

Exploring essence, shaping the future

— The third founding: unlocking a new era through transformation —

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My management philosophy

— Focusing on the essence —

At the core of my management decisions is a commitment to identifying what truly matters. This way of thinking is something I cultivated through my first professional experience after starting my career. For about 10 years after joining the company, I was involved in what would now be called data analytics. At that time, spreadsheet software was not yet widespread, so I had to write all the programs myself to handle the diverse data analysis requests coming from various departments. For a while, I carried out the enormous volume of analyses exactly as requested, but the results were often unsatisfactory. The turning point came when my supervisor encouraged me to look beyond the immediate request and examine the true causes behind the data. It was then that I realized the real expectation was not simply to perform analyses as requested, but rather to understand the underlying purpose and challenges. Through this experience, I learned that deeply examining the structure of a problem and focusing on what truly matters is essential to providing recommendations of genuine value.

After that, I began approaching requests by first understanding the underlying objective behind them. While

colleagues sometimes joked that it was unusual for the person handling a request to challenge the one making it, this experience was instrumental in developing my ability to analyze the structure of a problem and uncover its true essence.

During this period, I was also able to gain a data-driven understanding of a wide range of operations, including LNG terminals, pipelines, and sales. This experience later provided a strong foundation when taking on new areas and challenges.

Experience and beliefs guiding transformation

Over the years, I have spearheaded numerous new initiatives and transformations for the company, including the electric power business, energy services, derivatives, risk management, and trading. While there were challenges along the way, the electric power business has become a core pillar of our operations, and our energy services have grown to a level that is among the best in the industry.

The origins of the solutions business, which our Group is currently focusing on, trace back to the mid-1990s, when I traveled to the United States to study the trend of electricity deregulation. While learning about the future market



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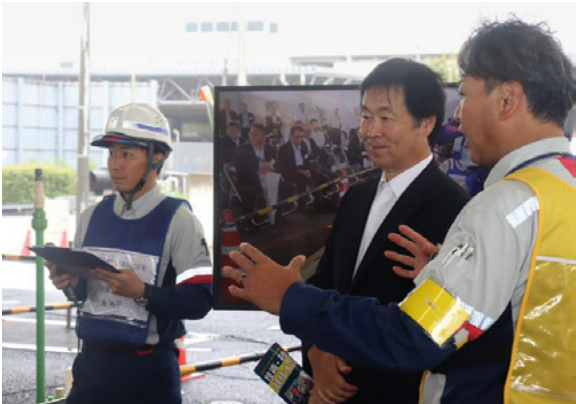
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structure at a local university, I became convinced that the era was approaching in which energy would not simply be “sold,” but offered as tailored services—solutions—designed to meet customers’ needs. I summarized this idea in a report of roughly 100 pages and brought it back with me. Since then, I have approached every new field with the same basic principle: thorough information gathering and on-the-ground verification. When tackling a new area, I read at least 20–30 books ranging from introductory texts to specialized publications, network with experts in the field, study the practices of leading companies, and visit the actual sites. Only with this deep understanding can one act with confidence even when decisive judgment is required under highly uncertain circumstances.

For example, when entering the electric power business, we made large-scale power generation investments. Given the long payback period and the high levels of uncertainty and volatility, it was difficult to claim that any investment decision could be 100% correct at the time of execution. What became clear, however, was that the essence of such an investment lay in two points: whether we could design a structure capable of generating revenue regardless of power values rising or falling, and whether we could control the associated risks. With these considerations in mind, we ultimately made the decision to proceed.

Going forward, in our management approach, I always keep in mind the importance of maintaining flexibility that allows for potential exits, whether to respond to drastic environmental changes or to improve asset efficiency. This ensures that we can adjust our portfolio decisions later if needed.

