TOKYO GAS GROUP

INTEGRATED REPORT 2026

TOKYO GAS GROUP

Key Points of Integrated Report 2026

The Tokyo Gas Group considers this Integrated Report an important communication tool for sharing our medium- to long-term growth story with our stakeholders. This year, we have focused on presenting, in a systematic and concrete manner, the growth strategies for each business outlined in the FY2026–2028 Medium-term Management Plan, announced in October 2025, together with the financial and non-financial initiatives that support their execution, as an integrated story of how we will enhance corporate value. Through this report, we hope to help investors better understand what sets us apart and why we are well positioned for growth throughout the Medium-term Management Plan period and beyond toward 2030.

POINT-1 A structure centered on our strengths and business model

This report begins by providing an overview of our businesses and highlighting our long-term strengths and business model before exploring each business, the FY2026–2028 Medium-term Management Plan, and our recent initiatives. It explains the distinctive strengths of the Tokyo Gas Group's business model and how, in light of the current business environment, we will leverage those strengths to expand our products and services and broaden our market presence. By presenting the strategies and initiatives of each business together with the financial strategy that underpins them, we aim to help readers understand why we are pursuing these initiatives now and why we are well positioned to achieve the goals of the Medium-term Management Plan.

Recommended pages

Value Creation Story P.06 CEO's Message P.10 Overview of the FY2026–2028 Medium-term Management Plan Initiatives P.15
Business Models by Business Segment P.07 Business Strategy P.19

POINT-2 Deepening financial and non-financial connectivity

In this report, we emphasize how our business strategy, financial strategy, and non-financial initiatives work together to create value for customers and drive sustainable corporate value enhancement. In the non-financial domain, we have selected key non-financial KPIs based on how they contribute to short-, medium-, and long-term financial performance and corporate value enhancement, and explain their targets, significance, and related initiatives. We also discuss the importance of human capital and DX in both the CEO's Message and the CFO's Message. We invite you to explore our integrated approach to value creation, which brings together our financial and non-financial initiatives.

Recommended pages

CEO's Message P.10 Actions to Achieve Sustainable Growth P.31
CFO's Message P.26 Corporate Governance P.46

Investor Relations Website

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

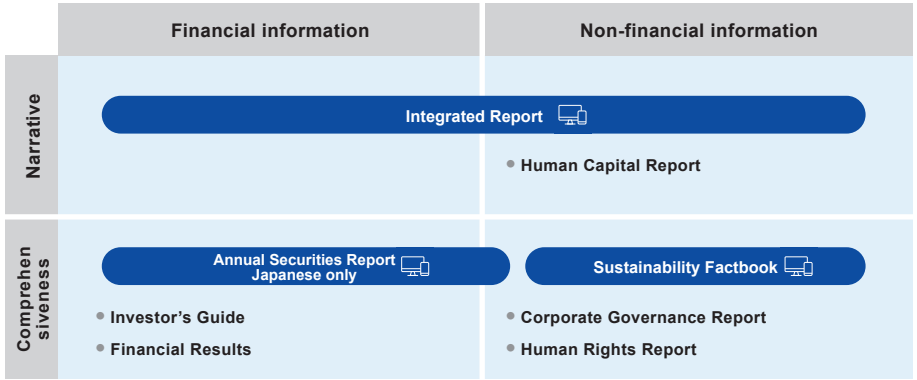
Investor's Guide (Financial Data)	https://www.tokyo-gas.co.jp/en/IR/library/invguid_j.html
Earnings Announcement Materials	https://www.tokyo-gas.co.jp/en/IR/library/document_j.html
Financial Results	https://www.tokyo-gas.co.jp/en/IR/library/earn_j.html
Securities Report and Semiannual Report	https://www.tokyo-gas.co.jp/IR/library/yuho_j.html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

Sustainability Website

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

Reference Map

Information disclosure framework



Contents

Introduction

Key Points of Integrated Report 2026 02
Contents 03
Group Management Philosophy and Materiality 04
At a Glance 05
Value Creation Story 06
Business Model
- Overview of the Business Value Chain 07
- Business Portfolio Management and Earnings Growth Strategy 08
- Business-specific Strengths and Earnings Models 09

CEO's Message 10

Growth Strategy (FY2026–2028 Medium-term Management Plan)

Overview of the FY2026–2028 Medium-term Management Plan 15
Business Environment and Market Trends 16
The Tokyo Gas Group's Strengths 17
ROIC Management and Business Portfolio Management 18
Business Strategy
- Energy Business (Gas) 19
- Energy Business (Electricity) 20
- Solutions Business (Residential business) 21
- Solutions Business (C&I business) 22
- Overseas Business 23
- Urban Development Business 24

Financial Strategy 25

CFO's Message 26

Initiatives for Sustainable Growth

Initiatives for Sustainable Growth
- Responsible Transition toward a Carbon-neutral Society 31
- Disclosure Based on the TCFD Recommendations 36
- Practicing Human Capital Management 39
- Promoting Business Transformation through DX 42

Foundations Supporting Sustainable Growth
- Conservation of Biodiversity 44
- Respecting Human Rights across the Supply Chain 45

Corporate Governance

Roundtable Discussion with Outside Directors 46
Policy and Structure 50
List of Executives 52
Board of Directors 55
Board Committees (Nominating Committee, Compensation Committee, and Audit Committee) 58
Internal Control 62
Engagement with Shareholders and Investors 65

Data

Business Overview and Business Areas 66
Relationship between Reporting Segments, Business Domains, and Internal Companies 67
10-Year Consolidated Financial Highlights 68
Key Non-financial Data 70
Impact of the Time Lag in the Gas Rate Adjustment System on Earnings 71
Key Evaluations from External Organizations 72

Editorial Policy

Organizations covered

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

Period covered

Fiscal Year 2025
(From April 1, 2026 to March 31, 2026; 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.

Group Management Philosophy and Materiality

We, 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. In 2025, to further embody our management philosophy, we evolved our Materiality. Going forward, we will constantly strive to build the future of people's lives, communities, and the world.

Group Management Philosophy

Purpose

Standing by every person and dedicating ourselves to the 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

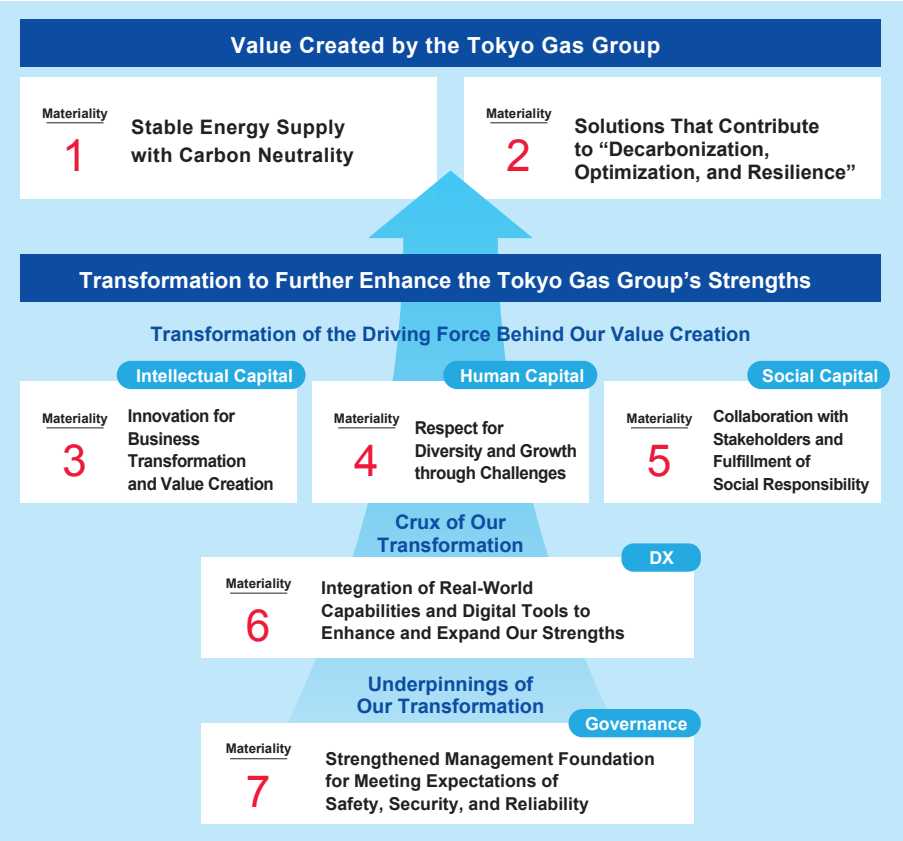
We respect one another and value every possibility.

Sincerity

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

Materiality

Definition of Our Materiality: Tokyo Gas Group initiatives (management issues) that embody our management philosophy and are needed to solve social issues



For more information on the materiality topics, please refer to the Factbook.

Sustainability Factbook (The FY2026 edition is scheduled to be published in October 2026.)
https://www.tokyo-gas.co.jp/sustainability/download/index.html?wovn=en

At a Glance

The Tokyo Gas Group Today

"We must never let the energy flow stop."
"We must make a carbon neutral society a reality."
These are our responsibilities as an energy provider — standing by our customers and dedicating ourselves to society.
The Tokyo Gas Group will achieve these dual imperatives in tandem. We will transform ourselves and grow sustainably to deliver solutions for decarbonization, optimization, and resilience, while honoring the legacy of "safety, security, and reliability" we have built since our founding.

Segment profit (Operating profit + equity method profit/loss)

FY2025	FY2026 forecast	FY2028 target
201.1 bn yen [*1]	195.0 bn yen [*1]	210.0 bn yen [*2]

ROE

FY2025	FY2026 forecast	FY2028 target
13.2 % [*1]	8.0 % [*1]	9.0 % [*2]

Number of city gas retail customers

8.861 mn [*3]

Japan No. 1*4

Number of electricity retail customers

4.337 mn [*5]

Share of domestic electricity sales by new power providers No. 1*6

Employees

16,001 people [*7]

CO_2 emissions reduction contribution

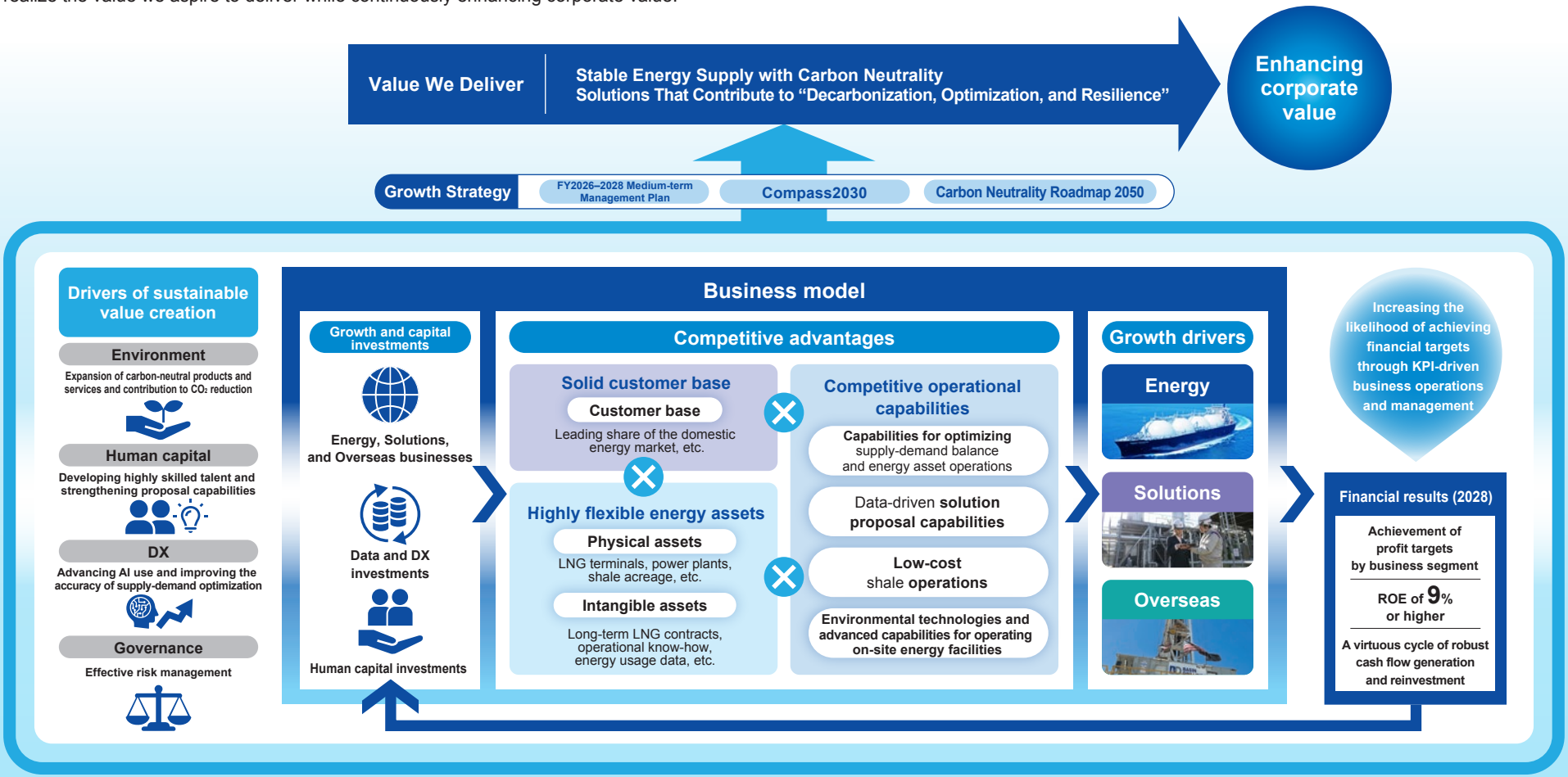
12.19 mn t [*1]

Contributing to overall CO_2 reductions from society P.33

*1 Figures as of March 31, 2026
*2 Figures as of the announcement on October 29, 2025
*3 Number of billed customers for city gas retail sales; figures as of March 31, 2026.
*4 Based on annual demand in the GAS BUSINESS HANDBOOK (JGA, 2025)
*5 Number of billed customers for electric power retail sales; figures as of March 31, 2026.
*6 Based on actual electricity demand according to the Electric Power Survey Statistics prepared by the Agency for Natural Resources and Energy; figures as of March 31, 2026.
*7 Number of employees refers to full-time employees, including accepted seconded employees, but excluding seconded employees and temporary employees; figures as of March 31, 2026.

Value Creation Story

The Tokyo Gas Group's business model creates a virtuous cycle in which the competitive advantages generated by the combination of our core strengths—our customer base, energy assets, and operational capabilities—deliver financial results, including profits and cash flow. These results are then reinvested in our Energy, Solutions, and Overseas businesses, as well as in intangible assets such as DX and human capital, to drive further growth. Non-financial initiatives are also essential to sustaining this virtuous cycle. Through these integrated efforts, we will realize the value we aspire to deliver while continuously enhancing corporate value.

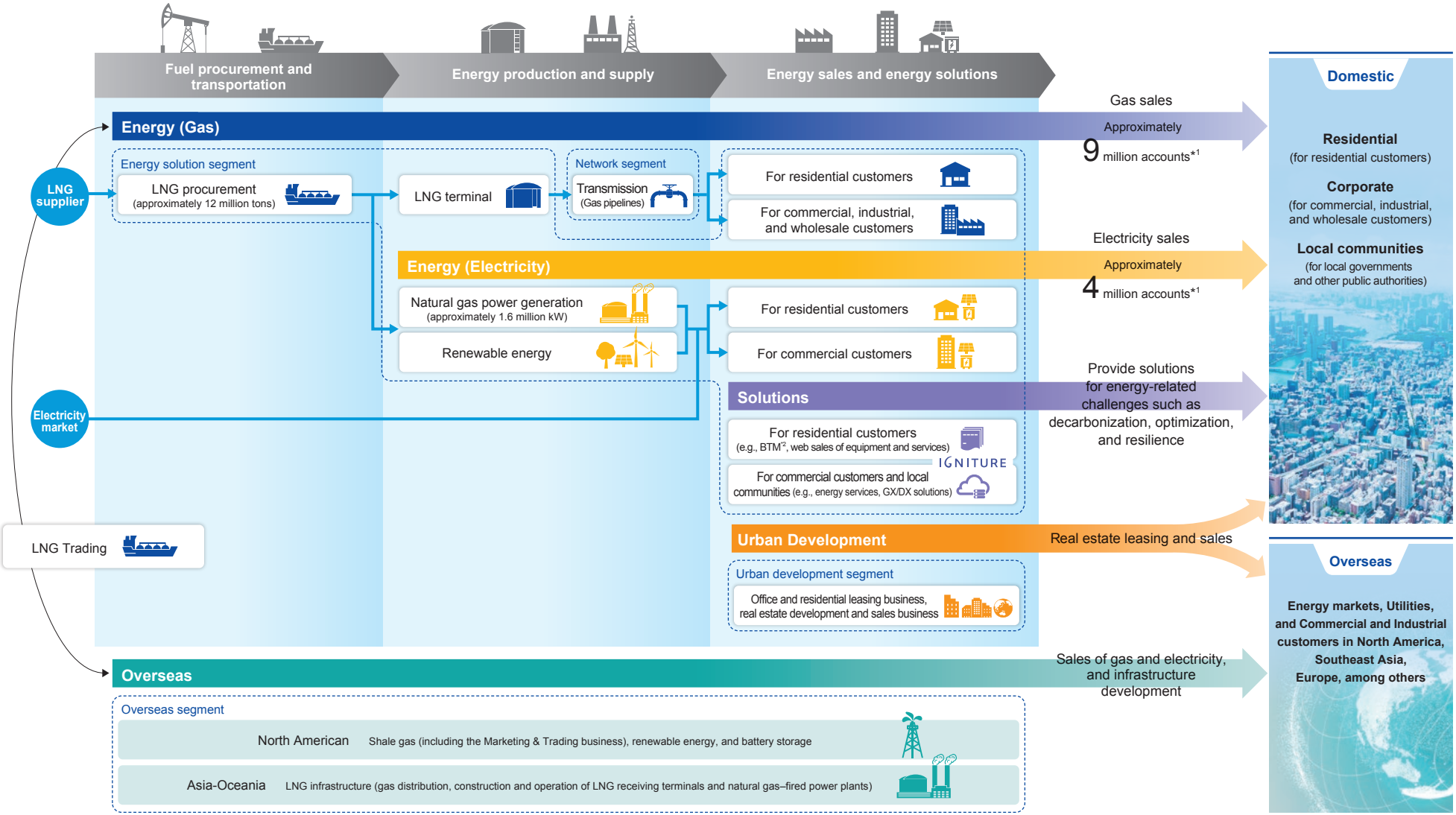


Management Philosophy Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future.

Business Model

Overview of the Business Value Chain

Each business creates value by leveraging not only tangible assets such as LNG terminals, pipelines, and power plants but also intangible strengths, including its customer base, operational capabilities, and ability to propose solutions. By deploying these strengths across businesses, the Group expands earnings opportunities.



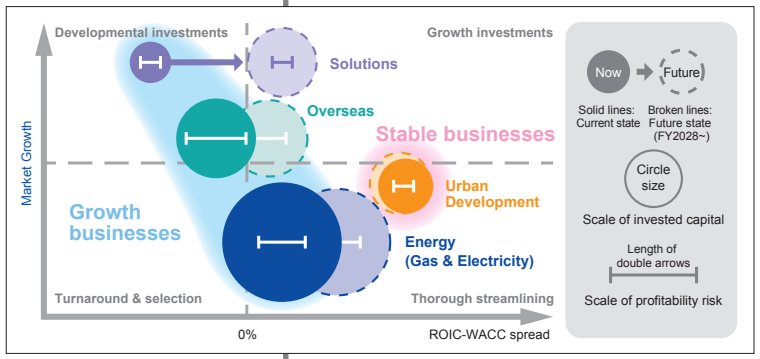
*1 Number of customer accounts billed for gas and electricity retail services *2 Behind-the-meter (BTM): Business that utilizes facilities (e.g., solar, storage batteries) installed on the customer's side of the electricity meter

Business Portfolio Management and Earnings Growth Strategy

- By managing our business portfolio and executing our financial strategy, we aim to achieve an ROE of 9% in FY2028.
- Through business portfolio management, we will identify market trends and growth opportunities and leverage our strengths to implement strategies that strengthen earnings power across our Energy, Solutions, and Overseas businesses.
- In the Energy business, we will increase profit through cost reductions and increased electricity sales.
- In the Solutions and Overseas businesses, we will drive growth by expanding into new markets and broadening our offerings and capabilities along the value chain, building on our existing businesses.

FY 2028	ROE 9%
	Segment profit ¥210 billion
Around FY 2030	ROE of 10% or higher

Maximize ROIC through business portfolio management



Financial Strategy

- Allocate cash to maximize corporate value
- Improve capital efficiency through equity control

Financial Strategy P.25

Expand earnings through our three growth businesses

Drive further profit growth through cost control and expansion of the electricity business

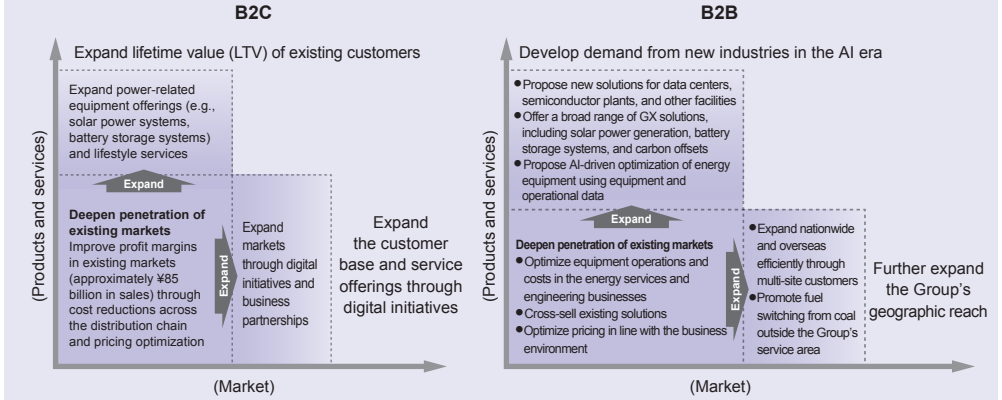
Expand markets, products, and capabilities, centered on deepening penetration of existing markets

Energy

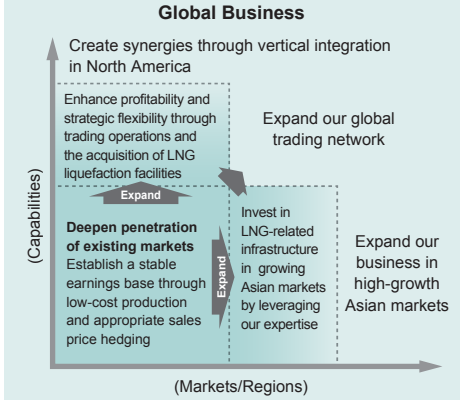
(Unit price ↑ − Variable costs ↓) × Volume ↑ − Fixed costs ↓

Gas	**Unit price: Increase ↑** Maintain a level that enables appropriate cost recovery **Volume: Increase ↑** Capture demand from data centers and fuel switching
Electricity	**Variable costs: Decrease ↓** Reduce market procurement risk through supply-demand balancing and in-house power generation **Volume: Increase ↑** Increase the number of customer accounts
Common	**Fixed costs: Decrease ↓** Leverage IT and simplify the enterprise architecture

Solutions



Overseas



Business-specific Strengths and Earnings Models

Each business creates value by leveraging strengths that are unique to it or shared across the Group. As the value we provide is recognized by customers and society, each business maximizes the value it captures through its earnings model, ultimately enhancing shareholder value and corporate value.

	Strengths					Sources of value creation and earnings	Earnings model
	Tangible assets	Intangible assets					
Gas (City gas) LNG procurement → Gas production → Transmission → Sales (Retail/Wholesale)	Energy assets (fleet, terminals, power plants)	• Strong local customer channels	Energy assets (flexible long-term LNG contracts)	Customer base	Operational capabilities	• Lower fixed costs through economies of scale supported by one of Japan's largest customer bases • Generate stable cash flows from a customer base located in one of the world's largest energy demand centers • Highly reliable energy supply supported by pipelines, LNG terminals, and a robust safety management system • Strong customer relationships through local customer channels	• LNG procurement cost fluctuations (commodities and foreign exchange) are, in principle, reflected in tariffs • Retail and wholesale prices can be set flexibly in line with market conditions • Pipeline operations are regulated, and wheeling charges are subject to regulatory approval
Gas (LNG Trading)		• LNG trading network				• Leverage one of the world's largest LNG trading portfolios, energy assets, and strong operational capabilities to optimize supply-demand balancing while flexibly adjusting asset utilization and trading volumes in response to market conditions • Leverage our global network built through LNG trading to capture supply-demand imbalances across regions and time, creating optimal trading opportunities	• Lock in earnings and reduce earnings volatility through financial hedging
Electricity LNG procurement → In-house power generation + external procurement (market and bilateral) → Sales (Retail/Wholesale)		• Strong local customer channels				• Reduce fixed and variable costs through synergies with the gas business by leveraging flexible long-term LNG contracts and in-house power plants adjacent to LNG terminals • Efficient customer acquisition through our gas business channels • Offer a diverse range of plans and expand nationwide through digital marketing in collaboration with U.K.-based Octopus Energy	• LNG procurement cost fluctuations (commodities and foreign exchange) can be reflected to a certain extent in retail tariffs through the fuel cost adjustment mechanism based on the fuel mix of Japan's former general electricity utilities • Retail and wholesale prices can be set flexibly in line with market conditions • Disciplined capital investment with a focus on asset efficiency
Solutions (Residential) • Equipment procurement → Sales (via web and customer channels) • Orders (via web and customer channels) → Service delivery		• Strong local customer channels • Installation capabilities				• Ability to provide one-stop energy-related services, including equipment sales, plumbing services, solar power systems, and battery storage systems • Low-cost, highly targeted marketing leveraging customer data (myTOKYOGAS) • Expanded service offerings through online sales in addition to local customer channels	• Ongoing revenue opportunities throughout the customer life cycle through a combination of equipment sales, installation, and maintenance services • Earnings structure that is not affected by commodity price fluctuations, unlike the gas and electricity businesses
Solutions (Business) • Equipment solutions and engineering services (installation, operation & maintenance, and energy services) • Gas sales → Heat and power supply through gas turbines		• Proposal capabilities • Engineering capabilities				• One-stop engineering capabilities spanning installation, operation and maintenance, and heat and power services • One-stop solution proposals addressing facility managers' needs, including resilience, decarbonization, and operational optimization • Address grid power constraints for data center developments through on-site power generation • Meet fuel-switching demand nationwide, without geographic limitations	• BOO/BOT models tailored to customer needs • Ongoing revenue from service fees
Overseas (North America) • Shale gas development and production → Market sales and hedging • Midstream and downstream power development and generation → Market sales, PPAs, and hedging	Energy assets (acreage)	• Operators with deep knowledge of local markets and businesses				**Upstream (Shale)** • Experienced management and operational capabilities, highly productive wells concentrated in adjacent areas that enable shared infrastructure, and economies of scale supported by the fourth-largest production volume in the Haynesville region combine to deliver competitive operating costs **Midstream and downstream** • Leverage experience gained in Japan in LNG-fired power generation, power trading, and battery storage • Create synergies by building an integrated value chain spanning upstream to midstream and downstream operations across North America	**Upstream (Shale)** • Sales into the U.S. domestic market • Mitigate exposure to fluctuations in the U.S. natural gas benchmark (Henry Hub) through financial hedging **Midstream and downstream** • Sales into the U.S. power market • Trading to capitalize on fluctuations in gas market prices • Mitigate exposure to sales price fluctuations through direct sales to end users and financial hedging
Overseas (Asia-Oceania) • Engineering services • Business investment		• LNG-related engineering capabilities				• Leverage extensive expertise gained in Japan in the construction and operation of LNG terminals to support the development of LNG import infrastructure in Southeast Asia • Proven track record in the construction and operation of LNG terminals and power plants in Japan	• Generate equity earnings through investments and participation in the operation of LNG-related facilities in collaboration with local partners • Generate engineering service and consulting fees
Urban Development • Value-added development of existing properties → Rental and property sales income	• Prime real estate assets	• Energy supply expertise				• Develop and operate rental properties using prime real estate assets made available through efficiency improvements in our gas operations • Enhance resilience and environmental performance by integrating energy supply into developments from the design stage • Increase property value and profitability by leveraging expertise in energy supply optimization and the Tokyo Gas brand	• Establish a stable monetization model by selling rental properties to our Group-sponsored private REIT • Stable rental income from high-quality properties in the Tokyo metropolitan area • Capital recycling through the sale of value-enhanced assets

Rewarding Trust with Results

Transforming into a company that delivers solid results driven by the FY2026–2028 Medium-term Management Plan

Director, Representative Corporate Executive Officer, President and CEO

笹山晋一

Enhancing our earnings power to create a virtuous cycle of growth

What we are pursuing is more than simply executing a business plan. We are transforming the way the Tokyo Gas Group generates earnings and operates as an organization to become a company that delivers solid results. The FY2026–2028 Medium-term Management Plan is our roadmap for that transformation. As President and CEO, I see these next three years as a critical period for turning our strategic investments into profits and creating the foundation for our next phase of growth.

Under the FY2023–2025 Medium-term Management Plan, the dedication of each and every employee enabled us to remain firmly focused on delivering our targets despite a challenging business environment. By maintaining a relentless focus on performance and results, I believe we have steadily built the foundation for a company that delivers solid results. At the same time, however, achieving our targets once is not enough. What matters most is that we continue to challenge ourselves and responsibly see our commitments through.

In the FY2026–2028 Medium-term Management Plan, we have set a return on equity (ROE) of 9% for FY2028 as a key management target and will fully implement portfolio management based on return on invested capital (ROIC). By clarifying how much capital is allocated to each business and the returns it generates, we will direct our limited management resources to the areas where they can create the greatest value. We will also actively pursue capital recycling by reviewing businesses and assets that no longer create sufficient value, and reallocate capital to growth areas and shareholder returns.

This does not mean holding back on investment. We will continue to make the investments needed to drive growth. At the same time, every investment must deliver results. We are transforming into a company that leaves no room for ambiguity on that point.

While upholding our public mission, ensuring a stable energy supply, and maintaining safety, we will strengthen our earnings power and reinvest the returns in growth investments and solutions to societal challenges. Creating this virtuous cycle is the vision I have embedded into the FY2026–2028 Medium-term Management Plan.

Facing structural change and transforming how we manage our business

What we face today is not simply an extension of the past.

Geopolitical risks, including those in the Middle East, volatility in energy markets, inflation and rising interest rates, labor shortages driven by population decline, and the rapid advancement of AI and digital technologies are not isolated developments. Together, they are structural changes reshaping the very foundations of the energy industry. Energy systems are also evolving from large-scale, centralized models to distributed, two-way networks.

I experienced rapid and drastic market changes firsthand while leading the supply and demand operations division during the COVID-19 pandemic and the Russia-Ukraine conflict. As demand plummeted and then rebounded sharply, balancing electricity and gas supply and demand became the Company's most pressing management challenge. I faced decisions about how best to balance procurement, inventory management, sales, and power generation in response to rapidly changing market conditions. Those experiences continue to shape the way I lead the Company today.

Looking back, we have faced one major disruption after another, from the 2008 global financial crisis and the Great East Japan Earthquake to the pandemic and rising geopolitical risks. Uncertainty is no longer the exception; it has become the very premise on which we must manage our business. That is why I have such a strong sense of urgency. Relying on the approaches that brought us success in the past will no longer be enough to sustain growth. Even the strengths that have long distinguished the Tokyo Gas Group could become obstacles to change unless we learn to leverage them in new ways. Yet our willingness to respond quickly and flexibly to change while putting our management philosophy of becoming "the energy that weaves the future" into practice will be the key to unlocking our next stage of growth.

What we need is not a management approach built around a single scenario, but one that preserves multiple options and allows us to adapt as circumstances change.

This is what I mean by management flexibility. When making decisions involving major investments, we cannot wait until we know with complete certainty that we are making the right choice. That is why it is important to preserve multiple options, leave room to reassess our course along the way, and make decisions when the time is right. I believe what is required of us today is to build a management framework that embraces change and remains flexible enough to adapt as circumstances evolve.

Our winning formula: combining our customer base, energy assets, and operational capabilities

In a rapidly changing competitive landscape, what will enable the Tokyo Gas Group to compete and win? I believe the answer lies not in any one strength, but in the combination of three: our customer base, our energy assets, and our operational capabilities.

Above all, our customer base is our most critical foundation. We have direct touchpoints with a broad range of customers, from households to businesses. Even within the energy industry, few companies have visited customers' homes and business sites, seen firsthand how their facilities are being used, understood their challenges, and recommended necessary solutions.

Our strength lies not only in having opportunities to engage directly with our customers but also in the wealth of data we have accumulated through providing energy and solutions. By putting that data to work, we gain a deeper understanding of our customers' lifestyles and business operations, enabling us to anticipate their needs and deliver more meaningful solutions. Early in my career at Tokyo Gas, I worked in data analysis, writing programs to analyze customer behavior myself. That experience gave me a deep appreciation of the value of data.

Our energy assets are another key source of competitive advantage. Across the Group, we own diverse assets, including LNG terminals, power plants, LNG carriers, North American shale gas assets, district heating and cooling facilities, and real estate. Our strengths extend beyond these physical assets. Long-term LNG procurement contracts and the customer data we have accumulated over many years are equally valuable strategic assets.

The value of these assets is maximized not simply by owning them, but by how effectively we operate and deploy them. That is where our operational capabilities make the difference. As markets become more volatile, the ability to deploy assets flexibly, balance supply and demand, and optimize operations becomes an increasingly important source of competitive advantage. For example, our LNG terminals and power plants not only provide the foundation for a stable energy supply but also create earnings opportunities through flexible operation in response to fluctuations in supply and demand.

We will also continue strengthening our ability to optimize customer-side energy systems. Our role extends beyond simply supplying gas and electricity. By monitoring the operation of customers' equipment, we can optimize its performance from the perspectives of energy efficiency, decarbonization, and resilience. We will also use AI to forecast demand and detect early signs of equipment deterioration or failure. These operational capabilities will become a key source of competitive advantage in our solutions business.

We create value not by viewing our customer base, energy assets, and operational capabilities in isolation, but by combining them. That is the Tokyo Gas Group's winning formula.

Energy business

Achieving both a stable energy supply and profitability by combining our customer base, energy assets, and operational capabilities

In our energy business, we will fully leverage our customer base, energy assets, and operational capabilities, which are key strengths of the Tokyo Gas Group, to achieve both a stable energy supply and profitability.

In our gas business, domestic demand is not expected to grow significantly. Even in this environment, we will improve cost efficiency while maintaining a stable energy supply and safety. We will also create new earnings opportunities by further strengthening our LNG procurement and trading capabilities. In an environment of heightened geopolitical risks and market volatility, it is essential to diversify procurement sources, contracts, and trading channels, thereby enhancing our ability to optimize supply and demand. During both the COVID-19 pandemic and the market disruptions caused by the Russia-Ukraine conflict, we maintained a stable energy supply while optimizing the LNG supply-demand balance and reducing risk through diversified procurement and the flexible operation of our LNG terminals and inventories. Alongside stable procurement based primarily on long-term contracts, we will expand our LNG trading activities by capitalizing on price differentials between markets and fluctuations in supply and demand, further strengthening both supply stability and profitability.

In our power business, we will continue expanding the customer base we have built since the liberalization of Japan's electricity market while optimizing power generation, procurement, and sales as an integrated whole. Going forward, we will leverage digital marketing to better understand changing customer behavior and needs among residential customers, enabling us to deliver more tailored solutions. Alongside our in-person customer touchpoints, we will strengthen our ability to acquire customers through online and digital channels, expanding our electricity customer base not only across the Kanto region but throughout Japan. As renewable energy continues to expand, price volatility in electricity markets is increasing. In this environment, our competitiveness will depend on how effectively we combine the flexibility provided by battery storage, gas-fired generation, and cogeneration, with demand-side management. As we continue expanding our customer base and strengthen our ability to forecast electricity supply and demand, we will optimize power generation, procurement, and sales to further enhance both the stability and profitability of our power business.

