Be an Energy Driver

TOKYO GAS GROUP

TOKYO GAS GROUP INTEGRATED REPORT 2024

TOKYO GAS GROUP I Integrated Report 2024

Contents

Editorial Policy

Organizations covered

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

Period covered

Fiscal Year 2023 (From April 1, 2023 to March 31, 2024; 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 the price of various energy such as crude oil, 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 to help all stakeholders, including shareholders and investors, better understand the feasibility of sustainable management and the efforts to increase the 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

Investor's Guide (Financial Data and Industry Data)	https://www.tokyo-gas.co.jp/en/IR/library/invguid_j.html
Financial Results Presentation Materials	https://www.tokyo-gas.co.jp/en/IR/library/document_j.html
Financial Results Bulletin	https://www.tokyo-gas.co.jp/en/IR/library/earn_j.html
Securities Report & Quarterly Reports	https://www.tokyo-gas.co.jp/IR/library/yuho_j.html Japanese only
Corporate Governance Report	https://www.tokyo-gas.co.jp/en/IR/gvnnc/pdf/governance.pdf

Sustainability Factbook

https://www.tokyo-gas.co.jp/sustainability/index.html?wovn=en

Purpose

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

Values

Challenge

We constantly challenge ourselves and strive to learn something new.

Responsibility

We are always proactive and act with responsibility to bring out the best results.

Respect

We respect one another and value every possibility.

Sincerity

We sincerely care about the future of our stakeholders and our planet.

Tokyo Gas Group have constantly pursued innovation and ingenuity since our founding in 1885.
We have done this to help realize an enriched lifestyle and environmentally friendly society as a close partner to everyone.
We will continue to constantly strive to build the future of people's lives, communities, and the world.

The Tokyo Gas Group Now

The duty of an energy provider that stays close to its customers and supports society is to ensure that the supply of energy never stops and that a carbon neutral society is definitely achieved. In order to achieve both of these and to create value beyond the boundaries of energy, the Tokyo Gas Group continues to manage and expand its business with “the DNA of continuous challenge and accomplishment” that it has nurtured over the years.

Consolidated sales 2.6645 tn yen

Electricity Number of retail customers 3.871 mn*3 Japan New electric power NO.1*4

*3 Number of customers subject to electricity charge billing
*4 Share of sales as of the end of March 2024 (source: electrical power statistics from the Agency for Natural Resources and Energy)

Domestic sales share for city gas 32%*1 Japan NO.1

*1 Calculated based on monthly gas business statistics from the Agency for Natural Resources and Energy’s Production Survey on Gas Utility Industry

Employees 15,504 people *5

*5 The number of employees is the number of full-time employees, including accepted seconded employees and excluding dispatched seconded employees and temporary employees.

City gas Number of retail customers 8.789 mn*2

*2 Number of customers subject to gas charge billing by Tokyo Gas as a gas retail business operator

CO_2 reduction contribution 9.52 mn t

Contributing to overall CO_2 reductions from society P. 22

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

A DNA of Continuous Challenge and Accomplishment 139 Years in the Making

The history of the Tokyo Gas Group is a story of always accurately identifying generational changes and continuously holding aloft the light of solutions for issues faced by society. A strong determination to ensure that the everyday of society and the growth of Tokyo Gas continue is what has formed the present of the Tokyo Gas Group, and provides the driving force to contribute to solving the ever-changing issues that society faces.

1970

From 1885

Lighting up life in Civilization and Enlightenment

Founder: SHIBUSAWA Eiichi
©Tokyo Gas Gas Museum

Tokyo Gas founded

In 1872, the first gas lamp was lit in Japan, enveloping the streets in a gentle and soft light. Subsequently, in 1885, Tokyo Gas Company (now Tokyo Gas Co., Ltd.) was founded by the industrialist SHIBUSAWA Eiichi, who is known as the "Father of Japanese Capitalism."

From 1969

Rising energy demand and environmental issues during economic growth

Japan's first import of liquefied natural gas

Increased energy demand and environmental issues are caused by rapid economic growth. In order to provide solutions for these challenges, Tokyo Gas became the first company in Japan to import liquefied natural gas (LNG) to replace oil fuel. Subsequently, we constructed a system for the stable supply of gas by putting in place transport pipelines.

LNG carrier no. 1
Polar Alaska

1980

From 1980

Sophisticated use of clean natural gas

Spread of natural gas cogeneration systems

After the first oil crisis, the government pushed policies for alternative energy. City gas is increasingly recognized as a source of clean energy, and so by making sophisticated use of natural gas, we will develop cogeneration systems for use in cooling/heating and hot water supply, and bring them to buildings, factories, and other locations.

Natural gas
First cogeneration generator

2000

From 2000

Contributing to Affordable and Stable Electricity Supply

Entry into power retail and generation

Following the liberalization of the electricity market, in 2001 we started a power retail business through ENNET Corporation. Since 2003, we have possessed and operated high-efficiency gas-fired thermal power plants. Leveraging these, we have contributed to the low-cost, stable supply of electricity and have constructed infrastructure for comprehensive gas and electricity solutions.

Evolution of security system

Start of operation of earthquake disaster prevention system

We began operating the earthquake disaster prevention system called SUPREME to improve safety in the supply of gas in Japan, a country prone to frequent disasters. In addition to automatically shutting off the gas supply when an earthquake is detected, it is now possible to shut off the gas supply remotely.

2010

From 2019

Towards a carbon neutral society

Net-zero CO_2 declaration

Ahead of the Japanese government's 2020 declaration of its aim of reaching carbon neutrality by 2050, we set out our goal of achieving net-zero CO_2 emissions in our Compass 2030 management vision in November 2019. In addition to fulfilling our duty to provide a stable supply of energy, we will seriously address climate change and work towards a responsible transition.

Offshore wind power generation
Image source: Principle Power

2020

From 2023

Providing Solutions for a Prosperous Future for Our Customers

Launch of the IGNITURE solution brand

In November 2023, we launched the business brand IGNITURE to provide new solutions, and newly defined the value we provide as decarbonization, resilience, and optimization. In order to tackle changing issues faced by society and meet customers' needs, we will deploy the real-world strengths we have built up alongside solutions incorporating GX and DX under the IGNITURE brand.

IGNITURE
IGNITE YOUR FUTURE

Tokyo Gas Group Business Segments

In FY2022, the Tokyo Gas Group transitioned to a holdings group structure where internal companies (quasi branch companies) and business subsidiaries grow as they engage with their markets and customers.
The internal companies and business subsidiaries have been given greater discretion in order to realize flexible and speedy decision-making and management determinations, and we will pursue group synergy through collaboration within the Tokyo Gas Group.
By improving each business's earning power and resilience to change, we will undergo a transformation to become a group with multiple business pillars.

Energy Solution

2.4228 tn yen

Production and sales of city gas, LNG sales, trading, electric power, engineering solutions (engineering, energy services, etc.), etc.

GX (e-methane, hydrogen, etc.) (renewables)

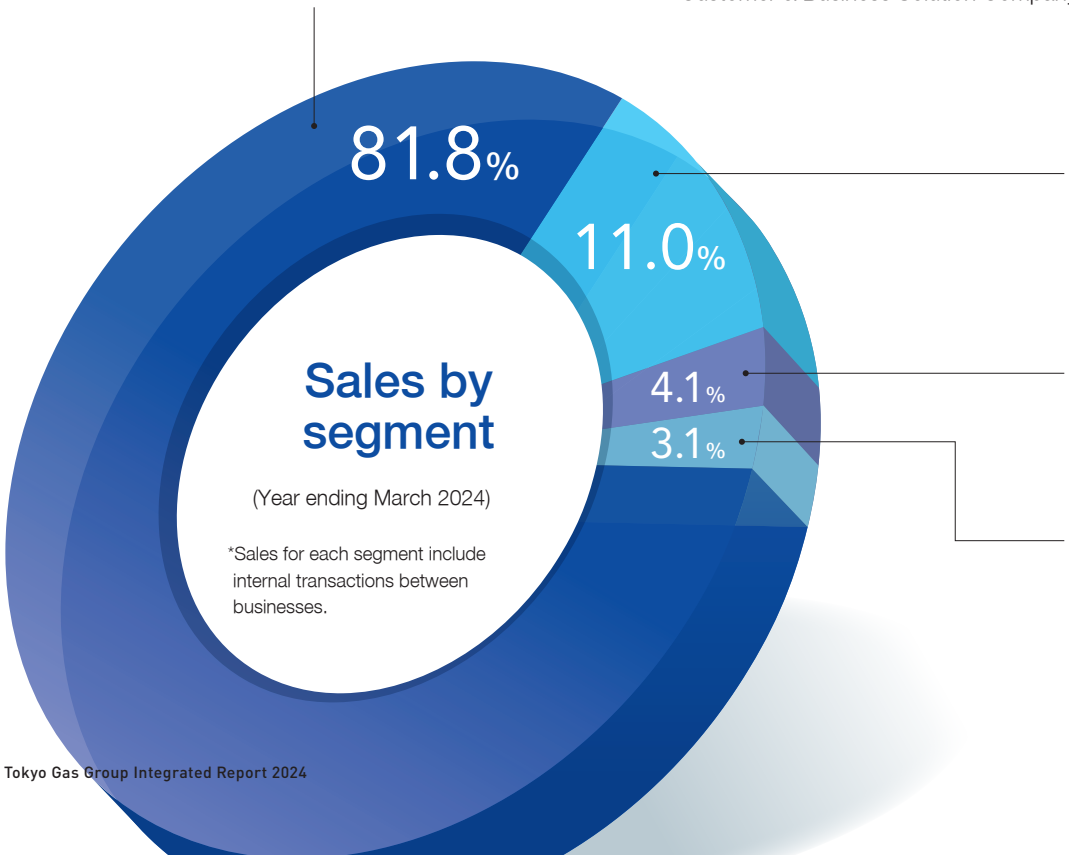
- Green Transformation Company

Energy (gas, electricity, etc.)

- Energy Trading Company
- Customer & Business Solution Company

Solutions (environment, DX, etc.)

- Customer & Business Solution Company
- Tokyo Gas Engineering Solutions Corporation
- Regional Co-creation Company



Network

326.4 bn yen

Transmission service of city gas

Energy (Network)

- Tokyo Gas Network Co., Ltd.

Overseas

120.0 bn yen

Offshore resource development and investment, energy supply, etc.

Overseas (shale, renewables, etc.)

- Global Business Company

Urban Development

91.1 bn yen

Real estate development and leasing, etc.

Real estate (ESG-oriented development, etc.)

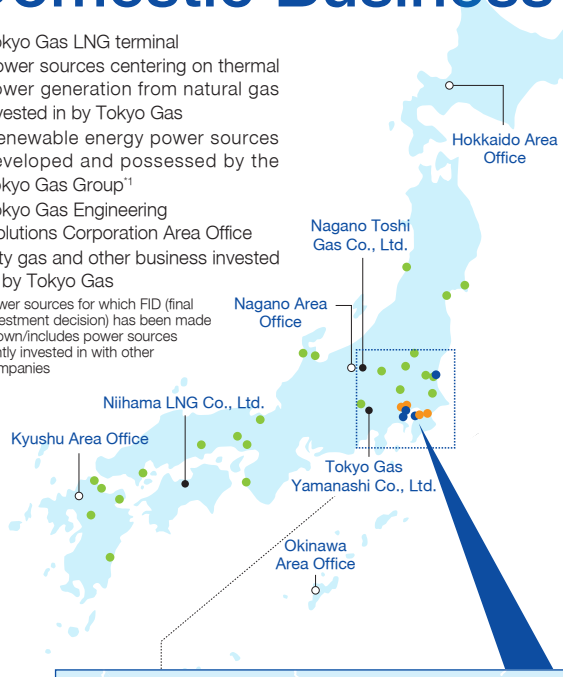
- Tokyo Gas Real Estate Co., Ltd.

Internal Company / Operating Company Strategy P. 30

Domestic Business Areas

- Tokyo Gas LNG terminal
- Power sources centering on thermal power generation from natural gas invested in by Tokyo Gas
- Renewable energy power sources developed and possessed by the Tokyo Gas Group*1
- Tokyo Gas Engineering Solutions Corporation Area Office
- City gas and other business invested in by Tokyo Gas

*1 Power sources for which FID (final investment decision) has been made shown/includes power sources jointly invested in with other companies



Gas sales volume

11.3 bn m³

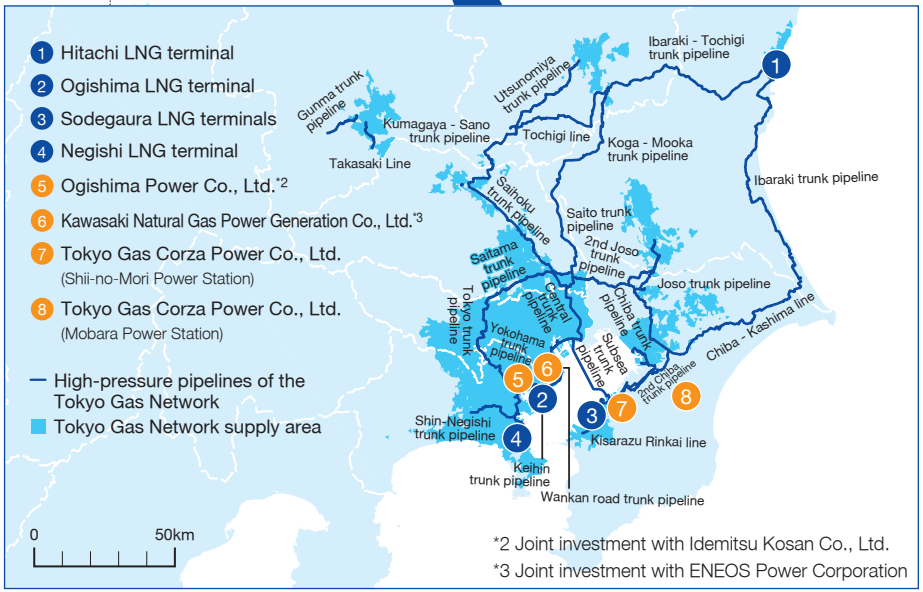
Electricity sales volume

25.5 bn kWh

Total Pipeline Extension Distance

Approx. 66,433 km

(All figures as of the end of March 2024)



*2 Joint investment with Idemitsu Kosan Co., Ltd.
*3 Joint investment with ENEOS Power Corporation

Main Overseas Project

Region	Number	Country	Project Name	Main Business
North America	1	America	Eagle Ford	Production and sales of shale gas project
			TG Natural Resources	Production and sales of shale gas project
			TGES America	Energy service project
			Birdsboro	Natural gas power project
			Aktina	Solar power project Renewable energy power project
			Longbow	Battery Energy Storage System (BESS) Project
			ARM Energy Holdings	Natural gas marketing and trading
	2	Mexico	Bajio	Natural gas power project
SE Asia	3	Malaysia	Gas Malaysia Bhd.	Gas supply project
			GAS MALAYSIA ENERGY ADVANCE Sdn. Bhd.	Energy service project
	4	Thailand	Bang Bo	Natural gas power project
			GWHAMT	Gas supply project
			One Bangkok	District cooling solutions and power distribution project
	5	Vietnam	PVGD	Gas supply project
			Quang Ninh LNG to Power	Construction and operation of LNG receiving terminal and natural gas-fired power plant
			Thai Binh LNG to Power	Construction and operation of LNG receiving terminal and natural gas-fired power plant
	6	Indonesia	PRA	Gas supply project
			Super Energy	Gas supply project
	7	Philippines	FGEN LNG	Pre-commercial operations of the LNG terminal project
Oceania	8	Australia	Darwin	Production, liquefaction and sales of LNG project
Europe	9	Denmark	TOWII Renewables A/S	Renewable energy power development

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

We will Swiftly Establish a Future-focused Business Model, and Take on the Challenge of Achieving a Carbon Neutral Society and Sustainable Growth.

Director,
Representative Corporate
Executive Officer,
President and CEO
SASAYAMA
Shinichi
笹山晋一

The goal of the Tokyo Gas Group:
With an awareness that this is our third founding, we will take on the challenge of achieving both carbon neutrality in society and sustainable growth.

With our Compass 2030 management vision (2019), the Tokyo Gas Group became the first in the Japanese energy industry to announce that it was taking on the challenge of achieving net-zero CO_2 by 2050. In order to set out a specific path for achieving a responsible transition from 2030 and leading to net zero by 2050, this year we put together the Carbon Neutrality Roadmap 2050. As set out in the Group's Management Philosophy of "Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future" (2022) that inherits the "analects (moral issue) and abacus (business sense)" mindset of Tokyo Gas founder SHIBUSAWA Eiichi: this series of transformations aims to balance both the challenge of achieving a carbon neutral society (moral issue) and sustainable growth (business sense). In order to implement changes appropriately and swiftly, we will continue to take on challenges as a leading company in the energy industry including the governance reforms we have conducted such as switching to a company with a nominating committee, etc. and a holding-type group structure. Since I took up the role of president in April 2023, I have worked with a strong awareness that we are in the midst of our third founding. I will talk further about the third founding below.

Strengthening portfolio management to enhance corporate value:
In the first year of our Medium-term plan, we responded to significant changes in the business environment and achieved our second best results ever.

Currently, we are working to strengthen our portfolio management to increase profitability in the energy sector while investing the cash flow generated there in growth areas such as solutions and overseas business, as well as in the future growth area of Green Transformation.

In each of our business areas, we have shifted to a trading structure that optimizes the use of assets rather than just the conventional integrated value chain energy supply to enable us to respond flexibly to changes in market structure. By doing this, I feel that we have enacted an appropriate response to the extremely volatile markets that have resulted from soaring resource prices and heightened geopolitical risks over the past several years. In specific terms, we have taken forward three forms of diversification in our procurement of raw materials - diversification of (1) procurement sources, (2) contract types, and (3) commercial distribution - in order to increase our risk response capabilities, and through the utilization of trading, we are increasing our resilience to volatility while working on monetization. These measures were successful, and FY2023 saw our second best ever net sales and profit levels after the preceding year.

Our work in our third founding:
Steadily proceeding with the three core strategies in our Medium-term Management Plan.

We will work to make steady progress on the three core strategies we set out in our Compass Transformation 23-25 Medium-term Management Plan.

(1) Achieve both stable energy supply & decarbonization

In order to ensure a responsible transition to a carbon neutral society under uncertain circumstances that include the geopolitical risk seen over recent years, we will aim to establish both a stable supply of energy and decarbonization.

In our city gas business, we will ensure a stable supply through putting in place infrastructure and diversifying LNG procurement, and steadily proceeding with projects related to hydrogen and e-methane[*1] to contribute to decarbonization. E-methane is a feasible means of decarbonization that makes effective use of existing assets such as pipelines and is expected to provide full-lifecycle cost competitiveness. Tokyo Gas was the first in the world to commence investigations in this area, and in order to take forward a specific verification, we are undertaking a supply chain establishment project for production, liquefaction, and transportation in the US. Furthermore, in order to increase the number of our partners in Japan and overseas and expand our circle of cooperation internationally, the e-NG Coalition international alliance that includes Europe and North American members among others was launched in March this year, and a structure to incorporate e-methane into global society is gradually taking shape.

In the electric business, we are contributing to the stable supply of electricity by utilizing low-carbon and highly efficient LNG-fired thermal plants, and with over 3.8 million customers among other achievements, we continue to be a top player among new electric power companies in sales volume. Furthermore, with the aim of decarbonization, we are steadily growing our transaction volume of renewable energy. Toward the commercialization of floating offshore wind power generation, which has the greatest potential of all forms of renewable energy, we have invested in Principle Power (US), a company that possesses the leading floating foundation technology in Europe, and are undertaking verification work ahead of mass production in Japan.

(2) Fully roll out the solutions business: A new pillar after gas and electricity

With the aim of creating a new pillar to follow gas and electricity, we have launched a new brand called IGNITURE. While thus far we have developed and provided new devices and services for households, companies, and community customers, we decided to launch a new brand that sets things out in an organized manner in order to enable use to convey the solutions of the Tokyo Gas Group in an easily understandable and comprehensive manner. The brand name is a portmanteau of the words ignite and future, and the company will provide the three increasingly important values of decarbonization, optimization, and resilience to meet customers' needs in the optimum form.

Going forward, we will expand the comprehensive service capabilities that we have nurtured through gas systems and decentralized energy systems, such as fuel cells and cogeneration, and that cover everything from proposals and sales to operation and maintenance with strong roots in the local community to include electricity systems and new decentralized energy systems in the form of solar, storage batteries, electric vehicles, etc. And we will use digital technology including data and AI to create a structure that enables the proposal of optimized solutions that combine real-world and digital technologies.

(3) Realize a flexible corporate culture resilient to change

Given the volatility accompanying increased geopolitical risks, the spread of renewable energy, and the marketization of energy, we have put in place a digital trading platform for the optimum operation and management of a diverse range of decentralized energy systems. Utilizing digital technology, we are also working to provide an even better experience to our customers and to radically improve productivity throughout the Tokyo Gas Group.

And as the group's business expands, the number of new areas we are involved in - areas such as GX, DX (digital transformation), and business overseas - is also increasing. We need to respond to changes in each market and raise the capabilities of each organization to the top level in the industry. We believe that it is people who are the driving force behind transformation, and as such we will strengthen our human capital management.

Enhancement of human capital management:
We will develop and recruit highly-specialized human resources to create an organization in which diverse human resources can continue to take on the challenge of achieving lofty goals that lead to increased corporate value while engaging in free and unfettered discussions.

In order to build a human resource portfolio that is consistent with the business portfolio we aim for, we are deepening discussions at the Human Resource Development Committee, which consists of members of the Management Committee, in cooperation with the CHRO and the director in charge of DE&I[*2]. We will make expertise visible, enhance expertise by providing training support and acquiring highly specialized personnel, and create an organization and structure that enables diverse human resources to play an active role and generate synergy for the entire group. We will create a virtuous cycle that leads to the next stage of growth by enabling each individual to achieve personal growth and to feel their contribution to the value provided to customers and to the enhancement of corporate value. While we are still only part of the way on our journey, we will make repeated improvements and implement human resources management to bolster both the quality and numbers of our human resources.

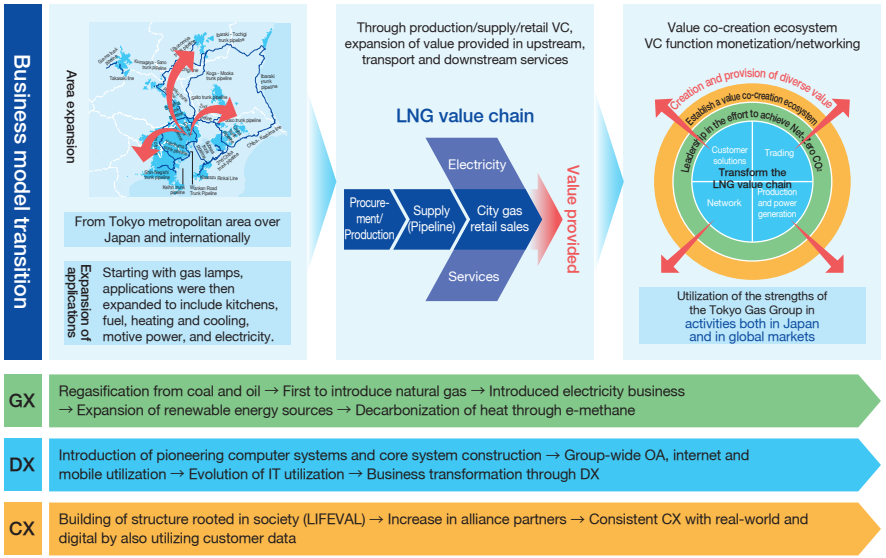
And to establish a future-focused business model, we must formulate and implement bold goals and actionable plans. To this end, from this year we have made the decision to have all senior staff take an OKR[*3] declaration, and to confirm this on a one-on-one basis. I myself set out specific results and plans (i.e. key results) to achieve ambitious objectives, and hold discussions with executives on the basis of these. I would also like to speak directly to all employees of group companies as far as possible, and in the regular "President's Communication" I directly accept a varied mixture of serious and lighthearted questions that I answer frankly. In addition, I also go onsite to have regular meetings called "Coffee Chat" with around ten people, and in these meetings we have free and unfettered discussions. I believe that value is created by discussing things in an unhindered fashion rather than through one-way communication from myself, and I am undertaking these initiatives not only in Japan but also in other countries.

The determination incorporated in the Carbon Neutrality Roadmap 2050: Taking on the challenge of dealing with new issues and technology, and setting out solutions taking the latest trends into consideration.

As a top runner toward carbon neutrality, and as a company that advocates a responsible transition, the Tokyo Gas Group believes that it is important to set out not only a vision for its goal in 2050 but also for the milestones along the way to reaching this goal in the form of a roadmap, and has therefore created and published a roadmap leading to carbon neutrality by 2050.

Based on this determination, we present our solution in Special Feature 1, so please be sure to check it out.

The capabilities required for our third founding (organizational capability): The Tokyo Gas Group has always successfully transformed its business model in line with the issues faced by society. We will ensure the successful achievement of this transformation in our third founding.



In reflection upon the history of transformation of the Tokyo Gas Group's business model thus far, I am convinced that we can achieve a transformation in our third founding.

(1) First founding: Scaling up through application expansion and area expansion

As the name would suggest, our first founding was in 1885 when SHIBUSAWA Eiichi established Tokyo Gas with the vision of lighting up Japan with gas lamps, and since then, through the roughly 80 years before and after WWII, we have mainly worked to establish our city gas business for our customers in the Tokyo metropolitan area. While things started out from gas lamps, we have not limited our business domain to lighting, and have expanded the use of gas to a heat source for kitchens, hot water, and heating, and other such uses including motive power and electricity. Subsequently, the company expanded its business area from the Tokyo metropolitan area to all of Japan, and has worked to grow the size of its business.

(2) Second founding: Contribution to the local environment through the introduction of LNG, IT-based productivity increase, and expansion of scope through value chain evolution

I view the second founding of Tokyo Gas as 1969, when LNG was first introduced in Japan. The rapid growth in energy demand and the pollution problems that accompanied

rapid economic growth led to the decision to introduce LNG as a solution to both problems. Compared to petroleum and coal, natural gas has significantly lowered the burden on the environment and contributed greatly to solving local environmental problems such as pollution. The heat output of LNG is more than double that of conventional systems, and by increasing the efficiency of its use as well as expanding the supply network, it became possible to respond flexibly to increasing demand. We were also one of the first companies to introduce a mainframe computer to accommodate the rapid increase in the number of customers, and this significantly improved our operational efficiency.

Given this increase in supply capability, we worked to further expand applications and proceeded to develop technologies for decentralized power sources such as cogeneration and fuel cells. As a result, we have expanded our business scope downstream in the value chain, transitioning to an energy service company that not only provides electricity and heat but also offers comprehensive service solutions, including power outage resilience, financing, optimized system proposals, and operation and maintenance (O&M). In recent years, the parties we provide our service to have expanded beyond factories and buildings to include redevelopment areas and industrial parks, and this suite of solutions is what led to IGNITURE.

We have also expanded the scope of our business upstream in the value chain by acquiring upstream interests and owning LNG carriers in order to strengthen our LNG procurement capabilities, which led to the expansion of the overseas business and trading business we see today.

(3) Third founding: Contribution to the global environment through decarbonization, greater opportunities for profit through digitalization, and working towards the establishment of a new ecosystem

We are decarbonizing the heat sector to efficiently produce hydrogen and e-methane, utilizing technologies developed in our second founding, such as catalysts for fuel cells. We also utilize our optimal control technologies for distributed power sources and power balancing capabilities to contribute to a stable increase in forms of renewable energy, which are fluctuating power sources. Furthermore, technologies such as gas fluid analysis and stress analysis can also be applied in new areas such as offshore wind power. We believe that the technologies we have developed in the fields of gas and electricity can not only bring expansion to the GX field and increase profits, but also contribute to solving global environmental problems.

On the other hand, while we have always accumulated data and undertaken data analytics as part of our IT utilization, this is now evolving into AI utilization, and by improving the accuracy of demand forecasting, enhancing productivity, and expanding the scope of digital utilization into areas such as optimizing energy system operations, we will create new profit opportunities.

Our business model used to be one that provided value mainly through retail in the downstream section of the gas business value chain, but with the progress of energy marketization and digitalization, each internal company can now form a new ecosystem and optimize the value they provide while working with different partners than before. For example, the LNG Procurement Department's main role was previously to procure competitive LNG for customers of the Retail Department, but now, by trading LNG in the market and with new business partners, the department plays a role in adjusting supply and demand in response to volatility and creating new revenue opportunities.

In addition to the community-based sales structure built primarily for gas customers, the Retail Department will provide and continue to develop new solutions that integrate real and digital technologies through alliances with digitally advanced companies overseas, such as Octopus Energy, Inc.

We believe that the value provided by IGNITURE will be expanded by adding optimization that utilizes digital technologies such as AI to technologies and value for decarbonization and resilience. After the announcement of IGNITURE, the number of companies that recognize and appreciate the value it offers is gradually increasing. We will foster a new ecosystem from this movement, provide value to as many customers as possible, increase the number of profit opportunities we have, and undertake transformations towards a future-focused business model.

