

# Compass 2030 & Compass Transformation 23–25

In November 2019, the Tokyo Gas Group announced its management vision, Compass 2030. 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 while becoming a leader in 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<sub>2</sub>”

#### Top leader at the forefront of the transition

- Thoroughly use natural gas + develop practical CCUS\*1
- Strengthen gas-fired thermal power as a balancer for renewable energy

#### Create a value chain for e-methane

- Form an alliance to achieve the low-cost, practical deployment of hydrogen and e-methane

#### Create a renewable energy value chain leveraging our Group’s unique strengths

- Establish a revenue model that covers areas from power source development and O&M\*2 to renewable energy sales

### Establish a value co-creation ecosystem

#### Energy industry’s digital marketing front-runner

- Nationwide operation as a digital marketer (TG Octopus Energy Co., Ltd.)

#### Evolve into the No. 1 player in customer satisfaction through value co-creation at the last mile\*3

- Launch services in the 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 and 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 and operating companies
- Major realignment of management structure on a Group-wide level
- Establish a business model that links our market volatility responsiveness to the stabilization of earnings

#### Human resources system that encourages the 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

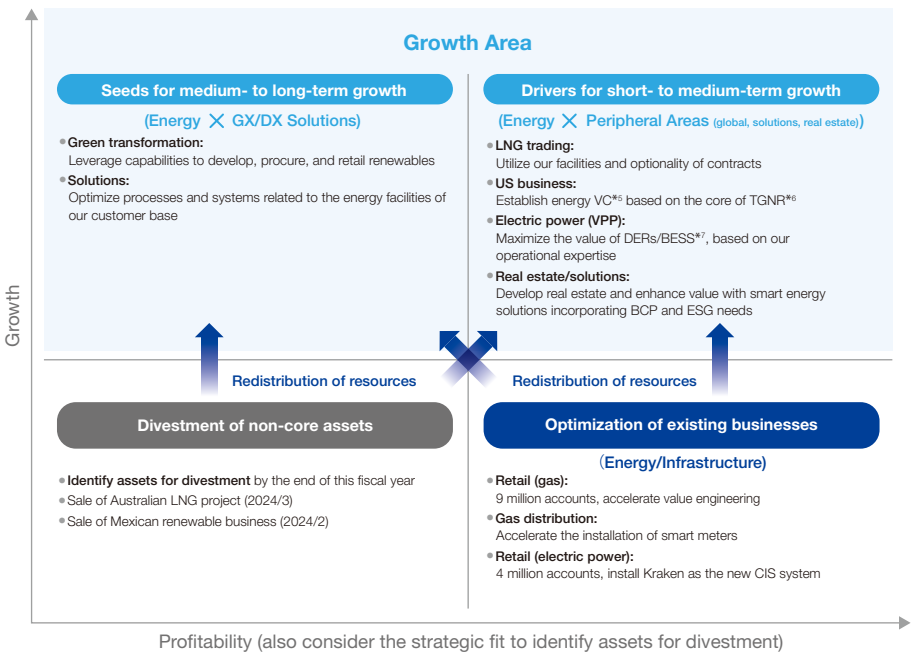
- Step up investment in growth areas by selling/replacing assets and boldly revamping the cost structure

\*1 CO<sub>2</sub> recovery/use/storage \*2 Operation & maintenance \*3 Technical work performed at customers’ residences

## Compass Transformation 23–25

In our Medium-term Management Plan Compass Transformation 23–25, the Tokyo Gas Group has positioned the period from 2023 to 2025 as a time to transform our business model into one that contributes to a sustainable society and provides value to customers through solutions and businesses that go beyond our traditional focus on energy. During this period, the Group is driving a full-fledged shift toward portfolio management-based business operations. While balancing growth investment with greater efficiency, we are steadily making strategic investments across multiple domains with differing profit contribution timelines, such as GX, solutions, LNG trading, power, overseas operations, and real estate. In addition, to generate the management resources required for growth investment, we are reviewing our assets and businesses from the perspective of profitability and capital efficiency. Through these initiatives, we aim to achieve an ROE of 8% in FY2025.

