

Compass Transformation 23-25

Tokyo Gas Group Medium-term Management Plan for FY2023-2025

(announced February 22, 2023)

Executive Summary

- We, the Tokyo Gas Group, are positioning FY2023-2025 as a time to transform our business model into one that contributes to a sustainable society and provides value to customers through solutions and businesses that go beyond our traditional focus on energy. To do this, we will execute three core strategies that center on green transformation (GX), digital transformation (DX), and customer experience (CX).
- As we implement our strategies, we will swiftly and flexibly address energy market volatility and uncertainties by strengthening our business portfolio management in terms of profitability, growth potential, and stability, and by accelerating the shift of management resources to new growth areas.

■ The 3 Core Strategies for FY2023-2025

(1) Achieve both stable energy supply & decarbonization

Commercialize and monetize the business in decarbonization area, while continuing to stably supply energy

Leveraging value chain flexibility to address market volatility and maintain stable supply

- We will respond to the increased volatility of energy markets through **asset formation/operation aligned with markets promising new growth (balancing capacity, environmental value, etc.)**. We will also **construct a digital trading platform that will better enable us to provide a stable, environmentally responsible, and flexible supply of energy that serves customer needs.**

Responsibly leading the transition

- While promoting the sophisticated use of LNG in Japan and overseas as a means of reducing CO₂ emissions, we will **use the resulting earnings to invest in advanced fields of decarbonization—renewable energy (especially offshore wind power and other expansive markets), e-methane, hydrogen, and more—and progressively turn those investments into businesses.** We will also support both the decarbonization and economic growth of society by **establishing a virtuous circle of sustainable growth for our customers and our Group whereby we strive not only to reduce our own emissions but also provide customers with optimal solutions tailored to their needs.**

Developing technologies for decarbonizing gas & electricity

- We will proactively decarbonize the biggest area of energy demand—heat supply—by **strengthening and expanding our e-methane initiatives, progressing from small-scale demonstration tests to the construction of a large-scale supply chain.** In the electric power market, we will implement not only solar/biomass power initiatives, but also **projects for increasing scale and lowering costs in offshore wind power,** working together with the national government to achieve Japan's GX at an early stage.

(2) Fully roll out Solutions business

Develop Solution business as a center next to Energy business, by integrating solutions which incorporate GX & DX

Building an integrated business brand & expand lineup of solutions

- **Redefining the value we provide customers as resilience, optimization, and decarbonization**, we will build a new brand that integrates solutions offering that value, and we will **provide our residential, corporate, and community customers with a lineup of solutions they can easily understand and use.**

Strengthening customer communication through our strengths in face-to-face engagement and through digital technologies

- We will **strengthen customer communication using advanced digital technologies** supplied by Octopus Energy, etc., with the aim of **further consolidating the customer relationships we have built up through face-to-face engagement.**

Co-creating value with communities by providing them with optimized solutions that leverage our strong root in the community

- We will **help customers and communities to overcome the challenges they face by providing them with optimized combinations of all sorts of environmental solutions (ranging from energy conservation to advanced decarbonization technology)** that we and our alliance partners have to offer. In addition, we will support the realization of sustainable communities by **promoting ESG-oriented real estate development and urban development** with a growing range of solutions, service areas, and business fields.

(3) Realize a flexible corporate culture resilient to change

Increase resilience to uncertainty by transforming our business model through DX, in addition to exercising human capital management and implementing financial strategy.

Implementing 3 key DX actions

- We will implement 3 key DX actions for evolving our systems and work processes in ways that leverage the advantages of digital technologies and incorporate insights from pioneering businesses. Action 1: **Construct a digital trading platform that will become a future source of revenue**, targeting new markets that promise to grow with the shift to renewables as the dominant source of electric power (e.g., balancing capacity and environmental value markets). Action 2: **Significantly enhance customer experience (CX) through integration of our customer management system platform.** Action 3: **Radically overhaul our back-office operations to double their productivity.**

Exercising human capital management

- We will **take a strategic approach to talent recruitment, placement, training, and reskilling, and develop systems that enable diverse talent to play active roles across our Group** with the aim of enabling our internal companies and key business subsidiaries to carry out impactful work in their respective markets and increase their earning power. Through these actions, we will exercise

human capital management in ways that **provide a real sense of our growth, both as individuals and as a Group.**

Strengthening our financial base

- We will strengthen our business portfolio management **to pursue growth investments while maintaining financial soundness, and to realize sustainable growth and improvement of our enterprise value.**

■KPIs

Financial & Environmental Indicators		Now (FY2020-22 average)	FY2025
Financial	Segment profits*1 (operating profit + equity income of subsidiaries)	130 bn yen	150 bn yen
	ROA*1	3.0%	approx. 4%
	ROE*1	7.3%	approx. 8%
	D/E ratio	0.91	approx. 0.9
Environmental	CO2 reduction contribution	6 mn tons*2	12 mn tons*3

Cash Flow & Investment Plan		FY2020-22 (estimated)	FY2023-25
Cumulative operating cash flow (Profit attributable to owners of parent + depreciation)		960 bn yen	1,100 bn yen
Investments	Growth investments (portion for decarbonization-related investments)	530 bn yen (190 bn yen)	650 bn yen (230 bn yen)
	Infrastructure investments	370 bn yen	350 bn yen
	Total (3 years)	900 bn yen	1,000 bn yen

*1 Profits after revision of sliding time lag effects

*2 Average for FY2020-21, Japan only

*3 Includes overseas

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February 22, 2023



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1. Introduction



1. Introduction — Positioning of FY2023-2025 —

Actions for FY2023-25

- We will responsibly lead the transition to a decarbonized society by **progressively launching new businesses for renewable energy (offshore wind power, etc.), e-methane*, hydrogen, etc., while maintaining the stable supply of energy.**
- We will lay the foundation for the full rollout of our Solutions business by **accelerating the Group-wide implementation of digital transformation initiatives in collaboration with pioneering companies, and building a platform that fuses strengths in face-to-face engagement and digital technologies.**
- We will establish a flexible corporate culture that is resilient to change by **strengthening the competitiveness of the internal companies and major business subsidiaries under our holdings-type group structure, and exercising human capital management in ways that provide a real sense of our growth, both as individuals and as a Group.**

Group's Management Philosophy

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

Key sustainability issues (material issues) we will tackle through our business activities

Society and Customers		Tokyo Gas Group (Us)
<ul style="list-style-type: none"> ■ Responsibly transitioning to a decarbonized society ■ Protecting the global environment 	<ul style="list-style-type: none"> ■ Securing stable energy supply ■ Enhancing safety & disaster prevention, resilient regional development ■ Contributing to well-being of people and communities 	<ul style="list-style-type: none"> ■ Realizing an organization that embraces diverse talent ■ Respecting human rights across the entire value chain



* Methane synthesized from non-fossil fuel energy raw materials (green hydrogen, etc.)

2. Current Environment & Our Accomplishments



2. The Current Environment & Our Accomplishments

External Environment

Growing geopolitical risks & greater market sophistication

Increased demand for decarbonization & sustainability

Tremendous evolution of digital technologies

The new normal & changes in values

2020-22 medium-term plan accomplishments

Results

FY2022 KGI: Profits are expected to exceed goal of 140 bn yen

Remaining challenges

3 core strategies for FY2023-25

Society

① Lead transition to Net-zero CO2

- ◆ Actively invested in renewables in Japan & abroad
- ◆ Expanded carbon-neutral LNG*1

Customers

② Establish a value co-creation ecosystem

- ◆ Partner with Octopus Energy
- ◆ Expanded decentralized energy systems & smart city development

TG Group (Us)

③ Transform the LNG value chain

- ◆ Transitioned to holdings-type group structure
- ◆ Launched new LNG trading company & new services (last-mile, etc.)