Towards an increase in corporate value: We intend to cement our growth story through dialogues with our stakeholders.

Going forward, we intend to further improve asset efficiency, proactively invest in future growth, provide greater value to our customers, and return the fruits of our growth to our shareholders through the enhancement of corporate value. It is from this perspective that we have set out our Carbon Neutrality Roadmap, and along with taking on the challenge of making solutions the next pillar of our business, we have set a new target of achieving an ROE of 10% or more by around 2030.

We presented our growth story thus far that is formed of the transition in our business model alongside the capabilities of the Tokyo Gas Group, and going forward we will present our progress toward our vision of a future in which we Tokyo Gas will continue to provide solutions for the issues faced by society.

Through dialogues with our stakeholders going forward, we will cement the growth of the Tokyo Gas Group, and do our utmost to meet the expectations placed on us. I hope that you will continue to provide your kind understanding and support to us.

*1 E-methane　Methane synthesized from non-fossil fuel energy (green hydrogen, etc.)
*2 DE&I stands for diversity, equity, and inclusion
*3 OKR is a technique for objective setting and management, and stands for "objectives and key results"

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

How We Create Value

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

Fully roll out solutions business
IGNITURE
Decarbonization
Optimization
Resilience

Stable supply of decarbonized energy

Compass 2030
Providing energy and solutions to the future of our life, society and the earth
P. 27

2025
- CO_2 reduction contribution: **12** mn tons
- Renewable power source transaction volume: **2.2** mn kW

Compass Transformation 23-25
Business model transformation P. 28

Evolution in LNG Value Chain

Scale expansion (expansion in area/application)

2030
- CO_2 reduction contribution: **17** mn tons
- Renewable power source transaction volume: **6** mn kW
- No. of customer accounts: **20** mn

- ROE: **10% or more**

2040
- CO_2 emissions reduced by **60%***
- Carbon neutrality in gas and electricity supplied domestically: **50%**

2050
- **Net-Zero** CO_2

* Greenhouse gas emissions of the entire supply chain (including upstream) associated with our supply of energy (gas & electricity) to domestic users, in CO_2 equivalents. The rate of reduction is compared to FY2022.

Weaving the Future with Energy and Solutions

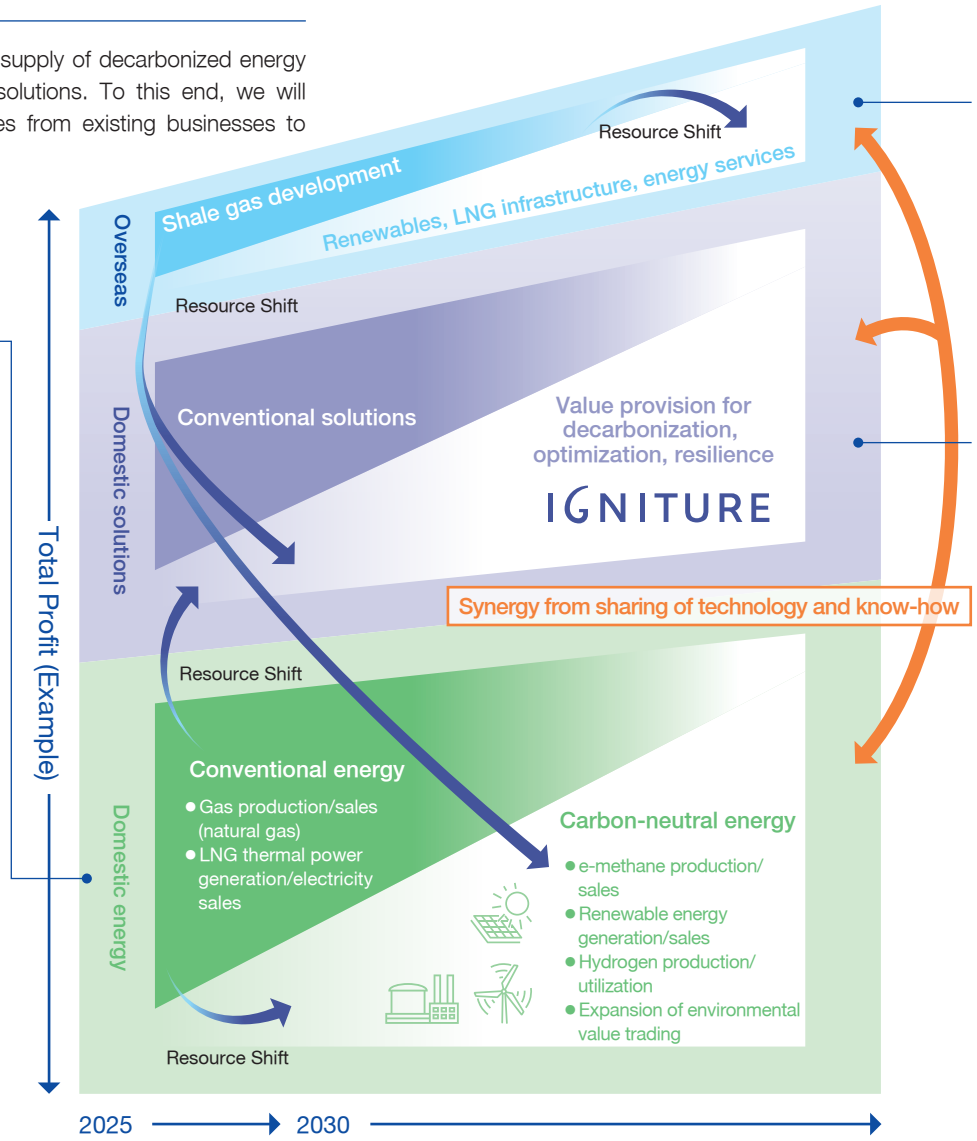
The Path to Sustainable Growth

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 CO_2 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.

Special Feature
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 P. 47

- 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 P. 16

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

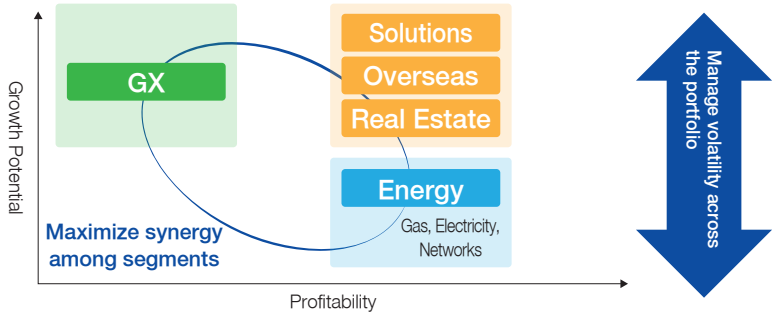
- Employees and organizational culture to deal with social issues

Management plan P. 26

Management Vision Compass 2030 / Compass Action

Medium-term Management Plan Compass Transformation 23-25

Business Domain



Base to support value creation

- Human Resources Strategy P. 39
- Financial Strategy P. 43
- Corporate Governance P. 56

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

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.

LNG Terminal Storage Capacity

3.36 mn kl

Natural gas power station capacity (domestic/overseas)

2.118 mn kW

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).

No. of energy services (Japan/overseas)

817

No. of patents relating to fuel cells and hydrogen

521

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.

No. of customer accounts

Approx. 13 mn

No. of comprehensive partnership agreements with local authorities

54

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.

No. of group employees

15,504

DX human resources

2,005

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)

Special Feature 1

The Challenge for a Carbon Neutral Society

The Environment Surrounding Energy and the Role of the Tokyo Gas Group

Of late, the domestic and international energy situation has become uncertain and highly volatile due to heightened geopolitical risks. On the other hand, there continues to be no change in the importance of the trend toward decarbonization.
Under such circumstances, in Japan, which is an island nation with limited resources and where the flexible exchange and substitution of energy in times of crisis is not easy, we recognize that it is the responsibility of our group to achieve the decarbonization of the energy we provide while maintaining a stable energy supply in any business environment.

Responsible transition P. 21

As a group of energy companies that supports society, we believe it is important to achieve a responsible transition to a carbon neutral society without placing an excessive burden on society from perspectives including economic viability and supply stability.
Therefore, during the transition period toward the 2030s, we will make the most advanced use of natural gas, which has the lowest CO_2 emissions of all fossil fuels and is expected to be utilized as a balancing and supply power for the expansion of renewable energy introduction. By doing so, we aim to steadily reduce CO_2 emissions of society as a whole while securing earnings that will serve as a source of investment for decarbonization.
In parallel to this, we will actively work on the technological development for the social implementation of new technologies such as e-methane and hydrogen, while advancing the utilization of renewable energy.

A detailed roadmap for realizing a carbon-neutral society by 2050 P. 18

We set out the 'Carbon Neutrality Roadmap 2050' in March 2024 as a detailed pathway towards the achievement of net zero CO_2 emissions by 2050 as outlined in our group management vision 'Compass 2030'. This roadmap initially presents our vision for domestic energy supply. We have set a basic policy to lead a 'seamless transition to a carbon-neutral society' by taking 'three approaches' that build upon the responsible transition to Net-Zero CO_2.

Three Approaches

The perspective of the best mix: Decarbonize both gas and electricity

We will decarbonize gas and electricity supplied to customers while ensuring stable supply. We will decarbonize not only electricity, but also heating, which accounts for 60% of energy consumption.

The perspective of demand/supply sides: Partner with customers

Going beyond just measures on the supply side, by ensuring effective use of the distributed resources that are also introduced on the demand side, such as photovoltaic systems, storage batteries, and electric vehicles, we will aim for the optimum form of energy use along with our customers.

The perspective of real-world innovation deployment: Optimization of social benefits

We will work on innovation that includes hydrogen, e-methane, new renewable energy sources such as floating offshore wind power, BECCS*1, DACCS*2, and partnerships with startup companies. We will pursue real-world deployment of innovation that flexibly adapts to S+3E*3 needs, while maintaining different choices.

*1 Bioenergy with Carbon Capture and Storage
*2 Direct Air Capture with Carbon Storage
*3 S+3E is Japan's core energy policy to simultaneously achieve stable supply, economic efficiency, and environmental suitability on the overarching premise of maintaining safety.

Carbon Neutrality Roadmap 2050

Tokyo Gas Group Carbon Neutrality Roadmap 2050
https://www.tokyo-gas.co.jp/en/IR/support/pdf/20240322-03e.pdf

As a detailed pathway toward net zero by 2050, in the field of gas we will seek to achieve 50% carbon neutrality by 2040 through sophisticated use of natural gas, reduction of GHG emissions across the supply chain, and, from 2030 onward, expanded use of e-methane. We will also fully harness innovation in DACCS/BECCS, turquoise hydrogen, etc. In the field of electricity, we will seek to achieve 50% carbon neutrality by 2040 through expanded use of renewables such as floating offshore wind power and, from 2030 onward, efforts such as switching to hydrogen as fuel for thermal power plants. We will completely achieve net-zero CO_2 emissions from thermal power generation in the 2040s, and work to further increase carbon neutrality. In addition to these efforts, we will undertake fuel switching and make maximum use of the latest available energy-saving technology to aim for a 60% reduction in CO_2 emissions by 2040, thus contributing to the achievement of Japan's reduction goal.

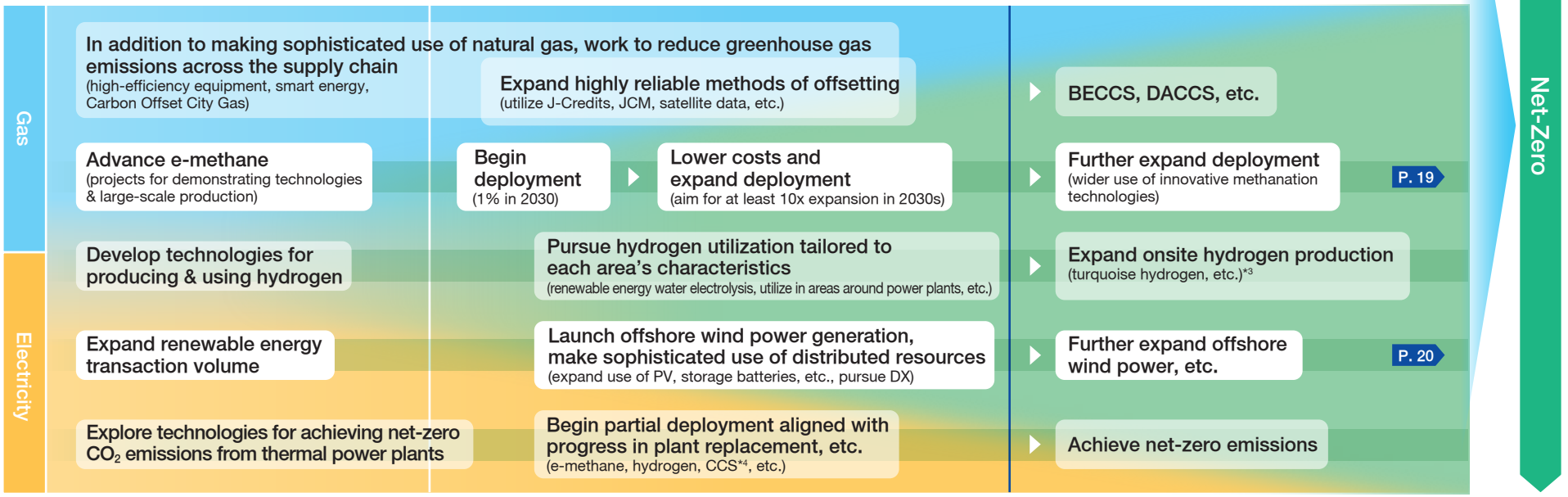
Accelerate Transition 2030 > Lead seamless transition to a carbon-neutral society **2040** > Realize a carbon-neutral society 2050

Vision*1

	2030	2040
CO_2 emissions (vs. FY2022)*2	20% reduction	60% reduction
Carbon neutrality in gas supplied domestically	Begin	50%
Carbon neutrality in electricity supplied domestically	30%	50%

*1 Through a process of revisions, the Roadmap will be evolved into a comprehensive plan covering both Japan and overseas.
*2 Greenhouse gas emissions of the entire supply chain (including upstream) associated with our supply of energy (gas & electricity) to domestic customers, in CO_2 equivalents.

Main actions



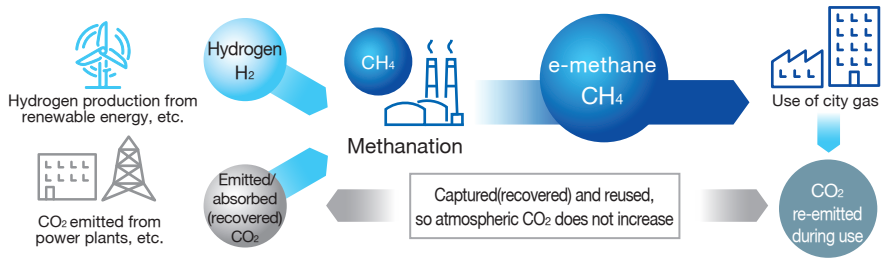
* 3 Hydrogen produced through pyrolysis of methane in city gas; this process breaks down methane into hydrogen and solid carbon and hence does not emit CO_2 * 4 Carbon Capture and Storage

Decarbonization of Gas

e-methane

Methane (the main component of city gas) synthesized from hydrogen and CO_2 as raw materials using a technology called methanation, is called e-methane. The CO_2 emitted through the combustion of e-methane is offset by the CO_2 used in its synthesis, and therefore its use does not lead to a net increase in atmospheric CO_2. e-methane contributes greatly to the decarbonization of heat demand that accounts for 60% of the energy consumed in the residential and industrial sectors. e-methane has the advantage of being able to utilize existing infrastructure and technologies such as city gas pipelines and gas appliances, thereby reducing the additional social costs incurred in developing a carbon neutral society. We believe that it is the Tokyo Gas Group's responsibility and mission to achieve the decarbonization of gas utilizing existing infrastructure, facilities, and technologies.

CO_2 emission reduction effect with e-methane



Establishing a new supply chain for real-world deployment

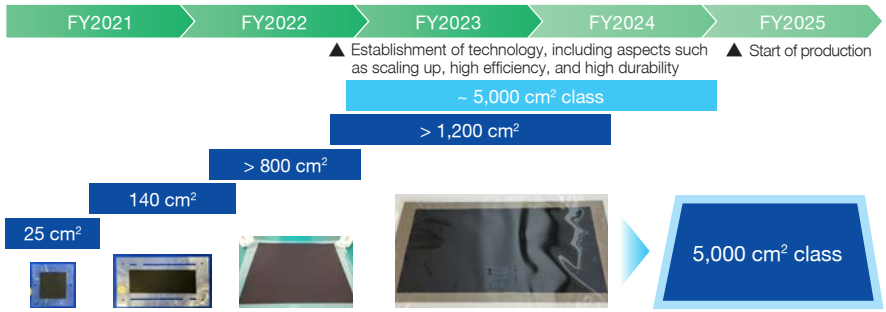
Since FY2021, we have been undertaking small-scale methanation pilot projects, and verifying models of domestic local production and consumption and innovative methanation technologies. In addition, we are promoting e-methane production projects overseas and building international supply chains to achieve our goal of deployment of e-methane at 1% of total city gas demand in 2030 and expand it thereafter. As the flagship project for building this supply chain, we are promoting the ReaCH4 Project in the United States which is being carried out by a Japanese-US consortium. We are also developingprojects in Southeast Asia, Australia, the Middle East, and other places in collaboration with local partners, and will continue to expand the procurement volumes and sources looking ahead to the future. By dispersing and diversifying our procurement areas for e-methane, we will strengthen our business model by securing a stable supply into the future, and fulfill our responsibilities as an energy supplier.

Technological and Systemic Challenges

Hydrogen production technology and cost reduction

To promote the widespread use of e-methane, it is essential to reduce the cost of hydrogen production, which is the raw material for e-methane. This requires reducing the cost of water electrolyzers. In 2021, Tokyo Gas started a joint development with SCREEN Holdings Co., Ltd., a company with expertise in manufacturing technology for CCM (catalyst coated membrane), an important component of PEM (proton exchange membrane) type water electrolyzers. In March 2023, the two companies established scale-up and high-speed mass production technology for CCM. We are considering offering this product to external customers and intend to generate revenue from this technology in the near future. Along with this, the development of innovative methanation technology that greatly improves efficiency by effectively utilizing the heat from the methanation reaction is underway with the support of the Green Innovation Fund. We aim to achieve highly efficient and low-cost production of e-methane by leveraging the technologies and intellectual property we have accumulated in the development of hydrogen and fuel cells.

Transition to scaled-up CCM



Establishing a certification system

In order to deliver e-methane that is produced overseas to customers in Japan as a “zero-emissions” fuel, it is important to establish an international CO_2 accounting system. In addition, as e-methane gets mixed with existing LNG in the process of being distributed, a certification system needs to be established to discriminate between e-methane and LNG and certifies the environmental attributes. To establish these systems, in addition to discussing and collaborating with relevant government ministries and agencies, we will actively work to create international rules by collaborating between private companies such as the e-NG Coalition (an international alliance that aims to expand the global use of e-methane), of which Tokyo Gas participated as a founding member.

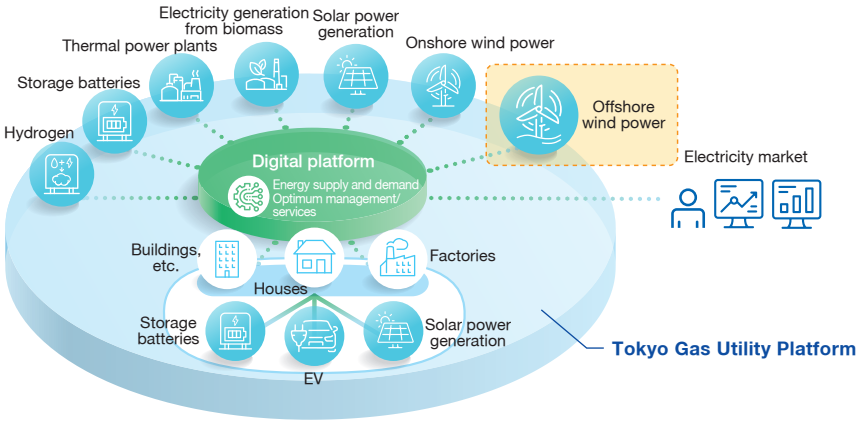
Decarbonization of Electricity

Offshore wind power generation

Our core competence lies in our ability to manage the entire process from LNG procurement to delivering energy solutions to our customers. This capability is underpinned by the trust we have earned from our customers over our 130-year history as a gas utility company.
We are proactively contributing to the decarbonization of energy through various renewable energy initiatives, including development, asset acquisition, operation, and providing/obtaining PPAs, all of which will lead to a stable supply of green power and create our unique renewable energy value chain.
Among renewable power sources in Japan, floating offshore wind power holds significant potential due to the country's limited shallow water areas. It is expected to become a crucial energy resource for achieving carbon neutrality by 2050.

Our Vision through the Renewable Energy Expansion

Value for society: We are committed to building a digital trading platform in the power sector that optimally manages and operates a diverse range of energy assets, including those of our own, and others including our customers.
Through this platform, we aim to leverage assets across the entire energy value chain to provide a stable, environmentally responsible, and flexible energy supply, as well as to provide Non-fossil fuel benefits generated from renewable energy sources.
Value for customers: To meet the growing and diverse renewable energy needs of our customers, we offer multiple decarbonization options, including renewable energy sources, gaseous energy, and non-fossil fuel values.



Initiatives for Commercialization of Floating Offshore Wind

WindFloat - a bankable floating foundation technology

In May 2020, we invested in Principle Power, Inc., a company renowned for its floating foundation proven technology with a world-leading track-record, and became one of its three major shareholders.

R&D for low-cost mass production of floating foundations in Japan

Under the NEDO's "Cost Reductions of Offshore Wind Power Generation (Phase 1)" R&D program in 2022, we have conducted a research and development project aimed for optimal design tailored to Japan's meteorological and oceanographic conditions, reducing costs and establishment of mass production methods based on the WindFloat technology. Furthermore, in March 2024, we established the Floating Offshore Wind Technology Research Association (FLOWRA) to collaborate with members on research and development of common foundational technology and to address cost and risk reduction for floating systems.

Participation in one of the world's few operational floating offshore wind power farms

In August 2024, Tokyo Gas agreed to participate in the WindFloat Atlantic project. Through our involvement in this project, we endeavor to accumulate expertise through operational experience in floating offshore wind power, with a specific emphasis on acquiring advanced O&M techniques that leverage digital and next-generation technology.

Provided by Ocean Winds, and Principle Power.

Proactive investment in overseas offshore wind power

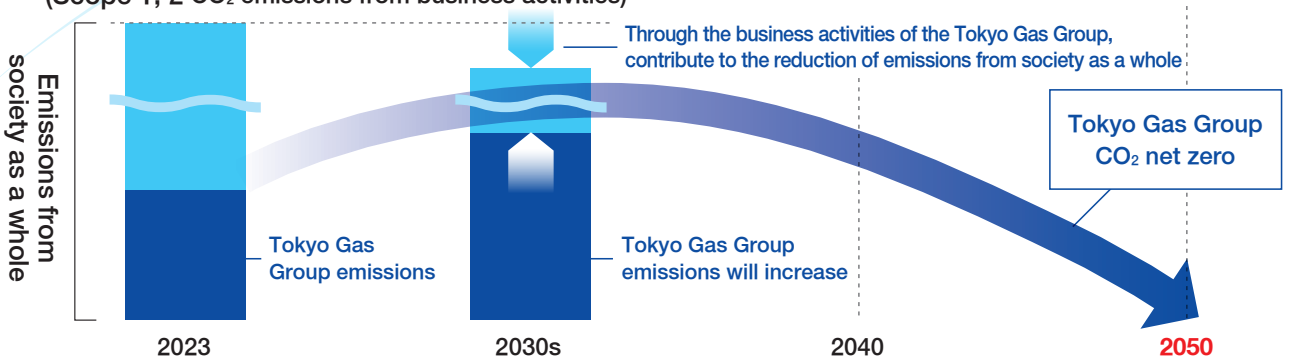
In October 2023, Tokyo Gas made a commitment as a cornerstone investor, contributing 220 million euros, to the Fund established by Octopus in UK to invest in multiple operational offshore wind power assets in Europe. Octopus is a rapidly growing company with a leading customer base in the UK, driven by its innovative digital technology, and it has also made significant investments in renewable energy assets exceeding 3 million kilowatts. Tokyo Gas aims to learn from Octopus Energy's successful business model at various levels through our alliance, while striving to be at the forefront in Japan by building a unique value chain by leveraging digital platform services.

To achieve a responsible transition towards the 2030s

Increase to Decrease

Towards the 2030s, we will thoroughly shift to and make advanced use of low-carbon natural gas as a way to achieve a responsible transition.
In specific terms, we promote the introduction of latest, high-efficiency LNG thermal power generation and the switch to natural gas, which is lower in carbon compared to other fossil fuels. By advancing sophisticated use of natural gas, we will reduce CO_2 emissions at our customers' sites. As a result, while the CO_2 emissions from the Tokyo Gas Group's business activities will increase (Scope 1, 2), we will contribute to a reduction in CO_2 emissions at customer sites, and, by extension, society as a whole.

Relation between the emissions from the Tokyo Gas Group and society as a whole (Scope 1, 2 CO_2 emissions from business activities)



Toward net-zero CO_2 from our activities

As one of the efforts to minimize the increase in CO_2 emissions, we aim to achieve net-zero CO_2 emissions from our own activities, including our office buildings, city gas production facilities, city gas supply facilities, and company vehicles, by the FY2030. In the FY2023, we have achieved a 31% reduction in net CO_2 emissions from our own activities compared to the FY2020.


Hitachi LNG terminal

Implementation status of initiatives for net-zero CO_2 from our activities (as of August 2024)

Buildings, etc. we use		City gas manufacturing facilities	Company vehicles
Tokyo Gas Head Office	Other buildings we use	Hitachi LNG Terminal & Ogishima LNG Terminal	Some of Tokyo Gas Network Co., Ltd. and Sodegaura LNG Terminal's corporate vehicles
●100% offsetting of CO_2 emissions of electricity powering the head office through the use of non-fossil fuel certificates (electricity), carbon-neutral city gas (gas), and J-Credits (heat supply from district heating and cooling services) ●Receiving electricity through off-site corporate PPA	Offsetting of CO_2 emissions of electricity powering some of the buildings owned by Tokyo Gas Real Estate Co., Ltd. through the use of non-fossil fuel certificates (electricity)	Offsetting of CO_2 emissions of electricity powering the terminals through the use of non-fossil fuel certificates (grid power only)	Introduction of EV chargers and charge management system using Charge Planner, a service supporting the adoption of EVs by corporations and local governments

Initiatives for net-zero CO_2 from our activities
https://www.tokyo-gas.co.jp/sustainability/activities/inhouseemissions.html?wovn=en

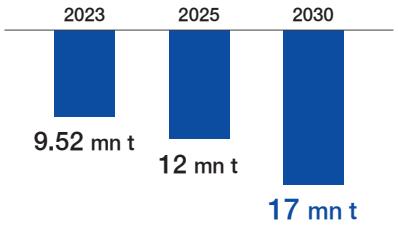
Contributing to overall CO_2 reductions from society

Given the difficulty in working out the level of contribution of the Tokyo Gas Group toward decarbonization by looking only at CO_2 emission reductions in our business activities, we utilize 'CO_2 reduction contribution' as an indicator for our contribution to reducing the CO_2 emissions from society as a whole.

We measure our contribution to CO_2 emission reductions across society as a whole through the effects of fuel switching to low-carbon natural gas compared to other fossil fuels, the introduction of high-efficiency equipment, and the adoption of renewable energy.

We have set a target of 17 million tons of CO_2 reduction contribution by 2030 across our global business activities and are actively working towards this goal.

CO_2 reduction contribution results/ targets in the transition period (vs. FY2013)



Breakdown of the 17 mn ton target for 2030

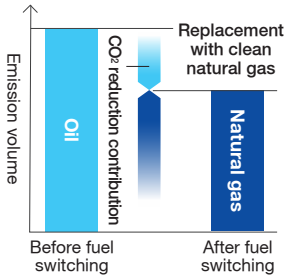
Category		Main actions
Low carbonization field 65%	25%	Fuel switching
	15%	High-efficiency equipment, etc.
	25%	Introduction of high-efficiency LNG-fired power generation
Decarbonization field 35%	15%	Introduction of renewable energy/new energy, etc.
	20%	Utilization of nonfossil fuel certificates, etc.

* We have taken advice from a third party in the form of DNV BUSINESS ASSURANCE JAPAN K.K. in order to increase reliability and transparency in our calculation of emission reduction contributions.

