

July 30, 2025

Company: Tokyo Gas Co., Ltd.
 Representative: SASAYAMA Shinichi,
 Representative Corporate Executive Officer,
 President and CEO
 (Securities code: 9531, TSE Prime Market &
 NSE Premier Market)
 Contact: ISHII Wataru
 Chief Manager of Legal Sect. I, Legal Dept.

Notice regarding Disposal of Treasury Shares as a Restricted Stock Incentive for the Employee Shareholding Association

Tokyo Gas Co., Ltd. (“the Company”) hereby announces that its Board of Directors resolved today to dispose of treasury shares as restricted shares (the “Disposal of Treasury Shares” or “Disposal”) for the Tokyo Gas Group Employee Shareholding Association (the “Shareholding Association”) as the Expected Allottee based on a Restricted Stock Incentive Plan for the Shareholding Association (the “Plan”).

1. Outline of the Disposal

(1) Date of disposal	December 10, 2025
(2) Type and number of shares to be disposed of	Common stock of the Company: 30,090 shares (See note)
(3) Disposal value	4,880 yen per share
(4) Total amount of disposal	146,839,200 yen (See note)
(5) Method of disposal (Expected Allottee)	On the condition that the Shareholding Association applies for the acquisition of shares by way of third-party allotment, the number of shares applied for by the Shareholding Association will be allotted to the Shareholding Association within the scope of the number of shares described in (2) above (thus, the number of allotted shares shall be the number of shares to be disposed of). (Tokyo Gas Group Employee Shareholding Association: 30,090 shares) Partial application for the number of allotted shares from each Applicable Employee (as defined below) shall not be accepted.
(6) Other	The Company submitted an extraordinary report on the Disposal of Treasury Shares pursuant to the Financial Instruments and Exchange Act.

Note: The “number of shares to be disposed of” and the “total amount of disposal” are calculated based on the assumption that the Company’s common stock is granted as restricted shares to each of the Company’s 540 manager-class employees, which is the maximum number of employees who can participate in the Plan. The actual number of shares to be disposed of and the total amount of disposal will be determined according to the number of applicants (“Applicable Employees”: maximum 540) who agree to the Plan, which will be fixed after the enrollment promotion for those who are not currently members of the Shareholding Association, and the confirmation of agreement with the Plan by the members of the Shareholding Association are completed, and the number of shares to be granted per person determined by the Company subject to the grade of employees (Manager Grade 1: Maximum 120 persons and 81 shares; Manager Grade 2: Maximum 170 persons and 61 shares; Manager Grade 3: Maximum 250 persons and 40 shares). Specifically, as provided in (5) above, the number of offered shares determined by the Shareholding Association will be the “number of shares to be disposed of” and the amount obtained by multiplying the number by the disposal value per share will be the “total amount of disposal.”

2. Purpose and Reasons for the Disposal

At the meeting of the Board of Directors held today, the Company resolved to dispose of treasury shares in conjunction with the introduction of the Plan as a measure to improve benefits and welfare of the Applicable Employees for the purpose of providing the Applicable Employees from among manager-class employees with incentives to achieve sustainable enhancement of the Company's corporate value and to further promote shared value between the Applicable Employees and the Company's shareholders while raising their awareness of participation in the management, in addition to helping the Applicable Employees to build their assets by creating opportunities to acquire the Company's common stock to be issued or disposed of through the Shareholding Association as Restricted Shares.

The outline of the Plan is as follows:

[Outline of the Plan]

Under the Plan, a monetary claim ("Special Incentive") will be provided by the Company to each Applicable Employee to be granted as Restricted Shares. Applicable Employees will contribute the Special Incentive to the Shareholding Association. The Shareholding Association will receive the issue and disposal of the Company's common stock as Restricted Shares by making an in-kind contribution to the Company of the Special Incentive contributed by the Applicable Employees.

When issuing or disposing of the Company's common stock under the Plan, the Company and the Shareholding Association will execute the Restricted Stock Allotment Agreement which provides that i) the transfer of the allotted shares to a third party, the pledge of a security interest, or any other disposition are prohibited for a certain period of time (the "Transfer Restriction"); and ii) should certain events occur, the Company will acquire the allotted shares without consideration. The grant of the Special Incentive to the Applicable Employees will be made subject to the execution of the Restricted Stock Allotment Agreement between the Company and the Shareholding Association.