In making such decisions, I am guided by the philosophy of Eiichi Shibusawa, the founder of Tokyo Gas and a pioneer of modern Japanese business, as expressed in *The Analects and the Abacus*. In modern terms, the “Analects” represent social mission, while the “Abacus” reflects



economic rationality and capital efficiency. Striking this balance is the core belief of my management philosophy. When considering whether an initiative truly addresses social challenges or can genuinely generate profits, clear answers are not always available at the time of decision-making. That is why I make a point of looking broadly at historical precedents, examples from other companies and industries, and by engaging in discussions with many business leaders and reading widely. This constant effort allows me to maintain a comprehensive perspective and discern the essence of the problems we face.

Toward the third founding
— Connecting 140 years of history
to the future —

In October 2025, Tokyo Gas will celebrate its 140th anniversary. Beginning with the gas lamp business that illuminated the city, we expanded into kitchens, air conditioning, and power generation. We were early adopters of LNG in response to pollution challenges,

optimized customer management through IT, and established a community-focused sales structure. Throughout our history, we have repeatedly faced unprecedented challenges, driving transformations in both our business and organizational structures. This continuous engagement with change and self-reflection forms the foundation of who we are today. Now, we stand on a new stage that we call the “third founding.” This is symbolized by the 140th-anniversary theme, “Beyond,” representing our determination to continue to challenge the future. It reflects our commitment to go beyond traditional boundaries and create new value.

Looking across the energy industry, the supply-demand system is rapidly shifting from large-scale, centralized structures to distributed, decentralized ones, and from one-way flows to bidirectional interactions. Supply sources are also diversifying, moving beyond traditional LNG and fossil fuels to include renewable energy and hydrogen. In the power sector, new demands are emerging that go beyond simply adjusting electricity output in kilowatt-hours. These include managing power sources to integrate renewable energy and visualizing environmental value. Amid these changes, I am reminded that energy supply is ultimately just a means. What customers truly seek are the benefits it provides—warmth and comfort—and our mission is to deliver those outcomes. For this reason, I believe that the role of the Tokyo Gas Group going forward is to deeply understand the essence of our customers’ challenges and provide solutions that create real value.

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Revision of materiality in FY2025
— Connect management philosophy to strategy —

To embody our management philosophy and clarify initiatives that address social challenges, the Tokyo Gas Group has established seven new materiality areas. These were developed through vigorous discussions across multiple levels, including the Board of Directors, resulting in a company-wide consensus on the refresh.

We uphold the management philosophy: “Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future.” In particular, the phrase “weaves the future” reflects our strong commitment to becoming a company that grows by contributing to the resolution of social challenges and by creating advanced business models that anticipate the needs of the future.



In this revision of our materiality, we have redefined two key directions as the value we provide to society and our customers: stable energy supply with carbon neutrality and solutions that contribute to “decarbonization, optimization, and resilience”. Furthermore, to realize these values, we have clearly outlined how our strengths will be transformed and organized this perspective within a systematic framework.

We are also strengthening initiatives that leverage non-financial capital, such as human capital, intellectual capital, and social capital. In particular, in the area of social capital, we believe that expanding the customer support systems developed in both B2C and B2B sectors to new stakeholders, including local communities and municipalities, can create new value. For example, we are advancing initiatives to address regional challenges by signing comprehensive partnership agreements with municipalities from the perspectives of decarbonization and resilience, and providing integrated proposals that contribute to local solutions.

Our goal is not to let our management philosophy remain a mere slogan, but rather to embody it in strategies that deliver real impact. Materiality serves as a guiding principle and acts as a compass, indicating the direction we should take. Even in times of change, we will carry this compass with us as we advance toward a new era of founding.

Progress on the Medium-term Management Plan, Compass Transformation 23–25
— Challenges and progress toward transformation —

The Tokyo Gas Group has been advancing the Medium-term Management Plan aimed at achieving three objectives:

(1) achieving both stable energy supply and decarbonization, (2) fully rolling out the solutions business, and (3) realizing a flexible corporate culture resilient to change. This fiscal year marks the final year of the plan. I will take the lead in pursuing our ROE target of 8%, implementing all necessary measures to achieve it.