Our energy business is more than simply a source of stable earnings. By reading market trends, deploying our assets with agility, and leveraging digital marketing to acquire new customers, we will transform it into a core business that drives the growth of the entire Group.

Solutions business

Delivering value beyond energy by combining our customer base and operational capabilities

What we provide going forward will extend beyond gas and electricity. What matters most to our customers is being able to live comfortably, operate their businesses with confidence, advance their decarbonization efforts, and build resilience against disruptions. In other words, the true value we deliver lies in the benefits that energy enables. At the heart of this business is our solutions brand, IGNITURE. Centered on three pillars—decarbonization, optimization, and resilience—it delivers solutions tailored to the needs of residential and corporate customers, and local governments alike. Among the growth drivers identified in our Medium-term Management Plan, the solutions business is expected to deliver the strongest profit growth. We intend to develop it into a new pillar of earnings for the Group.

For residential customers, we will enhance the profitability of our gas appliances, home energy systems, and home-equipment-related services, which already generate annual sales of tens of billions of yen and hold a certain market share, by leveraging digital technologies and other means. We will also expand our offerings to include solar power systems, battery storage, and other electricity-related solutions, as well as lifestyle services such as house cleaning, which can serve as an entry point for these offerings. Customer purchasing behavior is also evolving. While some customers continue to value in-person consultations, others prefer the speed and convenience of completing transactions online. While valuing our community-based relationships, we will also strengthen our digital channels to make them more user-friendly, delivering customer experiences tailored to each customer's preferences and needs.

For corporate customers, we will build on our energy services business—centered on cogeneration and other energy systems developed in the Tokyo metropolitan area—and expand our offerings to include renewable energy and environmental value. Furthermore, by incorporating AI-enabled control technologies, we will help customers improve operational efficiency and productivity as we expand this business nationwide and internationally. Some customers, particularly data centers and semiconductor manufacturing facilities, face lengthy delays in securing grid connections because of transmission constraints. By leveraging our expertise in developing and operating distributed energy systems such as cogeneration, we will help customers bring new facilities online sooner. Particularly for the data center demand concentrated in the Tokyo metropolitan area, our extensive track record in deploying cogeneration systems, combined with our remote monitoring and rapid on-site response capabilities, has been key to attracting customer inquiries.

We will also leverage our proprietary technologies to

help customers address their management challenges. For example, our environmental solutions support the entire PDCA cycle, from measuring GHG emissions and developing and implementing reduction plans to sustainability disclosure. Rather than offering individual products, such as AI-enabled optimization of thermal energy systems or next-generation technologies like perovskite solar cells, we will combine these technologies to deliver solutions tailored to each customer's needs, further enhancing the value of IGNITURE.

I have also made it a personal priority to grow our solutions business into a core pillar of the Group personally taking the lead in our sales efforts. When I visit customers today, I no longer simply stop by for formal greetings. Instead, drawing on our Medium-term Management Plan, I share a presentation detailing the value the Tokyo Gas Group can deliver to their businesses. These conversations have shown me that many customers are not yet fully aware of the breadth of our capabilities. As they gain a better understanding of what we can offer, they are increasingly expressing interest in exploring our solutions for their own factories and business sites.

I do not keep this feedback to myself. I share it across the Group, along with new opportunities for collaboration that emerge through these discussions, so they can be translated into new proposals and business opportunities. Building on the trusted relationships our frontline employees have established with customers, I also remain personally engaged, ensuring that our customers' voices help shape our business. I believe this approach is essential to growing our solutions business into the Group's third pillar.

Overseas business

Capturing global growth by combining our energy assets and operational capabilities

For the Tokyo Gas Group to achieve sustainable growth, we cannot rely solely on the domestic market. We must capture growth opportunities in expanding markets while strengthening our presence as a global energy company.

One of the core pillars of our overseas business is our North American shale gas business. In the Haynesville region of East Texas, we have focused our investments on areas where shared infrastructure enhances cost competitiveness, enabling us to become the fourth-largest producer in the region. By effectively making TG Natural Resources a wholly owned subsidiary, we will further enhance profitability by leveraging its outstanding operational capabilities and environmental adaptability. Going forward, our priority is to extend the competitive strengths we have built upstream into our mid/downstream businesses through marketing and LNG supply-demand optimization. Working across the entire Gas & Power business, we will continue expanding our value chain in areas where demand is expected to grow, such as data centers. Moving forward, we will also leverage these assets for trading from North America to Europe and Asia, ensuring our operational flexibility while strengthening our earnings power.

In Asia, we will build an integrated value chain extending from LNG receiving terminals through power generation to capture growing energy demand driven by economic and population growth. Our participation in FGEN LNG Corporation in the Philippines marks an important first step. The company owns and operates a floating storage and regasification unit (FSRU) that became the first LNG terminal in the country to acquire an operating permit. By applying the expertise we have developed over many years in Japan in optimizing LNG terminal operations, maintenance, and ensuring a stable supply, we will contribute to expanding the use of natural gas in the Philippines and supporting a stable, lower-carbon electricity supply. Looking ahead, we will use these LNG infrastructure projects as a foothold to expand our business across the entire LNG value chain, from LNG receiving and regasification to power generation and demand development. By tailoring our approach to the energy landscape and regulatory framework of each Asian country while leveraging the strengths of local partners, we will move beyond individual projects to help build an LNG value chain across the region.

Overseas business is not simply about expanding our investment portfolio. It is about bringing the Tokyo Gas Group's expertise in LNG procurement, supply-demand optimization, marketing, and energy services to high-growth markets. By combining the strengths we have built in Japan with growth opportunities overseas, we will drive the next stage of our profit growth.

AI, digital technologies, and human capital: the foundation for transformation

AI, digital technologies, and human capital are the driving forces that will elevate our customer base and operational capabilities—long-standing strengths of the Tokyo Gas Group—to the next level.

AI is far more than a tool for improving operational efficiency. It has the potential to transform both the customer experience and business models themselves. During overseas visits, I met with several technology companies at the forefront of AI adoption and saw firsthand how AI is already being deployed across a wide range of functions, including customer engagement, marketing, systems development, and back-office operations. I also experienced autonomous mobility services, reinforcing my belief that AI has moved beyond the experimental stage and is now being deployed across society. At the Tokyo Gas Group, we will combine the strengths of our people with the power of AI in areas such as energy supply-demand forecasting and optimization, solutions development, and marketing analytics to accelerate profit generation.

To make this happen, I believe transformation must begin with management itself. At our management committee, AI and digital technologies are now on the agenda almost every week. These discussions go far beyond sharing use cases. We challenge each internal company and operating company to rethink how far AI can fundamentally transform the way it operates and, in that context, what unique value people should provide.

I first studied AI as a university student, and my graduation thesis focused on what is now known as reinforcement learning.

Even today, I use AI every day to organize my thinking and as a sounding board to test my ideas. Transformation requires more than words. We must discuss these issues at the management level, translate them into action across the organization, and then bring what we learn back into management. Keeping this cycle moving is what matters most.

Alongside this, achieving both speed and scale requires us to standardize and streamline the way we work. While systems optimized for individual business units might appear efficient, they often slow down operations and increase costs across the Group, as a whole. We must standardize what can be standardized, enabling faster, data-driven decision-making across the Group while creating a common vision of how we should operate. Building on that foundation, we will use data to deliver the solutions best suited to each customer. That is what will define competitiveness in the age of AI and digital technologies.

And yet, no matter how far technology advances, it is ultimately people who put it into action. In our approach to human capital management, I place particular importance on growth through challenge and leveraging diversity as a strength. When our business was primarily centered on gas, broad-based capabilities and generalist talent were important. Today, however, we need specialists with deep expertise in areas such as power, solutions, overseas business, and urban development. Our competitors are the leading companies in each of these fields. To compete successfully, we must continue to deepen our expertise while actively incorporating external knowledge and talent. We are also using frameworks such as OKRs* to ensure that each employee's willingness to take on new challenges contributes to the growth of the Company as a whole. But OKRs are far more than a performance management tool. Objectives are shared openly across the organization, making it clear what each person is working to achieve. This transparency encourages collaboration across organizational and company boundaries, helping us unlock the full potential of the Group.

However, introducing new systems alone is not enough to ensure that our people understand the direction of the Company. I also make it a priority to communicate the thinking behind our management decisions and the intent of our Medium-term Management Plan on an ongoing basis through town hall meetings and my monthly messages to employees. I also answer employees' questions directly, encouraging open dialogue across the organization.

Through this ongoing two-way dialogue, we will build a truly unified Tokyo Gas Group, where people with diverse expertise work together as one team to deliver results. That is the kind of organization we are striving to become.

Rewarding trust by balancing growth investment and shareholder returns

Our responsibility to investors, shareholders, and all other stakeholders is to continue enhancing corporate value over the long term.

In our relationship with the capital markets, it is essential to achieve both investing for growth and delivering shareholder returns. As we developed our new shareholder return policy alongside the FY2026–2028 Medium-term Management Plan, I personally met with many investors to hear their views. Based on those discussions, we have placed progressive dividends linked to medium- to long-term growth in earnings per share at the heart of our shareholder return policy, ensuring that shareholders share steadily in the benefits of our growth. We have also clearly indicated the scale of shareholder returns over the course of the Medium-term Management Plan, providing investors and shareholders with greater visibility. In parallel, we will continue to make carefully selected investments that support future growth. By allocating the cash generated through profit growth appropriately between growth investments and shareholder returns, we will create a virtuous cycle of earnings growth, reinvestment, and further growth.

Long-term growth depends not only on the trust of the capital markets but also on the trust we build with our customers, employees, business partners, and local communities. We will help our customers solve the challenges they face, provide our employees with opportunities to take on new challenges and grow, build co-creative relationships with our business partners that go beyond conventional customer-supplier relationships, and contribute to local communities through decarbonization and greater resilience. Sustainable growth cannot be achieved if we are the only ones who benefit. We must continue generating strong earnings and reinvesting the value we create in future growth and solutions to societal challenges. Creating this virtuous cycle is the role the Tokyo Gas Group must play in the years ahead.

We will continue to strengthen our energy, solutions, and overseas businesses as the pillars of our future growth while upholding our responsibility to ensure a stable energy supply and safety. By embracing AI and digital technologies, we will accelerate the way we operate, improve capital efficiency, and empower our people to reach their full potential.

I believe that periods of profound change offer the greatest opportunities for companies willing to take on bold challenges. To achieve the goals we have set and continue earning the trust of all our stakeholders over the long term, the Tokyo Gas Group will change where change is needed and remain steadfast in seeing through what must be done.

* Objectives and Key Results (OKRs): A goal management framework that aligns the Company's overall direction with each employee's efforts to take on new challenges by setting Objectives (what an organization or individual aims to achieve) and Key Results (the measurable outcomes used to assess progress toward those objectives). Introduced for all Tokyo Gas employees.

Overview of the FY2026–2028 Medium-term Management Plan

In October 2025, the Tokyo Gas Group announced its FY2026–2028 Medium-term Management Plan, which aims to accelerate the achievement of its management vision, Compass 2030. Positioning the Energy, Solutions, and Overseas businesses as growth drivers, the Group will leverage its three core strengths—its customer base, energy assets, and operational capabilities—together with initiatives in the areas of the environment, human capital, and DX, to enhance profitability and accelerate growth across its businesses. By thoroughly implementing ROIC-based portfolio management, we will pursue business management aimed at steady profit growth alongside a financial strategy based on an appropriate capital policy and shareholder returns. Through these two pillars, we will achieve our FY2028 targets, including our primary KPI, return on equity (ROE) of 9%, and enhance corporate value on a sustained basis during and beyond the Medium-term Management Plan period.

Business Environment and Market Trends Geopolitical risks, rising costs due to inflation and higher interest rates, increasingly severe natural disasters, growing demand for data centers driven by the widespread adoption of AI, decarbonization trends, etc. P.16

ROIC Management and Business Portfolio Management P.18

- Enhance profitability in each business through the introduction of segment-specific ROIC management
- Achieve an optimal portfolio through rigorous ROIC management and disciplined resource allocation

Business Management

Leveraging the Tokyo Gas Group's Strengths

Strengths P.17

Solid Customer Base
Cross-selling gas, electricity, and solutions, and expanding both physical and digital customer touchpoints

Highly Flexible Energy Assets
Owning and expanding energy assets that enable flexible operations in response to demand and market conditions (from domestic gas to electricity and overseas)

Competitive Operational Capabilities
Expanding the customer base, enhancing the customer experience, optimizing asset utilization, and broadening solutions through DX

	Business Strategy	Key initiatives	Key performance indicators	FY2028 targets
Growth Drivers	Energy (Gas & Electricity) P.19	● Enhance the stable energy supply and accelerate the implementation of practical decarbonization initiatives ● Optimize supply and demand across the integrated Gas & Electricity business ● Expand trading profit opportunities through optimal asset utilization	LNG trading volume **5 M** tons (FY2030) Electricity customer base **5.2 M** customer accounts (FY2028)	Segment profit ¥**109** Bn ROIC **6.0**% (WACC 3.0%)
Growth Drivers	Solutions P.21	● Accelerate growth in lifestyle services and fundamentally reform the earnings structure ● Focus on high-growth areas and expand solutions through AI and next-generation technologies	(For residential customers) Residential equipment solution sales ¥**110** Bn (FY2028) (For corporate customers) Energy solutions sales ¥**280** Bn (FY2028)	Segment profit ¥**28** Bn ROIC **5.0**% (WACC 4.0%)
Growth Drivers	Overseas P.23	● Strengthen profitability in the North American shale business ● Expand the value chain from upstream into midstream and downstream businesses ● Expand LNG infrastructure businesses across Asia Pacific	Shale gas production Maintain production of at least **1 Bcf/d**	Segment profit ¥**79** Bn ROIC **7.0**% (WACC 8.0%)
Stable Earnings	Urban Development P.24	● Expand the leasing business and advance large-scale redevelopment projects ● Establish and expand capital recycling through a circular business model	Circular business asset sales Cumulative ¥**70** Bn (FY2026–2028 cumulative)	Segment profit ¥**35** Bn ROIC **8.0**% (WACC 4.0%)

Initiatives for Sustainable Growth

Environment P.31
- Decarbonize gas
- Decarbonize electricity

Human Capital P.39
- Restructure the human capital portfolio with enhanced expertise as its foundation
- Enhance employee engagement

DX P.42
- Advance the integration of Enterprise Architecture (EA)
- Enhance and streamline business operations through data

Enhance corporate value through both business management and financial strategy

Financial Strategy P.25

Cash Allocation

Allocate capital strategically to improve capital efficiency and maximize corporate value
- Generate cash through operating cash flow from profit growth and capital recycling
- Optimize capital allocation across growth investments, shareholder returns, and strategic investments to support sustainable growth

Capital Policy and Shareholder Returns

Balance financial soundness with capital efficiency while maintaining credit ratings
- Maintain a D/E ratio of approximately 0.9
- Provide stable shareholder returns through progressive dividends
- Execute share buybacks to improve capital efficiency

Strengthen the Management Foundation

Strengthen corporate governance (corporate governance framework; executive officers [skills matrix]; Board of Directors; Nominating, Compensation, and Audit Committees; internal controls; and dialogue with shareholders and investors) P.46
Foundations for sustainable growth (Environmental stewardship and respect for human rights throughout the supply chain) P.44

FY2028 Company-wide Targets
ROE: **9%** (primary KPI), Shareholder returns: ¥**200** Bn or more (three-year total), Dividend: ¥**140** per share
ROIC: **5%**, Operating cash flow: ¥**1.2** Tn (three-year cumulative), Segment profit: ¥**210** Bn

▶ **Around FY2030**
ROE: **10%** or higher
Targeting achievement of Compass 2030 by FY2028, ahead of schedule.

▶ **~2050**
Creating value through sustainable growth
Net-zero CO_2

Business Environment and Market Trends

Business Environment during the FY2026–2028 Medium-term Management Plan

In an increasingly uncertain business environment, we believe the value of building a business portfolio that is resilient to market fluctuations and of maintaining the flexibility to optimize the use of our assets will continue to grow. We also see the rapid advancement of digital technologies, including AI, alongside a growing shortage of skilled frontline personnel, as key trends shaping this period.

PEST analysis

Politics

- Geopolitical risks are becoming increasingly pronounced, while rising protectionism is increasing the risk of a global economic slowdown and greater market volatility.
- Although the medium- to long-term trend toward decarbonization remains unchanged, economic viability will also become an increasingly important consideration.

Economy

- Inflation is driving up the cost of materials, equipment, and labor.
- Rising interest rates and growing demands for improved capital efficiency are increasing the cost of capital.

Society

- Japan's total population and workforce continue to decline, with shortages of skilled frontline personnel becoming increasingly severe.
- More frequent and severe natural disasters are driving growing demand for resilience.

Technology

- The adoption of digital technologies, including generative AI and industrial robots, is accelerating across both digital and physical applications.
- Growth in data centers is driving localized increases in electricity demand.

Domestic energy policy trends

The 7th Strategic Energy Plan places greater emphasis on ensuring a stable energy supply, leading to renewed recognition of the important role of natural gas.
Japan's carbon pricing scheme (GX-ETS) will be introduced in FY2026. With the planned introduction of a fossil fuel levy in FY2028 and other related measures, energy costs are expected to continue rising.
While the long-term trend toward decarbonization remains unchanged, there is growing momentum to advance the transition through practical and realistic measures.

Market Trends Surrounding the Group's Businesses

The markets in which the Tokyo Gas Group operates continue to grow. In addition to the densely populated Tokyo metropolitan area, which forms the foundation of our business, we see opportunities for growth in markets across Japan and overseas.

Gas Business

The Tokyo metropolitan area continues to attract more than 130,000 new residents annually, supporting steady growth in new gas meter installations. Global LNG demand is projected to reach 500 million tonnes by 2030, an increase of 100 million tonnes from 2024 levels, creating growth opportunities for the LNG trading business.

Electric Power Business

Since the liberalization of Japan's electricity retail market in 2016, new power suppliers have increased their share of the Tokyo market to approximately 30% as of 2025. Looking ahead, electricity demand across the greater Tokyo metropolitan area is projected to increase by 10% by 2030, driven in part by the expansion of data centers.

Solutions Business

The market for residential equipment, including solar power generation systems, storage batteries, and water heaters, in which we operate, is valued at approximately ¥2 trillion annually. Meanwhile, the market for C&I solutions is growing at an annual rate of approximately 10%, driven by increasing demand for decarbonization, optimization, and resilience.

Overseas Business

LNG exports from the United States, where we have operations, are projected to double to 220 million tonnes by 2030. Meanwhile, LNG demand in Southeast Asia, another key market for our overseas business, is projected to increase by 37 million tonnes over current levels by 2030.

Urban Development Business

Demand continues to outpace supply in the Tokyo metropolitan area, with rents for residential properties remaining on an upward trend. At the same time, new demand is emerging for real estate that places greater emphasis on environmental sustainability and community development.

The Tokyo Gas Group's Strengths

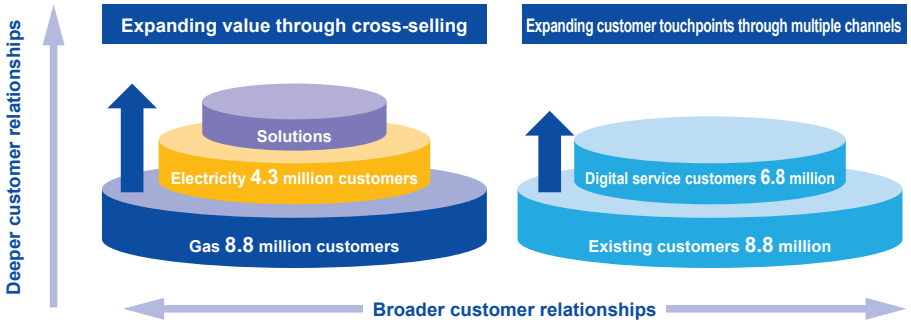
The Tokyo Gas Group's Strengths

Our solid customer base, highly flexible energy assets, and competitive operational capabilities are the Tokyo Gas Group's core strengths. We will further strengthen these capabilities through DX powered by AI.

Solid customer base

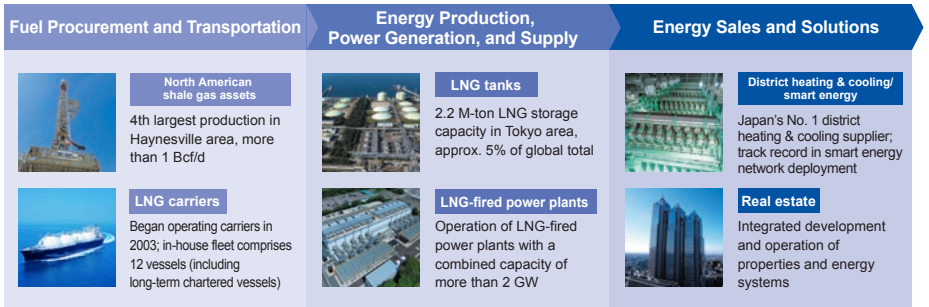
The Tokyo Gas Group serves more than 8.8 million gas customers, making it Japan's No. 1 gas retailer, and more than 4.3 million electricity customers, the largest among new power suppliers. Within the Tokyo Gas Network service area, we hold a market share of more than 70% in gas and more than 30% in electricity.

We also have more than 6.8 million customers with whom we maintain digital touchpoints through myTOKYOGAS and TG Octopus Energy. We will continue expanding these digital touchpoints to strengthen customer engagement not only in our gas and electricity businesses but also across our solutions business.



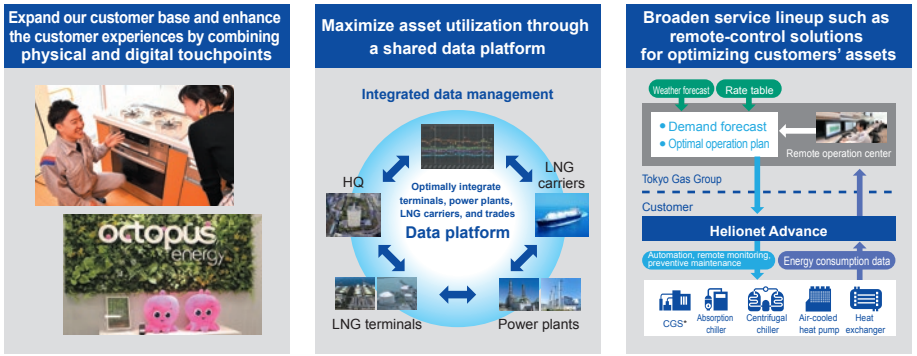
Highly flexible energy assets

We possess hard assets, including LNG storage tanks with a total storage capacity of 2.2 million tonnes; power generation facilities with a combined capacity of more than 2 GW, the largest among new power suppliers in Japan; district heating and cooling systems serving the largest number of customers in Japan; and shale gas assets representing more than 1% of U.S. natural gas production. Our soft assets include a diverse portfolio of LNG procurement contracts, together with energy consumption data and operational expertise.



Competitive operational capabilities

We provide customer touchpoints through multiple channels, including more than 140 physical locations across the Tokyo metropolitan area and digital channels, serving 13 million gas and electricity customer accounts. We also leverage Kraken, our state-of-the-art customer information system (CIS), to enhance customer satisfaction. In addition, we have the capacity to receive approximately 250 LNG cargoes annually (around 5% of the global total) and are expanding trading profit opportunities through our proprietary trading systems. In our solutions business, we are Japan's No. 1 provider of energy services and outsourced facility operation, serving more than 1,000 customer sites nationwide. We also provide remote monitoring, control, and optimization services.



* CGS: Cogeneration System

ROIC Management and Business Portfolio Management

Full-scale Introduction of ROIC

Introduction of segment-specific ROIC management

To achieve the goals of the FY2026–2028 Medium-term Management Plan while driving sustainable growth and enhancing corporate value, we fully introduced return on invested capital (ROIC) as a management indicator in FY2026. Through ROIC management that takes into account the weighted average cost of capital (WACC), the cost of invested capital, we will strengthen the earning power of each business and promote management with a strong focus on improving capital efficiency.

Deployment across the organization and frontline operations

Introduction of Organization-specific ROIC Targets

We introduced ROIC targets for each internal company and key business subsidiaries based on the characteristics of their respective businesses and the FY2028 targets set out in the Medium-term Management Plan.

Translating ROIC Trees into Action

Alongside the full-scale introduction of ROIC, we have provided internal training to promote business management with a greater awareness of the cost of capital. We have also linked ROIC targets to our internal KPIs and will further strengthen ROIC initiatives by using ROIC trees tailored to each organization and business to translate these targets into concrete actions at the operational level.

Segment ROIC targets under the Medium-term Management Plan

(¥ Bn)

Business area	FY2028 plan		3-year WACC
	Invested capital	ROIC	
Energy (Gas & Electricity)	1,300	6.0%	3.0%
Solutions	410	5.0%	4.0%
Overseas (Parentheses: upstream only)	900	7.0% (9.0%)	8.0% (8.5%)
Urban Development (Includes profits from sale of real estate)	310	8.0%	4.0%
Company-wide	3,020	5.0%	3.5%

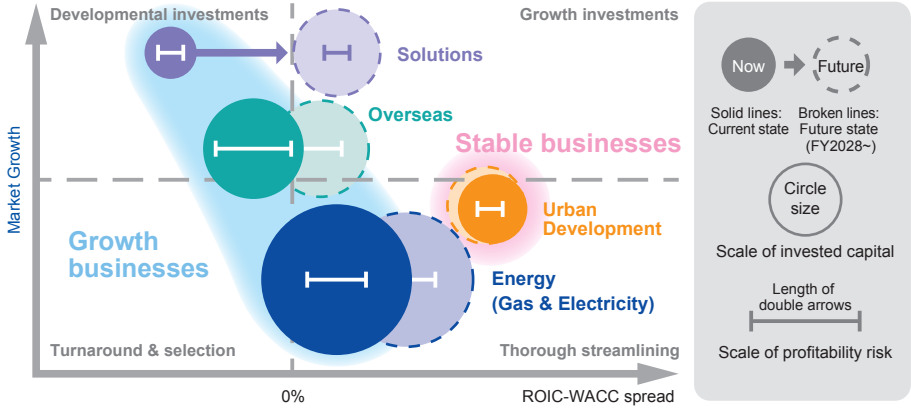
Note: The total of each segment's invested capital might not equal the Company-wide total. Excludes the effects of the application of new lease accounting standards.

Thorough Portfolio Management

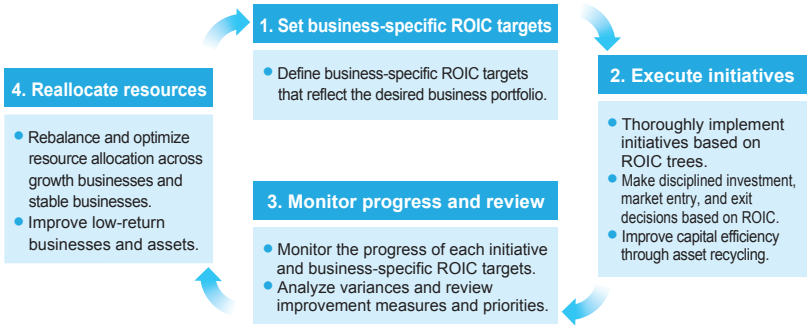
Achieving an optimal portfolio through disciplined resource allocation based on ROIC

While rigorously improving the profitability of each business through ROIC management, we will also apply disciplined resource allocation by using the ROIC-WACC spread as a key criterion for investment evaluation, market entry and exit, and asset portfolio optimization. We will prioritize the allocation of management resources to businesses with strong profitability and growth potential while improving or restructuring businesses and assets that do not generate returns commensurate with their cost of capital. By optimizing the balance between businesses that provide a stable earnings base and those that will drive future growth, we aim to build a business portfolio that achieves both sustainable earnings growth and improved capital efficiency.

Business Portfolio Based on the ROIC-WACC Spread



Advanced Business Portfolio Management Cycle Based on the ROIC-WACC Spread



Business Strategy

Energy Business

ROIC target (FY2028): **6.0%**
[WACC] **3.0%**
Segment profit target (FY2028): **¥109 Bn**

Gas

Strengths that generate a competitive advantage

- One of Japan's largest customer bases, comprising more than 8.8 million customers primarily in the Tokyo metropolitan area
- Energy assets, including LNG terminals and LNG carriers
- Procurement capabilities centered on long-term contracts; supply-demand balancing capabilities through the integrated operation of LNG terminals, vessels, and sales; and LNG trading capabilities
- Stable supply and profitability achieved through the optimization of operations using DX

Revenue structure

- Stable earnings underpinned by city gas sales
- Growing LNG trading earnings through the flexible use of assets
- Thorough cost reductions by leveraging economies of scale, DX, and other measures

Business expansion opportunities

- Growth in global LNG demand, increased domestic demand from data centers, and demand for fuel switching in industrial applications
- Capture of new demand driven by decarbonization needs through the widespread adoption of carbon-neutral gas
- Expansion of earnings opportunities by extending operations beyond the Tokyo metropolitan area, increasing wholesale sales, and promoting global LNG trading

Business risks

- Earnings volatility arising from geopolitical risks, fluctuations in foreign exchange rates, commodity prices, and LNG market prices
- Supply disruptions resulting from procurement constraints or damage to production and supply facilities caused by major natural disasters
- Higher customer acquisition costs and customer churn resulting from intensifying retail competition
- Declining gas demand due to medium- to long-term changes in the business environment, including demographic trends, electrification, and climate change

Key indicator
LNG trading volume: 5 M tonnes (FY2030)

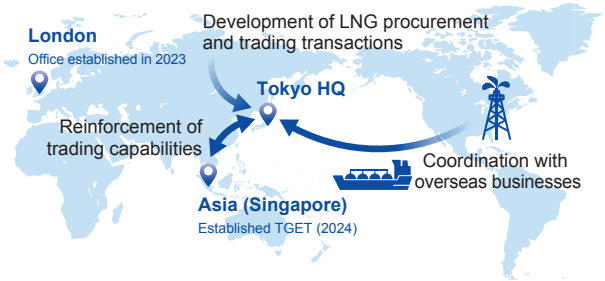
Enhancing supply stability and diversifying procurement

We place the highest priority on ensuring a stable energy supply as a provider of critical social infrastructure and are advancing the diversification of our LNG procurement sources, contract structures, and logistics. By strengthening our procurement portfolio, centered on long-term contracts, we have established a procurement structure that does not rely on any single region, including the Strait of Hormuz. Going forward, we will continue to optimize the integrated operation of our LNG terminals, LNG carriers, and sales activities to respond effectively to an increasingly uncertain market environment.

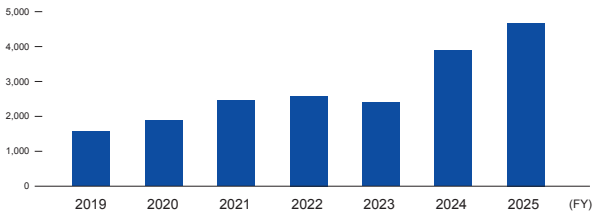
Expanding earnings through LNG trading

We are expanding our global LNG trading business through TG Energy Trading, established in Singapore in 2024. By leveraging the operational flexibility of our LNG assets, including LNG storage tanks with a total capacity of 2.2 million tonnes (approximately 5% of the global total) and LNG carriers, together with the optionality embedded in our LNG procurement contracts, such as volume and shipping arrangements, we maximize profit through our unique Asset Optimization & Trading (AO&T) capabilities. We aim to increase LNG trading volume to 5 million tonnes by FY2030.

Expansion of LNG trading



LNG trading volume (1,000 t)



Strengthening earnings

We will strengthen our earnings by thoroughly reducing costs through value engineering and system optimization using digital transformation (DX), while enhancing profitability by providing pricing plans tailored to customers' needs.

Strengthening infrastructure resilience

To ensure the safe and reliable supply of city gas, we will continue to maintain, repair, and renew our supply infrastructure in a planned manner. At the same time, we will strengthen resilience through initiatives such as the wider deployment of smart meters, while advancing both safety and operational efficiency.

Advancing the adoption of carbon-neutral gas

To meet customers' decarbonization needs with solutions that can be deployed in the near term, we will accelerate the supply of imported biomethane while promoting the adoption of carbon-neutral gases, including e-methane and biomethane.

Main Actions for FY2025

- ✓ Signed a new LNG procurement agreement with an LNG liquefaction terminal operated by Venture Global in the United States
- ✓ Reached Japan's first agreement to supply city gas produced from imported biomethane (RNG)
- ✓ Jointly advancing an e-methane project in Manitoba, Canada, with Teralta
- ✓ Completed the replacement of gray cast iron pipes in February 2026

Business Strategy

Energy Business

ROIC target (FY2028): **6.0%**
[WACC] **3.0%**
Segment profit target (FY2028): **¥109 Bn**

Electricity

Strengths that generate a competitive advantage

- Japan's largest customer base among new power suppliers, supported by digital marketing capabilities
- Optimization of electricity supply and demand and trading through AI, leveraging supply and balancing capacity from a combination of LNG-fired power generation, storage batteries, and other resources
- Integrated monetization of electricity sales, power generation, and balancing capacity by combining customer touchpoints, power source development, and trading capabilities

Revenue structure

- Maximizing revenue per customer through cross-selling with gas services, customer management using Kraken, and initiatives to increase customer lifetime value (LTV)
- Generating earnings by optimizing the operation of diverse resources, including LNG-fired power generation and storage batteries, across multiple markets, including the wholesale electricity market, capacity market, and balancing market
- Expanding value-added earnings through offerings that meet customers' decarbonization needs, including power purchase agreements (PPAs) and effectively renewable electricity

Business expansion opportunities

- Growing electricity demand driven by data centers, semiconductor manufacturing facilities, and other high-power users
- Increasing demand for balancing capacity as aging thermal power plants are retired and renewable energy adoption expands
- Growing demand for renewable electricity, non-fossil energy certificates, and PPAs driven by corporate decarbonization initiatives

Business risks

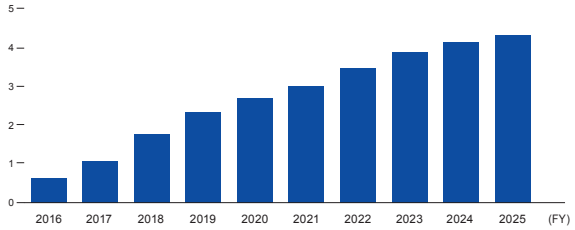
- Higher procurement costs resulting from fluctuations in electricity market prices, fuel prices, and tightening supply-demand conditions
- Increased market volatility associated with the expansion of renewable energy
- Higher customer acquisition costs and increased customer churn resulting from intensifying retail competition

Key indicator
Electricity customer base: 4.33 M customer accounts (FY2025)
➡ 5.20 M customer accounts (FY2028)

Expanding the electricity customer base

In our electric power business, we aim to expand our electricity customer base to 5.2 million by FY2028 through cross-selling to our gas customer base and digital marketing initiatives. Building on the customer acquisition capabilities we have developed since the liberalization of Japan's electricity retail market, we will combine customer management using Kraken with more sophisticated pricing plans to enhance both the customer experience and profitability. In addition to strengthening our presence in the Tokyo metropolitan area, we will expand digital customer acquisition beyond our existing service area to build a larger and more stable retail customer base. We will also broaden our portfolio of decarbonization offerings, including off-site corporate PPAs, to meet growing demand for environmental value while further expanding our customer base.

Electricity retail customers (million accounts)



Expanding power generation capacity and balancing resources

To meet growing electricity demand, we are advancing the construction of the Chiba Sodegaura Power Plant, which is scheduled to commence operations in phases beginning in March 2030, thereby expanding the supply capacity needed to ensure a stable electricity supply. In addition, to address output variability from growing renewable energy and the need to balance capacity, we will expand the scale of our grid-scale battery storage operations, securing 1 GW in FY2026 and aiming to reach approximately 2 GW in the early 2030s. We now expect to achieve our FY2030 target of securing 1 GW of battery energy storage capacity by FY2028. By combining thermal power generation, renewable energy, and battery energy storage, we will achieve both a stable electricity supply and enhanced profitability.

