



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

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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.

CEO's Message

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

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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.

CEO's Message

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.