[English Translation Originally Issued in the Japanese Language]
Special Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Security Identification Code: 9531
June 3, 2022

Dear Shareholders:

NOTICE OF CONVOCATION OF THE 222nd ANNUAL SHAREHOLDERS MEETING

We hereby would like to inform you of the 222nd Annual Shareholders Meeting of Tokyo Gas Co., Ltd. (hereinafter, 'the Company'), to be held as described below.
If you decide not to attend the Annual Shareholders Meeting in person, you may exercise your voting rights in advance in writing or via the Internet. In such case, we respectfully ask you to do so after reading the REFERENCE MATERIALS FOR THE SHAREHOLDERS MEETING starting from page 7.

Sincerely yours,

Takashi Uchida
Director, Representative Corporate Executive Officer and President
TOKYO GAS CO., LTD.
5-20, Kaigan 1-chome, Minato-ku, Tokyo

1. Date and Hour: 10 a.m., Wednesday, June 29, 2022 (the reception starts at 9 a.m.)
2. Place: Tokyo Gas Building 2F
   5-20, Kaigan 1-chome, Minato-ku, Tokyo
3. Agenda:
   (1) Matters to report:
   'Business Report,' 'Consolidated Financial Statements,' 'Non-Consolidated Financial Statements,' 'Independent Auditor's Report' and 'Audit Report' by the Audit Committee on the Consolidated Financial Statements for the 222nd fiscal year (from April 1, 2021 to March 31, 2022)
   (2) Matters to resolve:
   Proposal No. 1: Partial Amendments to the Articles of Incorporation
   Proposal No. 2: Election of Nine (9) Directors

4. Exercise of Voting Rights:

(1) When attending the meeting

Please bring the enclosed CARD FOR EXERCISE OF VOTING RIGHTS on the day of the meeting and present it to the receptionist.

(2) When not attending the meeting

1) When exercising voting rights by mail

Please indicate on the enclosed CARD FOR EXERCISE OF VOTING RIGHTS your approval or disapproval for each proposal and post it.

Deadline: CARD FOR EXERCISE OF VOTING RIGHTS must be posted for it to be delivered by 5:30 p.m. on Tuesday, June 28, 2022.

[Handling of voting rights]

Where there is no indication of approval or disapproval for a respective proposal, the voting right will be considered to be exercised to approve for the resolutions in question.

2) Exercise of voting rights via the Internet and other methods

Please read 'Instruction for Exercise of Voting Rights via the Internet and other methods' starting from page 4 and enter your approval or disapproval for each proposal and submit them by 5:30 p.m. on Tuesday, June 28, 2022.

(3) Duplication of votes

If duplicated votes are exercised both in writing and via the Internet and other methods, the vote that arrives later shall be deemed valid. If both of the duplicated votes arrive on the same date, the vote exercised via the Internet and other methods shall be deemed valid.

Note 1: For shareholders attending the Annual Shareholders Meeting, please do not mail the enclosed CARD FOR EXERCISE OF VOTING RIGHTS, but instead bring it to the meeting and present it at the reception desk upon arrival.

Note 2: Based on the Company’s Articles of Incorporation, you can delegate voting rights to only one proxy who is one of the shareholders holding voting rights. If a proxy will attend the meeting, please present the document certifying authority of such proxy, and your and the proxy’s CARD FOR EXERCISE OF VOTING RIGHTS at the reception desk.

Note 3: The following items are posted on the Company’s website given below, pursuant to laws and regulations and the provisions of the Company’s Articles of Incorporation.

(1) ‘Basic Policy on Development of Internal Control System and Overview of Operational Status of the System’ of Business Report

(2) ‘Consolidated Statement of Changes in Equity’ and ‘Notes to the Consolidated Financial Statements’

(3) ‘Non-Consolidated Statement of Changes in Equity’ and ‘Notes to the Non-Consolidated Financial Statements’

(1), (2) and (3) are included in the documents audited by the Audit Committee in preparing the audit report and (2) and (3) are included in the documents audited by the accounting auditor in preparing the independent auditor’s report.

Note 4: Please note that in the event there are any revisions to the REFERENCE MATERIALS FOR THE SHAREHOLDERS MEETING, Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements, the notice for such revisions will be posted on the Company’s website as below.

Note 5: In order to help protect the environment, from this Annual Shareholders Meeting onwards, the ‘Notice of Resolution’ will be issued electronically. The notice will be posted on the Company’s website as below following the Annual Shareholders Meeting.

[Company’s website:
https://www.tokyo-gas.co.jp/IR/english/stock/shm_e.html]
Use the URL above or search “Tokyo Gas shareholders meeting” on the web.

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Instruction for Exercise of Voting Rights via the Internet and other methods

● 'Smart Voting' method using a smartphone to scan the QR Code

You can log in without having to enter your voting code and password.

1 Scan the QR Code that is shown on the bottom right of the CARD FOR EXERCISE OF VOTING RIGHTS.
  * 'QR Code' is a registered trademark of Denso Wave Incorporated.
2 Enter your approval or disapproval for each proposal by following the instructions shown on screen.

You can only exercise your voting rights through 'Smart Voting' once. If you wish to change the details of a vote you have exercised, please access the desktop version of the web-site, enter your voting code and password, and re-exercise your voting rights. * Re-scanning the QR Code will redirect you to the desktop version of the web-site.

● By entering your voting code and password

WEB-SITE FOR EXERCISE OF VOTING RIGHTS: https://www.web54.net

1 Go to the WEB-SITE FOR EXERCISE OF VOTING RIGHTS.
2 Enter the 'voting code' shown in the CARD FOR EXERCISE OF VOTING RIGHTS.
3 Enter the 'password' shown in the CARD FOR EXERCISE OF VOTING RIGHTS.
4 Enter your approval or disapproval for each proposal by following the instructions shown on screen.

* Please exercise your voting rights via the Internet by **5:30 p.m. on Tuesday, June 28, 2022,** the day before the Annual Shareholders Meeting. If you exercise your voting rights more than once via the Internet, the vote exercised last shall be deemed valid.
* Telecommunication charges (telephone fees) may be required in some cases. Please note that such charges will be borne by the shareholders.

If you are not sure how to operate your PC or other device to exercise your voting rights:	Dedicated telephone line of the Stock Transfer Agency Department 'Web Support,' Sumitomo Mitsui Trust Bank, Limited Telephone number in Japan: 0120-652-031 (9 a.m. to 9 p.m.)
Cases other than the above:	Stock Transfer Agency Department 'Clerical Center,' Sumitomo Mitsui Trust Bank, Limited Telephone number in Japan: 0120-782-031 (9 a.m. to 5 p.m. every day except Saturdays, Sundays and national holidays)

Institutional investors may use the Electronic Voting Platform for Institutional Investors operated by ICJ Inc.

5. Precautions for the Annual Shareholders Meeting:

Requests to shareholders

- There still remain risks associated with COVID-19. For your own safety and peace of mind, we ask you to exercise your voting rights in advance in writing or via the Internet, and refrain as much as possible from attending the Annual Shareholders Meeting in person.
- **If you have symptoms such as a cough or fever, or if you are elderly, have an underlying illness, or are pregnant, we ask that you refrain from attending the Annual Shareholders Meeting.**
- Due to the increased seating spacing in the venue, the number of seats available for shareholders will be around 100. For this reason, please note that you may be denied admission even if you come on the day of the event.
- We may measure the temperature of individuals after checking body temperatures with thermography near the entrance of the venue. Please note that we may ask you to not enter or to leave the venue if you have a fever or appear to be unwell.
- Please bring and wear a mask and cooperate with alcohol disinfection at the venue.

Operation on the day of the Annual Shareholders Meeting

- Officers and staff will be wearing masks. (The Chairperson will have an acrylic panel in front of them, so that they can speak without a mask.)
- The business report video 'The Tokyo Gas Group's Actions' will not be broadcast during the Meeting. Please watch the video via webcast in advance (please see next page) or watch it prior to the opening of the Meeting (from around 9:40 a.m.) at the venue.

Changes to our response policy immediately before the Annual Shareholders Meeting

- If there is a change in the above content due to changes in the spread of COVID-19, notice will be made on our website below. Please check in advance if you are planning to visit the venue.

[Company's website:
https://www.tokyo-gas.co.jp/IR/english/stock/shm_e.html]
Use the URL above or search "Tokyo Gas shareholders meeting" on the web.

MEMO

[English Translation Originally Issued in the Japanese Language]

REFERENCE MATERIALS FOR THE SHAREHOLDERS MEETING

Proposals and References

Proposal No. 1: Partial Amendments to the Articles of Incorporation

1. Reason for amendment
   The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the 'Act Partially Amending the Companies Act' (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for shareholders meetings, the Articles of Incorporation of the Company shall be amended as follows.
   (1) The proposed Paragraph 2, Article 16 provides that information contained in the reference materials for the shareholders meeting, etc. shall be provided electronically.
   (2) The purpose of the proposed Paragraph 3, Article 16 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
   (3) The provisions related to the Internet disclosure and deemed provision of the reference materials for the shareholders meeting, etc. (Paragraph 2, Article 16 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
   (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Contents of amendments
   Contents of amendments to the Articles of Incorporation are shown below.

(Amendments are underlined)

Current Provisions	Proposed Amendments
Chapter III: SHAREHOLDERS MEETING	**Chapter III: SHAREHOLDERS MEETING**
[Notices]	**[Notices]**
Article 16 (Omitted)	Article 16 (Same as at present)
(2) The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.	(2) <u>The Company shall, when convening a general meeting of shareholders, provide information contained in the reference materials for the general meeting of shareholders, etc. electronically.</u>

(Amendments are underlined)

Current Provisions	Proposed Amendments
	(3) Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.
SUPPLEMENTARY PROVISIONS **[Transitional Measures]** Article 1 (Omitted)	**SUPPLEMENTARY PROVISIONS** **[Transitional Measures Concerning the Exemption from Liability of Audit & Supervisory Board Members]** Article 1 (Same as at present) [Transitional Measures Concerning Electronic Provision] Article 2 (1) The amendments to Article 16 of the Articles of Incorporation shall come into effect on September 1, 2022 (the 'Effective Date'), the effective date of the amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019). (2) Notwithstanding the provisions of the preceding paragraph, Paragraph 2, Article 16 of the Articles of Incorporation prior to the amendments shall remain valid for a shareholders meeting to be held on a date within six (6) months from the Effective Date. (3) This Article shall be deleted after the lapse of six (6) months from the Effective Date or the lapse of three (3) months from the date of a shareholders meeting as referred to in the preceding paragraph, whichever is later.

<Supplementary information>
The electronic provision of materials for shareholders meetings is a system that allows companies to provide the materials for shareholders meetings to shareholders by posting them on its website and notifying shareholders in writing of the address and other details of the website. The system enables early provision of materials to shareholders and allows sufficient time for shareholders to examine the agenda and other items.
While the Company shall, from the next Annual Shareholders Meeting, be posting its materials for shareholders meetings on the Company's website based on the Articles of Incorporation after this amendment, notice of convocation shall be delivered to shareholders as has hitherto been practiced for the time being.

Proposal No. 2: Election of Nine (9) Directors

The term of office of all the current nine (9) Directors ends at the conclusion of this Annual Shareholders Meeting. Therefore, we hereby propose the election of nine (9) Directors. The nominees for Directors are as follows.

No.	Name	Current position and areas of responsibility in the Company	Note	Attendance to the Board of Directors meetings
1	Michiaki Hirose	Director and Chairman of the Board Nominating Committee Member Compensation Committee Member	Reelection	100% (12 / 12)
2	Takashi Uchida	Director, Representative Corporate Executive Officer and President Compensation Committee Member	Reelection	100% (12 / 12)
3	Isao Nakajima	Director Audit Committee Member	Reelection	100% (12 / 12)*
4	Hitoshi Saito	Director Chairperson of the Nominating Committee Compensation Committee Member	Reelection Outside Independent	100% (12 / 12)
5	Kazunori Takami	Director Chairperson of the Compensation Committee Nominating Committee Member	Reelection Outside Independent	100% (12 / 12)
6	Junko Edahiro	Director Audit Committee Member	Reelection Outside Independent	100% (12 / 12)
7	Mami Indo	Director Chairperson of the Audit Committee	Reelection Outside Independent	100% (12 / 12)
8	Hiromichi Ono	Director Audit Committee Member	Reelection Outside Independent	100% (12 / 12)*
9	Hiroyuki Sekiguchi	-	Newly elected Outside Independent	

* Mr. Isao Nakajima and Mr. Hiromichi Ono attended the Board of Directors meetings held in April and May 2021 as Audit & Supervisory Board Members.

Notes:
1. There is no special interest between the nominees for Directors and the Company. In addition, there are no transactions exceeding the limits stipulated in the Company's Independence Standards for Outside Directors (see page 23) between the nominees for Outside Directors and the Company.
2. The Company has entered into agreements with each Outside Director to limit their liability under Article 423, paragraph 1 of the Companies Act to the amount provided for in Article 425, paragraph 1 of the same Act on the condition that they execute their duties in good faith and without gross negligence. If they are reelected, the Company plans to renew the aforementioned agreement with them. If the election of Mr. Hiroyuki Sekiguchi is approved, the Company plans to enter into the same agreement with him.
3. The Company has entered into indemnity agreements with each Director provided for in Article 430-2, paragraph 1 of the Companies Act. Under the agreements, the Company indemnifies each Director for the expenses provided for in item 1 and the losses provided for in item 2 of Article 430-2, paragraph 1, to the extent provided for in laws and regulations, on the condition that there is no malicious intent or gross negligence in the execution of their duties. If each Director is reelected, the Company plans to renew the aforementioned agreement with them. If the election of Mr. Hiroyuki Sekiguchi is approved, the Company plans to enter into the same agreement with him.
4. The Company has entered into a directors and officers liability insurance (D&O insurance) agreement with an insurance company, with each Director included as an insured person, as stipulated in Article 430-3, paragraph 1 of the Companies Act. The D&O insurance agreement covers damages and litigation expenses incurred by the insured person due to claims for damages made as a result of action taken

by the insured person based mainly on the position of the officer, etc. of the company (including omissions), and the Company fully bears the insurance premiums of the insured person. However, there are certain exemptions; for example, claims for damage arising from criminal acts of the insured, and claims for damage arising from acts committed by the insured with the insured’s knowledge that such acts are in violation of laws and regulations shall not be covered. If the election of each Director candidate is approved, the Company plans to enter into the same agreement with each candidate included as the insured person.

5. The career summaries of the respective candidates are current as of the preparation of this REFERENCE MATERIALS FOR THE SHAREHOLDERS MEETING (May 18, 2022).

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="3">Career summary [Important concurrent posts]</th></tr>
<tr><td rowspan="13">1</td><td rowspan="13">Reelection

Michiaki Hirose
(October 2, 1950)

Number of the Company’s shares held
40,600

Number of shares to be granted based on the trust-type share-based compensation plan
4,376</td><td>April</td><td>1974</td><td>Joined the Company</td></tr>
<tr><td>April</td><td>2004</td><td>Executive Officer and Assistant to Chief Executive of Corporate Communication Div.</td></tr>
<tr><td>April</td><td>2006</td><td>Executive Officer and General Manager of Corporate Planning Dept. of Strategic Planning Div.</td></tr>
<tr><td>April</td><td>2007</td><td>Senior Executive Officer and in charge of Corporate Planning Dept., Infrastructure Project Dept., Finance Dept., Accounting Dept. and Affiliated Companies Dept.</td></tr>
<tr><td>April</td><td>2008</td><td>Senior Executive Officer and in charge of Corporate Planning Dept., Investor Relations Dept., Finance Dept., Accounting Dept., Affiliated Companies Dept. and Gas Industry Privatization Research Project Dept.</td></tr>
<tr><td>April</td><td>2009</td><td>Senior Executive Officer and in charge of Corporate Planning Dept. and Affiliated Companies Dept.</td></tr>
<tr><td>June</td><td>2009</td><td>Director, Senior Executive Officer and in charge of Corporate Planning Dept., Corporate Communications Dept. and Affiliated Companies Dept.</td></tr>
<tr><td>January</td><td>2010</td><td>Director, Senior Executive Officer and in charge of Corporate Planning Dept., Project Management Dept., Corporate Communications Dept. and Affiliated Companies Dept.</td></tr>
<tr><td>April</td><td>2012</td><td>Representative Director, Executive Vice President and Chief Executive of Living Energy Div.</td></tr>
<tr><td>April</td><td>2013</td><td>Representative Director, Executive Vice President and Chief Executive of Residential Sales and Service Div.</td></tr>
<tr><td>April</td><td>2014</td><td>Representative Director, President</td></tr>
<tr><td>April</td><td>2018</td><td>Director and Chairman of the Board (Current position)</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td colspan="5"><Reason for nomination as Director>
Mr. Michiaki Hirose has experience mainly in operations related to corporate planning. He has been engaged in efforts to establish the corporate structure and system for a global total energy corporate group, while leading the formulation of the management vision as well as the construction of a group formation. We propose that Mr. Michiaki Hirose be reelected as Director, as he currently serves as Director and Chairman of the Board and has been promoting the enhancement of corporate governance.