Concept and calculation method of reduction contribution

■CO_2 emissions of society as a whole ■CO_2 emissions by the Tokyo Gas Group

Fuel switching | Low carbonization field

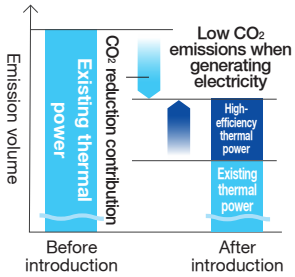


Perspective on reduction effects
Reduce CO_2 emissions by shutting down facilities that use coal and oil and replacing them with facilities that use natural gas and emit relatively low CO_2

Calculation method
Development volume × CO_2 emission factor difference

Baseline
Fuel before conversion such as heavy oil

Introduction of high-efficiency LNG-fired power generation | Low carbonization field

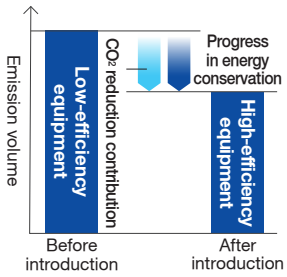


Perspective on reduction effects
Reduce CO_2 emissions by increasing the amount of power generated by high-efficiency LNG-fired power plants and reducing the amount of power generated by existing thermal power plants that emit relatively large amounts of CO_2

Calculation method
Power generation × difference in CO_2 emission factor from thermal power average

Baseline
Average thermal power generation

High-efficiency equipment | Low carbonization field

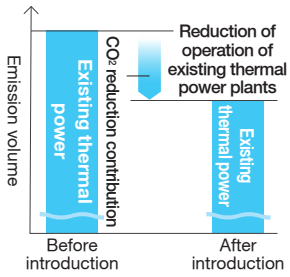


Perspective on reduction effects
Reduce CO_2 emissions by upgrading low-efficiency natural gas equipment to high-efficiency equipment

Calculation method
Number of units introduced x reduction per unit

Baseline
Conventional-performance gas appliances

Expanded introduction of renewable energy | Decarbonization field



Perspective on reduction effects
Reduce CO_2 emissions by increasing the amount of power generated by renewable energy that does not emit CO_2 and reducing the amount of power generated existing thermal power plants

Calculation method
Power generation x thermal power average coefficient

Baseline
Average thermal power generation

*The Tokyo Gas Group's CO_2 emissions remain unchanged

Example of the introduction of high-efficiency equipment: ENE-FARM

Example of the introduction of renewable energy: Ichikai Solar Power Plant

Special Feature 2

IGNITURE: Creating the Future

Launch of IGNITURE The New Solution Brand

In November 2023, the Tokyo Gas Group launched the business brand IGNITURE to provide new solutions.
The Tokyo Gas Group has many strengths that it has built up over the years, including know-how for the development of decarbonization technology, the construction and management of renewable energy facilities, optimization and stable supply of energy, and infrastructure construction, operation, and management. Upon the launch of IGNITURE, we defined the value for provision as decarbonization, optimization, and resilience from the perspectives of whether we could leverage these strengths and whether or not there is any social value.
In the development of IGNITURE going forward, we will fuse our real-world strengths that include the trust placed in us as a public utility company and our network of more than 10 million customers with advanced technologies in areas such as GX and DX. By doing this, we go beyond the boundaries of the energy sector and provide households, companies, regions, and communities solutions that form the driving force for building the future.

IGNITURE

IGNITURE is a portmanteau of the words ignite and future. With energy as a starting point, IGNITURE represents the Tokyo Gas Group's determination to go beyond the boundaries of energy and provide advanced and diverse solutions that form the driving force to create the future.

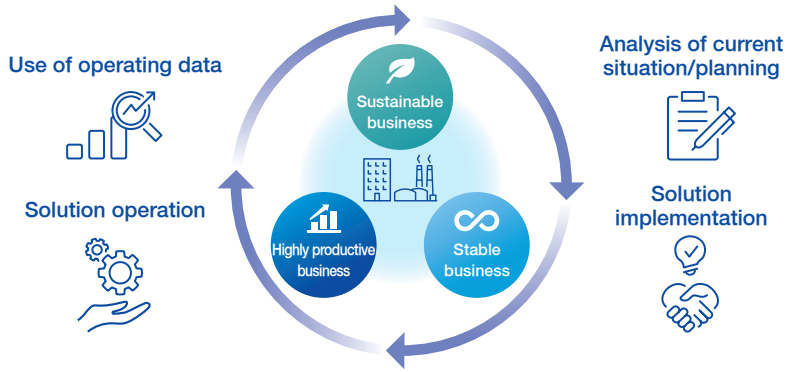
Establishing the 3rd Business Pillar, Aiming for Sales of ¥310 bn

The Tokyo Gas Group has provided a range of services thus far, but in order to establish solutions as a pillar of our business after gas and electricity, we need to go beyond the boundaries of energy and provide new value through solutions. To create value as a solution provider even without the signboard of a "gas company", it is our intention to build our business brand and provide attractive solutions, and by doing so, scale up our business. In scaling up our business, as well as ensuring ease of understanding for customers by setting out all solutions in a structured way on the basis of a defined direction, it is necessary to prevent duplication of solutions within the group and dilution of resources, and to work toward efficient and effective business development. IGNITURE will steadily enhance and expand its solutions that lead to value in decarbonization, optimization, and resilience, and will aim for sales of 310 billion yen in combination with existing solutions by FY2025.

Solutions for Companies

Resolving Societal and Customer Challenges with Solutions Incorporating GX and DX

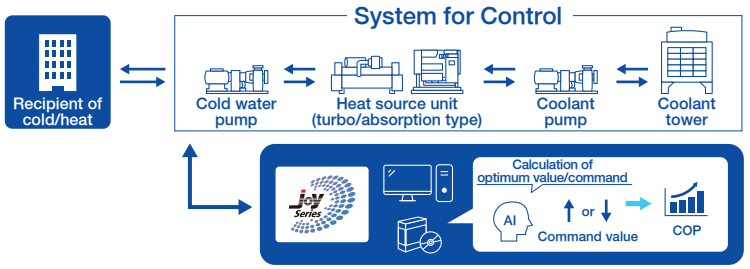
We will solve the challenges faced by customer companies through solutions that incorporate GX and DX that go beyond the boundaries of energy sector, and contribute to sustainable and smart business operation.



CASE 1 Optimum control of heat source systems utilizing AI

We are working on the development of solutions for automatic optimized control of whole heat source systems by combining the JoyWatcherSuite, an integrated facility monitoring and data collection system for factories, with heat source control AI. This solution is characterized by the fact that it leverages the energy management knowledge of the Tokyo Gas Group and the equipment control AI development capabilities of AISing Ltd., our partner company, to enable a high energy-saving effect through optimization of the entire heat source systems rather than individual devices. Utilizing the data gathered with JoyWatcherSuite, for which 33,000 licenses have been sold, we are aiming to develop general purpose AI that can be used by customers in a wide variety of industries and of different sizes. We are currently undertaking verification at our own facilities, and are aiming to roll it out for corporate customers from FY2024.
Optimized control that leverages AI makes energy saving, decarbonization, cost saving, and labor saving possible. We are aiming to deliver this to SME customers in future by holding down implementation and running costs, and thus to contribute to the decarbonization of Japan. We believe that this will also lead to improved resilience through the roll out of new solutions that include early fault detection and lifespan prediction that utilize AI.

Optimum control of heat source systems utilizing AI



Tokyo Gas Engineering Solutions Corporation
Industrial Solutions & Marketing Division
Industrial Technology Dept.
SUZUKI Yuto

Customer & Business Solution Company
Solution Co-Creation Department
Solutions Business Creation Dept.
IMAEDA Yamato

CASE 2 Joint investigation into purely domestically produced e-methane at Oji Paper in Tomakomai

We have commenced a joint investigation toward the production of e-methane using green hydrogen from renewable energy and recovered CO_2 at the Tomakomai mill of Oji Paper Co., Ltd.
We will work with the Oji Group, which aims for net-zero carbon under its Environmental Vision 2050, to conduct an investigation into the production of e-methane on-site and its effective utilization in the local community, in order to contribute to the realization of a smart and sustainable society.

CASE 3 Support for creation of CO_2 reduction roadmap and solutions provided to Juntendo

We supported Juntendo, a school corporation aiming to balance medical function maintenance with carbon neutrality, in creating a CO_2 reduction roadmap. The roadmap includes our group's energy-saving and renewable energy solutions tailored to each facility. Carbon offset city gas and self-consumption photovoltaic power systems have been introduced as concrete solutions, and we will continue to contribute to resolving management challenges of Juntendo going forward.

Solutions for Households

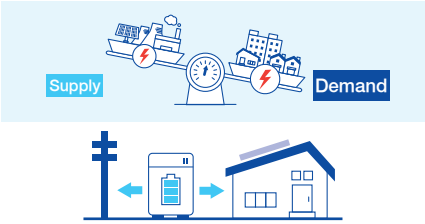
Contributing to Balancing Electricity Supply and Demand through IGNITURE Storage Batteries

In April 2024, we started offering IGNITURE storage batteries as a solution for households. The batteries we are offering are equipped with a demand and response control function to contribute to the stabilization of electricity supply and the spread of renewable energy. While the widespread use of renewable energy is required in terms of achieving decarbonization, the key challenge is ensuring a stable electricity supply due to the inherent variability of renewable energy generation. IGNITURE storage batteries contribute to the effective use of renewable energy and the stable supply of electricity by enabling Tokyo Gas to remotely control their charging and discharging according to the balance of supply and demand of electricity. In addition to the innate value of storage batteries, such as preparing for power outages and reducing electricity costs, they are a solution that offers value to both customers and society with their ability to coordinate the balance of electrical supply and demand based on remote control.

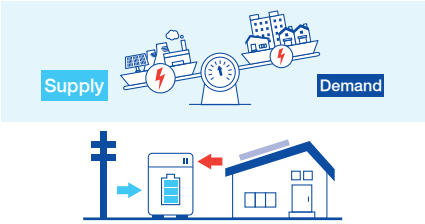
Aiming to be a market leader in the storage battery market, we have commercialized this solution ahead of other companies. Due to the lack of established regulations in utilizing customer facilities for power stabilization, we are actively engaging in discussion with electric distributors. Meanwhile, by leveraging the early-mover advantage, we will deepen communication with customers, enhance services and plans, and continuously challenge the expansion of value provision to ensure we remain a provider of choice.

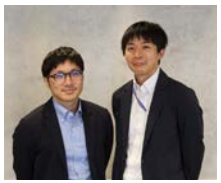
Remote control of IGNITURE storage batteries

When electricity is lacking in an area (discharge)



When there is excess electricity in an area (charge)





Customer & Business Solution Company
Behind The Meter Solutions Project Dept.

ISHIGURO Hiroki

Customer & Business Solution Company
Behind The Meter Solutions Project Dept.

SEITA Taisho

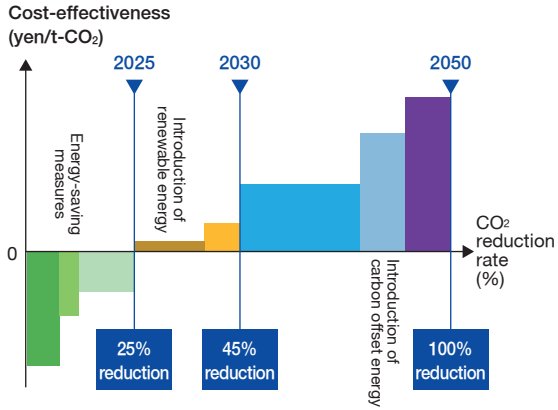
Solutions for Regions/ Communities

Planning CO_2 Reductions with Carbon Neutrality Chart

In October 2023, the Regional Co-creation Company was established to contribute to finding solutions for decarbonization and other such issues faced by regional communities, and to develop alongside regions and local communities as a policy promotion partner for local governments. One solution for this is the carbon neutrality chart. This solution provides support for the formulation of a local authority's roadmap for reducing CO_2 emissions, by clarifying the priority of various measures through the visualization of CO_2 emission reduction effects and cost-effectiveness. This service was first made use of by a public facility in Chofu City in the Tokyo metropolitan area, and it is currently being utilized in considerations for the implementation of decarbonization measures.

As well as the capability to make proposals for comprehensive solutions including electricity and heat and to provide support for creating plans, the Tokyo Gas Group's strengths also include the practical ability to deliver specific services, in addition to the local engagement that we have nurtured over the years. Going forward, we aim to roll out carbon neutrality charts to multiple local authorities. Furthermore, working alongside local authorities, we will also consider contributions to not only public facilities but also private companies and residents, and thus expand solution business for resolving decarbonization and other issues faced by local communities.

Carbon neutrality chart (example)



Regional Co-creation Company
Carbon Neutral Cities Promotion Dept.

CHINO Shogo

Regional Co-creation Company
Carbon Neutral Cities Promotion Dept.

MIYOSHI Tomonori

Management Plan / Strategy

Compass 2030 & Compass Action

The Tokyo Gas Group announced its management vision “Compass 2030” in November 2019, and announced the action plan “Compass Action” to realize the management vision in November 2021.
Amid the greatly changing current of the times, from decarbonization to digitalization, change and diversification of customer values and progress in energy deregulation, the Tokyo Gas Group aims to be a corporate group that continues to create value whilst becoming a leader in the future energy systems, by capitalizing on the strengths of the Group, which has revolutionized energy and taken on the challenge of realizing a sustainable society.

Three challenges for achieving the Compass 2030 vision

Lead transition to “Net-Zero CO_2”

Top leader at the forefront of the transition
- Thoroughly use natural gas + develop practical CCUS[*1]
- Strengthen gas-fired thermal power as balancer for renewable energy

Create value chain for e-methane
- Form alliance for achieving low-cost, practical deployment of hydrogen & e-methane

▶ Hydrogen: ¥30/m³[*2] or lower (2030)

Create renewable energy value chain leveraging our Group’s unique strengths
- Establish revenue model that covers areas from power source development and O&M[*3] to renewable energy sales.

▶ Renewable energy transaction volume: 6 mn kW (2030)

Establish a value co-creation ecosystem

Energy industry’s digital marketing front runner
- Nationwide operation as a digital marketer (TG Octopus Energy Co., Ltd.)

▶ Use digital & face-to-face channels to increase the number of retail power contracts to more than 5 million (2030)

Evolve into the No. 1 player in customer satisfaction through value co-creation at the last-mile[*4]
- Launch services in Kanto area that provide solutions to each type of lifestyle need, then expand nationwide via alliances

Transform into a provider of solutions for community challenges
- Provide nationwide and global solutions for decarbonization and strengthening resilience through coordination with government & local businesses

Transform the LNG value chain

Corporate culture that enhances the earning power of each business
- A holdings group structure that comprises internal companies & operating companies
- Major realignment of management structure on a Group-wide level
- Establish a business model that links our market volatility responsiveness toward the stabilization of earnings

Human resources system that encourages pursuit of challenges in ways that leverage diversity
- Employ and cultivate diverse human resources at each internal company and operating company

A financial strategy that promotes growth investment
- Step up investment in growth areas by selling/replacing assets and boldly revamping cost structure

Compass 2030 indicators

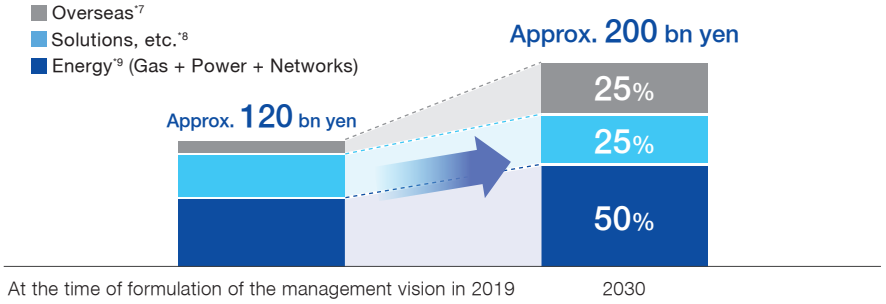
Management guidelines / Key figures

	2030
Operating profit + equity income of subsidiaries	Approx. 200 bn yen
CO_2 reduction contribution (Base year FY2013)	17 mn tons [*5]
Renewable power source transaction volume (FY-end)	6 mn kW [*6]
No. of customer accounts (FY-end)	20 mn
Natural gas transaction volume (FY)	20 mn tons

Financial Indicators

ROA	ROE	D/E ratio
4%	8%	Approx. 0.9

Company portfolio composition in 2030: Profit levels



Growth investments (FY2021-2030 plan)

Breakdown of 2 trillion yen[*10] in growth investment

Energy (Gas+Electricity)	Overseas	Solutions, etc.
Approx. 500 bn yen	Approx. 500 bn yen	Approx. 1 trillion yen

*1: CO_2 recovery/use/storage. *2: 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 electricity made possible by factors such as growth of the renewable energy market. *3: Operation & maintenance. *4: Technical work performed at customers’ residences. *5: 10 mn tons (domestic only) when Compass 2030 was announced. *6: 5 mn kW when Compass 2030 was announced. *7: All businesses overseas. *8: Continuing service agreements, engineering, real estate, etc. *9: Gas, electricity and network business in Japan *10: Includes 700 bn yen for decarbonization field: Domestic & overseas renewable energy approx. 600 bn yen, hydrogen & carbon neutral-related approx. 100 bn yen

Medium-term Management Plan

Compass Transformation 23-25

The Tokyo Gas Group's business environment continues to change rapidly due to heightening geopolitical risks and the associated volatility in energy markets. We view 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 progress toward the vision outlined in "Compass 2030."

Business model transformation

Maximize cash flow generated from the core energy business and actively invest in new growth areas such as decarbonization and solutions, etc., while identifying core and non-core businesses and business life cycles, and promoting asset replacement.

Key Figures / Investment Plan

Preconditions: Economic frame for 2025 Crude oil price = 90 $/bbl, Exchange rate = 140 yen/$

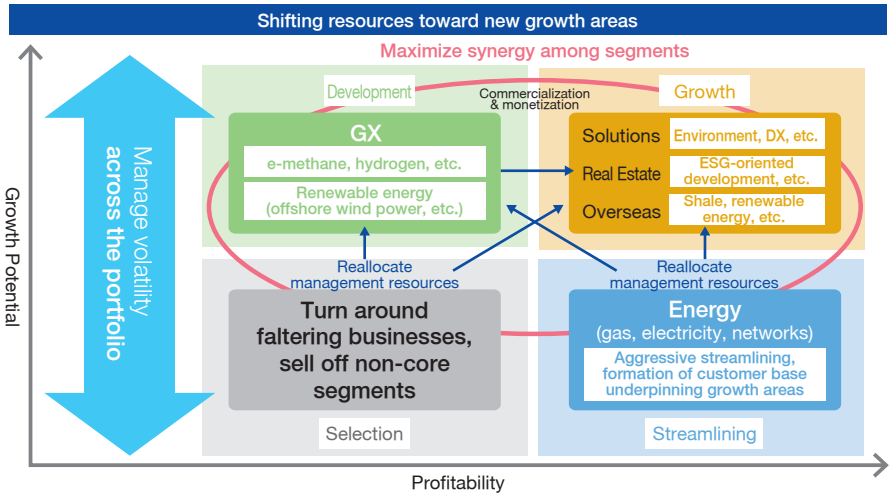
				FY2023 results	FY2024 plan	FY2025 (mid-term plan)
Financial	Segment profits			223.3 bn yen	120.8 bn yen	150 bn yen
	ROA			4.5%	2.1%	Approx. 4%
	ROE			10.4%	4.7%	Approx. 8%
	D/E ratio			0.85	0.82	Approx. 0.9
	Factoring in hybrid bonds/ hybrid loans			0.81	0.78	
Environment	CO_2 reduction contribution			9.52 mn t	11.5 mn t	12 mn t*1
Operating cash flow				382.2 bn yen	336 bn yen	1.1 tn yen (3-year total)
Investments	Growth investments			380.1 bn yen	268.7 bn yen	650 bn yen (3-year total)
	(portion for decarbonization-related investments)			70.3 bn yen	17.3 bn yen	230 bn yen (3-year total)
	Growth investment breakdown	Energy solutions	Capital investment	48.7 bn yen	69.5 bn yen	Energy: 200 bn yen
			Investment and financing	49.6 bn yen	51.2 bn yen	
		Overseas	Capital investment	40.3 bn yen	102.3 bn yen	Overseas: 190 bn yen
			Investment and financing	221.8 bn yen	8 bn yen	
		City business	Capital investment	15.8 bn yen	35.4 bn yen	Solutions: 260 bn yen (3-year total)
			Investment and financing	3.4 bn yen	2.3 bn yen	
	Infrastructure investments			100.8 bn yen	128.6 bn yen	350 bn yen (3-year total)
	Total (After consolidated adjustment)			480.4 bn yen	390.5 bn yen	1 tn yen (3-year total)

*1 Includes overseas

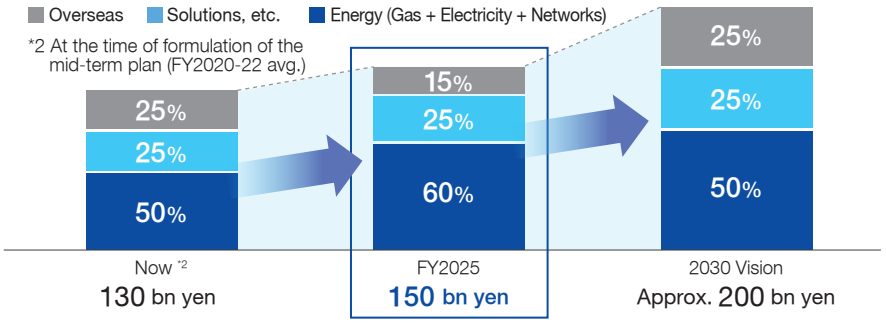
Mid-term management plan based on the Compass 2030 Vision

Strategy 1 Achieve both stable energy supply and decarbonization
Strategy 2 Fully roll out the solutions business
Strategy 3 Realize a flexible corporate culture resilient to change

The 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 use the cash created to actively invest in new growth fields such as GX, solutions, overseas areas, and real estate, nurturing them to be our next core businesses.



Business portfolio composition: Operating profit + equity income of subsidiaries



Compass Transformation 23-25

Compass Transformation 23-25 key strategies and issues / Action plans / Results

The plan aims to maximize the diverse values of LNG while actively investing resources in the GX field (renewable energy, e-methane, etc.), leverage our face-to-face communication strengths and utilize digital technology to expand solutions and establish a profit model, and reform staff operations and manage human capital through the use of digital technology.

Core strategies	Action plan	Main results for FY2023
Strategy 1 Achieve both stable energy supply & decarbonization Progressively commercialize and monetize the businesses in the decarbonization area, while continuing to stably supply energy in the face of uncertainties surrounding energy. [Issues to focus on] ●Achieve both stable energy procurement/supply and “green transformation” (GX)	●Establishment of a new model for stable energy supply ●Leveraging the entire value chain flexibility to address market volatility and maintain stable supply ●Responsibly leading the transition	●Investment decision-making concerning LNG-fired thermal power generation business, looking firmly ahead to the realization of carbon neutrality ●Participation of Sempra Infrastructure in the detailed study regarding the introduction of e-methane to Japan utilizing Cameron LNG terminal in the USA ●Offshore wind power investment fund established and invested in with Octopus Energy ●Acquisition of all shares in Rockcliff Energy II LLC, a company that develops and produces natural gas in the states of Texas and Louisiana, USA. ●Decision made to acquire a Battery Energy Storage System (BESS) business in Texas, USA ●Investment in a gas marketing and trading business in North America ●Announcement of Carbon Neutrality Roadmap ●Concluded a capital and business alliance agreement with RENOVA, Inc. and accepted a third-party allocation of newly issued shares*
Strategy 2 Fully roll out the solutions business Develop the Solution business as a core business second only to the Energy business by branding solutions which incorporate GX & DX and by providing and enhancing solutions that contribute to resolving issues faced by residential, corporate and community customers. [Issues to focus on] ●Strengthen customer experience (CX) by accelerating digital transformation (DX) ●Establish a new business to join the gas & electricity businesses	●Building an integrated business brand & expanding lineup of solutions ●Strengthening customer communication through our strengths in face-to-face engagement and through digital technologies ●Co-creating value with communities by providing them with optimized solutions that leverage our strong roots in the community	●Launch of IGNITURE Solution Brand Special Feature IGNITURE: Creating the Future P. 23 ●Began installing photovoltaic power generation facilities at Narita International Airport, in preparation for the 180 MW facility which will be installed there in 2045 ●Participation in a real estate asset management company M&A and a private placement REIT business ●Participation in planning for our second real estate development business in Australia, “Bloom1” ●Expansion of comprehensive utility services such as steam to Toray’s U.S. plant ●Entered into comprehensive agreements for carbon-neutral urban development with a total of 54 local governments
Strategy 3 Realize a flexible corporate culture resilient to change Increase resilience to market volatility and uncertainty by transforming our business model and improving productivity through DX, in addition to exercising human capital management and implementing financial strategy. [Issues to focus on] ●Strengthen human capital ●Drive internal structural reforms with digital tools (DX)	●Three main DX policies (1. Construct digital trading platform that helps to achieve both supply/demand balancing and profit creation; 2. Improve customer experience by centralizing and standardizing the customer management system base; 3. Radically overhaul our back-office operations to double their productivity) ●Exercise human capital management ●Strengthening our financial base	●Adoption of Octopus Energy’s Kraken and Kraken Flex platforms brings greater improvements to CX and to the value of decentralized energy resources ●Personnel reform linked with management strategy Personnel strategy P. 39

* Agreement concluded April 1, 2024

Holdings group structure

The Tokyo Gas Group set up internal companies and operating companies and has adopted a holdings group structure, in order to grow by working with the ever-changing market and customers while making flexible and speedy decisions and management judgments.
We expand the discretion of the internal companies and operating companies , and will pursue Group synergy through collaboration within the Group.

Segment

Energy Solutions

Conducts diverse energy transactions with the advantages of asset flexibility and demand, e.g. city gas production/sales, LNG sales, trading, electricity, engineering solutions (engineering, energy services, etc.), etc.

Network

This segment carries out city gas consignment supply,etc.. In addition to actively promoting sales of city gas and contribution to CO_2 emission reductions at customer sites, we will improve added value by using smart meters and enhance regional value by collaborating with infrastructure operators.

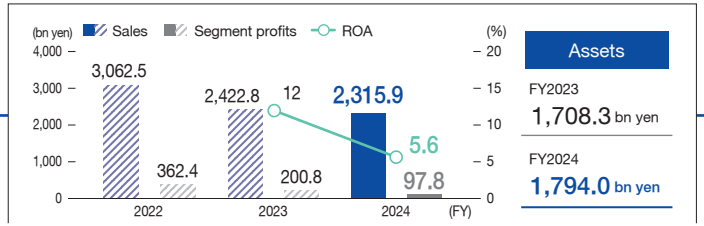
Overseas

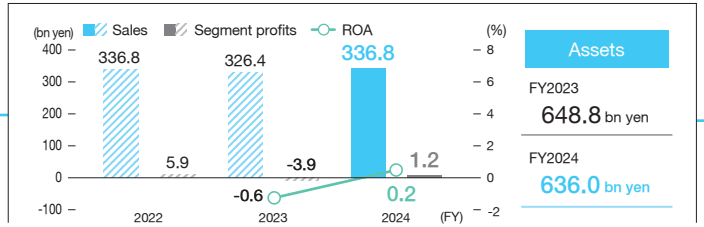
The overseas segment conducts overseas resource development, energy supply, etc. In North America and Australia, Global Business Company has focused on resource development business, and in Southeast Asia, it has focused on LNG infrastructure projects by leveraging the know-how accumulated in Japan, and expanding business. In recent years, we have also focused on the renewable energy business in North America and Scandinavia.

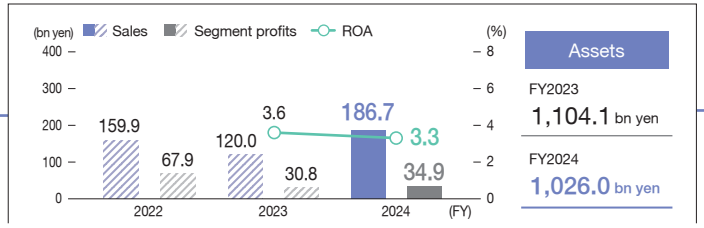
Urban Development

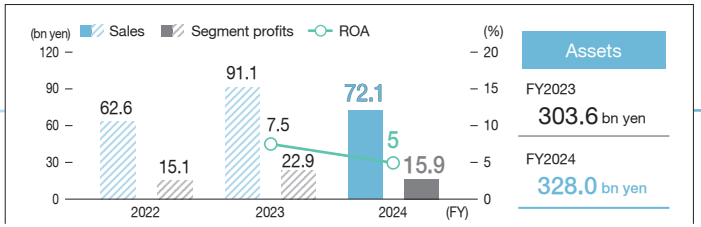
Urban Development conducts real estate development and leasing, etc.
Taking full advantage of our real estate holdings, we have grown our office and residential leasing business centering on central Tokyo based on the concepts of stable earnings and improvement of asset value. We are also actively working on energy proposals and urban development based on our strong roots in the community through joint projects with business partners.