■ Achieve **green transformation (GX)** while maintaining stable energy procurement & supply

■ **Strengthen customer experience (CX)** by accelerating **digital transformation (DX)**

■ **Establish new business (Solutions)** to join energy businesses (gas & electricity)

■ **Strengthen human capital** by introducing HR system aligned with holdings-type group structure, and **drive structural reforms with digital tools (DX)**

① Achieve both stable energy supply & decarbonization

Actively commit resources to GX (renewables, e-methane, etc.) while maximizing the diverse value of LNG

② Fully roll out Solutions business

Use digital technologies to expand Solutions business on our platform of real-world strengths, and establish a revenue model

③ Realize a flexible corporate culture resilient to change

Use digital technologies to reform back-office operations
Exercise human capital management

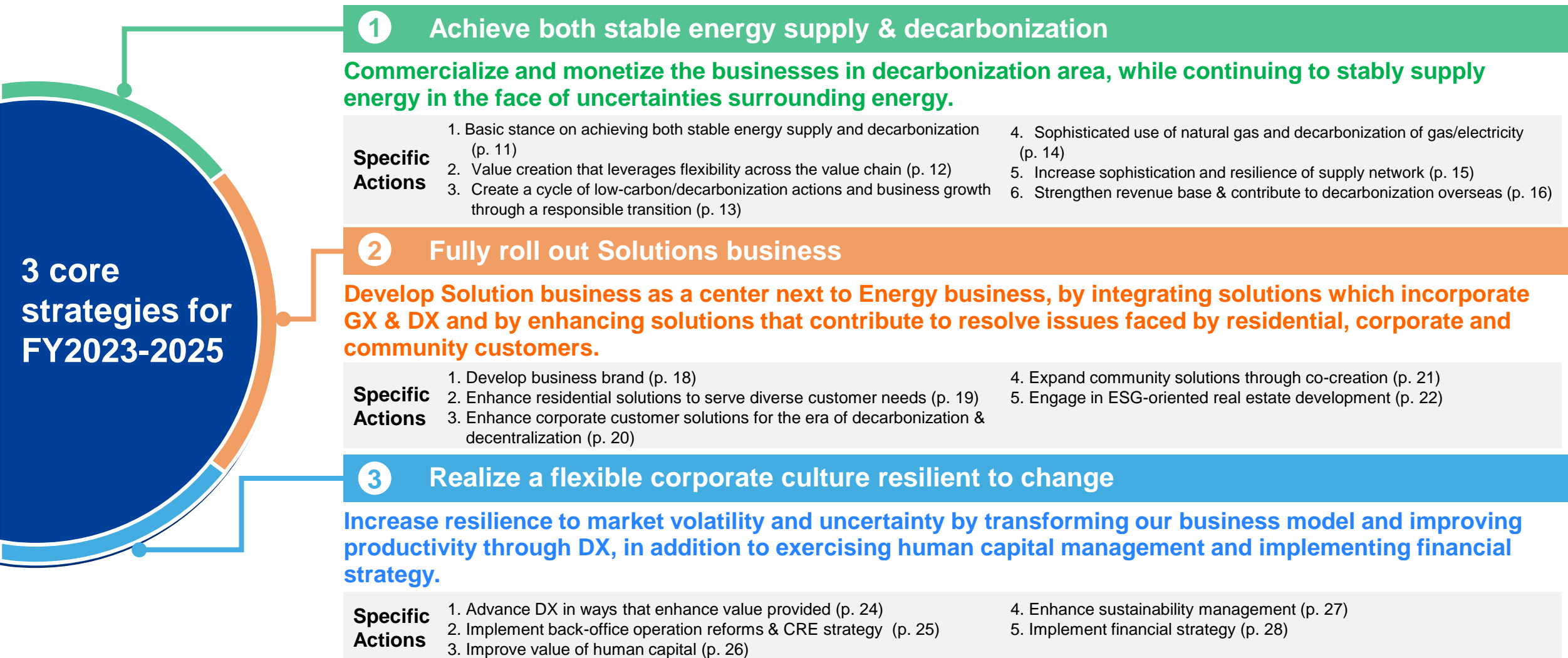
*1 LNG deemed to have net-zero CO2 emissions because carbon credits from forest conservation projects, etc. are used to offset GHG emissions of the processes from exploration to combustion

3. Overview of Compass Transformation 23-25



Positioning of
FY2023-2025

Transform our business model into one that drives society's sustainable growth and provides even greater value to customers through solutions and businesses that go beyond our traditional focus on energy



3. Business portfolio management

Basic policy for business portfolio management

As part of execution of the three core strategies, **strengthen business portfolio management, with emphasis on:**

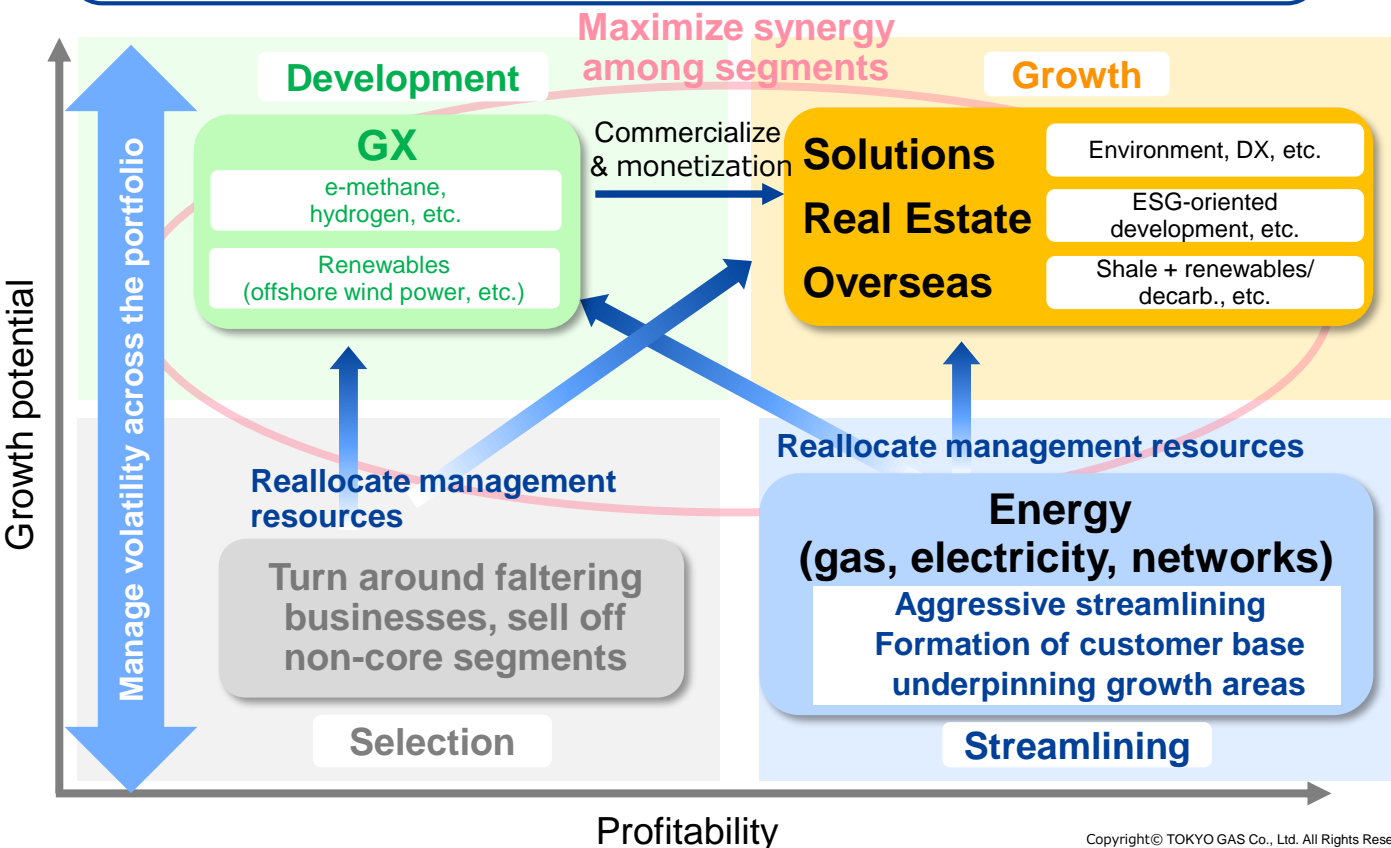
(1) profitability, (2) growth potential, and (3) stability