During this period, we have steadily advanced the evolution of our business portfolio by leveraging our strengths not only within the traditional gas and power value chains but also through initiatives such as enhancing LNG trading capabilities and monetizing our North American shale business. In particular, in the solutions business, we launched the IGNITURE brand, establishing a foundation for new solutions that integrate digital technologies and AI while building on the strengths of our traditional, community-focused sales structure.

I have a strong interest in the rapid societal implementation of technologies such as AI. While I see promising results in our digital initiatives, I also recognize the challenges posed by the speed of change. In today’s business environment, there are no competitors who slow down like in the story of *the tortoise and the hare*—the leading “hare” continues to accelerate. In such an era, we face the urgent need to maintain our own sense of speed, or risk being left behind.

In my own daily work, I frequently use AI for tasks such as brainstorming discussions and summarizing materials. However, I see AI not merely as a tool for improving operational efficiency but also as a starting point for redesigning organizational structures and business models. We hold discussions on digital technology almost every week and AI in the Management Committee, and we actively incorporate advanced examples, such as Octopus Energy in the United Kingdom, which has expanded its market share as a “digital attacker” in the power sector.

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By adopting perspectives and cultural approaches that we have not previously embraced, we aim to further accelerate the pace of transformation.

Direction of the next Medium-term Management Plan
— “Expand” and “Connect” —

In the next Medium-term Management Plan, starting in FY2026, the Tokyo Gas Group will aim to accelerate business growth by further expanding and connecting its three core strengths: a solid customer base, energy assets, and operational capabilities.

From the perspective of “expanding,” we will extend our business areas, which have been primarily focused on the Tokyo metropolitan region, to cover the entire country and eventually overseas. The range of services we provide will also broaden beyond gas to include electricity, renewable energy, and other diverse offerings. Supporting this expansion are the brand strength and trust we have built over many years, grounded in safety, security, and reliability, as well as our community-based sales structure. By integrating digital technologies and AI, we will establish a new service delivery framework that has no precedent in our company's history.

From the perspective of “connecting,” we believe that, in addition to the existing value chain, new value can be created by linking our energy assets and operational capabilities with networks of customers. For example, in LNG trading, we aim to generate new global business opportunities by connecting the relationships we have built in the Asia-Pacific region through our investee companies with midstream and downstream operations being developed in North America through shale gas investments.

In the next Medium-term Management Plan, we are placing particular emphasis on strengthening the solutions business. Under the IGNITURE brand, we provide services tailored to the diverse needs of each customer, centered on three core values: decarbonization, optimization, and resilience. These offerings include support for renewable energy adoption, advanced energy management, and business continuity planning (BCP) to prepare for disasters, providing solutions that address both social challenges and customer-specific needs.

We also see digital technologies and AI playing a central role in these initiatives. By combining cutting-edge technology with our on-the-ground expertise, we can go beyond simply implementing equipment to optimizing operations and driving continuous improvement. This is a distinctive strength of the Tokyo Gas Group and will serve as the core of our growth strategy in the next Medium-term Management Plan.

Human capital management
— Individual expertise and diversity create a strong and resilient organization —

In realizing the Tokyo Gas Group's management philosophy and advancing our medium- to long-term strategy, our most important asset is our people. In the next Medium-term Management Plan, human capital management remains a major pillar, with the core principles of “growing by taking on challenges” and “turning diversity into a strength.” Even amid changing business environments, the full potential of each employee is essential as the source of sustainable value creation.

Employees of the Tokyo Gas Group are characterized by their sincerity, integrity, and customer-focused mindset.



For example, in times of natural disasters, they voluntarily establish support systems and respond to customers with careful, thorough explanations—an invaluable asset for the company. In addition, we consider it a strength that many of our employees possess a generalist mindset, enabling them to approach issues from a company-wide and long-term perspective.