<Roles played at the Board of Directors>
Through his experience as the Company’s Representative Director, President, Mr. Hirose has in-depth knowledge about all areas of management, appropriately issues proposals to the Board of Directors as the non-executive Chairman of the Board, and manages Board meetings in such a way as to enrich its supervisory functions.</td></tr>
</table>

No.	Name (Date of birth)	Career summary [Important concurrent posts]		
2	Reelection Takashi Uchida (April 17, 1956) Number of the Company's shares held 25,300 Number of shares to be granted based on the trust-type share-based compensation plan 5,835	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 (Current position)

<Reason for nomination as Director>
Mr. Takashi Uchida has experience mainly in operations related to corporate planning, and energy resources & global business. In recent years, he has been engaged in efforts to address various management issues amid changes to the environment surrounding the Company, including the full deregulation of the electric power and gas retail markets. We propose that Mr. Takashi Uchida be reelected as Director, as he currently serves as the Representative Corporate Executive Officer and President and has been promoting new challenges of the Group toward the realization of 'Compass 2030,' the management vision formulated in 2019.

<Reasons for appointment as the Representative Corporate Executive Officer and President>
This fiscal year is the year of transition to a new Group management structure for the Company, including the legal separation of the Pipeline Network Division. We have appointed Mr. Uchida as the Representative Corporate Executive Officer and President in order to smoothly transition to this management structure and achieve further growth.

<Roles played at the Board of Director>
As Executive Officer and Director, Mr. Uchida is a powerful driver of the Company's management vision. He organically connects the Executive Officers and the Board of Directors, such as by providing appropriate and timely explanations of the status of business execution to the Board of Directors to enable it to supervise appropriately.

No.	Name (Date of birth)	Career summary [Important concurrent posts]		
3	Reelection Isao Nakajima (December 5, 1958) Number of the Company's shares held 13,100 Number of shares to be granted based on the trust-type share-based compensation plan 2,187	April	1982	Joined the Company
		April	2008	General Manager of Finance Dept.
		April	2011	General Manager of Middle Branch
		April	2012	General Manager of TG-Group Reorganization Project Dept.
		April	2013	Executive Officer and General Manager of Residential Sales Planning Dept. of Residential Sales and Service Div.
		April	2015	Senior Executive Officer, CFO and in charge of Finance Dept., Accounting Dept., Purchasing Dept. and Real Estate Management Dept.
		April	2017	Senior Executive Officer, CFO and in charge of Finance Dept., Accounting Dept. and Personnel Dept.
		April	2018	Senior Managing Executive Officer, CFO and in charge of Finance Dept., Accounting Dept., Personnel Dept. and Purchasing Dept. (Retired in March 2019)
		June	2019	Standing Audit & Supervisory Board Member
		June	2021	Director (Current position)

<Reason for nomination as Director>
Mr. Isao Nakajima has experience mainly in operations related to finance and accounting, and has worked to strengthen the Company's financial constitution and enrich communications with shareholders and investors, such as by serving as CFO. We propose that Mr. Isao Nakajima be reelected as Director, as he currently serves as a standing Audit Committee Member and is responsible for audit to ensure management legality and soundness.

<Roles played at the Board of Director>
Mr. Isao Nakajima strives to provide information to the Board of Directors and the Audit Committee as a standing Audit Committee Member, and seeks to improve their effectiveness. Also, by attending the Management Committee, etc., he follows information regarding internal risk and other issues, and assumes a role in auditing the operation of the internal control system to ensure that it is appropriate.

No.	Name (Date of birth)	Career summary [Important concurrent posts]
4	Reelection Outside Independent Hitoshi Saito (November 10, 1952) Number of the Company's shares held 0 Number of shares to be granted based on the trust-type share-based compensation plan 364	April 1976 Joined Mitsui Fudosan Co., Ltd. April 2000 President and CEO of Mitsui Fudosan America, Inc. April 2005 Managing Officer and Deputy Chief Executive of Office Building Div. of Mitsui Fudosan Co., Ltd. April 2007 Managing Officer and General Manager of International Dept. of Mitsui Fudosan Co., Ltd. April 2015 Managing Director, Senior Executive Managing Officer and Chief Executive of International Div. of Mitsui Fudosan Co., Ltd. June 2017 Advisor of Mitsui Fudosan Co., Ltd. and Honorary Chairman of Halekulani Corporation (Retired in June 2020) June 2019 Outside Director of the Company (Current position) June 2019 Outside Director of GLOBESHIP Corporation (Current position) May 2022 Outside Director of Paramount Group, Inc. (Current position) [Important concurrent posts] Outside Director of GLOBESHIP Corporation Outside Director of Paramount Group, Inc.

<Reason for nomination as Outside Director>
Mr. Hitoshi Saito's management capabilities, based on the broad outlook and in-depth knowledge he developed as an executive in the real estate industry, and especially the global business sense he acquired in overseas businesses, will be highly effective in the promotion and supervision of the management strategies we are aiming to implement in the future. For these reasons, we propose that Mr. Hitoshi Saito be reelected as Outside Director. Mr. Saito's tenure as an Outside Director of the Company will be three years as of the conclusion of this Annual Shareholders Meeting. The Company has designated Mr. Saito as the 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notified him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

No.	Name (Date of birth)	Career summary [Important concurrent posts]
5	Reelection Outside Independent Kazunori Takami (June 12, 1954) Number of the Company's shares held 900 Number of shares to be granted based on the trust-type share-based compensation plan 364	April 1978 Joined Matsushita Electric Industrial Co., Ltd. (Current Panasonic Corporation) December 1998 General Manager of Corporate Planning Office of Electric Appliances and Housing Facility Company of Matsushita Electric Industrial Co., Ltd. (Current Panasonic Corporation) June 2004 Director of Corporate National Marketing Div. of Matsushita Electric Industrial Co., Ltd. (Current Panasonic Corporation) April 2009 Managing Executive Officer, President of Home Appliances Company of Panasonic Corporation April 2012 Representative Director, Senior Managing Executive Officer and President of Appliances Company of Panasonic Corporation April 2015 Representative Director, Executive Vice President and in charge of Japan region, Customer Satisfaction, and Design of Panasonic Corporation June 2015 Outside Director of Tokyo FM Broadcasting Co., Ltd. (Current position) June 2017 Corporate Advisor of Panasonic Corporation (Retired in March 2018) June 2018 Outside Director of Nojima Corporation (Current position) March 2019 Outside Director of FUJITA KANKO INC. (Current position) June 2019 Outside Director of the Company (Current position) [Important concurrent posts] Outside Director of Tokyo FM Broadcasting Co., Ltd. Outside Director of Nojima Corporation Outside Director of FUJITA KANKO INC.

<Reason for nomination as Outside Director>
Mr. Kazunori Takami's management capabilities, based on the broad outlook and in-depth knowledge he developed as an executive in the electrical industry, and especially the consumer-oriented marketing sense he acquired in the appliance business, will be highly effective in the promotion and supervision of the business strategies we are aiming to implement. For these reasons, we propose that Mr. Kazunori Takami be reelected as Outside Director. Mr. Takami's tenure as an Outside Director of the Company will be three years as of the conclusion of this Annual Shareholders Meeting. The Company has designated Mr. Takami as the 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notified him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="3">Career summary [Important concurrent posts]</th></tr>
<tr><td rowspan="14">6</td><td rowspan="14">Reelection

Outside

Independent

Junko Edahiro
(November 23, 1962)

Number of the Company’s shares held
400

Number of shares to be granted based on the trust-type share-based compensation plan
364</td><td>July</td><td>1993</td><td>Interpreter and translator</td></tr>
<tr><td>October</td><td>1998</td><td>Environmental journalist</td></tr>
<tr><td>July</td><td>2002</td><td>CEO of EcoNetworks Co. (Retired in July 2005)</td></tr>
<tr><td>August</td><td>2002</td><td>Joint Chief Executive of Japan for Sustainability (NGO)</td></tr>
<tr><td>April</td><td>2003</td><td>Representative Director of Edahiroba Inc. (Current e’s Inc.) (Current position)</td></tr>
<tr><td>April</td><td>2005</td><td>Representative Director and Chairperson of Change Agent Inc.</td></tr>
<tr><td>May</td><td>2006</td><td>Director and Chairperson of Change Agent Inc. (Current position)</td></tr>
<tr><td>August</td><td>2010</td><td>Chief Executive of Japan for Sustainability (NGO) (Retired in July 2018)</td></tr>
<tr><td>September</td><td>2014</td><td>Professor of Department of Environmental Management, Faculty of Environmental Studies of Tokyo City University (Retired in March 2018)</td></tr>
<tr><td>August</td><td>2018</td><td>Professor of Shizenkan University Graduate School of Leadership & Innovation (Current position)</td></tr>
<tr><td>June</td><td>2019</td><td>Outside Director of the Company (Current position)</td></tr>
<tr><td>October</td><td>2019</td><td>Representative Director of Shimokawa Seeds K.K. (Current position)</td></tr>
<tr><td>September</td><td>2020</td><td>Representative Director of mirai-sozo.work (Current position)</td></tr>
<tr><td colspan="3">[Important concurrent posts]
Representative Director of e’s Inc.
Director and Chairperson of Change Agent Inc.
Professor of Shizenkan University Graduate School of Leadership & Innovation
Representative Director of Shimokawa Seeds K.K.
Representative Director of mirai-sozo.work</td></tr>
<tr><td colspan="5"><Reason for nomination as Outside Director>
Ms. Junko Edahiro’s in-depth knowledge regarding energy and sustainability, communication abilities, and extensive regional practical experience, which she developed as a journalist and creator, will be highly effective in the promotion and supervision of the business strategies we are aiming to implement. For these reasons, we propose that Ms. Junko Edahiro be reelected as Outside Director. Ms. Edahiro’s tenure as an Outside Director of the Company will be three years as of the conclusion of this Annual Shareholders Meeting. The Company has designated Ms. Edahiro as the ‘Independent Officer’ (Independent Director), who will not have conflicting interests with general shareholders, and notified her to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).</td></tr>
</table>

No.	Name (Date of birth)	Career summary [Important concurrent posts]		
7	Reelection Outside Independent Mami Indo (November 6, 1962) Number of the Company's shares held 400 Number of shares to be granted based on the trust-type share-based compensation plan 364	April	1985	Joined Daiwa Securities Co. Ltd.
		April	2009	Senior Managing Director and General Manager of Consulting Div. of Daiwa Institute of Research Ltd.
		April	2013	Executive Managing Director and Deputy General Manager of Investigation Div. of Daiwa Institute of Research Ltd.
		April	2016	Senior Managing Director of the Institute of Daiwa Institute of Research Ltd. (Retired in December 2016)
		December	2016	Commissioner of Securities and Exchange Surveillance Commission (Retired in December 2019)
		June	2020	Audit & Supervisory Board Member (External) of Ajinomoto Co., Inc.
		June	2020	Outside Audit & Supervisory Board Member of AIG Japan Holdings KK
		June	2020	Outside Director of the Company (Current position)
		June	2021	Outside Director of Fujitec Co., Ltd. (Current position)
		June	2021	Outside Director of Ajinomoto Co., Inc. (Current position)
		June	2021	Outside Director of AIG Japan Holdings KK (Current position)
		[Important concurrent posts] Outside Director of Fujitec Co., Ltd. Outside Director of Ajinomoto Co., Inc. Outside Director of AIG Japan Holdings KK		

<Reason for nomination as Outside Director>
Ms. Mami Indo's advanced and diverse management analysis and instruction capabilities she developed as an analyst and advisor in the finance sector, and her management sensibilities from the risk perspective nurtured by her experience in a surveillance agency, will be highly effective in the promotion and supervision of the business strategies we are aiming to implement. For these reasons, we propose that Ms. Mami Indo be reelected as Outside Director. Ms. Indo's tenure as an Outside Director of the Company will be two years as of the conclusion of this Annual Shareholders Meeting. The Company has designated Ms. Indo as the 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notified her to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

No.	Name (Date of birth)	Career summary [Important concurrent posts]		
8	Reelection Outside Independent Hiromichi Ono (August 11, 1956) Number of the Company's shares held 0 Number of shares to be granted based on the trust-type share-based compensation plan 364	April	1979	Joined Ajinomoto Co., Inc.
		June	2007	Corporate Executive Officer and General Manager, Finance Dept. of Ajinomoto Co., Inc.
		June	2011	Member of the Board & Corporate Vice President (In charge of finance and purchasing) (Retired in June 2017) Director of Japan Investor Relations Association (Retired in June 2017)
		April	2013	Member of the Investment Committee of Government Pension Investment Fund (Retired in June 2017)
		June	2019	Outside Director of Mebuki Financial Group, Inc. (Current position)
		June	2020	Outside Audit & Supervisory Board Member of the Company
		June	2021	Outside Director of the Company (Current position)
		[Important concurrent posts] Outside Director of Mebuki Financial Group, Inc.		

<Reason for nomination as Outside Director>
Mr. Hiromichi Ono's management capabilities, based on the broad outlook and in-depth knowledge he developed as an executive in the food industry, and especially his management sensibilities from the group and risk perspectives he nurtured at a finance division, will be highly effective in the promotion and supervision of the business strategies we are aiming to implement. For these reasons, we propose that Mr. Hiromichi Ono be reelected as Outside Director. Mr. Ono's tenure as an Outside Director of the Company will be one year as of the conclusion of this Annual Shareholders Meeting. The Company has designated Mr. Ono as the 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notified him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

No.	Name (Date of birth)	Career summary [Important concurrent posts]
9	Newly elected Outside Independent Hiroyuki Sekiguchi (January 15, 1957) Number of the Company's shares held 0 Number of shares to be granted based on the trust-type share-based compensation plan -	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-chairperson 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.) January 2022 Retired from Japan Broadcasting Corporation [Important concurrent posts] None

<Reason for nomination as Outside Director>
Mr. Hiroyuki Sekiguchi's keen perception, deep discernment that is able to get to the hearts of matters, and high persuasion skills from the viewer's perspective, in the areas of energy, sustainability, and all aspects of economics, which he developed through his experience as a television reporter and news commentator, will be highly effective in the promotion and supervision of the business strategies we are aiming to implement. For these reasons, we propose that Mr. Hiroyuki Sekiguchi be elected as Outside Director. While he does not have prior experience with company management, for the above reasons, we have deemed him capable of appropriately carrying out the duties of an Outside Director. The Company plans to designate Mr. Sekiguchi as an 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notify him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

[Reference]

Approach to the Company's Board of Directors

■ Transition to a Company with a Nominating Committee, etc.

- For over 130 years, since its foundation in 1885, the Company has engaged in city gas business, primarily in the Tokyo area. However, the world is entering an era of dramatic changes to the energy field; therefore, based on 'Compass 2030,' our plan for 2030 and beyond, we must accelerate our efforts to expand our business domains and transform our business structure from now on.
- We believe that driving management reforms will be essential to these tremendous transformation, the largest since the Company was established. For this reason, in June 2021 we made a transition to a Company with a Nominating Committee, etc.

■ Composition of the Board of Directors

- To enable Directors to more effectively carry out their supervisory functions as a Company with a Nominating Committee, etc., our Director who is also an Executive Officer is the Representative Corporate Executive Officer and President only. The executive and supervisory functions are clearly separated, ensuring that management is earnest and attentive.
- Based on this foundation, roughly two-thirds (2/3) of the Board of Directors consists of Outside Directors to make diverse and objective supervision a central element of Board of Directors operations.

■ Skills and Roles Demanded of Directors

- The following have been designated as skills that all Directors are to possess: 'The knowledge needed to manage the Company at a deeper level,' 'The mentality needed to lead the Company's transformation,' and 'The questioning abilities needed to identify the issues faced by the Company.'
- Outside Directors must possess the supervisory skills necessary for achieving 'Compass 2030,' the Group's management vision, and supplementary skills that complement the knowledge and experience of the Company's Inside Directors and Executive Officers.
- All Inside Directors other than the Representative Corporate Executive Officer and President are non-executive Directors. Their role is to provide proposals and information in an appropriate and timely manner in order to maintain the effectiveness of the Board of Directors.

[Reference]

■ Outside Director Candidate Skill Matrix

The skill matrix below indicates the skills of each Outside Director candidate (up to four skills per candidate) and details regarding each skill.

	(1) Energy	(2) Sustain-ability	(3) Digital/ Technology	(4) Marketing/ Project develop-ment	(5) Group management/ Governance	(6) Global business	(7) M&A/ business restruct-uring	(8) Communica-tions	(9) Finance/ Accounting	(10) Risk management
Hitoshi Saito					○	○	○		○	
Kazunori Takami			○	○	○		○			
Junko Edahiro	○	○				○		○		
Mami Indo					○		○		○	○
Hiromichi Ono					○		○		○	○
Hiroyuki Sekiguchi	○	○				○		○		

(1) Energy (2) Sustainability	Supervise 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	Supervise 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	Supervise the migration from the city gas business focused exclusively on the Tokyo area to one that involves multiple businesses and decentralized management by transforming the LNG value chain
(5) Group management/ Governance	Supervise the management and operation of personnel and organizations and administration that manages multiple businesses and balances autonomy and overall optimization
(6) Global business	Supervise transformation of the Company’s business structure as a global, total energy company, development and implementation of strategies, and enhancement of the Company’s discernment capabilities and risk management
(7) M&A/ business restructuring	Supervise efforts to integrate and concentrate businesses, from a multitude of angles, with the aim of achieving non-continuous, speedy growth, both in Japan and overseas
(8) Communications	Supervise timely, high-impact communications based on close public hearing activities with stakeholders
(9) Finance/Accounting (10) Risk management	In conducting the above business field expansion and M&A activities, supervise financial discipline and investment strategies based on risk balances that differ from those in the past, while at the same time supervising internal controls and risk management

[Reference]

Independence Standards for Outside Directors

TOKYO GAS CO., LTD.

The Company shall judge Outside Directors stipulated in the Companies Act to be independent if they do not fall under any of the categories numbered (1) to (10) below in conformity with the independence standards of the stock exchanges on which the Company is listed.