(1) Profitability: Use DX, back-office operation reforms, etc. to **maximize cash flows created from core energy business**

(2) Growth potential: Use those cash flows to **actively invest in the new growth areas of GX, solutions, etc.**

(3) Stability: **Ensure business stability across the Group** even amid uncertainties that increase energy market volatility by **developing multiple businesses with different risk/return profiles** under the holdings-type group structure

Shifting resources toward new growth areas



Portfolio management initiatives

1

Maximize links & synergy among established segments

- Address market volatility with integrated approach to supply/demand
- Strengthen inter-segment collaboration in Japan and abroad
- Provide solutions combining diverse products and applications, and engage in ESG-oriented real estate development

2

Achieve medium- and long-term growth

- Answer society's growing demand for decarbonization by investing in renewables & methanation, and by expanding decentralized solutions

3

Business exit & divestment guided by best owner perspective

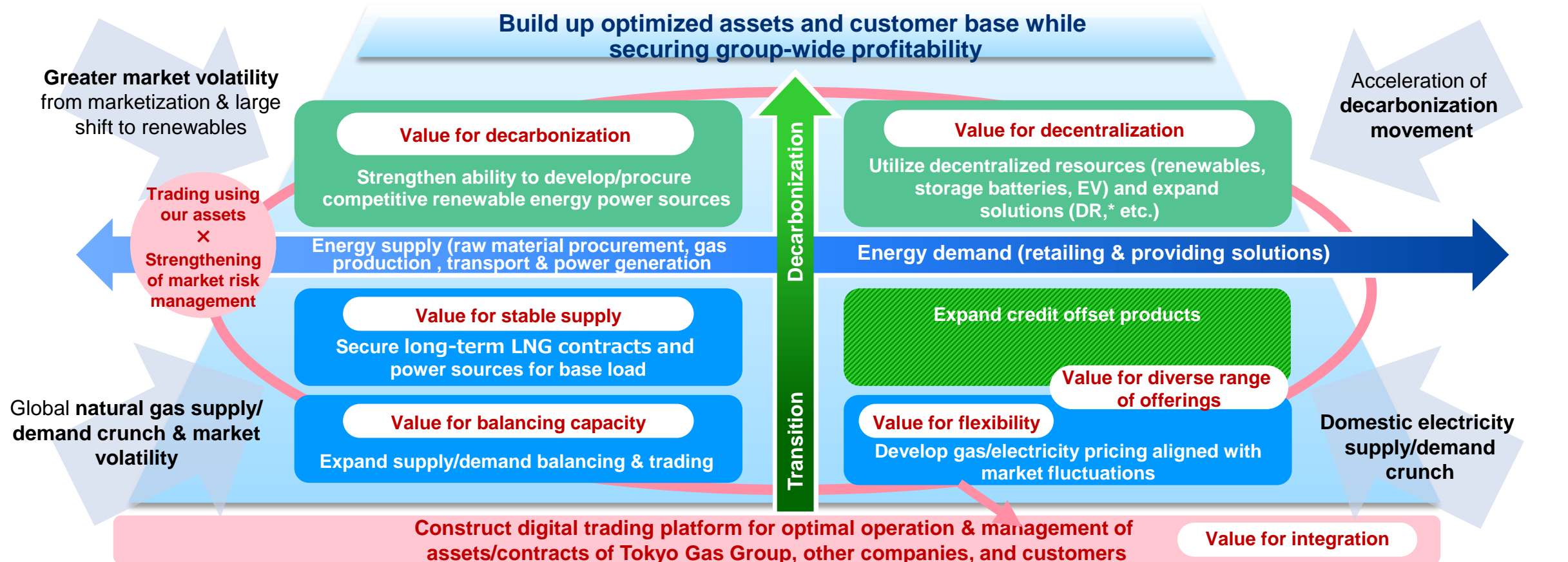
- Drive the reallocation of resources through process of selection (identify core vs. non-core segments, analyze life cycles)

4. Concrete Actions for the 3 Core Strategies

① Achieve both stable energy supply & decarbonization

Tokyo Gas Group will create **a new model for stable energy supply**

- Focuses**
- Transform:** Realize **stable energy supply and advance decarbonization of both gas and electricity** by taking sensible action as a very reliable energy supplier and by controlling the **impact of energy market volatility through approaches that integrate supply & demand and integrate customers and society**
 - Value:** **Expand customer base and supply optimally** while securing profitability across the Group through the **provision of solutions that are tailored to customer needs and combine the different forms of value offered by LNG and renewables**



Support stable energy supply by **developing sophisticated AO&T & constructing a digital trading platform**

- Focuses**
- **Transform:** Address market volatility by leveraging the flexibility of our assets across the entire value chain
 - **Value:** Realize optimal proposals that meet customer needs through solutions that **combine our strengths in supplying and balancing gas, electricity, and environmental value with customer demand/decentralized resources** (development of solutions from energy supply and purchasing options)

What we've done

Actions for FY2023-25

Where we want to be in 2025

Laid AO&T* groundwork

- Commenced optimal operation of LNG/electricity procurement, supply, and trading in ways leveraging our LNG assets
- Built platform centered on Singapore & Tokyo for LNG trading in East Asia & Pacific region
- Launched LNG trading with North America, Europe, and the Pacific through collaboration with European alliance partner

Increase sophistication of AO&T

Risk management & flexible asset utilization across the value chain

- **Integrated management across the value chain** of market risk and the option value of our LNG/electricity assets (capacity, flexibility, value added)
- Stably supply competitive energy through **dynamic response to risks & opportunities** (expanded range of energy solutions tailored to market conditions)

Expand LNG/electricity trading and increase sophistication

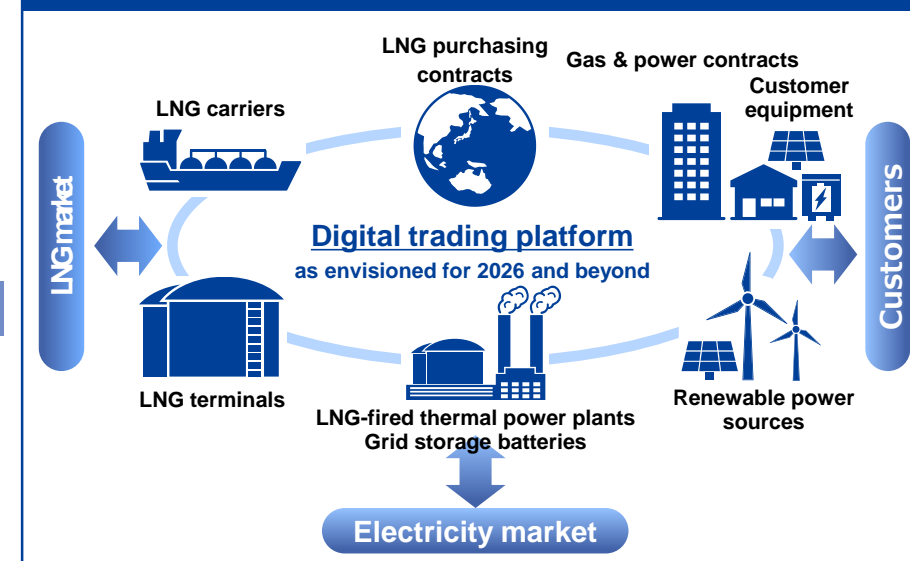
- Strengthen LNG trading in **European/Pacific markets, combine financial products and our assets, and engage in sophisticated asset operation using digital technology**
- Diversify trading by entering the **electricity supply/demand balancing market**

New energy trading approaches driven by digital tech

Develop digital trading platform & expand product lineup

- **Build a system that fuses the AO&T insights we have amassed with Octopus Energy's technologies**
- Step up acquisition of decentralized resources (including grid storage batteries and renewable energy plant storage batteries) and expand lineup of decarbonization products/solutions