Segment Results / Forecast Gross profit / Assets / Changes in ROA









* FY2024 values are based on the plan values announced on April 25, 2024.

Business Domain

- Energy (Gas, Electricity, etc.)
- Solutions (Environment, DX, etc.)
- GX (e-methane, hydrogen, etc.) (Renewable energy)
- Energy (Networks)
- Overseas (Shale, renewable energy, etc.)
- Real Estate (ESG-oriented development, etc.)

Internal Companies / Operating Companies

- Energy Trading Company P. 31
- Customer & Business Solution Company P. 32
- Tokyo Gas Engineering Solutions Corporation P. 33
- Regional Co-creation Company P. 34
- Green Transformation Company P. 35
- Tokyo Gas Network Co., Ltd. P. 36
- Global Business Company P. 37
- Tokyo Gas Real Estate Co., Ltd. P. 38

Energy Trading Company

First we will guarantee a stable supply of energy, then endeavor to increase the sophistication of AO&T while connecting with markets and customers through digital technology, building an optimized system unique to the Tokyo Gas Group and expanding profits through trading

Senior Managing Executive Officer
Chief Executive of Energy Trading Company

TANAZAWA Satoshi

Our 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, etc.; and the Product Division, which operates LNG terminals and power plants. With LNG and electricity as commodities, we aim to maximize earnings while guaranteeing a stable supply. Further, we will take the lead towards net zero CO_2 and create environmental value.

Strengths

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

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

Policies and actions for improving PBR

We are taking actions toward growing profits through increasing the scale and sophistication of LNG and electricity trading by increasing the sophistication of AO&T*1, and toward early establishment of a plan for a digital trading platform*2 which generates earnings in multiple electricity markets using digital technology.

Increasing the sophistication of AO&T

- While regarding the maintenance of security and stable supply as essential, we are carrying out measures to realize operations, build assets and improve their flexibility, etc., which contribute to the sophistication of AO&T.
- We are enhancing the system for expanding LNG trading

Early establishment of a digital trading platform plan

- Preparation for creation of a digital trading platform through function enhancement and acceleration of the creation of a platform which utilizes “KrakenFlex”, a decentralized energy resource (DER)*4 operation and management system
- We are promoting creation and acquisition of power sources, storage batteries, etc. for realizing a digital trading platform

Preparation of profit generation bases aimed at decarbonization and the advancement of electrification

- We are taking actions on long-term issues, e.g. responding to various environmental regulations and handling decarbonization auctions for Chiba-Sodegaura Power (CSP)*3

Focus for setting KPIs

- Profitability, investment efficiency
- Medium to long-term cash flow generation ability
- Responsible commitment to materiality

Main actions for FY2023

- Took the decision to invest in LNG-fired thermal power generation business, looking firmly ahead to the realization of carbon neutrality
- Started introduction of “Kraken Flex”, in preparation for creating a digital trading platform for the electric power field
- Expanded our carrier fleet by concluding a long-term charter for a newly built LNG carrier

*1 Asset Optimization & Trading: Integrated operation to optimal operation of facilities and trading
*2 A platform for optimizing ① the flexibility of the Tokyo Gas Group assets, ② the expansion of resources such as decentralized power sources, and ③ response to multiple electricity markets, in order to generate earnings from the market volatility
*3 Switching from power sources that use fossil fuels to power sources for achieving carbon neutrality, such as hydrogen, ammonia, and renewable energy.
*4 A general term for energy resources connected behind the customer's electricity reception point (power generation facilities, electricity storage facilities, demand facilities) and also power generation facilities and electricity storage facilities which directly connect to systems. Renewable energy power generation equipment such as photovoltaic power generation equipment, storage batteries, electric vehicles (EV), water heaters, etc.

Customer & Business Solution Company

While creating sustained profit in the energy businesses, we will promote expansion and systematization of the solutions in "IGNITURE" and aim for profit growth in the gas, power and solutions businesses

Representative Corporate Executive Officer, Vice President Chief Executive of Customer & Business Solution Company

OGAWA Shinsuke

Our company provides customers with gas, electricity and solutions for residential and commercial customers. With the solutions developed by our business brand "IGNITURE", we contribute to achieving the ideal world envisioned by customers, through offering solutions to social issues and creating value.

Strengths

- Community-based sales network composed of LIFEVAL, Enesta, and other outlets
- A customer base of approximately 13 million accounts
- Expertise in work requiring technical capability at customers' homes (i.e., device installation, repairs, etc.)
- Energy solution technology

Risks

- Intensified competition driven by deregulation
- Decrease in demand caused by 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

Policies and actions for improving PBR

Energy Business for residential customers

Until now we have leveraged the Tokyo Gas Group's visibility and brand in the Kanto region to acquire our position as a company that customers choose. We will leverage this position, and going forward, in preparation for a business environment with greater fluctuations, we will use our member site "myTOKYOGAS" as a digital communications base and promote improvement of customer relations and expansion of customer accounts.

Solutions Business for residential customers

We will optimally combine diverse facilities, services and controls, and provide solutions which customers can select without complication when they need. Utilizing our business base and scale in the Kanto region, and incorporating changes in the external environment as a growth area, we will endeavor to achieve business growth through expansion of our business domain using the "IGNITURE" brand (BTM*1) and customer expansion (web sales).

Special Feature IGNITURE: Creating the Future P. 23

New Solutions Development Business for commercial customers

We aim to expand environmental consulting and subscription-type solutions such as environmental SaaS*2 and DX support SaaS and build a marketing and product management base, then cross-sell*3 multiple products. Further in preparation for the discontinuous growth of newly developed solutions, we will actively conduct investment.

Focuses for setting KPIs ● Cash flow generation ability ● Earnings stability ● Efficiency

Main actions for FY2023

- Introduced UK-based Octopus Energy Ltd.'s customer service system "Kraken" and their decentralized energy resources (DER) operation and management system "KrakenFlex," which utilize advanced digital technology
- Launched solutions business brand "IGNITURE"
- Concluded a basic agreement on heat source equipment optimum control AI development with AISing Ltd.

*1 Behind-the-meter: Business that utilizes facilities installed on the customer's side of the electricity meter

*2 Software as a Service: A service in which a user can use software operated by a business that provides a service (server) through a network such as the Internet.

*3 A sales method in which in order to increase sales per customer, related products are offered to customers who are already considering buying products.

Tokyo Gas Engineering Solutions Corporation

As a partner in co-creation striving to solve management issues of our corporate customers all over Japan, we contribute to the realization of sustainable business operation and a sustainable society. We will accelerate the development of "IGNITURE," which offers the values of decarbonization, optimization, and resilience, to make solutions the Group's third core business after gas and electricity

Managing Executive Officer
Tokyo Gas Engineering Solutions Corporation
President,
Representative Director

KONISHI Yasuhiro

Integrating the Tokyo Gas Group's corporate sales, we tackle the areas of on-site energy services, district heating and cooling and smart energy networks, engineering, and gas and electricity. We are also tackling the challenges of renewable energy and decarbonization, and aim for further improvement in profitability.

Strengths

- All-in-one proposals for solutions, gas, electricity, and engineering
- Plant and facility-related insights accumulated from the user's perspective and engineering solutions
- Experience in engineering projects related to over 100 LNG terminals in 20 overseas countries

Risks

- Intensified competition driven by deregulation
- Rapid change in the market environment due to 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

Policies and actions for improving PBR

Nationwide deployment of solutions

Up to now we have supplied gas and electricity in mainly Tokyo metropolitan area, but going forward in addition to supplying energy, we will strengthen the nationwide expansion of solutions sales.

While improving the efficiency of gas and electricity, we will promote the provision of environmental value through decarbonization solutions such as carbon offset city gas and electricity that has a nonfossil fuel certificate, etc. Concerning solutions, using our solutions business brand "IGNITURE" which we launched in November 2023, we will solve management issues of corporate customers across Japan, providing the values of decarbonization, optimization, and resilience.

Special Feature IGNITURE: Creating the Future P. 23

Promotion of engineering of renewable energy and decarbonization

We will steadily tackle engineering for LNG terminal and pipeline construction, utilizing the technical strength and know-how our Group has cultivated up to now. Concerning the growth areas of renewable energy and decarbonization-related fields, in addition to photovoltaic power generation and biomass power generation, we will tackle the challenges of wind power and geothermal engineering, operation and maintenance businesses, and aim to improve our earnings.

Focuses for setting KPIs ● Profitability and efficiency ● Medium-term cash flow generation ability

Main actions for FY2023

- Further energy saving and CO_2 reducing initiatives in AMU PLAZA KAGOSHIMA
- Provision of effluents treatment solutions for factories, using water treatment technology unique to the Tokyo Gas Group
- Started installation of photovoltaic power generation facilities at Narita International Airport, in preparation for the 180 MW facility to be installed 2045
- Started operation of disaster-resistant energy system at Arao City Ariake Medical Center (Kumamoto Prefecture)
- Introduced J-credits derived from renewable energy to Calbee's 3 business premises in the Kiyohara Industrial Park
- Started Japan's first on-site CO_2 recycling service
- Deployed comprehensive utility services such as steam to Toray's U.S. plant
- Launched solutions business brand "IGNITURE"
- Agreement signed with James Fisher and Sons PLC for collaboration in O&M services, etc. for offshore wind power farms in Japan

Regional Co-creation Company

Utilizing the trust and strong roots in the community that the Tokyo Gas Group has cultivated since its foundation, we will strive to solve regional issues including achieving carbon neutrality, and develop and grow together with the region and community

Managing Executive Officer
Chief Executive of Regional Co-creation Company

KONISHI Masako

Our company was started in October 2023. Aiming to contribute to solving regional and community issues through co-creation with stakeholders, we are responsible for providing solutions regarding decarbonization, etc. to regional administration, local governments and so on. We are also in charge of public information and public relations, wholesale supply to surrounding gas business operators, and more.

Strengths

- Our community-based strength in capturing issues from the perspective of the local community, cultivated since the company's founding.
- Co-creation ability to solve current issues and realize optimal solutions for the future.
- The ability to act, utilizing our technology and know-how

Risks

- Delay in providing speedy solutions to diversifying and increasingly complicated issues of local governments
- Decrease in share in the area of solution provisions due to intensifying competition between different types of business

Policies and actions for improving PBR

Acquiring the position of a partner who promotes local government policy

As the Tokyo Gas Group's front of dealing with local government in a community-based manner, we implement value appeals through co-created proposals, conclude comprehensive cooperation agreements, propose solutions, and so forth. We promote the proposal of solutions that contribute to decarbonization, resilience, and regional revitalization, and aim to attain the position of a partner who promotes policies for solving community issues.

Providing solutions

Decarbonization

- Deployment of carbon neutral charts, ZEB consulting, photovoltaic power generation introduction support services, and so on which contribute to the creation of CO_2 reduction roadmaps
- Introduction of city gas for which greenhouse gases have been offset using carbon credits and “Sasutena Denki” with net zero CO_2 emissions

Resilience

- Introduction of “BOUSAI TUMSY,” a system for integrated management of information on disasters and evacuation sites and a gas air-conditioner which can be started even in an emergency

Optimization / Regional revitalization

- Support for the introduction of energy conservation educational programs, improvement of environmental awareness through the use of local wood

Special Feature IGNITURE: Creating the Future P. 25

Focus for setting KPIs ● Medium-term cash flow generation ability

Main actions for FY2023

- Entered into comprehensive partnership agreements for carbon-neutral urban development with 31 local governments (Total to date: 54 local governments)
- Deployed projects which contribute to the resolution of community issues, including carbon neutrality (three areas total) with involvement of the entire region, including regional and community residents and private business operators
- Held 561 environmental education sessions related to energy in general: including city gas, environmental problems, etc. (No. of participants: 14,726)

Green Transformation Company

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

Aiming towards the achievement of the "Carbon Neutrality Roadmap 2050" and the improvement of enterprise value, while respecting the viewpoints and relationships of diverse stakeholders, we aim for the early social implementation of the results of development, at the same time acting to acquire the intellectual property created during that process and standardize the technology, and contribute to the achievement of a society that has net zero CO_2 emissions

Representative Corporate Executive Officer, Vice President
Chief Executive of Green Transformation Company

KIMOTO Kentaro

As our main business we promote the expansion of power supply and the development of more advanced technology for renewable energy, the creation of a large-scale supply chain for energy based on carbon neutral gas (e.g., e-methane) and the development of innovative methanation technology, and the development and sales of CCM*2 for PEM*1 water electrolysis.

Strengths

- Our ability to mutually complement our technology and knowledge with our overseas and domestic partners and to develop projects
- Our ability to integrate, cultivated in the value chain from development to retailing
- Our multifaceted relationships with stakeholders
- Hydrogen production expertise and advanced fluid/structure analysis technology, gained from fuel cell development and the like

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

Policies and actions for improving PBR

Renewable energies Special Feature The Challenge for a Carbon Neutral Society P. 20

Aiming for 100% carbon neutrality of domestic power supply in 2050*3, we are striving to expand transaction volume through the development and possession of various power supply, and to develop technology aimed at improving the economic viability of power plants. In addition, via equity investment in a fund set up by Octopus Energy Ltd., we are also focusing efforts on a flowback of knowledge regarding offshore wind power. Further, regarding floating offshore wind power, we have made an equity investment in Principle Power, Inc. which has advanced design technology, and we are promoting verification tests, etc. aimed at achievement of goals at an early stage.

e-methane Special Feature The Challenge for a Carbon Neutral Society P. 19

Aiming for 100% carbon neutrality of the domestic gas supply in 2050*4, we are promoting projects in overseas leading to the creation of supply chains mainly in North America, Australia, and Malaysia, and in Japan we have also started newly considering the introduction of e-methane to the Oji Paper Tomakomai plant. Further, to reduce the cost of manufacturing e-methane, we are promoting the development of innovative methanation technology*4, and we are also actively involved in rule-making both overseas and in Japan*5. Moreover, as a method of achieving carbon neutrality, we also taking action to introduce overseas-produced biomethane.

Water electrolysis CCM for hydrogen production

Through joint development with SCREEN Holdings Co., Ltd., in 2023 we established technology for CCM used for water electrolysis to enable rapid mass production of larger CCM at a lower cost, and we succeeded in the mass production of CCM exceeding 1,200 cm^2 in size. We further accelerated technological development, and we aim to start mass production of CCM with a size of 5,000 cm^2 in 2025.

Focus for setting KPIs ● Set milestones that measure steady progress of growing businesses

Main actions for FY2023

- Start of commercial operation of mega solar farm in Ichikai Town, Tochigi Prefecture
- Completed study on mass production method for floating platforms, aimed at lowering cost of offshore wind power
- Offshore wind power investment fund established and invested
- Participation of Sempra Infrastructure in the detailed study regarding the introduction of e-methane to Japan utilizing Cameron LNG terminal in the USA
- Achievement of desired goals for commercialization in the development of CCMs for PEM water electrolysis

*1 PEM: Proton exchange membrane
*2 CCM (Catalyst-coated membrane): An electrolyte membrane coated with a catalyst layer
*3 Target value also includes transaction volume other than that for renewable energies
*4 As a milestone, a goal to replace 1% of supply gas by 2030 and to increase that by tenfold in the 2030s
*5 E.g., e-NG Coalition, an international alliance aiming to spread the use of e-methane all over the globe

Tokyo Gas Network Co., Ltd.

So that city gas continues to be chosen as an indispensable energy for people's lives and society, we will firmly establish the value and presence of city gas and the gas business, and prepare for the expansion of the use of decarbonized gaseous energy

Tokyo Gas Network Co., Ltd.
President, Representative Director

SAWADA Satoru

Our company has inherited business including the gas pipeline business from Tokyo Gas, and in order to safely and stably supply energy, we improve resilience, carry out earthquake countermeasures, and also contribute to the local society. We will promote the spread of natural gas and lower carbon emissions and decarbonization through gas, and create environmental value.

Strengths

- Many years of experience in safe, stable supply
- 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

Policies and actions for improving PBR

Enhancement of resilience

The introduction of smart meters has enabled remote meter reading, remote operation, and remote data collection, and meters can be read automatically even if a meter reader does not enter a site. Further, remote operation of gas on/off valves contributes to further strengthening safety maintenance and resilience during emergencies and disasters.

Earthquake protection

We have adopted preventive measures to minimize earthquake damage, such as the use of PE pipe*1 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 shut off. 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. Further, until recovery in areas where supply has stopped, temporary supply facilities can be used to continue supply to hospitals and other places.

Contributing to the local community

We will promote cooperation with other infrastructure such as water supply, electricity, and communications, and advance efforts that contribute to improving community value.

Focus for setting KPIs

- Maintenance of safe & stable supply
- Spread the use of city gas
- Improve productivity
- Improve business base

Main actions for FY2023

- Started installation of city gas smart meters throughout the entire supply area
- Conducted the Tokyo Gas Group comprehensive disaster drill, together with the Tokyo Metropolitan Police Department, the Metropolitan Expressway Co., Ltd., TEPCO Power Grid, Incorporated, and Nippon Telegraph and Telephone East Corporation
- Concluded a comprehensive partnership agreement with the Bureau of Waterworks Tokyo Metropolitan Government

*1 Polyethylene piping. Combines both strength and ductility, and in an earthquake it is unlikely to allow gas to leak

Global Business Company

We will carry out business selection and concentration. This is to maximize added value by concentrating on business areas where synergies between businesses and business expansion are expected and where the Tokyo Gas Group's strengths can be put to advantage

Representative Corporate Executive Officer, Vice President Chief Executive of Global Business Company

KASUTANI Toshihide

We have expanded our business in North America, SE Asia, Europe, and Australia, focusing mainly on resource development (upstream), LNG infrastructure projects and renewable energy projects (mid- to downstream). Going forward, we will expand optionality (ability to select) for transactions in the upstream, midstream and downstream areas, and along with striving to expand profits, we will continue to promote asset portfolio reorganization.

Strengths

- Stable project management and operating capability in LNG terminals, power generation projects, etc.
- Knowledge and expertise related to resource development projects, LNG infrastructure projects and renewable energy projects
- Reliability in financial aspects

Risks

- The effect of fluctuations in resource prices and foreign exchange rates on Group accounts
- Response to overseas laws/regulations and business practices and the like leading to stagnation in business operations and increase in expense burdens, loss of business opportunities, reduction in asset prices, etc.

Policies and actions for improving PBR

North America

Shale gas-related business

We will acquire and develop high-quality resources which can have synergy with existing resources owned by the operating company (TG Natural Resources), expand shale gas production and reduce production cost. We will achieve a production margin that has a certain level of superiority even in the industry. Further, we will invest money in ARM Energy Trading, LLC, which conducts gas marketing and trading, and participate in its planning, maximizing profit by optimizing agreements that include gas produced.

Renewable energy-related business

In addition to the construction of Aktina Solar Power Plant, one of the largest solar power plants in the USA, we will leverage the acquisition of the Longbow Battery Energy Storage System (BESS) Project and of power marketing and trading by ARM Energy Trading, LLC, to maximize the value of renewable energy.

SE Asia

LNG infrastructure-related business

In Asia where demand for LNG is increasing, after creating relationships with local partners and governments, we will deploy projects such as LNG reception terminals construction, power generation, and sales to customers for industrial use, and contribute to the stable supply of energy and reduced carbon emissions. The entire Tokyo Gas Group will create synergy in the area of LNG procurement as well.

Focus for setting KPIs

- Short to medium-term profit generation ability
- Asset efficiency
- Efficient earning power

Main actions for FY2023

- Transferred stock of five of our companies involved in Australian upstream projects
- Acquired all shares in Rockcliff Energy II LLC, a company that develops and produces shale gas in the states of Texas and Louisiana, USA
- Aktina Solar Power Plant in Texas, USA completed; and Longbow Battery Energy Storage System (BESS) Project acquired
- Made an equity investment in ARM Energy Trading, LLC, a gas marketing and trading company in North America
- Founded an amalgamated company aimed at evaluating the business potential of LNG receiving terminal business and LNG-fired thermal plants business (LNG to Power) in Thái Bình province, Vietnam

Tokyo Gas Real Estate Co., Ltd.

Along with promoting the optimum use of our high-quality landholdings in the Tokyo metropolitan area, through a cyclic development model in which we include properties that we have developed in the private placement REIT, we will generate a stable and plentiful cash flow

Senior Managing Executive Officer
Tokyo Gas Real Estate Co., Ltd.
President, Representative Director

SATO Hirofumi

Taking full advantage of the land we have acquired over more than 130 years of business development, we have grown a leasing business which generates a stable cash flow. Through joint ventures with business partners and a private placement REIT, we are actively endeavoring to develop real estate which takes into account resilience, comfort, and environmental consciousness.

Strengths

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

Risks

- Real estate market conditions and intensified competition with competitors
- Decrease in business viability due to environmental changes (including infectious diseases, etc.)
- Damage or malfunction of owned and managed properties caused by large-scale disasters (earthquakes, fires, windstorm and flood damage, etc.)

Policies and actions for improving PBR

Long-term property model

In addition to fully utilizing high-quality office buildings and commercial buildings in the Tokyo metropolitan area, such as Shinjuku Park Tower, msb Tamachi, and GINZA gCUBE, we will promote improvement of asset efficiency through a CRE (Corporate Real Estate) strategy which includes optimum utilization of our real estate holdings, e.g., business location consolidation of the Tokyo Gas Group, sale, and external leasing. Further, we will expand our stable earnings base through increased asset-based earnings achieved by participating in the Yaesu 1-chome North District Category I Urban Redevelopment Project, etc., by urban planning at Shin-Toyosu, one of only a few large-scale sites that remain in Tokyo's 23 wards, and so on.

Cyclical development model

Along with promoting the acquisition and development of rental housing and offices that excel in environmental consciousness and disaster damage prevention aspects, we will also accelerate capital collection by utilizing off-balance-sheet activity via the Tokyo Gas Real Estate private REIT investment corporation whose operation began in March, 2024. Furthermore, we will aim for acceleration of growth through improvement of capital efficiency and capital gains, using a cyclic development model in which we direct the capital gained into acquisition of new assets and sell the assets after increasing their value.

Cooperative venture with local partner company in Australia

In Australia's housing market, which is seeing remarkable growth based on population increases, we are promoting cooperative ventures with local partner companies such as Cedar Woods Properties Limited, with a track record of real estate development that excels in environmental consciousness and cooperation with regional communities, and we will link this to further business growth.

Focus for setting KPIs

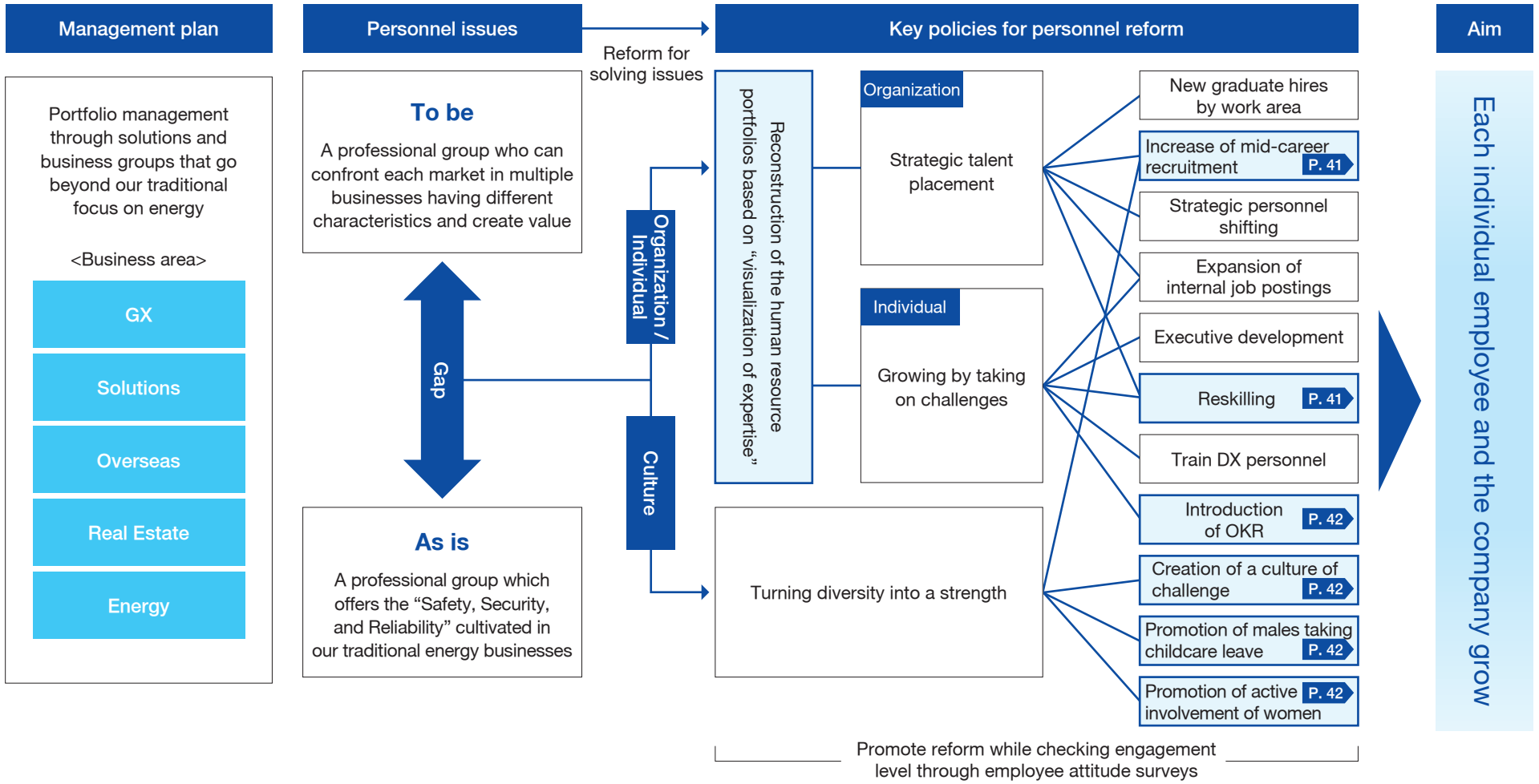
- Cash flow generation ability
- Asset efficiency
- Profit composition of each business

Main actions for FY2023

- Newly acquired rental residences in the form of 125 residences in two buildings as part of our "LATIERRA" series
- Participated in planning for our second real estate development business in Australia, "Bloom1"
- Completed College Court Kokubunji and La Tierra Académico Mitaka, comprising 352 residences in two buildings (Total no. of rental residences to date: 2,041 residences in 32 buildings)
- Commenced operation of Tokyo Gas Real Estate Private REIT Co., Ltd.

Personnel reform linked with the management plan

The business environment surrounding the Tokyo Gas Group is changing greatly. Amid these changes, in order to drive society's sustainable growth and provide even greater value to customers, we are working on the transformation to portfolio management with solutions and business groups that go beyond our traditional focus on energy.
The biggest personnel strategy issue for the Tokyo Gas Group is to transform into a professional group who can confront each of the markets in multiple businesses with different risk-return characteristics, while leveraging the high aspirations and perseverance that we have cultivated in our traditional energy businesses and our strengths as a professional group known for "Safety, Security, and Reliability" to create value. In order to overcome this challenge, while deepening discussion in the human resource development committee made up of management committee members, we are engaging in various personnel reforms.
People are the most important thing in achieving our management strategy. We will carry out human capital management that enables each employee and the company to experience growth.