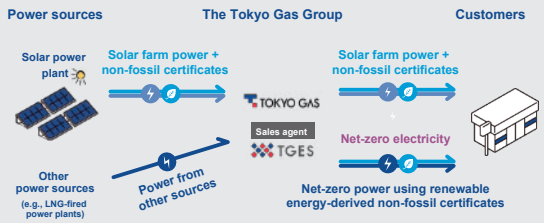
Enhancing power trading capabilities

We will maximize revenue across the wholesale electricity market, capacity market, and balancing market by optimizing the operation of diverse resources, including LNG-fired power generation and battery energy storage, across multiple markets. We will also enhance supply-demand operations by improving the accuracy of demand, power generation, and market price forecasts using AI.

—Providing environmental value through corporate PPAs—

An off-site corporate PPA is a mechanism through which electricity and the associated non-fossil environmental value generated at solar power plants and other renewable energy facilities located away from a customer's site are supplied via the transmission and distribution network. This enables customers to use effectively renewable electricity on a long-term, stable basis without installing generation facilities on their own premises. We will capitalize on the growing opportunity presented by the expansion of renewable energy by promoting the adoption of off-site corporate PPAs while addressing customers' needs for environmental value and the challenges associated with installing renewable energy facilities.

Supply of carbon-neutral power using an off-site corporate PPA



Main Actions for FY2025

- ✓ Expanded our electricity customer base to 4.3 million customer accounts
- ✓ Commenced commercial operation of one of Japan's largest dedicated biomass power plants
- ✓ Steadily expanded battery energy storage capacity (through in-house development, offtake agreements, and operation and maintenance services)
- ✓ Implemented an on-site and virtual PPA utilizing thin, lightweight solar panels at Mitsui Home's Saitama plant
- ✓ Implemented off-site corporate PPAs at nine Life Corporation stores in the Tokyo metropolitan area

Business Strategy

Solutions Business

ROIC target (FY2028): 5.0%

[WACC] 4.0%

Segment profit target (FY2028): ¥28 Bn

Residential business

Strengths that generate a competitive advantage

- A customer base of more than 8.8 million gas customers and more than 4.3 million electricity customers, together with digital customer touchpoints through myTOKYOGAS and other platforms
- Extensive physical customer touchpoints through Tokyo Gas LIFEVAL, supported by a nationwide installation, maintenance, and field service network
- One-stop solutions spanning residential equipment, solar power systems, battery energy storage systems, house cleaning, and other services

Revenue structure

- Stable flow revenue from equipment sales for new homes and through customer channels such as Tokyo Gas LIFEVAL, complemented by recurring revenue from maintenance services, house cleaning, and solar power and battery energy storage services
- Increased revenue per customer through cross-selling and maximizing LTV
- Expanded earnings through the further enhancement of wholesale functions and the integration of installation capabilities

Business expansion opportunities

- Expand opportunities as a "company for everyday living" that goes beyond energy
  - Growth in the markets for distributed energy solutions, including solar power and battery energy storage systems, as well as equipment replacement and renovation for existing homes
  - Growing demand for energy conservation, decarbonization, resilience, and improved time efficiency
- Expand our market from the Tokyo metropolitan area to customers nationwide

Business risks

- Constraints on installation capacity due to shortages of skilled installation personnel, rising material costs, and seasonal fluctuations in demand
- Intensifying competition from e-commerce businesses and residential equipment providers

Key indicator
Residential equipment solutions sales:
¥90 Bn (FY2025) ➡ **¥110 Bn** (FY2028)

Accelerating the growth of residential services

In our residential solutions business, we will leverage the customer base and physical customer touchpoints we have built through our gas and electricity businesses as we evolve into a company for everyday living that goes beyond energy. In the solar power and battery energy storage business, we will deliver decarbonization and resilience value through IGNITURE Solar, which reduces customers' up-front costs. Going beyond equipment installation, we will expand into the remote control of battery energy storage systems and participation in electricity markets, establishing the foundation for a distributed energy business.

Reforming the revenue structure of the residential equipment replacement business

In addition to gas appliances such as water heaters and cooktops, we will expand our product lineup to include toilets, air conditioners, and interior window renovation solutions. By combining the convenience of an online platform that enables customers to obtain quotations, schedule installations, and complete payments with the high quality of installation services backed by the Tokyo Gas brand, we will deliver customer experience that offers both convenience and peace of mind. We will also rebuild our earnings base by streamlining commercial and logistics operations, optimizing pricing, and introducing a construction management system.

Achieving operational excellence through installation capabilities and DX

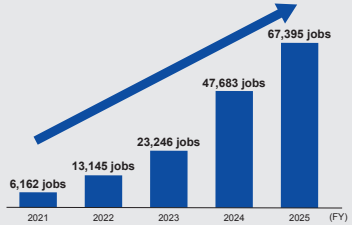
Alongside the acquisition of installation companies as subsidiaries, we are enhancing installation quality and expanding installation capacity by developing and retaining installation personnel, including those at partner installation companies, through training programs at our installation training center, which opened in August 2024 and combines hands-on and digital learning using tablet devices and GoPro cameras. Leveraging insights gained through our physical customer touchpoints together with online behavior, purchasing, and installation data, we will optimize customer proposals, balance workloads between peak and off-peak periods, and automate operations.

Training at the installation training center

Driving high growth in house cleaning services

By combining physical and digital strengths, including the convenience of a fully online ordering process, the technical expertise and customer service skills of our staff, and trust in the Tokyo Gas brand, our house cleaning business has grown to rank No. 3 in usage in the Tokyo metropolitan area.* By meeting customers' needs to reduce the burden of housework and make more effective use of their time, we will continue to expand the business while enhancing the value we provide as a lifestyle service, building on our high level of customer satisfaction.

Growth in the house cleaning business



* Internet survey conducted by Macromill (December 17–18, 2025) among 1,030 men and women aged 20–79 residing in Tokyo and the three surrounding prefectures who used house cleaning services in 2024 or 2025. Covers companies offering services that use specialized equipment to clean air conditioners, kitchens, bathrooms, and other areas. House cleaning matching platforms are excluded.

Main Actions for FY2025

- ✓ Launched IGNITURE GX Pack M, a decarbonization solution package integrating solar power generation and battery storage for newly built apartment buildings
- ✓ Launched comprehensive home appliance support, which includes repair coverage for home appliances and smartphones
- ✓ Enhanced AI-powered analysis of customer feedback
- ✓ Made Yokoyama, a residential equipment wholesaler, a subsidiary
- ✓ Opened and began testing a physical location for a fitness business as part of efforts to develop new services for younger customers

Business Strategy

Solutions Business

ROIC target (FY2028): 5.0%

[WACC] 4.0%

Segment profit target (FY2028): ¥28 Bn

C&I business

Strengths that generate a competitive advantage

- More than 1,000 energy service projects nationwide* and Japan's leading energy service provider
- An end-to-end service model spanning facility installation, operation, maintenance, energy management, and decarbonization proposals, supported by decades of accumulated operational data and user expertise
- Ability to propose optimal solutions based on a broad portfolio of GX solutions, including environmental consulting, energy conservation, renewable energy, and carbon offset services
- In addition to leveraging accumulated energy and facility data, we are also rolling out DX solutions, including AI-based optimization and control

* We design and own customer facilities and provide remote monitoring, operational optimization, maintenance, and other operational support.

Revenue structure

- Achieving both higher earnings and improved capital efficiency through recurring revenue from energy services and near-term earnings from engineering projects that require no investment
- Expanding sales by broadening products, services, and geographic reach
- Cross-selling GX and DX solutions, primarily to existing customers, and maximizing lifetime value (LTV)

Business expansion opportunities

- Growing demand for distributed power sources and resilience solutions, particularly from data centers
- Increasing demand for decarbonization-related disclosure and investment in response to the SSBJ Standards, the GX-ETS, and other developments
- Increasing demand for investment in DX, including AI, to address labor shortages and improve productivity and competitiveness
- Growing demand for energy services overseas, particularly in North America

Business risks

- Sensitivity of capital investment to economic conditions, as well as rising construction and labor costs
- Reduced competitiveness of existing solutions due to technological advances and other factors
- Changes in customer demand for decarbonization investments and related solutions resulting from changes in regulations and government policies

Key indicator

Revenue: ¥230 Bn (FY2025) ➡ **¥280 Bn** (FY2028)

Expanding into high-growth markets

Building on the extensive track record and operational expertise we have accumulated over many years, we are expanding our solutions business across Japan and overseas. In Japan, we will demonstrate the value of our hybrid power solutions for data centers and other high-growth markets by deploying solutions that combine cogeneration systems (CGS), renewable energy, and facility management.

Integrated GX solutions

As many companies have set interim targets for 2030, the focus is shifting from disclosure to investment in emissions reduction. We will provide integrated GX solutions tailored to each customer's needs, helping them accelerate decarbonization while enhancing our own profitability. We will also expand our demand response and virtual power plant initiatives by aggregating customer resources to help stabilize power supply and demand across increasingly important electricity markets.

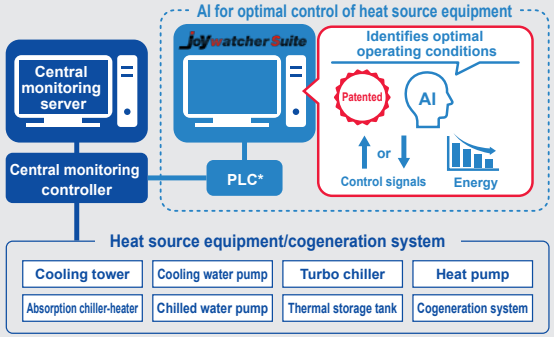
Optimizing energy use through AI

Leveraging the operational data we have accumulated from district heating and cooling facilities, cogeneration systems, gas air conditioning, electric air conditioning, and other systems, we have commercialized our AI for optimal control of heat source equipment, which uses our proprietary algorithms to identify optimal operating conditions. Starting with equipment optimization, we will expand DX solutions that enhance productivity and competitiveness in the commercial building and manufacturing sectors.

Case study: AI for optimal control of heat source equipment

In FY2025, we deployed our AI for optimal control of heat source equipment at TAKANAWA GATEWAY CITY. Using JoyWatcherSuite, the SCADA software we developed and market, we collect operational data from heat source equipment, enabling the AI to deliver further reductions in CO_2 emissions and operating costs. This marks the first deployment of its kind at a newly constructed district heating and cooling facility in Japan.

AI for optimal control of heat source equipment at TAKANAWA GATEWAY CITY



* PLC: Programmable Logic Controller. Collects data such as flow rates and temperatures and transmits control signals to the central monitoring system.

Energy center central monitoring room

Image courtesy of Station City Energy Create Co., Ltd.

Main Actions for FY2025

- ✓ Deployed on-site and virtual PPAs utilizing Japan's first lightweight solar panels
- ✓ Launched an optimal operation service for high-voltage battery energy storage systems
- ✓ Commercialized a Joint Crediting Mechanism (JCM) project in the Philippines to reduce methane emissions from rice paddies
- ✓ Deployed a CO_2 utilization service and AI for optimal control of heat source equipment at TAKANAWA GATEWAY CITY
- ✓ Signed partnership agreements with 93 municipalities (as of the end of FY2025)

Business Strategy

Overseas Business

ROIC target (FY2028): 7.0%
[WACC] 8.0%
Segment profit target (FY2028): ¥79 Bn

Strengths that generate a competitive advantage

- Stable management and operation of energy infrastructure, including LNG terminals and power plants, backed by extensive LNG expertise and know-how
- Low-cost operations and high productivity supported by high-quality shale gas assets in North America (ranked fourth in the Haynesville region, with production exceeding 1 Bcf/d) and a local management team with extensive upstream expertise
- Proven track record in gas and LNG-related businesses across Asia Pacific
- Strong financial credibility

Revenue structure

- Profit primarily driven by shale gas sales in North America
- Diversifying and expanding earnings in North America by leveraging the shale gas business to expand into midstream and downstream businesses
- Securing stable medium- to long-term earnings in Asia Pacific, centered on LNG terminals

Business expansion opportunities

- Growing energy demand in North America driven by economic growth, data center expansion, and increased LNG production
- Growing demand for energy, including LNG, in Asia Pacific driven by economic growth

Business risks

- Earnings impact from fluctuations in commodity prices, foreign exchange rates, and interest rates, as well as rising inflation
- Business disruption, increased costs, and asset impairment resulting from geopolitical and country risks, as well as overseas regulations and business practices

Key indicator
Shale gas production: Maintain production of more than 1 Bcf/d

Enhancing the profitability of the North American shale gas business

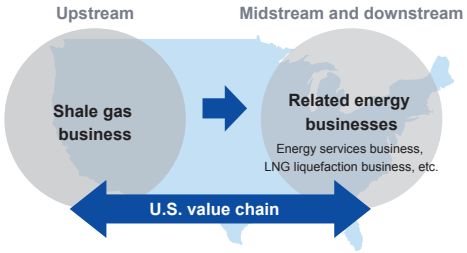
We will further enhance the profitability of the North American shale gas business, the primary earnings driver of our overseas business. At TG Natural Resources (TGNR), which became our wholly owned subsidiary, we are leveraging our geographically concentrated acreage to operate efficiently. While maintaining production of more than 1 Bcf/d, we will pursue further efficiencies in development and other operations to achieve low-cost operation at approximately $2/MMBtu. On the sales side, we will use hedging flexibly while strengthening our marketing capabilities to stabilize and expand earnings.

TGNR's competitive advantages

Scale	Production volume	**Fourth-largest producer in the Haynesville region** (Equivalent to approximately 10 million tonnes of LNG per year)
Quality	Operational capabilities	**Higher production per unit of well lateral length** than competitors
	Environmental performance	**Methane emissions intensity (2024): 0.11%*** (Haynesville regional average, 2024: 0.49%**)

* Calculated based on data published in the TGNR Sustainability Report.
** Source: S&P Global, All over the map: Basin-level methane metrics reveal uneven US gas performance ahead of EU regulations.

Expanding the U.S. value chain



Expanding the value chain from upstream to midstream and downstream

We will expand and stabilize earnings by participating in midstream and downstream businesses that enable us to capture opportunities arising from growing energy demand in North America and increasing U.S. LNG production. Building on our North American shale gas business, we will also develop a global LNG value chain to expand earnings opportunities while mitigating exposure to price volatility.

Expanding the LNG infrastructure business in Asia Pacific

In Asia Pacific, where LNG demand is growing, we will work with leading local companies to develop value chains centered on LNG receiving terminals. We will apply the knowledge gained to subsequent projects and secure stable medium- to long-term earnings in midstream and downstream businesses, including LNG-to-power and gas distribution.

Philippines: LNG receiving terminal business

Main Actions for FY2025

- ✓ Made TGNR a wholly owned subsidiary
- ✓ TGNR divested its interest in a gas exploration and production company (non-core acreage with peak development completed)
- ✓ Signed a virtual PPA with Kuraray America, Inc. using power generated by the Aktina Solar Power Plant in the United States
- ✓ Agreed to sell a natural gas–fired power generation business in Pennsylvania, U.S. (announced in FY2026)
- ✓ Participated in the Vinh Long Province nearshore wind power project in Vietnam
- ✓ Signed a joint development agreement for an LNG receiving terminal development project in Malaysia (announced in FY2026)

Business Strategy

Urban Development Business

ROIC target (FY2028): 8.0%

[WACC] 4.0%

Segment profit target (FY2028): ¥35 Bn

Includes gains and losses on the sale of real estate

Strengths that generate a competitive advantage

- High-quality real estate portfolio in the Tokyo metropolitan area
- Extensive track record and technical expertise in building maintenance and management
- Integrated development and operation of real estate and energy systems, creating value through environmental performance, resilience, and comfort
- Integrated development with smart energy networks and district heating and cooling systems, creating value unique to the Tokyo Gas Group

Revenue structure

- Stable earnings underpinned by income gains, including rental income from properties held
- Capital gains generated through a circular business model encompassing property acquisition, development, value enhancement, and sale
- Fee income from building management and private REIT management services
- Generate gains from the sale of residential properties and land in Australia

Business expansion opportunities

- Growth potential in the high-value-added rental housing business in the Tokyo metropolitan area
- Growing demand for real estate that emphasizes environmental performance and community
- Population growth and rising housing demand in Australia

Business risks

- Decline in asset values due to a downturn in the real estate market, rising interest rates, or higher capitalization rates
- Rising construction and building maintenance costs

Key indicator
Cumulative property sales under the circular business model (FY2026–2028): **¥70 Bn**

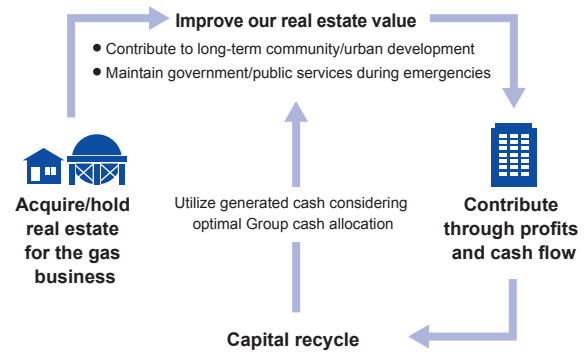
Expanding the leasing business and advancing large-scale redevelopment projects

We will enhance asset value by optimizing our portfolio of high-quality leasing properties in the Tokyo metropolitan area, including Shinjuku Park Tower and msb Tamachi, while implementing our Corporate Real Estate (CRE) strategy to consolidate Group business locations and maximize the value of our real estate assets through property sales and leasing to third parties. We will also leverage synergies with the smart energy networks developed under IGNITURE to advance environmentally sustainable and resilient communities through the Yaesu 1-Chome North District redevelopment project and the Shin-Toyosu area, thereby expanding our stable earnings base.

Expanding capital recycling through the circular business model

We will expand capital recycling by accelerating capital recovery through the sale of existing properties and reinvesting in properties with higher profit potential, thereby generating cash flows that support stable, sustainable growth. Through our circular business model, under which properties we develop are incorporated into private REITs (with cumulative property sales of ¥70 billion over FY2026–2028), we will generate capital gains, shift assets off the balance sheet, and increase asset management fees.
We will also develop and market residential properties in Australia in partnership with leading local companies, including Cedar Woods and Peet, where housing shortages have become a social issue amid continued population growth.

Real estate value creation cycle



Staria Isogo (Logistics Facility) completed in March 2026

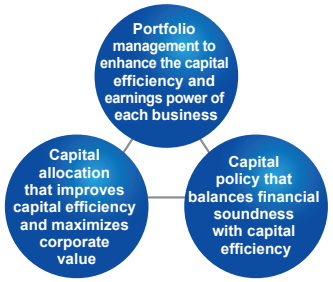
Main Actions for FY2025

- ✓ Completed LATIERRA Academico Kitasenju
- ✓ Completed Fuu Oimachi by LATIERRA, a rental residence with shared amenities
- ✓ Advanced the Yaesu 1-Chome North District and Shin-Toyosu redevelopment projects
- ✓ Advanced asset replacement and development plans to expand the leasing business and circular business model
- ✓ Reopened Park Hyatt Tokyo following its renovation

Financial Strategy

Financial Strategy under the FY2026–2028 Medium-term Management Plan

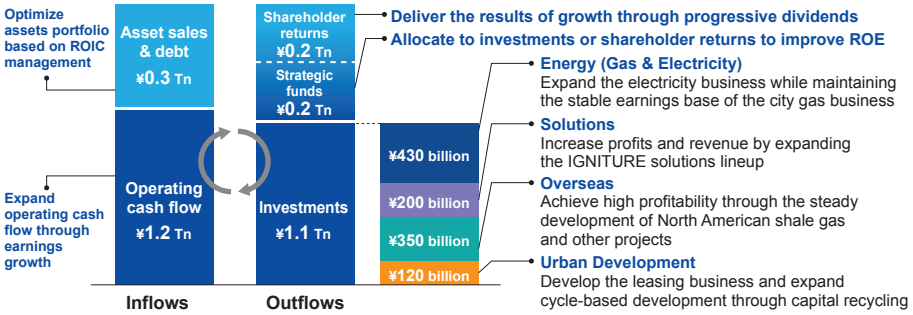
Reflecting our dialogue with the capital markets, we have positioned an ROE of 9%—a level that exceeds our cost of equity—as our most important management indicator. To achieve this target, our financial strategy is built on three pillars: (1) portfolio management to enhance the capital efficiency and earnings power of each business; (2) capital allocation that improves capital efficiency and maximizes corporate value; and (3) a capital policy that balances financial soundness with capital efficiency.



ROIC Management and Business Portfolio Management ▶ P.18

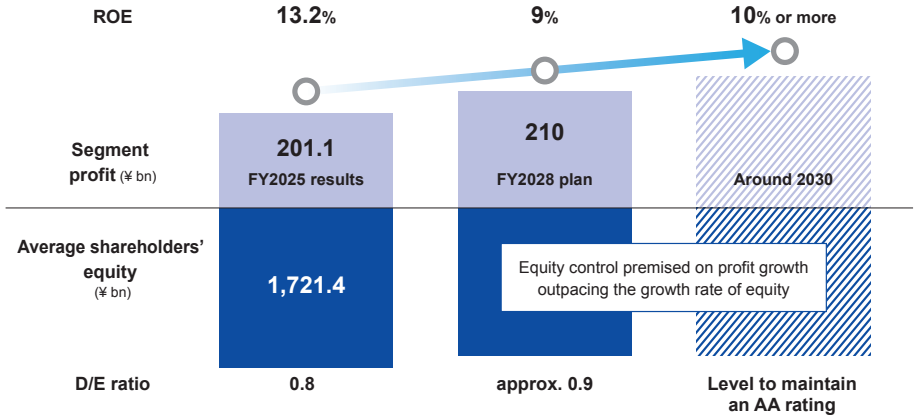
Cash Allocation

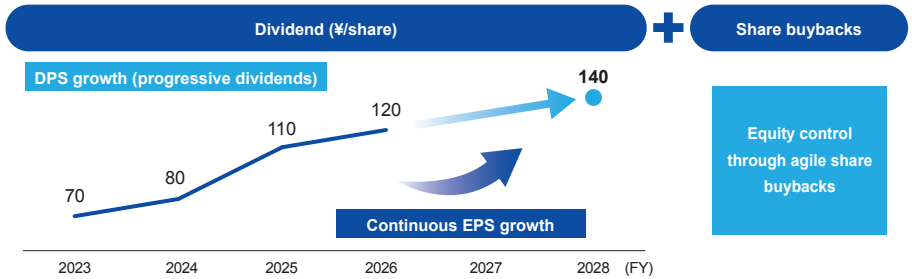
We will rigorously allocate capital to enhance capital efficiency and maximize corporate value, taking into account profit levels, progress in asset sales, and growth investment opportunities. In addition to generating operating cash flow through profit growth, we will generate cumulative cash inflows of ¥1.5 trillion over the three-year period by applying ROIC management to optimize our business portfolio and asset base, including the divestiture of inefficient assets. We will allocate this cash to ¥1.1 trillion in investments for sustainable growth, shareholder returns of at least ¥200 billion, and ¥200 billion in strategic cash allowance. Strategic funding will be allocated to growth investments if opportunities are available that are expected to contribute to ROE and ROIC over the medium to long term; otherwise, it will be allocated to shareholder returns, thereby maximizing shareholder value. With strict investment discipline, we will carefully select and execute investments that support profit growth, improve capital efficiency, and maintain a stable earnings base.



Capital Policy and Shareholder Returns

With respect to our capital structure, we will maintain the financial soundness required of an AA-rated domestic issuer to preserve the financial flexibility needed to manage the risks inherent in our business as an energy infrastructure company. Within this framework, we will increase leverage to reduce our cost of capital by maintaining an appropriate balance between debt and equity, targeting a debt-to-equity (D/E) ratio of approximately 0.9. This approach will enable us to achieve both financial soundness and capital efficiency, thereby supporting improvements in ROE.
For shareholder returns, we will provide stable returns by sharing the benefits of growth through progressive dividends and plan to increase the annual dividend to ¥140 per share by FY2028.
In addition, we will conduct share buybacks while maintaining a D/E ratio of approximately 0.9 to improve capital efficiency, thereby driving EPS growth and enhancing ROE.





CFO's Message

Looking Beyond FY2030 through Disciplined Growth, United from Management to the Front Lines

Managing Executive Officer, CFO
MINAMI Taku

This year marks my third year as CFO. Over the past year, our business environment has continued to shift dramatically, with soaring energy prices, sharp exchange rate fluctuations, inflation, and rising interest rates. In September 2025, we also revised our materialities, which serve as the guiding principles that connect our corporate philosophy with our strategy. Amid growing uncertainty, I believe what our Company needs is the resilience to build new business models that anticipate the future while continuing to generate stable profit and achieve sustainable growth, regardless of the business environment.

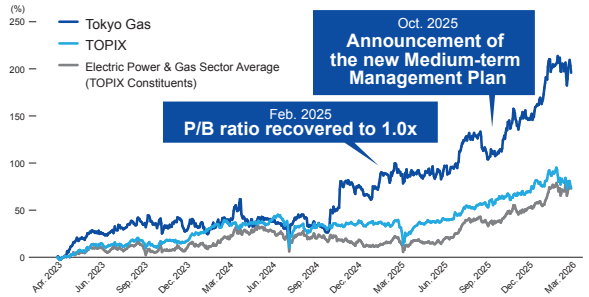
Our CEO has made a clear commitment to transform our Company into one that consistently delivers results. My role is to turn that commitment into disciplined financial strategy and tangible financial results.

To me, "management flexibility" means maintaining a strong balance sheet and executing agile, disciplined capital allocation. Equally important is our winning formula—our customer base, energy assets, and operational capabilities—which is the key to improving ROIC by increasing profit and cash flow and enhancing capital efficiency. Our FY2026–2028 Medium-term Management Plan represents a critical milestone in transforming our Company into one that truly delivers results. In this message, I will share my candid perspectives on the lessons we have learned, the direction of our transformation, and the path to translating the earnings power of our core business into greater corporate value.

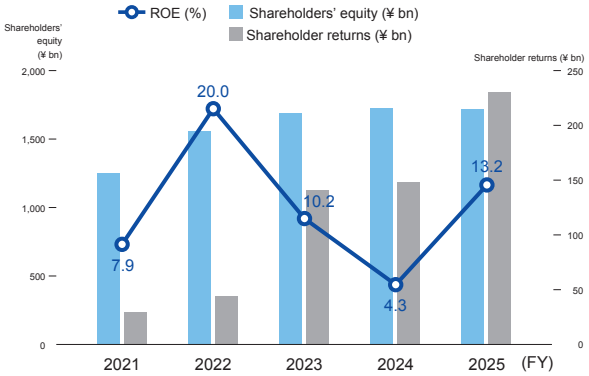
1 Building on the achievements of the previous Medium-term Management Plan—Looking beyond FY2030

In FY2025, the final year of our FY2023–2025 Medium-term Management Plan, we pursued a range of initiatives with an unwavering commitment to achieving our ROE target of 8%. Across each internal company and business division, we remained firmly focused on both profit growth and asset efficiency, executing measures such as capital recycling. We also acted decisively to improve capital efficiency by

Share price performance since FY2023



ROE, shareholders' equity, and shareholder returns



repurchasing a record ¥200 billion of our own shares. As a result, ROE reached 13.2%, significantly exceeding our target. As CFO, I am encouraged that we came together as one company to achieve the goals we had set. However, our results also benefited from one-off gains, including a foreign currency translation adjustment gain realized on the dissolution of Tokyo Gas Australia Pty Ltd. and gains on the sale of fixed assets. While our FY2026 forecast for profit attributable to owners of parent appears lower because these gains will no longer be recognized, FY2026 will be a year in which we steadily strengthen our underlying profit and cash flow generation capabilities. In FY2025, we demonstrated our strong commitment to improving capital efficiency. Under the new Medium-term Management Plan, we will clearly demonstrate both our earnings power and our ability to execute initiatives that enhance corporate value.

2 Financial strategy aligned with capital market expectations

In developing the new Medium-term Management Plan, we focused our discussions from an early stage on how best to present quantitative management targets to the capital markets. This reflected feedback from investors that, if we were to set an ROE target, we should also clearly present the corresponding profit targets and other key financial metrics, together with our cash allocation policy.

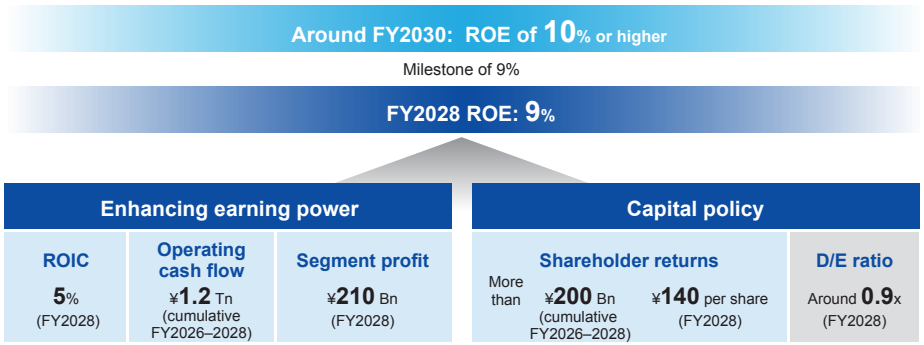
Under the new Medium-term Management Plan, we have positioned an ROE of 9% as our highest-priority target, with an ROE of 10% as our goal beyond the plan period. Even if we were to achieve a 9% ROE through large-scale share buybacks alone, it would be difficult to sustain a 10% ROE over the longer term. While disciplined management of shareholders' equity remains a prerequisite, profit growth across all businesses is essential. By improving ROIC, operating cash flow, and segment profit, we will enhance the profitability and productivity of each business and achieve sustainable improvements in ROE.

Our cash allocation plan projects cumulative cash inflows of ¥1.5 trillion over the three-year period. Of this amount, ¥1.1 trillion will be allocated to growth investments, more than ¥200 billion to shareholder returns, and the remaining ¥200 billion will be reserved for strategic deployment. We will determine how best to deploy this capital by assessing whether allocating it to growth investments or shareholder returns would contribute more to improving ROE and enhancing corporate value. Achieving our ROE targets of 9%, and ultimately 10%, will require a higher level of profit than we generate today. Accordingly, we will first actively pursue growth investment opportunities.

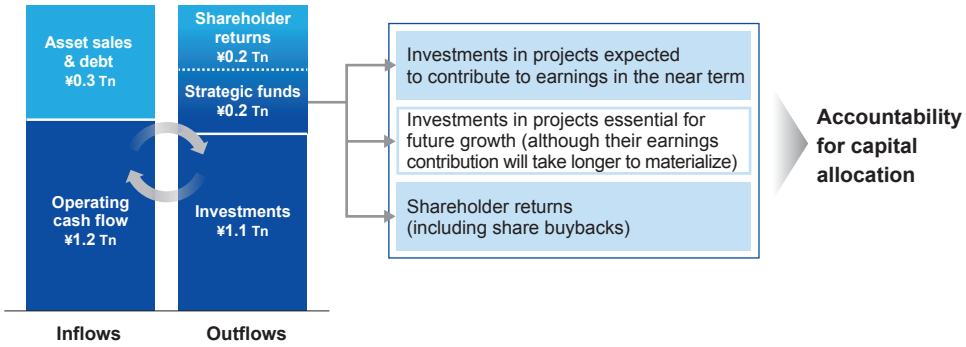
We have also revised our shareholder return policy to enhance predictability by specifying the total amount of shareholder returns and adopting a progressive dividend policy. Although our previous policy, based on the total payout ratio, was well received for its transparency, increasing profit volatility made it more difficult for investors to anticipate the level of shareholder returns. Accordingly, we have specified a total amount of shareholder returns for the plan period and, with dividend yield also in mind, adopted a progressive dividend policy linked to EPS growth, with the goal of increasing the annual dividend to ¥140 per share by FY2028. Even if the external environment changes, we are committed to maintaining the dividend per share and increasing it in line with medium- to long-term profit growth. This commitment will enhance the predictability of shareholder returns.

As for financial soundness, in view of our mission as a public utility, we must maintain an appropriate level of capital and risk buffers to ensure resilience against disasters and other contingencies. We also view a D/E ratio of around 0.9x as an appropriate benchmark and intend to increase leverage from the current level of approximately 0.7x–0.8x. By closely monitoring interest rate trends, strictly managing the proportion and maturity profile of our long-term fixed-rate debt, and maintaining our strong credit ratings, we will help contain funding costs.

Key metrics supporting the sustainable achievement of ROE



Cash allocation and approach to strategic capital deployment



3 Steadily expanding the ROIC-WACC spread

Under the new Medium-term Management Plan, we will further advance our business portfolio management by introducing ROIC-WACC as a key management framework. At the core of this framework is our value creation story—leveraging the combination of our customer base, energy assets, and operational capabilities to achieve stronger financial performance, including our Company-wide ROIC target of 5%. We will assess the strategic importance and capital efficiency of each business and asset to guide our decisions on resource allocation and portfolio optimization. By replacing ROA with ROIC as our primary management indicator, we are able to more clearly assess how effectively each internal company and business division is generating profit and cash flow from its assets and whether it is delivering a sufficient ROIC-WACC spread.

We have already begun putting this approach into practice. In our overseas business, for example, we divested non-contiguous shale interests and replaced them with interests in adjacent acreage within existing fields, where production facilities can be shared. We also sold our stake in Tokyo Gas Lease Co., Ltd., recognizing that the business would be better positioned under an owner with broader financial capabilities. In our real estate business, we have likewise sold assets such as GINZA gCUBE where we determined that opportunities for further value enhancement were limited, thereby promoting capital recycling.

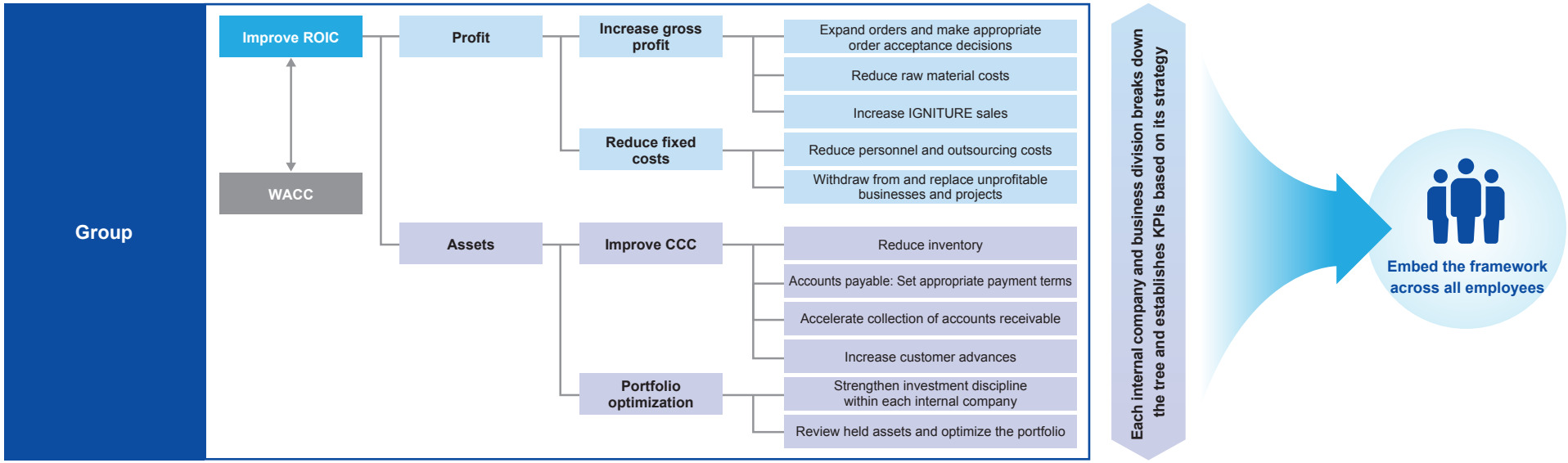
Successfully embedding ROIC into our management approach requires employees across each business to break it down into its component drivers and proactively identify what they can improve in their day-to-day work to enhance capital efficiency. Each internal company and business division has thoroughly discussed opportunities for improvement, translated the ROIC tree into KPIs and business processes, and incorporated them into its daily operations.