Building on these strengths, we are promoting the “visualization of expertise,” helping employees clarify and enhance their own skills. We are also strengthening support for self-development and placing people in roles that best suit their abilities, focusing on creating an environment where employees can feel their own growth. These initiatives are closely linked with our efforts to advance diversity, equity and inclusion (DE&I). By enabling diverse perspectives and capabilities to connect and flourish organically within the organization, we can respond flexibly to changing environments. We are committed to building such an organization.

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Establishing trust through dialogue with employees is also essential. We place great value on opportunities to hear candid feedback from the field, such as through “Coffee Chats,” held as more informal town hall meetings, and through comment submissions in the monthly “President’s Newsletter.” These channels bring forward frank opinions, including questions like whether the implementation of digital technologies and AI truly works on the ground, or whether diversity initiatives, despite being emphasized, are really taking effect.

In engaging with these diverse perspectives, I always keep in mind the teaching of the “three mirrors” from the Chinese classic *Zhenguan Zhengyao*. The “bronze mirror” encourages reflection on whether I create an environment where people feel comfortable speaking freely. The “mirror of history” prompts me to review current decisions in light of lessons from the past. The “three mirrors” asks me to consider how sincerely I receive feedback, even when it is difficult to hear. The “three mirrors” teach the importance of self-reflection as a leader.

Even in the Management Committee, I encourage participants to voice opposing opinions and actively seek input from diverse perspectives. At times, this

means making decisions to move initiatives forward despite significant dissent. In such cases, I strive to make responsible management decisions by considering multiple factors—such as profitability, risk, and efficiency—while keeping as the central criterion whether the decision will contribute to the company’s medium- to long-term growth.

Toward an enhancement in corporate value
— Capital policy aligned with growth, shareholder returns, and efficiency —

To further advance the evolution of both “business” and “people” discussed earlier, strategic thinking is also required in the third pillar: capital policy.

Tokyo Gas has been expanding its business across a wide range of fields, including traditional energy supply such as gas and electricity, as well as renewable energy, trading, and solutions, to realize its vision toward 2030. In this process, we temporarily achieved better-than-expected performance in FY2022 and FY2023, while steadily increasing our equity. Building on this capital accumulation, the Board of Directors has proactively treated improving capital efficiency as a key management issue and engaged in active discussions on concrete actions. From an investment perspective, it is important both to expand future growth investments and to improve capital efficiency in order to enhance corporate value.

Based on this recognition, at the start of FY2024, we introduced the PBR tree as a management indicator. This allows the entire company to share awareness of enhancing corporate value, visualize its structure, and break down improvement measures into concrete initiatives for each

division. Furthermore, in January 2025, we announced our policy to achieve an ROE of 8% for FY2025, and in March 2025, we released the framework of our medium- to long-term strategy aimed at achieving an ROE of at least 10% around 2030. In preparing the next Medium-term Management Plan, we are once again emphasizing dialogue with all stakeholders. Moving forward, we will continue to strategically allocate all management resources, balancing the three axes of “growth,” “returns,” and “efficiency,” to maximize corporate value.

Toward medium- to long-term value creation

The Tokyo Gas Group has, over many years, built its business on the trust of our stakeholders while continuously meeting the significant social demand of balancing stable energy supply with decarbonization. Through this journey, we are now steadily advancing toward a new stage of growth by integrating digital and real-world operations, delivering value through solutions, evolving our people and organization, and enhancing capital management.

FY2025 marks the final year of the current Medium-term Management Plan, making it a critical year in which we are fully committed to achieving our targets. Looking beyond, we also aim to present a clear vision of future growth in the next Medium-term Management Plan.

We will continue to pursue management that clearly shows how our initiatives tackle social challenges and create forward-looking business models, thereby supporting the company’s medium- to long-term growth. We sincerely appreciate the continued support of all our stakeholders.

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