- **DX-enhanced asset utilization, and expanded lineup of energy solutions**
- **Stronger market intelligence spanning Pacific and Atlantic, and expanded use of LNG trading**
- **Electricity digital trading platform in place**



*Asset Optimization & Trading:
Integrated approach to optimal operation of facilities and trading

①-3. Create a cycle of low-carbon/decarbonization actions and business growth through a responsible transition

Provide solutions and develop advanced technologies to **establish a virtuous circle of low-carbon/decarbonization actions and growth**

Focuses

- **Transform:** While maintaining our commitment to stable energy supply, establish a cycle for **continuing to provide environmental value to customers by creating a cycle between best available technologies/solutions and development of advanced technologies**
- **Value:** **Contribute to CO2 emission reductions across society and achieve growth for both our customers and our Group**



Reduce CO2 emissions across society
 +
Maintain our commitment to stable energy supply

*Carbon capture and utilization

Leverage gas/electricity value chains to **responsibly lead the transition**

Focuses

- **Transform:** Further increase use of carbon-neutral LNG (CNL), and advance green transformation (GX) by establishing overseas supply chain toward real-world deployment of e-methane and by expanding the renewable energy base
- **Value:** While continuing to stably supply energy and striving to reduce CO2 emissions through sophisticated use of natural gas, promote to **decarbonize gas/electricity**, and progressively turn expertise of our own emissions reduction into **solutions** to contribute to customers

What we've done

Sophisticated use of natural gas

- Expanded use of CNL

Decarbonization of gas

- Conducted small-scale methanation demonstration testing
- Developed innovative methane production technology
- Developed low-cost water electrolysis cell stack

Decarbonization of electricity

- Expanded renewable power sources through development & acquisition (renewable power source transaction volume*1: 1.49 mn kW)

Reduction of our emissions

- Began working to achieve net-zero emissions of CO2 from our activities*2 (achieved 18% of our net-zero target)

Actions for FY2023-25

- Expand solutions, including carbon credit-based CNL, etc.

Launch organization for advancing decarbonization solutions (GX company)

- **Establish large-scale e-methane supply chain**
 - ✓ Build large-scale e-methane supply chain overseas (US, etc.) (technology development, compliance with environmental value, raw material procurement)
- **Develop practical low-cost water electrolysis cell stack for production of hydrogen**
- **Acquire renewable power sources toward acquisition of new revenue sources**
 - ✓ Steadily expand renewable power sources
 - ✓ Accelerate efforts for early real-world deployment of floating offshore wind power
- **Study methods for achieving net-zero CO2 emissions from our thermal power plants**
- **Achieve net-zero CO2 emissions from city gas production facilities**
- **Implement countermeasures for methane emissions in shale development**

Where we want to be in 2025

- Final investment target decision for building large-scale e-methane supply chain overseas
- Renewable power source transaction volume: 2.2 mn kW
- Net-zero CO2 from our activities: Reach 60% (vs. FY2020)
- CO2 reduction contribution: 12 mn t

2030 goals

- e-methane deployment of 1% (80 mn Nm³/year)
- Renewable power source transaction volume: 6 mn kW
- Net-zero CO2 in our activities
- CO2 reduction contribution: 17 mn t

*1 Total from our assets (including projects targeted for investment), external suppliers, etc.

*2 CO2 emitted from city gas production facilities, buildings, etc. we use, and company vehicles. Target is based on FY2020.

Pursue DX and collaborations to **enhance infrastructure resilience and provide value**

Focuses

- **Transform:** Provide better value to communities by increasing sophistication of network operations through DX, securely acquiring city gas demand, further strengthening resilience, and collaborating with infrastructure operators, etc.
- **Value:** Increase the sophistication of gaseous energy infrastructure operation to enhance safety, security, and reliability, and contribute to carbon neutrality

What we've done

Launched Tokyo Gas Network

- TGN, sharing the same Tokyo Gas Group brand of “safety, security, and reliability,” took over Tokyo Gas’ duties of expanding city gas use, ensuring safety, and stably supplying gas.

Expanded use of city gas

- Firmly contributed to low-carbon measures
- Actively developed city gas customers

Ensured safety & stable supply

- Serviced and replaced supply infrastructure to improve supply stability, transport capability, and safety

Actions for FY2023-25

DX for greater sophistication in network operations and greater value provided

- Install smart meters to enhance safety and resilience
- Pursue DX to improve operations and realize smart safety

Further contribute to responsible transition

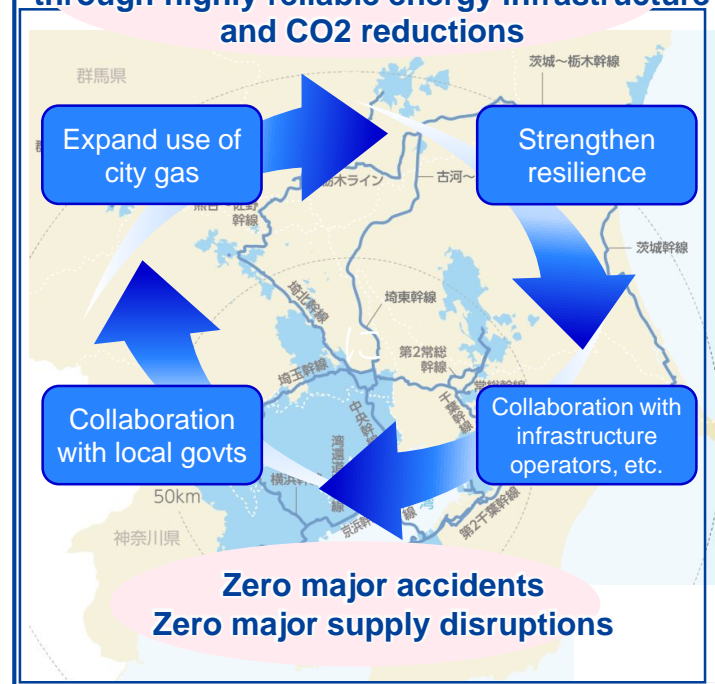
- Reduce CO2 emissions by expanding the use of city gas, including investment in pipelines (contribution to carbon neutrality)
- Further collaborate with local governments to increase value of city gas

Strengthen collaboration with infrastructure operators & retailers

- Collaborate with electricity/communication infrastructure operators and retailers to share/utilize infrastructure data for greater operational efficiency and stronger disaster response capabilities

Where we want to be in 2025

Providing better value to communities through highly reliable energy infrastructure and CO2 reductions



Linking businesses to realize community-based energy supply

Focuses

- **Transform:** Replace assets and pursue inter-business collaborations. Accelerate investment in future revenue sources and broaden range of revenue base.
- **Value:** Contribute to community growth and decarbonization by implementing energy businesses tailored to each market

What we've done

- Structured portfolio so that more than half is made up by LNG upstream assets in Australia
- Focused on investment in individual assets, while also investing in operating companies



■ Aktina Solar Project in North America

Actions for FY2023-25

Core business development & growth

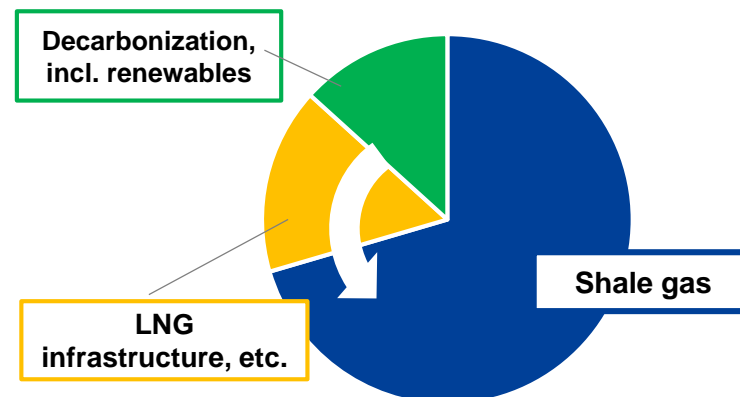
North America	<ul style="list-style-type: none"> ■ Acquire additional assets and operating companies in shale gas, renewables, etc. ■ Move into decarbonization sector (renewable gas) and related businesses (energy services, etc.) ■ Acquire & enhance functions linking businesses (marketing, trading, etc.)
SE Asia	<ul style="list-style-type: none"> ■ Launch operation of LNG infrastructure projects ■ Enter renewable energy market
Aust./ Europe	<ul style="list-style-type: none"> ■ Expand businesses in decarbonization, etc., including renewable energy
Business base	<ul style="list-style-type: none"> ■ Strengthen development capabilities by acquiring operating companies, expand recruitment of local talent ■ Improve profitability through asset replacement, etc.