(1) Executive of a parent company or a fellow subsidiary company of the Company
(2) Executive of a subsidiary of the Company
(3) Major shareholder holding 10% or more of the Company’s total shares outstanding (includes executives of a corporation, etc.)
(4) Major client or supplier of the Company whose transactions account for 2% or more of consolidated net sales (parties that are major clients or suppliers of the Company, or parties for whom the Company is a major client or supplier [includes executives of a corporation, etc.])
(5) Accounting Auditor or corporate attorney of the Company
(6) Individual that fell under any of categories (1) to (5) within the previous three years
(7) Executive of an organization receiving a large amount of donation from the Company (over the previous three business years, an average of ¥10 million or more annually or 30% or more of the organization’s total average annual costs, whichever sum is greater)
(8) Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property-related benefits from the Company besides remuneration as an Officer (over the previous three business years, for an individual, an average of ¥10 million or more annually and for a corporation, etc., 2% or more of the corporation’s consolidated net sales)
(9) Close relative of (1) to (8) (within the second degree of kinship)
(10) Individual serving as officer (inside director, inside audit & supervisory board member, executive, or executive officer) at a corporate group in which an Officer (Inside Director, Inside Audit & Supervisory Board Member, or Executive Officer) of the Tokyo Gas Group serves as outside officer

[English Translation of Business Report Originally Issued in Japanese Language]

Business Report

1. Matters Concerning Current State of Group Operations

(1) Main Business Activities (As of March 31, 2022)

Business segment	Main business activities
Gas	Production, supply and sale of city gas, liquid gas business, LNG sales, etc.
Electric power	Production, supply and sale of electricity
Overseas business	Overseas upstream business, midstream and downstream business (Gas field development and LNG production, and gas supply, sales and power generation, etc.)
Energy-related	Engineering solution business, gas appliances, gas installation work, construction, etc.
Real estate	Leasing and management of land and buildings, etc.
Other	Information processing service, shipping business, etc.

(2) Business Conditions and Results

1) Overview of business results for the fiscal year under review

During the fiscal year under review, the Japanese economy was expected to recover due to the effect of infection control measures and improvements in overseas economies, despite continued restrictions on economic activities, with new waves of the spread of the novel coronavirus (COVID-19) infections occurring intermittently. However, the outlook of the economy remains unclear due to factors such as concerns over a resurgence in infections caused by COVID-19 variant strains and the situation in Ukraine.

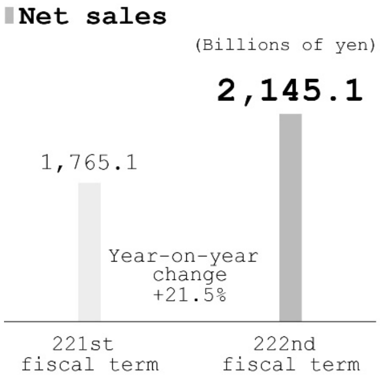
Against this economic backdrop, competition among energy companies and even across industry boundaries is intensifying in the energy industry, as a result of the full deregulation of the gas retail market in April 2017 in the wake of the full deregulation of the electric power retail market in April 2016. The environment surrounding the energy business has undergone dramatic changes, such as decarbonization becoming a global trend. Amid these changes, the Tokyo Gas Group has been actively engaging in various efforts to expand added value for our customers in Japan and overseas through commercialization of total energy business, globalization, and initiatives for decarbonization so that customers will continue to choose Tokyo Gas Group.

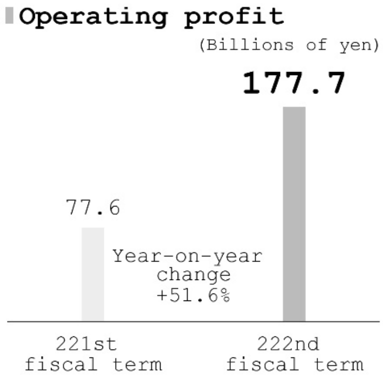
COVID-19 has continued to affect the Tokyo Gas Group in many ways. In the city gas business, residential demand from customers staying at home declined from the previous fiscal year, as customers went out more and spent less time at home due to the nationwide lifting of the state of emergency at the end of September 2021 and the gradual easing of movement restrictions. Industrial demand has not reached the pre-pandemic levels, and food and beverage industries are still affected.

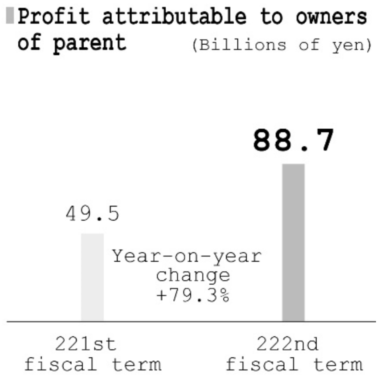
The electric power business saw a rise in sales volume mainly due to an increase in the number of retail sale transactions, despite the impact of a drop in demand from customers staying at home. In the overseas business, there was an improvement in earnings due in part to a rise in selling prices in the LNG business, etc. in Australia and North America on the back of a global recovery in market prices. In the energy-related business, delays in delivery brought about by a global shortage of semiconductors and a shortage of component supply due to the spread of infections in Southeast Asia caused a decline in sales volume of gas equipment products, etc. In the real estate business, rent income increased as large-scale properties operated throughout the year.

In light of such economic conditions and environmental changes, consolidated net sales increased by 21.5% year on year to ¥2,145,197 million, and operating expenses increased by 20.1% year on year to ¥2,027,420 million.

As a result of the above, operating profit increased by 51.6% year on year to ¥117,777 million, and ordinary profit increased by 79.8% year on year to ¥126,732 million. As a result of the recording of gain on sales of investment securities of ¥4,118 million and gain on sales of non-current assets of ¥2,226 million under extraordinary income, and impairment loss on real estate business, etc. of ¥3,742 million and loss on valuation of investment securities of ¥2,468 million under extraordinary losses and the recording of income taxes, profit attributable to owners of parent increased by 79.3% year on year to ¥88,745 million.







2) Points of comparison with the previous fiscal year

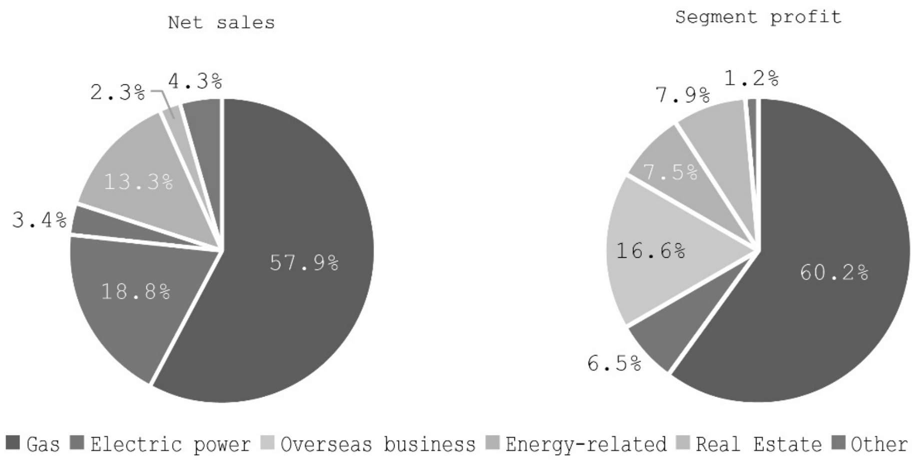
Net sales	+¥380.0 billion	■ Increase in sales of ‘Gas’ due to an increase in the city gas unit price as a result of gas rate adjustments, etc.	
Operating expenses	+¥340.0 billion	■ Increase in raw material costs of ‘Gas’ due to the effect of a rise in crude oil prices, etc.	
Non-operating income and expenses	+¥16.0 billion	■ Foreign exchange gains: +¥12.9 billion; share of profit of entities accounted for using equity method: +¥2.3 billion, etc.	
Extraordinary income and losses	+¥4.4 billion	■ (Fiscal year under review)	Gain on sales of investment securities: +¥4.1 billion Gain on sales of non-current assets: +¥2.2 billion Impairment loss: ¥(3.7) billion Loss on valuation of investment securities: ¥(2.4) billion
		■ (Previous fiscal year)	Impairment loss: ¥(10.2) billion Loss on valuation of investment securities: ¥(4.4) billion Gain on sales of investment securities: +¥5.2 billion Gain on sales of non-current assets: +¥3.1 billion Gain on bargain purchase: +¥2.0 billion

3) Overview of results by segment

	Net sales (Billions of yen)				Segment profit (operating profit + equity income and losses) (Billions of yen)			
	221st fiscal term	222nd fiscal term	Changes	%	221st fiscal term	222nd fiscal term	Changes	%
Gas	1,146.7	1,444.0	297.3	25.9	88.4	102.6	14.2	16.0
Electric power	395.9	467.8	71.9	18.2	8.6	11.1	2.5	27.8
Overseas business	45.9	85.9	40.0	87.1	3.8	28.2	24.4	625.2
Energy-related	339.4	331.3	(8.1)	(2.4)	17.0	12.8	(4.2)	(24.8)
Real estate	48.4	57.9	9.5	19.7	7.5	13.4	5.9	78.5
Other	110.4	107.5	(2.9)	(2.6)	3.8	2.0	(1.8)	(46.8)
Adjustments	(321.8)	(349.3)	(27.5)	-	(50.2)	(48.8)	1.4	-
Segment total	1,765.1	2,145.1	380.0	21.5	79.1	121.5	42.4	53.5

Notes:
1. Net sales by segment include internal transactions between businesses.
2. 'Gas' includes city gas, LPG, industrial gas, LNG sales, and trading. 'Energy-related' includes engineering solutions, gas appliances, gas installation work, construction, credit, etc. 'Other' includes the information processing service, shipping, etc.
3. The main component of adjustments to segment profit is company-wide expenses not allocated to each segment.

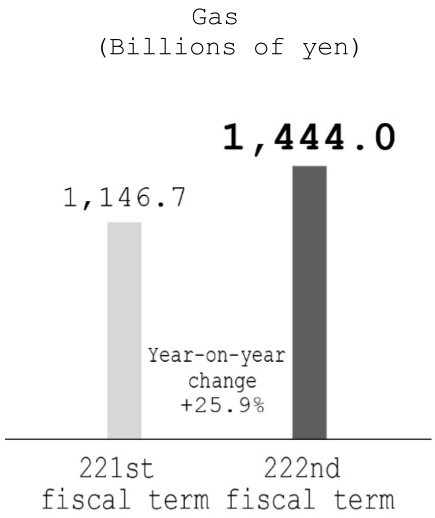
Segment composition ratio

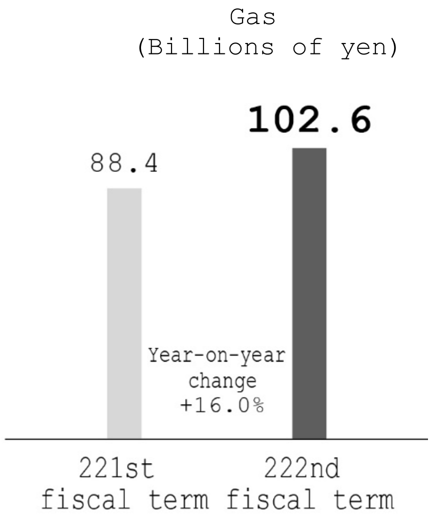


* The segment composition ratio is calculated by excluding adjustments.

Gas Production, supply and sale of city gas, liquid gas business, LNG sales, etc.

Net sales **Segment profit**

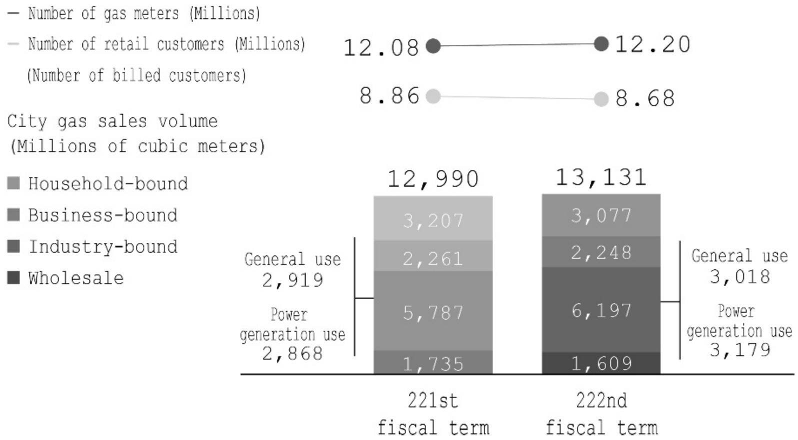




Reflecting an increase in sales unit price due to gas rate adjustments as a result of the impact of rising crude oil prices, net sales increased by 25.9% year on year to ¥1,444,003 million.

Segment profit increased by 16.0% year on year to ¥102,646 million, due to such factors as rise in sales volume of city gas, despite an increase in raw material costs of city gas.

【City gas sales volume and customer numbers】



*Number of gas meters indicates the number of meters that includes inactive meters and meters for gas supply from other retail companies.

[Main reasons for changes in sales volume]

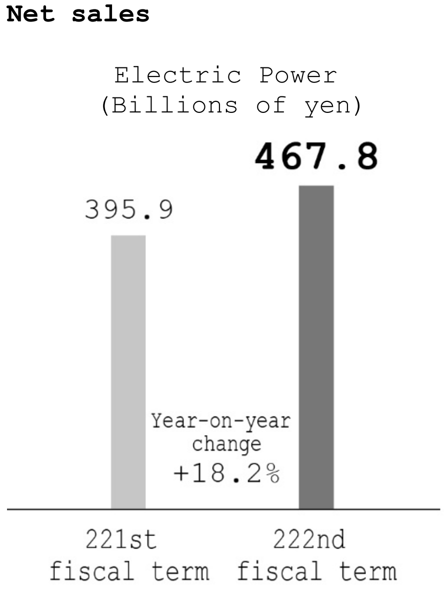
Household-bound	Decrease in stay-at-home demand due to the lifting of the state of emergency
Business-bound	Decrease in customer numbers
Industry-bound	Increase in demand from dedicated power generation customers, etc.
Supplies to other gas utilities	Decrease in customer demand

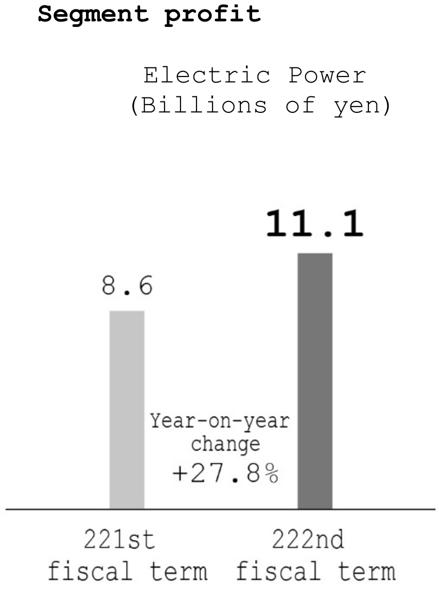
TOPICS

Supplying carbon neutral city gas to the Tokyo 2020 Olympic Village

From May to September 2021, the preparation and event period of the Tokyo 2020 Olympic and Paralympic Games (hereinafter, 'Tokyo 2020 Games'), the Company supplied carbon neutral city gas to the residential buildings, main dining hall, and other facilities in the Tokyo 2020 Olympic Village (Harumi area), contributing to management of the games with consideration for the environment, society, and economy. The Company will work with the stakeholders who support these efforts even after the Games to spread and expand carbon neutral city gas, and contribute to reducing the environmental burden of its customers' business activities.
Carbon neutral city gas uses LNG for which the full greenhouse gas emissions generated - from exploring and producing the natural gas to be used by the final consumer - have been offset with carbon credits, so that global CO_2 does not increase even when it is combusted. The carbon credits used are certified by highly reliable verification organizations as having CO_2 reduction effects in environmental conservation projects around the world.

Electric Power　Production, supply and sale of electricity

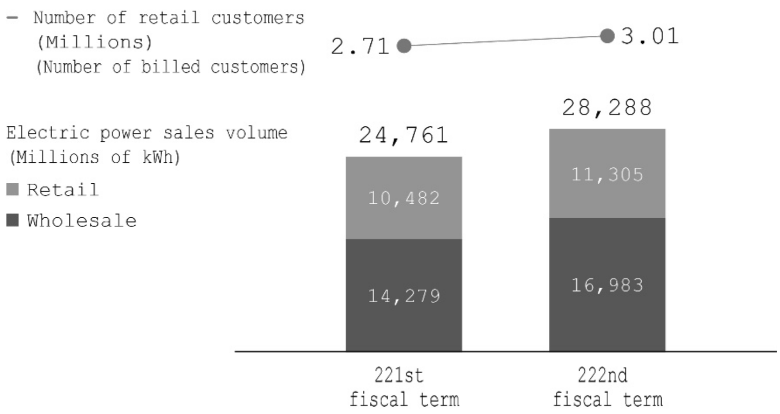




Net sales increased by 18.2% year on year to ¥467,804 million, as retail customers and wholesale customers increased.

Segment profit increased by 27.8% year on year to ¥11,117 million as a result of an increase in gross margin due to an increase in retail sales volume.