We recognize that WACC has increased across our businesses since formulating the new Medium-term Management Plan, reflecting recent rises in interest rates and other factors. We will first work to contain our cost of capital by reducing business risk and enhancing the transparency of our disclosures. At the same time, we will steadily expand the ROIC-WACC spread as we seek cost reductions, portfolio optimization, and disciplined investment decisions.

4 Delivering high-quality profit growth through investment in our growth drivers

Under the new Medium-term Management Plan, we have identified Energy, Solutions, and Overseas as our three key drivers of profit

ROIC-WACC tree



growth. We plan to increase segment profit from ¥87.0 billion to ¥109.0 billion in Energy, from ¥5.0 billion to ¥28.0 billion in Solutions, and from ¥59.0 billion to ¥79.0 billion in Overseas.

In our Energy business, we will strengthen profitability by maintaining and expanding our gas and electricity customer base and enhancing profitability by way of LNG trading and supply-demand optimization. In the gas business, it is also important to appropriately recover the costs required to ensure a safe and stable energy supply, taking the competitive environment into account. The revision to the basic monthly charge for residential gas services announced in FY2026 was the first adjustment to the fixed-charge component in 46 years. It was a necessary decision to ensure the continued safe and stable supply of gas amid rising personnel and construction costs. Appropriately recovering these costs, while securing our customers' understanding, is essential to fulfilling our responsibilities as a public utility.

In the electric power business, we are targeting 5.2 million customer accounts by FY2028, but it is equally important to manage the market procurement risks associated with growing demand. The approximately 2 GW LNG-fired power plant currently under construction in Sodegaura, Chiba Prefecture, is a strategic investment, with construction set to progress during the Medium-term Management Plan period and the plant expected to strengthen our supply capacity and stabilize profit in our electricity business from FY2030 onward.

The Solutions business is an important driver of a more resilient business portfolio, as it creates opportunities for cross-selling with our gas and electric power businesses while being less susceptible to commodity price fluctuations and market volatility. In the commercial sector, customer demand for power infrastructure at data centers and semiconductor manufacturing facilities is growing rapidly. We are meeting these needs by providing on-site cogeneration systems that deliver integrated electricity, air conditioning, and heat. For residential customers, we will expand our service offerings to include home equipment, repair and maintenance, plumbing, and solar power and battery storage systems. We will drive both revenue growth and improved profitability by leveraging the Kraken platform for customer management, digital marketing, and business process transformation.

In our Overseas business, the North American upstream business has become one of our core profit drivers. By concentrating our assets in the Haynesville region, maintaining production of more than 1 Bcf/d, and keeping operating costs at approximately $2/MMBtu, we have a clear path to improving profitability. At the same time, we recognize the need to take investors' views regarding our midstream and downstream businesses seriously. We have received candid feedback about ROIC remaining below WACC as a result of our up-front investments. However, we view this as an investment phase to support growth beyond FY2030 and plan to raise ROIC for our Overseas business above WACC by FY2030, turning the spread positive.

In the North American energy market, we will expand profit opportunities and reduce our exposure to Henry Hub prices by strengthening our marketing and trading capabilities and securing liquefaction capacity. In Asia, we will establish a stable earnings base through investments in energy infrastructure, including LNG receiving terminals. Looking ahead, we aim to build a global portfolio centered on LNG.

5 Enhancing the effectiveness of capital allocation with investment discipline

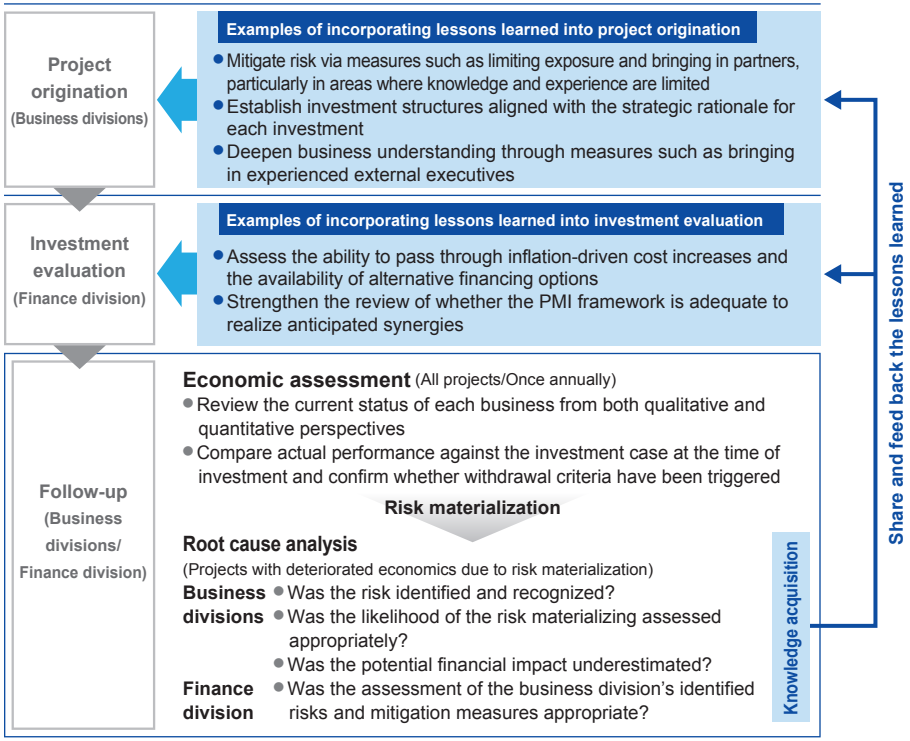
Improving ROIC requires us to be highly selective in pursuing investments that offer attractive returns. Following the announcement of our new Medium-term Management Plan, some investors questioned whether Tokyo Gas could generate sufficient returns from its investments and suggested that, if not, more capital should instead be returned to shareholders. In addition to strengthening the rigor of our investment evaluation process, we are placing particular emphasis on ensuring that lessons learned from past investments are systematically incorporated into the development and evaluation of future projects, thereby improving the quality of our investment decisions.

We will continue to enhance the quality of our investment decisions by incorporating the lessons we have learned into project origination, risk assessment, and ongoing monitoring.

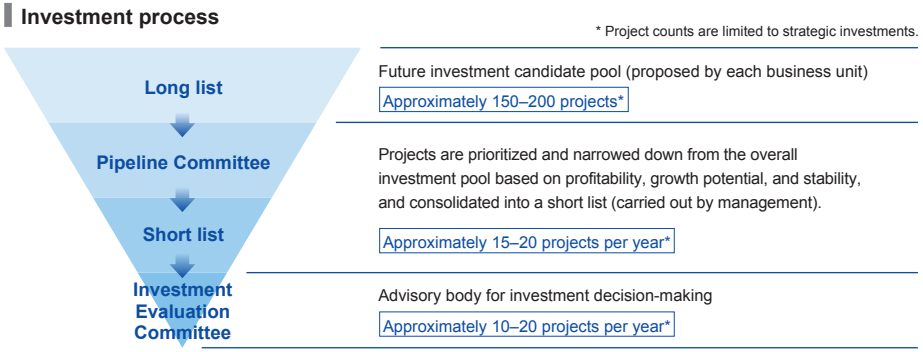
In FY2025, we recognized an impairment loss of approximately ¥28.7 billion related to our domestic biomass power generation business. Although our initial investment decision was sound, we encountered unforeseen events, including earthquakes, as well as unexpected operational and fuel procurement challenges. We have also demonstrated that we can learn from past setbacks and turn those lessons into success. Our North American upstream business, for example, also experienced significant impairment losses during the 2010s. Applying the lessons learned, we concentrated our resources in TG Natural Resources LLC, leveraged the expertise of experienced local operators, reduced fixed costs by consolidating our interests, and implemented an effective hedging strategy. As a result, the business has grown into one of our core profit drivers. It is essential to continuously apply the PDCA cycle, learn from setbacks, and improve the quality of our investment decisions.

It will be difficult to achieve an ROE of 9%, and ultimately our goal of 10%, through organic growth alone. Investment inevitably involves risk. That is why we will continue to enhance the quality of our investment decisions by incorporating the lessons we have learned into project origination, risk assessment, and ongoing monitoring. By carefully selecting investments and maintaining disciplined risk management, we will deliver step-change growth. We will continue to communicate our progress and outlook in a timely manner, earning investors' confidence in our investment strategy through the results we deliver.

Feedback of lessons learned from investment projects



Investment process



6 Enhancing corporate value beyond 2030

I serve as the executive officer responsible for both finance and sustainability, and I firmly believe that these two areas must be considered together. From a long-term corporate value perspective, sustainability initiatives are not at odds with financial performance. Many factors that are currently regarded as non-financial will, over time, become sources of competitive advantage and resilience, contributing to a lower cost of capital and enhanced corporate value. As we pursue sustainable growth, we will continue creating social value while maintaining a strong focus on investment discipline and profitability, taking a practical and responsible approach to management.

Carbon neutrality, human capital, and DX are particularly important priorities. Some argue that the tide has turned against carbon neutrality. I believe, however, that the environment is becoming more conducive to addressing these challenges in a practical manner. To maintain our competitiveness and ensure a stable energy supply over the long term, it is important to pursue a responsible transition while retaining options such as e-methane and biomethane. We cannot do so at the expense of economic viability, however. We will carefully assess uncertainties surrounding technology, policy, and market development as we pursue initiatives that enhance corporate value from both financial and non-financial perspectives.

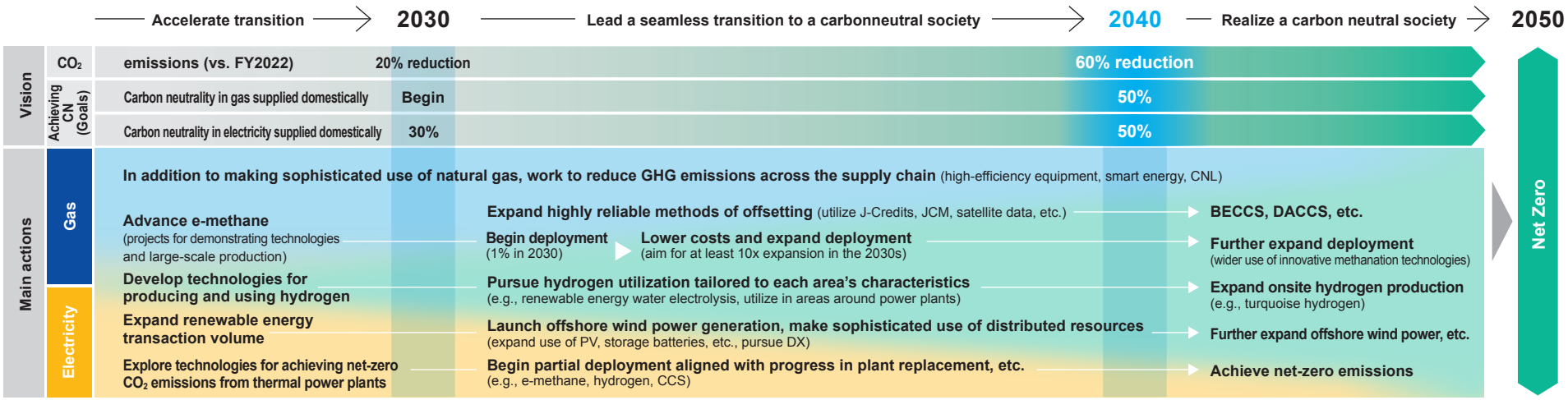
Human capital and DX are fundamental to embedding ROIC-WACC–based management across our operations and strengthening the earnings power of each business. To transform our business portfolio, we will promote employee reskilling, reallocate talent to priority growth areas, and drive operational transformation using digital technologies. The CEO's focus on AI and digital technologies is key to taking capital efficiency to the next level. AI is not simply a tool for reducing costs. By bringing together the strengths of our people and AI on a Company-wide data platform, we will optimize supply and demand management, accelerate decision-making, and drive profit growth. Leveraging these capabilities alongside our customer base and energy assets will enable us to manage our invested capital more effectively and achieve our Company-wide ROIC target of 5%. We will continue to explain how our non-financial initiatives contribute to enhancing corporate value over time and work to earn investors' understanding and support.

We are committed to consistently delivering strong annual performance, allocating capital with discipline to growth areas using the ROIC-WACC spread as our common management framework, and clearly communicating our progress as we continue refining our management based on ongoing dialogue with investors. We will continue enhancing corporate value over the long term by remaining steadfast in these three commitments.

Responsible Transition toward a Carbon-neutral Society

As an energy group that supports society's energy needs, we are committed to ensuring a stable energy supply while leading the transition to a carbon-neutral society. During the transition period through the 2030s, we will maximize the use of natural gas, which emits less CO_2 than other fossil fuels, helping to reduce society's overall CO_2 emissions while generating the earnings needed to fund investments in decarbonization. At the same time, we will advance the deployment of e-methane, biomethane (RNG), and other solutions in our gas business, while promoting renewable energy across the value chain in our electric power business. Through these initiatives, the Tokyo Gas Group aims to achieve net-zero CO_2 emissions (Scope 1, 2, and 3) by 2050.

Carbon Neutrality Roadmap 2050



Note:Through a process of revisions, the Roadmap will be evolved into a comprehensive plan covering both Japan and overseas.

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

Key Non-financial KPIs

We have established the following two indicators as non-financial KPIs to measure our FY2026 initiatives aimed at enhancing short-, medium-, and long-term financial value. The Board of Directors appropriately monitors progress against these KPIs.

Key non-financial KPI	FY2026 target	Details	Rationale
CO_2 reduction contribution*	13 million t-CO_2 (17 million t-CO_2 in 2030)	• Measures CO_2 emissions reduction contributions based on the JGA Guidelines, which are aligned with the METI Guidelines.	• Indicates the Tokyo Gas Group's realistic, step-by-step contribution to reducing CO_2 emissions across its business activities through the advanced utilization of natural gas and other initiatives.
Sales of carbon-neutral energy and environmental value	1.47 million t-CO_2	• Measures the environmental value provided through the sale of gas, electricity, and other products bundled with environmental attributes to end users in Japan.	• Tracks the expansion of our customer base through the provision of carbon-neutral energy and environmental value, while indicating progress under the Carbon Neutrality Roadmap and other initiatives.

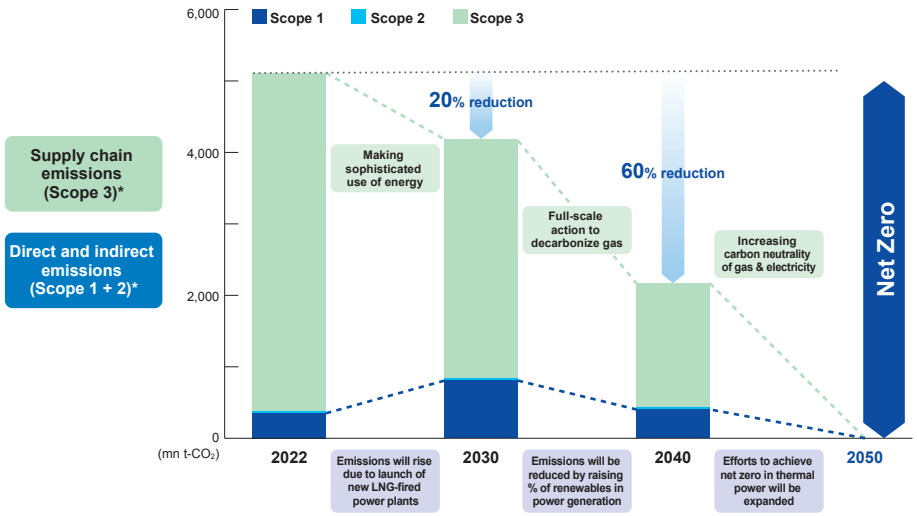
* The effect of reducing society-wide CO_2 emissions through measures such as fuel switching to lower-carbon natural gas compared to other fossil fuels, the introduction of high-efficiency equipment, and the adoption of renewable energy. The calculation method has been guided by advice from the third-party organization DNV Business Assurance Japan K.K.

Responsible Transition toward a Carbon-neutral Society

Pathway to Achieving Net-Zero CO_2 Emissions

Although the Tokyo Gas Group's direct and indirect CO_2 emissions (Scope 1 and 2) are expected to increase temporarily with the construction of new LNG thermal power plants, we will advance toward zero emissions by expanding the renewable energy we supply and replacing our LNG thermal power plants as their renewal accelerates through the 2040s. Through these efforts, we aim to achieve net-zero CO_2 emissions by 2050.
To address value chain emissions (Scope 3), we will continue working with our customers to promote greater energy conservation and the advanced utilization of energy while accelerating the transition to carbon-neutral energy across the energy we supply beginning in the 2030s.
In addition to these initiatives, we will continue contributing to reductions in society-wide CO_2 emissions.

Path for reducing CO_2 emissions (Domestic Energy Supply)

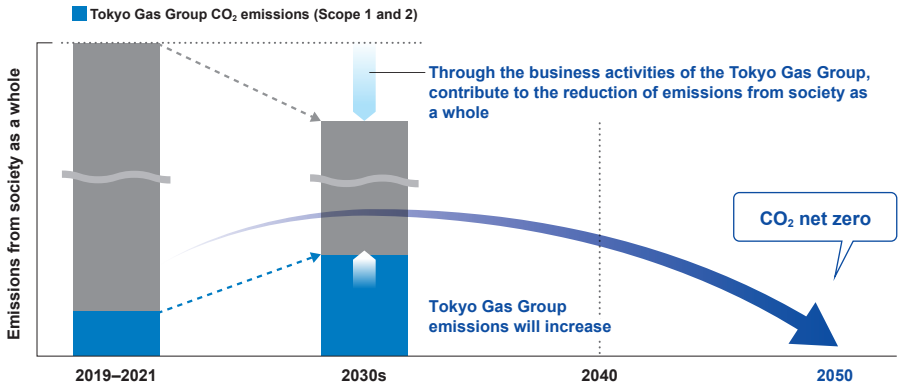


* Greenhouse gas emissions of the entire supply chain (including upstream) associated with our supply of energy (gas & electricity) to domestic customers, in CO_2 equivalents

Increase to decrease

During the transition period toward the 2030s, CO_2 emissions (Scope 1 and 2) from the Tokyo Gas Group's business activities will temporarily increase in order to meet customers' CO_2 reduction needs. Specifically, by advancing the high-efficiency use of natural gas in state-of-the-art LNG thermal power plants, energy services, and district heating and cooling businesses, we can reduce CO_2 emissions at customer sites. As a result, our Group's Scope 1 and 2 emissions will temporarily rise; however, through parallel development and social implementation of decarbonization technologies, we aim to achieve net-zero emissions by 2050.

Relation between the emissions from the Tokyo Gas Group and society as a whole



Increasing Today to Reduce Tomorrow — Toward Reducing Society-wide CO_2 Emissions (Japanese Only)
https://www.tokyo-gas.co.jp/sustainability/pdf/gx-league.pdf

Toward net-zero CO_2 from our activities

The Tokyo Gas Group has worked to reduce and limit CO_2 emissions from its operations through rigorous energy conservation efforts and the introduction of high-efficiency equipment. We will further accelerate these initiatives to achieve net zero by FY2030 across our office buildings, city gas production and supply facilities, and company vehicles.
By promoting the use of non–fossil fuel certificates and offsetting CO_2 emissions through carbon offset city gas, we achieved an 82% reduction toward net-zero CO_2 emissions from our operations compared with FY2020.

Responsible Transition toward a Carbon-neutral Society

Contributing to Overall CO_2 Reductions from Society

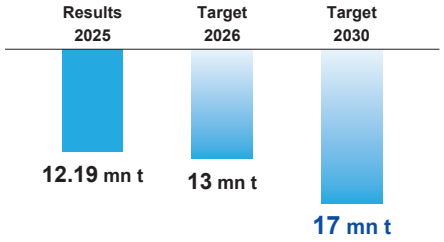
Measuring only the reduction of CO_2 emissions from our own business activities does not fully reflect the Tokyo Gas Group's contribution to decarbonization. Therefore, we use "CO_2 reduction contribution" as an indicator of our impact on society-wide CO_2 emissions reduction.
During the transition period toward the 2030s, the high-efficiency use of natural gas, which emits less CO_2 than other fossil fuels, is expected to continue playing a significant role.
Accordingly, our CO_2 reduction contribution accounts for the effects of switching to lower-carbon natural gas, introducing high-efficiency equipment, and adopting renewable energy, all of which help reduce society-wide CO_2 emissions.
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 toward this goal.

Example of a High-Efficiency System: ENE-FARM

Example of renewable energy adoption: Annaka Solar Power Plant

CO_2 reduction contribution results/targets in the transition period

(vs. FY2013)



Breakdown of the 17 mn ton target for 2030

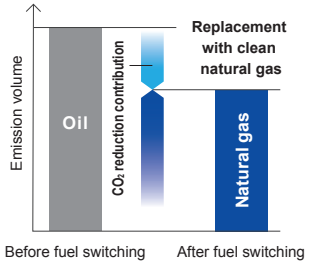
Category		Main actions
Low carbonization field 65%	25%	Fuel switching
	15%	High-efficiency equipment
	25%	Introduction of high-efficiency LNG-fired power generation
Decarbonization field 35%	15%	Introduction of renewable energy/ new energy
	20%	Utilization of non–fossil fuel certificates

Note: 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 reduction contribution ■ CO_2 emissions by the Tokyo Gas Group ■ CO_2 emissions of society as a whole

Fuel switching | Low carbonization field

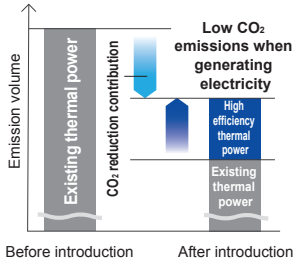


Perspective on reduction effects
Reduce CO_2 emissions by shutting down facilities that use coal and oil and replacing them with facilities that use natural gas and emit relatively low CO_2

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

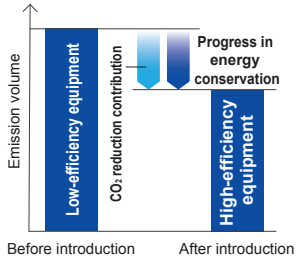


Perspective on reduction effects
Reduce CO_2 emissions by increasing the amount of power generated by high-efficiency LNG-fired power plants and reducing the amount of power generated by existing thermal power plants that emit relatively large amounts of CO_2

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

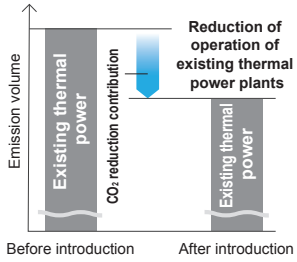


Perspective on reduction effects
Reduce CO_2 emissions by upgrading low-efficiency natural gas equipment to high-efficiency equipment

Calculation method
Number of units introduced × reduction per unit

Baseline
Conventional-performance gas appliances

Expanded introduction of renewable energy *1 | 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 by existing thermal power plants

Calculation method
Power generation × thermal power average coefficient

Baseline
Average thermal power generation

* The Tokyo Gas Group's CO_2 emissions remain unchanged.

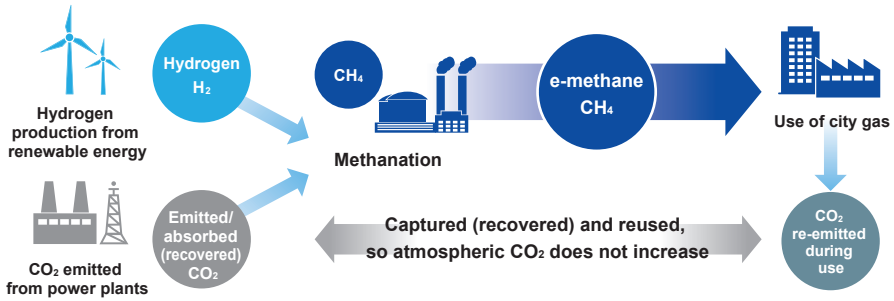
Responsible Transition toward a Carbon-neutral Society

Decarbonization of Gas

e-methane/biomethane (RNG)

e-methane is methane—the primary component of city gas—produced from hydrogen and CO_2 using methanation technology. Because the CO_2 emitted during combustion is offset by the CO_2 used in its production, the use of e-methane does not increase atmospheric CO_2 levels. Biomethane (RNG: Renewable Natural Gas) is methane produced from organic materials such as food waste. Because it is not derived from fossil fuels, biomethane is expected to play an important role in reducing greenhouse gas emissions and is already widely used in countries such as the United States. As e-methane and biomethane have the same primary component as city gas, they can be supplied using existing city gas infrastructure. We believe that promoting their widespread adoption to decarbonize city gas while minimizing additional costs to society is both the responsibility and the mission of the Tokyo Gas Group.

CO_2 emission-reduction effect with e-methane



Intellectual property initiatives to support the social implementation of decarbonization technologies

We are promoting the analysis and strategic use of intellectual property (IP) information to strengthen the technological foundation supporting the transition to a carbon-neutral society. Specifically, we have begun using IP landscape analysis to monitor patent trends in areas such as renewable energy utilization and hydrogen production technologies and apply these insights to business strategy and R&D planning. We are also monitoring patent filings and patent value in these fields with the aim of establishing a cycle that links IP strategy with business strategy. To support these efforts, we are strengthening our IP foundation by enhancing employees' IP literacy through training, developing the skills of our IP professionals through participation in external committees and other activities, and making more effective use of underutilized patents.

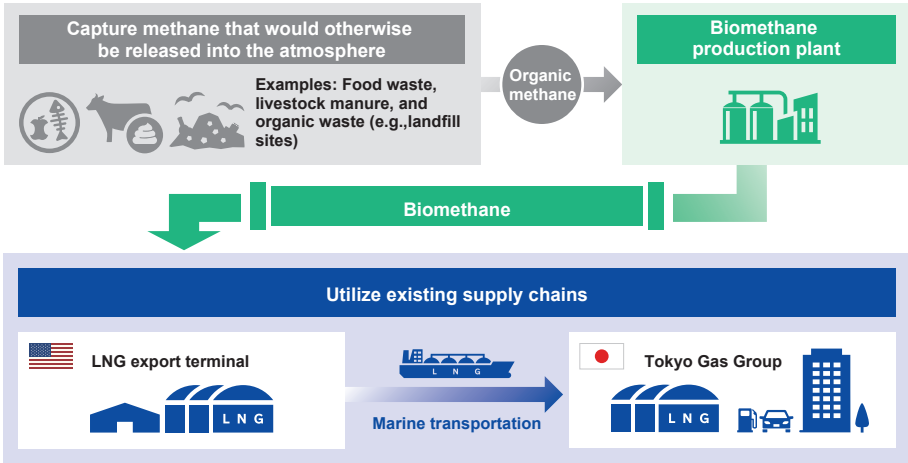
Overseas project development for the social implementation of e-methane

We began small-scale demonstration testing of e-methane in FY2021 and are now developing an overseas supply chain for its introduction in Japan from FY2030 onward. As a specific initiative, since 2025 we have been advancing a business development project in Manitoba, Canada, in collaboration with local company Teralta. The project will utilize green hydrogen (hydrogen produced from renewable energy), generated as a by-product of an industrial process powered by Manitoba's abundant hydroelectric resources. By FY2030, we aim to produce approximately 30,000 tonnes of e-methane annually for export to Japan.

Supply of overseas-produced biomethane to customers

We first imported biomethane from the United States in 2024 and supplied a portion of it to the Kannai Building owned by Tokyo Gas Real Estate. In 2026, we also reached agreements with Asahi Group Japan, Ltd., Sekisui House, Ltd., Hitachi, Ltd., and FUJIFILM Corporation to begin supplying city gas made from U.S.-produced biomethane from FY2026. Going forward, we will explore low-cost, reliable procurement sources not only in North America but also in Australia and Southeast Asia, while further expanding the supply of biomethane to contribute to the decarbonization of customers in Japan.

U.S. biomethane supply chain



Responsible Transition toward a Carbon-neutral Society

Responsible Transition toward Decarbonized Electricity

We are advancing renewable energy across the entire value chain through the development of solar, wind, biomass, and other renewable power sources in Japan and overseas; the procurement of renewable electricity from third parties; the supply of CO_2-free electricity to customers; and the provision of decarbonization services under the IGNITURE brand. In addition, by combining the decarbonization of our power generation portfolio with our battery energy storage business, we will promote carbon neutrality across our electric power business while maintaining profitability.

Initiatives to achieve carbon neutrality in the electric power business

1. Initiatives involving our renewable energy assets

To contribute to the wider adoption and expansion of renewable energy, we are developing a range of power generation projects in Japan and overseas by leveraging diverse partnerships. In fixed-bottom offshore wind, which offers significant long-term growth potential, a consortium in which we participate has been selected as the operator for a project off the coast of Yuza Town, Yamagata Prefecture, and is proceeding with full-scale development. In floating offshore wind, we are advancing R&D into foundational technologies and participating in overseas power generation projects, while working to establish the business operating models needed for early social implementation in Japan.

2. Initiatives for corporate customers such as office buildings, restaurants, and factories

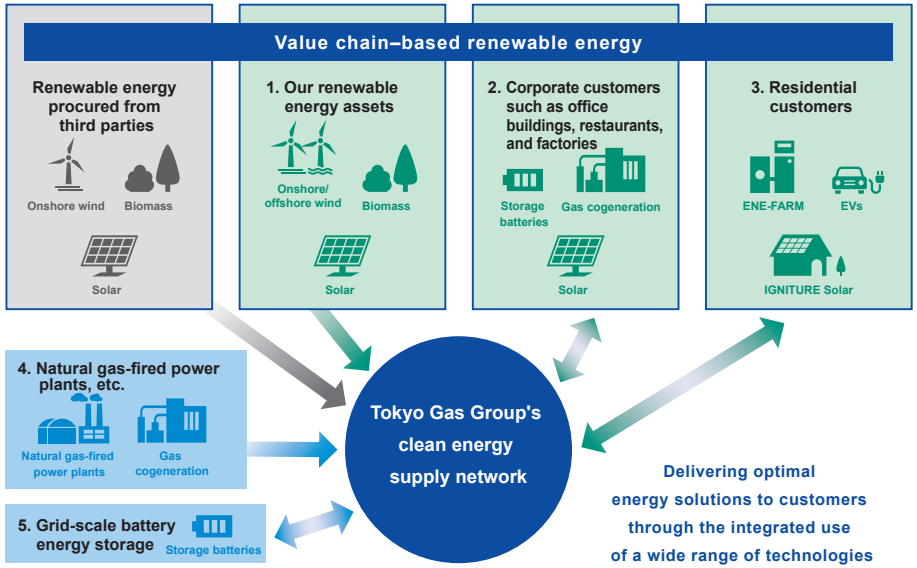
As a retail electricity provider, we procure renewable electricity generated by sources such as solar power plants together with non–fossil fuel certificates. Any shortfall is supplemented primarily with electricity generated at our own power plants, enabling us to supply electricity to office buildings, restaurants, factories, and other facilities through the power grid under off-site corporate PPAs. We also offer on-site PPAs that combine solar power generation for on-site self-consumption with battery energy storage systems, supporting the adoption of renewable energy through solutions tailored to the diverse needs of customers, including those in urban areas.

3. Initiatives for residential customers

For residential customers, we offer SASUTENA DENKI (sustainable electricity), an electricity pricing plan that delivers virtually net-zero CO_2 emissions.* We also offer IGNITURE Solar, which enables customers to install solar power systems for an affordable monthly service fee, as well as a service that purchases surplus electricity after the expiration of the Feed-in Tariff (FIT) program. In addition, we offer IGNITURE Smart Action, a demand response service that encourages greater energy conservation, while also providing energy-saving lifestyle recommendations.

* The primary power source for SASUTENA DENKI is LNG-fired power generation. The plan achieves virtually net-zero CO_2 emissions through the purchase by Tokyo Gas of non–fossil fuel certificates, which represent the environmental value of renewable energy sources such as solar and wind power. Depending on conditions in the non–fossil fuel certificate market, virtually net-zero CO_2 emissions might not be achieved.

Overview of initiatives to achieve carbon neutrality in the electric power business



4. Initiatives for natural gas–fired power generation

By operating state-of-the-art, high-efficiency thermal power plants, we will help reduce the operation of less efficient thermal power plants and contribute to the decarbonization of society as a whole. The stable supply capacity and balancing capacity provided by our high-efficiency thermal power plants also support the expanded adoption of renewable energy and enhance the stability of electricity supply and demand by improving reserve margins. At the same time, we are accelerating initiatives aimed at replacing these facilities with decarbonized thermal power generation in the future, while exploring all available decarbonization options, including hydrogen, e-methane, and carbon capture and storage (CCS).

5. Initiatives in storage batteries

We are actively expanding our storage battery business through a variety of approaches, including the development of our own projects, the acquisition of usage rights for battery energy storage facilities owned by third parties, and asset management services. By leveraging the advanced electricity market trading and operational expertise we have built over many years, together with digital technologies, we optimize the operation of battery energy storage systems to support both power grid stability and the expanded adoption of renewable energy, thereby contributing to the realization of a carbon-neutral society.

Disclosure Based on the TCFD Recommendations

Tokyo Gas considers the Task Force on Climate-related Financial Disclosures (TCFD) framework an effective tool for disclosing information on climate change responses and engaging with stakeholders, and expressed its support for the TCFD recommendations in May 2019. We use these recommendations as indicators to evaluate our climate change initiatives and continuously provide appropriate disclosures on the impacts of climate change on the Tokyo Gas Group's business activities and our related measures.

Governance

The Board of Directors makes key decisions for the Group's management, including materiality considerations that take climate-related risks and opportunities into account, the management plan, and other important matters.
Based on regular reports from Executive Officers, the Board of Directors monitors progress on the key climate change–related indicators established as KPIs under the management plan.

Examples of climate-related Board of Directors agenda items in FY2025

- Initiatives to decarbonize electricity and gas
- Recent trends in energy policy and future response strategies

In terms of the executive structure, each organization within the Tokyo Gas Group promotes business activities based on the Group's materiality. Climate change–related matters are reviewed and coordinated by the Management Committee and the Sustainability Committee, with important matters reported to the Board of Directors (see the above section). Chaired by the President and Chief Executive Officer, the Sustainability Committee reviews developments related to climate change, evaluates and monitors climate change–related indicators, and discusses and coordinates the Group's overall direction. The committee met three times in FY2025.

Risk Management

The Tokyo Gas Group defines risks judged to have a significant impact on its business as "key risks" within its Risk Management Policies, which outline the fundamental principles of risk management. The policy is reviewed annually, and daily monitoring is conducted to detect early signs of risk. These key risks are established by identifying and prioritizing risks specific to each division and subsidiary for the entire Group's business each fiscal year. Climate-related risks are also designated as key risks and integrated into the Group-wide Enterprise Risk Management (ERM) framework. In addition, the Risk Management Committee, established to enhance ERM management, regularly reviews risks and monitors the development and operation of the ERM system, reporting its findings to the Management Committee.

Risk Management System P.64

Strategy

The Tokyo Gas Group recognizes responding to climate change as a critical issue to be addressed through its business activities. In pursuit of net-zero CO_2, we have developed the Tokyo Gas Group Carbon Neutrality Roadmap 2050, which outlines a concrete pathway looking toward 2040 and 2050. In the short term through 2030, we promote high-efficiency use of natural gas as part of a responsible transition, balancing decarbonization with stable energy supply. From 2030 onward, we will implement and expand decarbonization technologies, leading a seamless transition to a carbon-neutral society by 2040, and achieve gas and electricity decarbonization by 2050.

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

Disclosure Based on the TCFD Recommendations

Risks, Opportunities, and Countermeasures Based on Scenario Analysis

Taking into account the business environment, the Tokyo Gas Group conducts scenario analysis to qualitatively and quantitatively assess the impacts of climate change on its business. The purpose of this effort is to confirm the resilience of our business strategy and to examine potential countermeasures. In these analyses, we reference scenarios published by organizations such as the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) to envision potential business environments, identify and organize anticipated risks and opportunities, and evaluate them over the short to medium term through 2030 and the medium to long term through 2050.