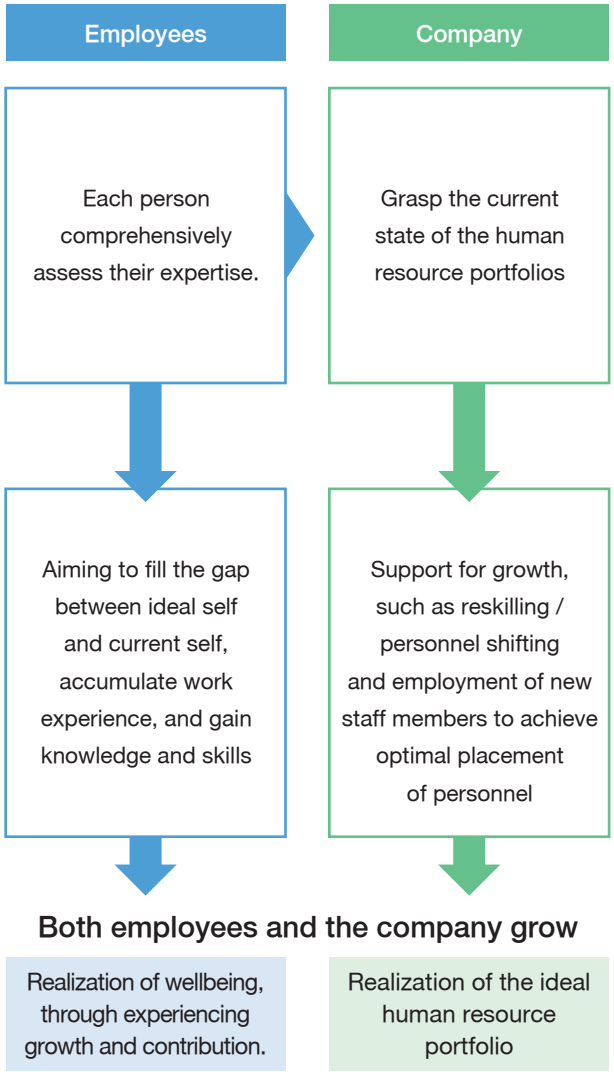


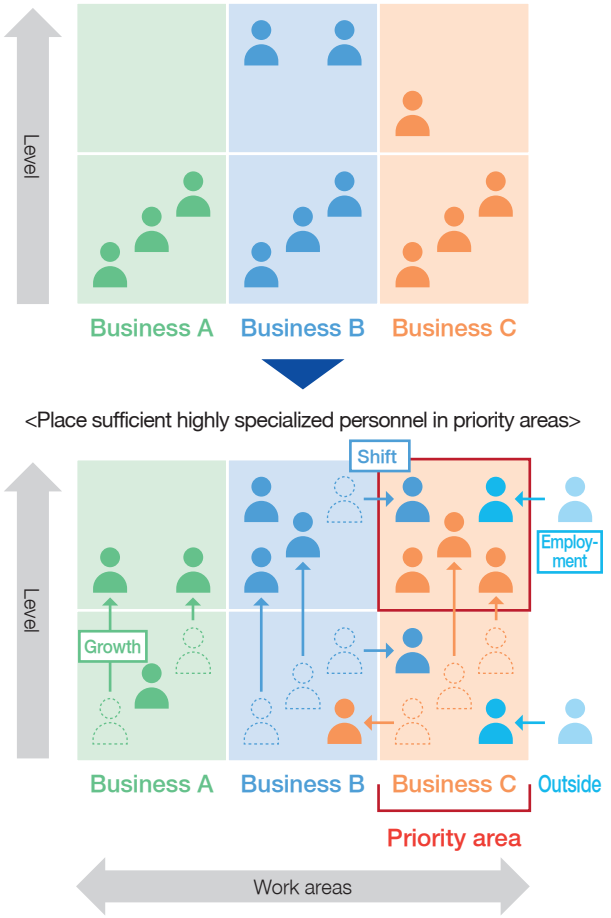
Personnel reform linked with the management plan

“Visualization of expertise” aimed at reconstructing human resource portfolios

In order to transform into a professional group who can create value in multiple businesses with differing characteristics, we believe it is necessary to match highly specialized personnel in the appropriate roles for each business and reconstruct our human resource portfolios. As an action which will form the basis for that, we have started "Visualization of expertise", to clarify the gap between the desired human resource portfolios and our current state. Specifically, we began by summarizing and systematizing work within our group while incorporating external perspectives, and then categorized it into levels while also taking into account standards of top corporations, among others. Then, we provided each employee with an opportunity to comprehensively assess their own work experience, knowledge, and skills, enabling us to visualize with higher resolution than before which fields have employees with what kind of expertise. Going forward, while supporting employee growth through reskilling etc., we will shift personnel, employ experienced hires, and so on, thereby realize ideal human resource portfolios. At the same time Employees will gain clarity on the goals they should strive for, as well as the necessary experiences and learning required to reach those goals. We believe that this will lead to the achievement of their ideal careers through learning and the transformation of their own actions and also the achievement of their well-being through experiencing growth and contribution.

Human Resources Strategy Group Manager,
Human Resources Dept.
HINO Katsuhiro

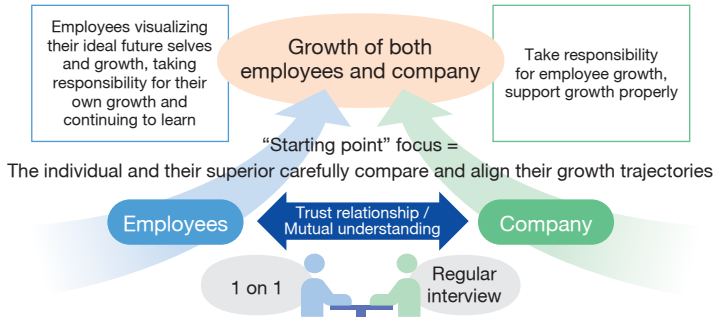




Personnel reform linked with the management plan

Enhancing reskilling

We believe that when each employee visualizes their ideal future self and growth, takes responsibility for their own development, and continues to learn, and when the company also takes responsibility for supporting employee development, the company itself will achieve growth. We aim to be an organization in which the learning of one employee also leads to the learning of another, and the learning of each employee links up and creates synergy, resulting in the creation of a “Learning Chain” which connects to the learning of the next generation. In 2023 we started the “Learning Chain Project.” Besides offering all employees the use of the video learning services “GLOBIS Unlimited” and “Udemy,” which can be used for learning without regard for time or place, we have also established the “Discover & Challenge: Self-Initiated Course Program”. This program supports employees who proactively seek out necessary learning opportunities and strive to acquire specialized skills. In this way, we are responding to the diverse needs of employees.



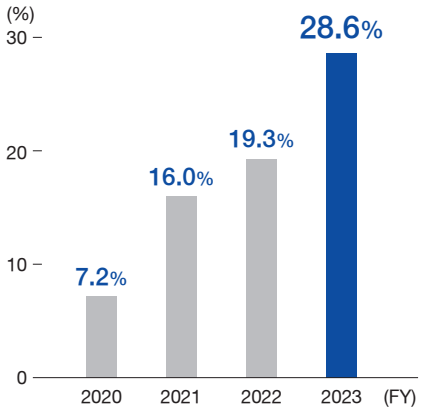
■Outline of learning chain program

Practical learning	With the aim of strengthening skills and cultivating leadership, we hold over twenty kinds of assembly-type training sessions every year both in and outside the company.
My selection	We provide financial support for learning through external courses offered by the company and the “Discover & Challenge: Self-Initiated Course Program.”
Learn wherever you like (“Dokodemo rāningu”)	We provide online learning tools free of charge, and employees can utilize these to make learning a habit regardless of time or place.

Active promotion of mid-career recruitment

We are actively promoting mid-career recruitment, focusing on individuals with expertise in the key areas (GX, DX, CX) outlined in our medium-term management plan, who can immediately contribute and lead our businesses. In FY2023, 28.6% of our new hires were experienced hires. The experienced hires are not only actively utilizing their skills from the outset, but also bringing diverse knowledge and experience, such as different values and work styles gained from different environments. They are indispensable in achieving our management strategy and changing diversity into strength.

■Changes in trends for the experienced personnel hiring ratio (standalone)



Customer & Business Solution Company
Residential Market Strategy Dept.
SUGIYAMA Yusuke

Team mindset changed through working collaboratively

I currently conduct internal manufacturing development and application for member services of electricity and gas customers. Coming from a world-class Big Tech company, I joined the Group in October 2022, thinking that I would be able to utilize my engineering skills, such as app development, project management, and system development utilizing the cloud. Additionally, I thought my know-how and experience in creating an agile organizational culture would be valuable when starting up an internal manufacturing development team in an operating company.

When I first joined the company, I felt that perhaps because the company has been responsible for social infrastructure, the team members were keen to place importance on steadily carrying out the work they were responsible for. I thought that this might have been an obstacle to fully committing to a "Customers first" mindset. However, through the cooperation with several experienced hires, including myself, the mindset gradually changed, and I feel that the team has transformed. Now I really feel that I am working in a terrific team where members proactively act beyond the team framework, take on daring challenges, and have a strong sense of ownership.

Personnel reform linked with the management plan

human resource
Introduction of OKR which promote bold challenges

In order to encourage bold challenges that link to sustained growth even when social trends and environmental changes are uncertain, we have introduced OKR (Objectives and Key Results) as a goal management system for executive-level employees and above. Led by the President, the executive and senior management highlighted stretch goals which are firmly focused on 2030 and announce them to all employees. Thereby, the traditional culture in which setting steady goals and properly achieving them tended to be acceptable will be changed, and all members of the Group will aim to continuously produce results at a higher level. As well, concerning annual goals set by each employee below management level, while linking them as closely as possible to goals announced by superiors, efforts are made to create an environment in which work can be carried out with the organization feeling unified.

Creation of a culture which commends taking on challenges

Our aim is to establish a culture of "taking on challenges" as the organizational climate across our entire group. To drive this initiative, we gathered members from each company and business unit through a public call for applications to work concurrently with the personnel department as drivers of a culture of taking on challenges. The members who proposed “In order to create a culture of challenge, it is important to praise the challenge itself,” and based on this, we called for examples of challenges from the entire Group. From among those, we selected examples whose challenge people could easily identify with, and conducted initiatives including one in which the applicants could receive praise from the person they wished to receive it from, (e.g., the head of the group they belonged to). Further, with the aim of encouraging each member of the Group to take up challenges, we advanced basic infrastructure; e.g., we started a “Challenge and diversity portal site” on the in-house intranet.

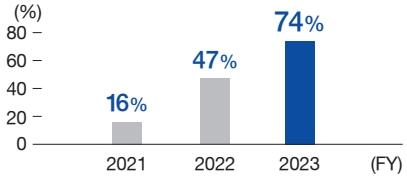
Challenge and diversity portal site

Staff who also work in the personnel dept

Promotion of childcare leave for males, aimed at reforming corporate culture

The majority of our Group is made up of males, and we believe that diversifying the way males work and their perspectives will lead to significant reform in our corporate culture. In particular, we aim to have 100% of males taking childcare leave by FY2025, with the period of leave being one month or more, and we are swiftly executing this policy. In FY2023, in order to create an environment in which people could take childcare leave with more peace of mind, we started three initiatives aimed at relieving “Worries felt when taking childcare leave”, and the rate of those taking childcare increased to 74.1%, 1.5 times that of the previous year, while the average childcare leave period was 60 days. In addition, we are also striving to create a workplace environment in which everyone can work with peace of mind, not just employees who take childcare leave, but the surrounding employees too.

Percentage of males who take childcare leave(*) (standalone)



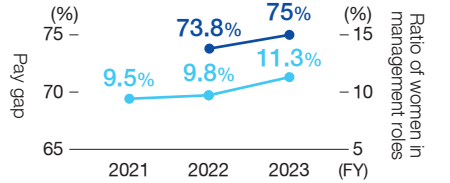
* Childcare leave taken at birth / Childcare leave

Worries when taking childcare leave		Actions
Leave-taker	Reduction of income	Provision of support money for childcare leave, exemption from bonus reduction
	Career impact	Revision of promotion regulations
Workplace	Increased burden	Incorporate initiatives that support taking childcare leave into performance evaluations

Active involvement of women is progressing

At the Tokyo Gas Group, we regard the promotion of the active involvement of women as the first step in DE&I, and we have endeavored to strengthen the base for supporting the active involvement of women, taking such measures as creating opportunities for active involvement, providing support aimed at career formation and information regarding diverse role models, promoting flexible ways of working, and supporting those who wish to combine work and child rearing. The ratio of women in management positions is improving well in relation to the target figure published in the Medium-term Management Plan (11% by FY2025) and the pay gap between males and females is trending downward.

Ratio of women in management positions / Pay disparity between men and women (standalone)



*Average annual pay for females / Average annual pay for males

Chosen as a “Nadeshiko Brand” company two years in a row

Following on from 2023, in March 2024 we were again chosen as a “Nadeshiko Brand” company, which is a company that actively promotes women's involvement.

We will realize sustainable enterprise value creation by establishing a financial base that responds to changing global energy conditions and by carrying out growth strategies aimed at achieving the Group's management vision.

Managing Executive Officer, CFO
MINAMI Taku

I will carry out my role of illuminating the Tokyo Gas Group's present location and its future shape, supporting management strategy financially, and creating a base.

I am MINAMI Taku, and I took on the position of CFO in April 2024. For the past three years, as the head of the Finance Department I have been thinking about the Tokyo Gas Group's present status and its future shape from a financial perspective. Before then, I was in the energy sales division and the TGES* planning division for approximately 16 years. I also have experience in the Gas Resources Dept, the Personnel Dept, the Corporate Planning Dept, and more, so I have been widely involved with the Tokyo Gas value chain, from the upstream to the downstream areas.

I believe that the role a CFO is expected to fulfill is not only being the top officer for finance and accounting, but also being someone who supports management strategy aimed at corporate growth from a financial point of view, and builds a base. In a business environment that experiences extreme change, I feel that as a member of management, I have a responsibility to realize sustainable enterprise value creation.

Our Group's management vision is "Compass 2030," and we are currently engaged in carrying out our medium-term management plan "Compass Transformation 23-25" in order to progress toward achieving that vision. We must build a sound financial base, in order to respond to global and domestic energy market conditions and structural changes in the energy industry. In addition, I would like to demonstrate our non-financial activities and their results to our various stakeholders including our shareholders and investors, so that they can have confidence in the growth of the Group.

*Tokyo Gas Engineering Solutions Corporation

The Medium-term Management Plan "Compass Transformation 23-25" sets out specific plans for the realization of our "Compass 2030" vision. Aiming for the sustainable development of society and the provision of even greater value to our customers, our Group is endeavoring to transform its own business model.

In FY2023, we conducted investment with the goal of creating a strategic asset portfolio. Firstly, we sold upstream assets in Australia and in their place purchased North American shale gas assets. We also invested in a North American marketing and trading company, and acquired electricity storage battery-related assets. We took these actions with the goal of expanding business while organically controlling our various assets as one united body. In addition, with our eyes firmly focused on the replacement and improving efficiency of LNG-fired thermal power plants, and decarbonization in the future, we made the decision to invest in an LNG-fired thermal power generation plant in Sodegaura City, Chiba Prefecture. With large-scale investments like these, it is crucial to ensure that they lead to future cash flow and profits. Therefore, the entire company will make efforts to follow up on this going forward.

In the area of the solutions business, we launched the new brand "IGNITURE," summing up the value we provide to customers as "Decarbonization," "Optimization" and "Resilience." Incorporating "GX" ("Green Transformation" - a Japanese government initiative to bring about a shift to clean energy), DX and so on, we will provide our residential, corporate, and community customers with a lineup of solutions that are easy to understand and use. Looking ahead toward the achievement of our profit level goals for 2030, we will develop the overseas businesses we are making efforts in, such as the North American shale gas business expansion which I mentioned previously, and also develop the Solutions business, such that these two areas become our main income earners after gas and electricity.

The forward-looking statements for FY2024 (as of April) put segment profits at 120.8 bn yen and net profit for this term at 80 bn yen. The figures remain at levels which call for even further efforts in order for us to achieve the FY2025 financial indicator goals of our Medium-term Management Plan (segment profits of 150 bn yen, ROA of 4%, ROE of 8%). The reasons for this include the fact that serious earning contributions from the North American business will come in FY2025 and beyond, the fact that the superiority of LNG procurement capabilities, which contributed to profit in the last two years, has not been taken into account, and the occurrence of temporary expenses which accompanied large-scale repairs of facilities and system replacements in FY2024. We also recognize that the goals of ROA 4% and ROE 8% are not necessarily sufficient if we take into consideration interest rate rises, changes in the energy market situation, and other factors. Looking toward FY2025, the final year of the Medium-term Management Plan, we will continue to implement measures that contribute to boosting profitability and efficiency.

Firstly, from the perspective of portfolio management, we will clarify the role of each business, and we will pursue profitability by expanding the North American shale business and trading business, reducing Group-wide costs through DX, and so on. In addition, we will take action to improve asset and capital efficiency, venturing into areas such as cash on hand optimization including cash management cycle review, selective infrastructure investment, disposal or removal from balance sheets of inefficient assets, and acceleration of disposal of cross-shareholdings.

The three core strategies that we have laid out for the medium-term management plan are "Achieve both stable energy supply & decarbonization," "Fully roll out the solutions business" and "Realize a flexible corporate culture resilient to change." As CFO, aiming toward the realization of a flexible corporate culture that is resilient to change, I am conducting financial control based on four key phrases: (1) Creation of stable cash inflows; (2) A strong, trim balance sheet which supports growth investment; (3) Business management aimed at improving enterprise value; and (4) Shareholder returns with a total return ratio of approximately 40%.

Regarding investment plans, viewing this as a period of expansion for growth investment aimed at securing future profit, we will allocate approximately 1 trillion yen of the mid-term management plan's three-year projected operating cash flow of 1.1 trillion yen to investment. As for infrastructure investment and so forth, while on the one hand we will carefully select what we invest in, we will actively invest in growth investments which will be a source of future profits, such as renewable energy projects, shale gas projects, and trading projects, while continuing to observe our investment regulations. Further, we will pay attention to appropriately disclosing the results of such investments.

■ Three-year investment plan (aims, amounts, periods etc.)

(Unit: 100 million yen)

	FY2023-25 mid-term plan	FY2023 results	FY2024 plan	FY2025 plan
Growth investments	6,500	3,801	2,687	TBD (adjusted based on FY2024 results)
(Amount of decarbonization-related investment included)	2,300	703	173	TBD (adjusted based on FY2024 results)
Infrastructure investments	3,500	1,008	1,286	TBD (adjusted based on FY2024 results)
Consolidated adjustment	-	(5)	(69)	-
Total	10,000	4,804	3,905	

We will manage human capital based on the concepts of "Strategic talent placement," "Growing by taking on challenges" and "Turning diversity into a strength."

Starting this year, I, the CFO, will also be responsible for sustainability. In order to demonstrate the Tokyo Gas Group's sustainable growth and enterprise value, it is important to properly communicate our non-financial strategy too, in addition to our financial strategy.

Sustainability has various elements, and among those, human capital is very significant. People are the source of a corporation's strength, and the fact that human capital is one of the most important management resources has not changed over time. The Tokyo Gas Group is endeavoring to strengthen human capital based on "Strategic talent placement," "Growing by taking on challenges" and "Turning diversity into a strength."

Firstly, we are taking action to visualize each internal company and operating company's required technical expertise. We clarify goals for training in order to fill the gaps between the levels aimed for and the current levels, and link that to securing personnel over the medium- to long-term. Further, in order to promote employees' appetite for challenge and growth, we utilize a talent management system to share information about employees' strengths and abilities and promote career building and reskilling that allows each employee to make the most of their strengths. We have also begun new efforts involving employees holding side jobs, in-house recruitment and so on. In addition, to further facilitate utilizing the talents of females and young workers and appointing them to various positions, we are promoting infrastructure development aimed at realizing increased efficiency through the utilization of DX (digital transformation) and diverse ways of working that are not limited by time or place.

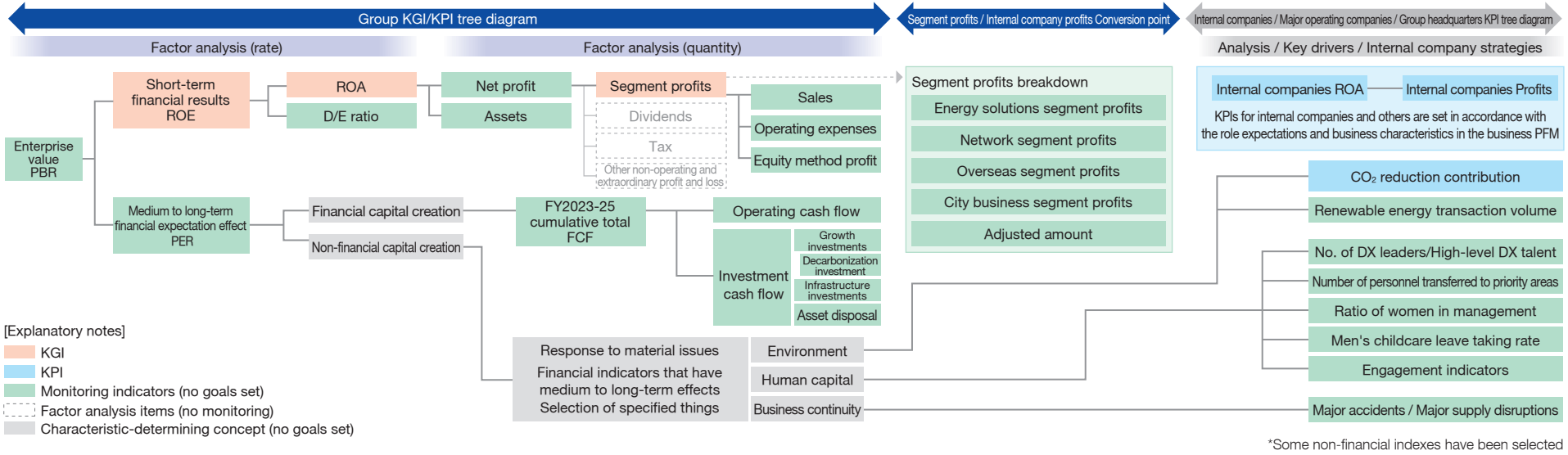
We are monitoring the rates of reskilling and re-learning, the rate of males taking childcare leave, increases in the number of females in management roles, employee engagement indices, and so on, and periodically checking whether improvements in human capital are properly progressing, while endeavoring to improve policies and have them take root.

We will take action to improve our PBR based on sustainable enterprise value improvement, and practice management that is conscious of capital costs and stock prices.

In recent years, the need for management conscious of PBR improvement and capital costs has been regarded as very important. At the Tokyo Gas Group, we believe that rather than shortsighted goals such as short-term share price improvement and PBR improvement, we should pay attention to continuous capital profitability improvement and sustained cash generation ability, and focus on improving medium and long-term enterprise value in our endeavors. Starting in 2024, as an enterprise value indicator, we have set the PBR as the top KGI. We identify KPIs for improving the PBR, and after breaking down target figures for each segment into internal company and operating company levels, we conduct monitoring.

Our PBR has not reached 1.0 in the last five years. If we break down the PBR to ROE×PER, we can see that in the last two years, although the ROE has attained a certain level, the PBR is below 1.0. I understand this as meaning that the PER, which indicates the expectation and trust levels toward the Group's growth, is at a low level. Along with focusing on ROE improvement and goal achievement, we will endeavor to convey a growth narrative to all our investors, to raise expectations towards the Group.

KGI / KPI tree diagram



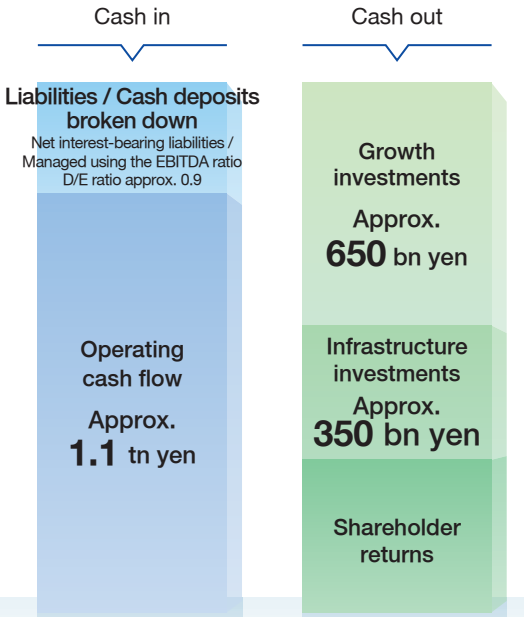
*Some non-financial indexes have been selected

In order to become a corporation from which all stakeholders can anticipate positive results even more than before, we will become active about timely and appropriate information disclosure and dialogue.

Concerning returns to shareholders, we have laid out a policy of a total return ratio of approximately 40%. As before, while maintaining a stable dividend without reducing it, we will consider increasing the dividend gradually in line with our growth, while taking medium and long-term profit levels into overall consideration. In FY2023 we paid a dividend of 70 yen per stock for the year, and we intend to make decisions about increasing dividends flexibly in accordance with profit levels going forward as well. We also consider treasury stock acquisitions to be an element of return to shareholders, along with dividends, and we intend to continue making treasury stock acquisitions as a stable method of return.

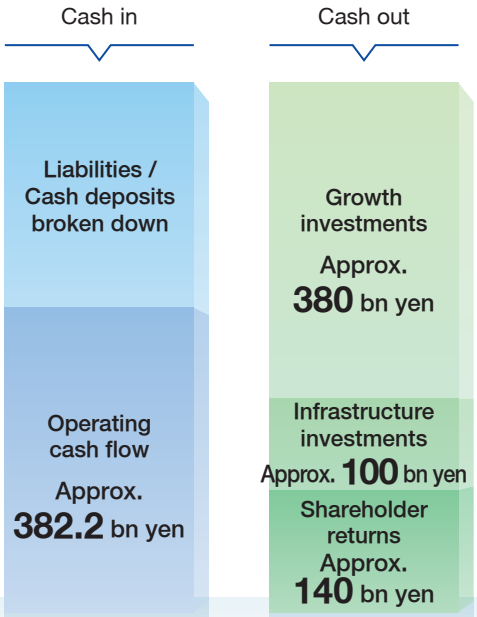
Regarding dialogue with stakeholders, centering on our shareholders and investors, we regard this as an important and precious opportunity which is directly linked with management, and we intend to continue to be proactive about holding dialogue going forward. Further, we recognize that it is extremely important to disclose information at appropriate timing, including disclosing information through this Integrated Report. For example, information regarding progress toward goals set out in the management plans, our track record of past investments, and evaluation of new investments. In addition, concerning the fruits that the results of our business operations bear, we would like to assure everyone that we will conduct stable and flexible returns. Through strategic investments in line with our growth narrative, we will be sure to realize improvement in enterprise value, so we would invite everyone to count on the future of our group as being a bright one.

■ FY2023-25 cash allocation plan



- Total return ratio of approx. 40%
- In accordance with profit levels, conduct stable dividend increase and flexible treasury stock acquisition

■ FY2023 cash allocation results



- Dividends: Approx. 27 bn yen
- Treasury stock acquisition: Approx. 113 bn yen

*Shareholder returns for FY2023 are based on the net profit for FY2022 (approx. 280 bn yen)

Sustainability Management

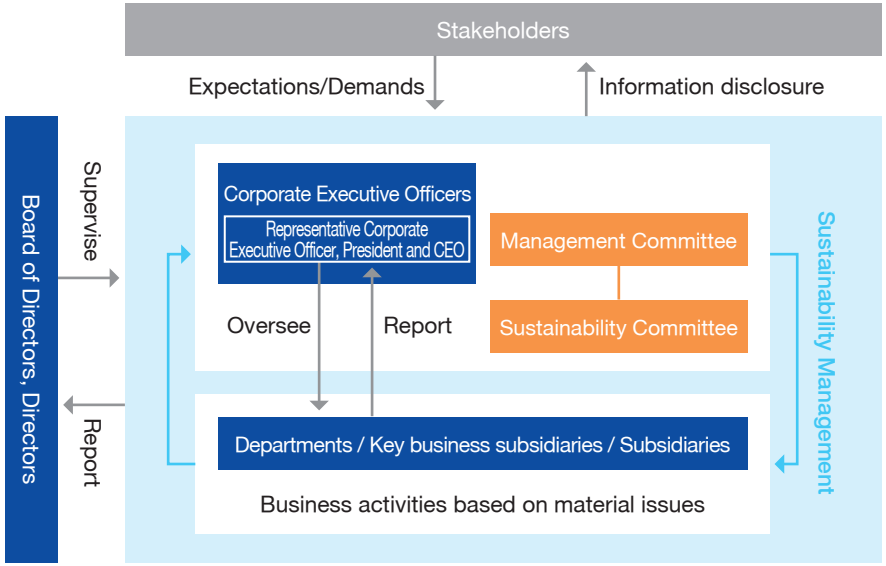
Promoting sustainability

Basic Policy

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

Sustainability promotion system

Together with promoting business activities based on material issues in each organization of the Tokyo Gas Group, a Management Committee and a Sustainability Committee chaired by the President are utilized to promote sustainability management in the Group as a whole. Further, important matters are reported to the Board of Directors.



Material Issues (Key Sustainability Issues)

Material issues (From FY2023 onward)

The Tokyo Gas Group has defined seven material issues we aim to resolve through 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		

FY2023 Sustainability Committee Meetings Outline

Meetings held	3 times (Jun. 14, 2023; Nov. 27, 2023; & Feb. 13, 2024)
Main topics	● Permeation and establishment of sustainability awareness ● Enhancement of sustainability management ● Promoting understanding of decarbonization initiatives ● Trends and the Group’s actions regarding more sophisticated use of resources ● Efforts to achieve net-zero emissions of CO_2 from our activities ● Respecting human rights in our supply chain ● Changing trends surrounding climate change and environmental issues

Sustainability Management

Process for defining material issues

Step1 Sort social issues

Organize issues with reference to international standards/guidelines (such as GRI standards, etc.)