【Electric power sales volume and customer numbers】



[Main reasons for changes in sales volume]

Retail	Increase in customer numbers
Wholesale	Increase in wholesale customers

TOPICS

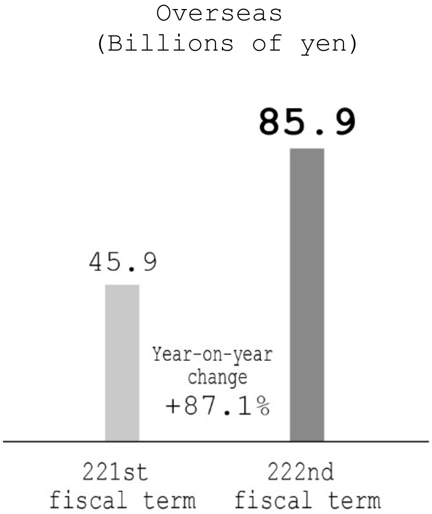
Acceleration of the Development of Kashima Port Offshore Wind Project

In April 2021, the Company decided to accelerate the development of the Kashima Port Offshore Wind Project, which is located at Kashima Port in Ibaraki Prefecture, through joint investor Wind Power Energy Co., Ltd.*
The Project is located in ‘Kashima Coastal Industrial Area,’ which is one of the top such areas in Japan and located near Tokyo, a major consumer of energy. With approval and certification from Ibaraki Prefecture, we will install 19 newly selected wind turbines in ‘areas that utilize renewable energy sources’ (680 hectares) designated in the port area of Kashima Port. We will promote construction of an offshore wind power plant with a power generation capacity of approximately 160,000 kW, equivalent to the annual consumption of approximately 70,000 households.

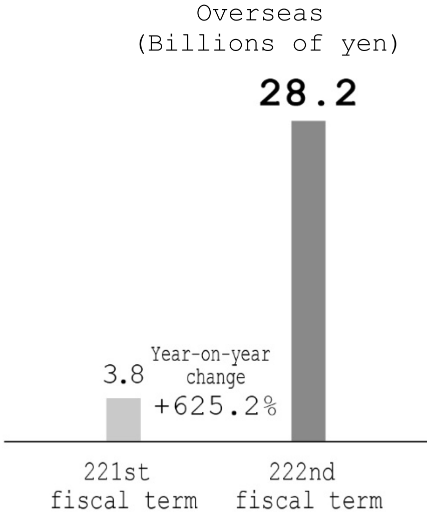
* In addition to the Company, joint investors include Wind Power Group Co., Ltd. and Nippon Wind Energy K.K., a wholly owned subsidiary of Vena Energy Holdings Ltd.

Overseas Overseas upstream business, midstream and downstream business (Gas field development and LNG production, and gas supply, sales, and power generation, etc.)

Net sales



Segment profit



Net sales increased by 87.1% year on year to ¥85,931 million, due to higher LNG unit prices at upstream business in Australia.

Segment profit increased by 625.2% year on year to ¥28,252 million.

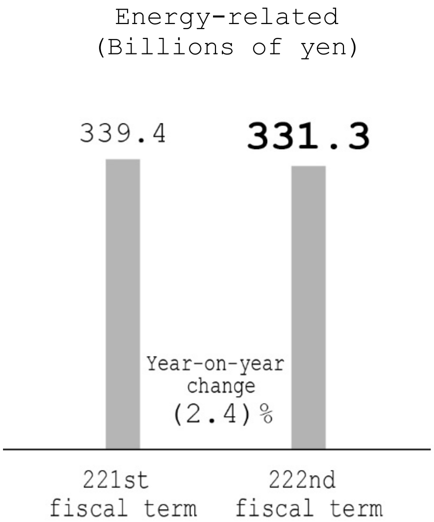
TOPICS

Joint development of approximately 1 GW renewable energy in the Nordics through business collaboration with EWII S/I in Denmark

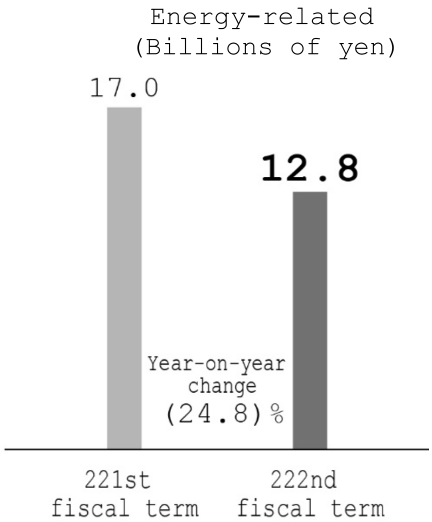
In January 2022, the Company decided to collaborate with EWII S/I ('EWII') in Denmark on a renewable energy development project in the Nordics.
Through TG Nordic ApS, a newly established company in Denmark, we acquired a 50% stake in EWII Production A/S, a subsidiary of EWII, which develops and operates renewable energy businesses. Furthermore, we have acquired approximately 27 MW of onshore wind power assets owned by EWII Production A/S. Along with this investment, EWII Production A/S was renamed 'TOWII Renewables A/S.'
Through our joint venture, the Company and EWII will promote development of renewable energy in Denmark and expand the scope of our business to other Nordic countries. By realizing renewable energy business development of approximately 1 GW in the Nordics by 2030, we will contribute to the decarbonization of Nordic countries including Denmark.

Energy-related Engineering solution business, gas appliances, gas installation work, construction, etc.

Net sales



Segment profit



Net sales decreased by 2.4% year on year to ¥331,312 million due to a decline in sales volume of various gas appliances caused by delays in delivery stemming from the global shortage of semiconductors. Segment profit decreased by 24.8% year on year to ¥12,818 million.

TOPICS

Start of supply from Niihama LNG Terminal

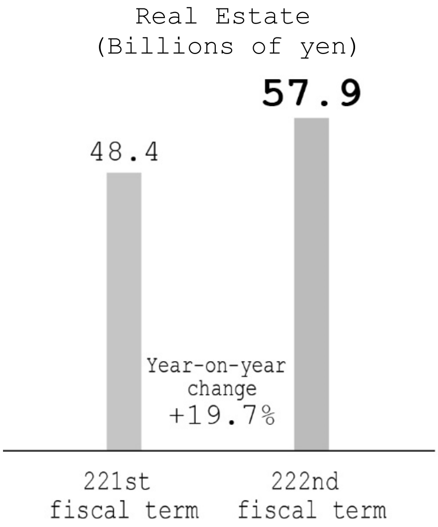
Niihama LNG Co., Ltd.*, in which Tokyo Gas Engineering Solutions Corporation (a wholly owned subsidiary of the Company) invested, completed construction and test runs of 'Niihama LNG Terminal,' which it had been building at Sumitomo Chemical Ehime Works (Niihama City, Ehime Prefecture), and started to supply gas for industrial applications in the same plant and neighboring areas in March 2022.
Niihama LNG Co., Ltd. is responsible for the stable supply of energy by operating the base to accept LNG and do gasification, and also contributes to the promotion of carbon neutrality in the Shikoku area and development of industry by promoting the use of natural gas in industries in neighboring areas.

* In addition to Tokyo Gas Engineering Solutions Corporation, joint investors include Shikoku Electric Power Co., Inc., SUMITOMO CHEMICAL COMPANY, LIMITED, SUMITOMO JOINT ELECTRIC POWER CO., LTD., and Shikoku-Gas Co., Ltd.

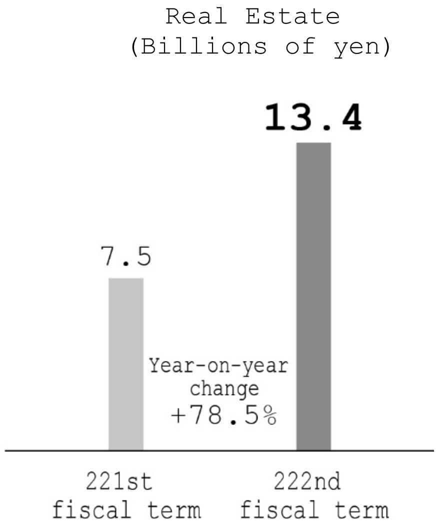
Real Estate

Leasing and management of land and buildings, etc.

Net sales



Segment profit



Net sales increased by 19.7% year on year to ¥57,961 million due to an increase in lease income from land and buildings.

Segment profit increased by 78.5% year on year to ¥13,466 million.

TOPICS

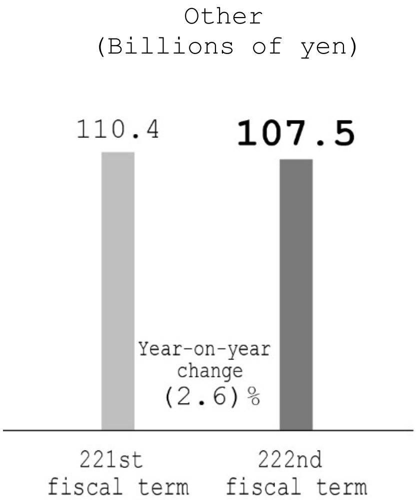
Introduction of electricity with virtually zero CO_2 emissions to all 22 buildings in the 'La Tierra' Series

In January 2022, Tokyo Gas Real Estate Co., Ltd., a wholly owned subsidiary of the Company, introduced the 'Sasutena Denki Business,' in which we provide electricity with virtually zero CO_2 emissions in the common area of the entire rental residence 'La Tierra*' series. 'Sasutena Denki Business' is an electricity rate menu considered to have virtually 100% renewable energy and zero CO_2 emissions, by adding non-fossil fuel certificate designated as renewable energy to our power sources (LNG thermal power, etc.).

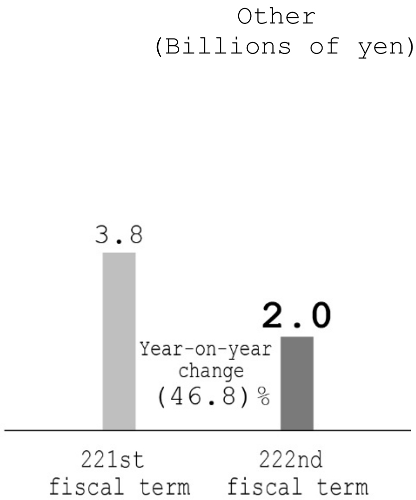
* 'La Tierra' is an urban rental residence of Tokyo Gas Real Estate Co., Ltd. that provides high quality and comfortable environments in the form of safe and secure housing. It has developed 22 buildings with 851 housing units (excluding stores), mainly in the Tokyo metropolitan area (as of January 20, 2022).

Other Information processing service, shipping business, etc.

Net sales



Segment profit



Net sales decreased by 2.6% year on year to ¥107,542 million due to decreased orders received for systems at IT subsidiaries.

Segment profit decreased by 46.8% year on year to ¥2,024 million due to increased ship rental costs in the shipping business.

(3) Group Capital Expenditures

Total capital expenditures for this fiscal year amounted to ¥207,226 million.

In regard to distribution facilities, the total length of the pipeline network was extended by 466 kilometers during this fiscal year, to 65,562 kilometers as of March 31, 2022.

(4) Group Financing Activities

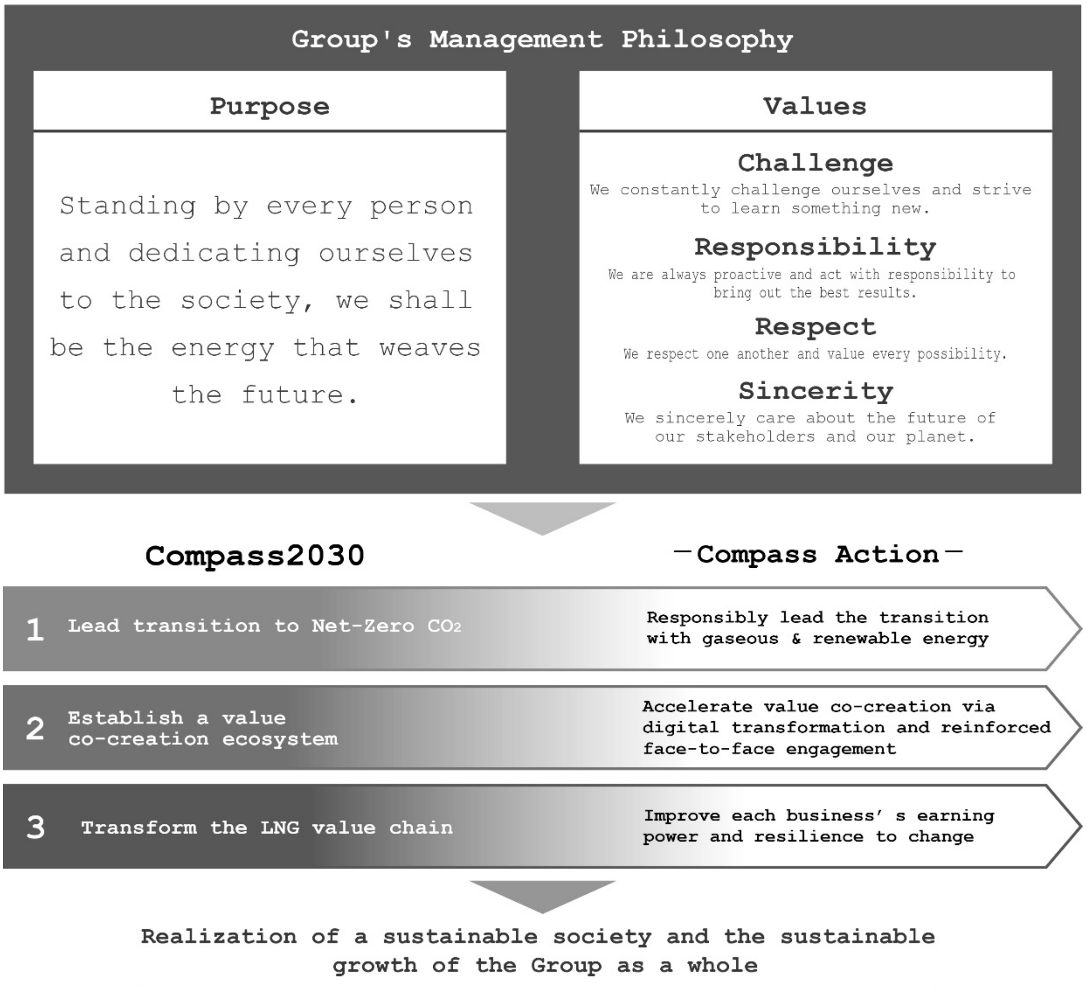
In this fiscal year, the Company raised funds totaling ¥178.0 billion through issuing the 67th, 68th, 69th, 70th, 71st and 72nd corporate unsecured bonds and obtaining loans payable. Of these bonds, the 71st and 72nd corporate unsecured bonds were issued as the first transition bonds* issued by a city gas supplier in Japan. Balance of consolidated interest-bearing liabilities increased by ¥154,601 million compared with the previous year-end, to ¥1,220,589 million.

* Bonds used to invest in projects by companies working on initiatives to reduce greenhouse gas emissions that follow a long-term transition strategy to achieve a decarbonized society.
For more information on transition bonds, please visit the Company’s website (https://www.tokyo-gas.co.jp/IR/stock/transitionbond.html).
*Website available in Japanese only

(5) Prospective Challenges

Formulating our Group Management Philosophy

The environment surrounding the Group is changing drastically, due to decarbonization, digitalization, diversification of values, and intensifying competition in the energy market. As such, we have renewed our group management philosophy in order to face these changes head-on and continue to be a corporate group required by society.

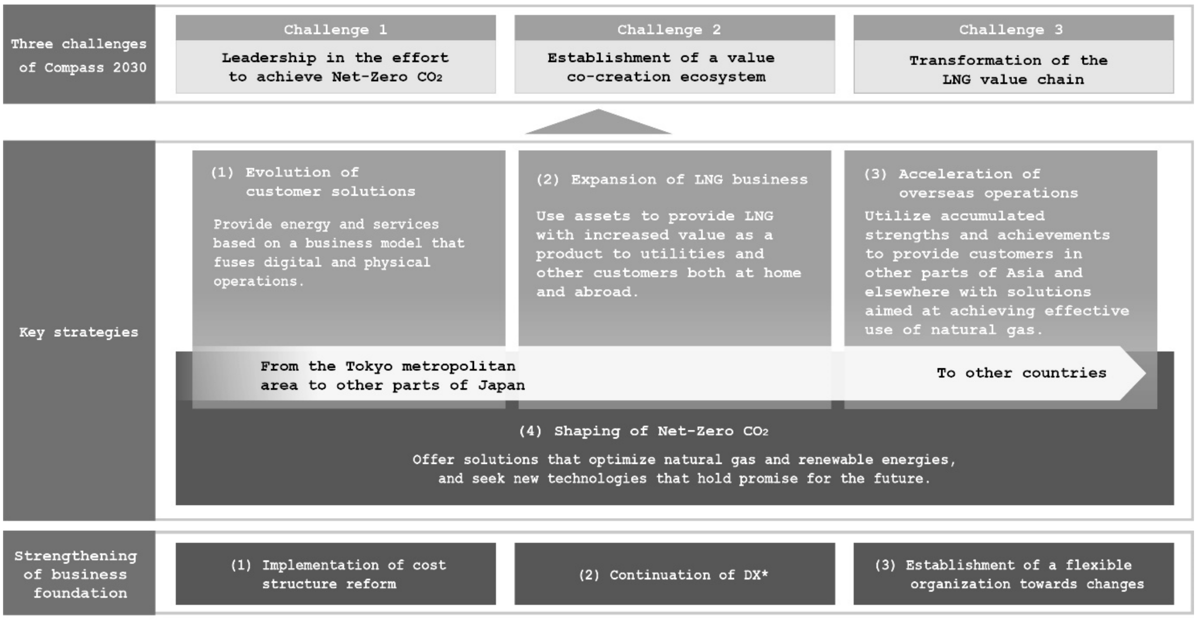


Toward the achievement of the Tokyo Gas Group Management Vision 'Compass 2030'

- The Tokyo Gas Group announced the Medium-term Management Plan for the three years from FY2020 in March 2020 and 'Compass Action' in November 2021, toward the achievement of the Tokyo Gas Group Management Vision, 'Compass 2030,' which was announced in November 2019.