Assumed scenarios

	Worldview	Reference scenarios
1.5°C scenario	A scenario that assumes the achievement of global net-zero CO_2 emissions by 2050 through various decarbonization initiatives.	• IEA WEO 2023: Net Zero Emissions by 2050 Scenario (NZE) • IPCC Sixth Assessment Report: SSP1-1.9, etc.
4°C scenario	A scenario on the current trajectory that assumes no additional initiatives beyond already implemented and announced decarbonization policies.	• IEA WEO 2023: Stated Policies Scenario (STEPS) • IPCC Sixth Assessment Report: SSP5-8.5, etc.

Assessment of risks and opportunities

Category		Factors			Business impact		Financial impact*	
							Short to medium term	Medium to long term
Transition	Policy and Legal	Introduction of carbon pricing			Risks	Increased costs for city gas and thermal power generation projects	○	○
Transition	Market	Supply side	Expansion of non-fossil energy		Risks	Decrease in sales of city gas and thermal power	○	
Transition	Market	Supply side	Expansion of non-fossil energy		Opportunities	Expansion of development of renewable power sources and increase in sales volume	○	○
Transition	Market	Supply side	Expanding need for natural gas as a transition energy		Risks	Soaring LNG prices	○	
Transition	Market	Supply side	Expanding need for natural gas as a transition energy		Opportunities	Increase in city gas and natural gas sales volume due to progress in fuel switching	○	
Transition	Market	Demand side	Changes in energy consumption structure		Risks	Decrease in city gas sales volume due to progress in energy conservation and electrification	○	
Transition	Market	Demand side	Changes in energy consumption structure		Opportunities	Expand services that utilize decentralized and low-voltage resources (e.g., renewable energy, storage batteries, demand response)		○
Transition	Technology	Advancement of decarbonization technologies such as renewable energy, e-methane, hydrogen, and CCUS			Risks	Decrease in sales of city gas and thermal power	○	
Transition	Technology	Advancement of decarbonization technologies such as renewable energy, e-methane, hydrogen, and CCUS			Opportunities	Profit expansion through renewable energy, e-methane, hydrogen, and CCUS		○
Transition	Reputation	Focus on low carbon and decarbonization in investment standards			Risks	Decrease in financing capacity of fossil fuel–related businesses	○	
Transition	Reputation	Focus on low carbon and decarbonization in investment standards			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		○
Physical	Acute	Extreme weather intensification			Opportunities	Expansion of decentralized energy due to disaster prevention and resilience needs		
Physical	Chronic	Temperature rise			Risks	Decrease in sales volume of city gas (home-use and business-use)		

* "○": Items for which the 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 the use of natural gas for balancing renewable power
- CCUS

Decarbonization of gas and electricity

- e-methane: Transition to large-scale and high-efficiency methanation and commercial use
- Biomethane (RNG): expanding supply and diversifying procurement sources
- Hydrogen: Establish practical, affordable hydrogen production technologies
- Expand renewable power sources (e.g., increase solar and wind power generation)
- Achieve net-zero CO_2 emissions in our thermal power generation

Infrastructure development (resilience)

- Enhanced resilience in the natural gas infrastructure
- Enhanced establishment of 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 the TCFD Recommendations

Quantitative Financial Impact

We recognize that our city gas business, which is currently the core of the Group's operations, is significantly affected by climate change–related risks and opportunities. Accordingly, we have estimated the financial impacts of selected risk factors under each scenario. To mitigate the impact of these risks on the Group as a whole, we will continue expanding our carbon-neutral energy and solutions businesses.

Impact of Policies and Regulations, including Carbon Pricing, on City Gas Sales

The introduction of policies and regulations associated with the transition to a carbon-neutral society could affect the city gas business, as overall energy consumption is expected to decrease. In the IEA WEO 2023 NZE scenario (1.5°C scenario), Japan's natural gas consumption is projected to decline by approximately 10% by 2030. If our Group's city gas sales were to be affected to the same extent, past sales trends suggest this would correspond to roughly ¥100 billion in revenue.

Impact of Rising Temperatures on City Gas Sales

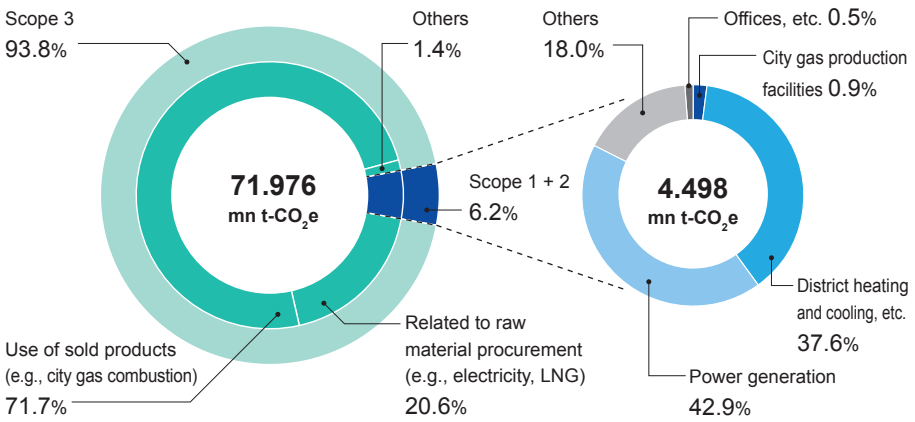
Abnormal weather, such as extreme heat or unusually warm winters, could cause fluctuations in sales volumes for household gas—primarily used for hot-water supply and heating—as well as some commercial-use gas, potentially affecting the city gas business. In the SSP5-8.5 scenario (4°C scenario) of the IPCC Sixth Assessment Report, the average temperature in 2030 is projected to rise by 0.5°C compared with the 2011–2020 baseline. Based on historical sales trends, this would correspond to approximately ¥15 billion in revenue.

Indicators and Targets

To support the realization of a carbon-neutral society, we have established the following indicators and targets to both contribute to reducing CO_2 emissions across society and track the progress of initiatives aimed at reducing the Tokyo Gas Group's own CO_2 emissions (Scope 1, 2, and 3).

Indicator	Target
CO_2 reduction contribution (vs. FY2013)	2026 13 mn t; 2030 17 mn t
Greenhouse gas emissions (Scope 1, 2, and 3)	2050 Net-zero CO_2
Net-zero CO_2 emissions from our activities (vs. FY2020)	2030 100% achieved
Carbon-neutral energy and environmental value sales	2026 1.47 mn t-CO_2
Volume of e-methane and RNG introduced	2030 1% deployed (80 mn Nm^3/year)

Greenhouse gas emissions: FY2025 results



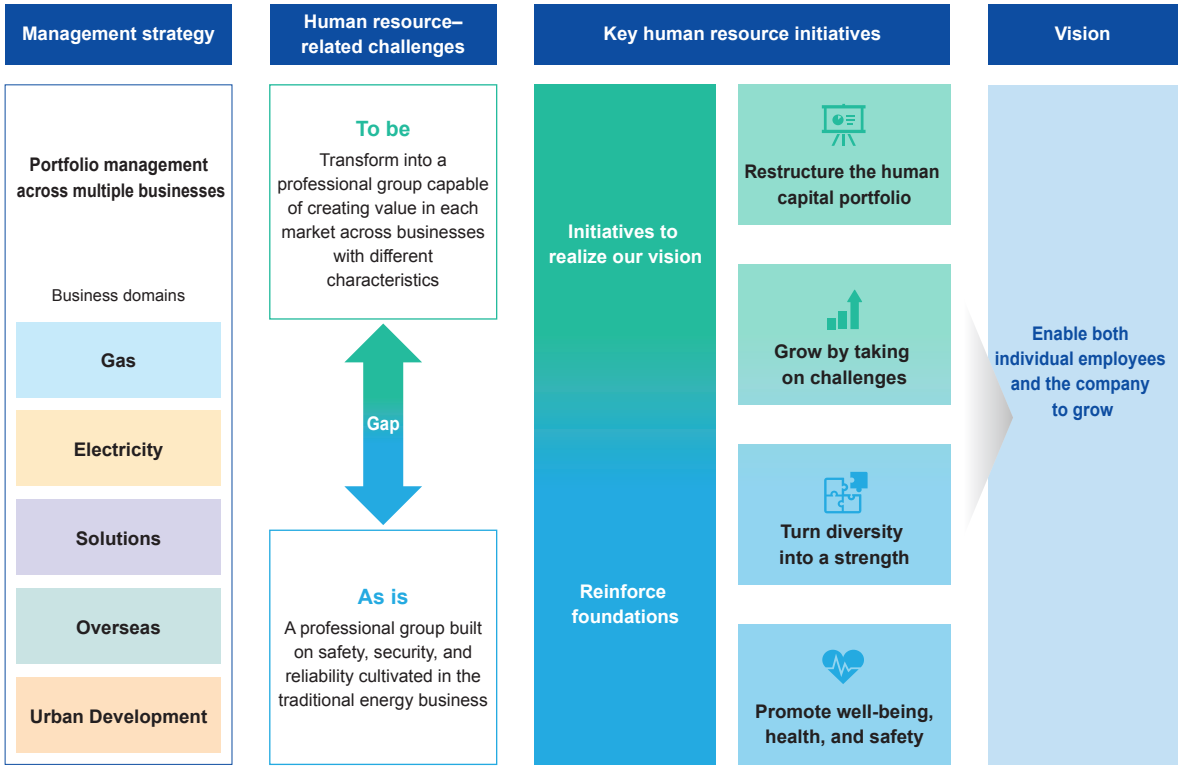
Practicing Human Capital Management

The business environment surrounding the Tokyo Gas Group is undergoing significant change. In response, we have positioned the present as our “third founding period” and are transforming our management approach to one centered on a diversified business portfolio. While building on the high aspirations, determination, and professional expertise founded on safety, security, and reliability that we have cultivated through our traditional energy business, our greatest human capital challenge is to transform ourselves into a group of professionals capable of competing successfully in multiple businesses with different risk-return profiles and creating new value in each of those markets. To address this challenge, the Human Resource Development Committee, comprising members of the Management Committee, is deepening discussions while implementing a range of initiatives to support the growth and engagement of every Group employee. These initiatives are aimed at building an optimal human capital portfolio that reflects the rapid advancement of AI and supports the execution of the growth strategies set out in the FY2026–2028 Medium-term Management Plan. People are central to the successful execution of our management strategy. At the Tokyo Gas Group, we view each Group employee not merely as capital, but as a valuable asset with heart. Through our human capital management, we are committed to fostering the mutual growth of both our employees and the Company, thereby enhancing corporate value.

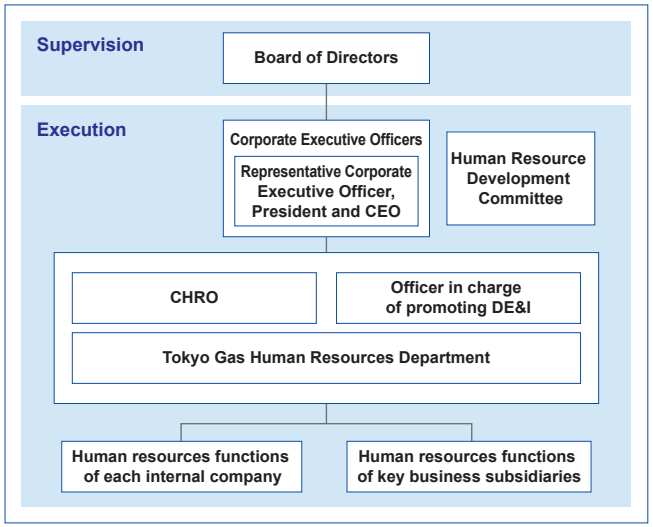
Note: For more information on the Tokyo Gas Group’s human capital management, please refer to the Human Capital Report.

Human Capital Report
https://www.tokyo-gas.co.jp/about/human_capital_report/pdf/human_capital_report.pdf
(Japanese only)

The Human Resource Development Committee, composed of Management Committee members, engages in multifaceted discussions and deliberations regarding people as valuable assets with heart.



Implementation Structure



Human Resource Development Committee	Discusses and deliberates on human capital themes in alignment with management strategy. It is directly under the President, composed mainly of Management Committee members, and collaborates with other committees as needed.
CHRO	Enhances the effectiveness of human resources strategy while facilitating communication with internal and external stakeholders, and leverages this for initiatives across the entire Group.
Officer in charge of promoting DE&I	Drives human resources strategy in coordination with the CHRO, focusing on DE&I initiatives.

Practicing Human Capital Management

Key Non-financial KPIs

The following two indicators have been established as non-financial KPIs for FY2026 to measure initiatives that contribute to short-, medium-, and long-term financial value. Progress will be appropriately monitored by the Board of Directors.

Key non-financial KPI	FY2026 target	Details	Rationale
Advanced expertise coverage	100%	Measures the extent to which employees at Expertise Levels 3 and 4 meet the target human capital portfolio.	● Indicates the extent to which the expertise and talent required to execute our strategy have been deployed and secured, providing the foundation for realizing the growth story set out in the Tokyo Gas Group FY2026–2028 Medium-term Management Plan.
High engagement response rate	64.5%	Measures the percentage of employees selecting one of the top two response categories (“Strongly agree” or “Agree”) for “Willingness to Contribute” in the employee engagement survey.	● Expertise and willingness to contribute are the two key drivers of maximizing each employee’s performance. ● Previously, the top three of the six response categories were counted. From FY2026, however, only the top two categories are counted in order to focus on a higher level of willingness to contribute toward creating financial value.

* The targets shown are the combined targets for Tokyo Gas Co., Ltd. and Tokyo Gas Network Co., Ltd.

Restructuring of the Human Capital Portfolio

Expertise across the Tokyo Gas Group

Since FY2024, we have established a human resources system centered on making employee expertise visible, comprehensively redesigning our processes from recruitment and development to evaluation and placement. We have broken down approximately 2,000 jobs across the Company and, based on our business strategy, organized the required skills and knowledge into 180 areas of expertise across three to four proficiency levels. These are compiled in our proprietary Expertise Guide.

In particular, we define employees at Expertise Level 3 or above as the core talent capable of driving our businesses and monitor the extent to which these positions are filled as a non-financial KPI to support the execution of our business strategy.

Clarification of the gap between the current state (As is) and vision (To be)

To achieve a human capital portfolio necessary for realizing our management and business strategies, we implement various initiatives while clarifying the gap between the current state (As is) and the vision (To be). For the “To be” state, we benchmark the strategies and initiatives of leading companies to define the expertise and skill requirements needed for strategy execution, as well as the ideal human capital portfolio. At the same time, to understand the “As is” state, we have systematically mapped employees’ expertise and skills through the “Visualization of Expertise” initiative, fully launched in FY2024.

Toward achieving the target human capital portfolio

To realize the human capital portfolio needed to support our management strategy, we are identifying gaps in the expertise required for the growth drivers identified in the FY2026–2028 Medium-term Management Plan, including the Energy, Solutions, and Overseas businesses. We are working to close these gaps through initiatives such as upskilling within employees’ current organizations, workforce reallocation combined with reskilling, and mid-career recruitment. We also monitor year-on-year progress in closing these gaps as we work toward building the human capital portfolio needed to execute our management strategy.

Advanced expertise coverage Status as of the end of FY2025 relative to the target level for FY2026

Business domains identified as growth drivers in the FY2026–2028 Medium-term Management Plan

Energy			Solutions			Overseas			Cross-functional Areas
LNG Business	Power Procurement	Technology	Business Planning/ Management	Sales/ Marketing	Technology	Business Planning/ Management	Accounting/ Finance	Legal	Digital
80%	73%	81%	75%	83%	88%	79%	88%	81%	39%

As of the end of FY2025, while there are still challenges in meeting some specialized skill requirements, we are steadily strengthening our talent base toward achieving our FY2026 targets through integrated efforts in talent development, placement, and recruitment.

Practicing Human Capital Management

Enhancing expertise and supporting self-directed career development through greater career ownership

We are rebuilding our human capital portfolio by enhancing employee expertise, starting with greater career ownership. To support every employee's growth as a business professional, we have established the *My Professional Journey* framework, a comprehensive initiative designed to foster career ownership, and are expanding programs that encourage self-directed career development. Specifically, we have established a foundation for employees to proactively manage their careers by promoting an understanding of the importance of career ownership through e-learning and other initiatives. We then introduced the *My Professional Story,* through which employees reflect on their career aspirations and map out their growth journey, creating opportunities for dialogue between employees and their managers. In addition, we have made the expertise required for each role visible and created an environment that enables employees to continue learning proactively in pursuit of their ideal careers. We have also expanded our internal job posting system and introduced the Job Challenge Program, which allows employees to gain experience through temporary assignments to positions of their choice, providing opportunities to apply their expertise and take on new challenges. Through this integrated set of initiatives, we support the self-directed career development of every employee.

My Professional Journey

❶ Understand	❷ Consult	❸ Continue enhancing expertise	❹ Take on new experiences
Learning the fundamentals of career development e-learning and a three-year program for early-career employees	**Regular performance reviews and one-on-one meetings** Dialogue through *My Professional Story*	**Self-development programs** Expanded learning programs	**Internal job posting and free agent system** Supporting career aspirations
Workshops Compass for healthy working	**Career Development Program interviews** Support for long-term career development	**Support for learning** Financial and time support	**External side jobs** Supporting new challenges
Exploring diverse career paths Career talk sessions to enhance motivation for career development	**Career consultation service** Consultation with internal and external career advisors	***Expertise Guide*** Expanded recommended learning content to enhance expertise	**Job Challenge Program** Temporary assignments to other departments

Using our proprietary AI applications

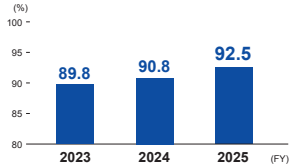
As part of the Objectives and Key Results (OKR) performance management system introduced for all employees in FY2026, we have deployed a suite of proprietary AI applications that provide end-to-end support, from career planning and learning to taking on new challenges. These include the OKR navigator AI, which helps employees set ambitious goals; MyPro AI, which supports the creation of each employee's *My Professional Story,* a roadmap for growth as a business professional; and the career advisor AI, which recommends learning opportunities and potential departments where employees can apply newly acquired skills.

Enhancing Employee Engagement

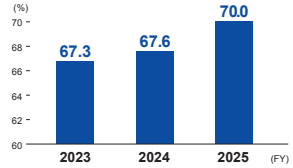
Employee engagement survey

The percentage of employees giving positive responses regarding their willingness to contribute has remained at a high level since the survey was first introduced, based on the top three response categories ("Strongly agree," "Agree," and "Somewhat agree"). From FY2026, we have counted only the top two response categories and adopted this metric as a non-financial KPI (see previous page), based on both internal and external case studies showing that employees with a high level of willingness to contribute maximize their individual performance and, in turn, create financial value. To assess the effectiveness of initiatives aimed at strengthening career ownership, we also monitor indicators of intrinsic motivation, including employees' career prospects and willingness to take on new challenges. All these indicators have improved compared with the previous fiscal year. In addition, each department identifies engagement indicators requiring improvement as priority areas and develops and implements initiatives to address them, while the Human Resources Department monitors progress and reports it to senior management. By steadily advancing this PDCA cycle, we continue to enhance employee engagement and strengthen our organization.

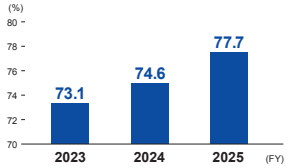
Positive response rate regarding willingness to contribute
(non-consolidated)



Positive response rate regarding career prospects
(non-consolidated)



Positive response rate regarding willingness to take on challenges
(non-consolidated)



Driving growth through challenge and diversity

To support employees' self-directed career development, we have established an internal job posting program. In addition, beginning in FY2026, we introduced the OKR performance management system for all employees to encourage bold challenges that drive sustainable growth. Under this system, employees pursue their work with ambitious goals aligned with our vision for 2030.

We have also positioned the advancement of women as the starting point for promoting diversity, equity, and inclusion (DE&I), and are implementing a range of initiatives aligned with our management strategy. Furthermore, we have set a target of achieving a 100% childcare leave participation rate among eligible male employees, with each taking at least one month of leave, as we work to build an organization where diverse talent can thrive.

Promoting Business Transformation through DX

Leveraging AI across the Tokyo Gas Group: Creating and delivering next-generation value as an AI-native company

The Tokyo Gas Group is advancing digital transformation (DX) across the Group with the goal of becoming an AI-native company by 2030 that continuously creates and delivers next-generation value. By embracing rapidly evolving technologies, including AI, we are transforming our business models and business processes across all business domains. Through solutions and businesses that extend beyond the traditional boundaries of energy, we will deliver even greater value to our customers while contributing to the sustainable development of society.

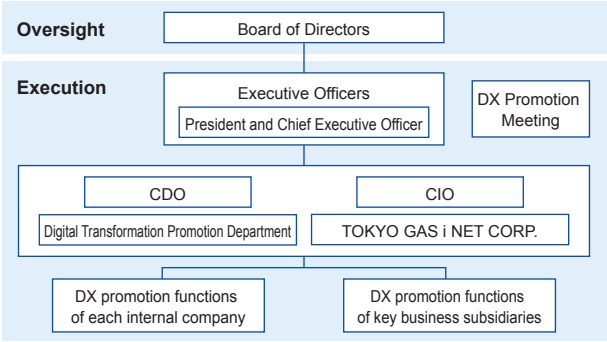
DX implementation structure

The Tokyo Gas Group promotes DX across the Group through the DX Promotion Meeting, chaired by the Chief Digital Officer (CDO). Beginning in FY2026, the Meeting has also been designated as a key executive management committee, providing a forum for deeper discussion of DX and AI as management priorities for enhancing growth potential and capital efficiency. Under this framework, each internal company and key business subsidiaries drives its own transformation, supported by the Digital Transformation Promotion Department and TOKYO GAS i NET CORP. from a technological perspective. By strengthening collaboration through the Meeting, we foster autonomous DX initiatives across the Group while accelerating improvements in the Group's overall earning power.

AI governance structure

To accelerate our transformation into an AI-native company and realize sustainable value creation, we have established the AI utilization policy, which is designed to strike a balance between accelerating AI adoption (the "accelerator") and ensuring safety and reliability (the "guardrails"). Under this policy, we are building a secure data and AI infrastructure while rigorously addressing risks, including ethical considerations, enabling disciplined investment in AI across the Group. Building on this strong governance foundation, we are embedding AI throughout our business processes to fundamentally enhance the productivity of our existing businesses while creating new AI solutions that leverage the Tokyo Gas Group's unique expertise.

DX implementation structure



DX Promotion Meeting

Frequency	Four times a year (scheduled for June, September, December, and February)
Purpose	● Review progress on DX initiatives and recognize outstanding achievements ● Share knowledge and insights needed to advance DX ● Strengthen cross-organizational collaboration (identify common challenges, discuss solutions, and share implementation strategies)
Structure	Chair: Chief Digital Officer (CDO) Vice Chair: Chief Information Officer (CIO) Members: General Managers of the core DX promotion departments at each internal company and key business subsidiaries
Reference Key topics in FY2025	● Discussed business strategy formulation based on effective AI utilization (AI utilization policy and AI governance) ● Recognized initiatives demonstrating significant progress (DX ACCELERATOR) ● Shared insights to support responses to changes in the external environment

Key Non-financial KPIs

The following two indicators have been established as non-financial KPIs for FY2026 to measure initiatives that contribute to short-, medium-, and long-term financial value. Progress will be appropriately monitored by the Board of Directors.

Key non-financial KPI	FY2026 target	Details	Rationale
Progress in enterprise architecture (EA) integration (number of systems consolidated)	30 systems	● Consolidate approximately 250 internal systems into approximately 40 platforms by FY2030.	● Eliminate fragmented systems and scattered data to build an optimized, enterprise-wide IT infrastructure. ● Reduce maintenance and management costs while maximizing earnings by enhancing customer services and creating new businesses through cross-functional data utilization. ● Establish a foundation that can flexibly respond to cybersecurity risks and future technological change, thereby enhancing corporate value.
Business advancement and streamlining through data (active users*)	4,000 users	● Achieve a state in which more than 70% of all employees use AI and data in their day-to-day work. ● Measure the number of users who access either the data platform (and related analytics tools) or AI tools at least once a week.	● Transform into an AI-native company where AI and data are used routinely by employees across the organization, rather than being confined to specialized departments. ● Generate earnings by leveraging AI and data to automate operations, thereby reducing SG&A expenses, while improving sales performance and enhancing decision-making. ● Strengthen adaptability to market changes and expectations for sustainable growth by developing a workforce with broad AI and data capabilities.

* Covers Tokyo Gas Executive Officers, employees, and associate employees, including those seconded to Group companies.

Promoting Business Transformation through DX

EA Integration Progress in Action

The future we aim to achieve through Enterprise Architecture (EA): Five transformations

To respond to the rapid digitalization and decarbonization reshaping the energy industry, we are advancing our Enterprise Architecture (EA) initiative to modernize our IT infrastructure. By eliminating the constraints on data utilization caused by fragmented, department-specific systems, we aim to establish by FY2030 a simple, flexible, and secure IT foundation that empowers data-driven management.

01 Consolidation and standardization of business systems — Expected benefits: **Greater operational efficiency, optimized costs, and faster service development**

By FY2030, we will consolidate approximately 250 internal systems into approximately 40 platforms. By eliminating duplication in functions and data, we will build an IT foundation that reduces costs and accelerates the rollout of new services.

02 Data integration infrastructure — Expected benefits: **Cross-functional data utilization and faster decision-making**

During FY2026, we will establish the Data Integration Hub to centrally manage and distribute data. This information infrastructure will enable data utilization across organizational boundaries, helping enhance customer services and support the creation of new business opportunities.

03 Leveraging AI and data analytics infrastructure — Expected benefits: **More advanced operations and the creation of new customer value through AI**

By leveraging an integrated data analytics platform and AI, we will improve demand forecasting, automate operations, and anticipate customer needs. This will accelerate frontline problem identification and management decision-making while enabling data-driven business operations. (See the feature on the right: *Building a data analytics platform for AI readiness.*)

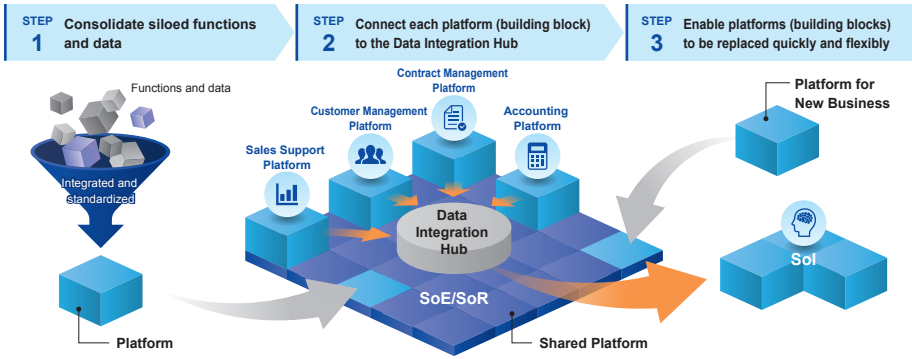
04 Establishing a zero-trust security architecture — Expected benefits: **Reduced cybersecurity risk and protection of customer data**

During FY2026, we will establish a security architecture based on the zero-trust principle of "verify every access." This will protect personal information and corporate assets from increasingly sophisticated cyber threats while maintaining the trust placed in our company.

05 Complete migration from legacy systems — Expected benefits: **Elimination of future system risks and greater adaptability to change**

We aim to complete the migration from mainframe systems, where securing technical expertise is becoming increasingly difficult, to distributed infrastructure such as cloud environments by the end of FY2030. This will establish a flexible IT foundation capable of adapting to future technological change.

The next-generation IT architecture: Achieving enterprise-wide optimization through Enterprise Architecture (EA)



SoE (Systems of Engagement): External-facing systems that build digital touchpoints with customers and enhance engagement
SoR (Systems of Record): Core business systems that accurately record and maintain data, such as contract management and accounting
SoI (Systems of Insight): Data analytics systems that analyze accumulated data to generate insights for decision-making and value creation

Case Study: Leveraging Data to Advance and Streamline Our Business

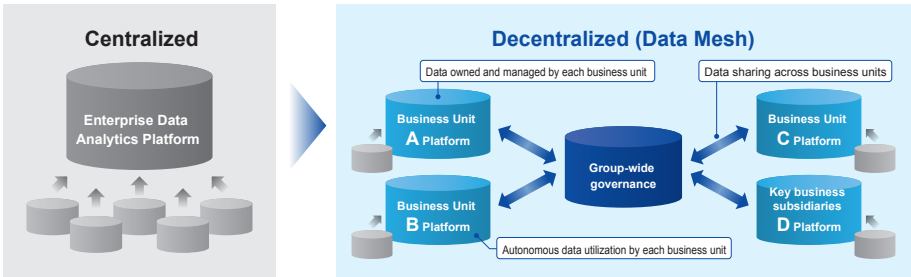
Promoting the use of AI tools

Across the Tokyo Gas Group, we have established a framework to visualize and monitor the use of generative AI, analytical AI, and other tools recommended by the Digital Transformation Promotion Department. This enables us to accurately track progress toward our non-financial KPI target of 4,000 active users while rolling out timely initiatives to promote broader adoption and more advanced use of these tools. By effectively managing and encouraging their use, we will accelerate operational efficiency, profit creation, and the delivery of new value to customers, thereby enhancing the competitiveness of the Group as a whole.

Building a data analytics platform for AI readiness

To accelerate data utilization across the Group, we have been developing a data analytics platform that enables a rapid cycle of data collection, accumulation, analysis, decision-making, and execution. As a result, the democratization of data across the Group has steadily advanced. At the same time, however, the transition to a holding company structure has accelerated the decentralization of management, while rapid technological change has exposed the limitations of our traditional centralized data analytics platform. To address these challenges, we are now transitioning to a decentralized, data mesh–based analytics platform as part of our Enterprise Architecture (EA) initiative, with deployment already underway across individual business units. By adopting a loosely coupled, highly flexible architecture and proactively leveraging leading-edge technologies, we aim to strike a balance between accelerating autonomous data utilization by each internal company and key business subsidiaries while optimizing data utilization across the Group.

Transition from a Centralized Data Analytics Platform to a Decentralized (Data Mesh) Platform



Foundations Supporting Sustainable Growth

Conservation of Biodiversity

Nature-related assessment based on the TNFD recommendations

To better understand the relationship between our business activities and nature, we are conducting a phased assessment based on the Locate, Evaluate, Assess, and Prepare (LEAP) approach recommended by the Taskforce on Nature-related Financial Disclosures (TNFD). We first conducted a high-level assessment of our key business areas to identify their dependencies and impacts on nature, as well as nature-related risks (See item (1) below.). We then carried out a location-specific assessment of our U.S. shale gas business (See item (2) below.). For the U.S. shale gas business, we have implemented measures such as environmental impact assessments and operational controls. An analysis conducted by external experts also concluded that nature-related risks are being managed at an acceptable level.

We also expanded the location-specific assessment to include business locations beyond our shale gas operations* and conducted a value chain–wide screening assessment (See item (3) below.). The assessment identified the regions where we procure natural gas feedstock and biomass fuels (wood pellets and palm kernel shells (PKS)) for biomass power generation as areas with relatively greater interactions with nature. While this does not necessarily indicate a higher level of nature-related risk, we will continue to assess risks and implement appropriate measures in these regions.

* Scope of the location-specific assessment: The assessment covered business operations directly operated by the Tokyo Gas Group and was based on location data. For upstream supply chain activities, the assessment focused primarily on strategically important LNG procurement regions and was likewise based on location data. LPG used for calorific value adjustment and biomass fuels were assessed using country-level average values.

Scope of the nature-related assessment

Business category			Business location	
City gas business	Feedstock procurement and resource development	(1)	Feedstock procurement regions	(3)
			Shale gas	(2)
	Production	(1)	LNG terminal	(3)
	City gas supply	(1)	Domestic operating locations	(3)
	Related services	(1)	Domestic operating locations	(3)
LNG-fired thermal power generation	LNG-fired thermal power generation	(1)	Domestic and overseas operating locations	(3)
Renewable energy	Solar power generation	(1)	Domestic and overseas operating locations	(3)
	Wind power generation	(1)	Domestic and overseas operating locations	(3)
	Electricity generation from biomass	(1)	Domestic operating locations and fuel procurement regions	(3)
Real estate	Real estate	(1)	Domestic and overseas operating locations	(3)

Response to natural gas feedstock procurement

The analysis identified that some procurement regions have interactions with areas of high importance for nature. These areas are characterized by a high concentration of endemic and threatened species and relatively well-preserved natural environments, indicating that their relationship with nature warrants careful consideration. The Tokyo Gas Group procures feedstock only after confirming that suppliers comply with applicable environmental laws and regulations, including environmental impact assessment requirements.

Response to biomass fuel procurement

The analysis identified interactions with areas of high importance for nature, particularly in Southeast Asia. Biomass fuel procurement involves relatively greater interactions with nature because producing and sourcing the wood used as feedstock requires extensive land use. The Tokyo Gas Group has established a biomass fuel procurement policy based on compliance with environmental laws and regulations and sustainable fuel sourcing, and conducts on-site assessments in selected regions. We also take into account input from environmental NGOs as we work to reduce the potential for nature-related risks associated with fuel procurement.

Nature-positive initiatives

Our analysis confirmed that the LNG terminals, real estate properties, and other sites associated with our business are located in areas where development has already significantly altered the original natural environment, resulting in relatively low levels of ecosystem integrity.* At the same time, these findings indicate that these sites have considerable potential to contribute to nature recovery through initiatives such as green space management. Based on this understanding, the Tokyo Gas Group is advancing nature-positive initiatives, with the certification of the Sodegaura LNG Terminal as a Nature Coexistence Site serving as a leading example.

* Ecosystem integrity refers to the extent to which natural environments remain intact and unaltered despite land-use and other human activities.

Examples of ecosystem integrity across our business

Sites with high ecosystem integrity		Sites with low ecosystem integrity
● Feedstock procurement, etc.	● Photovoltaic power generation ● Wind power generation, etc.	● LNG terminals ● Real estate properties, etc.

For more information on biodiversity conservation and other initiatives related to natural capital, please refer to the Sustainability Factbook.

Sustainability Factbook (The FY2026 edition is scheduled to be published in October 2026.)
https://www.tokyo-gas.co.jp/sustainability/download/index.html?wovn=en

Respecting Human Rights across the Supply Chain

Basic approach

The Tokyo Gas Group recognizes respect for human rights as one of its key management priorities and is committed to establishing and implementing a human rights policy, conducting human rights due diligence, and providing access to effective grievance mechanisms. To promote respect for human rights across the Group and fulfill our public mission and social responsibilities, we established the Tokyo Gas Group Human Rights Policy in 2018, which was revised in 2022. The policy was approved by the Board of Directors.

Governance

Initiatives to promote respect for human rights are carried out collaboratively by the Sustainability, Compliance, and Risk Management divisions. Significant matters are reported to the Board of Directors.

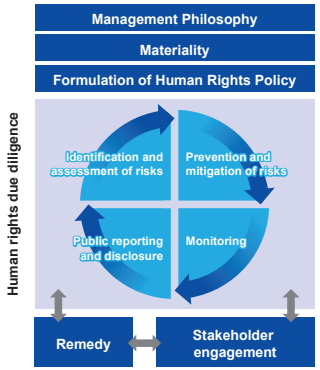
Our approach to respecting human rights

In line with the UN Guiding Principles on Business and Human Rights, we implement our human rights initiatives in accordance with the process shown below. Further details on each initiative are provided in human rights reports and other materials.

Human rights due diligence

We identify and assess human rights risks associated with our business, including those affecting customers and suppliers, and work to prevent and mitigate those risks. In FY2025, we strengthened our risk governance by introducing a detailed risk matrix for investments and financing that includes human rights–related risks. We also established a human right framework to enhance the credibility of carbon credits (see Case Studies 1 and 2).