### Business portfolio management for growth\*4



\*4 Reposted from materials published on January 31, 2025 \*5 Value chain  
\*6 TG Natural Resources \*7 Distributed Energy Resources / Battery Energy Storage System

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# Carbon Neutrality Roadmap 2050

As a concrete pathway toward achieving net-zero CO<sub>2</sub> by 2050, set out in the Group’s management vision Compass 2030, the Tokyo Gas Group formulated the Carbon Neutrality Roadmap 2050 in March 2024. Beyond 2030, the Group will continue to pursue a responsible transition that balances a stable energy supply with decarbonization and will drive a seamless transition to a carbon-neutral society through three approaches.

## Three approaches to realizing a carbon-neutral society

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

For gas, we are introducing e-methane, and for electricity, we are expanding renewable energy. While ensuring a stable supply, we promote the decarbonization of the gas and electricity supplied to customers.

### The perspective of demand/supply sides: Partner with customers

We are expanding the adoption of distributed resources such as solar power, storage batteries, and Ene-Farm, and by combining these with our own assets, we aim to optimize energy use together with our customers.

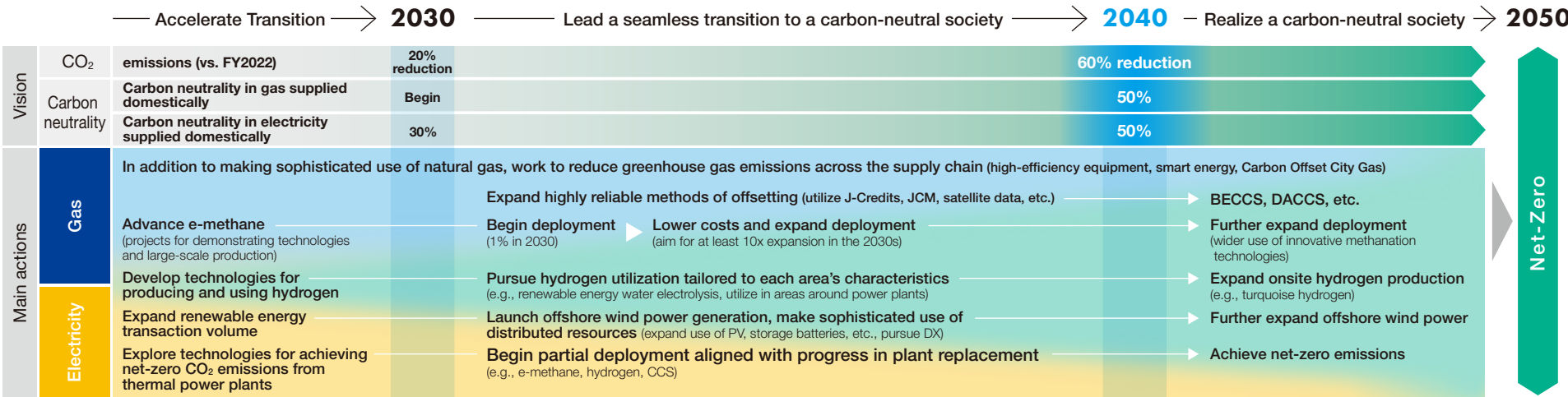
### The perspective of real-world innovation deployment: Optimize social benefits

At present, it is not clear which technologies, such as e-methane, hydrogen, or CCS, will be adopted and expanded. While maintaining multiple options, we will flexibly deploy innovations in society based on the S+3E framework, Japan’s core energy policy, which aims to simultaneously achieve stable supply, economic efficiency, and environmental suitability, all under the overarching premise of ensuring safety and adapting to changing circumstances.

## The concrete path to achieving net-zero CO<sub>2</sub>

For gas, we will advance the high-efficiency use of natural gas and reduce greenhouse gas emissions across the entire supply chain. From 2030, we will begin introducing e-methane, working to reduce costs and expand adoption, while also mobilizing all available measures, including the expansion of biogas, hydrogen, and highly reliable methods of offsetting.

For electricity, in addition to expanding renewable energy such as solar and offshore wind, we will advance the decarbonization of thermal power plants—which play a role in balancing renewable energy—by transitioning them to zero-emission facilities in line with replacements and upgrades. For hydrogen, which serves as both a feedstock for e-methane and as fuel for zero-emission thermal power plants, we will advance the development of production and utilization technologies aimed at cost reduction, while also promoting utilization tailored to regional characteristics. Through these initiatives, we aim to reduce greenhouse gas emissions across the entire supply chain, including upstream activities, by 60% by 2040 compared with FY2022 levels, achieve a 50% carbon neutrality rate for both gas and electricity, and further increase this ratio thereafter, with the ultimate goal of realizing CO<sub>2</sub> net zero by 2050.