Expand revenue with inter-business links

Where we want to be in 2025

Evolve to a stable revenue base

Drive profits with shale gas business, while also boosting revenue through renewable energy and other decarbonization businesses



Shift to locally developed organization/talent

4. Concrete Actions for the 3 Core Strategies

② Fully roll out Solutions business



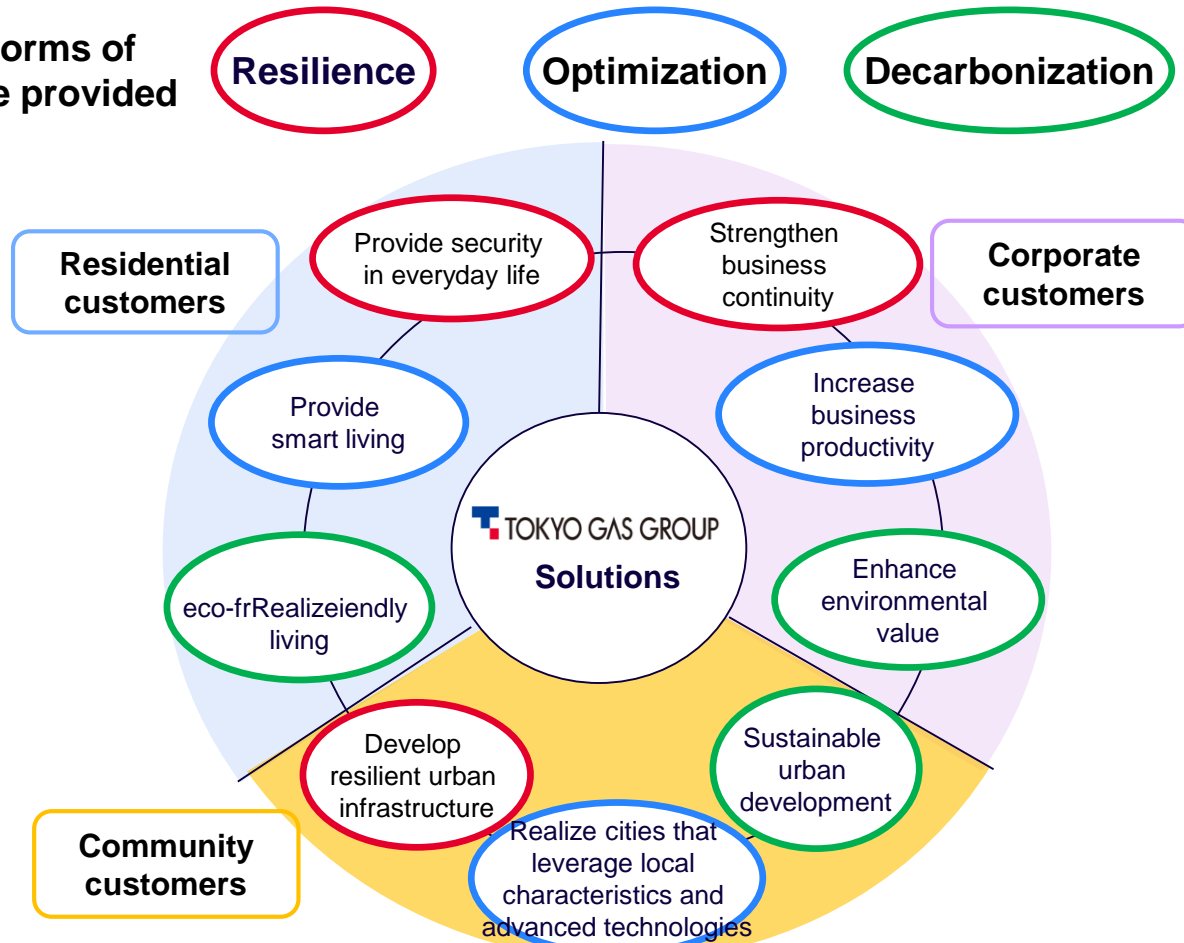
②-1. Develop business brand

Increase profile & customer value by **building an integrated brand in Solutions**

Focuses

- **Transform:** Build an integrated brand in Solutions that redefines the value we provide as resilience, optimization, and decarbonization
- **Value:** Provide customers with clearly structured solutions under the integrated business brand

3 forms of value provided



**Underpinning corporate values:
Safety, Security & Reliability**

Concepts

Residential customers

Provide optimal solutions aligned with their life stages and changes in society

Corporate customers

Contribute to their continued growth by combining our expertise with theirs

Community customers

Energize communities through co-creation with stakeholders

Build up concrete solutions, and expand the solutions ecosystem by leveraging our digital technology platform and by co-creating and partnering with other companies

Serve residential customers by **creating and providing value through diverse connections**

Focuses

- **Transform:** Shift to a model aligned with the changes in customers' lifestyles and energy use that are being driven by population aging/shrinking, digital transformation, decentralization, etc.
- **Value:** Provide solutions that fuse digital technologies and face-to-face engagement and are personalized to customer needs

What we've done

Energy supply

- Expanded customer base with co-creation partners
- Launched Sasutena Denki & other new electricity plans

Expansion of products/services

- Began offering products/solutions for PV, storage batteries, etc.
- Rolled out repair & home support services that leverage our last-mile strengths

Platform for value provision

- Redesigned platform for customer reception/management

Actions for FY2023-25

Achieve real growth in energy business

- **Build system of rate plans and services tailored to diverse customer needs**

Turn energy & environmental equipment into solutions

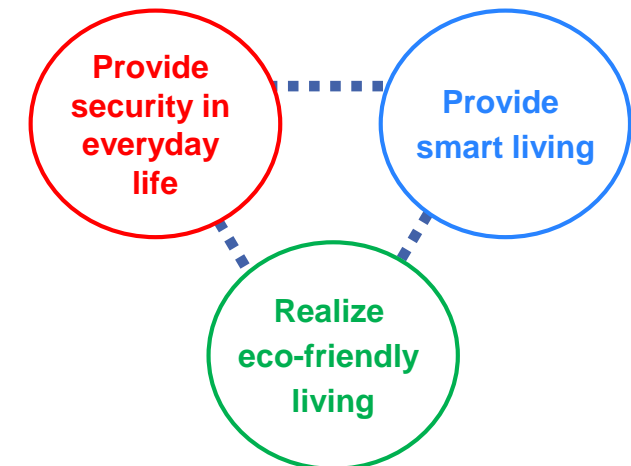
- **Leverage decentralized resources (PV, storage batteries, EV) to build up solutions (demand response, etc.)** through alliances with diverse players

Implement personalized digital marketing that capitalizes on our strengths in face-to-face engagement

- **Leverage digital technology platform to expand interactive communication with customers**, by shifting to **highly responsive customer-centric processes/systems** and optimizing approaches based on data on customer traits/behavior
- Strengthen customer relationships through solutions that capitalize on our last-mile capabilities, and **leverage TG Octopus Energy's digital technologies to create more connections (customer accounts)**

Where we want to be in 2025

Expand internal/external partnerships and co-creation to support customer lifestyles



Total sales

approx. **100 bn yen**
(more than +40% over 3 years)

②-3. Enhance corporate customer solutions for the era of decarbonization & decentralization

Provide decarbonization-centered solutions to **solve the management challenges of customers nationwide**