Step2 Sort risks and opportunities

Based on Step 1, and considering the progress of social problems due to Megatrends, examine risks and opportunities for the Group in terms of both the impact of social issues on corporate activities and the impact of corporate activities on society, and organize important social issues

Step3 Define material issues

Based on Step 2, confirm alignment with the management philosophy and management plan, and appropriate reflection of expectations and requests from internal and external stakeholders, then define material issues

Step4 Resolution and announcement

After we clarified its positioning as prerequisites for the strategy and vision based on the management philosophy, the material issues were resolved by the Board of Directors along with the FY2023-2025 mid-term management plan and were announced in February 2023

Sort risks and opportunities

●Impact of social issues on our corporate activities ●Impact of our corporate activities on society

Megatrends	Social problems	Risks	Opportunities	Material issues
Global Climate Change	●● Climate Change	●If the decarbonization of gaseous 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, etc. ●Decrease in demand due to increase in prosumers ●Carbon taxes and other schemes that may affect the natural gas business	●Increasing global demand for natural gas, LNG, and carbon-neutral gaseous energy ●Acceleration of the electric power business due to green power ●Business opportunities to meet emerging and expanding demandside needs, such as EVs, storage batteries, PVs, and VPPs	Responsibly transitioning to a decarbonized society
Global Population increase, and economic development in emerging countries	●● Destruction of the regional and global environment	●The potential for lawsuits and business injunctions in the event of noncompliance with regional environmental considerations in natural gas extraction, power development, power plant operation, etc.	●Differentiation of products and services through advanced environmental initiatives (advanced resource recycling, nature positive measures)	Protecting the global environment
	● Energy resource restrictions, destabilization of international situation	●Procurement difficulties due to increasing global demand for natural gas ●Impact on supply disruptions due to the worsening of supply-demand imbalance	●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 accompanying the maturation of the Japanese economy	● Deterioration of infrastructure and buildings over time ● Concentration of functions in cities	●Degradation of owned assets ●Worsening supply disruptions due to disasters	●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 ● Declining regional vitality ● A lack of spiritual richness	●In the energy retail business, profits decrease as the population declines	●Improvement of the Lifetime Value of our customers through reforms in each service model ●Creation of services that contribute to improved mental well-being ●Efforts to contribute to the local community as a company that has continued to uphold the values of “Safety, Security, and Reliability.”	Contributing to well-being of people and communities
	● Decline in the productive working population ● Lack of support for work styles of diverse human resources	●Difficulty securing workers at stable supply sites ●Negative impact on recruitment and engagement, increase in retirement	●Accelerating innovation through the diversification of human resources	Realizing an organization that embraces diverse talent
Global Growing demand for corporate social responsibility	●● Human rights violations	●Increases in lawsuits and business injunctions worldwide due to growing awareness of human rights and diversification of people involved in supply chains		Respecting human rights across the entire value chain

Sustainability Management

Main Targets/Indicators and Results for Material Issues

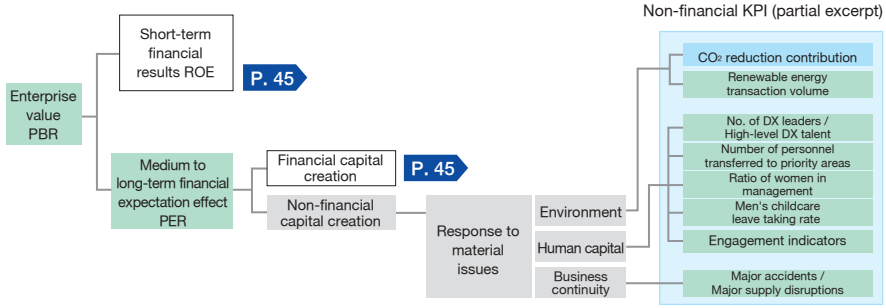
Material issues	Aim	Main targets and indicators (FY2025 numerical targets)	Main results for FY2023	Related SDGs
Responsibly transitioning to a decarbonized society	Strive to make sophisticated use of natural gas and to decarbonize gas and electricity, and contribute to the transition of a carbon neutral society.	●CO_2 reduction contribution (12 mn tons) ●Renewable power source transaction volume (2.2 mn kW) ●Net-zero CO_2 from our activities (Achieve 60% compared to FY2020) ●Promotion of large-scale methanation overseas	●CO_2 reduction contribution ▶9.52 mn tons ●Renewable power source transaction volume ▶1.342 mn kW ●Net-zero CO_2 from our activities (Achieved 31% compared to FY2020) ●Sempra Infrastructure participated in the business development with us in the USA, and we established a subsidiary there ●Examined business viability in Australia and Abu Dhabi with our local partners	
Protecting the global environment	We will conserve the environment in our business activity areas, and strive to enhance the sophistication of our resource utilization with an awareness of the balance with economic viability.	●Sophistication of resource utilization for gas facilities and gas meters ●Promote biodiversity conservation	●Recycling of gas facilities (used gas pipes, gas appliances, etc.) ●Reuse and recycling of gas meters ●Investigated and grasped the impact of our business activities, and promoted biodiversity conservation ●Carried out planned management of company-owned forests, and conservation and monitoring of rare plants and animals in owned land ●Promoted environmental conservation activities of the local community, through the “Mori Sato Umi Tsunagu (Connecting Forests, Villages and Ocean) Project”	
Securing stable energy supply	Achieve stable energy supply even in a business environment that is becoming more complicated due to heightening geopolitical risks, etc.	●Major city gas accidents or supply disruptions (Zero incidents) ●Address procurement risks	●Major city gas accidents or supply disruptions ▶ (3 incidents) ●Continuously implemented diversification of LNG procurement sources and schemes, strengthened trading and management capabilities, and reinforced power sources such as renewable energy	
Enhancing safety & disaster prevention, resilient regional development	We promote disaster-resilient community development to ensure that our customers can use energy safely and securely.	●Rate of participation in Supply Command Center’s emergency response training (maintain 100%) ●Continue subdivision of disaster prevention blocks to contribute to minimizing supply outage areas in the event of a large-scale earthquake ●Promote the introduction of resilient energy systems	●Rate of participation in emergency response training ▶100% ●Subdivided disaster prevention blocks from 324 to 327 ●Promoted the installation of energy systems to regional disaster base facilities	
Contributing to well-being of people and communities	We will contribute to realizing a fulfilling lifestyle both mentally and physically, and revitalizing local communities.	●Provide services supporting physically & mentally enriching lives ●Promote regional and municipal collaboration on carbon-neutral cities	●Promotion of the Kiyohara Industrial Park Smart Energy Network Project ●Expansion of IGNITURE Solar's deployment area ●No. of partnership agreements concluded with local authorities: 31 (Total no. concluded to date: 54)*1 ●“SustaiNudge Education” (reducing household CO_2 emissions through school education): Started fee-charging education aimed at local governments. Students at four schools in Hadano City and three schools in Akishima City attended lessons (this had the effect of reducing CO_2 emissions by a total of 119.3 tons)*1	
Realizing an organization that embraces diverse talent	We will conduct human capital management that enables each and every employee and the company to really feel growth.	●Ratio of women in management (11%)*2 ●Men's childcare leave taking rate (100%) and of taking leave for at least one month within total (100%)*2 ●Reskilling/retraining participation rate (100%)*2 ●Improve Group employee engagement indicators*2	●Ratio of women in management ▶11.3%*2, 3 ●Men's childcare leave taking rate ▶74.1%, Percentage of taking leave for at least one month within total ▶86.5%*2 ●Reskilling/retraining participation rate ▶45%*2 ●Positive response rate for motivation to contribute: 89.8%*2	
Respecting human rights across the entire value chain	We will respect the human rights of all people involved in the entire supply chain, and continue to contribute to a society in which all people can pursue happiness.	●Promote human rights throughout the entire supply chain	●Conducted human rights due diligence ●Announced purchasing guidelines to key business partners (approx. 1,500 companies), and conducted business partner surveys (approx. 400 companies) ●Conducted employee education concerning human rights across the entire supply chain	

*1 Includes joint proposals with gas companies to which we conduct wholesale sales. *2 Targets/Results for Tokyo Gas. *3 Results are as of Apr. 1, 2024.

Visualization of non-financial value

Clarifying contributions of non-financial activities to enterprise value

The Tokyo Gas Group aims to further improve its enterprise value by tackling environmental and social issues through our business activities, and we have also included the acceleration of actions aimed at improving enterprise value (PBR) from both financial and non-financial points of view in our management system (see figure below). In order to clarify how non-financial activities contribute to enterprise value, we have started formulating a value relations diagram which structurizes the various initiatives, and also visualizes and quantifies their effects.



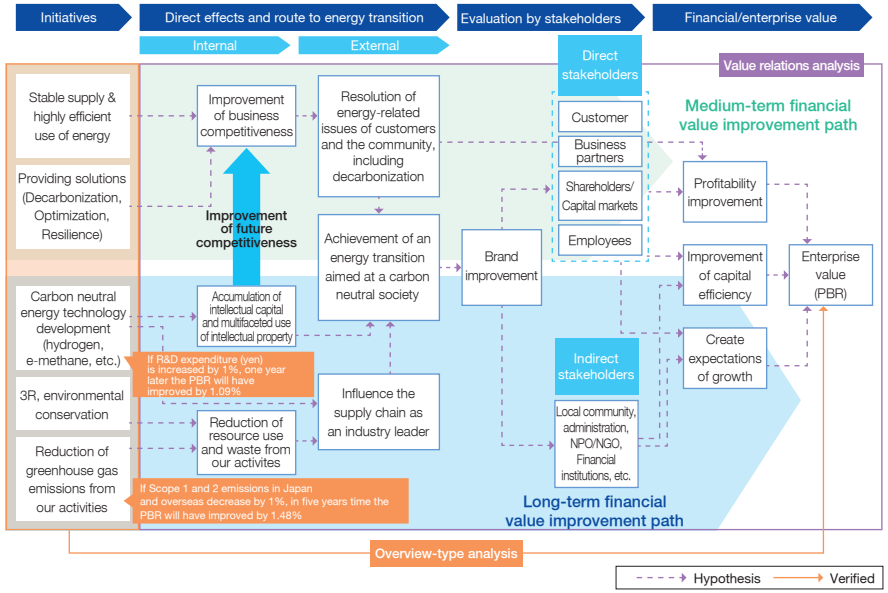
Commencement of analysis starting with the environmental and human capital areas

Our approach to visualizing non-financial value involves analysis from two different perspectives. We employed overview-type analysis (utilizing the Yanagi model*) that identifies the direct correlation between the various initiatives and PBR using multiple regression analysis. Further, in order to shed light on cause and effect, which is difficult to elucidate using only overview-type analysis, we employed value relationship analysis in which we construct hypotheses for paths linked from the value produced by the initiatives to enterprise value to elucidate value relationships qualitatively.

As the first step in our efforts, we started analyzing the environmental area and the human capital area. In the overview type analysis we completed verification of correlations, and in the value relationships analysis, we have constructed the hypothesis up to this point.

* Analyzed in Jul. 2024 by ABeam Consulting Ltd. using a Digital ESG Platform, based on "CFO Policy, 3rd ed.," by YANAGI Ryouhei (pub. in 2023 by Chuokeizai-sha Holdings, Inc.)

■Hypothesis for the value relations diagram in the environmental area (partial excerpt)



Analysis conducted by: ABeam Consulting Ltd., Digital ESG Platform

Toward Effective Monitoring of Non-financial Areas

In the environmental area and human capital area, as well as refining the value relations diagram, aiming to further advance the value relationships analysis, we will conduct single regression analysis of correlations between indicators to carry out identification that verifies the theory regarding improvement of enterprise value. Meanwhile regarding the overview type analysis, for the indicators that did not show desirable correlation with PBR among the analysis targets for this fiscal year, we will analyze the main causes. Additionally, we will measure the medium- to long-term effects of each initiatives by conducting monitoring over multiple years.

In the future, based on the results gained through this analysis, we will review which actions should be focused on and the order of priority, and use the results for determining optimum internal resource distribution and so on. Also, by setting appropriate evaluation indicators, we will guarantee more effective non-financial area monitoring.

Disclosure based on TCFD recommendations

Tokyo Gas 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 our response to climate change. We therefore signed the statement of support for the TCFD in May 2019.
We are utilizing the TCFD recommendations as a 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 Board of Directors makes decisions on management plans, management policies, and other important Group management matters. Material issues which were set based on climate-related risks and opportunities were also resolved together with the FY2023-2025 medium-term management plan. Building on that, they regularly receives reports from the executives on key management indicators related to climate change response in the management plan (e.g., CO_2 reduction contributions, renewable energy transaction volumes) and monitors the progress of these indicators.

Examples of Board of Directors' meeting agenda items related to climate change in FY2023

- The Tokyo Gas Group Carbon Neutrality Roadmap 2050
- The status of efforts regarding sustainability management
- Improvement of disclosure of non-financial information in the Integrated Report
- The status of carbon-neutral technology development

The Corporate Executive Officers promote business activities based on material issues in each organization of the Tokyo Gas Group. In addition, they deliberate and coordinate on matters related to climate change in management committee and the Sustainability Committee, and report to the Board of Directors on important matters (refer to previous section). The Sustainability Committee, which is chaired by the Representative Corporate Executive Officer, and President, meets three times a year. After providing updates regarding changes in the situation surrounding climate change, the Committee evaluates and monitors indicators concerning climate change, and deliberates and coordinates the Group's overall courses of action.

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 Policies 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 Group-wide 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 management committee.

Strategy

The Tokyo Gas Group recognizes responding to climate change as a key issue that should be solved through business activities.
Furthermore, in preparation for achieving net-zero CO_2 emissions, we have formulated the "Tokyo Gas Group Carbon Neutrality Roadmap 2050" as a specific guide for reaching our 2040 and 2050 goals. In the short term up till 2030, while promoting the sophisticated use of natural gas as a "responsible transition", we will achieve both decarbonization and stable supply. From 2030 forward, while implementing and expanding decarbonization technology, in the medium term till 2040 we will lead a seamless conversion to a carbon-neutral society, and in the long-term till 2050 we will achieve decarbonization of gas and electricity.

Carbon Neutrality Roadmap 2050 P. 18

Disclosure based on TCFD recommendations

Risks and opportunities based on scenario analysis and response plans

Taking into account the environment surrounding the Tokyo Gas Group's business, with the aims of assessing the resilience of business strategies and considering countermeasures, we grasp the impacts of climate change on our business qualitatively and quantitatively and conduct scenario analysis. The scenario analysis is conducted by assuming the business environment with reference to scenarios published by organizations such as the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), identifying risks and opportunities and evaluating their effect separately on the short to medium-term period to 2030 and the medium to long-term period to 2050.

Scenario assumed

	Worldview	Reference scenario
1.5°C	Scenario assuming the achievement of net-zero CO_2 emissions by 2050 worldwide through various initiatives for decarbonization	● IEA WEO 2023: Net Zero Emissions by 2050 Scenario (NZE) ● IPCC 6th report: SSP-1.9, etc.
4°C	A scenario that assumes existing policies are maintained, but that no stronger decarbonization policies are announced and implemented	● IEA WEO 2023: Stated Policies Scenario (STEPS) ● IPCC 6th report: SSP-8.5, etc.

Evaluation of risks / opportunities and countermeasures

Category		Factors		Business impact		Financial impact* Short to medium-term	Financial impact* 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	Expand services that utilize decentralized and low-voltage resources (renewable energy, storage batteries, demand response, etc.)		○
	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		
	Chronic	Temperature rise		Risks	Decrease in sales volume of city gas (home-use and business-use)		

* "○": Items whose financial impact is thought to be particularly significant

The Tokyo Gas Group measures

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 Offset City Gas
- 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 and wind power generation, etc.)
- Achieve net-zero CO_2 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)
- Expanded use of decentralized energy systems that are highly resilient, such as smart energy networks, cogeneration systems, ENE-FARM (home fuel cells), storage batteries, etc.

Disclosure based on TCFD recommendations

Quantitative financial impact

We recognize that the city gas business, which currently accounts for about 60% of the Group's sales and profits, will be significantly impacted by climate change risks and opportunities. Here, we have provisionally calculated the financial impact of some risk factors in each scenario. In order to reduce the effects of those risks, the Group is working to expand the carbon neutral energy and solutions businesses.

Value Creation Story P. 13

The impact of the introduction of policies, laws and regulations on carbon pricing and so forth on city gas sales

The introduction of policies, rules and regulations that accompanies the transition to a carbon neutral society may have an impact on city gas business accounts, as energy consumption will be suppressed. In the IEA WEO 2023 NZE scenario (the 1.5°C scenario), it is predicted that natural gas consumption in Japan will decrease by about 10% by 2030, and if we assume our Group's city gas sales will be similarly impacted, based on past trends in gas sales results, this would be equivalent to approximately 100 billion yen in sales (converted using FY2023 results).

Impact of rising temperatures on city gas sales

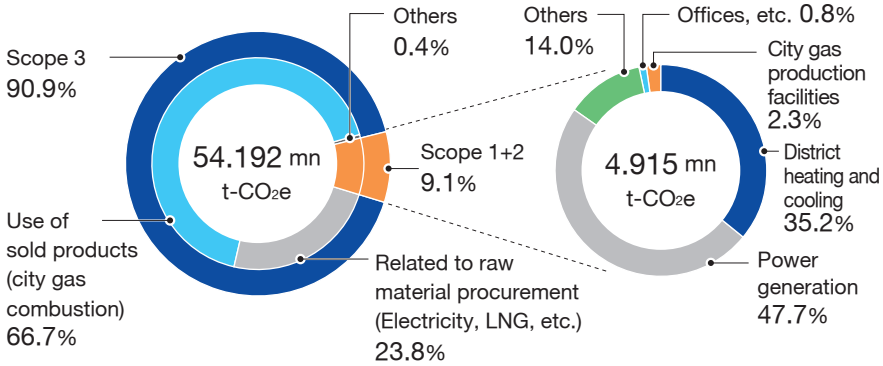
If fierce heat, warm winters, or other abnormal weather occurs, sales volumes for household-use gas mainly for hot-water supply and heating, as well as some business-use gas, may vary, and this may impact city gas business accounts. In SSP-8.5 (4°C scenario) in the 6th IPCC report, it is predicted that the temperature will rise by 0.5°C in 2030 (2011-2020 base), and based on past trends in gas sales results, this would be equivalent to approximately 15 billion yen in sales (converted using FY2023 results).

Indicators and targets

In order to realize a decarbonized society, we have set the following indicators and targets to contribute to reducing CO_2 emissions for society as a whole and to promote progress and management of initiatives, such as reducing the Tokyo Gas Group's CO_2 emissions (Scope 1, 2, 3).

Indicator	Target
CO_2 reduction contribution (vs. FY2013)	2025 12 mn t　2030 17 mn t
Greenhouse gas 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 t
e-methane introduction volume	2030 1% deployed (80 mn Nm³/year)
Decarbonization investment amount	2023-2025 230 bn yen (3-year total)

Greenhouse gas emissions: FY2023 results*1



*1 Correction made due to identified errors in certain items after the release on October 10, 2024.

Protecting the global environment

Basic Policy

As a group which conducts business using the Earth's resources, this group considers biodiversity conservation and sophisticated use of resources to be important. Therefore, we have ranked preservation of the global environment as one of our material issues; and based on the Environmental Policy, we are striving to conserve biodiversity and become more sophisticated in our use of resources.

Promotion System

Regarding the system, please refer to the sustainability promotion system. P. 47

Conservation of Biodiversity

Efforts to reduce biodiversity risks in the value chain

In each business field, we are promoting efforts to grasp the situation with risks and reduce the risks.

Business fields	Biodiversity risks and efforts to reduce them	
	Risks	Actions for reducing risk
Raw material procurement	Loss of ecosystem in area surrounding gas fields	●Confirmation of the situation regarding consideration given to biodiversity in procurement location gas field development (environmental impact evaluation, etc.)
Raw material transport	Disturbance of ecosystem by alien species	●Management of ballast water when operating Group-owned/managed vessels
●City gas manufacture ●LNG-fired thermal power generation ●Renewable energy	●Impacts on ecosystems during land alteration, operation, and fuel procurement ●Use of water in business activities	●Environmental impact evaluation ●Operations management (agreements with local governments, compliance with laws and regulations, etc.) ●Formulation of a business continuity plan (BCP) ●Sustainable raw material procurement ●Strive to reduce amounts of water used and taken, effluent management
Supply	Loss of ecosystem due to extraction of pit sand	●Control discharge of excavated materials in work for burying gas pipes

Risk evaluation based on TNFD recommendations

Based on the Taskforce on Nature-related Financial Disclosures (TNFD), we utilized the "LEAP approach" *1 and trialed evaluating risks with a serious bearing on natural capital. Further, in order to guarantee the objectivity of these evaluations, we conducted them based on the viewpoints of outside experts.

*1: An integrated approach advocated by the TNFD for evaluation of nature-related issues.

Examples of business fields in the entire value chain for which the degree of dependence and degree of impact are high are raw materials procurement and the shale business. However, we have adopted risk countermeasures, such as environmental impact evaluations and operation management, and an outside specialist has evaluated the risks as being kept to within a certain level.
Further, in the USA shale business, wetlands, etc. designated as Ramsar wetlands under the Ramsar Convention have been identified within the basin of the business base area, etc.; however, we have adopted risk countermeasures, and an outside specialist has evaluated the possibility of serious risks becoming apparent in the short term as being low.

Conservation activities in "Tokyo Gas Forest"

With our 194 ha company forest (Tokyo Gas Forest) in Nagano Prefecture, we conduct planned management of the forest and conservation of its rare plants and animals, and have been conducting forest monitoring surveys since 2007. So far, we have confirmed a total of 677 types of creatures in the forest.

Increased sophistication of resource usage

Recycling of used gas pipes

We have achieved an annual recycling rate of 100% for polyethylene pipes, steel pipes, and cast-iron pipes. Polyethylene pipes are recycled as plastic material, and steel pipes and cast-iron pipes are recycled as metal material. Our efforts with polyethylene pipe have been registered as an example of "Plastics Smart" efforts with the Ministry of the Environment in Japan.

Gas meter reuse and recycling

In dealing with some gas meters removed from customer sites, we replace non-durable parts, reinspect the meter, and use it again. Further, after reusing meters, we do not dispose of them as is, but instead recycle them.

Sustainability Fact Book
https://www.tokyo-gas.co.jp/sustainability/download/index.html?wovn=en

Certified as an "Eco-First" company

On April 10, 2024, we were recognized for the advancedness, originality and ripple effects of our global environmental conservation efforts and so forth, and were certified as one of the business world's environmentally advanced companies (Eco-First company).

Respecting human rights across the entire supply chain

Human rights policy

Based on the United Nations Guiding Principles on Business and Human Rights, the Tokyo Gas Group formulated the "Tokyo Gas Group Human Rights Policy" in April 2018. The entire Group continually strives to respect the human rights of stakeholders involved in all processes of our business activities.

The Tokyo Gas Group Human Rights Policy
https://www.tokyo-gas.co.jp/about/policy/index.html?wovn=en

Promotion System

We have positioned respecting human rights across the entire value chain as one of our material issues. In the Sustainability Committee chaired by the President, efforts are made to understand and continually improve the situation regarding promoting respect for human rights in our Group supply chain, and important matters are reported to the Board of Directors.

P. 47

Human rights due diligence

Based on the "Tokyo Gas Group Human Rights Policy," we created a human rights due diligence system. We strive to identify human rights risks in business, seek to prevent and mitigate them, and we disclose information on the effectiveness of our efforts and on our methods for addressing human rights issues.

P	Identifying and evaluating human rights issues ●Identify human rights risks
D C	Addressing identified negative impacts and monitoring ●Carry out measures at each company and subsidiary ●Conduct human rights due diligence when there is a new transaction or investment ●Take actions with suppliers, conduct monitoring of them ●Monitor main overseas businesses ●Employee education
A	Information disclosure, communication ●Dialogue with stakeholders, information disclosure

Identification of important human rights risks

Based on domestic and overseas trends and dialogue with external experts, etc., we have identified important human rights issues that the Group needed to consider. These included forced labor and child labor, complicity in oppressing local communities, lack of consideration for occupational health and safety, discrimination, and harassment. In FY2023, as human rights risks with a high priority, we selected "Forced labor and child labor related to the renewable energies business in Japan and overseas" and "Forced labor of foreign workers in gasworks construction, etc. in Japan," and we took action to grasp the situation and prevent and mitigate these risks. As a result, no serious human rights risks were found.

Human rights issues	Business Domain	Human rights risks	Details of major initiatives
Forced labor Child labor	Development of renewable energy both in Japan and overseas	●Related to biomass fuel timber, etc. ●Solar panel production	●Procurement of fuel from suppliers who have acquired a third-party certification ●Confirming that there are no human rights problems at the solar panel production stage
Forced labor	Business involving the employment of foreign workers in Japan	●Related to foreign workers at gasworks construction, etc. (technical interns, etc.)	●Surveying our business partners for gasworks construction, etc. on their situation with foreign workers ●Formulating unique compliance guidelines related to foreign technical interns

For FY2024, we have added "Violations of human rights of indigenous and local residents in LNG procurement, renewable energy business, and credits generation business," "Violations of human rights through the use of AI" as new potential human rights risks. We will take action to grasp the situation and confirm measure taken within relevant businesses.

Supplier communication / Monitoring

In FY2023 we communicated the Sustainable Procurement Guidelines to approximately 1,500 key business partners, and in addition, conducted business partner survey to about 400 companies.
In FY2024, together with disseminating the Sustainable Procurement Guidelines which were revised in March 2024, we will expand the target of our business partner survey to include all our main business partners, and strengthen proper understanding and analysis of the procurement situation, results feedback and mutual communication.

Remediation mechanism

Along with establishing a response flow for cases when an external stakeholder contacts the Tokyo Gas Customer Center to seek consultation on human rights issues, we have also set up consultation desks for Group employees, both inside and outside the company. Further, starting in FY2024, we joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as a member, and newly set up a supply chain remediation contact point.



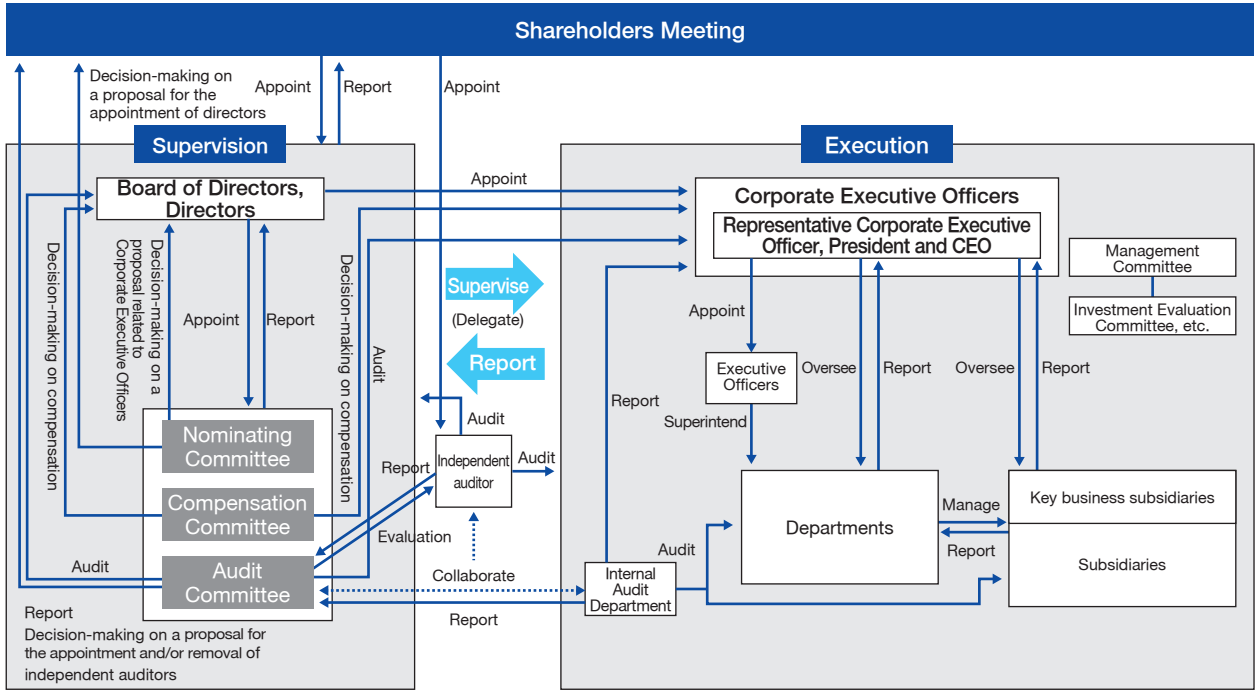
Corporate Governance

Structure and Policy

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 of June 27, 2024)

Number of Directors	9 people
Number of Outside Directors	6 people
(Those being independent officers*1)	(6 people)
Number of Corporate Executive Officers*2	4 people
Number of Executive Officers	27 people

*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, President and CEO).

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.