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Sources of Corporate Value Enhancement

Vision for Enhancing Corporate Value

CFO's Message: Financial Capital Strategy

Business Strategy (Improving ROA)

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# Growth Story For the Next Medium-term Management Plan

Building on the Compass 2030 Vision, and as we enter the final year of the current Medium-term Management Plan, which marks an important milestone, we announced on March 26, 2025, a growth story toward 2030 that will serve as the basis for growth investments in the next Medium-term Management Plan.

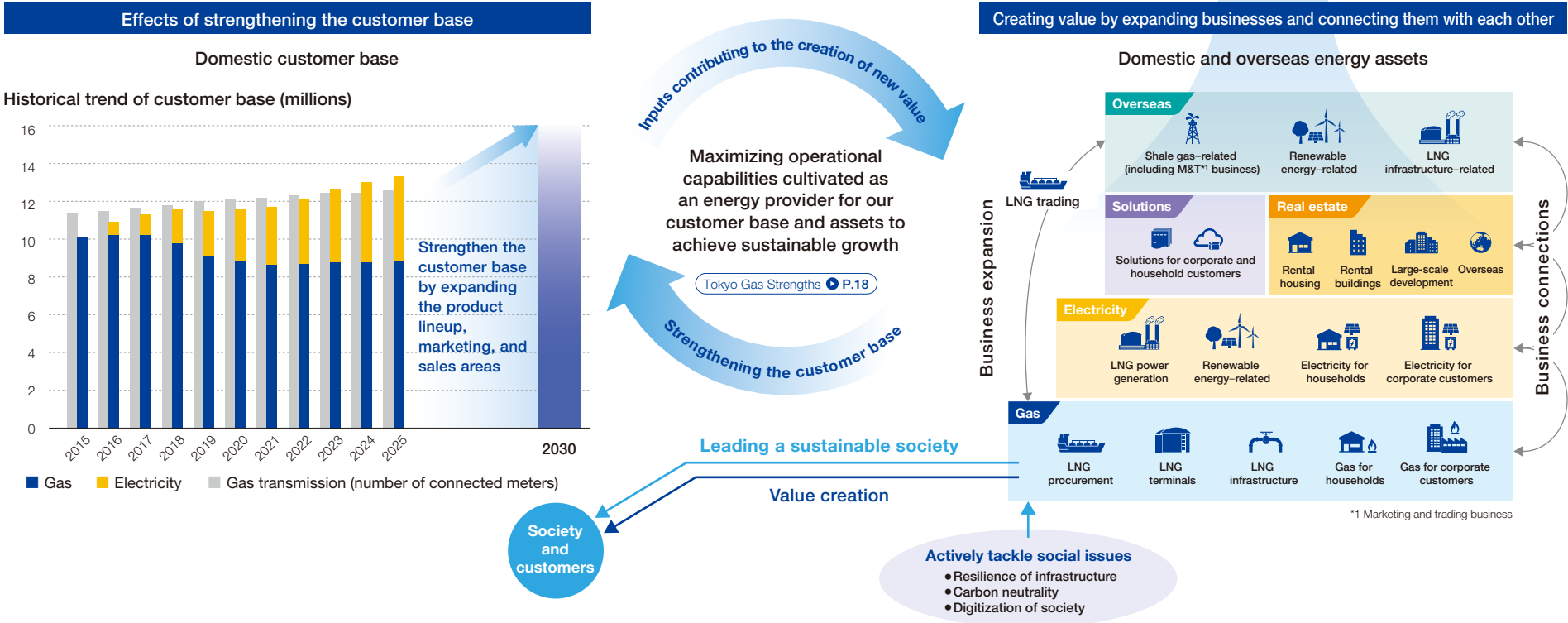
## Growth Story For the Next Medium-term Management Plan

The Group’s first strength is its strong domestic customer base. Centered on the Tokyo metropolitan area, one of the world’s largest markets, we have continued to increase customer accounts even after the full liberalization of the electricity and gas retail markets. Going forward, we will further strengthen this customer base—our core strength—by expanding our products, sales methods, and service areas.