Focuses

- **Transform:** Become a co-creation partner in business transformation for customers by consolidating corporate sales functions at Tokyo Gas Engineering Solutions (TGES) and strengthening nationwide implementation of **solutions sales** in addition to energy supply
- **Value:** Help customers to **improve environmental value (decarbonization)**, strengthen business continuity, and enhance **business productivity**

What we've done

Energy supply

- Expanded supply of city gas, LNG, and electricity in mainly the Tokyo metropolitan area
- Became first in Japan to introduce carbon-neutral LNG

Provision of solutions

- Provided engineering solutions that capitalize on our user know-how

Sales organization realignment

- Corporate sales functions were consolidated at TGES

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Actions for FY2023-25

Enhancement and nationwide deployment of decarbonization solutions

- Provide continuous, effective solutions, including in **environmental consulting, EPC/energy services, and O&M**
- **Enhance/provide decarbonization products and link them with certification**
(Provide customer-tailored renewable energy [Solar Advance, biomass, geothermal, etc.] and carbon credit offsetting products)
- **Promote large projects combining energy supply and decarbonization solutions** (co-creation for decarbonization at Narita Airport)

Sophisticated decentralized energy networks

- **Help customers to improve the value added of their equipment and optimize energy management** (VPP,^{*1} demand response, storage batteries, CPPA,^{*2} corporate EV services, etc.)
- **Ensure stable energy procurement/supply, expand range of solutions** aligned with market conditions

Develop/deploy data-driven solutions

- **Expand new solutions that help to streamline work processes and save labor** (Helionet Advance, O&M-DX, Joy series,^{*3} facility management, etc.)

Where we want to be in 2025

Decarbonization solutions partner that solves a wide range of management challenges and co-creates the future for customers that operate offices nationwide



②-4. Expand community solutions through co-creation

Pursue urban development initiatives for achieving carbon neutrality to **solve community challenges**

Focuses

- **Transform:** Leverage our strong roots in the community to expand environmental/digital/educational solutions that bring out the city's vitality
- **Value:** Co-create with local governments/businesses and experts to help realize secure, pleasant, and sustainable communities



Expansion of community collaboration

- Entered into **comprehensive agreements for carbon-neutral urban development** with local governments and city gas suppliers
- **Established new community electric power company (Utsunomiya Light & Power)**

Provision of solutions

- Contributed to urban development with Smart Energy Network (Tamachi, Yaesu Smart Energy)

Promotion of alliances

- Collaborated with local companies and other industries

Expand solutions

- **Enhance/provide environmental products/solutions** that are competitive (CNL, Joy series, demand response, EV services, environmental education programs, commercial fuel cells, etc.)

- Co-develop solutions with **local companies**
- Collaborate and share insights with **academia/NPOs**
- **Construct marketing system** Group-wide

Increase resilience/efficiency of community-supporting energy systems

- Introduce **advanced energy-saving technologies and unused/renewable energy**
- Provide **electricity supply/demand balancing functions, and supply heat/power during disasters**

Expand service area

- **Expand service area** based on experience in working with local governments, etc.

Partner that helps communities/local governments to advance decarbonization measures



Provide security, comfort & environmental harmony by **engaging in ESG-oriented real estate development**

Focuses

- **Transform:** Strengthen competitiveness by stepping up ESG-oriented development, and realize stable growth and improved earnings/efficiency by establishing a circular development model and expanding range of development
- **Value:** Contribute to sustainable urban development by developing real estate that provides high levels of resilience, comfort, and eco-friendliness

What we've done

Achieved stable growth with a development model focused on long-term properties

- Achieved stable growth by developing long-term properties (mainly offices/residences, which offer stability) on land we own



■ Established/operated LATIERRA urban rental residences



■ Developed large-scale office building in Tamachi

Actions for FY2023-25

Engage in ESG-oriented development

- Enhance eco-friendliness of properties
- Provide decarbonization solutions
- Strengthen BCP support and environmental/disaster prevention functions
- Acquire sustainability certification and make non-financial disclosures

Establish circular development model

- Establish a real estate fund under concept of providing ESG value
- Establish circular development model that includes our developed properties in the fund, and accelerate ESG-oriented development
- Achieve both business growth and greater efficiencies

Expand range of development

- Launch development of our Group-led “circular future city” in Shin-Toyosu
- Join in ESG-oriented development project in Australia, a leader in ESG-oriented development
- Expand asset holdings to include distribution facilities etc.

Where we want to be in 2025

Contribute to sustainable urban development and co-create value with investors, using ESG-oriented development as a growth engine

More than 10% profit growth over 3 years

Real estate fund size: 40 bn yen

Launch large-scale development in Shin-Toyosu

■ Conceptual image of Shin-Toyosu development



The project will aim for net-zero CO2 emissions as a “circular future city”

4. Concrete Actions for the 3 Core Strategies

③ Realize a flexible corporate culture resilient to change

Leverage digital technology & reform organizational culture to **achieve our transformation**

- Focuses**
- **Transform:** Develop a data/digital technology platform underpinning DX, increase our pool of DX talent by stepping up recruitment of external talent and actively investing in training, and establish a DX promotion committee to lead our DX efforts
 - **Value:** Implement focused DX actions (3 pillars) to realize a lean corporate culture that continuously provides value to customers and is resilient to change

What we've done

Focused actions

- Implemented DX measures in each value chain function

Data/digital technology platform

- Built an integrated platform for Group-wide data analysis

Talent & organization

- Established Digital Innovation Division to lead Group-wide DX
- Systematized DX talent training (800 DX leaders)

Actions for FY2023-25

3 DX pillars: Implement actions that make heavy use of digital tools and strongly drive transformation

- (1) Construct digital trading platform that helps to achieve both supply/demand balancing and profit creation
- (2) Improve CX by integrating and standardizing customer management system platform
- (3) Improve productivity by standardizing/consolidating back-office operations and visualizing work processes/performance

Develop data/digital technology platform

- Strengthen data platform for **value co-creation through internal/external data coordination and for AI-enhanced sophisticated processing**
- Build digital technology platform for supporting implementation of focused DX actions (use Octopus Energy's technologies)

Increase pool of DX talent and strengthen inter-organization coordination through DX promotion committee

- **Enhance DX training** that emphasizes practical expertise and **actively invest in training**
- **Increase recruitment of high-level DX talent and develop career paths**
- Establish DX promotion committee chaired by CDO

Where we want to be in 2025

Enable continuous provision of value to customers by improving digital technology capabilities across the entire value chain

- **Begin operating data/digital technology platform**
- **DX leaders: 3,000**
High-level/core DX talent: 500

Realize a highly agile corporate culture

③-2. Implement back-office operation reforms & CRE strategy

Improve earning power through Group-wide action for **standardizing/consolidating back-office operations and implementing CRE strategy**