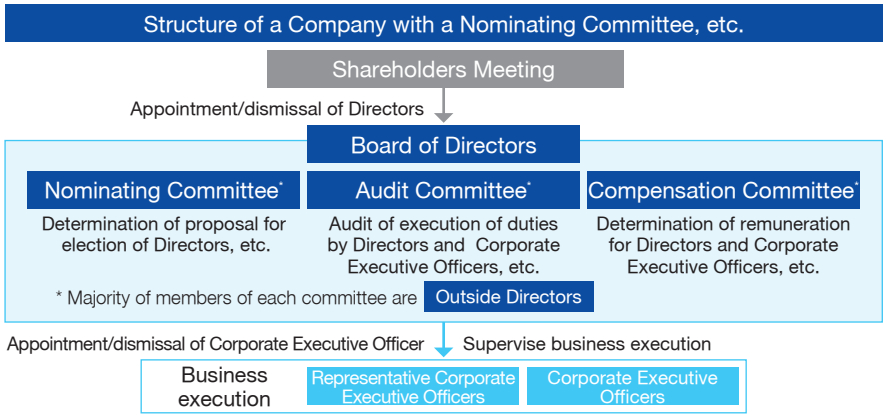
As a Company with a Nominating Committee, etc., we aim to achieve sustainable growth and medium- to long-term improvement of enterprise value by having two bodies, the Board of Directors and the Executive Committee, clarify and complement each other's roles and responsibilities with a certain level of tension. The Board of Directors examines and discusses management from a broader perspective, a bird's-eye view, to enhance the decision-making process for matters to be resolved, while also focusing on monitoring based on reports from Corporate Executive Officers. The Executive Committee examines and discusses issues from a deeper perspective, with an awareness of group management, to make decisions and carry out operations swiftly and appropriately.

Structure and Policy

Prompt Decision-making and Strengthening of Supervision Function of the Board of Directors

Company with a Nominating Committee, etc.

Since its founding in 1885, Tokyo Gas has been operating its city gas business primarily in the Tokyo metropolitan area for over 130 years. However, as we face an era of significant energy transformation, it is essential to accelerate the expansion of our business domains and the transformation of our business structure based on the Compass 2030 plan, which looks ahead to 2030 and beyond. Recognizing the necessity of reform from management in undertaking this major transformation since our founding, we transitioned to a Company with a Nominating Committee, etc., in June 2021.

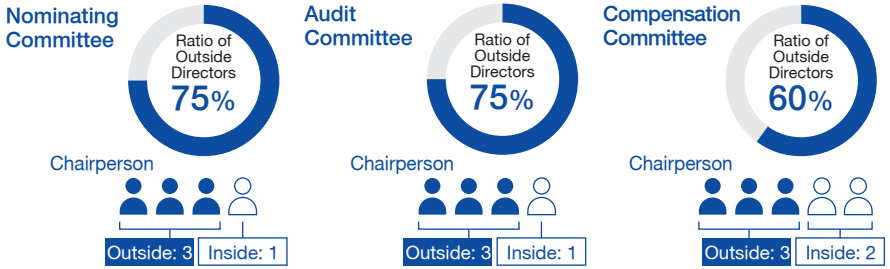


Composition of the Board of Directors

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.

Composition of the committee

Each committee consists of members (majority of whom are Outside Directors) selected by resolution of the Board of Directors from among the Directors, and each chairperson is chaired by an Outside Director.



History of Strengthening Corporate Governance

2002
Adopted an executive officer system and reduced the number of Directors
Started appointment of Outside Directors

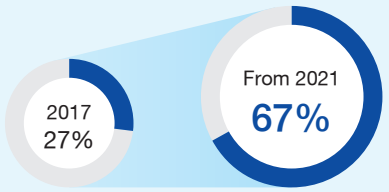
2005
Established an advisory committee
(to establish ad hoc committees concerning nomination and compensation, and to improve transparency)

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
Transition to a Company with a Nominating Committee, etc.
(Established Nominating, Compensation, and Audit Committees with a majority being Outside Directors)

Increase in the Ratio of Outside Directors



Reference

June 2018	3/8 = 38%
June 2019	4/9 = 44%
June 2020	4/9 = 44%
June 2021	6/9 = 67%

Structure and Policy

Roles and Activities of the Board of Directors

The Board of Directors meets once a month in principle to make decision on management plans, management policies, and other important Group management matters in accordance with laws, regulations, the Articles of Incorporation, and the Board of Directors Regulations, etc.
In addition, the authority to make decisions on the execution of business has been substantially delegated to the Representative Corporate Executive Officer, and President to accelerate management and to enhance corporate value through monitoring of overall management.
In FY2023, based on the results of an evaluation of the Board of Directors' effectiveness, we created an annual schedule for meeting agendas for the Board of Directors, systematically monitored the progress of the Tokyo Gas Group Medium-term Management Plan for FY2023-2025, and discussed the Tokyo Gas Group Carbon Neutrality Roadmap 2050, which looks beyond 2030, from a long-term perspective.
In addition, off-site meetings were started for eight non-executive Directors to deepen their business understanding outside of meetings of the Board of Directors, and overall briefings for each business and site tours were conducted.

Offsite meeting: Exchange of opinions with Tokyo Gas LIFEVAL (Tokyo Gas Next one)

Compass Transformation 23-25 the Tokyo Gas Group Medium-term Management Plan for FY2023-2025 Executive Summary
https://www.tokyo-gas.co.jp/en/IR/support/pdf/20230222-05e.pdf

The Tokyo Gas Group Carbon Neutrality Roadmap 2050
https://www.tokyo-gas.co.jp/en/IR/support/pdf/20240322-03e.pdf

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

	Roles	Specific Activities
Nominating 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.	**Number of meetings held per year*: 6** ● Selection of candidates for new Outside Directors based on the skills matrix ● Selection of candidates for Representative Corporate Executive Officer, and President
Audit Committee	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.	**Number of meetings held per year*: 14** ● Establishment of audit plan by the Audit Committee ● Audit of the status of establishment and operation of internal control systems, etc. ● Collaboration with Internal Audit Department, independent auditors, and subsidiary auditors, etc.
Compensation Committee	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.	**Number of meetings held per year*: 6** ● Evaluation of results for FY2023 ● Formulation of performance KPIs for FY2024 ● Consideration of remuneration levels and composition ratios

*The number of meetings held per year is from after the June 2023 General Meeting of Shareholders until before the June 2024 General Meeting of Shareholders

■ Representative Corporate Executive Officer, President and CEO selection process

The Corporate Executive Officer and President (CEO) shall have sufficient experience and performance as a manager, the ability to change and make decisions in response to changes in the business environment, the ability to make decisions and lead in an emergency, and the ability to fulfill the Company's public mission and social responsibilities.

We continuously develop managerial human resources based on the Executive Development Framework established by the Human Resources Development Committee (a conference body composed of management meeting members under the Executive System Regulations).

Provide a wide range of opportunities for Corporate Executive Officers and other potential candidates for President to practice and develop through actual execution of operations.

Specifically, they are assigned to positions such as major department heads, presidents of subsidiaries, and divisional general managers, and attend meetings of the Management Committee and Board of Directors as much as possible to cultivate a management perspective.

Nominating Committee and Board of Directors

Based on the approach to the selection and dismissal of management executives set forth in the Company's "Basic Corporate Governance Policy," the Company evaluates and confirms the qualifications of the candidates and narrows down the list of candidates.

The Nominating Committee deliberates on candidates based on internal and external circumstances and decides on the final candidate. Submitted as an agenda item to the Board of Directors.

The Board of Directors resolves to select the Representative Corporate Executive Officer, President and CEO.

Structure and Policy

Skills and Roles Demanded of Directors

We will set the skills that all of our directors possess as knowledge to deepen corporate management, a mindset to lead corporate reform, and the questioning ability to address corporate challenges.

Outside Directors must possess the supervisory skills necessary for achieving 'Compass 2030,' the Group's management vision, and supplementary skills that complement the knowledge and experience of the Company's Inside Directors and Corporate Executive Officer (see right).

All Inside Directors, with the exception of the Representative Corporate Executive Officer, are non-executive and are responsible for providing proposals and information in a timely and appropriate manner to ensure the effectiveness of the Board of Directors.

Reason for appointment of each Director (outside and internal) P. 69–70

Skills matrix for Outside Directors






	INDO Mami	ONO Hiromichi	SEKIGUCHI Hiroyuki	TANNOWA Tsutomu	YAMAMURA Masayuki	YOSHITAKA Mari
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	●	●		●		

*State up to 4 skills possessed by Outside Directors

■ 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

Structure and Policy

Improving the Effectiveness of the Board of Directors

The Board of Directors confirms the performance of specific initiatives based on the results of the previous evaluation and analyzes and evaluates the effectiveness of the Board of Directors as a whole, based on self-evaluations by each Director in the form of questionnaires and third-party evaluations. Based on issues identified from the results of the analysis and evaluation, as well as opinions from each Director, future initiatives are discussed. We will strive to enhance this PDCA cycle and further improve the effectiveness of the Board of Directors.

STEP 1 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 FY2023.

Previous evaluation results (extract from opinions)

- A detailed annual schedule regarding meeting agendas, etc., for the Board of Directors should be developed for more systematic monitoring.
- Consider also having opportunities other than meetings of for business understanding.
- It is necessary to further align awareness of what monitoring should be like in a Company with a Nominating Committee, etc.

Specific initiatives

- The annual schedule of meeting agendas for the Board of Directors was prepared and the progress of the mid-term management plan was monitored in a more systematic manner.
- Off-site meetings were started for 8 non-executive Directors to deepen their business understanding outside of meetings of the Board of Directors, and overall briefings for each business and site tours were conducted.
- A round-table meeting of Outside Directors was held to exchange opinions on the operation of the Board of Directors under the new structure and the roles and expectations of Directors in a Company with a Nominating Committee, etc.

STEP 2 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 and analysis.

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 meetings of the Board of Directors (pre-board briefings, off-site meetings, stakeholder dialogue)

STEP 3 Aggregation and evaluation by third parties (external experts)

The results of questionnaires submitted by each Director are compiled by a third party. In addition, a third-party evaluation has been received based on the results of the survey.

Evaluation comments from the third party

- Except for one question for which the average score of the Outside Directors was in the high 3s out of 5, the average scores of the Inside and Outside Directors were all 4 or higher, indicating that the effectiveness of the Company's Board of Directors is at a good level and the objectivity of its evaluation is assured.
- Overall, the average score for each question is high, and there are no major problems that need to be improved, so the basic idea is to continue to refine what we have been doing.

STEP 4 Evaluation results and future initiatives

After confirming the results of the surveys and third-party evaluations, the Board of Directors (including pre-board briefings) discusses matters including future initiatives.

Evaluation results (extract from opinions)

- The monitoring model is still in the exploratory stage, but is clearly moving forward.
- Lively discussions are taking place with stakeholders in mind from multiple perspectives.
- Suggestions to support appropriate risk-taking by execution would improve the discussion.
- There should be more discussion on medium to long-term approaches.
- Both Directors and the executive side should make efforts to enhance constructive discussions and discussions related to management strategy.

Future initiatives

- The Board of Directors aims to fulfill its function of checking bold proposals from executives, and when advancing initiatives, to support the execution by taking appropriate risks to ensure their realization, thereby backing the efforts of executives.
- As a monitoring board, continue to confirm the progress of medium-term and single-year management plans, while increasing the weight of discussions on major directions from a medium- to long-term perspective.

Officer Remuneration System

Basic Policy on Officer Remuneration

The Compensation Committee held on June 29, 2021 resolved a 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 non-financial 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.

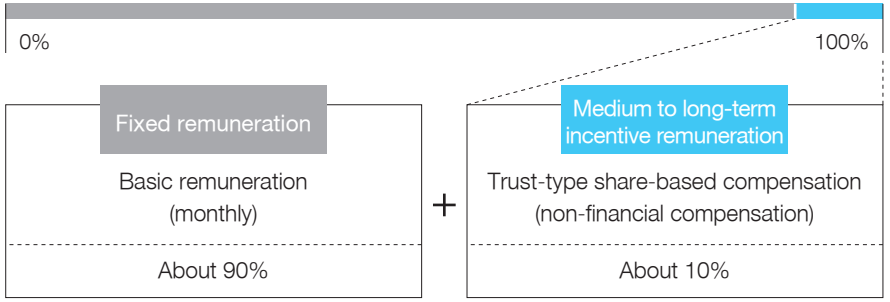
- Remuneration for Directors is comprised of basic remuneration and share-based compensation, while remuneration for Corporate Executive Officers (including those who concurrently serve as Directors) is comprised of basic remuneration, bonuses, and stock compensation.
- The approximate ratios of each 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.

Remuneration levels

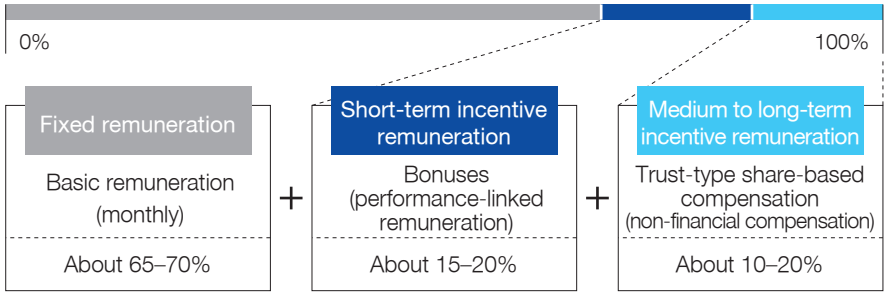
In considering remuneration levels, we use a group of companies of the same size as ours (operating profit between 100 billion yen and 200 billion yen/market capitalization between 1 trillion yen and 2 trillion yen) as a comparative target for discussion.
In addition, we conducted a study session on the analysis of officer remuneration trends and compensation levels by inviting outside firms as lecturers to discuss changes in the external environment and trends at other companies.

Composition of remuneration

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



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



Officer Remuneration

Bonuses (performance-linked remuneration)

As performance-linked remuneration, bonuses are paid to Corporate Executive Officers (including those who concurrently serve as Directors) reflecting the achievement of indicators for bonus evaluation. The performance indicators for FY2024 were resolved by the Compensation Committee with an awareness of the linkage with the key management indicators in the management plan.

■ Indicators for bonus evaluation for FY2024

Classification	Weight	Indicators for bonus evaluation	Reference value, etc.*
Financial indicators	75	ROE	4.8%
		ROA	2.1%
		Segment profits (operating profit + equity income of subsidiaries)	120.8 billion yen
Non-financial indicators (ESG)	25	CO_2 reduction contribution	Increase of 9% (11.5 million tons) from the previous year
		Reduction of our CO_2 emissions	Monitoring of performance and qualitative efforts
		Renewable energy transaction volume	
		Engagement indicators	

*Based on FY2024 plan, etc.

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 (inside and outside) 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.

The System is a trust-type share-based remuneration system in which a trust established by the Company with monetary contributions (hereafter, "the Trust") acquires the Company's shares, and the number of shares equivalent to the points awarded to each officer, etc., is distributed to them through the Trust. As a general rule, the time at which officers, etc. receive delivery of the Company's shares is when they retire.

Total Remuneration for Directors, and Corporate Executive Officers for FY2023

Classification of officers	Total value of remuneration (Million yen)	Total value of remuneration by type (¥ million)			Number of eligible officers (people)
		Fixed remuneration	Incentive remuneration		
		Basic remuneration (monthly)	Bonuses (performance-linked remuneration)	Share-based remuneration (non-financial compensation)	
Directors (of which, Outside Directors)	234 (82)	206 (74)	- (–)	27 (7)	11 (7)
Corporate Executive Officers	278	180	55	43	4

(Note) 1. Remuneration for Directors includes the portion for 3 Directors (including 1 Outside Director) who retired at the conclusion of the 223rd Ordinary Shareholders Meeting.
2. Remuneration for 1 Corporate Executive Officers who concurrently serves as a Director is stated in the remuneration for Corporate Executive Officers.
3. The amount of share based remuneration is the amount recorded as expenses from April 1, 2023 to March 31, 2024.
4. The above amounts are rounded down to the nearest million yen.

Internal Control / Compliance / Risk Management

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.

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.

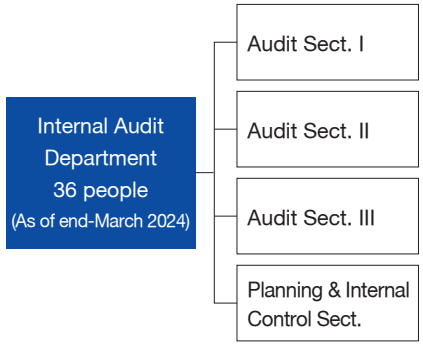
■ Overview of Internal Control System

1	2	3	4	5	6	7
System to ensure that officers and employees perform their duties in conformance with laws, the Articles of Incorporation	System to store and manage information regarding the execution of duties by Corporate Executive Officers	Regulations and other systems on managing the risk of loss of the Group	System to ensure that the performance of duties by Corporate Executive Officers is conducted efficiently	System to ensure appropriateness of business operation by the Group subsidiaries	Items regarding employees assisting with the duties of the Audit Committee	System concerning reporting to the Audit Committee and system to ensure effective auditing by the Audit Committee

■ 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.



Audit Committee

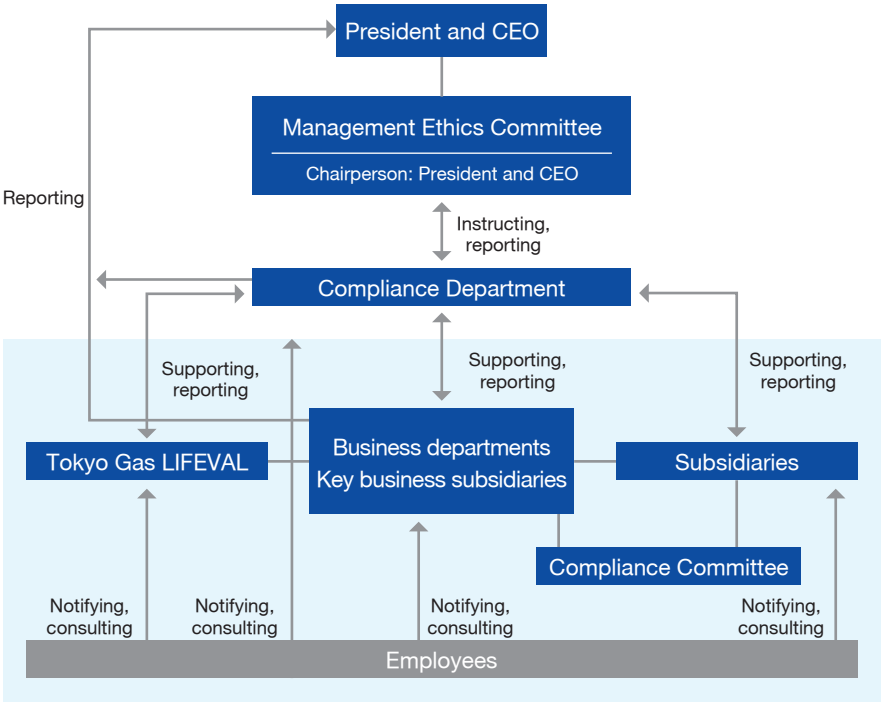
We have established a system for officers and employees of the Group to report to the Audit Committee without delay, and ensure that members of the Audit Committee, who are selected by the Committee itself, attend important meetings and express their opinions when necessary, and that important information 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.

Internal Control / Compliance / Risk Management

Compliance Structure

We have established the Management Ethics Committee, chaired by the President, with the aim of promoting transparent management and fostering an open organizational culture through discussions on compliance, including adherence to laws and regulations, the management philosophy, and the Tokyo Gas Group Our Code of Conduct, which serves as the behavioral guidelines for business operations within the Tokyo Gas Group. At this committee, we monitor the implementation status of various compliance-related measures, identify issues, and discuss action plans for 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.

■ Compliance Framework



Compliance promotion initiatives

Every July is designated as Compliance Month, during which, under the recognition that compliance is the foundation of all business activities, the entire Group intensively implements initiatives to promote compliance (President's message announcements, compliance lectures, workplace study sessions, compliance awareness surveys, etc.).
We conduct annual level-specific compliance training at key milestones, such as at the time of joining the company, the third year of employment, and during major promotions, to continuously promote and enforce the Tokyo Gas Group Our Code of Conduct and to foster and enhance awareness of human rights and compliance. Recently, we have been expanding the scope of our training to include mid-career employees.
We aim to maintain and enhance the overall compliance level of the Group by conducting year-round training for compliance promotion officers in each workplace within the Group, providing not only the necessary knowledge and information for promoting compliance but also incorporating content that aligns with the current needs and challenges.

Response to whistleblowing

Internal whistleblower contacts (which also serve as internal public interest whistleblower contacts) have been established within the Company (Compliance Department) and outside the Company (law firms, etc.) for the Group as a whole. When a whistleblowing report is received, the Compliance Department, in collaboration with the department responsible for compliance overseeing the workplace where the incident occurred and other relevant departments as necessary, conducts fact-finding investigations and, based on the results, implements corrective measures and recurrence prevention strategies to ensure early risk response and self-regulation.
The whistleblower hotline is widely disseminated throughout the Group by posting posters at workplaces, including in the Tokyo Gas Group Our Code of Conduct, on the company intranet, and through various training opportunities.
Each subsidiary and Tokyo Gas LIFEVAL company also has its own whistleblowing contact point and is ready to respond to whistleblowing from its own employees.
The Compliance Department also conducts annual practical training for the persons in charge of the whistleblowing desk at each subsidiary and Tokyo Gas LIFEVAL company, with the aim of improving their ability to receive and respond to whistleblowing.

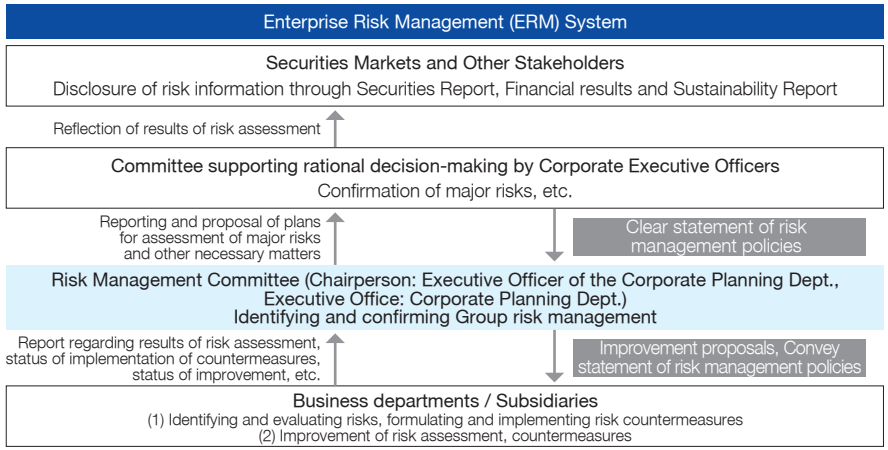
Internal Control / Compliance / Risk Management

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 to understand the investment state. 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.
Under the framework, around 250 risk management promotion officers (as of April 1, 2024) 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.



Business or other risks which may significantly affect judgment of investors (as of April 1, 2024)

1. Risks associated with accidents, disasters, etc.
(1) Gas resource procurement disruption
(2) Natural disasters
(3) Accidents accompanying gas and electricity production and supply, and supply impairments
(4) Incidents at renewable energy facilities
(5) Spread of a highly contagious virulent diseases
(6) Unforeseen, large-scale power outages
(7) Problems in securing the safety of city gas and quality of gas appliances
(8) Reputational damages caused by city gas accidents at other firms

2. Market fluctuation risk
(1) Risk of changes in market prices and interest rates
(2) Electricity market and LNG price fluctuation

3. Risks accompanying business execution
(1) Risks related to existing businesses
1. Decrease in demand accompanying intensified competition
2. Changes in gas resource costs
3. Changes in laws, regulations, and national or local policy
4. Changes in gas sales due to climate change
5. Decrease in existing demand due to changes in the business environment
6. Delays in the development of new technologies

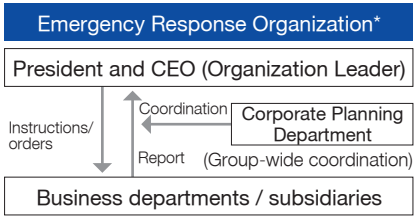
(2) Risks accompanying overseas business development
(3) Delayed cultivation of new markets
(4) Inability to recover investments

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 CS or customer services
(4) Insufficient response to human rights issues

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.

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	
	● General Meeting of Shareholders ● Q2 financial results and year-end financial results briefing (Representative Corporate Executive Officer, and President and CEO) ● Q1 and Q3 financial results briefings and other briefings to be held as needed ● Briefing on Mid-term management plan, etc (Representative Corporate Executive Officer, and President and CEO) ● President's Small Meetings (Representative Corporate Executive Officer, and President and CEO) ● Domestic and overseas institutional investor interviews (Representative Corporate Executive Officer, and President and CEO and others) ● Small meetings with investors and Outside Directors (Outside Directors) ● Facility tour for Institutional Investors, business briefing ● Briefing for Individual Investors, etc.

Small meeting with investors and Outside Directors (March 2024)

The meeting has been held since FY2022 in order to enhance dialogue toward improving enterprise value from a medium to long-term perspective. In FY2023, three Outside Directors attended the meeting and exchanged opinions based on questions from investors. We take the opinions seriously and will utilize them in future management policy decisions and monitoring of execution. The following are Outside Directors' responses to an example question from investors.

Mission and expected role as an Outside Director

Director INDO Mami

I understand that as an Outside Director, I am expected to contribute to the monitoring of the Company's management strategy and risk management by utilizing my management and corporate analysis skills based on my previous experience. My responsibility is to take a multifaceted perspective of our diverse stakeholders, accurately grasp the issues they perceive as challenges, and ensure that they are reflected in the decision-making of the entire organization.

Director SEKIGUCHI Hiroyuki

I am particularly mindful of emphasizing public interest and social responsibility, pursuing profitability and sustainable growth, and focusing on efforts toward decarbonization. Specifically, my focus includes: (1) the importance of stable supply and reliability as a lifeline-supporting company, based on my experience as a broadcast reporter and commentator at NHK; (2) the necessity of enhancing long-term value beyond short-term profits, drawing from my experience as an economic reporter; and (3) balancing the transition to carbon neutrality with stable energy supply, informed by my experience as a commentator focused on energy issues.

Director TANNOWA Tsutomu

The Company is a Company with a Nominating Committee, etc., and its institutional design allows the Board of Directors to focus exclusively on monitoring by separating the functions of execution and supervision. As an Outside Director, I intend to exercise the monitoring function by utilizing the operational methods and the expertise of each Outside Director. It is important to ask effective questions and express opinions from multiple perspectives so that the Board of Directors can be more active, with a view to improving medium and long-term growth and corporate value.

We received various questions that day, including the following.

- What is necessary to improve the enterprise value of Tokyo Gas?
- How is the Board of Directors working toward medium to long-term growth?
- How do you perceive large-scale investments, including M&A? How was the responses from of the stock market assumed?
- How do you supervise the medium to long-term strategy and the current challenges of improving PBR and ROE?
- What is your view on the balance between public safety and security, and efficiency, growth, and profitability?
- How do you evaluate the approach to e-methane?
- How confident are you about the profitability of carbon neutrality?

We will work to enhance the corporate value of Tokyo Gas through the evolution of Group governance as Tokyo Gas continues to expand its business areas and domains.

Outside Director

ONO Hiromichi

As an Outside Director I mainly focus on three points of view, having been in charge of finance and accounting fields at a food manufacturer for a long time. The first is financial monitoring, the second is Group-wide risk management, and the third is the perspective of stakeholders including our shareholders and investors. I have served as an Audit & Supervisory Board Member at the time of my appointment, and as a Director and Audit Committee Member since the transition to a Company with a Nominating Committee, etc., and I recognize that the basic role required of me is to consistently supervise from the perspective of internal control and risk management. Tokyo Gas is a company with a long history, with a solid operational framework and well-developed regulations, and its internal control framework is at a high level. On the other hand, especially during the past ten years, our business domains and business areas have been expanding rapidly. Our business areas have expanded from the Tokyo metropolitan area to all over Japan, and overseas business is also expanding through local subsidiaries and offices in various regions, making it increasingly important to establish an internal control system that can every area of our operations. In terms of business domains, we are engaged in not only the gas business but also electricity, renewable energies, and solutions in a wide range of domains, so it is very important not only to develop human resources but also to share the Group's Management Philosophy, which runs across businesses, with Group members in Japan and overseas. I think that it is time to take Group governance to the next level.

The current structure of the Board of Directors is a monitoring structure, as 6 of the 9 are Outside Directors, and the Representative Corporate Executive Officer, President and CEO is the only Inside Director who also serves an executive and is therefore a member of the Board of Directors. Outside Directors with diverse skills and experience engage in lively discussions from a wide range of perspectives and play the role of overseeing business execution. I feel that the management of the Board of Directors has become more refined over the years, including the enhancement of off-site meetings to provide advance explanations and deepen understanding of the business, so that effective discussions can take place at meetings of the Board of Directors.

Needless to say, governance is meaningful only when it is firmly incorporated into the actual situation in the field. As I have always felt from my own experience in the food industry, although social trust takes a long time to build up, it can be lost in an instant. Tokyo Gas has traditionally really focused on operations in the field, and even as the business expands, I will continue to supervise to ensure that the management philosophy and governance are thoroughly permeated throughout the field, enabling us to remain a strong corporate group that carries forward the social trust it has built over approximately 140 years into the future.