Tokyo Gas Group FY2020-2022 Medium-term Management Plan

- Overview



* DX: Digital transformation. The use of data and digital technologies to transform products, services and business models based on customer and societal needs, and also transform work operations themselves as well as organizations, processes, and corporate culture and climate.

Major indicators (at the time of announcement of FY2020-2022 Medium-term Management Plan in March 2020)

KGI	FY2019	FY2022
Operating profit + equity income	¥118.5 billion	¥140.0 billion

Financial performance indicators	FY2019	FY2022
ROA	3.1%	Approx. 4%
ROE	6.6%	Approx. 8%
D/E ratio	0.78	Approx. 0.9

KPI	FY2019	FY2022
No. of customer accounts (as of the end of FY)	12.20 million	14.80 million
Natural gas transaction volume	16.70 million tons	17.00 million tons
Segment profit from Overseas Business	¥12.5 billion	¥16.0 billion
Contribution to CO_2 emission reductions (as compared to FY2013 levels)	5.00 million tons	6.50 million tons
Renewable energy transaction volume (as of the end of FY)	590,000 kW	2.00 million kW
Cost structure reform (compared to FY2019)	-	¥30.0 billion cut

* FY2019 figures are forecast figures at the time of formulating plans.

Compass Action (announced in November 2021)

Two years have passed since the announcement of our management vision, 'Compass 2030' in 2019. The business environment continues to change rapidly due to a growing trend toward carbon neutrality and increased volatility in energy markets. In these circumstances, seeing change as an opportunity to change our business structure, our business foundation and be reborn as a new corporate group, we have made 'Compass Action,' a concrete path to realize our vision.

Compass Action: Overview

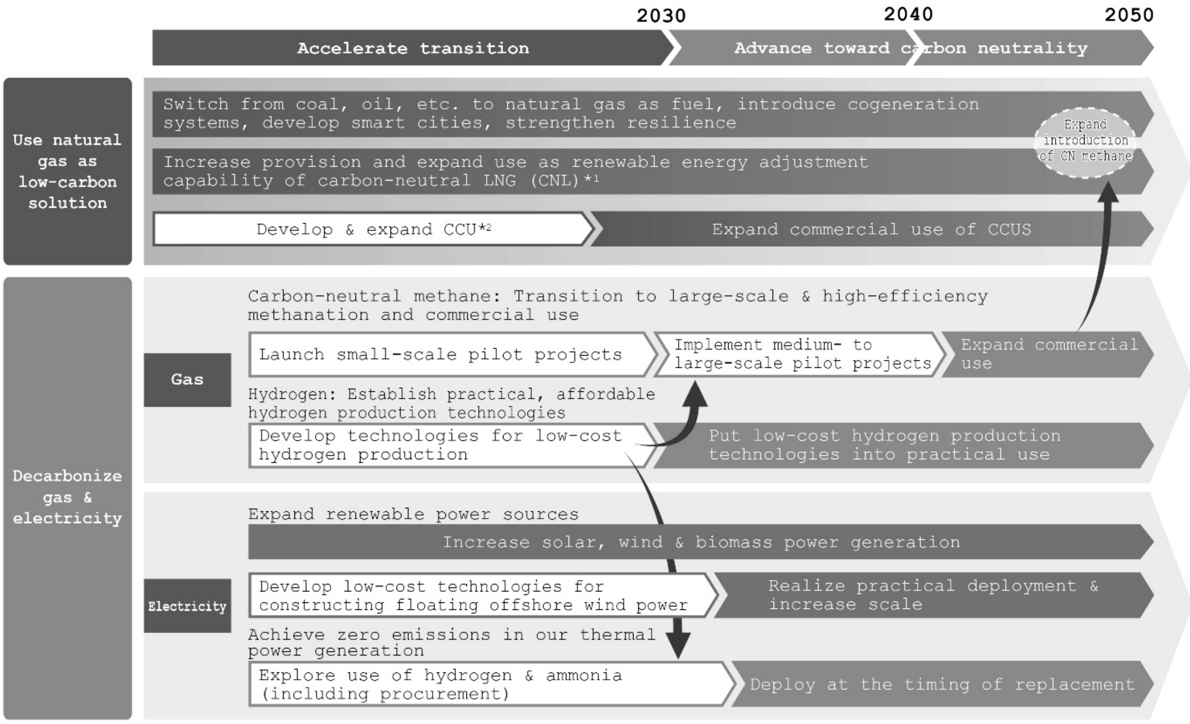
	Vision	Accelerating toward vision	Focuses of transformation
1	Lead transition to Net-Zero CO_2	Responsibly lead the transition with gaseous & renewable energy	• Transform into the top leader at the forefront of the transition • Create a value chain for carbon-neutral methane[*1] • Create a renewable energy value chain leveraging our Group's unique strengths
2	Establish a value co-creation ecosystem	Accelerate value co-creation via digitalization and reinforced face-to-face engagement	• Transform into the energy market's digital marketing front runner • Evolve into the No. 1 player in customer satisfaction through value co-creation at the last-mile[*2] • Transform into a provider of solutions for community challenges
3	Transform the LNG value chain	Improve each business's earning power and resilience to change	• Transform into a corporate culture that enhances the earning power of each business • Shift to a human resources system that encourages the pursuit of challenges in ways that leverage diversity • Pivot to a financial strategy that promotes growth investing

*1: Methane synthesized (methanated) from CO_2-free hydrogen (produced from renewable source electricity), and CO_2 captured at power plants, factories, etc.

*2: Technical work performed at customers' residences

Roadmap for transitioning to carbon neutrality

- We will achieve a **carbon reduction contribution of 17 million tons* by 2030** across all our business activities worldwide
  * Compass 2030's original target was 10 million tons (only in Japan)
- We will **lead the transition to carbon neutrality by developing strengths in gas/electricity decarbonization technologies** and expanding the deployment at customer sites



*1:A type of LNG that is deemed carbon neutral as greenhouse gas emissions generated by the processes from natural gas exploration to combustion are offset with carbon credits received on forest conservation projects, etc.
*2:CO_2 capture & utilization

Sophisticated use of natural gas: Transitioning from low carbon to decarbonized

- During the transitional period, we will **contribute to reducing CO_2 emissions at domestic & overseas customer sites by promoting fuel switching, smart city development, carbon-neutral LNG, and CCUS**
- We will firmly lead the transition while **containing the social costs of low carbon and decarbonization**, responsibly ensuring the stable supply of energy

Our Group's strengths: A proven track record in using natural gas for low-carbon solutions and know-how in optimal energy management

Switching to natural gas as a fuel	Sophisticated smart energy networks	Carbon neutral LNG/CCUS

Decarbonizing gas: Building a carbon-neutral methane value chain

- We will **establish our own core technologies in methanation & hydrogen production** as part of our efforts toward the decarbonization of gaseous energy
- We will **build a carbon-neutral methane value chain to realize deployment in future society** through coordination with public-private alliances and global players

Our Group's strengths: Hydrogen production expertise gained from fuel cell development, etc., and Japan's foremost gaseous energy supply infrastructure

Low-cost, large-volume production → Transport using existing equipment → Utilization through existing infrastructure

As groundwork for large-scale methanation globally, select suitable sites with firm access to low-cost, large-volume renewable source electricity and CO_2, and build a supply chain (collaboration with trading companies, etc.)

Absorbed CO_2

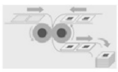
Renewable energy power → Hydrogen production → H_2 hydrogen → Methanation → CH_4 methane → Liquefaction & transport → Achieve global scale carbon recycling through the social deployment of carbon-neutral methane

Hydrogen is produced by electrolyzing water using renewable power

Methane is synthesized from hydrogen and CO_2

Low-cost hydrogen production system (water electrolysis)*

- Development of the membrane that is suited for fast and continuous production
- Manufacturing costs will be lowered significantly by dramatic improvement of production speed, reduction of the amountof materials used,etc.



Achieve hydrogen supply cost of ¥30/m³ or lower in 2030

*Co-developed with SCREEN Holdings Co., Ltd. SCREEN

Innovative methanation technology

Improvement of reactive efficiency through the development of innovative methanation technology, and pursuit of cost-reducing efforts

Development of practical methanation equipment

Development of practical/large-scale equipment through methanation pilot projects (collaboration with plant manufacturers)

Domestic market

Local production and consumption model for methanation

On-site methanation enables local recycling and utilization of CO_2 (collaboration with customers)

Decarbonizing electricity: Building a renewable energy value chain

- We will **build a renewable energy value chain** leveraging our Group's unique strengths by **engaging in a full spectrum of renewable power business from development of renewable power projects to operation and maintenance (O&M) and to the retailing of the generated green power**
- We will expand renewable power source transaction volume in Japan and global markets beyond our original vision (5 GW* → 6 GW), while maintaining profitability
  * Compass 2030's original target

Our Group's strengths: Stable long-term operation of power generation infrastructure, O&M capabilities, customer base

Expansion of different types of power sources

Until 2030 → After 2030

Solar, onshore wind & biomass power | Bottom-mounted offshore wind power | Floating offshore wind power

Floating offshore wind power technology, with potential for early commercialization

Early deployment of basic technologies and supply chain of Principle Power, a global leader in floating wind power platform
Achieve competitive pricing by developing technologies for low-cost mass production of floating platforms

Photo courtesy of Principle Power. Artist:DOCK90

Development-to-operation revenue model

Development & construction → Ownership → Operation & Maintenance (O&M)

Engineering and O&M by Tokyo Gas Engineering Solutions

Engage as a Group in all stages to differentiate itself from other companies and improve profitability

→ **Revenue sources spanning from power generation to sales**

Digital transformation & strengthening of last-mile services (B2C)

- We will **expand areas of value provided to customers** by leveraging **digital marketing** and enhancing the lineup of **last-mile services**

Our Group's strengths: Digital expertise of Octopus Energy, last-mile solution capabilities, channel networks of LIFEVAL, etc.

Digital transformation of B2C marketing

Launch of Octopus Energy services (November 2021)

Founded energy retailing joint venture (TG Octopus Energy) as a new brand under a strategic partnership with Octopus Energy, a fast-growing company in the UK's energy market

Diverse electricity rate plans

Digital marketing customer relationship management

Nationwide development (by the first half of FY2022)

Increasing customer satisfaction and creating shared value by offering personalized energy services

Expansion of B2C last-mile services

Full entry into plumbing repairs & housecleaning business

Sophisticated operations

Providing value through combinations of services

Stress-free

Home equipment

Housework support

Monitoring

Reliance

頼むなら、いつもの東京ガス。

くらし よし!

TOKYO GAS

Nationwide development (phased expansion of sales areas)

Contributing to specific lifestyle needs and social challenges quickly, conveniently, reliably and affordably

Digital & face-to-face solutions (B2B)

- We will **nationwide & globally provide packaged solutions** that enhance customer convenience, community growth, and shift to low carbon and decarbonization

Our Group's strengths: Remote monitoring & control technologies that use AI, etc., ability and experience in providing solutions, from proposal to implementation & facility management

Enhancing convenience with B2B digital solutions

Using AI, remote control, etc. to help conserve energy, lower CO2 emissions, and save labor

HelionetAdvance

Joy Series

VPP (Virtual power plants)

Advanced smart energy networks

Packaged offering of optimal solutions to customers for decarbonization, factory labor-saving, etc.

Strengthening total packaged solutions in B2B face-to-face services

Offering one-to-one solutions from the customer's perspective

SolarAdvance

Engineering

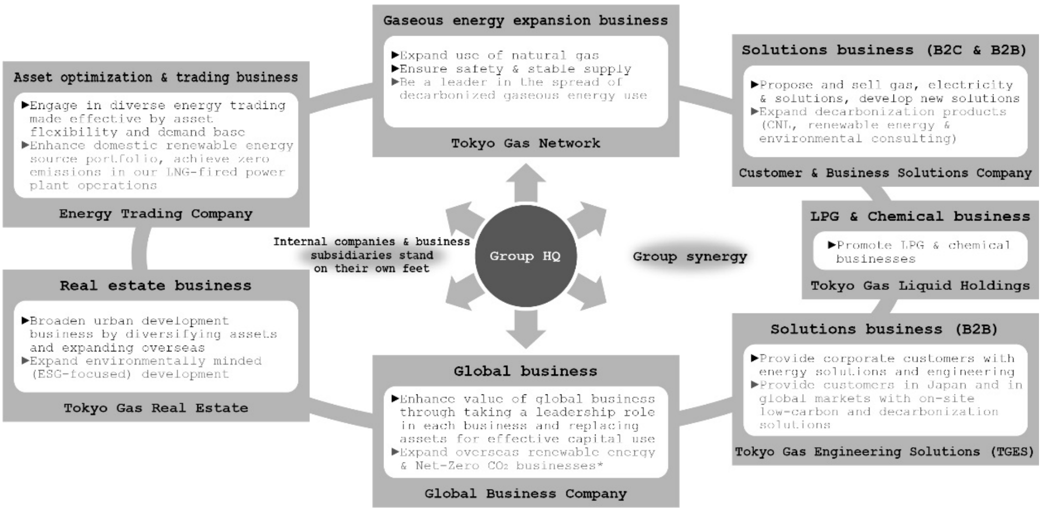
Environmental consultation

Provider of solutions to community challenges

Contribution to appealing urban development, improvement of environmental sustainability, and other solutions for community challenges

Transitioning to a holdings type group structure

- We will **transition to a group structure** where internal companies (quasi branch companies) and business subsidiaries will **stand on their own feet** and independently grow as they engage with their markets and customers
- The **internal companies and business subsidiaries will be given greater discretion** in order to realize agile decision-making, and we will **pursue group synergy** through collaboration within the Group *The gas pipeline business was transferred to Tokyo Gas Network Co., Ltd. on April 1, 2022, and has since commenced operations.



Group human resources reforms / Cost structure reforms & DX

- In conjunction with the shift to a holdings group type structure, we will **transform the human resources system to one that encourages challenge and diversity**, so as to strengthen our internal companies and business subsidiaries
- Strengthen competitiveness by implementing effective **cost structure reforms, business process re-engineering (BPR), DX** and other approaches

Group human resources reforms

[HR reform policy]

- Shift to an HR system that facilitates professionals who create & provide diverse value
- Internal companies & business subsidiaries autonomously run their HR systems to strengthen their businesses

- **Create opportunities to take on challenges and experience fulfillment from work**
- **Foster professionals in each business**
- **Leverage diverse career experiences and abilities**

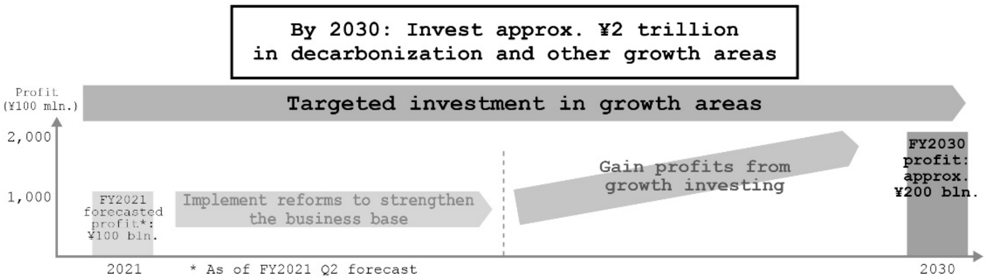
Cost structure reforms & DX

Expand business process re-engineering (BPR) initiatives across the Group to achieve a large-scale reduction in workload

Carry out group-wide DX talent training and advance digitalization-driven reforms in domains from service development to internal operations

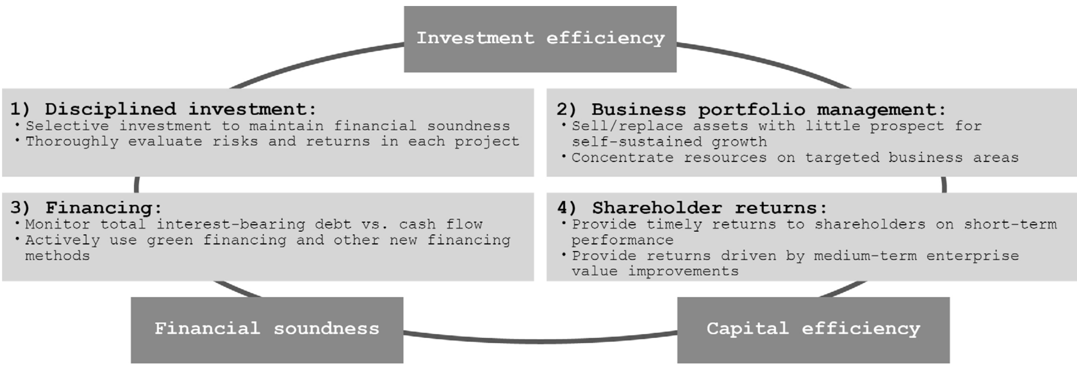
Targeted investment in growth areas

- **Shift investment to decarbonization & other growth areas, and place capital aggressively** (early investments in decarbonization + active investment in other growth areas)
- **Strengthen business platform by implementing reforms** in first half of 2020s, achieve **profit growth from investments in the second half**



Financial strategy supporting investment

- Support growth investing by enhancing investment/capital efficiency and by employing effective cash flow management to secure sufficient investment capital



■ Q&A

- Management Philosophy

Q1 What are the thoughts and the background that led to revising the Group Management Philosophy?