Beginning in FY2026, taking into account recommendations from external experts on business and human rights, we will strengthen coordination with our enterprise risk management (ERM) framework and, together with our business divisions, conduct workshops involving third-party experts to enhance our capabilities for managing social and environmental risks. Through these efforts, we will further improve the effectiveness of our due diligence in addressing the potential human rights risks associated with the Tokyo Gas Group's business activities.



Stakeholder engagement

In FY2025, we held our first dialogue with external experts on business and human rights to support the continuous improvement of our initiatives (see Case Study 3).

Remedy

We have established a range of consultation and reporting channels for stakeholders, including customers, Group employees, and suppliers, and work to provide appropriate remediation and access to remedy for adverse human rights impacts.

Case Study ① Strengthening the social and environmental risk assessment process for investments and financing

We introduced a social and environmental risk matrix for investments and financing based on the IFC Performance Standards, the Equator Principles, and other internationally recognized frameworks. We also entered into an advisory agreement with an external expert to establish a framework for incorporating independent expertise into investment and financing decisions.

Case Study ② Establishing a human rights framework to enhance the credibility of carbon credits

Together with partner companies, we developed the Framework for Respecting Human Rights by Companies Involved in Carbon Credit Generation Projects. By incorporating this framework and its implementation standards into our internal risk assessment criteria for carbon credits, we have established evaluation criteria and management processes for human rights due diligence. Through these efforts, we are working to ensure the quality and enhance the credibility of the carbon credits we help generate.

Press releases
https://www.tokyo-gas.co.jp/sustainability/topics/pdf/en/20250812-02e.pdf

Case Study ③ Dialogue with external experts on business and human rights

In January 2026, we invited external experts on business and human rights to engage in a dialogue with the executive officer responsible for sustainability and relevant general managers to support the continuous improvement of our human rights initiatives. The discussion focused on human rights across the supply chain and marked our first dialogue dedicated specifically to human rights issues. The dialogue highlighted the importance of identifying and addressing risks at the departmental level while keeping the perspectives of rights holders at the center of decision-making. We also received valuable input emphasizing that attention should extend beyond upstream activities, such as development and procurement, to include downstream activities involving customers. We will incorporate the insights gained through this dialogue into our initiatives and continue to strengthen our approach to respecting human rights.

For more information on our human rights initiatives, please refer to the Sustainability Factbook and the Human Rights Report.

Sustainability Factbook (The FY2026 edition is scheduled to be published in October 2026.)
https://www.tokyo-gas.co.jp/sustainability/download/index.html?wovn=en

TOKYO GAS GROUP Human Rights Report 2026 (Japanese Only)
https://www.tokyo-gas.co.jp/sustainability/download/pdf/hr2026.pdf

Roundtable Discussion with Outside Directors

From Strategy to Execution

— Driving Long-Term Value Creation

SEKIGUCHI Hiroyuki
Outside Director
(Member, Audit Committee)

YOSHITAKA Mari
Outside Director
(Member, Nominating Committee;
Member, Compensation Committee)

FUKASAWA Yuji
Outside Director
(Member, Audit Committee)

In FY2025, the Board of Directors entered a new stage by revising the Company's Materiality and developing its Medium-term Management Plan to support sustainable growth and further enhance corporate value. In this section, three Outside Directors discuss the issues they have identified, the proposals they have made, and the oversight they have exercised as members of the Board, as well as how they intend to further enhance the Board's role.

Looking back on recent discussions at the Board

SEKIGUCHI It has been five years since the Company transitioned to a Company with a Nominating Committee, etc., and the Board of Directors has steadily evolved during that time. One discussion that stands out in particular was the extensive deliberation on revising the Company's Materiality ahead of the Medium-term Management Plan. Previously, the Materiality was largely framed around the conventional notion of what the Company was expected to do. This time, however, the discussion went a step further by focusing on what the Group genuinely seeks to achieve and the aspirations that drive it. I believe that was a highly meaningful exercise.

YOSHITAKA I believe we were able to redefine the Company's Materiality so that, rather than being the kind that investors say, a generic set of priorities that could apply to virtually any company, it distinctly reflects the Group's unique growth strategy.

FUKASAWA I joined the Company as an Outside Director in 2025 and am now in my second year. Having been involved in the development of the Medium-term Management Plan from the outset gave me a much deeper understanding of the Company. Given the plan's strong emphasis on the perspectives of investors, I initially had some reservations as to whether an appropriate balance could be maintained among the interests of our broader stakeholders. However, while maintaining that investor focus, we engaged in careful dialogue with both internal and external stakeholders, resulting in a Medium-term Management Plan with a clear strategic direction.

SEKIGUCHI In recent years, our role as Outside Directors has also come under greater scrutiny in the Company's engagement with investors. What has become increasingly clear to me is that dialogue with major shareholders is certainly important. Equally important, however, is our responsibility to monitor management on behalf of all shareholders, as well as all other stakeholders, including employees and business partners. Against this backdrop, the Board also engaged in extensive discussions on the Group's business portfolio, with particular focus on the Urban Development business (real estate business), which had emerged as a key topic in our

dialogue with investors. I believe it was particularly meaningful that, through the discussions, the Board reached a shared understanding of the strategic importance of this business and its role in underpinning the Group's stable earnings.

YOSHITAKA I agree. Our Urban Development business represents a strategic asset through which we integrate district energy management with urban development, contributing both to greater energy efficiency across entire communities and to enhanced real estate value. I also believe that the extensive discussions we held as independent Outside Directors, while taking into account the perspectives of minority shareholders, have further strengthened the Company's governance framework. It also marked a major step forward for the Board of Directors in strengthening its engagement with investors by demonstrating to the capital markets the outcomes of its internal discussions on matters such as the adoption of ROIC as a key management metric and the Company's capital policy.

SEKIGUCHI Indeed. I also believe that the Company's more proactive approach to capital policy, including progressive dividend policy, has contributed to greater recognition of the Company's value by the capital markets.

FUKASAWA The Urban Development business (real estate business), which was the subject of considerable discussion, serves as an important source of stable earnings for an infrastructure company. Going forward, however, I believe the capital markets will place greater value on the business if, in addition to its traditional property-holding model, the Company takes a more proactive approach to capital recycling through initiatives such as establishing value-add real estate funds and making greater use of REITs.

Strengths and challenges of the Tokyo Gas Group

FUKASAWA In addition to strengths such as its customer base, energy assets, and operational capabilities, the Tokyo Gas Group

benefits from the trust and management stability it has built over its long history. On the other hand, in business areas such as the Solutions business and DX, upskilling and reskilling our existing workforce alone will not be sufficient to secure the capabilities needed to deliver on our growth strategy. The Board has therefore been discussing how to secure highly specialized talent, including through M&A and the recruitment of external experts.

SEKIGUCHI One of the Company's greatest strengths is its corporate culture, which places the highest priority on safety, security, and trust, and is committed to delivering on its commitments with consistency and reliability. Looking ahead, however, I have suggested that the Company also needs to evolve its corporate culture to foster a mindset that encourages people to take the initiative and drive innovation. I also believe that the Solutions business, as the third pillar alongside the gas and power businesses, will be the single most important driver of the Company's future growth. Since launching the IGNITURE solutions brand, we have continued to discuss how the Company can address the distinct needs of both its B2B and B2C businesses and translate those into sustainable earnings. We are also discussing how to raise brand awareness and strengthen the Company's capabilities through M&A and strategic partnerships. These remain ongoing challenges.

YOSHITAKA In recent years, a growing number of companies have come to view branding as an intangible asset and communicate it proactively to investors. Another increasingly common branding strategy is to first establish a compelling concept and then build substance behind it through ongoing initiatives. I believe IGNITURE should likewise continue to evolve and be leveraged to strengthen engagement and communication. It is also important to position it, both internally and externally, as a strategic initiative that contributes to enhancing corporate value. With this in mind, I suggested that IGNITURE should be explicitly reflected in the Company's Materiality. One of the Company's greatest strengths is its diverse portfolio of energy assets. Even as the electrification trend advances, industries with demand for thermal energy will continue to exist. As an integrated energy provider, the Company's ability to offer a diverse range of energy solutions will therefore be a significant competitive advantage. Japan introduced its emissions trading system (GX-ETS) in FY2026, with full implementation set to begin next year. If Japan follows Europe in accelerating the shift toward LNG, I believe this will further strengthen the Company's competitive position.

Discussion on formulation of the Medium-term Management Plan

FUKASAWA In the initial draft of the Medium-term Management Plan, our message could have been clearer. To strengthen its narrative and sharpen its focus, we held extensive discussions with the executive team before arriving at the current version. Going forward, we will monitor progress against both the KGIs and KPIs. In addition to financial indicators, I intend to keep a close eye on non-financial aspects, including the human capital and DX initiatives I mentioned earlier.

YOSHITAKA I believe the Medium-term Management Plan represents a major step forward in two respects. First, it clearly links the top two material issues, ensuring a stable energy supply while achieving carbon neutrality and providing

solutions that contribute to decarbonization, optimization, and resilience, to the Company's growth strategy. Second, I have long advocated for incorporating ROIC into the Company's management framework.

SEKIGUCHI That is right. Because the Medium-term Management Plan was developed primarily with investors in mind, setting numerical targets, including ROIC, was one of the central issues in our discussions. When the previous plan was published, investors and analysts noted inconsistencies among the ROE target, earnings plan, and capital policy. This time, we asked the executive team not only to ensure consistency among these targets but also to explain carefully, both internally and externally, how the numerical targets would be achieved by presenting a clear timeline and narrative. I believe this has been accomplished. In terms of cash allocation, the plan earmarks ¥200 billion as "strategic funds" that can be allocated flexibly between growth investments and shareholder returns in support of improving ROE. At the same time, several Outside Directors, myself included, reiterated the importance of appropriately deploying these strategic funds toward growth investments in order to enhance corporate value over the medium to long term. Going forward, we will continue to monitor this closely.

FUKASAWA It is important that the concept of ROIC becomes embedded to the point where every employee can understand how it should be reflected in their own work. I also intend to follow the progress being made in this regard.

SEKIGUCHI Because ROIC management is still in its early stages, it is essential that it drives changes in behavior throughout the organization. As for the growth strategy set out in the Medium-term Management Plan, growth in the Energy, Solutions, and Overseas businesses will be the key to earnings growth over the next three years. In particular, although our overseas operations might appear to be heavily influenced by fluctuations in natural gas prices, our strategy in North America is to connect the entire value chain from upstream to downstream, allowing us to capture value throughout the business chain. In Asia and Oceania, we also plan to strengthen collaboration with strategic local partners. I encouraged the executive team to present these growth strategies as a clear and compelling narrative, and I believe that message has been effectively reflected in the keynote message of the Medium-term Management Plan.

YOSHITAKA Overseas business is certainly one of our growth drivers, but the Company was not founded as a global enterprise. Naturally, there are risks involved, and I see this as an area of the business that will continue to evolve through trial and error. At the same time, amid the global transition toward decarbonization, one of the Company's strengths lies in its diverse energy assets and the deep ties it has built with local communities, particularly its ability to restore services quickly and maintain a stable energy supply in the event of disasters. I encouraged the executive team to build on these strengths by offering solutions that enhance the resilience of society as a whole, as I believe this is where our growth opportunities lie.

FUKASAWA The Tokyo metropolitan area, where our management foundation is strongest, is nevertheless expected to face population decline over the long term. Our existing strengths continue to provide a solid foundation, but it is important that we intensify our efforts in areas beyond our traditional energy

business, such as Solutions and Overseas. I believe this will be a key driver of enhancing corporate value going forward.

Monitoring KGI and KPIs

YOSHITAKA We have set a target of achieving an ROE of 9% in FY2028, the final year of the Medium-term Management Plan. In the FY2026 management plan, ROE has been positioned as the KGI, and we have reviewed each organization's action plans. However, to achieve these goals, I believe there remains scope for management to translate the strategy into more concrete and actionable plans.

SEKIGUCHI The Board of Directors monitors the KGI and KPI tree on a quarterly basis. Equally important is our continued scrutiny and refinement of the tree to ensure that its underlying logic is sound and that every element ultimately contributes to improving the Company's PBR. When a target is not achieved, we must develop the discussion into what specific actions need to be taken next. I believe we still have room for improvement in this regard.

FUKASAWA Another challenge is how to improve KPIs within the constraints of the highly regulated energy industry. It is also important that we monitor whether each organization is steadily executing the specific initiatives that underpin the logic tree.

Evaluation of the effectiveness of the Board of Directors

SEKIGUCHI Discussions at the Board have become increasingly sophisticated over the years. While decisions on individual investments are left to the executive team, the Board has undergone a qualitative shift toward focusing on broader strategic issues. Our approach to risk management has also changed. Whereas we once tended to view risk from a defensive perspective, with an emphasis on minimizing it, we now share the view that we should take risks where appropriate. In businesses such as LNG trading, where risk and return are inseparable, we have made significant progress in holding more sophisticated discussions on how to strike the right balance between pursuing opportunities and exercising discipline, taking our risk appetite into account. One area where I believe there remains room for improvement is follow-up. When Outside Directors raise issues or offer recommendations, it is important that we revisit them with the executive team at an appropriate juncture to understand how they have been considered and reflected in subsequent actions. I believe there is further scope to make this follow-up process more systematic and consistent.

YOSHITAKA I agree. From an operational perspective, we have also been able to make Board meetings much more efficient by holding advance briefings and streamlining presentations on the day of the meeting, allowing substantially more time for discussion. Going forward, in addition to the agenda items proposed by the Chair of the Board and the executive team, I would also like to see the Outside Directors raise agenda items in a timely manner based on changes in the external environment and insights gained from site visits.

FUKASAWA As this was my first year on the Board, I cannot compare it with the past. However, I have been encouraged by the Company's commitment to continuously improving the Board's effectiveness, and I greatly appreciate those efforts. In addition, the off-site meetings organized to provide input for the Outside Directors have given us opportunities to visit a wide range of departments and operating sites, greatly deepening my understanding of the Company.

Future aspirations

SEKIGUCHI The Tokyo Gas Group is an exceptionally sincere and conscientious company, but I believe there is still room to strengthen how it communicates its strengths to the outside world. I hope to contribute by leveraging the "Communication" expertise reflected in the Board's skills matrix to help ensure that the significance of our Materiality and the Medium-term Management Plan is clearly conveyed. Having an external perspective, I will continue to keep a close eye on changes in public expectations to help ensure that management's perspective remains aligned with society's expectations. Under the revised Corporate Governance Code, the role and responsibilities of Outside Directors have become even more important. I will therefore continue to refine my expertise and, through constructive dialogue and effective oversight grounded in a strong relationship of trust with the executive team, contribute to the Group's continued growth and enhanced corporate value.

YOSHITAKA I will support the Company's efforts to achieve both carbon neutrality and growth in its energy business by closely monitoring how its GX initiatives contribute to growth and enhanced corporate value. I also intend to stay attuned to the profound changes AI is expected to bring over the coming years and contribute to advancing gender diversity.

FUKASAWA The Company sits at the heart of two of Japan's most pressing challenges: population decline and the future of energy. As it continues to build on the trust it has earned over the years, I will draw on my experience leading infrastructure companies to support bold initiatives that go beyond conventional boundaries and contribute to enhancing corporate value.

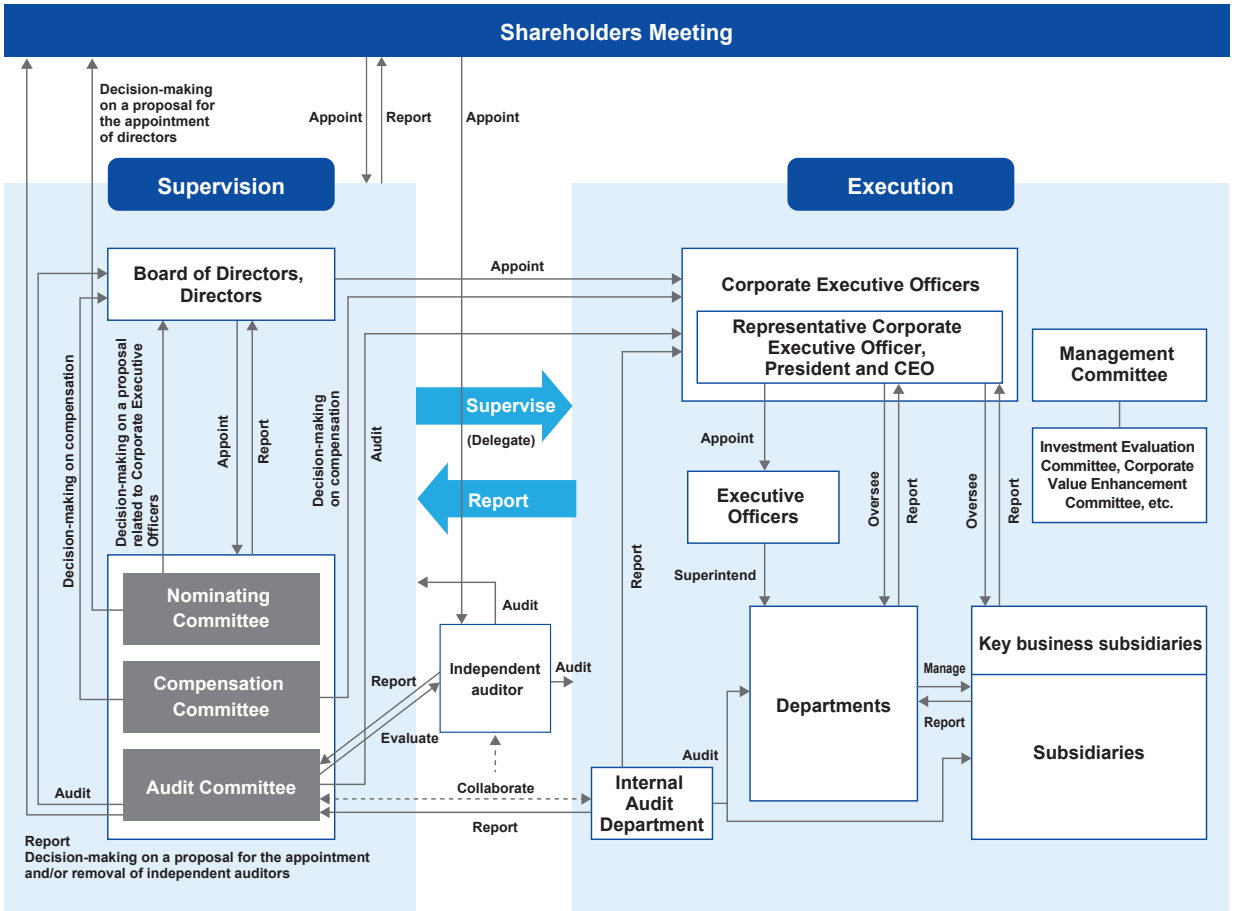
Policy and Structure

Basic Views on Corporate Governance

Based on our Management Philosophy, we ensure legality, soundness, and transparency in management; clarify the responsibilities of management and execution; strengthen supervisory and auditing functions; and promote accurate, timely decision-making and efficient business operations, thereby enhancing and reinforcing corporate governance.

Basic Policy on Corporate Governance
https://www.tokyo-gas.co.jp/en/IR/gvnnc/pdf/policy.pdf

Corporate Governance Structure



(As of June 26, 2026)

Number of Directors (Of those, number of Independent Outside Directors* 6)	9
Number of Corporate Executive Officers (including one Executive Officer concurrently serving as a Director)	3
Number of Executive Officers	28

* All six Outside Directors have been reported to the stock exchange as independent officers in accordance with the Company's "Criteria for Determining the Independence of Outside Directors."

Corporate Value Enhancement Committee

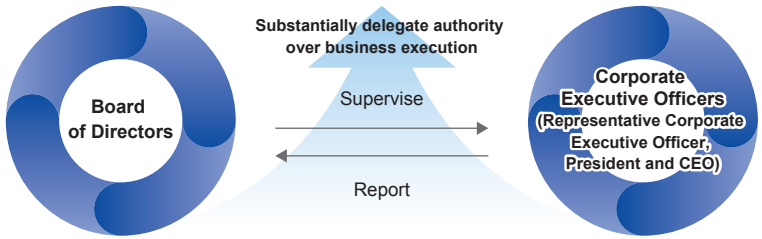
The Corporate Value Enhancement Committee, chaired by the Representative Corporate Executive Officer, President and CEO, discusses and reviews business portfolio management, capital policy, and related matters from the perspective of the capital markets. The Representative Corporate Executive Officer, President and CEO reports the committee's findings to the Board of Directors, in which a majority of members are Outside Directors.

Investment Evaluation Committee

The Investment Evaluation Committee, chaired by the Executive Officer in charge of Financial affairs (CFO), evaluates the significance, economic rationale, and risks of proposed investments, conducts post-investment follow-up when necessary, and reports its findings to the Corporate Executive Officers and other relevant parties.

Company with a Nominating Committee, etc.

Since its founding in 1885, Tokyo Gas has operated its city gas business primarily in the Tokyo metropolitan area. Today, however, the energy industry is undergoing a period of profound transformation. To realize our long-term vision, Compass 2030, which looks beyond 2030, we are accelerating the expansion of our business domains and the transformation of our business portfolio. We have also reformed our corporate governance structure at the management level. In June 2021, we transitioned to a Company with a Nominating Committee, etc., to achieve both effective oversight by the Board of Directors and agile decision-making and execution by the Executive Officers, led by the Representative Corporate Executive Officer, President and CEO.



The Board of Directors deliberates and discusses matters from a broad, Group-wide perspective, enhancing the quality of its decision-making process while focusing on monitoring management based on reports from the Executive Officers, led by the Representative Corporate Executive Officer, President and CEO.
The Executive Officers deliberate and discuss matters from a more detailed, Group management perspective, enabling swift and appropriate decision-making and business execution.
In this way, the Board of Directors and the Executive Officers maintain an appropriate degree of mutual oversight while clearly defining their respective roles and responsibilities. Working in tandem, they strive to achieve sustainable growth and enhance corporate value over the medium to long term.

Reference Board of Directors Members

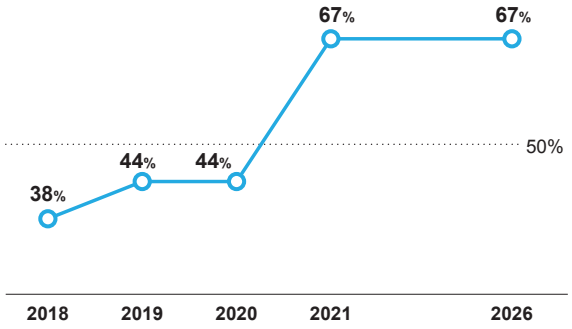
Composition	Directors (6 Outside, 3 Inside)
Attendees*1	Corporate Executive Officers (1 Representative Corporate Executive Officer, President and CEO; 2 Representative Corporate Executive Officers, Vice Presidents)*2 Senior Managing Executive Officers responsible for Corporate Functions (3)

*1 Business Executive Officers may attend as presenters for agenda items.
*2 The Representative Corporate Executive Officer, President and CEO is the only Executive Officer who concurrently serves as a Director.

History of Strengthening Corporate Governance

2002	Reduced the number of Directors, Began appointing Outside Directors
2005	Established a voluntary advisory committee on nominations and compensation, enhancing transparency
2016	Formulated the Basic Policy on Corporate Governance Began evaluating the effectiveness of the Board of Directors
2017	Revised the Regulations of the Board of Directors (shifting toward a monitoring model)
2021	Transitioned to a company with a Nominating Committee, etc. ● Established Nominating, Compensation, and Audit Committees with a majority being Outside Directors ● Introduced a stock-based compensation system for Directors (outside and inside) and Corporate Executive Officers ● Delegated significant decision-making authority for business execution to the Representative Corporate Executive Officer, President and CEO **Key point** **Decisions on investment projects are, in principle, delegated to the Representative Corporate Executive Officer, President and CEO, regardless of the investment amount, enabling swift management decision-making. Based on reports from the Executive Officers, the Board of Directors monitors whether decisions and business execution are carried out appropriately and in line with the Company's management principles.**
2024	Conducted an external third-party evaluation to enhance the effectiveness of the Board of Directors
2025	Revised the Executive Officer compensation structure (increased the proportion of performance-linked compensation and introduced performance-linked stock compensation)

Growing proportion of Outside Directors



Reference

From June 2018: 3 out of 8 = 38%
From June 2019: 4 out of 9 = 44%
From June 2021: 6 out of 9 = 67%
From June 2026: 6 out of 9 = 67%

List of Executives

Directors As of June 26, 2026

Chair of the Board (Nominating Committee and Compensation Committee)

UCHIDA Takashi

Serving as a Director
12th year

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, Chair of the Board (Current position)

Director

SASAYAMA Shinichi

Serving as a Director
4th year

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)

Director (Audit Committee Member)

HIGO Takashi

Serving as a Director
4th year

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)

Director Outside
(Audit Committee Member)

SEKIGUCHI Hiroyuki

Serving as a Director
5th year

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-chair 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.) (Retired in January 2022)
June 2022	Director of the Company (Current position)

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

TANNOWA Tsutomu

Serving as a Director
4th year

April 1976	Joined Mitsui Toatsu Chemicals, Inc. (Now Mitsui Chemicals, Inc.)
April 2007	Executive Officer, General Manager of Human Resources & Employee Relations Div. of Mitsui Chemicals, Inc.
April 2010	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	Senior Managing Executive Officer of Mitsui Chemicals, Inc.
April 2014	Director, Member of the Board, President & CEO of Mitsui Chemicals, Inc.
April 2020	Representative Director, Member of the Board, Chair of Mitsui Chemicals, Inc.
June 2022	Outside Director of KDDI CORPORATION (Current position)
April 2023	Chair of the Board of Mitsui Chemicals, Inc. (Retired as Chair in March 2026 and as Director in June 2026)
June 2023	Director of the Company (Current position)

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

YAMAMURA Masayuki

Serving as a Director
3rd year

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
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 (Retired in June 2024)
June 2019	Outside Director of Fuyo General Lease Co., Ltd. (Current position)
April 2020	Chair, The Telecommunications Association (Retired in March 2026)
June 2024	Director of the Company (Current position)

Director Outside
(Nominating Committee Member and Compensation Committee Member)

YOSHITAKA Mari

Serving as a Director
3rd year

	Worked for IT companies, U.S. investment banks, etc.
August 2000	Joined Tokyo-Mitsubishi Securities Co., Ltd. (Now Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) (Retired 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. as Fellow (Sustainability) (Retired in April 2025)
September 2021	Representative Director of General Incorporated Association Virtue Design (Current position)
April 2022	Visiting Professor, College of Arts and Sciences, The University of Tokyo (Retired in March 2026)
April 2024	Guest Professor (Part-time) of Keio University (Current position)
June 2024	Director of the Company (Current position)

Director Outside
(Chair of the Audit Committee)

KOMATSU Yuriya

Serving as a Director
2nd year

	Worked at a domestic securities company and overseas investment bank, etc.
August 2010	Executive Officer of Otsuka Chemical Co., Ltd. (Retired in December 2012)
January 2013	Executive Officer and CFO of DWANGO Co., Ltd.
October 2014	Director and CFO of DWANGO Co., Ltd. (Retired in June 2021)
October 2014	Director of KADOKAWA DWANGO Co., Ltd. (Now KADOKAWA CORPORATION)
June 2017	Executive Officer of KADOKAWA CORPORATION (Retired in February 2019)
July 2020	Outside Director of NTN Corporation (Retired in June 2026)
June 2021	Outside Director of Dream Incubator Inc. (Current position)
September 2021	Joined IA Partners Inc.
June 2022	Outside Director of Daicel Corporation (Current position)
January 2023	Director of IA Partners Inc. (Retired in April 2024)
June 2025	Director of the Company (Current position)

Director Outside
(Audit Committee Member)

FUKASAWA Yuji

Serving as a Director
2nd year

April 1978	Joined Japanese National Railways
April 1987	Joined East Japan Railway Company
June 2003	General Manager of Investment Planning Department, Corporate Planning Headquarters, East Japan Railway Company
June 2006	Director, General Manager of Personnel Department, and Director of JR East General Education Center, East Japan Railway Company
June 2008	Executive Director, East Japan Railway Company
June 2012	Executive Vice President and Representative Director, East Japan Railway Company
June 2016	Executive Vice President and Representative Director, Assistant to President (General Affairs), in charge of Indian High-Speed Railway Project, East Japan Railway Company
April 2018	President and Representative Director, East Japan Railway Company
April 2024	Chair of the Board and Director, East Japan Railway Company (Current position)
April 2025	President, Japan Tennis Association (Public Interest Incorporated Foundation) (Current position)
June 2025	Director of the Company (Current position)

List of Executives

Corporate Executive Officers As of April 1, 2026

Representative Corporate Executive Officer, President and CEO		**SASAYAMA Shinichi** Chief Executive Officer (CEO)
Representative Corporate Executive Officer, Vice President		**KASUTANI Toshihide** Chief Executive of Global Business Company
Representative Corporate Executive Officer, Vice President		**OGAWA Shinsuke** Chief Executive of Customer & Business Solution Company

Reference To address Group-wide management issues, the Company has established a CXO (Chief X Officer) structure.

Title		Responsibilities
CFO	Chief Financial Officer	Financial strategy and capital policy; IR
CHRO	Chief Human Resources Officer	Human capital strategy, talent management, recruitment, development, performance evaluation, and compensation systems
CRO	Chief Risk Management Officer	Risk governance and crisis management
CTO	Chief Technology Officer	Technology and intellectual property
CDO	Chief Digital Officer	DX strategy (transformation and value creation), AI strategy, and governance oversight
CIO	Chief Information Officer	IT strategy, governance, data platform management, and cybersecurity
CCO	Chief Communication Officer	Group brand strategy and brand management
CLO	Chief Legal Officer	Group legal affairs

Executive Officers As of April 1, 2026

Senior Managing Executive Officers	SATO Hirofumi	President, Representative Director of Tokyo Gas Real Estate Co., Ltd.
	SUGESAWA Nobuhiro	President, Representative Director of Energy Trading Company
	TSUJI Eito	Senior Managing Director, The Japan Gas Association
Managing Executive Officers	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 Promotion Dept.
	MURAKOSHI Masaaki	CRO: In charge of Corporate Planning Dept., Secretary Dept., Purchasing Dept., General Administration Dept., Legal Dept., and Corporate Sales Dept.
	SHIMIZU Seita	CDO: In charge of Digital Transformation Promotion Dept. and Chief Executive of Solution Co-creation Div.
	NAKAMURA Hajime	Deputy Chief Executive of Global Business Company (Overseeing the Value Chain)
	KAWAMURA Toshio	CTO: Chief Executive of Green Transformation Company
	GOSHIMA Nozomu	CHRO, CCO: In charge of Human Resources Dept., Corporate Communications Dept., Compliance Dept., and Audit Dept.
	UENAKA Takayuki	President, Representative Director of Tokyo Gas Engineering Solutions Corporation
Executive Officers	OKUMURA Eigo	Director, Senior Managing Executive Officer of Tokyo Gas Real Estate Co., Ltd.
	OHASHI Taro	General Manager of Residential Market Strategy Dept., Customer & Business Solution Company
	ISHIZAKA Tadashi	General Manager, Asset Optimization Strategy Dept., Energy Trading Company
	KOWADA Yuko	General Manager of Secretary Dept.
	SOGA Go	General Manager of Financial Management Dept.
	YAO Yumiko	Director and President, Tokyo Gas Asia Pte. Ltd.
	HOSHIZAKI Tomohiro	General Manager of Solution Business Creation Dept., Solution Co-creation Div.
	MURATA Yukimaro	General Manager, Global Business Planning Dept.
	HORISAKA Kentaro	General Manager of Corporate Planning Dept.
	SAKURAI Kenji	President, Representative Director of TG Energy Trading Pte. Ltd., Energy Trading Company
	NISHIYAMA Tomoyuki	In charge of regional affairs
	FUJII Eiichiro	Director and President, Tokyo Gas America Ltd.
	TAKAHASHI Yuko	General Manager of Purchasing Dept.
	NAGATOMO Osamu	CLO: General Manager of Legal Dept.
	UCHIDA Susumu	Director & Senior Managing Executive Officer of Tokyo Gas Engineering Solutions Corporation, and Chief Executive of Energy Solution Div.
	KISHIZAWA Go	General Manager of Digital Transformation Promotion Dept.

Skills and Roles Demanded of Directors

All of our Directors are expected to possess the following skills: knowledge to deepen corporate management, a mindset to drive corporate transformation, and the ability to ask questions that address corporate challenges.

For Outside Directors, we expect them to possess the skills necessary to oversee the achievement of the Group's management vision, Compass 2030 (see right), and to complement the knowledge and experience of internal Directors and Corporate Executive Officers.

All internal Directors, except for the Representative Corporate Executive Officer, President and CEO, serve as non-executive Directors and are responsible for providing proposals and information in a timely and appropriate manner to ensure the effectiveness of the Board of Directors.

Reasons for the appointment of each Director (Outside and Internal) and attendance at Board of Directors and other meetings
https://www.tokyo-gas.co.jp/en/IR/stock/pdf/kabu/226e.pdf#page=8

Skills Matrix for Outside Directors

	SEKIGUCHI Hiroyuki	TANNOWA Tsutomu	YAMAMURA Masayuki	YOSHITAKA Mari	KOMATSU Yuriya	FUKASAWA Yuji
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		●			●	●

Note: Lists up to four skills possessed by Outside Directors

Details of each skill

1 Energy 2 Sustainability	Oversees 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	Oversees 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	Oversees the migration from the city gas business focused exclusively on the Tokyo metropolitan area to a multi-business, decentralized management model through transformation of the LNG value chain
5 Group management/ Governance	Oversees business administration that manages multiple businesses while balancing autonomy and overall optimization, as well as the management and operation of personnel and organizations
6 Global business	Oversees the transformation of the Company's business structure as a global, integrated energy company, the development and execution of strategies, and the strengthening of the Company's evaluation capabilities and risk management
7 M&A/ Business restructuring	Oversees efforts to integrate and consolidate businesses from multiple perspectives, aiming for rapid, non-linear growth both domestically and internationally
8 Communications	Oversees timely and impactful information disclosure, based on close engagement and listening to stakeholders
9 Finance/Accounting 10 Risk management	Oversees financial discipline and investment strategies under new risk balances associated with business expansion and M&A, while supervising internal controls and overall risk management

Board of Directors

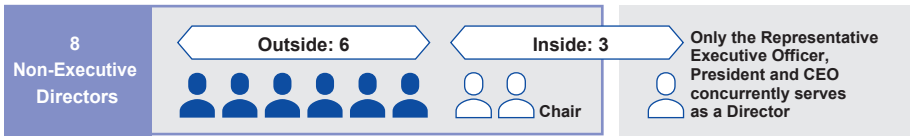
Message from the Chair

UCHIDA Takahisa
Chair of the Board

FY2025 marked an important year for the Tokyo Gas Group as we continued to pursue sustainable growth and enhance corporate value over the medium to long term. Building on the findings of our Board Effectiveness Evaluation, we first clarified how the Board should exercise its monitoring and oversight responsibilities as we continue to evolve toward a monitoring-focused governance model, thereby establishing a shared understanding among Directors of the Board's role and responsibilities. I believe this has enabled us to reinforce the foundations of our governance by sharpening our collective understanding of what the Board should oversee and from what perspectives. Against this backdrop, the Board engaged in extensive deliberations each month from July through the approval in October of the Medium-term Management Plan (the "Plan"). Throughout this process, we sought to ensure a clear progression from our Management Philosophy, through the material issues we had newly reassessed, to their concrete translation into the Plan. At the same time, we worked to align the Plan with targets that reflect the expectations of the capital markets. The Board and the executive team engaged in robust discussions to ensure that the Plan would contribute to the Group's sustainable growth and long-term value creation. During the latter half of the fiscal year, the Board's agenda also included reviews of the action plans developed by each company and operating subsidiary to deliver the Plan. Through these discussions, the Board was able to gain a clear understanding of progress toward the Plan's objectives and exercise effective oversight of their implementation. As the non-executive Chair of the Board, I will continue to ensure that the right issues are brought before the Board at the appropriate time and to facilitate discussions in a manner that further strengthens the Board's oversight effectiveness.