Although the Tokyo Gas Group is facing a time of transformation, our major mission remains the same: to provide a safe and stable supply of energy, which is the foundation of Japan’s economy and society. The environment surrounding energy is rapidly changing, including increasing geopolitical risks. In Japan, which relies on imports for 90% of its energy resources, a big challenge for the entire energy industry is how to flexibly respond to changes and continue stable supply. And at the same time, we must also take on the challenge of the transition to a carbon-neutral society. Furthermore, it is necessary to link such efforts to growth. We will review the way business management is conducted, focusing on ROA management by internal company and operating company, and discussing the efficiency perspective more deeply than before. While confirming concrete measures to achieve the indicators we have set for each business, we would like to encourage the achievement of a PBR of at least 1x as soon as possible.

As I mentioned earlier, the Tokyo Gas Group has the mission of supporting society with energy, and as a publicly listed company, we are in a position where we are supported by our shareholders and investors. Therefore, even in face of these significant challenges, we must achieve a balance between economy and ecology, generate sufficient profits, and meet the expectations of our shareholders. Although there are many difficult challenges, as the Outside Directors we will continue to supervise and support the Group so that it can overcome these challenges. I hope you will continue to keep a close watch on the future of the Tokyo Gas Group.

List of Executives Directors As of June 27, 2024

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

UCHIDA Takashi

Serving as a Director 10th year

Number of meetings attended per year*

Board of Directors 100% (12/12 times)
Nominating Committee 100% (6/6 times)
Compensation Committee 100% (6/6 times)

April 1979	Joined the Company
April 2010	Executive Officer and General Manager of Corporate Planning Dept
April 2012	Senior Executive Officer and in charge of Personnel Dept., Secretary Dept., Compliance Dept. and Internal Audit Dept.
April 2013	Senior Executive Officer and Chief Executive of Energy Resources Business Div.
June 2015	Director, Senior 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)

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

With extensive insight into overall management gained from experience as Representative Corporate Executive Officer and President, he appropriately presents agenda items to the Board of Directors as the non-executive Chairman, and manages proceedings to enhance the supervisory function.

Director (Chairperson of the Audit Committee)

INDO Mami

Outside

Serving as a Director 5th year

Number of meetings attended per year*

Board of Directors 91% (11/12 times)
Audit Committee 100% (14/14 times)

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. Outside Audit & Supervisory Board Member of AIG Japan Holdings KK Director of the Company (Current position)
June 2021	Outside Director of FUJITEC CO., LTD. (Retired in February 2023) Outside Director of Ajinomoto Co., Inc. (Current position) Outside Director of AIG Japan Holdings KK (Current position)
June 2023	Outside Director of Mitsui Fudosan Co., Ltd. (Current Position)

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.

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

SASAYAMA Shinichi

Serving as a Director 2nd year

Number of meetings attended per year*

Board of Directors 100% (12/12 times)
Compensation Committee 100% (6/6 times)

April 1986	Joined the Company
April 2016	Executive Officer and General Manager of Corporate Planning Dept.
April 2018	Senior Executive Officer and Chief Executive of Digital Innovation Div. and in charge of Corporate Planning Dept.
April 2019	Senior 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)

Reason for appointment

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 (Compass 2030), 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.

Roles played at the Board of Directors

As a Director who concurrently serves as a Corporate Executive Officer, he strongly promotes the Group's management vision while ensuring that the Board of Directors can exercise appropriate supervision by providing timely and appropriate explanations of the execution status, thereby organically connecting the Executive Officers and the Board of Directors.

Director (Audit Committee Member)

ONO Hiromichi

Outside

Serving as a Director 4th year

Number of meetings attended per year*

Board of Directors 100% (12/12 times)
Audit Committee 100% (14/14 times)

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)

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.

Director (Audit Committee Member)

HIGO Takashi

Serving as a Director 2nd year

Number of meetings attended per year*

Board of Directors 100% (12/12 times)
Audit Committee 100% (14/14 times)

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	Senior Executive Officer, and Representative Director and President of Tokyo Gas Engineering Solutions Corporation
April 2021	Senior 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)

Reason for appointment

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. He currently serves as a full-time Audit Committee Member and is responsible for auditing to ensure the legality, soundness, etc. of management.

Roles played at the Board of Directors

As a full-time Audit Committee Member, he strives to provide information to the Board of Directors and the Audit Committee, aiming to enhance their effectiveness. In addition, through participation in Management Committee, he is responsible for understanding internal risk information and auditing the appropriate operation of the internal control system.

Director (Audit Committee Member)

SEKIGUCHI Hiroyuki

Outside

Serving as a Director 3rd year

Number of meetings attended per year*

Board of Directors 100% (12/12 times)
Audit Committee 100% (14/14 times)

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)

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.

*The number of meetings attended per year is from after the June 2023 General Meeting of Shareholders until before the June 2024 General Meeting of Shareholders

List of Executives

Directors as of June 27, 2024

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

TANNOWA Tsutomu

Outside

Serving as a Director 2nd year

Number of meetings attended per year*

Board of Directors 100% (12/12 times)
Nominating Committee 100% (6/6 times)
Compensation Committee 100% (6/6 times)

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)

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.

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

YAMAMURA Masayuki

Outside

Newly appointed

April 1978	Joined Nippon Telegraph and Telephone Public Corporation
January 1999	General Manager of First Division, Holding Company Transition Headquarters of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
July 1999	General Manager of First Division of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
June 2005	Director, General Manager of Tokyo Branch of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
June 2008	Executive Vice President, General Manager of Tokyo Branch of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
June 2009	Executive Vice President, Senior Executive Manager of Network Business Headquarters, General Manager of Office of Network Security of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
May 2011	Executive Vice President, Senior Executive Manager of Network Business Headquarters of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
June 2012	Representative Director, President of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
June 2018	Counselor to the President of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (Current position)
June 2019	Outside Director of Fuyo General Lease Co., Ltd. (Current position)
April 2020	Chairman of THE TELECOMMUNICATIONS ASSOCIATION (TTA) (Current position)
June 2024	Director of the Company (Current position)

Reason for appointment

Mr. YAMAMURA Masayuki's management ability based on a broad perspective and deep insight cultivated as an executive in an infrastructure company, combined with extensive experience in organizational and business restructuring and M&A, particularly broad knowledge and skills in digital and marketing, which the Company aims to strengthen, will be very useful in the promotion and supervision of the management strategy which the Company aims for.

Director (Nominating Committee Member and Compensation Committee Member)

YOSHITAKA Mari

Outside

Newly appointed

	Worked for IT companies, US investment banks, etc.
August 2000	Joined Tokyo-Mitsubishi Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) (Left in April 2020)
April 2009	Part-time Lecturer of Graduate School of Media and Governance of Keio University (Retired in March 2024)
April 2016	Part-time Lecturer of School of Human Welfare Studies of Kwansei Gakuin University (Retired in March 2022)
May 2020	Joined Mitsubishi UFJ Research and Consulting Co., Ltd. Fellow (Sustainability), General Manager of Sustainable Management Support Office, Social Impact Partnership Dept., Research & Innovation Division (Current position)
September 2021	Representative Director of General Incorporated Association Virtue Design (Current position)
April 2022	Visiting Professor of College of Arts and Sciences of The University of Tokyo (Current position)
April 2024	Guest Professor (Part-time) of Keio University (Current position)
June 2024	Director of the Company (Current position)

Reason for appointment

Ms. MARI Yoshitaka's advanced expertise and communication skills in environmental business and sustainable finance cultivated as a consultant in the environmental and financial fields, along with extensive experience in decarbonization-related businesses both domestically and internationally, which the Company seeks to expand, will be very useful in the promotion and supervision of the management strategy which the Company aims for.

*The number of meetings attended per year is from after the June 2023 General Meeting of Shareholders until before the June 2024 General Meeting of Shareholders

Corporate Executive Officers

Representative Corporate Executive Officer, President and CEO	SASAYAMA Shinichi	CEO
Representative Corporate Executive Officer, Vice President	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

Reference

The Company has established the following roles for the Chief X Officer (CXO) in order to address cross-sectional management issues across the Group.

Main roles in the Group as a whole		
CEO	Chief Executive Officer	Formulate management policies and strategies and oversee execution
CDO	Chief Digital Officer	Oversee DX promotion
CIO	Chief Information Officer	Management of IT systems and information security
CTO	Chief Technology Officer	Supervise technology development and standardization strategies related to decarbonization
CFO	Chief Financial Officer	Supervise financial strategy
CHRO	Chief Human Resources Officer	Supervise human resources strategy, conduct selection and training of management candidates
CRO	Chief Risk Management Officer	Supervise risk management

Executive Officers

Senior Managing Executive Officer	TANAZAWA Satoshi	Chief Executive of Energy Trading Company
	SATO Hirofumi	President, Representative Director of Tokyo Gas Real Estate Co., Ltd.
Managing Executive Officer	SAITO Akihiro	CHRO: In charge of Human Resources Dept., Secretary Dept., General Administration Dept., Legal 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 General Manager of Solution Co-creation Dept., Customer & Business Solution Company
	TSUJI Eito	CRO: In charge of Corporate Planning Dept., Purchasing Dept., and Corporate Communications Dept.
	KONISHI Masako	Chief Executive of Regional Co-creation Company and In charge of DE&I
	ENDO Yo	CIO: President, Representative Director of TOKYO GAS iNET CORP.
	MINAMI Taku	CFO: In charge of Financial Management Dept., Accounting Dept., and Sustainability Dept.
Executive Officer	KADO Masayuki, TAKEUCHI Atsunori, OKUMURA Eigo, YAKABE Hisataka, OHASHI Taro, NAKAMURA Hajime, MIURA Kazutaka, MURAKOSHI Masaaki, SHIMIZU Seita, ENDO Masahiko, ISHIZAKA Tadashi, KAWAMURA Toshio, KOWADA Yuko, GOSHIMA Nozomu, SOGA Go, YAO Yumiko, UENAKA Takayuki, HOSHIZAKI Tomohiro	

10-Year Consolidated Financial Highlights[*1]

	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3
Net Sales (¥ million)	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	2,664,518
Operating Profit (¥ million)	171,753	192,008	58,365	116,302	93,704	101,418	77,675	127,525	421,477	220,308
Operating Profit Margin (%)	7.49	10.19	3.68	6.54	4.78	5.27	4.40	5.92	12.81	8.27
Ordinary Profit (¥ million)	168,169	188,809	55,688	111,546	89,386	102,645	70,500	136,481	408,846	228,179
Profit attributable to owners of parent (¥ million)	95,828	111,936	53,134	74,987	84,555	43,293	49,505	95,702	280,916	169,936
Equity (¥ million)	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	1,695,747
Total Assets (¥ million)	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	3,888,855
Interest-bearing Debt (¥ million)	730,739	715,769	713,596	724,940	803,216	905,066	1,065,988	1,220,589	1,263,233	1,441,170
Operating Cash Flow (¥ million)	237,680	257,122	217,439	240,328	246,436	213,171	229,315	296,648	490,216	382,295
Free Cash Flow (¥ million)	13,084	25,089	14,081	31,583	22,655	(13,887)	(17,116)	89,422	276,983	177,089
EBITDA (¥ million)	313,605	337,194	222,670	281,643	255,585	271,296	257,485	328,471	630,777	432,667
Capital Expenditure (¥ million)	224,596	232,033	203,358	208,745	223,781	227,058	246,431	207,226	213,233	205,206
Depreciation (¥ million)[*2]	141,852	145,187	164,305	165,342	161,881	169,878	179,810	200,946	209,300	212,359
EPS (Earnings per Share) (¥)	39.15	46.68	23.02	164.12[*3]	187.60	97.86	112.26	217.67	646.99	411.88
BPS (Book Value per Share) (¥)	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	4,249.83
Number of Issued Shares (Common Stock) (thousands of shares)	2,446,778	2,396,778	2,302,856	458,073[*3]	451,356	442,436	442,436	440,997	434,875	400,452
Dividend per Share (¥)	10	11	11	55[*3]	60	60	60	65	65	70
DOE (Dividends on Equity) (%)	2.34	2.42	2.29	2.25	2.35	2.29	2.30	2.38	2.01	1.75

*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).

	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3
Payout Ratio (%)	25.5	23.6	47.8	33.5	32.0	61.3	53.4	29.9	10.0	17.0
Total return ratio (%)	60.9	60.1	60.7	60.2	60.3	61.0	60.1	46.6*4	50.3	40.3
Current Ratio (%)	150.6	155.5	142.7	135.6	156.0	152.0	132.7	163.0	200.9	194.6
D/E (Debt-Equity) Ratio (times)	0.68	0.65	0.65	0.64	0.69	0.79	0.92	0.98	0.81	0.85
Equity Ratio (%)	47.4	48.9	49.4	48.7	47.7	45.2	42.1	39.3	43.5	43.6
ROE (Return on Equity) (%)	9.2	10.3	4.8	6.7	7.4	3.8	4.3	7.9	20.0	10.4
ROA (Return on Assets) (%)	4.3	5.0	2.4	3.3	3.6	1.7	1.9	3.2	8.3	4.5
Total Asset Turnover (times)	1.03	0.84	0.71	0.78	0.82	0.78	0.67	0.73	0.97	0.71
WACC (%)	3.6	3.4	3.0	3.1	3.0	2.7	2.6	2.3	2.4	2.7

Number of city gas retail customers (thousand)	9,982	10,125	10,269	10,209	9,821	9,129	8,863	8,688	8,701	8,789
Gas sales volume (million m^3)	15,541	15,436	15,720	15,568	15,198	13,855	12,990	13,146	12,574	11,303
Gas sales volume, gas volume used in-house*5	18,360	18,587	19,053	19,052	18,397	17,666	17,577	17,102	17,392	16,259
Number of electricity retail customers (thousand)	—	—	635	1,105	1,742	2,350	2,717	3,014	3,475	3,871
Electric power sales volume (100 million kWh)	106.1	109.6	126.5	146.6	154.8	206.0	247.6	282.9	344.5	254.7

*4 The Accounting Standard for Revenue Recognition has been applied starting the fiscal year ending March 2023. Figures listed for the fiscal year ending March 2022 reflect the retroactive adjustments.
The total return ratio for the fiscal year ended March 2022 based on the profit attributable to owners of parent prior to the retrospective application (as of April 2022 earnings announcement) is 50.2%.
*5 It is the amount that added self-consuming volume, LNG sales volume 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 (FY2023 results)
a) Cost of interest-bearing debt: Real interest rate of 0.55% (after tax)
b) Cost of shareholders' equity
- Risk-free rate: 10-year JGB yield of 0.62%
- Risk premium: 6.5%, Beta coefficient of 0.67

Consolidated Balance Sheets

(Million yen)

	2023.3.31	2024.3.31
Assets		
Current assets		
Cash and deposits	453,502	363,945
Notes and accounts receivable-trade, and contract assets	460,111	454,276
Lease receivables and investments in leases	17,125	18,334
Securities	10	-
Merchandise and finished goods	6,030	34,476
Work in process	15,653	13,249
Raw materials and supplies	135,769	89,810
Other current assets	131,832	331,570
Allowance for doubtful accounts	(2,122)	(1,718)
Total current assets	1,217,914	1,303,945
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	346,262	318,445
Machinery, equipment and vehicles, net	921,572	828,076
Tools, furniture and fixtures, net	10,714	9,883
Land	197,245	180,647
Leased assets, net	8,231	7,553
Construction in progress	98,878	100,979
Total property, plant and equipment	1,582,904	1,445,585
Intangible assets		
Goodwill	6,410	5,524
Mining rights	145,567	526,319
Other intangible assets	162,554	149,793
Total intangible assets	314,533	681,637
Investments and other assets		
Investment securities	278,497	293,923
Long-term loans receivable	56,550	16,767
Retirement benefit assets	8,809	19,457
Deferred tax assets	32,849	19,841
Other investments	93,649	110,053
Allowance for doubtful accounts	(4,283)	(2,355)
Total investments and other assets	466,073	457,687
Total non-current assets	2,363,511	2,584,910
Total assets	3,581,425	3,888,855

(Million yen)

	2023.3.31	2024.3.31
Liabilities		
Current liabilities		
Notes and accounts payable-trade	79,041	96,013
Short-term borrowings	6,674	9,421
Current portion of bonds payable	20,000	20,000
Current portion of long-term borrowings	59,973	44,577
Income taxes payable	118,636	38,695
Other current liabilities	321,832	461,289
Total current liabilities	606,158	669,997
Non-current liabilities		
Bonds payable	548,976	638,660
Long-term borrowings	607,262	631,683
Deferred tax liabilities	33,901	46,512
Retirement benefit liability	64,570	62,908
Provision for share awards for Directors (and other officers)	183	254
Provision for gas holder repairs	3,444	3,247
Provision for safety measures	527	422
Provision for contract loss in regards to appliance warranties	5,176	4,327
Provision for point card certificates	654	503
Asset retirement obligations	27,559	19,959
Other non-current liabilities	93,709	77,158
Total non-current liabilities	1,385,965	1,485,639
Total liabilities	1,992,124	2,155,636
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	-	4,109
Retained earnings	1,310,908	1,340,347
Treasury shares	(3,658)	(4,459)
Total shareholders' equity	1,449,094	1,481,841
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities	30,954	59,727
Deferred gains or losses on hedges	(9,626)	31,322
Foreign currency translation adjustment	86,226	115,170
Remeasurements of defined benefit plans	1,754	7,685
Total accumulated other comprehensive income	109,309	213,906
Non-controlling interests	30,896	37,471
Total net assets	1,589,301	1,733,218
Total liabilities and net assets	3,581,425	3,888,855

Consolidated Statements of Income

(Million yen)

	2022.4.1-2023.3.31	2023.4.1-2024.3.31
Sales	3,289,634	2,664,518
Cost of sales	2,596,462	2,189,255
Gross profit	693,172	475,262
Selling, general and administrative expenses	271,695	254,954
Operating profit	421,477	220,308
Non-operating income		
Interest income	2,463	8,228
Dividend income	2,797	1,518
Share of profit of entities accounted for using equity method	-	3,061
Foreign exchange gains	5,089	13,341
Miscellaneous income	18,150	16,982
Total non-operating income	28,500	43,131
Non-operating expenses		
Interest expenses	15,138	19,008
Share of loss of entities accounted for using equity method	4,450	-
Loss on derivatives	10,308	4,165
Miscellaneous expenses	11,233	12,086
Total non-operating expenses	41,130	35,260
Ordinary profit	408,846	228,179
Extraordinary income		
Gain on sale of investment securities	3,795	25,131
Gain on sale of businesses	3,506	-
Gain on valuation of long-term loans receivable	-	2,258
Total extraordinary income	7,301	27,389
Extraordinary losses		
Impairment losses	4,093	3,478
Loss on valuation of investment securities	2,420	-
Loss on valuation of long-term loans receivable	2,154	-
Total extraordinary losses	8,669	3,478
Profit before income taxes	407,479	252,089
Income taxes-current	122,208	78,475
Income taxes-deferred	3,748	3,470
Total income taxes	125,956	81,945
Profit	281,522	170,144
Profit attributable to non-controlling interests	605	207
Profit attributable to owners of parent	280,916	169,936

Consolidated Statements of Comprehensive Income

(Million yen)

	2022.4.1-2023.3.31	2023.4.1-2024.3.31
Profit	281,522	170,144
Other comprehensive income		
Valuation difference on other available-for-sale securities	12,063	28,790
Deferred gains or losses on hedges	3,113	44,555
Foreign currency translation adjustment	51,756	30,900
Remeasurements of defined benefit plans, net of tax	4,795	5,933
Share of other comprehensive income of entities accounted for using equity method	4,879	837
Total other comprehensive income	76,608	111,018
Comprehensive income	358,130	281,162
(Breakdown)		
Comprehensive income attributable to owners of parent	353,795	274,533
Comprehensive income attributable to non-controlling interest	4,334	6,628

Consolidated Statements of Cash Flows

(Million yen)

	2022.4.1-2023.3.31	2023.4.1-2024.3.31
Cash flows from operating activities		
Profit before income taxes	407,479	252,089
Depreciation	205,076	208,235
Impairment losses	4,093	3,478
Amortization of long-term prepaid expenses	4,224	4,124
Loss (gain) on valuation of investment securities	(3,347)	(25,110)
Loss (gain) on valuation of long-term loans receivable	2,154	(2,258)
Interest and dividend income	(5,260)	(9,746)
Interest expenses	15,138	19,008
Share of loss (profit) of entities accounted for using equity method	4,450	(3,061)
Decrease (increase) in trade receivables and contract assets	(125,403)	23,178
Decrease (increase) in inventories	(78,491)	51,740
Increase (decrease) in trade receivables	7,107	52,547
Other, net	89,402	(71,636)
Subtotal	526,622	502,591
Interest and dividends received	14,915	18,280
Interest paid	(14,069)	(17,634)
Income taxes paid	(40,437)	(172,026)
Cash flows from operating activities	487,030	331,210
Cash flows from investing activities		
Purchase of investment securities	(28,011)	(30,045)
Proceeds from sale and redemption of investment securities	13,574	15,639
Purchase of property, plant and equipment	(150,647)	(180,715)
Purchase of intangible assets	(34,294)	(33,429)
Purchase of long-term prepaid expenses	(5,237)	(6,098)
Long-term loan advances	(10,922)	(3,994)
Proceeds from collection of long-term loans receivable	6,642	10,554
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,303)	(219,947)
Proceeds from sales of subsidiaries' shares resulting in change in scope of consolidation	2,718	89,381
Payment for settlement of contingent consideration	(3,914)	(3,474)
Other, net	7,873	115
Cash flows from investing activities	(203,522)	(362,014)

(Million yen)

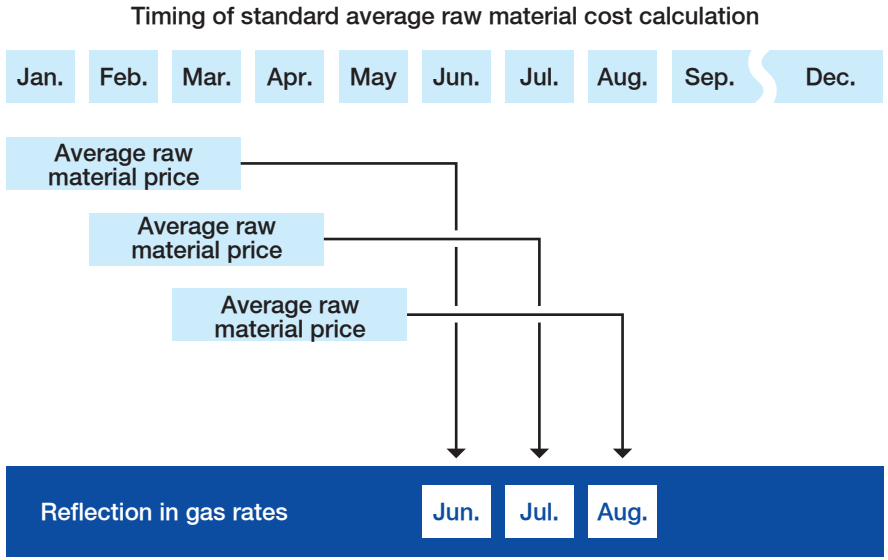
	2022.4.1-2023.3.31	2023.4.1-2024.3.31
Cash flows from financing activities		
Net increase (decrease) in commercial paper	(30,000)	77,000
Repayments of lease liabilities	(2,928)	(3,198)
Proceeds from long-term borrowings	97,366	148,524
Repayments of long-term borrowings	(72,241)	(154,962)
Proceeds from issuance of bonds	19,791	19,988
Repayment of bonds	-	(20,000)
Purchase of treasury shares	(16,031)	(113,049)
Dividends paid	(29,474)	(27,515)
Other, net	11,113	(1)
Cash flows from financing activities	(22,403)	(73,214)
Effect of exchange rate change on cash and cash equivalents	12,628	12,483
Net increase (decrease) in cash and cash equivalents	273,733	(91,535)
Cash and cash equivalents at beginning of period	179,699	453,432
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	1,992
Cash and cash equivalents at end of period	453,432	363,890

Delayed Impact of Gas Rate Adjustment System

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

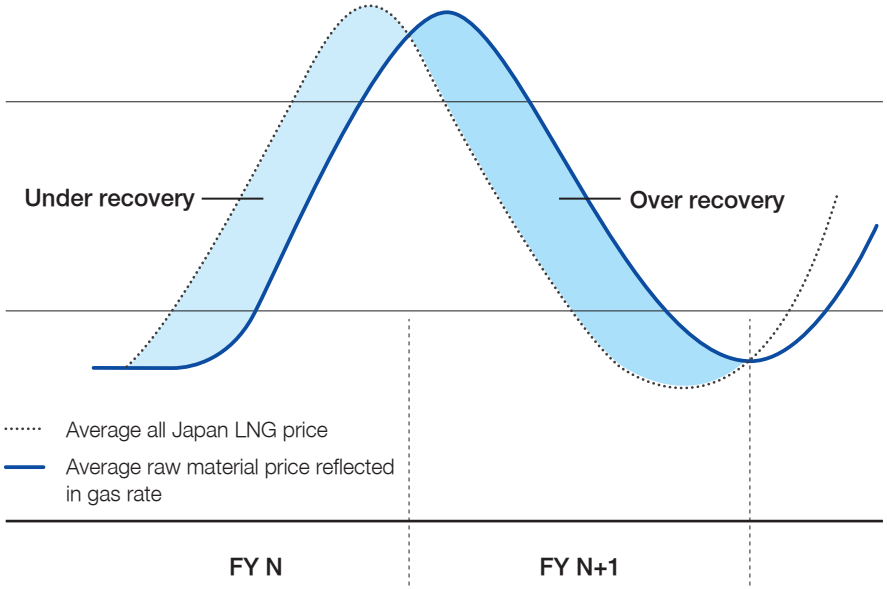
Gas prices are determined using the gas rate adjustment system. Through this system, average raw material prices over a three-month period according to trade statistics are compared with the raw material cost that is used as the standard (standard average raw material cost), and the gas rates are adjusted 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.

Timing of the Standard Average Raw Material Cost Calculation and Reflection in Gas Rates



The average raw material price over the past three months is calculated every month and then reflected in the gas rate three months later.

How the Sliding Time Lag in Rates Works



Key Non-financial Data

Environment

■ Greenhouse gas emissions[*1 *2 *4 *5]

		Unit	FY2021	FY2022	FY2023
Scope 1+2		thousand t-CO_2	3,275	4,654	4,915
	Scope 1	thousand t-CO_2	3,071	4,394	4,675
	Scope 2	thousand t-CO_2	205	260	240
Scope 3		thousand t-CO_2	34,392	53,515	49,277

■ Water[*3 *4]

		Unit	FY2021	FY2022	FY2023
Water withdrawal		thousand m^3	679,501	633,359	619,989
	Tap water, industrial water, and well water	thousand m^3	3,334	4,708	5,113
	Seawater	thousand m^3	676,167	628,651	614,876
Water discharge		thousand m^3	676,921	629,629	615,761
	Water discharge	thousand m^3	754	978	885
	Seawater	thousand m^3	676,167	628,651	614,876

■ Industrial waste[*3 *4]

	Unit	FY2021	FY2022	FY2023
Generation	t	133,481	74,730	20,369
Amount recycled	t	130,260	70,071	16,521
Recycling rate	%	98	94	81

*1 Calculated based on the GHG Protocol.
*2 Calculated for Tokyo Gas and its domestic and overseas consolidated subsidiaries (some subsidiaries are excluded due to volume) based on the GHG Protocol's management control.
*3 Calculated for Tokyo Gas and its domestic consolidated subsidiaries.
*4 Please refer to the Sustainability Factbook for more details.
*5 Correction made due to identified errors in certain items after the release on October 10, 2024.

Society

■ Employment[*4]

		Unit	FY2021	FY2022	FY2023
Number of regular employees[*1]		Persons	14,141	13,617	13,251
	Ratio of female employees	%	19.6	20.1	20.9
Number of managers[*1 *3]		Persons	3,649	3,563	3,379
	Ratio of female employees	%	9.8	10.4	11.5
Number of new graduate hires[*2 *3]		Persons	419	387	377
	Ratio of female employees	%	28.6	31.0	30.2
Number of experienced personnel hires[*2]		Persons	159	224	372
	Ratio of female employees	%	41.5	39.7	36.0
Average length of employment[*2]	Male	Years	17.5	16.7	16.1
	Female	Years	13.8	14.0	13.6
Turnover rate[*2]	Male	%	2.4	2.3	2.5
	Female	%	4.4	4.5	3.4

■ System use[*2 *4]

		Unit	FY2021	FY2022	FY2023
Number of employees using childcare leave	Male	Persons	63	181	291
	Female	Persons	196	200	192
Number of employees using Shorter hours for Childcare	Male	Persons	35	36	57
	Female	Persons	366	354	392

*1 Figures are calculated for Tokyo Gas and its domestic and overseas consolidated subsidiaries.
*2 Figures are calculated for Tokyo Gas and domestic and overseas consolidated subsidiaries for which data is available.
*3 Results are as of Apr. 1 of each following fiscal year.
*4 Please refer to the Sustainability Factbook for more details.