Even amid significant changes in the market environment, business transformation is necessary so that we can continue to be a corporate group needed by society. To that end, it is indispensable for each group member who creates value to change, so we decided to revise the Group Management Philosophy in order to clarify the Group’s raison d'être and values that should be upheld as the basis for behavioral change.

- Leading the transition to ‘Net-Zero CO_2’

Q2 Tell us how Net-Zero CO_2 will lead to higher profits.

We will contribute to the realization of a carbon-neutral society and, at the same time, improve profitability by providing solutions that meet customer needs. Starting with natural gas utilization technology, the Group’s strengths, and methanation for which the existing infrastructure can be employed, we will expand the popularization of decarbonized gas energy and provision of services that combine decarbonized power focused on renewable energy and optimal energy management on the customer side.

Q3 What is the position of natural gas in the transition to Net-Zero CO_2?

Combining renewable energy with natural gas, which has the lowest environmental impact and excellent adjustability among fossil fuels, is a realistic solution for a decarbonized society. We believe that the role of natural gas will continue to grow. While making full use of natural gas, we will also continue to work on decarbonizing gas and renewable energy, taking a realistic approach in transitioning to a carbon-neutral society.

Q4 What are the Group’s strengths that will be leveraged in achieving the decarbonization of gas?

The key to gas decarbonization is (1) materialization of inexpensive hydrogen production and utilization and (2) practical application of methanation. In hydrogen production and utilization, we take on the challenge of significant cost reduction by applying fuel cell technology. In the practical application of methanation, we will materialize gas decarbonization by using our strengths, network construction with domestic and overseas LNG partners, and technological development in collaboration with various companies.

- Building an ecosystem of ‘value co-creation’

Q5 What is the difference between TG Octopus Energy and other electricity companies?

TG Octopus Energy combines the digital technology of Octopus Energy (UK) with efficient customer support capabilities to create value and services tailored to each customer’s preferences while providing generous customer support in the manner of a concierge.

■ Q&A

- Building an ecosystem of 'value co-creation'

Q6 Please explain the notion of 'last mile.'

'Last mile' refers to technical work performed at customers' residences, such as gas equipment and plumbing repairs. Even with the progress of digitalization, such manual services will continue to remain. The Group has repair staff (800 operators) who have expertise and skills in gas equipment repair. We are making efforts to enhance our expertise and delivery capabilities for plumbing and other repair services, with an aim to draw customers of such services to other products and offerings of the Company.

- Reform of the LNG value chain

Q7 What is the future outlook for the Company's overseas business?

We will accelerate investment in priority growth fields (resource development, LNG infrastructure, renewable energy), which we can develop by leading business operations. Also, we will strengthen our efforts in the Net-Zero CO_2 business and make profits in growth fields including decarbonization in the 2030s.

Q8 Tell us how the management system changed after the Company's transition to a Company with a Nominating Committee, etc.

The roles of supervision, which is the responsibility of the Board of Directors, and business execution have been clarified, and each part carries out their duties under a healthy pressure. The Board of Directors is dedicated to active discussion and monitoring of corporate strategies, including management policies and business portfolios. Concerning business execution, a significant delegation of authority to Executive Officers has led to faster decision-making.

Q9 What are the expected effects of moving to a holding company system?

By transitioning to a holding company group structure, we aim to enable swift decision-making and actions with closer attention to the market and customers, enabling the internal companies and business subsidiaries to conduct their businesses more independently. We believe this will improve the quality and speed of customer response and customer service.

- Others

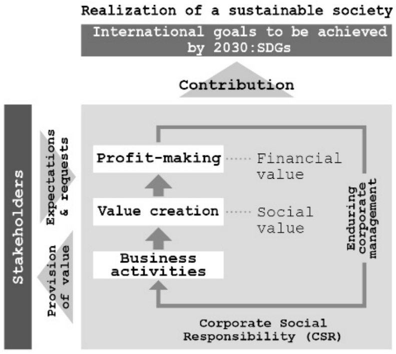
Q10 Tell us your future LNG procurement policy in light of the depreciation of the yen, high resource prices, and international matters.

So far, we have sought stable LNG procurement through diversification of suppliers by procuring LNG from 15 projects in 5 countries based on long-term contracts, using our LNG fleet, and expanding our LNG trading business. We will continue to promote the diversification of (1) suppliers, (2) contract details, and (3) LNG networks for stable and competitive LNG procurement.

The Group's sustainability initiatives and contribution to the achievement of SDGs

The Group's approach to promoting sustainability calls for 'creating social and financial value by tackling social challenges through our business activities and contributing to the sustainable development of society by conducting enduring corporate management.' We aim to tackle important sustainability issues (Materiality) through our business activities in line with this approach and broadly contribute to ESG-focused management and the achievement of SDGs.

<Approach to Promoting Sustainability>



<Key Issues in Sustainability (Materiality) and Relationship with SDGs>

		Related SDGs
Leadership in the effort to achieve Net-Zero CO_2	Climate change	7, 9, 11, 13, 17
	Access to energy	7, 9, 11, 17
	Safety and disaster preparedness	7, 9, 11, 13, 17
	Creation of customer value	3, 4, 5, 6, 7, 9, 11, 12, 13, 17
Sound relationships with society	Resource efficiency and recycling society	6, 12, 14, 17
	Establishment of relationships with communities	1, 2, 3, 4, 6, 7, 10, 11, 12, 13, 14, 15, 16
	Diversity & Inclusion	4, 5, 8, 10, 17
	Satisfaction through work and labor productivity	4, 8, 17
Actions as a responsible company	Supply chain management	5, 8, 10, 12, 13, 14, 15, 16, 17
	Information security	17
	Governance and compliance	5, 10, 16, 17

<Examples of Initiatives>

Decarbonizing gas

See page 40

Digital transformation of B2C marketing

See page 41

Group human resources reforms

See page 42

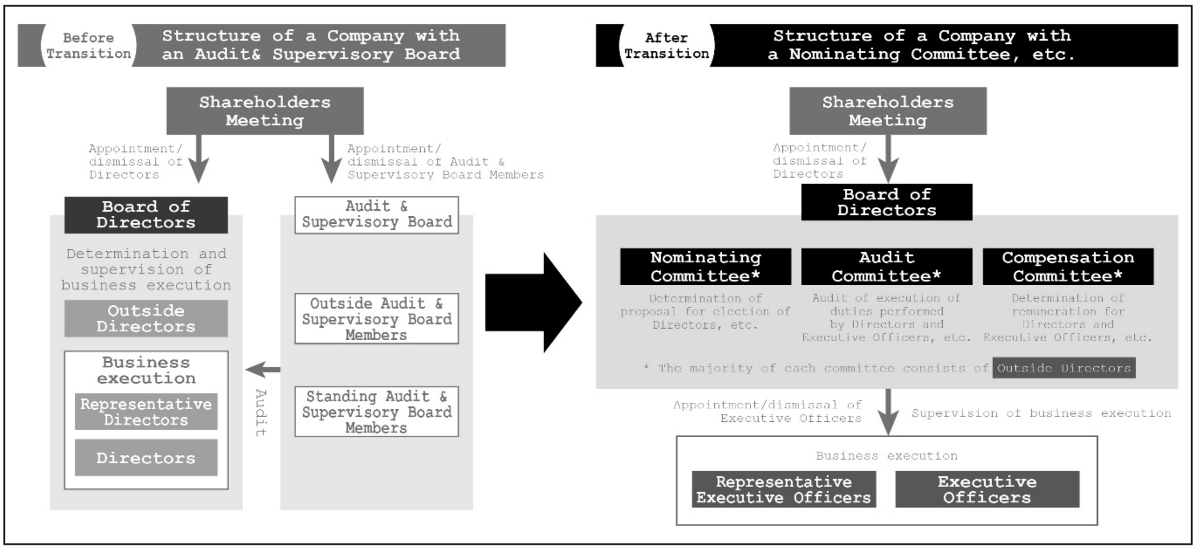
* The relationships portrayed above are subject to revision as appropriate according to changes in the Tokyo Gas Group's actions.

* Please see the Sustainability Report (https://www.tokyo-gas.co.jp/sustainability/index.html?wovn=en) for more information on the Group's initiatives.

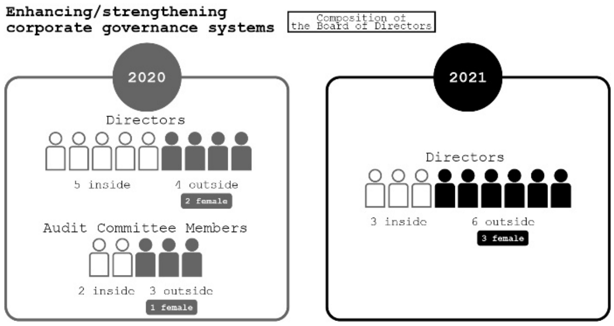
Corporate Governance (As of March 31, 2022)

As part of our most radical transformation since our foundation and based on our understanding that a management reform is imperative, we have transitioned to a Company with a Nominating Committee, etc. as approved at the 221st Annual Shareholders Meeting, in an effort to strengthen our corporate governance.

As a Company with a Nominating Committee, etc., we aim to enhance our corporate value by developing a solid management with depth through the establishment of two management bodies consisting of the business execution structure and the Board of Directors to clearly separate executive and supervisory functions, making prompt decisions in response to changes in the business environment and the expansion of business domains, and by strengthening the supervisory function of the Board of Directors.



Board of Directors (Meetings held 12 times in the business year under review)



The Board of Directors, which meets once a month in principle, shall make decisions on management plans and policies and other important management matters of the Company as well as supervise business execution in accordance with the Regulations of the Board of Directors, laws and regulations and the Articles of Incorporation, etc.

In order to make accurate and prompt decisions related to business execution, the Board delegates authority related to business execution to the Chief Executive Officer, who reports execution status to the Board as necessary. Currently, the Company’s Board of Directors consists of nine (9) members, including six (6) independent Outside Directors.

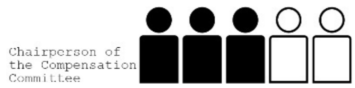
Nominating Committee (Meetings held 7 times in the business year under review)

The Nominating Committee mainly determines the contents of proposals to be submitted to the shareholders meetings concerning the appointment and dismissal of Directors and the contents of proposals to be submitted to the Board of Directors concerning the appointment and dismissal of Executive Officers.

Audit Committee (Meetings held 11 times in the business year under review)

The Audit Committee audits the execution of duties by Directors and Executive Officers and determines the contents of audit reports. The Committee also determines the contents of proposals concerning the appointment, dismissal, or refusal of reappointment of independent auditors, among others.

Compensation Committee (Meetings held 3 times in the business year under review)

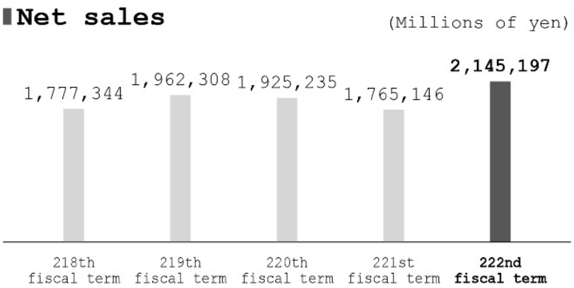


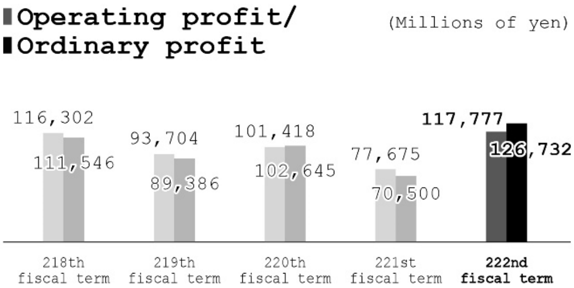
The Compensation Committee determines the policy on compensation, etc., for each Director and Executive Officer as well as determines the details of compensation, etc., for each Director and Executive Officer based on the policy, among others.

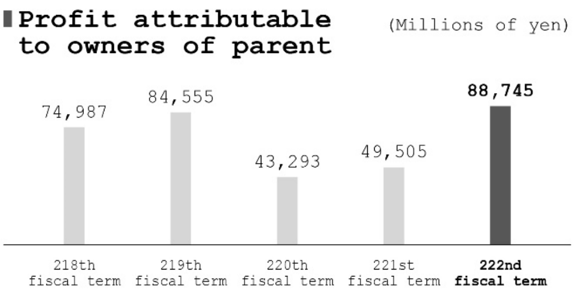
(6) Changes in Status of Assets and Profit and Loss

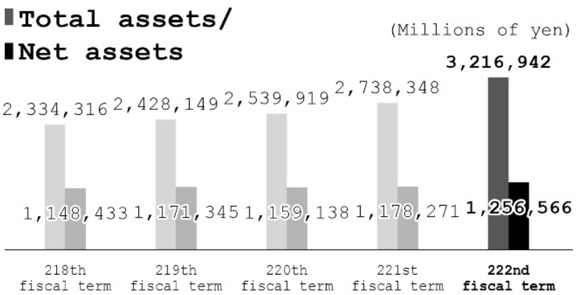
Categories (FY ended March 31)	218th fiscal term (2018)	219th fiscal term (2019)	220th fiscal term (2020)	221st fiscal term (2021)	222nd fiscal term (2022)
Net sales (Millions of yen)	1,777,344	1,962,308	1,925,235	1,765,146	2,145,197
Operating profit (Millions of yen)	116,302	93,704	101,418	77,675	117,777
Ordinary profit (Millions of yen)	111,546	89,386	102,645	70,500	126,732
Profit attributable to owners of parent (Millions of yen)	74,987	84,555	43,293	49,505	88,745
Basic earnings per share (Yen)	164.12	187.60	97.86	112.26	201.84
Total assets (Millions of yen)	2,334,316	2,428,149	2,539,919	2,738,348	3,216,942
Net assets (Millions of yen)	1,148,433	1,171,345	1,159,138	1,178,271	1,256,566
Net assets per share (Yen)	2,487.58	2,575.99	2,602.53	2,616.37	2,791.95

Note: The Company carried out a share consolidation at a ratio of 5 common shares to 1 effective October 1, 2017. Basic earnings per share and net assets per share are calculated assuming that the share consolidation was carried out at the beginning of the 218th fiscal term.









(7) Status of Principal Subsidiaries

Name of the company	The stated capital	Holding ratio of voting rights (%)	Main business activities
Tokyo Gas America Ltd.	US$1,910,332 thousand	100.00	LNG upstream businesses in the Americas
TOKYO GAS AUSTRALIA PTY LTD.	US$1,311,590 thousand	100.00	LNG upstream businesses, etc. in Australia
Tokyo Gas Asia Pte. Ltd.	S$327,968 thousand	100.00	LNG middle and downstream businesses in Southeast Asia
Tokyo Gas Real Estate Co., Ltd.	¥11,894 million	100.00	Real estate development, leasing, management and brokerage
Tokyo Gas Engineering Solutions Corporation	¥10,000 million	100.00	Energy service and comprehensive engineering service business
Tokyo Gas International Holdings B.V.	EURO 54,734 thousand	100.00	Overseas investment project
Ohgishima Power Co., Ltd.	¥5,350 million	75.00	Operation and management of power station
Nagano Toshi Gas Inc.	¥3,800 million	89.22	City gas business
Prominet Power Co., Ltd.	¥2,238 million	100.00	Construction, operation and management of renewable energy power stations, and sale and supply of electricity
Tokyo LNG Tanker Co., Ltd.	¥1,200 million	100.00	Leasing of tankers delivering LNG/LPG and overseas shipping business
Tokyo Gas Energy Co., Ltd.	¥1,000 million	66.60	Sale of LPG
Capty Co., Ltd.	¥1,000 million	60.00	Design and construction of gas pipelines, water supply and sewage pipes, air-conditioning systems
Tokyo Gas Chemicals Co., Ltd.	¥1,000 million	100.00	Sale of industrial gases and chemicals
Tokyo Gas Lease Co., Ltd.	¥450 million	100.00	Credit administration and leasing in connection with gas appliances and construction
TOKYO GAS i NET CORP.	¥400 million	100.00	Information processing service business
TG PLUS Co., Ltd.	¥60 million	100.00	Procurement and sale of LPG
Nijio Co., Ltd.	¥47 million	100.00	Wholesale of electricity

Notes: 1. The number of consolidated subsidiaries and equity-method associates including the above 17 principal subsidiaries were 129 companies.
2. On April 1, 2022, the Company conducted an absorption-type company split, whereby its gas pipeline business, etc. was succeeded by Tokyo Gas Network Co., Ltd. The status of Tokyo Gas Network Co., Ltd. as of April 1, 2022 is as follows:

Name of the company	The stated capital	Holding ratio of voting rights (%)	Main business activities
Tokyo Gas Network Co., Ltd.	¥10,000 million	100.00	Gas pipeline business and incidental businesses

(8) Status of Reorganization, such as Business Assignment and Corporate Separation by Absorption or Corporate Separation by Incorporation

There are no items to report.