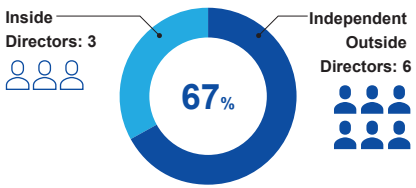
Composition of the Board of Directors

As a Company with a Nominating Committee, etc., the Company has clearly separated execution from oversight by limiting Directors who concurrently serve as Executive Officers to the Representative Executive Officer, President and CEO. This structure enables the Board of Directors to fulfill its oversight function more effectively while fostering disciplined management. In addition, to ensure diverse and objective oversight remains central to Board governance, approximately two-thirds of the Board is composed of Independent Outside Directors.

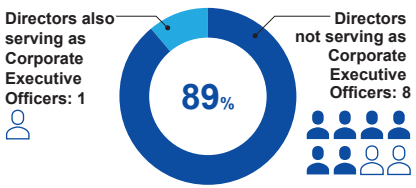


Outside Inside

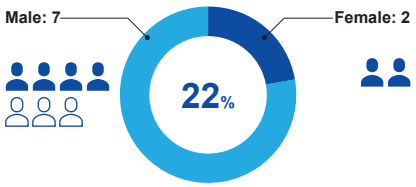
Ratio of Independent Outside Directors



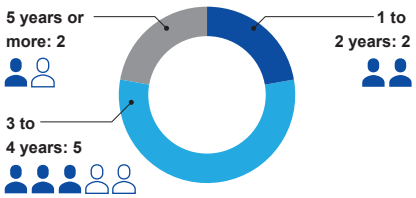
Ratio of Non-Executive Directors



Ratio of female Directors



Tenure distribution of Directors



Approach to Board Monitoring

- The Board of Directors fulfills its oversight function by evaluating bold proposals from management from diverse perspectives, drawing on the experience, insights, and expertise of the Outside Directors, while taking into account the Group's long-term aspirations and a broad view of its overall management. At the same time, it supports management's initiatives by providing insights and guidance on appropriate risk-taking in areas such as business portfolio transformation and growth investments.
- By providing the Board of Directors with timely reports on matters delegated to management, together with clear explanations of the basis for management's decisions, the Board is able to conduct more substantive monitoring. Through this collaboration between the Board and management, the Group seeks to achieve sustainable growth and enhance corporate value over the medium to long term.
- The Board of Directors discusses matters requiring Board approval, such as the Group's management policies and management plans, over multiple meetings. Following approval, it monitors progress toward achieving the targets set out in the Medium-term Management Plan and the initiatives undertaken to achieve the annual plan.

Activity of the Board of Directors

In principle, the Board of Directors meets once a month to make important management decisions, including on management plans and policies, in accordance with laws, the Articles of Incorporation, and the Regulations of the Board of Directors. Authority for business execution decisions is largely delegated to the Representative Corporate Executive Officer, President and CEO, to enable faster management, while monitoring from a comprehensive management perspective to enhance corporate value.
In FY2025, the Board approved the Tokyo Gas Group FY2026–2028 Medium-term Management Plan. Prior to this, it approved the seven materialities as the Group's guiding principles for addressing social issues. In formulating the Plan, the Board discussed the Group's growth story based on its strengths, portfolio management with an emphasis on growth and profitability, and the revised shareholder return policy. It also approved the Plan's key financial targets, including an ROE target of 9% as the foremost performance indicator for management, and reviewed the business-specific initiatives to achieve the Plan.

Support for Outside Directors

The Company has established dedicated secretariats for the Board of Directors, the Nominating Committee, the Compensation Committee, and the Audit Committee.

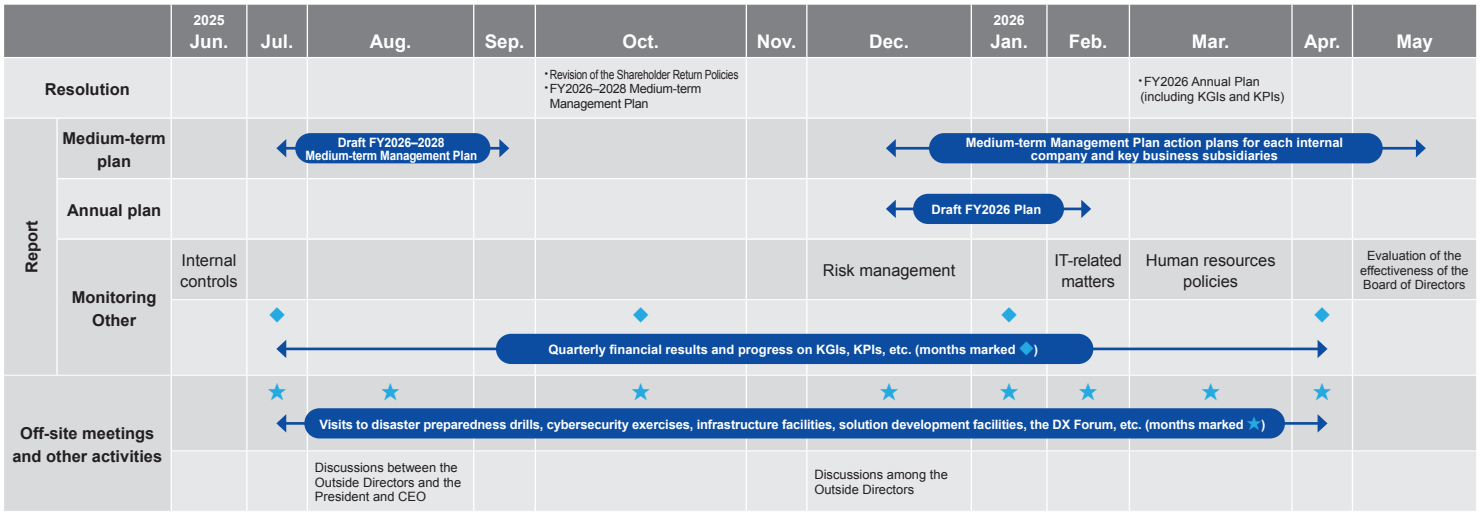
Pre-briefing on Board of Directors materials

To facilitate constructive discussions at Board meetings, materials are distributed to the six Outside Directors several days in advance, and the relevant business departments provide pre-meeting briefings. In addition, materials and minutes from management meetings are made available for their review.

Off-site meetings

Off-site meetings are held for the eight Non-Executive Directors, including the six Independent Outside Directors, to provide opportunities to deepen their understanding of the Group's businesses outside the Boardroom. Through site visits and discussions with employees working on the front lines, they gain a deeper understanding of the Group's businesses and the challenges they face, helping to enrich discussions at Board meetings.

Annual schedule

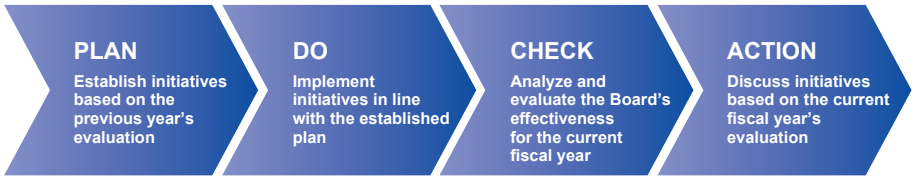


Notes: 1. New materialities approved in May 2025 (revised effective September 1)
2. This This is an excerpt of the Board of Directors' agenda items.

Visit to the LNG tanker receiving jetty (Ohgishima LNG Terminal)

Improving the Effectiveness of the Board of Directors

Each year, the Board of Directors analyzes and evaluates its overall effectiveness through questionnaires completed by each Director, an independent third-party evaluation, and discussions among the Outside Directors.
Based on the results of these evaluations and the views expressed, the Board of Directors discusses measures to address the issues identified, establishes its operating policy for the following fiscal year, and formulates its annual agenda. By strengthening this PDCA cycle, the Board will continue working to further enhance its effectiveness.



Key initiatives in FY2025 based on the FY2024 Board effectiveness evaluation

FY2024 effectiveness evaluation

In FY2024, the Company conducted an independent third-party evaluation. Based on its ongoing efforts to strengthen corporate governance, the Board of Directors was assessed as being generally effective.
At the same time, the evaluation identified opportunities to further strengthen the monitoring function of the Outside Directors and enhance Board operations and meeting materials.

Key initiatives for FY2025

In response to the issues identified, the Board formulated its *Approach to Board Monitoring* to deepen its shared understanding of the Board's monitoring role (p. 54). On that basis, in preparation for the Tokyo Gas Group FY2026–2028 Medium-term Management Plan, the Board held a series of discussions from the perspectives of diverse stakeholders on such topics as the business portfolio, the value creation story, and cash allocation. Furthermore, reports from management on investment proposals were enhanced to provide not only an overview of each proposal but also a broader perspective on the rationale behind management's conclusions and the key issues considered, including each proposal's position within the overall business portfolio and its impact on the Group's balance sheet and statement of profit or loss. The Board also deepened its understanding of the Group's businesses and the challenges they face through off-site meetings that included site visits and discussions with employees, providing insights beyond those available through presentation materials alone.

Evaluation of the Board of Directors in FY2025

Third-party evaluation based on questionnaire responses from individual Directors

＜Questionnaire items＞
① Overall assessment of the Board of Directors ② Role of the Board of Directors
③ Agenda (proposal) discussions ④ Board composition ⑤ Deliberations
⑥ Board operations ⑦ Support system ⑧ Contributions of individual Directors
⑨ Executive structure ⑩ Others (e.g., communication)
⑪ Importance of proposals and sufficiency of discussion

Third-party evaluation results

- The effectiveness of the Company's Board of Directors was assessed as being maintained at a high level.
- Ratings improved for the Board's timely and flexible selection of agenda items and the Chair's effective facilitation of meetings, indicating that Board deliberations are being conducted with a high degree of effectiveness.
- At the same time, there remains room for further improvement in the follow-up of issues raised with management and the quality of explanations provided for agenda items.

Issues identified through discussions among the Outside Directors

As part of its evaluation of the Board's effectiveness, the Company provides opportunities for the Outside Directors to exchange views in addition to completing a questionnaire. These discussions focus on issues related to the operation of the Board and the effectiveness of its monitoring function. The principal views expressed are summarized below.

- Stronger monitoring of progress against the annual plan, including non-financial KPIs, under the Medium-term Management Plan is needed.
- Investment proposals should be monitored from a broader perspective that takes into account the overall investment portfolio, including past investments.
- The activities of the Nominating, Compensation, and Audit Committees should be shared with the Board in a more timely manner, including the substance of their deliberations.

Key initiatives for FY2026 based on the FY2025 Board effectiveness evaluation

Based on the evaluation results and the issues identified above, the Board discussed future initiatives and confirmed its operating policy for FY2026.
The Board will include in its annual agenda reviews of the status of responses to the materiality issues approved in the previous fiscal year, as well as progress against the KGIs and KPIs established under the Medium-term Management Plan and annual plan. In addition to reviewing quantitative results, the Board will continuously monitor the processes for achieving these targets to further strengthen the effectiveness of its oversight.
In addition, reports on the activities of the Nominating, Compensation, and Audit Committees will be shared with the Board in a timely manner, including not only their resolutions but also the issues identified and the substance of their deliberations, thereby strengthening coordination between the Committees and the Board of Directors.

Nominating Committee

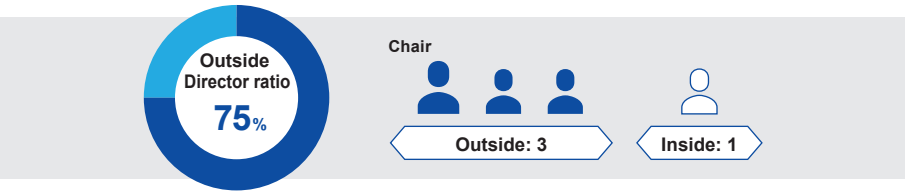
Message from the Chair of the Nominating Committee

Outside Director
TANNOWA Tsutomu

In FY2025, the Nominating Committee submitted to the Board a proposal for the reappointment of Shinichi SASAYAMA as Representative Corporate Executive Officer, President and CEO, as he entered the fourth year of his tenure. Amid significant changes in the external environment, Mr. Sasayama has demonstrated strong leadership in driving the Tokyo Gas Group toward the achievement of the targets set out in the FY2023–2025 Medium-term Management Plan in an era of profound change. The results of these efforts are clearly reflected in the Company's FY2025 performance, with key indicators, including ROE and ROA, significantly exceeding the targets established under the Plan. Furthermore, given that further challenges and breakthroughs are necessary to steadily execute the FY2026–2028 Medium-term Management Plan, approved by the Board in the autumn of 2025, and ensure the Group's sustainable growth, the Committee concluded, based on his achievements to date, that Mr. Sasayama is best positioned to continue leading the Group's execution as Chief Executive Officer (CEO). Looking ahead to FY2026, the Committee will continue its deliberations on measures to ensure a robust and effective CEO succession process, including contingency arrangements for unforeseen circumstances, in addition to our medium- to long-term succession planning.
With respect to the proposed appointment of Directors submitted to the 226th Annual General Meeting of Shareholders in 2026, the Committee determined the nominees following careful consideration of the composition of the Board as a whole, the skills and roles of each Director, and the appropriate balance of tenure. I would like to report that all nominees were elected with a high level of shareholder support.

Composition of the Nominating Committee

The Nominating Committee is composed of members selected from among the Directors by resolution of the Board of Directors, with a majority being Outside Directors, and the chair is an Outside Director.

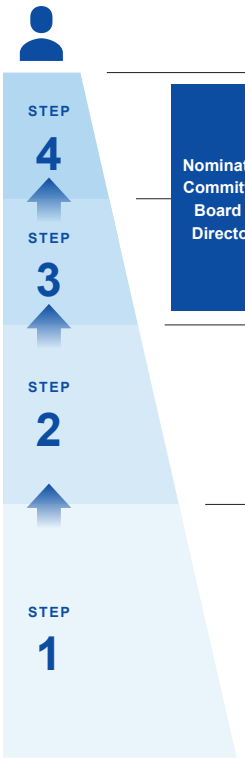


Activities of the Nominating Committee

The Nominating Committee determines the content of proposals for the appointment and dismissal of Directors submitted to the shareholders' meeting, as well as the content of proposals for the appointment and dismissal of Executive Officers submitted to the Board of Directors.
Over the past year, each member of the Nominating Committee engaged in constructive discussions from diverse perspectives regarding the selection of new Outside Director candidates based on the skills matrix, as well as the selection of candidates for Representative Corporate Executive Officer, President and CEO (Number of meetings held during the year*: 8).

* The number of meetings held during the year covers the period from the 2025 shareholders' meeting to the 2026 shareholders' meeting.

Selection Process for the Representative Corporate Executive Officer, President and CEO



STEP 4 — Nominating Committee/ Board of Directors
The Nominating Committee deliberates on candidates based on internal and external circumstances and selects the final candidate. The proposal is then submitted to the Board of Directors, which resolves on the appointment of the Representative Corporate Executive Officer, President and CEO.

STEP 3
Based on the Company's Basic Policy on Corporate Governance regarding the selection and dismissal of executive management, the candidates' qualifications are evaluated and confirmed, and the pool of candidates is narrowed down.

STEP 2
Potential candidates for executive officer positions, including the President, are given broad opportunities for hands-on experience and developed through actual business execution. Specifically, they are appointed to key roles such as general managers, subsidiary presidents, or division heads, and, to cultivate a management perspective, are encouraged to attend Management Committee and Board of Directors meetings whenever possible.

STEP 1
The Representative Corporate Executive Officer, President and CEO should possess sufficient experience and track record as a business leader, the ability to drive transformation and make decisions in response to environmental changes, and the judgment and leadership to respond immediately in emergencies, while fulfilling the Company's public mission and social responsibilities. Executive talent is continuously developed based on the Executive Development Framework established by the Human Resources Development Committee (a body composed of members of the Management Committee under the Executive System Regulations).

Compensation Committee

Message from the Chair of the Compensation Committee

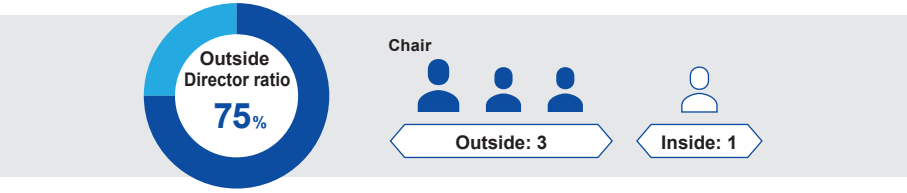
Outside Director
YAMAMURA Masayuki

Before discussing the Compensation Committee's activities in FY2025, I would first like to reflect on the significant changes we made to the executive compensation framework in FY2024. We substantially revised the compensation structure for executive officers, increasing the proportion of performance-linked compensation. We also introduced a performance-linked component into share-based compensation, which had previously been entirely non-performance-linked. As a result, performance-linked compensation now represents a greater proportion of total compensation, further strengthening the incentives for executives to contribute to the enhancement of corporate value.

Building on these changes, the Compensation Committee revised the Basic Policy on Executive Compensation in FY2025 with the aim of fostering an appropriate sense of accountability for performance while further strengthening the soundness and transparency of management. As part of this revision, we introduced malus and clawback provisions. Under these provisions, where a material revision to financial information or a violation of laws and regulations, or serious misconduct is identified, the Company may reduce compensation or require the repayment of compensation already paid. These measures further reinforce the fairness and rigor of our compensation framework. Going forward, we will continue to enhance the governance of executive compensation to ensure that the compensation framework functions as an effective incentive for executives while maintaining a high degree of transparency and discipline.

Composition of the Compensation Committee

The Compensation Committee is composed of members selected from among the Directors by resolution of the Board of Directors, with a majority being Outside Directors, and the chair is an Outside Director.



POINT

To further enhance objectivity and transparency, starting with the Compensation Committee convened after the June 2025 shareholders' meeting, the Director serving concurrently as Representative Corporate Executive Officer, President and CEO will not be selected as a committee member. The only internal Director on the Compensation Committee will be the non-executive Chair of the Board.

Activities of the Compensation Committee

The Compensation Committee establishes policies on individual remuneration for Directors and Corporate Executive Officers and, in accordance with these policies, determines the details of individual remuneration.

Over the past year, the Compensation Committee engaged in constructive discussions from diverse perspectives on such matters as revisions to the Basic Policy on Officer Remuneration (including the introduction of malus and clawback provisions), the FY2025 performance evaluation, the performance evaluation metrics for FY2026, and the appropriateness of remuneration levels (the Committee met seven times during the year*).

* The number of meetings held during the year covers the period from the 2025 shareholders' meeting to the 2026 shareholders' meeting.

Basic Policy on Officer Remuneration*

Roles of officers and remuneration

The roles expected of officers are to enhance corporate value over the short, medium, and long term, and remuneration is intended to function effectively as an incentive for fulfilling these roles.

Composition of annual remuneration

Remuneration for Directors consists of base compensation and stock-based compensation, while remuneration for Executive Officers (including those concurrently serving as Directors) consists of base compensation, bonus, and stock-based compensation.

The composition ratio is as follows: for Directors, base compensation accounts for approximately 90% and stock-based compensation approximately 10%. For Corporate Executive Officers (including those concurrently serving as Directors), base compensation accounts for 50%–60%, bonus 20%–30%, and stock-based compensation 10%–20%.

Malus and clawback provisions

Malus provision

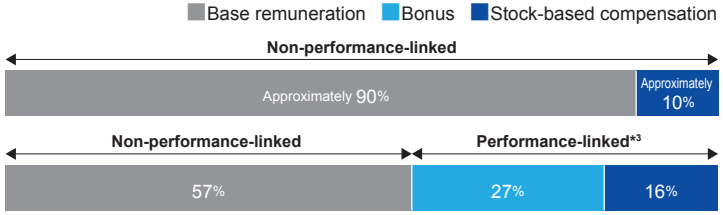
If a recipient is found to have violated laws and regulations, or serious misconduct, all or part of any unpaid remuneration may be withheld or reduced.

Clawback provision

If a material restatement of the Company's financial statements affecting applicable performance-linked remuneration or a material accounting error is identified, or if, after performance-linked remuneration has been paid or granted, the recipient is found to have violated laws, regulations, or compliance requirements, the Company may require the repayment of all or part of such remuneration, including from former Officers.

* An excerpt from the Basic Policy on Officer Remuneration

Composition of Remuneration for Directors and Corporate Executive Officers



*1 The remuneration mix for the two Representative Corporate Executive Officers and Vice Presidents is approximately 59% base remuneration, 27% bonus, and 14% stock-based compensation.
*2 Composition of remuneration when the performance-linked compensation target achievement rate is 100%
*3 Bonus fluctuation range: 0–200%; Stock-based compensation fluctuation range: 80%–120%

Corporate Executive Officer performance evaluation metrics

The performance evaluation metrics for FY2025 bonuses and stock-based compensation for Corporate Executive Officers were approved by the Compensation Committee with an emphasis on aligning them with the key performance indicators under the management plan for the fiscal year.

POINT

Beginning in FY2025, the financial performance metrics incorporate not only the degree of achievement against the plan but also the degree of improvement over the previous fiscal year's results. This mechanism was introduced to better reflect the relationship between the performance metrics and actual results, recognizing that, given the nature of the Company's business, where performance can fluctuate significantly due to factors such as timing differences and changes in oil prices, targets might in some cases be achieved even when they are lower than the previous fiscal year's results.

Category	Weight	Performance evaluation indicator	Baseline value		
Financial indicators	15%	ROE	13.2%	Previous fiscal year result*1	
		ROIC	6.3%		
		Profit attributable to owners of parent	¥226.8 billion		
	65%	ROE	8%	KGI	This fiscal year plan*2
		ROIC	4.8%	KPI	
		Profit attributable to owners of parent	¥134.0 billion		
Nonfinancial indicators (ESG)	20%	Sales volume of carbon-neutral energy and environmental value	1.47 million t-CO_2		
		CO_2 reduction contribution	13 million t-CO_2		
		High engagement response rate	64.5%		
		Enterprise Architecture (EA) integration progress (Number of systems consolidated)	30 systems		

*1 Evaluates the degree of improvement from the previous fiscal year result. *2 Evaluates the degree of achievement from this fiscal year plan.

Bonus

As a short-term incentive for Corporate Executive Officers, bonuses are paid once a year based on the standard amount established for each position, with adjustments reflecting performance against financial and non-financial performance metrics for the fiscal year. The performance metrics are reviewed and selected every fiscal year by the Compensation Committee.

Stock-based compensation

As a medium- to long-term incentive for Directors and Corporate Executive Officers, the Company has introduced a non-monetary stock-based compensation plan using a trust structure. Shares are delivered upon retirement based on the number of points awarded.

Directors Points are awarded based on the standard amount established for each position (not linked to performance).

Corporate Executive Officers Points are awarded based on the standard amount established for each position, with adjustments reflecting performance against financial and non-financial performance metrics for the fiscal year (performance-linked).

Review of Remuneration Levels

Remuneration levels are set at an appropriate level to reflect the roles, responsibilities, and performance of Directors and Corporate Executive Officers, taking into account changes in the business environment and benchmarking against other companies based on surveys conducted by external experts.

Specifically, the Compensation Committee discusses remuneration levels with reference to a peer group of companies of a similar scale to the Company (operating profit of ¥100 billion to less than ¥200 billion and market capitalization of ¥1 trillion to less than ¥2 trillion), while also taking into account remuneration trends at other companies.

Total remuneration (FY2025)

Officer category	Total remuneration (million yen)	Total by type of remuneration (million yen)				Number of eligible officers
		Base remuneration	Bonus	Stock-based compensation		
			Performance-linked	Non-performance-linked	Performance-linked	
Number of Directors*1 (including Outside Directors)	230 (90)	202 (81)	— (—)	27 (9)	— (—)	10 (8)
Corporate Executive Officers*2	377	180	144	—	52	4

*1 Total remuneration for Directors includes two Directors (both Outside Directors) who retired at the conclusion of the 225th Ordinary General Meeting of Shareholders held on June 27, 2025.
*2 Remuneration for one Corporate Executive Officer who also serves as a Director is included under Executive Officers' remuneration.

Audit Committee

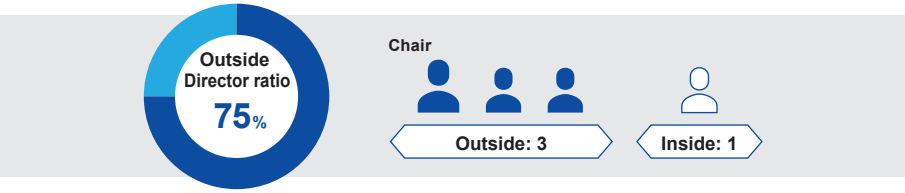
Message from the Chair of the Audit Committee

Outside Director
KOMATSU Yuriya

As FY2025 marked the final year of the Tokyo Gas Group's FY2023–2025 Medium-term Management Plan, with the Group's businesses continuing to expand in both scale and scope and the Group committed to achieving high capital efficiency, the Audit Committee adopted a risk-based approach and identified the following three priority audit areas: (1) the establishment, operation, and effectiveness of the Group's internal control system in response to the expansion of its businesses; (2) the status of financial strategies and management practices aimed at enhancing corporate value; and (3) employee engagement and compliance across a diverse workforce throughout the increasingly extensive and diverse supply chain. The Committee carried out a range of audit activities by leveraging the internal control system, including exchanges of views with executive departments across the Group.
The Committee also confirmed with the Representative Corporate Executive Officer the status of measures taken to address issues identified through audits conducted in the previous fiscal year. In addition, prior to formulating the audit plan for the following fiscal year, the Committee reviewed its audit activities for the year and exchanged views with the aim of achieving more effective audits through the PDCA cycle. Going forward, the Committee will continue to pursue effective and efficient audit activities while providing recommendations that promote timely, appropriate, and legally compliant business execution and growth investments.

Composition of the Audit Committee

The Audit Committee is composed of members selected by resolution of the Board of Directors from among the Directors (a majority of whom are Outside Directors), with an Outside Director serving as chair.
In addition, the dedicated Audit Committee Office, independent from executive operations, has been established to assist the Audit Committee in performing its duties.



Notes: 1. Two of the four Audit Committee members possess considerable expertise in finance and accounting.
2. The internal Audit Committee member (one member) is a full-time, non-executive Director.

Activities of the Audit Committee

The Audit Committee's purpose is to contribute to the establishment of a sound corporate governance framework that realizes the Tokyo Gas Group's sustainable growth and enhances its corporate value over the medium to long term while meeting society's expectations for trust. The Committee audits the execution of duties by Directors and Corporate Executive Officers, determines the contents of audit reports, and decides the content of proposals regarding the appointment, dismissal, or non-reappointment of the Independent Auditor (14 meetings held during the year*). Consistent with the intent of the Company's governance structure as a Company with a Nominating Committee, etc., the Audit Committee conducts audits based on the effective use of the internal control system. It carries out its audit activities in close coordination with the Internal Audit Department and the Independent Auditor in accordance with the audit policies, audit plan, audit standards, and allocation of responsibilities established by the Committee.

* The number of meetings held during the year covers the period from the 2025 shareholders' meeting to the 2026 shareholders' meeting.

Annual activity overview (PDCA of audit activities) (Japanese Only)
https://www.tokyo-gas.co.jp/IR/library/pdf/yuho/yuho2606.pdf

Areas subject to on-site audits based on the FY2025 priority audit areas

Field of audit	Matters reviewed by the Audit Committee
Group management	Group internal control system, Group risk management, etc.
Finance	Financial strategy, management, investment evaluation, etc.
Gas pipeline business	Management issues, internal controls following legal separation, status of employees and partner companies, etc.
Solutions business	Management issues, internal controls following organizational restructuring, supply chain management, etc.

Example of audit activities (exchange of opinions with subsidiary auditors)

To strengthen Group governance through effective collaboration between the Audit Committee and the Audit & Supervisory Board Members of subsidiaries, the Company holds an annual exchange of views with the Audit & Supervisory Board Members of its subsidiaries. In FY2025, in light of the recent occurrence of corporate misconduct, an external expert delivered a lecture on the role of Audit & Supervisory Board Members in identifying risks and responding appropriately during the initial stages of a crisis. Audit Committee members then served as facilitators for an exchange of views with the Audit & Supervisory Board Members of the subsidiaries.

Internal Control

Internal Control System

Under its management philosophy, the Company aims to achieve sustainable growth and medium- to long-term corporate value enhancement by ensuring legality, soundness, and transparency; clarifying management and executive responsibilities; strengthening supervisory and audit functions; and promoting accurate, timely decision-making and efficient business operations. Furthermore, the Group, consisting of the Company and its subsidiaries, respects the autonomy of each entity while pursuing overall optimization as a shared principle, thereby striving for the Group's long-term sustainable development. Based on the above, to ensure the proper conduct of the Group's operations, the Company has established the Basic Policy on the Development of Internal Controls Systems, which incorporates perspectives such as internal reporting and risk management. In accordance with this policy, the Corporate Executive Officers effectively build and operate the Internal Control System as described below. The Board of Directors monitors the system based on reports on the status of Internal Control System operations submitted by the Corporate Executive Officers.

Overview of the Internal Control System

1	System to Ensure That the Execution of Duties by Officers and Employees of the Group Complies with Laws and Regulations and the Articles of Incorporation	Internal Audit P.62 Compliance P.63
2	System for Storage and Management of Information Related to the Execution of Duties by Corporate Executive Officers	
3	Rules and Other Systems for Management of the Risk of Loss of the Group	Risk Management P.64
4	Systems to Ensure Efficient Execution of Duties by Corporate Executive Officers	
5	System to Ensure Appropriateness of Operations at the Group's Subsidiaries	
6	Matters Concerning Employees, etc., Assisting the Audit Committee in Performing Its Duties	
7	System for Reporting to the Audit Committee and System for Ensuring Effective Auditing by the Audit Committee	Audit Committee P.61

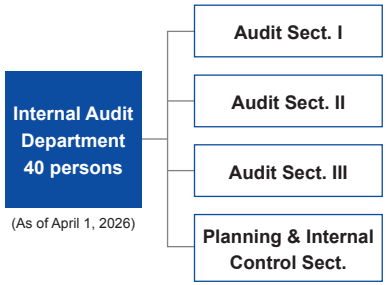
Response to the Internal Control Reporting System

To comply with the Internal Control Reporting System under the Financial Instruments and Exchange Act, the Company has established and operates internal controls over financial reporting in accordance with the basic internal control framework indicated by the Financial Services Agency. The Company also evaluates the effectiveness of these controls and makes improvements as necessary. Furthermore, for the most recent consolidated fiscal year, the internal control report over financial reporting prepared in accordance with this system determined the controls to be effective, and the auditors issued an opinion stating that all significant matters are properly presented.

Examples of the Internal Control System

Internal Audit Department

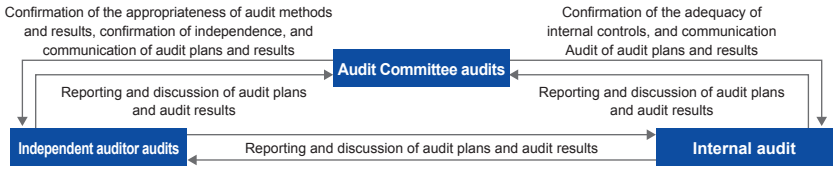
The Company has established a department responsible for internal audits of the Group (the Internal Audit Department) to efficiently and effectively audit the status of business execution. The Internal Audit Department reports audit results to the President, the Audit Committee (dual reporting line), and the directors of the audited subsidiaries. The organizational structure and staffing of the Internal Audit Department, which carries out the Company's audits, are shown in the figure on the right, establishing a system capable of conducting specialized audits.



(As of April 1, 2026)

Three-way audit

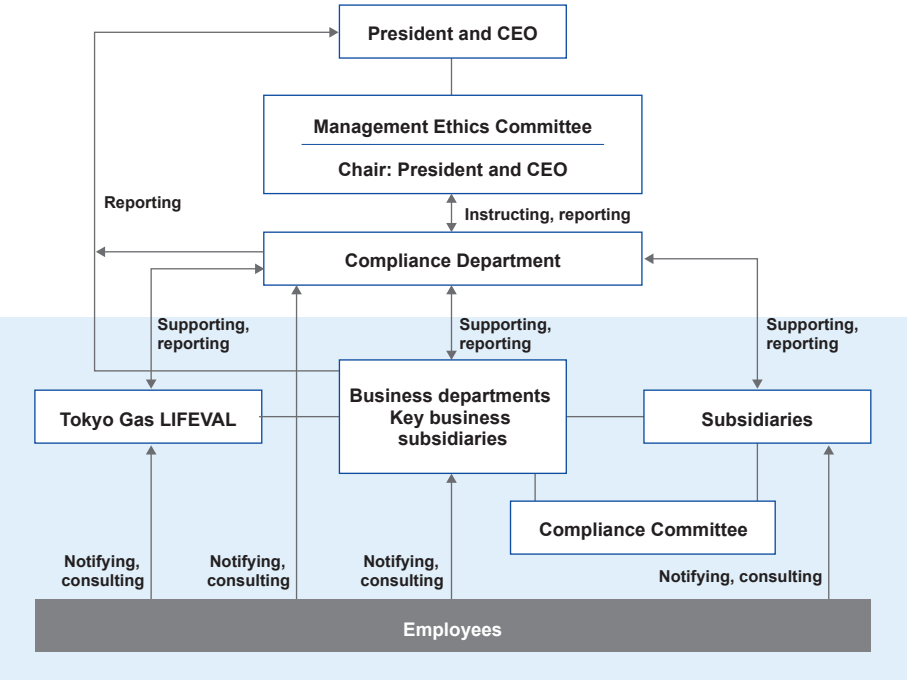
Measures are in place, including coordination between the Audit Committee, the Internal Audit Department, and the independent auditor, to ensure that audit activities are conducted effectively.



Compliance Promotion System

To promote transparent management and foster an open organizational culture through discussions on compliance, including adherence to the Tokyo Gas Group Our Code of Conduct, which serves as the Group's standards of behavior for business activities, as well as compliance with applicable laws and regulations, the Company has established the Management Ethics Committee, chaired by the President. The Committee reviews the implementation status of compliance initiatives, identifies issues, and discusses activity plans for the following fiscal year and beyond.
Based on these discussions, each division and subsidiary-level compliance committee carries out initiatives tailored to their specific circumstances.

Compliance framework



Compliance Promotion Initiatives

Every July is designated as "Compliance Awareness Month," during which the Group carries out intensive compliance promotion initiatives based on the recognition that compliance is the foundation of all business activities. These initiatives include messages from the President, lectures, and workplace study sessions. The Group also conducts annual e-learning programs for all Group employees, as well as management training for subsidiaries and Tokyo Gas LIFEVAL companies, to reinforce awareness of the Tokyo Gas Group Our Code of Conduct on an ongoing basis and foster greater awareness of human rights and compliance.
For compliance promotion officers in each workplace within the Group, year-round training is provided that not only covers the necessary knowledge and information for promoting compliance but also incorporates content tailored to current needs and challenges. Through this approach, the Group aims to maintain and enhance its overall compliance level.
To assess the effectiveness of its compliance promotion initiatives, the Group regularly conducts compliance awareness surveys of its officers and employees. Common issues identified through these surveys are incorporated into compliance initiatives for subsequent fiscal years.