Focuses

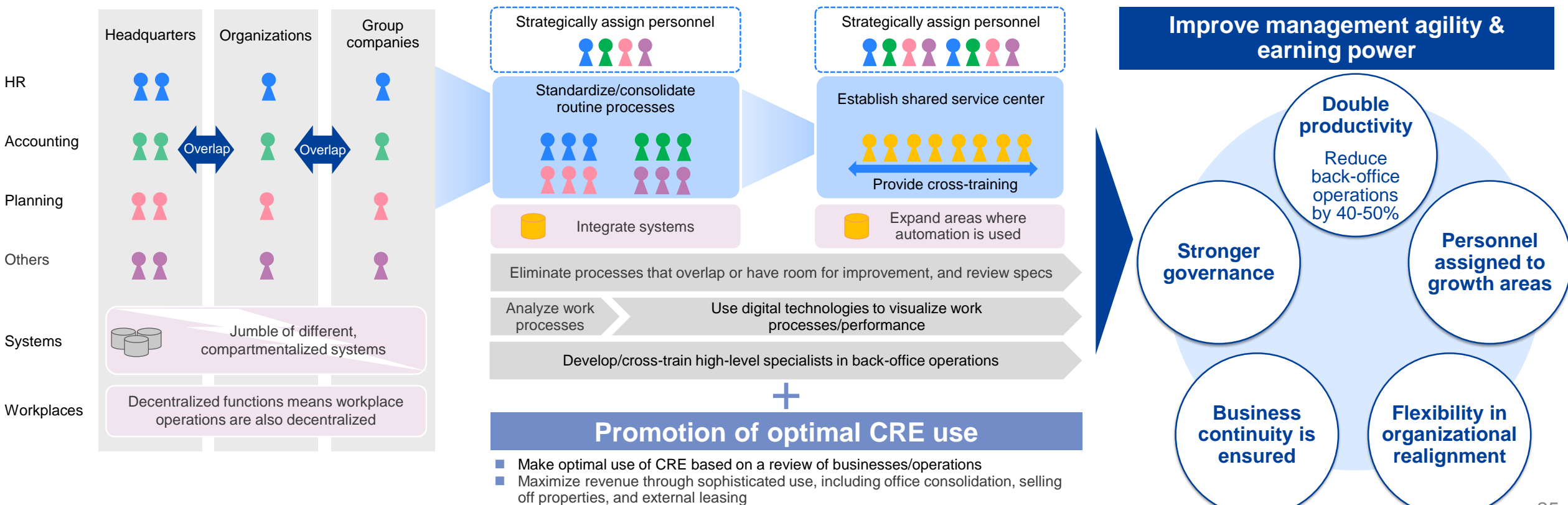
- **Transform:** Improve efficiency and strengthen governance through Group-wide actions such as standardizing/consolidating back-office operations and optimizing use of CRE*
- **Value:** Use digital technologies to visualize work processes/performance for greater efficiency
 Improve earning power and management agility by lowering fixed (indirect) costs through reduction of back-office operations

*Corporate real estate

Current state

Actions for FY2023-25

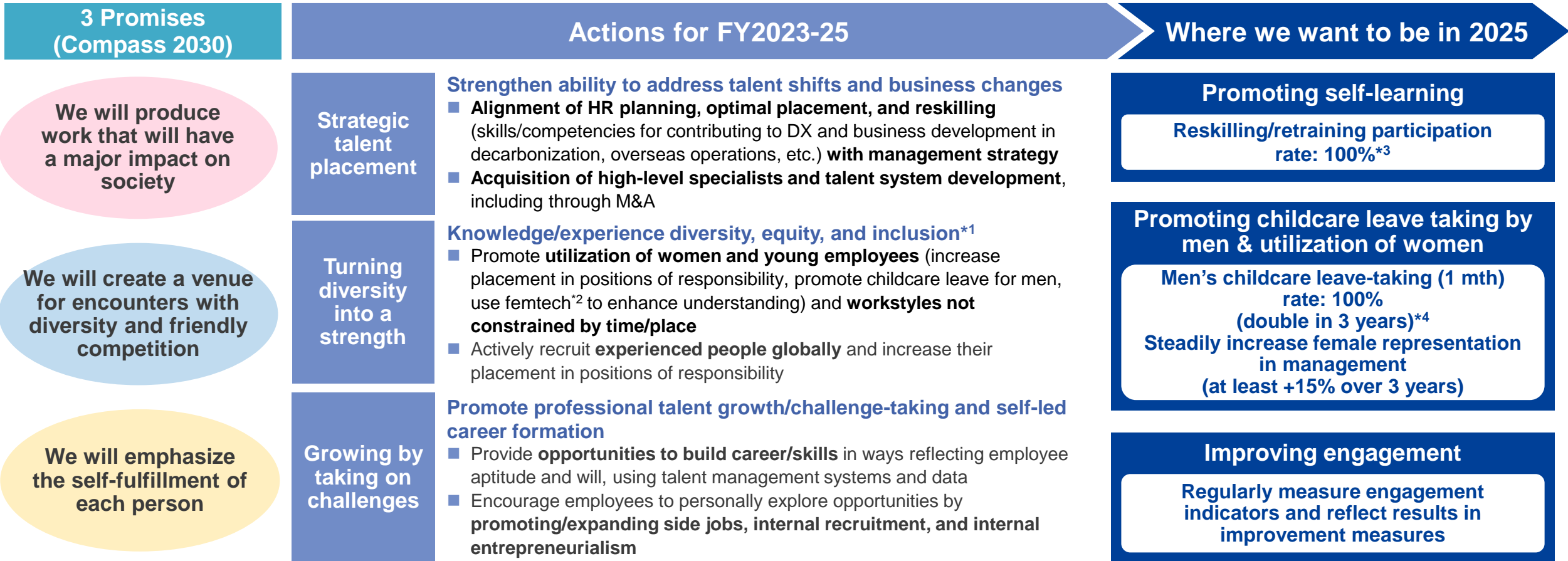
Where we want to be in 2025



③-3. Improve value of human capital

Achieve growth both as individuals and as a Group by **exercising human capital management**

Focuses	<p>■ Transform: Acquire and place talent in ways aligned with the management strategy, develop platform for utilizing diverse talent, and expand opportunities for employees to take on challenges and grow as individuals</p> <p>■ Value: Grow as a group of people who take initiative, respect the diverse opinions and personalities of one another, and continuously take on challenges</p>
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*1 A culture where diverse people can exercise their talents to the fullest, respect one another, and engage in friendly rivalry, leading to the creation of new value. *2 A set of tools for helping women to deal with female health challenges (menstruation, childbirth, etc.).

*3 Rate of participation in training and certification programs, etc. for acquiring/refreshing skills (including reskilling). *4 The estimated rate of childcare leave-taking by eligible men (excluding special leave) for FY2022 is approx. 50%.

③-4. Enhance sustainability management

Focusing management to realize a **sustainable society through our business value chain**

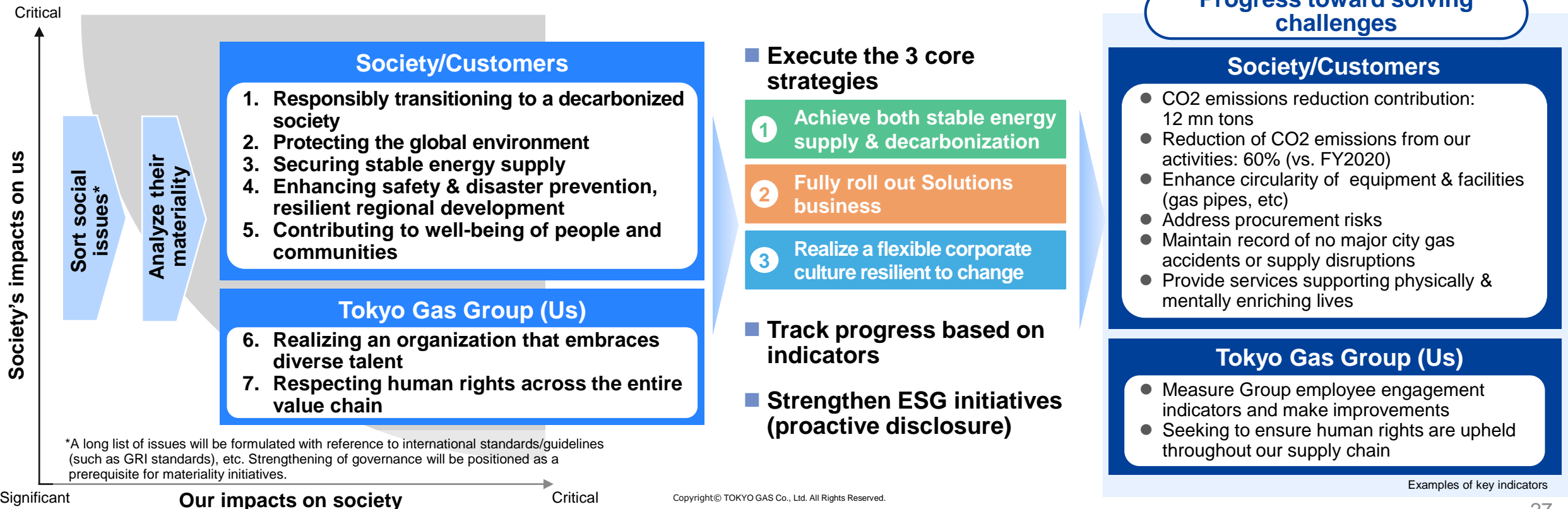
Focuses

- **Transform:** Redefine our set of material issues by reviewing the important social issues that need to be addressed, based on the impacts that society and our Group have on each other; manage the material issues based on indicators
- **Value:** Take on the challenge of solving social issues through our business activities, and actively discuss with our stakeholders