Another key strength is our domestic and overseas energy assets, built primarily through the gas business. Leveraging our gas infrastructure and customer base, we have expanded our business

domains to electricity, solutions, urban business, and overseas operations, creating synergies across businesses. Our future strategies are a continuation of this approach.

To enhance corporate value, our top priority is to transform the business portfolio and improve the profitability and asset value of each business by concentrating management resources in areas where we can fully leverage our strengths and operational capabilities developed as an energy provider. Building on this foundation, we will pursue disciplined growth investments, expand into adjacent business domains, and connect our businesses to achieve sustainable growth. In addition, we will proactively address social challenges such as strengthening existing infrastructure, achieving carbon neutrality, and advancing digitalization, thereby taking a leading role in creating a sustainable society.



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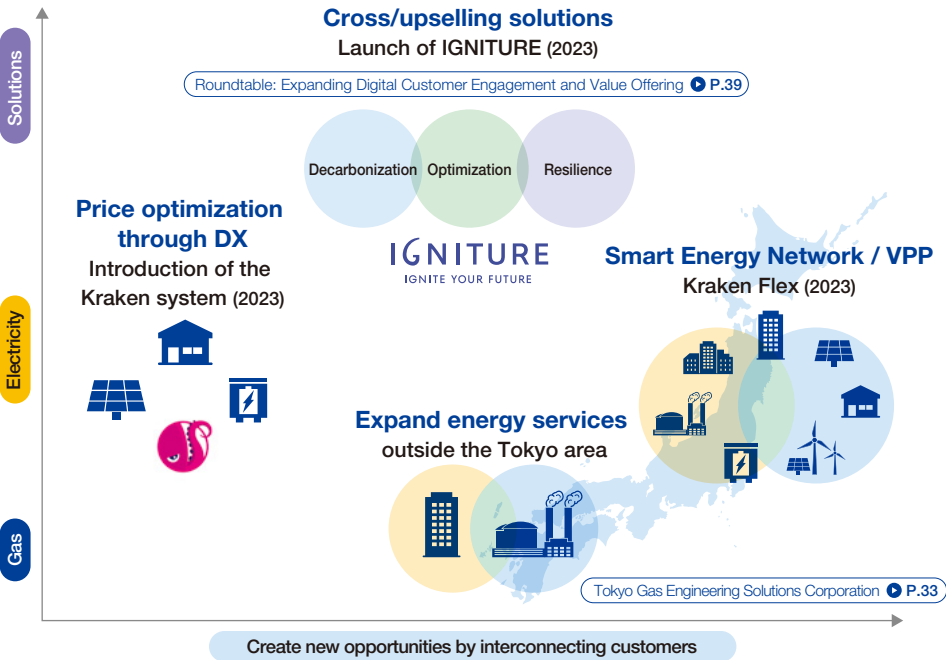
Growth Story For the Next Medium-term Management Plan

Business Growth Story (Energy Solutions)

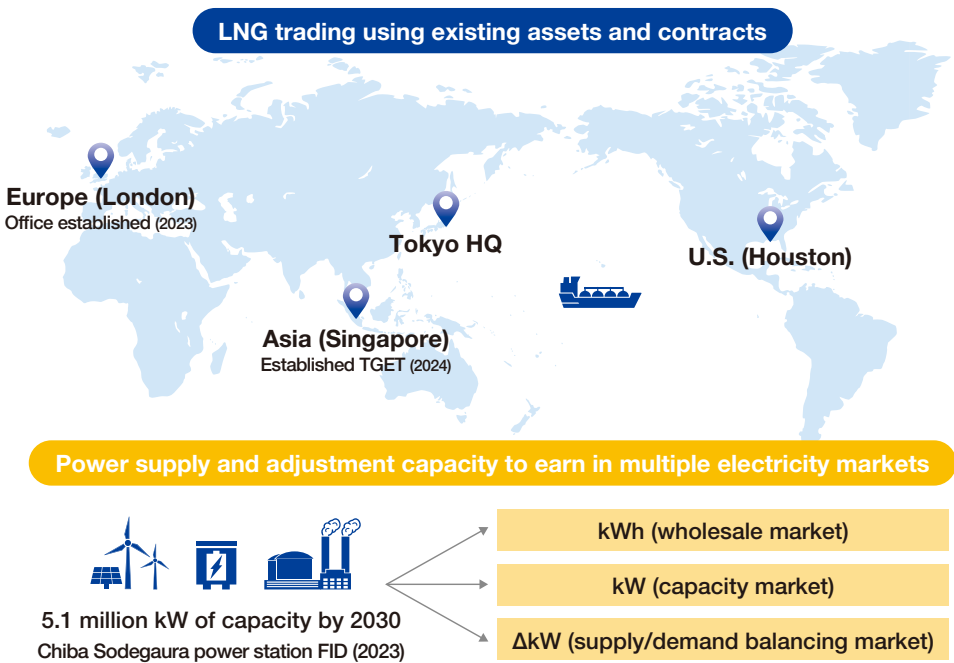
Strengthening the Energy Solutions segment and creating new sources of revenue