Until the Transfer Restrictions are lifted, the Applicable Employees will be restricted from withdrawing the Membership Interests ("Restricted Stock Interests" or "RS Interests") held by the Applicable Employees in relation to the Restricted Stock to be held by the Applicable Employees in exchange for the monetary claims contributed to the Shareholding Association, in accordance with the Articles of Incorporation of the Shareholding Association, etc., and the Detailed Regulations for the Operation of the Shareholding Association (the "Shareholding Association Rules") (See note).

Note: The Shareholding Association plans to resolve to revise the Shareholding Association Rules corresponding to the Plan prior to the Disposal of Treasury Shares at the Shareholding Association's Board of Directors meeting to be held immediately after the Company's Board of Directors resolves the Disposal of Treasury Shares. Such revision is scheduled to become effective two weeks after the notice is sent to the Shareholding Association members based on the Shareholding Association Rules after the resolution of the Shareholding Association's Board of Directors, and if the number of objections from the Shareholding Association members is less than one third of the total number of Shareholding Association members.

In the Disposal of Treasury Shares, the Shareholding Association, which is the Expected Allottee, shall pay in all of the Special Incentive contributed by the Applicable Employees as property contributed in kind, in accordance with the Plan, and the common stock of the Company (the "Allotted Shares") shall be allotted to the Shareholding Association. The outline of the Restricted Stock Allotment Agreement (the "Allotment Agreement") to be concluded between the Company and the Shareholding Association in connection with the Disposal of Treasury Shares is as described in "3. Outline of the Allotment Agreement" below. The number of shares to be disposed of in the Disposal of Treasury Shares will be determined at a later date as described in the note to 1. above. If all of the Company's 540 employees, who are the maximum number of employees to whom the Plan can be applied, participate in the Shareholding Association and agree to the Plan, the Company plans to dispose of 30,090 shares. Assuming that such number of shares are disposed of, the dilution amount of shares in the Disposal of Treasury Shares accounts for 0.01% (rounded to the second decimal place; the same shall apply hereunder in the calculation of the ratio) of the total number of issued shares which is 388,893,859 as of March 31, 2025, representing 0.01% of the total number of voting rights, which is 3,686,547 as of March 31, 2025.

The Plan is introduced as a measure to improve benefits and welfare for the Applicable Employees for the purpose of helping the Applicable Employees build their assets by creating opportunities to acquire the Company's common stock to be issued or disposed of as Restricted Shares through the Shareholding Association. In addition, we believe the Plan will contribute to the increase in the Group's corporate value by further promoting shared value between the Applicable Employees and the Company's shareholders, and raising the awareness of participation in the management by providing the Applicable Employees with incentives to achieve enhancement of the Company's sustainable corporate value. Since the number of shares to be disposed of and the scale of the dilution of shares in the Disposal of Treasury Shares are reasonable, the Company believes that the impact on markets will not be significant.

The Disposal of Treasury Shares will be implemented on the condition that the revised Shareholding Association Rules take effect by the day immediately preceding the date of the Disposal of Treasury Shares and that the Allotment Agreement is executed between the Company and the Shareholding Association within the prescribed period.

3. Outline of the Allotment Agreement

(1) Transfer Restriction Period

From December 10, 2025, to November 30, 2028

(2) Conditions for Lifting the Transfer Restrictions

Provided that the Applicable Employee has been a member of the Shareholding Association continuously during the Transfer Restriction Period, the Transfer Restriction shall be lifted for all of the Allotted Shares corresponding to the number of the Restricted Stock Interests held by the Applicable Employee who satisfies the condition at the time when the Transfer Restriction Period expires.

(3) Treatment in the case of withdrawal from the Shareholding Association

If an Applicable Employee withdraws from the Shareholding Association (meaning cases in which the Applicable Employee has lost the membership or has applied for withdrawal, and including cases in which the Applicable Employee has withdrawn due to loss of life) during the Transfer Restriction Period due to mandatory retirement or for other justifiable reasons, the Company shall lift the Transfer Restriction on all of the Allotted Shares corresponding to the number of the Restricted Stock Interests held by the relevant Applicable Employee on the day on which the Shareholding Association accepts the Applicable Employee's application for withdrawal (in the case of losing the membership, the day on which the Applicable Employee has lost the membership [in the case of withdrawal due to loss of life, the day on which the Applicable Employee has passed away]; the "Withdrawal Application Acceptance Day").