(9) Main Business Offices and Factories (As of March 31, 2022)

1) The Company

Head Office	(Minato-ku, Tokyo)

Service Branches (*Shisha*, *Shiten and Jigyobu*)	Tokyonaka Service Branch (Meguro-ku, Tokyo)
	Tokyonishi Service Branch (Tachikawa, Tokyo)
	Tokyohigashi Service Branch (Arakawa-ku, Tokyo)
	Chiba Branch Office (Chiba, Chiba)
	Saitama Branch Office (Saitama, Saitama)
	Kanagawa Branch Office (Yokohama, Kanagawa)
	  Yokohama Service Branch (Yokohama, Kanagawa)
	  Kawasaki Service Branch (Kawasaki, Kanagawa)
	  Kanagawanishi Service Branch (Sagamihara, Kanagawa)
	Hitachi Branch Office (Hitachi, Ibaraki)
	Gunma Branch Office (Takasaki, Gunma)
	Utsunomiya Branch Office (Utsunomiya, Tochigi)
	Ibaraki Branch Dept. (Mito, Ibaraki)
	  Tsukuba Service Branch (Tsukuba, Ibaraki)

Pipeline Regional Office	Chuo Pipeline Regional Office (Minato-ku, Tokyo) Seibu Pipeline Regional Office (Setagaya-ku, Tokyo) Tobu Pipeline Regional Office (Arakawa-ku, Tokyo) Hokubu Pipeline Regional Office (Kita-ku, Tokyo) Kanagawa Pipeline Regional Office (Yokohama, Kanagawa)
LNG Terminals	Negishi LNG Terminal (Yokohama, Kanagawa) Sodegaura LNG Terminal (Sodegaura, Chiba) Ohgishima LNG Terminal (Yokohama, Kanagawa) Hitachi LNG Terminal (Hitachi, Ibaraki)

2) Principal subsidiaries

Name	Location of Head Office	Name	Location of Head Office
Tokyo Gas America Ltd.	Houston, United States of America	Tokyo LNG Tanker Co., Ltd.	Minato-ku, Tokyo
TOKYO GAS AUSTRALIA PTY LTD	Perth, Australia	Tokyo Gas Energy Co., Ltd.	Minato-ku, Tokyo
Tokyo Gas Asia Pte. Ltd.	Singapore	Capty Co., Ltd.	Sumida-ku, Tokyo
Tokyo Gas Real Estate Co., Ltd.	Minato-ku, Tokyo	Tokyo Gas Chemicals Co., Ltd.	Minato-ku, Tokyo
Tokyo Gas Engineering Solutions Corporation	Minato-ku, Tokyo	Tokyo Gas Lease Co., Ltd.	Shinjuku-ku, Tokyo
Tokyo Gas International Holdings B.V.	Amsterdam, Netherlands	TOKYO GAS i NET CORP.	Minato-ku, Tokyo
Ohgishima Power Co., Ltd.	Yokohama, Kanagawa	TG PLUS Co., Ltd.	Minato-ku, Tokyo
Nagano Toshi Gas Inc.	Nagano, Nagano	Nijio Co., Ltd.	Minato-ku, Tokyo
Prominet Power Co., Ltd.	Minato-ku, Tokyo		

(10) Status of Employees (As of March 31, 2022)

1) Number of employees in the Group

Business segment	Number of employees (Change from previous year)	
Gas	5,286	(-865)
Electric power	402	(+86)
Overseas business	265	(-9)
Energy-related	5,010	(-185)
Real estate	922	(-93)
Other	3,849	(+816)
Corporate	963	(+89)
Total	16,697	(-161)

Notes: 1. 'Number of employees' refers to permanent full-time staff, includes employees seconded to the Company, and does not include employees seconded to other companies and temporary staff.
2. 'Corporate' refers to general administration departments.

2) Number of employees in the Company

Number of employees (Change from previous year)	Average age (Years)	Average service years
5,958 (-924)	42.6	17.4

Notes: 1. 'Number of employees' refers to permanent full-time employees and employees seconded to the Company, and does not include employees seconded to other companies and temporary staff.
2. 'Average age' and 'Average service years' do not include those of employees seconded to the Company.

(11) Major Creditors and Balance of Borrowings (As of March 31, 2022)

Creditor	Balance of borrowings (Millions of yen)
Syndicated Loan	81,406
Shinkin Central Bank	46,000
Mizuho Bank, Ltd.	44,850
Sumitomo Mitsui Banking Corporation	43,800
Sumitomo Mitsui Trust Bank, Limited	39,670
Japan Bank for International Cooperation	37,673
The Norinchukin Bank	28,000
Meiji Yasuda Life Insurance Company	28,000
MUFG Bank, Ltd.	21,176
Sumitomo Life Insurance Company	20,500

Note: Syndicated loan consists of a joint-financing instrument of ¥10,000 million with Mizuho Bank, Ltd. as a manager, a joint-financing instrument of ¥28,554 million with JP Morgan Chase Bank, N.A. as a manager, a joint-financing instrument of ¥22,340 million with Sumitomo Mitsui Trust Bank, Limited as a manager, and joint-financing instruments of ¥18,900 million and ¥1,612 million with The Chiba Bank, Ltd. as a manager.

2. Matters Related to Shares of the Company (As of March 31, 2022)

(1) Aggregate number of authorized shares

Common share: 1,300,000,000 shares

(2) Aggregate number of shares issued

Common share: 440,996,559 shares

(3) Share trade unit

100 shares

(4) Number of shareholders

110,015

(5) Major shareholders

Name of shareholders	Number of shares held (Thousand shares)	Percentage of share ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	71,097	16.17
Nippon Life Insurance Company	31,296	7.12
Custody Bank of Japan, Ltd. (Trust Account)	24,494	5.57
Tokyo Gas Group Employees Shareholding Association	8,967	2.04
STATE STREET BANK WEST CLIENT-TREATY 505234	7,725	1.76
Fukoku Mutual Life Insurance Company	7,472	1.70
Mizuho Trust & Banking Co., Ltd. Retirement Benefits Trust (Dai-ichi Life Insurance Account)	7,098	1.61
STATE STREET BANK AND TRUST COMPANY 505103	5,768	1.31
JP MORGAN CHASE BANK 385781	5,453	1.24
THE BANK OF NEW YORK MELLON 140044	5,241	1.19

Notes: 1. Percentage of share ownership is calculated by the number of shares excluding treasury share (1,224,631 shares).
2. 223,800 of the shares held by Custody Bank of Japan, Ltd. (Trust Account) include the trust assets of the trust for delivering shares to officers of the Company.

(6) Other principal items regarding shares

1) Retirement of treasury shares
   Common share: 1,439,500 shares
   Total value of shares retired: ¥3,604,608,765
2) Shares owned by the Company as of the balance sheet date
   Common share: 1,224,631 shares
3) At the meeting of the Compensation Committee held on June 29, 2021, a resolution was passed for the Company to introduce a stock compensation system using the trust for its Directors and Executive Officers to provide them with an incentive for enhancing the Company's medium- and long-term corporate value.

3. Matters Related to Share Option in Kind (As of March 31, 2022)

There are no items to report.

4. Matters Related to Officers of the Company

(1) Name, etc. of Directors and Executive Officers (As of March 31, 2022)

1) Directors

Name	Position	Areas of responsibility in the Company	Important concurrent posts
Michiaki Hirose	Director and Chairman of the Board	Nominating Committee Member, Compensation Committee Member	
Takashi Uchida	Director	Compensation Committee Member	
Isao Nakajima	Director	Audit Committee Member	
Hitoshi Saito	Director (Outside)	Chairperson of the Nominating Committee, Compensation Committee Member	Outside Director of GLOBESHIP Corporation
Kazunori Takami	Director (Outside)	Chairperson of the Compensation Committee, Nominating Committee Member	Outside Director of Tokyo FM Broadcasting Co., Ltd. Outside Director of Nojima Corporation Outside Director of FUJITA KANKO INC.
Junko Edahiro	Director (Outside)	Audit Committee Member	Representative Director of e's Inc. Director and Chairperson of Change Agent Inc. Professor of Shizenkan University Graduate School of Leadership & Innovation Representative Director of Shimokawa Seeds K.K. Representative Director of mirai-sozo.work
Mami Indo	Director (Outside)	Chairperson of the Audit Committee	Outside Director of Fujitec Co., Ltd. Outside Director of Ajinomoto Co., Inc. Outside Director of AIG Japan Holdings KK
Sawako Nohara	Director (Outside)	Nominating Committee Member, Compensation Committee Member	President and Representative Director of IPSe Marketing. Inc. Member of the Board (Outside) of Daiichi Sankyo Company, Limited Outside Director of Keikyu Corporation
Hiromichi Ono	Director (Outside)	Audit Committee Member	Outside Director of Mebuki Financial Group, Inc.

2) Executive Officers

Name	Position	Areas of responsibility in the Company
Takashi Uchida	Representative Corporate Executive Officer and President	
Kunio Nohata	Representative Corporate Executive Officer, Vice President	Chief Executive of Pipeline Network Company
Satoru Sawada	Representative Corporate Executive Officer, Vice President	Chief Executive of Residential Service Div. In charge of Tokyo 2020 Olympic and Paralympic Dept.
Shinichi Sasayama	Senior Managing Corporate Executive Officer	Chief Executive of Asset Optimization & Trading Div.

Notes:
1. To enhance the effectiveness of audits, the Company has selected Mr. Isao Nakajima, who has abundant business experience at the Company, as a standing Audit Committee Member.
2. Directors Isao Nakajima and Hiromichi Ono have considerable knowledge in finance and accounting.
3. None of Executive Officers have important concurrent posts.
4. Representative Corporate Executive Officer, Vice President Kunio Nohata retired as Representative Corporate Executive Officer, Vice President on March 31, 2022.
5. Representative Corporate Executive Officer, Vice President Satoru Sawada's area of responsibility was changed to Chief Executive of Customer & Business Solution Company on April 1, 2022.
6. Senior Managing Corporate Executive Officer Shinichi Sasayama was appointed as Representative Corporate Executive Officer, Vice President on April 1, 2022, and his area of responsibility was changed to CSO.
7. On April 1, 2022, Mr. Toshihide Kasutani was appointed as Senior Managing Corporate Executive Officer, and his area of responsibility became Chief Executive of Global Business Company.
8. The Company has entered into agreements with each Outside Director to limit their liability under Article 423, paragraph 1 of the Companies Act to the amount provided for in Article 425, paragraph 1 of the same Act on the condition that they execute their duties in good faith and without gross negligence.
9. The Company has entered into indemnity agreements with each Director and Executive Officer provided for in Article 430-2, paragraph 1 of the Companies Act. Under the agreements, the Company indemnifies each Director and Executive Officer for the expenses provided for in item 1 and the losses provided for in item 2 of Article 430-2, paragraph 1, to the extent provided for in laws and regulations, on the condition that there is no malicious intent or gross negligence in the execution of their duties.
10. The Company has entered into a directors and officers liability insurance (D&O insurance) agreement with an insurance company, with each Director, Executive Officer, and outside dispatched officer* included as an insured person, as stipulated in Article 430-3, paragraph 1 of the Companies Act. The D&O insurance agreement covers damages and litigation expenses incurred by the insured person due to claims for damages made as a result of action taken by the insured person based mainly on the position of the officer, etc. of the company (including omissions), and the Company fully pays the insurance premiums of the insured person. However, there are certain exclusions such as claims for damages arising from criminal acts of the insured, claims for damages arising from acts committed by the insured with the insured's knowledge that such acts are in violation of laws and regulations.
    * Persons who are seconded from or concurrently serve as outside directors, audit & supervisory board members, or executive officers of subsidiaries or investee companies, etc., and who meet certain requirements
11. There is no special relationship between the Company and the entities where the Company's officers hold important concurrent positions.

(2) Total Value of Remuneration for Directors, Audit & Supervisory Board Members and Executive Officers (Presented Before and After the Transition to a Company with a Nominating Committee, etc.)

Category	Total value of remuneration, etc. (Millions of yen)	Total value of remuneration, etc. by type (Millions of yen)				Number of payees (people)
		Fixed remuneration	Incentive remuneration			
		Basic compensation	Performance-linked remuneration		Stock compensation	
			Monthly remuneration	Bonuses		
Directors (of which, Outside Directors)	279 (76)	207 (63)	11 (-)	42 (8)	17 (4)	12 (6)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	27 (9)	27 (9)	- (-)	- (-)	- (-)	5 (3)
Executive Officers (including Directors who are responsible for business execution)	158	130	-	-	28	4

Notes:
1. As approved at the 221st Annual Shareholders Meeting, the Company has transitioned from a Company with an Audit & Supervisory Board to a Company with a Nominating Committee, etc. The remuneration, etc. of 'Directors' includes three (3) Directors who retired upon the conclusion of the 221st Annual Shareholders Meeting. Of the retired Directors, for the two (2) who were appointed as Executive Officers, their remuneration, etc. after the transition is presented under 'Executive Officers.'
2. Five (5) Audit & Supervisory Board Members retired upon the conclusion of the 221st Annual Shareholders Meeting. The remuneration, etc. of 'Audit & Supervisory Board Members' is presented for their terms of office between April 1, 2021 and June 29, 2021. Of the retired Audit & Supervisory Board Members, for the three (3) who were appointed as Directors, the remuneration, etc. after the transition is presented under 'Directors.'
3. The remuneration, etc. of 'Executive Officers' is presented for the terms of office between June 29, 2021 and March 31, 2022 of the four (4) Executive Officers who took office after the transition. Of the newly appointed Executive Officers, for the one (1) who concurrently serves as a Director, the remuneration, etc. before the transition is presented under 'Directors,' and the remuneration, etc. after the transition is presented under 'Executive Officers.'
4. The Company has introduced a stock compensation system as non-monetary remuneration since the resolution made by the Compensation Committee at the meeting held on June 29, 2021. The amount of stock compensation presented is the amount expensed between June 29, 2021 and March 31, 2022.

(3) Basic Policy on Officer Remuneration

The Company has resolved the following 'Basic Policy on Officer Remuneration' at the meeting of the Compensation Committee held on June 29, 2021.

The Company, as a Company with a Nominating Committee, etc., shall establish a Compensation Committee pursuant to the Companies Act, elect the chairperson from among the Outside Directors and determine the remuneration of each individual officer (Directors and Executive Officers) while ensuring objectivity and transparency. (1) Role and remuneration of officers The role expected of officers is to seek to enhance short-term, medium- and long-term corporate value and remuneration shall serve as an effective incentive for them to perform that role. (2) Level of remuneration The level of remuneration shall be appropriate to the role, responsibility and performance of the officer, taking into account factors such as changes in the business environment and remuneration levels at other companies based on surveys by external specialized organizations. (3) Composition of annual compensation Annual compensation is comprised of fixed remuneration (basic compensation) and incentive remuneration (bonus and stock compensation). 1) Basic compensation: A fixed amount determined by each position and title that is paid monthly. 2) Bonus: Paid once a year as a short-term incentive remuneration, applying the evaluation of the relevant person's performance during a specific period using financial performance indicators and non-financial performance indicators to the standard amounts for each position and title. The relevant indicators are evaluated and selected annually. 3) Stock compensation: As a non-monetary medium- and long-term incentive remuneration, points are granted in accordance with the standard amounts determined by each position and title, and such points are exchanged with shares at the time of resignation. Remuneration of Directors shall be comprised of basic compensation and stock compensation, and remuneration of Executive Officers (including persons concurrently serving as Directors) shall be comprised of basic compensation, bonus and stock compensation. The composition ratio of remuneration shall be approximately 90% basic compensation and approximately 10% stock compensation for Directors, and 65 to 70% basic compensation, 15 to 20% bonus and 10 to 20% stock compensation for Executive Officers (including persons concurrently serving as Directors)

Regarding the details of remuneration, etc. for individual officers for the business year under review, remuneration before the transition to a Company with a Nominating Committee, etc. was approved and resolved at the meeting of the Board of Directors held on May 20, 2021 following deliberations at the meeting of the Advisory Committee held on May 19, 2021, based on the 'Basic Policy on Officer Remuneration' before the transition. The resolution was made based on performance indicators and by taking into account the result of efforts to secure stable management during the COVID-19 pandemic, which has been one of the top priority management issues. Remuneration, etc. after the transition was resolved at the meeting of the Compensation Committee held on June 29, 2021 and paid based on the aforementioned ‘Basic Policy on Officer Remuneration.’

(4) Matters Related to Performance-linked Remuneration (Before the Transition to a Company with a Nominating Committee, etc.)

[Monthly remuneration]

The amount of performance-linked remuneration shall be determined using the evaluation results of company-wide performance indicators (1) profit (consolidated), 2) operating cash flow (consolidated), 3) ROE (return on equity) (consolidated)), as well as each Director’s unit performance (individual evaluation) for Directors responsible for business execution in order to make such remuneration act as an incentive to achieve the targets. The ratio of company-wide performance indicators and unit performance (individual evaluation) shall be determined for each post according to the responsibilities.

FY2020	Target	Results	Achievement ratio
Profit (consolidated)	¥65.0 billion	¥49.5 billion	76.2%
Operating cash flow (consolidated)	¥239.0 billion	¥229.3 billion	95.9%
ROE (consolidated)	5.4%	4.3%	79.6%

[Bonuses]

The amount of bonuses is based on the target ratio of achievement of profit (consolidated) for Directors (including Outside Directors), considering the notion that officers are responsible for the bottom line. The amount of payment shall be determined in accordance with the target achievement ratio for each post according to the responsibilities.

FY2020	Target	Results	Achievement ratio
Profit (consolidated)	¥65.0 billion	¥49.5 billion	76.2%

(5) Matters Related to Non-monetary Remuneration

The Company pays stock compensation to Directors and Executive Officers as medium- to long-term incentive remuneration. Specifically, the Company has introduced the trust-type share-based compensation plan in which points are granted according to the standard amount set for each post and the Company’s shares are delivered according to the number of points at the time of retirement.