In the Energy Solutions business, we aim to increase profitability per customer through the provision of optimized services and the expansion of service menus, leveraging digital technologies. At the same time, we will strengthen our customer base by broadening our product offerings and service areas. In addition, by utilizing gas and electricity assets, we will generate new revenue through LNG trading and the electricity market.

Increase profit per customer × expand customer base



New revenue leveraging the optionality of our assets



Profit and scale



Profits from Gas/Electricity/Solutions, excluding sliding time lag (Solutions excluding Urban Development).  
\*1 Excludes FY2022 due to increased commodity price volatility

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Growth Story For the Next Medium-term Management Plan

Business Growth Story (Urban Development)

Enhancing Urban Development value through capital recycling

The Urban Development segment originated from landholdings for the gas business. Going forward, by integrating real estate and energy systems in development and operation, we aim to increase the value of owned properties while providing cities and communities with benefits such as environmental performance and resilience. As part of near-term asset divestment, including those planned for FY2025, sales of approximately 100 billion yen are expected by FY2028.

Value enhancement cycle for Urban Development



Profit and scale



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Growth Story For the Next Medium-term Management Plan

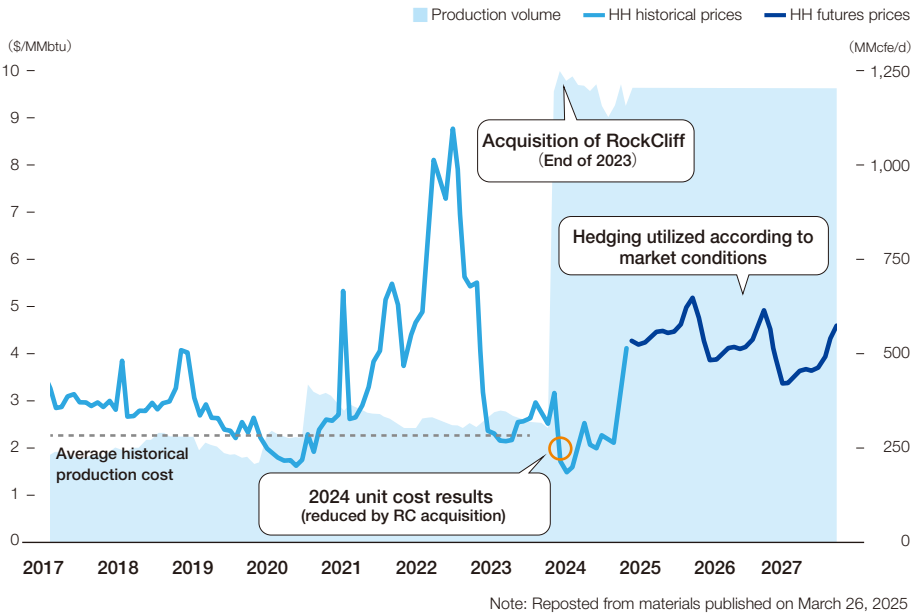
# Business Growth Story (Overseas)