(4) Treatment in the Case of Becoming a Non-resident

If the Company determines that an Applicable Employee becomes a non-resident due to an overseas transfer during the Transfer Restriction Period, the Transfer Restriction shall be lifted on the day such determination was carried out ("Overseas Transfer Determination Date") for all of the Allotted Shares corresponding to the number of the Applicable Employee's Restricted Stock Interests held on the Overseas Transfer Determination Date.

(5) Acquisition by the Company without Consideration

If an Applicable Employee commits a violation of laws and regulations or falls under any of the grounds set forth in the Allotment Agreement during the Transfer Restriction Period, the Company shall automatically acquire all of the Allotted Shares without consideration, corresponding to the Restricted Stock Interests held by the relevant Applicable Employee at the time of any of the above trigger events. In addition, the Company shall, as a matter of course, acquire the Allotted Shares for which the Transfer Restriction is not lifted at the time of expiration of the Transfer Restriction Period or at the time of lifting of the Transfer Restriction as set forth in (3) or (4) above.

(6) Management of Shares

To prevent the Allotted Shares from being transferred, pledged as a security interest, or otherwise disposed of during the Transfer Restriction Period, the Allotted Shares shall be managed in a dedicated account opened by the Shareholding Association with Nomura Securities Co., Ltd., during the Transfer Restriction Period. Furthermore, the Shareholding Association shall register and manage the Restricted Stock Interests separately from other member's interests (the "Ordinary Interests") held by the Applicable Employees in accordance with the provisions of the Shareholding Association Rules.

(7) Treatment in the event of organizational restructuring, etc.

If a merger agreement under which the Company is to be dissolved, a share exchange agreement or share transfer plan under which the Company is to become a wholly owned subsidiary, or other matters concerning reorganization are approved at a general meeting of the shareholders of the Company (or at a meeting of the Board of Directors of the Company, if approval at a general meeting of shareholders of the Company is not required for the reorganization) during the Transfer Restriction Period, the Transfer Restrictions on all of the Allotted Shares held by the Applicable Employees corresponding to the number of the Restricted Stock Interests held by the Shareholding Association as of the date of the approval, will be lifted immediately before the business day immediately preceding the effective date of the reorganization, etc., by a resolution of the Board of Directors.

4. Basis for Calculation of the Disposal Amount and Specific Details Thereof

The disposal of Treasury Shares for the Shareholding Association, which is the Expected Allottee, will be implemented, using the contribution to the Shareholding Association made by Applicable Employees, which is the Special Incentive provided to the Applicable Employees as their investment property for the purpose of granting the Restricted Shares. In order to ensure that the disposal amount is not arbitrary, the disposal amount is set at 4,880 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on July 29, 2025 (the business day immediately preceding the date of resolution by the Board of Directors). This is a market share price immediately before the date of resolution by the Board of Directors, and is considered reasonable and not particularly favorable.

The deviation of the disposal amount from the average closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market (rounded off to two decimal places) is as follows.

Period	Average closing price (amounts less than one yen are rounded down)	Deviation
One month (June 30, 2025 to July 29, 2025)	4,871 yen	0.18%
Three months (April 30, 2025 to July 29, 2025)	4,780 yen	2.09%
Six months (January 30, 2025 to July 29, 2025)	4,719 yen	3.41%

In addition, basis of calculation for the above disposal price was deemed reasonable by the Audit Committee (4 members of which three are outside directors). This disposal price is also not particularly advantageous for those to which shares are to be allocated. The committee expressed its opinion that the disposal price is legitimate.

5. Matters Relating to Procedures under the Corporate Code of Conduct

Since the Disposal of Treasury Shares i) will have a dilution ratio of less than 25%, and ii) will not involve any change in the controlling shareholder, it is not necessary to obtain an opinion from an independent third party or to follow the procedure to confirm the intent of shareholders as stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange.

(Reference)

Structure of the Plan

- i) The Company provides monetary claims to Applicable Employees as Special Incentives for the granting of Restricted Stock.
- ii) The Applicable Employees contribute the monetary claims described in i) above to the Shareholding Association.
- iii) The Shareholding Association collects the monetary claims contributed in ii) above and pays them to the Company.
- iv) The Company provides the Shareholding Association with the Allotted Shares as the Restricted Stock (referred to as “RS” in the following diagram).
- v) The Allotted Shares are deposited in a dedicated account opened by the Shareholding Association through Nomura Securities Co., Ltd., and withdrawals during the Transfer Restriction Period are restricted.
- vi) After the Transfer Restriction is lifted, the Allotted Shares are transferred to the Ordinary Interests or the securities accounts of the name of the Applicable Employees.