Material issues

Actions for FY2023-25

Where we want to be in 2025



Control balance sheet and cash flow to **strengthen the financial base supporting our growth**

Focuses

- **Transform:** Manage business portfolio according to the ratio of expected returns (WACC), with consideration to each segment's characteristics
- **Value:** Achieve long-term growth and increase enterprise value by making growth investments while maintaining financial soundness

Actions for FY2023-25 → Where we want to be in 2025

Cash inflows

- Create stable cash inflows**
- Maximize earning power of internal companies & major business subsidiaries by having them stand on their own feet
 - **Create operating cash flows** that exceed the preceding medium-term management plan (FY2020-2022)

Soundness & efficiency

- Maintain a lean & resilient balance sheet that supports growth investment**
- **Ensure financial soundness** through investment discipline mindful of credit ratings and through cash flow management
 - **Improve asset efficiency** by investing in and selling assets based on their earning power

Enterprise value growth investment

- Pursue business management aimed at increasing enterprise value**
- Manage **asset efficiency based on expected returns of each segment**
 - Engage in sophisticated investment capacity management by refining cash flow forecasts
 - Accelerate decarbonization investment through quantitative assessment of environmental value

Shareholder returns

- Total return ratio of approx. 40% (general goal for each fiscal year)** To be applied starting with fiscal year-end dividends for year ending March 2024
- Policy**
- Acquisition of treasury stock for retirement will be considered as one way of providing shareholder return in addition to dividends and aims for total return ratio (ratio of dividends on current consolidated net income and acquisition of own shares) will be around 40% in each fiscal year.
 - With regard to dividends, we will continue to provide stable dividends and will gradually increase dividends in accordance with growth while comprehensively taking into consideration the profit level over the medium- to long-term.

Quantitative indicators	Now (FY2020-22 average)	FY2025
Segment profits*1 (operating profit + equity income of subsidiaries)	130 bn yen	150 bn yen
ROA*1	3.0%	approx. 4%
ROE*1	7.3%	approx. 8%
D/E ratio	0.91	approx. 0.9

*1 Profits after revision of sliding time lag effects

5. KPIs & Investment Plan

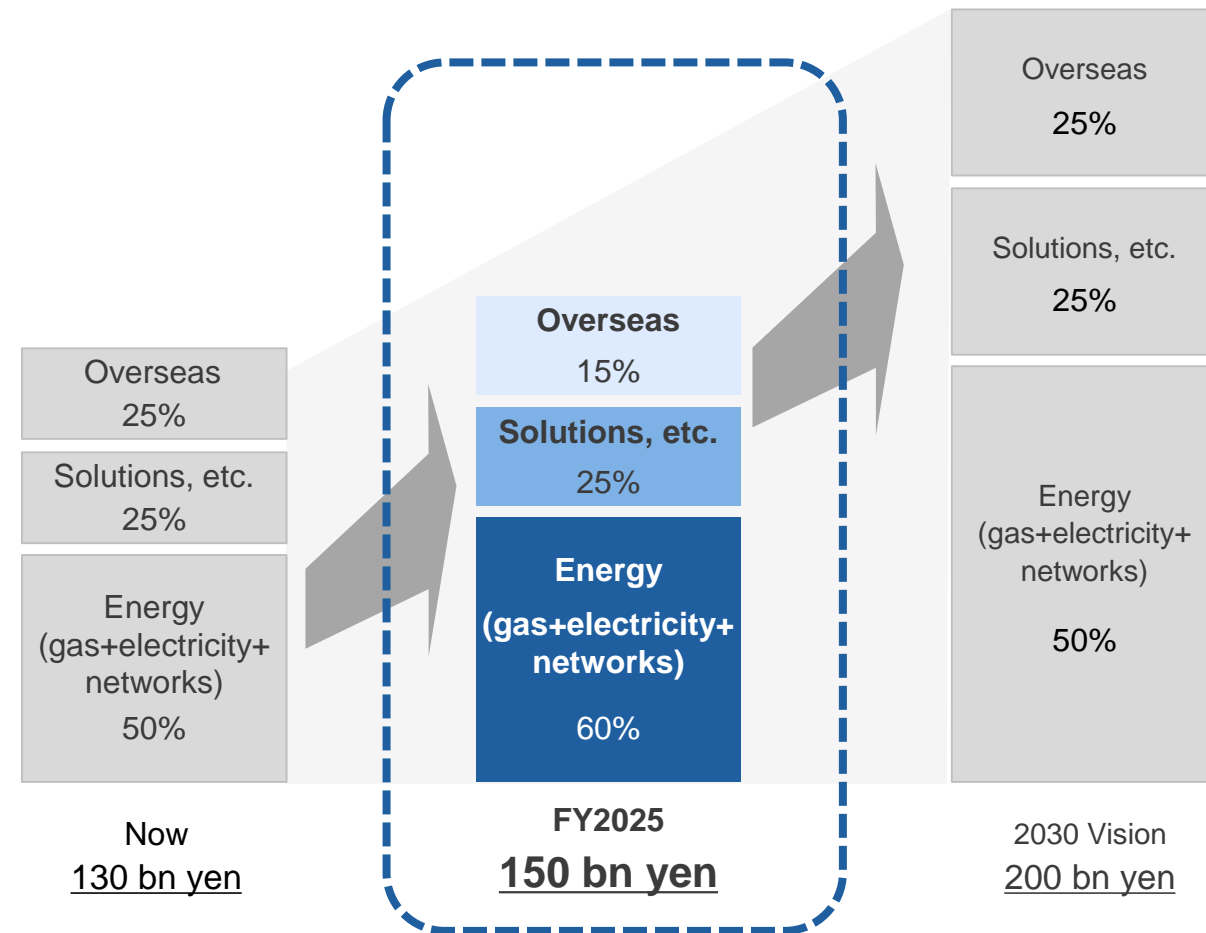


5. KPIs & Investment Plan

Financial & Environmental Indicators		Now (FY2020-22 average)	FY2025
Financial	Segment profits* ¹ (operating profit + equity income of subsidiaries)	130 bn yen	150 bn yen
	ROA* ¹	3.0%	approx. 4%
	ROE* ¹	7.3%	approx. 8%
	D/E ratio	0.91	approx. 0.9
Environmental	CO2 reduction contribution	6 mn tons* ²	12 mn tons*³

Cash Flow & Investment Plan		FY2020-22 (estimated)	FY2023-25
Cumulative operating cash flow (Profit attributable to owners of parent + depreciation)		960 bn yen	1,100 bn yen
Investments	Growth investments (portion for decarbonization-related investments)	530 bn yen (190 bn yen)	650 bn yen (230 bn yen)
	Infrastructure investments	370 bn yen	350 bn yen
	Total (3 years)	900 bn yen	1,000 bn yen

Business portfolio composition: Operating profit + equity income of subsidiaries



*1 Profits after revision of sliding time lag effects *2 Average for FY2020-21, Japan only *3 Includes overseas

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



< Cautionary Statement regarding Forward - looking Statements >

Statements made in this presentation with respect to Tokyo Gas's present plans, forecasts, strategies and beliefs, and other statements herein that are not expressions of historical fact are forward - looking statements about the future performance of the Company. As such, they are based on management's assumptions and opinions stemming from currently available information and therefore involve risks and uncertainties.

The Company's actual performance may greatly differ from these projections, due to these risks and uncertainties which include without limitation general economic conditions in Japan, crude oil prices, the weather, changes in the foreign exchange rate of the yen, rapid technological innovations and the Company's responses to the progress of deregulation.