## Business expansion in North America and beyond, centered on the shale gas business

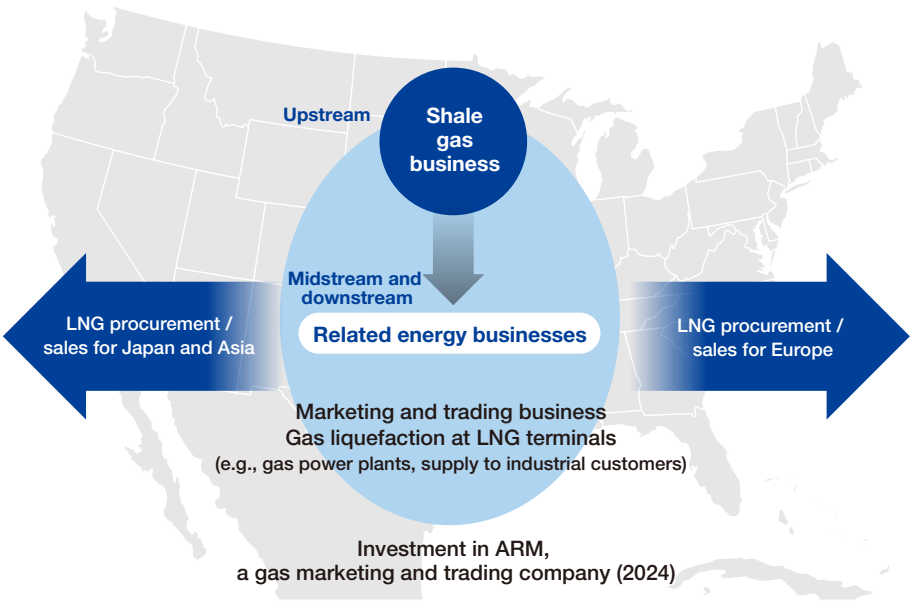
The export volume of U.S. LNG is expected to increase from FY2025 onward, further highlighting the importance of the Haynesville region, where the Group’s shale assets are concentrated. The local management team, experienced in upstream operations, maintains high profitability by operating the fourth-largest production block in the region at low cost. To stabilize earnings, hedging is also employed. Expansion into midstream and downstream businesses within the United States, combined with coordination with LNG procurement and sales for Europe and Asia, will allow the Group to stabilize profits while continuing to grow the business.

### Expanding production in concentrated areas to suppress production costs

#### Henry Hub (HH) prices and the Group’s production trends



### Expand the business centered on the shale business



### Profit and scale (Shale business stand-alone) Assumed Henry Hub price of \$3.2/MMBtu



Building on past shale investment experience, Tokyo Gas acquired a minority stake in TGNR in 2017, accumulated expertise, acquired a majority stake in 2020, and has continued business expansion since.

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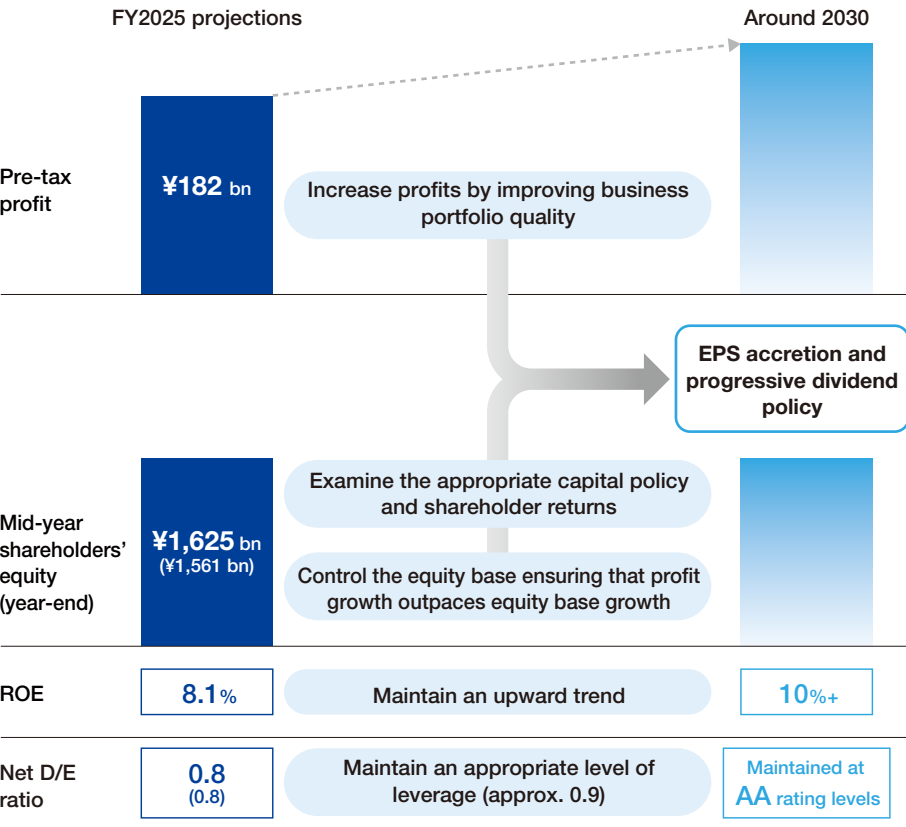


