of market fluctuation and achieve a stable supply of competitively-priced energy. Overseas, in addition to shale gas and photovoltaic power generation assets in North America, we will work to strengthen our storage battery business and marketing and trading functions, and will manage market risks while expanding revenue opportunities. Furthermore, we will leverage our various LNG assets in the supply of carbon neutral gas, and hold down additional costs accompanying decarbonization.

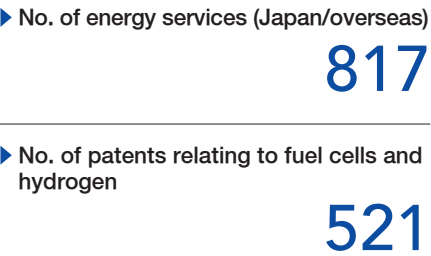




Intellectual property/ technology/ know-how

We will utilize our resilience-related technology and know-how in areas including solutions for a safe and secure living and business management, and ESG-oriented real estate development. Additionally, by utilizing our energy management know-how as well as connection and control technology for distributed resources, we will provide solutions for the optimization of living and business. Toward the goal of carbon neutrality, leveraging our users' know-how and engineering capabilities for energy infrastructure and facilities, we will promote projects related to decarbonized energy plants. Furthermore, we will contribute at a global level through GX projects that include e-methane and water electrolysis cells, based on the technology and intellectual property that we have accumulated through activities such as fuel cell development*.

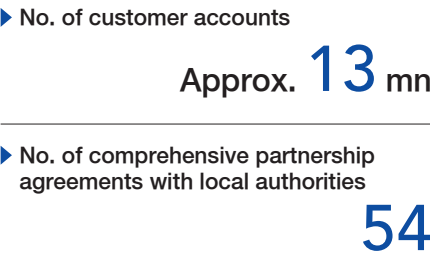
* Tokyo Gas ranked 11th in the world for the number of inventions in the field of hydrogen according to the Japan Patent Offices' survey (FY2022).





Customer base/ regional base

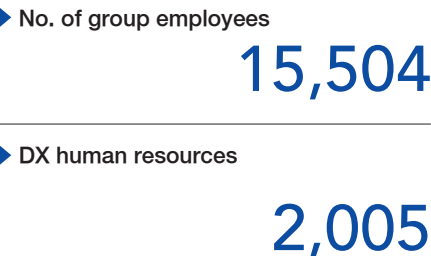
Utilizing our relationships with local authorities, the network of more than 10 million customers that we have accumulated as an energy provider with deep roots in local community, as well as the trust placed in us by customers and the community as a public utility company, we work to provide solutions for households, corporations, and regional communities. Furthermore, we will utilize a range of data for customer needs analysis, forecasting, and proposing solutions, and undertake customer-focused marketing in our solutions business. In addition, we will work to mitigate ESG risks through the construction of appropriate relationships with suppliers, respect for human rights through the supply chain, and appropriate supply chain management.





Human capital

We will achieve sustainable improvement in corporate value by empowering professionals with advanced skills and knowledge concerning energy, training and recruiting specialized human resources capable of leading business in growth areas, and the optimized deployment of human resources. And while putting in place systems that enable a variety of working styles, we will also work on transforming our organizational culture to ensure psychological safety and nurture strategic mindsets. Furthermore, our sense of purpose geared towards solving social issues and our DNA of continuous challenge that we gained through our public utility work, will provide the driving force for GX acceleration, stable supply of decarbonized energy, and development of solutions that support daily lives and industries.



Further strengthening going forward

- Connection and control of energy resources that leverage digital technology
- Enhancement of decarbonization innovation technology
- Roll out of solutions business based on data analytics
- Reconstruction of human resources portfolio, development and employment of human resources with specializations centering on GX/DX

(All figures current as of the end of March 2024)

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