Response to Internal Reports

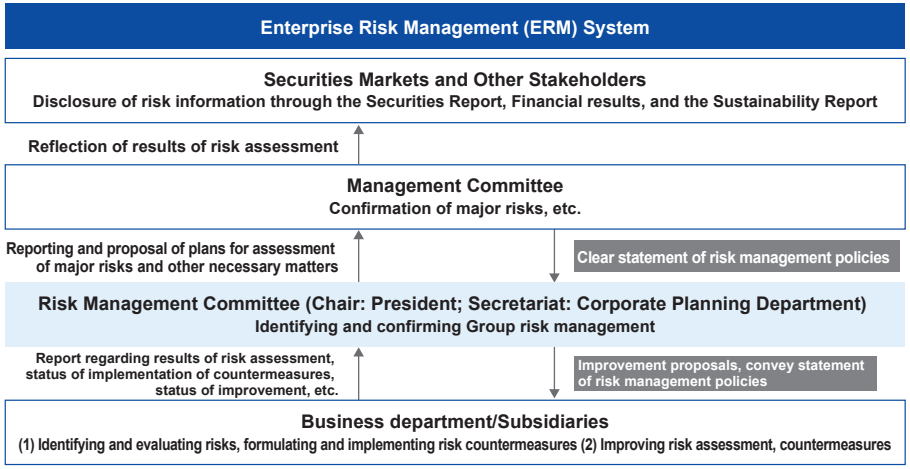
The Company has established internal reporting hotlines, which also serve as internal whistleblowing channels, both internally (within the Compliance Department) and externally (at law firms and other external organizations) for use across the Group. Upon receiving an internal report, the Compliance Department works with the compliance department responsible for overseeing the workplace where the matter occurred to verify the facts. Based on the findings, corrective actions and measures to prevent recurrence are implemented to ensure the prompt handling of risks and promote the Group's self-correcting functions. Awareness of the internal reporting hotlines is promoted throughout the Group through workplace posters, inclusion in the Tokyo Gas Group Our Code of Conduct, the Company intranet, and various training programs.
In addition, each subsidiary and Tokyo Gas LIFEVAL company has its own reporting hotline to receive reports from its employees. Practical training aimed at improving the skills required to receive and respond to reports is also provided annually for personnel responsible for managing these reporting hotlines.

Risk Management System

In accordance with the Risk Management Policies, which set forth the fundamental framework for risk management across the Tokyo Gas Group, we have established an enterprise risk management system. This system employs two approaches: an “ordinary-time response,” which involves identifying risks and implementing countermeasures, and an “emergency-time response,” which is activated when a significant risk materializes. The Risk Management Policies further stipulate that the Board of Directors, recognizing the importance of risk management, shall continuously oversee the effectiveness of the risk management framework and take appropriate action in the event of a significant risk.

Ordinary-time response

Our Risk Management Regulations define specific initiatives and major risks to be addressed under normal circumstances, and we have established an enterprise risk management (ERM) system to carry them out and monitor the operation of the ERM system. The Risk Management Committee, created to enhance the level of ERM, regularly reviews the development and operation of the ERM system, including risk assessments, and reports its findings to the Management a committee. Approximately 300 risk management promotion officers (as of April 1, 2026) have been appointed across the business divisions of Tokyo Gas and its subsidiaries. Each year, risks and the status of countermeasure implementation and improvements are evaluated. This framework enables the continuous execution of the ERM-PDCA (Plan-Do-Check-Act) cycle.



Business and other risks that could significantly affect investors’ judgment (As of April 1, 2026)

1. Stable Energy Supply with Carbon Neutrality
- (1) Disruption in gas resource procurement
- (2) Natural disasters
- (3) Accidents in gas and electricity production and supply, and supply disruptions
- (4) Unforeseen large-scale power outages
- (5) Major failures of renewable energy facilities
- (6) Outbreaks of highly pathogenic or infectious diseases
- (7) Supply chain risks
- (8) Risks accompanying overseas business development
- (9) Changes in gas and electricity sales due to weather fluctuations
- (10) Decline in demand due to intensified competition
- (11) Changes in laws, regulations, and national or local policies
- (12) Responses to new environmental regulations
- (13) Decline in existing demand due to changes in the business environment
- (14) Delays in cultivating new markets

2. Solutions That Contribute to “Decarbonization, Optimization, and Resilience”
- (1) Issues in ensuring the safety of city gas and the quality of gas appliances
- (2) Inadequate customer service (CS)

3. Innovation for Business Transformation and Value Creation
- (1) Delays in the development of new technologies

4. Respect for Diversity and Growth through Challenges
- (1) Shortage of personnel to execute business operations

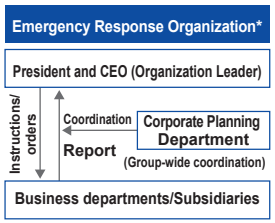
5. Collaboration with Stakeholders and Fulfillment of Social Responsibility
- (1) Accidents, disasters, and other incidents

6. Integration of Real-World Capabilities and Digital Tools to Enhance and Expand Our Strengths
- (1) Risks specific to AI

7. Strengthened Management Foundation for Meeting Expectations of Safety, Security, and Reliability
- (1) Leakage of personal information
- (2) System shutdowns or malfunctions in IT operations
- (3) Cyberattacks
- (4) Compliance violations
- (5) Insufficient response to human rights issues
- (6) Fluctuations in fuel costs
- (7) Fluctuations in electricity market conditions and LNG prices
- (8) Risks arising from changes in market prices and interest rates
- (9) Inability to recover investments

Emergency-time response

As the Tokyo Gas Group is a public utility that provides essential services forming part of society’s critical infrastructure, it has developed and maintained a crisis management system over many years to ensure a rapid and effective response in the event of accidents and other risks. Specifically, under its Emergency Response Organization Regulations, the Group has established a system under which an Emergency Response Organization is promptly established whenever a major crisis occurs. Such crises include major natural disasters such as earthquakes, serious accidents at pipelines or LNG terminals and the resulting disruptions to gas production or supply, outbreaks of highly pathogenic or highly infectious diseases, acts of terrorism, outages of mission-critical business systems, and major compliance-related incidents. The Group also conducts regular drills to prepare for significant risks, including major earthquakes and cyberterrorism. In addition, it has established the Business Continuity Plan (BCP) covering a large-scale earthquake scenario assumed by Japan’s Cabinet Office, major gas supply disruptions, widespread power outages, outbreaks of highly pathogenic or highly infectious diseases, and information leaks, and continues to strengthen its crisis management system.



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

Engagement with Shareholders and Investors

We have established a framework and implemented initiatives to promote constructive dialogue with our shareholders and investors. Feedback received and insights gained through these dialogues are shared with the Board of Directors, Corporate Executive Officers, and relevant departments, and used to improve our management plans, business activities, and information disclosure.

Main Opportunities for Dialogue (main participants)

- General Meeting of Shareholders
- 2nd quarter financial results and year-end financial results briefings (Representative Corporate Executive Officer, President and CEO)
- 1st quarter and 3rd quarter financial results briefings and other briefings to be held as needed
- Briefing on Medium-term Management Plan, etc. (Representative Corporate Executive Officer, President and CEO)
- Small meetings with the President (Representative Corporate Executive Officer, President and CEO)
- Meetings with domestic and overseas institutional investors (Representative Corporate Executive Officer, President and CEO, and others)
- Small meetings between investors and Outside Directors (Outside Directors)
- Facility tours and business briefings for institutional investors
- Briefings for individual investors, etc.

Small Meetings between Investors and Outside Directors (March 2026)

Since FY2022, we have been holding small meetings between investors and Outside Directors. The purpose is to enhance dialogue with shareholders and investors on matters such as the effectiveness of the Board of Directors, leverage their perspectives in formulating management policies and monitoring management execution, and contribute to enhancing corporate value over the medium to long term. In FY2025, two Outside Directors participated in the meeting and exchanged views with shareholders and investors based on their questions. Excerpts from the dialogue are presented below.

YAMAMURA Masayuki, Director

Q How do you view the expectations and challenges regarding Tokyo Gas's further growth?

Tokyo Gas has grown into a comprehensive energy company, expanding from its city gas business into the power business. We are now entering a third stage of growth, in which we will further expand not only our Energy business but also our Overseas and Solutions businesses. While I have high expectations for the FY2026–2028 Medium-term Management Plan as a major step toward our next phase of growth, securing and developing the talent needed to support business expansion while transforming our corporate culture will be one of our key challenges. I also believe that, while we should proactively pursue investment opportunities, it is equally important to maintain a balance between proactive investment and investment discipline.

Q How do you intend to contribute to achieving that goal by drawing on your experience?

As DX is a cornerstone of the Medium-term Management Plan, I intend to contribute by leveraging my expertise in digital transformation and technology. The Board of Directors frequently discusses DX and IT systems, and based on my own experience, I emphasize the importance of ensuring that not only the IT function but also frontline operations work together as one to achieve successful implementation. I also aim to contribute to improving profitability by drawing on my experience in productivity reform, particularly by providing advice on improving the efficiency of our domestic operations.

KOMATSU Yuriya, Director

Q How do you view the expectations and challenges regarding Tokyo Gas's further growth?

Over the medium term, I have high expectations for the Overseas and Solutions businesses. While some Overseas businesses, such as the U.S. midstream and downstream business, have not yet delivered the expected returns, Tokyo Gas has built up considerable experience in overseas investment. Building on this, I expect continued growth in our midstream and downstream businesses and our operations in Asia. As for the Solutions business, while many Japanese companies have yet to fully embrace DX and AI, I believe Tokyo Gas combines a prudent approach to business with strong digital expertise. This positions us well to provide solutions to companies that share a similarly prudent corporate culture.

Q How do you hope to contribute to achieving that goal by drawing on your experience?

To strengthen our Overseas and Solutions businesses, enhancing our capabilities in executing M&A and alliances while maintaining an appropriate balance between investment and risk management will be essential. I aim to contribute to strengthening governance across the Company by drawing on my expertise in finance, as well as my experience in post-merger integration (PMI) and private equity. As an Outside Director, I also see it as my mission to monitor the executive management's decision-making process, the investments resulting from those decisions, and each business unit's targets, action plans, and recovery plans, thereby contributing to the enhancement of corporate value.

In addition, we received a variety of questions, including the following:

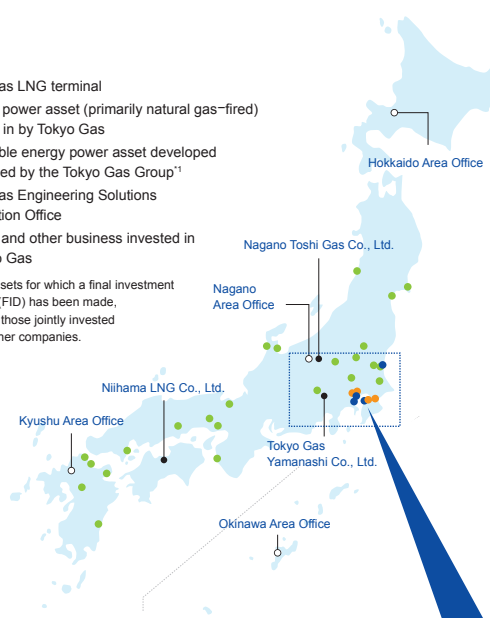
- How were you involved in the formulation of the FY2026–2028 Medium-term Management Plan?
- While there are high expectations for the growth of the Solutions business, aren't the targets challenging in light of past performance?
- How do you view the significance of expanding the Overseas business and the synergies it creates?
- As an Outside Director, to what extent are you committed to overseeing the improvement of underperforming businesses?
- What are your views on balancing shareholder returns and growth investments, and what discussions has the Board of Directors had on this topic?
- What challenges do you see in developing the talent needed to support business expansion, and how should they be addressed?
- What are your views on the balance between the fixed and variable components of executive compensation?

Business Overview and Business Areas

Domestic Business Areas

- Tokyo Gas LNG terminal
- Thermal power asset (primarily natural gas−fired) invested in by Tokyo Gas
- Renewable energy power asset developed and owned by the Tokyo Gas Group*1
- Tokyo Gas Engineering Solutions Corporation Office
- City gas and other business invested in by Tokyo Gas

*1 Power assets for which a final investment decision (FID) has been made, including those jointly invested in with other companies.



Gas sales volume

11.2 bn m³

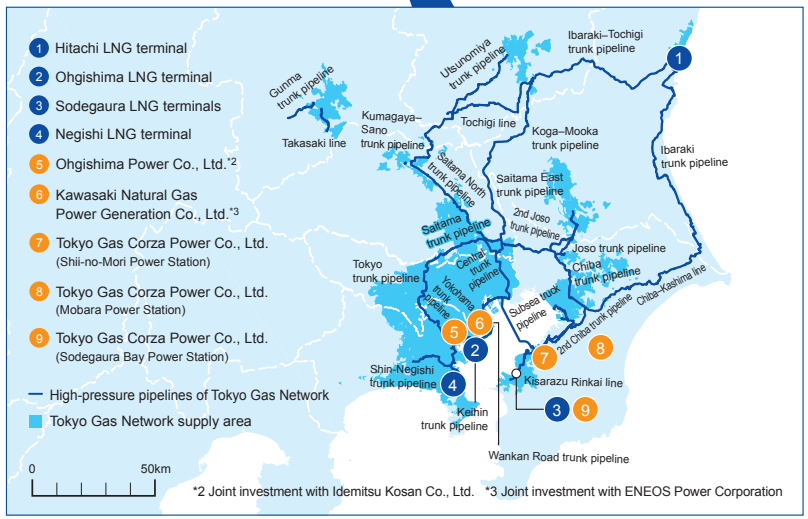
Electricity sales volume

28.0 bn kWh

Total pipeline extension distance

Approx. 67,287 km

(All figures as of March 31, 2026)



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

Main Overseas Projects

Region	Country	Project name	Main business
North America	1 U.S.A.	TG Natural Resources	Production and sales of shale gas project
		TGES America	Energy service project
		Birdsboro	Natural gas power project
		Aktina	Solar power project
		Longbow	Battery Energy Storage System (BESS) project
		ARM Energy Trading	Natural gas marketing and trading
		Principle Power, Inc.	Technology and services for floating foundation systems for offshore wind
		ST Cove Point	Natural gas purchasing, natural gas liquefaction, LNG sales
	2 Mexico	Bajio	Natural gas power project
Southeast Asia	3 Malaysia	Gas Malaysia Bhd.	Gas supply project
		GAS MALAYSIA ENERGY ADVANCE Sdn. Bhd.	Energy service project
	4 Thailand	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
		Vinh Long	Nearshore wind power project
	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	Natural gas liquefaction tolling business
		TOKYO GAS REAL ESTATE AUSTRALIA PTY LTD	Property development
Europe	9 Denmark	TOWII Renewables A/S	Renewable energy power development
	10 Finland		
	11 UK	Octopus Energy Offshore Wind SCSp	Offshore Wind Investment Fund
		Octopus Energy Group Limited	Energy retail and energy-related business
	12 Grand Duchy of Luxembourg	Nature Based Carbon Fund	Investment in natural carbon credit projects
	13 Portugal	Windfloat Atlantic	Floating offshore wind power generation business

(As of March 31, 2026)

Relationship between Reporting Segments, Business Domains, and Internal Companies

Reporting segments

Energy solution

Conducts diverse energy transactions—including city gas production/sales, LNG sales, trading, electric power, and engineering solutions (e.g., engineering, energy services)—leveraging our strengths in asset flexibility and demand-side capabilities.

Network

Operates gas transportation (third-party access). We actively promote the use of city gas to help customers reduce CO_2 emissions. We are also committed to create new value through smart meter utilization and to enhance regional value in collaboration with other infrastructure operators.

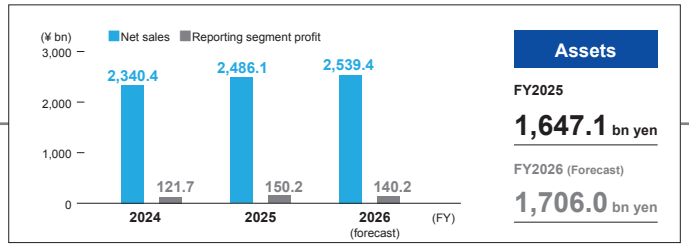
Overseas

Engages in resource development and energy supply. In North America, we focus on resource development, while in Southeast Asia we focus on expanding LNG infrastructure businesses, leveraging our domestic expertise.
Recently, we have been expanding into midstream and downstream sectors in North America.

Urban development

Engages in real estate development and leasing. We maximize the value of our property holdings through office and residential leasing in prime urban areas. Our integrated development of real estate and energy delivers high environmental performance and resilience.

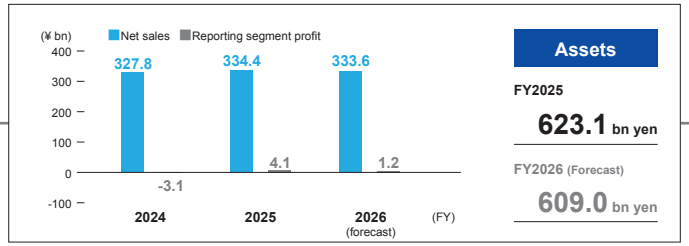
Reporting segment results/Forecast (Net sales, Reporting segment profit, and Assets)*



Assets

FY2025
1,647.1 bn yen

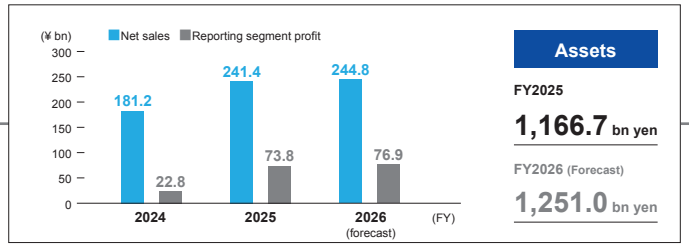
FY2026 (Forecast)
1,706.0 bn yen



Assets

FY2025
623.1 bn yen

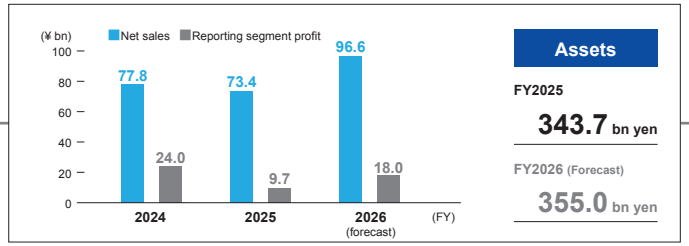
FY2026 (Forecast)
609.0 bn yen



Assets

FY2025
1,166.7 bn yen

FY2026 (Forecast)
1,251.0 bn yen



Assets

FY2025
343.7 bn yen

FY2026 (Forecast)
355.0 bn yen

* FY2026 figures are based on information available as of April 28, 2026.

Business Domain

- Gas (Production, retail, etc.)
- Electricity (Generation, retail, etc.)
- Solutions (Energy-related)
- Gas (Networks)
- Overseas (Shale gas, renewable energy, etc.)
- Real Estate (ESG-focused development, etc.)

Internal Companies/Business Subsidiaries

- Energy Trading Company
- Customer & Business Solution Company
- Tokyo Gas Engineering Solutions Corporation
- Regional Co-creation Company
- Green Transformation Company
- Tokyo Gas Network Co., Ltd.
- Global Business Company
- Tokyo Gas Real Estate Co., Ltd.

10-Year Consolidated Financial Highlights*1

For more detailed financial information, please visit:
https://www.tokyo-gas.co.jp/en/IR/library/invguid_j.html

	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3	2025.3	2026.3
Net Sales (¥ million)	1,587,085	1,777,344	1,962,308	1,925,235	1,765,146	2,154,860	3,289,634	2,662,420	2,636,809	**2,834,749**
Operating profit (¥ million)	58,365	116,302	93,704	101,418	77,675	127,525	421,477	217,143	133,090	**197,677**
Operating profit margin (%)	3.68	6.54	4.78	5.27	4.40	5.92	12.81	8.16	5.05	**6.97**
Ordinary profit (¥ million)	55,688	111,546	89,386	102,645	70,500	136,481	408,846	222,766	113,599	**193,701**
Profit attributable to owners of parent (¥ million)	53,134	74,987	84,555	43,293	49,505	95,702	280,916	165,481	74,194	**226,857**
Equity (¥ million)	1,101,498	1,136,027	1,159,055	1,147,747	1,153,813	1,251,781	1,558,404	1,693,478	1,725,446	**1,717,472**
Total assets (¥ million)	2,230,269	2,334,316	2,428,149	2,539,919	2,738,348	3,187,627	3,581,425	3,897,608	3,855,093	**3,892,268**
Interest-bearing debt (¥ million)	713,596	724,940	803,216	905,066	1,065,988	1,220,589	1,263,233	1,439,244	1,336,298	**1,277,239**
Operating cash flow (¥ million)	217,439	240,328	246,436	213,171	229,315	296,648	490,216	379,369	342,426	**497,417**
Free cash flow (¥ million)	315	(15,501)	(984)	(66,428)	(99,189)	71,192	245,598	14,261	96,757	**202,227**
EBITDA (¥ million)	222,670	281,643	255,585	271,296	257,485	328,471	630,777	431,031	401,322	**468,237**
Capital expenditure (¥ million)	203,358	208,745	223,781	227,058	246,431	207,226	213,233	205,206	320,786	**308,844**
Depreciation (¥ million)*2	164,305	165,342	161,881	169,878	179,810	200,946	209,300	213,888	268,232	**270,560**
EPS (Earnings per share) (¥)	23.02	164.12*3	187.60	97.86	112.26	217.67	646.99	401.09	192.22	**654.76**
BPS (Book value per share) (¥)	479.74	2,487.58*3	2,575.99	2,602.53	2,616.37	2,847.88	3,595.60	4,244.14	4,669.38	**5,151.08**
Number of issued shares (common stock) (thousands of shares)	2,302,856	458,073*3	451,356	442,436	442,436	440,997	434,875	400,452	388,894	**371,091**
Dividend per share (¥)	11.00	55.00*3	60.00	60.00	60.00	65.00	65.00	70.00	80.00	**110.00**
DOE (Dividends on equity) (%)	2.29	2.25	2.35	2.29	2.30	2.38	2.01	1.75	1.77	**2.17**

*1 The financial information contained in this integrated report is based on the annual securities report; however, it has not been audited by audit firms or other external auditors.
The consolidated results for the fiscal year ended March 31, 2024, and the fiscal year ended March 31, 2025, are disclosed in Generally Accepted Accounting Principles in the United States (U.S. GAAP) in accordance with the change in accounting standards from International Financial Reporting Standards (IFRS) to U.S. GAAP by Tokyo Gas America and its consolidated subsidiaries from the fiscal year ended March 31, 2025.
*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 a post-consolidation basis (the interim dividend of ¥5.50 per share before the consolidation and the year-end dividend of ¥27.50 per share after the consolidation).

10-Year Consolidated Financial Highlights

For more detailed financial information, please visit:
https://www.tokyo-gas.co.jp/en/IR/library/invguid_j.html

	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3	2025.3	2026.3
Payout ratio (%)	47.8	33.5	32.0	61.3	53.4	29.9	10.0	17.5	41.6	**16.8**
Total return ratio (%)	60.7	60.2	60.3	61.0	60.1	46.6*4	50.3	89.7	310.4	**–**
Current ratio (%)	142.7	135.6	156.0	152.0	132.7	163.0	200.9	195.5	171.6	**147.2**
D/E (Debt-Equity) ratio (times)	0.65	0.64	0.69	0.79	0.92	0.98	0.81	0.85	0.77	**0.74**
Equity ratio (%)	49.4	48.7	47.7	45.2	42.1	39.3	43.5	43.4	44.8	**44.1**
ROE (Return on equity) (%)	4.8	6.7	7.4	3.8	4.3	7.9	20.0	10.2	4.3	**13.2**
ROA (Return on assets) (%)	2.4	3.3	3.6	1.7	1.9	3.2	8.3	4.4	1.9	**5.9**
Total asset turnover (times)	0.71	0.78	0.82	0.78	0.67	0.73	0.97	0.71	0.68	**0.73**
WACC (%)	3.0	3.1	3.0	2.7	2.6	2.3	2.4	2.6	3.2	**3.4**

Number of city gas retail customers (thousand)	10,269	10,209	9,821	9,129	8,863	8,688	8,701	8,789	8,826	**8,861**
Gas sales volume (million m^3)	15,720	15,568	15,198	13,855	12,990	13,146	12,574	11,303	11,215	**11,175**
Gas sales volume, gas volume used in-house*5	19,053	19,052	18,397	17,666	17,577	17,102	17,392	16,259	15,686	**15,612**
Number of electricity retail customers (thousand)	635	1,105	1,742	2,350	2,717	3,014	3,475	3,871	4,152	**4,337**
Electric power sales volume (100 million kWh)	126.5	146.6	154.8	206.0	247.6	282.9	344.5	254.8	234.4	**280.2**

*4 The Accounting Standard for Revenue Recognition has been applied starting with the fiscal year ending March 31, 2023. Figures for the fiscal year ending March 31, 2022, have been retrospectively adjusted. The total return ratio for the fiscal year ending March 31, 2022, based on profit attributable to owners of parent prior to the retrospective application (as of the April 2022 earnings announcement), was 50.2%.
*5 The figure represents the sum of self-consumption volume and LNG sales volume added to the 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

D/E 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 assumptions
(Result of the fiscal year ending March 31, 2026)
a) Cost of interest-bearing debt: Real interest rate of 0.54% (after tax)
b) Cost of shareholders' equity
- Risk-free rate: 10-year JGB yield of 1.74%
- Risk premium: 5.9%, Beta coefficient of 0.62

Key Non-financial Data

Environment

Greenhouse gas emissions *1*2

		Unit	FY2023	FY2024	FY2025
Scope 1+2		thousand t-CO_2e	4,915	4,360	**4,498**
	Scope 1	thousand t-CO_2e	4,675	4,132	**4,344**
	Scope 2	thousand t-CO_2e	240	226	**154**
Scope 3		thousand t-CO_2e	49,940*5	68,296*5	**67,478**

Water

		Unit	FY2023	FY2024	FY2025
Water withdrawal*3		thousand m^3	619,989	604,458	**576,415**
	Tap water, industrial water, and well water	thousand m^3	5,113	5,856	**6,275**
	Seawater	thousand m^3	614,876	598,603	**570,140**
Water discharge*4		thousand m^3	615,761	599,816	**571,526**
	Water discharge	thousand m^3	885	1,213	**1,386**
	Seawater	thousand m^3	614,876	598,603	**570,140**

Industrial waste *3

	Unit	FY2023	FY2024	FY2025
Generation	t	20,369	25,383	**32,815**
Amount recycled	t	16,521	20,998	**27,324**
Recycling rate	%	81	83	**83**

*1 Calculated with reference to the GHG Protocol.
*2 Based on management control under the GHG Protocol, covering Tokyo Gas and its consolidated subsidiaries (excluding some overseas subsidiaries from a quantitative perspective).
*3 Aggregated for Tokyo Gas and its domestic consolidated subsidiaries.
*4 Aggregated for Tokyo Gas and its domestic consolidated subsidiaries; however, offices of Tokyo Gas and other Group companies are excluded.
*5 Figures for FY2023 and FY2024 were revised after errors were identified.

Society

Employment *1

			Unit	FY2023	FY2024	FY2025
Number of regular employees*2			Persons	13,251	13,354	**13,588**
	Ratio of female employees		%	20.9	21.7	**23.0**
Number of managers*3			Persons	3,379	3,369	**3,369**
	Ratio of female employees		%	11.5	11.4	**12.3**
Number of new graduate hires*3			Persons	377	325	**379**
	Ratio of female employees		%	30.2	29.8	**36.1**
Number of experienced personnel hires			Persons	372	381	**625**
	Ratio of female employees		%	36.0	36.2	**38.7**
Average length of employment*2		Male	Years	16.1	14.4	**13.0**
		Female	Years	13.6	13.3	**12.1**
Turnover rate*4		Male	%	2.5	2.6	**2.3**
		Female	%	3.4	4.2	**3.6**

System use *1

		Unit	FY2023	FY2024	FY2025
Number of employees using childcare leave	Male	Persons	291	415	**455**
	Female	Persons	192	196	**212**
Number of employees using shorter hours for childcare	Male	Persons	57	61	**75**
	Female	Persons	392	366	**391**

*1 Aggregated for Tokyo Gas and its domestic and overseas consolidated subsidiaries. Excludes employees seconded to Tokyo Gas from outside organizations and includes employees seconded to outside organizations.
*2 Data as of March 31 of each fiscal year. *3 Data as of April 1 of the following fiscal year.
*4 The turnover rate is calculated as the number of voluntary resignations among regular employees as of the end of March of each fiscal year divided by the number of regular employees as of April 1 of each fiscal year.

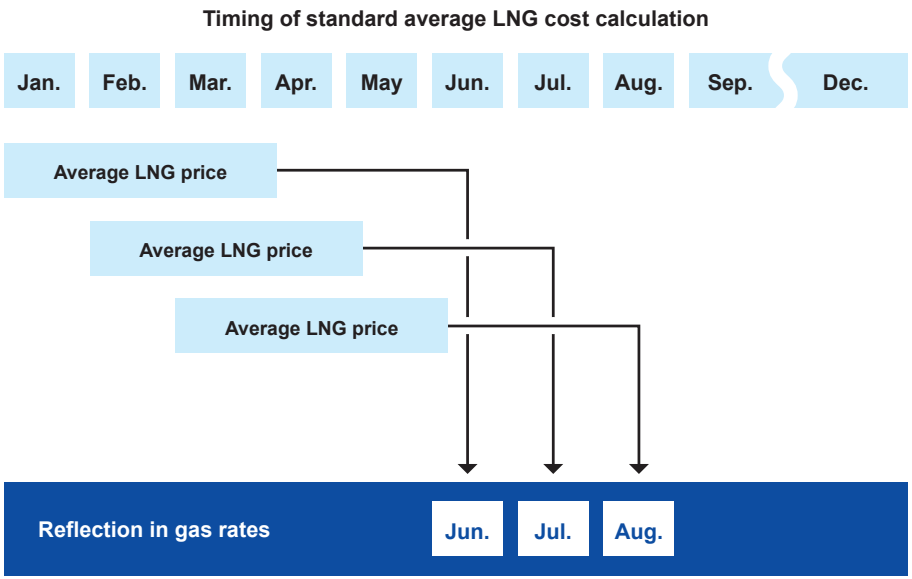
Sustainability Factbook (The FY2026 edition is scheduled to be published in October 2026.)
https://www.tokyo-gas.co.jp/sustainability/download/index.html?wovn=en

Impact of the Time Lag in the Gas Rate Adjustment System on Earnings

Fluctuations in Crude Oil Prices and Exchange Rates are Neutral to Earnings in the Medium to Long Term due to the Gas Rate Adjustment System

Under the gas rate adjustment system, LNG cost fluctuations are automatically reflected in gas rates based on a predetermined formula. This is done by comparing the three-month average LNG cost, based on trade statistics, to the standard average LNG cost that serves as the baseline. There is an average four-month time lag between the payment of LNG cost and its reflection in gas rates. Depending on the fluctuations in crude oil prices and the exchange rate, this can result in the under- or over-recovery of costs within a given fiscal period, acting as a factor in earnings volatility. Nevertheless, from a medium- to long-term perspective, the impact of these LNG cost fluctuations on our earnings is considered neutral.

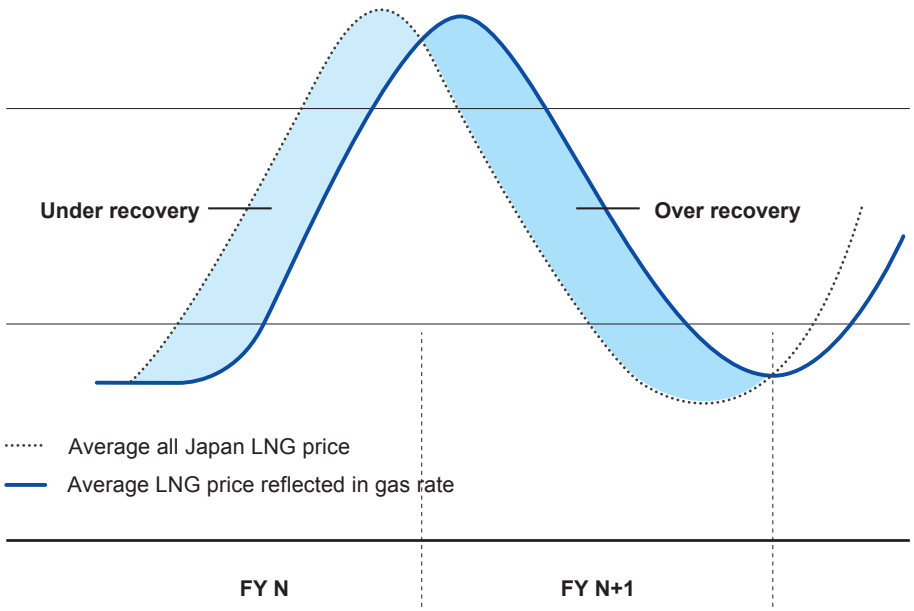
Timing of the standard average LNG cost calculation and its reflection in gas rates



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

Note: Based on the supply terms and conditions

How the time lag affects earnings (illustrative)



Key Evaluations from External Organizations

Credit Ratings

Rating organization	Long-term	Short-term	Rating definitions
Moody's	A1	—	Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.
Standard & Poor's	A+	—	An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.
Rating and Investment Information, Inc.	AA+	a-1+	Long-term: Very high creditworthiness supported by some excellent factors. Short-term: Certainty of the fulfillment of a short-term obligation is high. (A plus (+) sign may be appended to the a-1 category to indicate a particularly high level of the certainty.)

ESG Ratings

CDP

CDP is a U.K.-based nonprofit organization that collaborates with institutional investors to operate an international framework requesting companies to disclose information on their strategies for climate change and water risks, including concrete data. Companies are scored from A to D- based on their initiatives, providing an important benchmark for evaluating corporate environmental efforts. Tokyo Gas received an A- rating in the "Climate Change" category for FY2025.

ESG Indices

FTSE4Good Index Series*1

An index developed by FTSE Russell, a subsidiary of the London Stock Exchange Group. Companies are evaluated on ESG criteria, and those meeting the standards are included in the index.

FTSE JPX Blossom Japan Index

An index comprising Japanese companies with strong ESG performance. It is designed to minimize sector allocation bias. Since 2017, the Government Pension Investment Fund (GPIF) has conducted investment management linked to this index.

FTSE JPX Blossom Japan Sector Relative Index

An index comprising Japanese companies with strong ESG performance. It also evaluates companies' environmental impact and management stance on climate change risks and opportunities. Since 2022, the GPIF has conducted investment management linked to this index.

MSCI Selection Indexes*2

Indexes developed by MSCI Inc., a U.S.-based company. Companies are evaluated on ESG criteria, and those meeting the standards are included in the indexes.

MSCI Nihonkabu ESG Select Leaders Index/ MSCI Japan ESG Select Leaders Index*2

An index comprising Japanese companies with strong ESG performance. Companies with relatively high ESG ratings within each industry are included. In addition, the MSCI Nihonkabu ESG Select Leaders Index has been used by the GPIF for index-linked investment management since 2017.

MSCI Japan Empowering Women Index*2

An index comprising Japanese companies with high gender diversity scores based on data related to women's empowerment. The GPIF has conducted index-linked investment management using this index since 2017.

S&P/JPX Carbon Efficient Index

An index jointly developed by S&P Dow Jones Indices and Japan Exchange Group.
For TOPIX constituent stocks, index weights are determined based on the level of environmental information disclosure and carbon efficiency (carbon emissions per unit of revenue). Tokyo Gas ranks in the fourth decile within the high-impact industry group. Since 2018, the GPIF has managed assets tracking this index.

Morningstar Japan ex-REIT Gender Diversity Tilt Index

An index developed by Morningstar. Based on Equileap's gender equality score, it emphasizes companies with strong initiatives on gender diversity. Companies are classified into five groups according to their scores, and Tokyo Gas is positioned in Group 1.

Sompo Sustainability Index

An index managed by Sompo Asset Management Co., Ltd. Companies that meet the criteria in the ESG evaluation conducted by Sompo Risk Management Inc. are included in the index.

*1 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Tokyo Gas Co., Ltd. has been independently assessed and satisfies the requirements for inclusion in the FTSE4Good Index Series, the FTSE JPX Blossom Japan Index, and the FTSE JPX Blossom Japan Sector Relative Index. These indexes are widely used by market participants as benchmarks for companies' environmental, social, and governance (ESG) practices when creating and evaluating responsible investment funds and other investment products.

*2 THE INCLUSION OF TOKYO GAS CO., LTD., IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF TOKYO GAS CO., LTD., BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.