Growth Story For the Next Medium-term Management Plan

Financial Strategy

Capital policy for sustainable corporate value enhancement

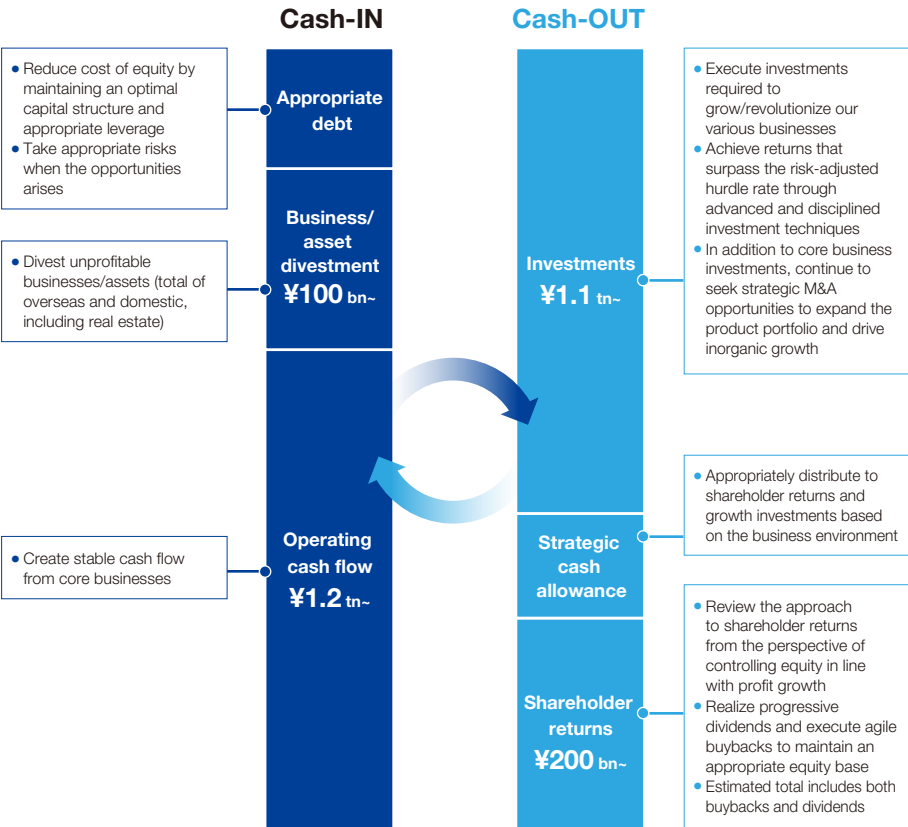
Under our capital policy, we will maintain appropriate leverage while ensuring capital adequacy and financial soundness to support ROE against medium-term business risks. From the perspective of equity control based on profit growth, we will continue to review our future capital policy and shareholder returns. By combining steady profit growth with agile share buybacks, we aim to enhance earnings per share (EPS) and implement progressive dividends.



Note: As of March 26, 2025

FY2026–FY2028 Capital Allocation Plan

On the cash inflow side, we expect to generate more than 1.2 trillion yen in operating cash flow, primarily from stable earnings in our core businesses, and to create more than 100 billion yen through asset divestment as part of improving asset efficiency and capital recycling. On the cash outflow side, we will appropriately utilize debt and, adhering to disciplined investment practices, make approximately 1.1 trillion yen in investments for growth and transformation while executing shareholder returns exceeding 200 billion yen. Strategic funds will be allocated primarily to growth investments, with any surplus funds returned appropriately, taking into account business conditions.



Note: Estimated figures. To be confirmed with the Medium-term Management Plan.

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