(6) Matters Related to Outside Officers

Name of Outside Directors	Attendance at the Board of Directors meetings and Committees (◎ indicates Chairperson)	Status of major activities
Hitoshi Saito	Board of Directors 12 / 12 (100%) ◎Nominating Committee 7 / 7 (100%) Compensation Committee 3 / 3 (100%)	Given his management capabilities, based on the broad outlook and in-depth knowledge he developed as an executive in the real estate industry, and especially the global business sense he acquired in overseas businesses, Mr. Saito provides the Company with a wide variety of opinions on its management operations. He also monitors the performance of duties by Executive Officers, etc. from an independent viewpoint, contributing to enhancing the rationality and objectivity of deliberations and decisions made in the Company's business operations and at the Board of Directors. In addition, he serves as the Chairperson of the Nominating Committee and Compensation Committee Member, and is working to improve the effectiveness of each committee by examining and deciding our view on the composition of the Board of Directors and the remuneration system for Executive Officers, etc.
Kazunori Takami	Board of Directors 12 / 12 (100%) Nominating Committee 7 / 7 (100%) ◎Compensation Committee 3 / 3 (100%)	Given his management capabilities, based on the broad outlook and in-depth knowledge he developed as an executive in the electrical industry, and especially the consumer-oriented marketing sense he acquired in the appliance business, Mr. Takami provides the Company with a wide variety of opinions on its management operations. He also monitors the performance of duties by Executive Officers, etc. from an independent viewpoint, contributing to enhancing the rationality and objectivity of deliberations and decisions made in the Company's business operations and at the Board of Directors. In addition, he serves as the Chairperson of the Compensation Committee and Nominating Committee Member, and is working to improve the effectiveness of each committee by examining and deciding the remuneration system for Executive Officers, etc. and our view on the composition of the Board of Directors.
Junko Edahiro	Board of Directors 12 / 12 (100%) Audit Committee 11 / 11 (100%)	Given her in-depth knowledge regarding energy and sustainability, communication abilities, extensive regional practical experience, and high-level insight, which she developed as a journalist and creator, Ms. Edahiro provides the Company with a wide variety of opinions on its management operations. She also monitors the performance of duties by Executive Officers, etc. from an independent viewpoint, contributing to enhancing the rationality and objectivity of deliberations and decisions made in the Company's business operations and at the Board of Directors. In addition, she serves as Audit Committee Member, and is working to improve the effectiveness of the committee by auditing the establishment and operation status of our internal control systems.

Name of Outside Directors	Attendance at the Board of Directors meetings and Committees (◎ indicates Chairperson)	Status of major activities
Mami Indo	Board of Directors 12 / 12 (100%) ◎Audit Committee 11 / 11 (100%)	Given her advanced and diverse management analysis and instruction capabilities she developed as an analyst and advisor in the finance sector, and her management sensibilities from the risk perspective and in-depth knowledge nurtured by her experience in a surveillance agency, Ms. Indo provides the Company with a wide variety of opinions on its management operations. She also monitors the performance of duties by Executive Officers, etc. from an independent viewpoint, contributing to enhancing the rationality and objectivity of deliberations and decisions made in the Company's business operations and at the Board of Directors. In addition, she serves as the Chairperson of the Audit Committee, and is working to improve the effectiveness of the committee by auditing the establishment and operation status of our internal control systems.
Sawako Nohara	Board of Directors 12 / 12 (100%) Nominating Committee 7 / 7 (100%) Compensation Committee 3 / 3 (100%)	Given her management capabilities, based on the broad outlook and in-depth knowledge she developed as an executive in the IT field, and especially experience in business strategy consultation related to the Internet and digital business, Ms. Nohara provides the Company with a wide variety of opinions on its management operations. She also monitors the performance of duties by Executive Officers, etc. from an independent viewpoint, contributing to enhancing the rationality and objectivity of deliberations and decisions made in the Company's business operations and at the Board of Directors. In addition, she serves as Nominating Committee Member and Compensation Committee Member, and is working to improve the effectiveness of each committee by examining and deciding our view on the composition of the Board of Directors and the remuneration system for Executive Officers, etc.
Hiromichi Ono	Board of Directors 12 / 12 (100%) Audit Committee 11 / 11 (100%)	Given his management capabilities, based on the broad outlook he developed as an executive in the food industry, and especially his management sensibilities from the group and risk perspectives he nurtured at a finance division, Mr. Ono provides the Company with a wide variety of opinions on its management operations. He also monitors the performance of duties by Executive Officers, etc. from an independent viewpoint, contributing to enhancing the rationality and objectivity of deliberations and decisions made in the Company's business operations and at the Board of Directors. In addition, he serves as Audit Committee Member, and is working to improve the effectiveness of the committee by auditing the establishment and operation status of our internal control systems.

Notes: 1. The Company designates respective Outside Directors as the 'Independent Officers,' who will not have conflicting interests with general shareholders, and notified them to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

2. As approved at the 221st Annual Shareholders Meeting held on June 29, 2021, the Company has transitioned from a Company with an Audit & Supervisory Board to a Company with a Nominating Committee, etc. Accordingly, the status of attendance to the Nominating Committee, Audit Committee, and Compensation Committee represents the status from June 29, 2021 onward. In addition, Ms. Sawako Nohara and Mr. Hiromichi Ono were Audit & Supervisory Board Members before the transition, so their status of attendance to the Board of Directors meetings includes the number of meetings they attended as Audit & Supervisory Board Members. Both Ms. Nohara and Mr. Ono attended all four (4) meetings of the Audit & Supervisory Board before the transition.

5. Matters Related to Accounting Auditor (Independent Auditor)

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Value of Remuneration of Accounting Auditor for this Business Year under Review

(Millions of yen)

Category	Compensation for audit services	Compensation for non-audit services
The Company	133	8
Consolidated subsidiaries	157	10
Total	291	19

Notes: 1. The auditing contract between the Company and the Accounting Auditor makes no distinction between auditing services based on the Companies Act and auditing services based on the Financial Instruments and Exchange Act. Since no real distinction can be made in practice, the amount of the Company’s compensation for auditing services also includes payments for auditing services based on the Financial Instruments and Exchange Act, etc.

2. The Audit Committee discussed the amount of remuneration by taking into account, for example, the details of the audit plan prepared by the Accounting Auditor with respect to the Company’s accounting audit, the basis of calculating remuneration and the past audit results, and then reached an agreement in accordance with Article 399, Paragraphs 1 and 4 of the Companies Act.

3. Of the principal subsidiaries of the Company, TOKYO GAS AUSTRALIA PTY LTD, Tokyo Gas America Ltd., Tokyo Gas Asia Pte. Ltd. and Tokyo Gas International Holdings B.V. are audited by auditing firms other than the Accounting Auditor of the Company.

(3) The Contents of Non-Audit Services

The Company commissions the Accounting Auditor to provide services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services) such as services relating to statements of income and expenditure for Wheeling Service, and drafting of comfort letters relating to issuance of unsecured bonds.

(4) Policy on Determination to Dismiss or Refrain from Reappointing the Accounting Auditor

The Audit Committee dismisses the Accounting Auditor with the consent of all the Audit Committee Members if the Accounting Auditor is found to fall under any of the items of Article 340, Paragraph 1 of the Companies Act. In that case, the fact that the Accounting Auditor was dismissed and the reason for the dismissal are reported at the first Shareholders Meeting convened after the dismissal of the Accounting Auditor.

In addition, the Audit Committee comprehensively evaluates the independence, expertise, quality control, etc. of the Accounting Auditor. If it is deemed necessary, such as when it is deemed difficult for the Accounting Auditor to perform its duties appropriately, the Audit Committee determines the content of the proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the Shareholders Meeting.

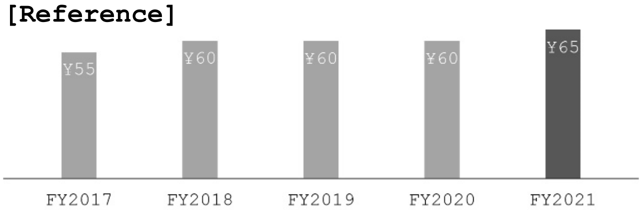
6. Shareholder Return Policy

At the meeting of its Board of Directors held on September 29, 2021, the Company approved the 'Shareholder Return Policy' as follows.

> The Company will allocate the results of its management to the shareholders in an appropriate and timely manner, while apportioning necessary funds to enhance customer service and achieve sustainable society.
>
> For shareholders, the Company has positioned acquisition of its own shares based on assumption of retirement, in addition to dividends, as a form of its return to the shareholders, and has set the targeted gross distribution propensity (the ratio of the amount of dividends and acquisition of its own shares to consolidated profit) at about 50% for each year until FY2022.
>
> Moreover, by maintaining stable dividends, and comprehensively considering medium- and long-term profit levels, the Company will gently increase its dividends in line with growth.

Based on the aforementioned policy, the Company decided to pay the year-end dividend of ¥35 per share for the business year under review, an increase of ¥5 compared to the previous year, in accordance with a resolution of the meeting of the Board of Directors held on April 27, 2022. As a result, together with the interim dividend (record date: September 30), the total dividend to be paid during the year is ¥65 per share. The effective date and payment commencement date shall be June 6, 2022, roughly one month earlier than previous years. In addition, at the same meeting of the Board of Directors of April 27, 2022, a resolution was made for the Company to acquire shares of the Company with a ceiling of up to 8.5 million shares or ¥1.6 billion.
Based on the resolution of the 221st Annual Shareholders Meeting held on June 29, 2021, the Company stipulates in its Articles of Incorporation that matters such as the payment of dividends from surplus may be carried out by a resolution of the meeting of the Board of Directors.

[Reference]



<Target> About 50% for each year
<FY2021> 50.2% (plan)

$$\text{Gross distribution propensity} = \frac{\text{(Total dividends)} + \text{(Acquisition of own shares)}}{\text{Consolidated profit}}$$

* The Company carried out a share consolidation at a ratio of 5 common shares to 1 effective October 1, 2017. The full-year dividend per share converted on the basis after the share consolidation is stated.

7. Basic Policy on Control of a Joint-Stock Corporation

The Company passed at the meeting of its Board of Directors held on March 23, 2022, a resolution on amendment of the 'Basic Policy on Control of a Joint-Stock Corporation' as follows:

> The Company, as a listed company, expects it could be posed by any party attempting to acquire a massive quantity of its shares or making a buyoff proposal, but whether to accept it should ultimately be determined by the intent of the entire body of the Company's shareholders. By looking at their purpose, method and others, however, the Company considers some of these massive share-purchasing attempts could damage its corporate value and joint interests of its shareholders, and would find them to be inappropriate. In making this judgment, the Company would carefully examine impacts the relevant act of purchasing or buyoff proposal might have on the Company's corporate value and joint interests of shareholders on the basis of the relevant purchaser's actual business operations, future business plans, past investment behavior, etc.
>
> The Company considers 'increasing corporate value' is the most effective defensive measure against an act of inappropriate massive share-purchasing. At this particular time, no specific threat to the Company is being posed by buyoff, and the Company does not currently intend to have any specific predetermined measures (the so-called 'poison pills') in place. However, the Company does intend to constantly watch the conditions of the trading of its shares and will take immediate countermeasures as deemed appropriate if any party is found to be attempting to acquire a massive quantity of its shares.

[English Translation of Financial Statements Originally Issued in the Japanese Language]

Consolidated Financial Statements

Consolidated Balance Sheet

As of March 31, 2022

(Millions of yen)

ASSETS	
Non-current Assets	2,304,011
Property, plant and equipment	1,569,373
Production facilities	218,956
Distribution facilities	578,394
Service and maintenance facilities	15,417
Other facilities	630,786
Inactive facilities	316
Construction in progress	125,501
Intangible assets	300,315
Goodwill	6,018
Other intangible assets	294,296
Investments and other assets	434,322
Investment securities	236,303
Long-term loans receivable	48,653
Retirement benefit asset	5,864
Deferred tax assets	44,230
Other investments	100,916
Allowance for doubtful accounts	(1,647)
Current Assets	912,931
Cash and deposits	179,769
Notes and accounts receivable-trade, and contract assets	330,540
Lease receivables and investments in leases	17,824
Securities	10
Merchandise and finished goods	3,467
Work in process	12,083
Raw materials and supplies	67,135
Other current assets	305,814
Allowance for doubtful accounts	(3,714)
Total Assets	3,216,942

(Millions of yen)

LIABILITIES AND NET ASSETS	
LIABILITIES	
Non-current Liabilities	1,361,180
Bonds payable	548,619
Long-term borrowings	568,725
Deferred tax liabilities	29,641
Retirement benefit liability	66,195
Provision for share awards for directors (and other officers)	84
Provision for gas holder repairs	3,427
Provision for safety measures	637
Provision for contract loss in regards to appliance warranties	2,620
Provision for point card certificates	531
Asset retirement obligations	27,692
Other noncurrent liabilities	113,004
Current Liabilities	599,195
Current portion of non-current liabilities	49,248
Notes and accounts payable-trade	76,229
Short-term borrowings	6,385
Income taxes payable	33,830
Other current liabilities	433,501
Total Liabilities	1,960,375
NET ASSETS	
Shareholders' Equity	1,190,767
Share capital	141,844
Capital surplus	846
Retained earnings	1,051,600
Treasury shares	(3,524)
Accumulated Other Comprehensive Income	36,430
Valuation difference on available-for-sale securities	18,866
Deferred gains or losses on hedges	(11,904)
Foreign currency translation adjustment	32,545
Remeasurements of defined benefit plans	(3,076)
Non-controlling interests	29,368
Total Net Assets	1,256,566
Total Liabilities and Net Assets	3,216,942

Consolidated Statement of Income

From April 1, 2021 to March 31, 2022

(Millions of yen)

Net sales	2,145,197
Cost of sales	1,546,590
[Gross profit]	[598,607]
Supply and sales expenses	415,506
General and administrative expenses	65,323
[Operating profit]	[117,777]
Non-operating income	49,399
Interest income	1,032
Dividend income	1,692
Share of profit of entities accounted for using equity method	3,725
Foreign exchange gains	14,550
Gain on derivatives	13,725
Gain on sales of raw materials	6,817
Miscellaneous income	7,855
Non-operating expenses	40,444
Interest expenses	14,466
Loss on derivatives	11,864
Fair value adjustment of contingent consideration	4,199
Miscellaneous expenses	9,913
[Ordinary profit]	[126,732]
Extraordinary income	6,344
Gain on sales of non-current assets	2,226
Gain on sales of investment securities	4,118
Extraordinary losses	6,211
Impairment losses	3,742
Loss on valuation of investment securities	2,468
[Profit before income taxes]	[126,865]
Income taxes - current	32,865
Income taxes - deferred	3,724
Profit	90,276
Profit attributable to non-controlling interests	1,530
Profit attributable to owners of parent	88,745

[English Translation of Financial Statements Originally Issued in the Japanese Language]

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

As of March 31, 2022

(Millions of yen)

ASSETS	
Non-current Assets	1,779,060
Property, plant and equipment	832,484
Production facilities	222,612
Distribution facilities	571,495
Service and maintenance facilities	12,300
Facilities for incidental businesses	7,292
Inactive facilities	316
Construction in progress	18,465
Intangible assets	134,015
Patent right	6
Leasehold interests in land	1,783
Goodwill	1,021
Software	120,743
Other intangible assets	10,459
Investments and other assets	812,561
Investment securities	51,356
Investments in subsidiaries and associates	500,374
Long-term loans receivable	21
Long-term loans receivable from subsidiaries and associates	197,716
Investments in capital	13
Long-term prepaid expenses	17,347
Prepaid pension costs	11,261
Deferred tax assets	24,355
Other investments	11,792
Allowance for doubtful accounts	(1,677)
Current Assets	528,331
Cash and deposits	39,886
Notes receivable - trade	597
Accounts receivable - trade	236,518
Accounts receivable from subsidiaries and associates - trade	53,274
Accounts receivable - other	8,974
Finished goods	131
Raw materials	46,445
Supplies	12,563
Advance payments	4,585
Prepaid expenses	1,313
Short-term receivables from subsidiaries and associates	62,755
Other current assets	65,892
Allowance for doubtful accounts	(4,605)
Total Assets	2,307,392

(Millions of yen)

LIABILITIES AND NET ASSETS	
LIABILITIES	
Non-current Liabilities	1,023,845
Bonds payable	544,998
Long-term borrowings	397,778
Long-term debt to subsidiaries and associates	3,268
Provision for retirement benefits	59,593
Provision for share awards for directors (and other officers)	84
Provision for gas holder repairs	2,978
Provision for safety measures	637
Provision for contract loss in regards to appliance warranties	2,620
Provision for point card certificates	531
Asset retirement obligations	324
Other noncurrent liabilities	11,030
Current Liabilities	471,596
Current portion of non-current liabilities	38,493
Accounts payable - trade	37,912
Accounts payable - other	43,022
Accrued expenses	49,332
Income taxes payable	16,448
Advances received	7,440
Deposits received	10,373
Short-term loans payable from subsidiaries and associates	138,157
Short-term debt to subsidiaries and associates	66,651
Other	63,764
Total Liabilities	1,495,442
NET ASSETS	
Shareholders' Equity	798,204
Share capital	141,844
Share capital	141,844
Capital surplus	2,065
Legal capital surplus	2,065
Retained earnings	657,819
Legal retained earnings	35,454
Other retained earnings	622,364
Reserve for advanced depreciation of non-current assets	5,556
Reserve for overseas investment loss	1,017
Reserve for adjustment of cost fluctuations	141,000
General reserve	339,000
Retained earnings brought forward	135,790
Treasury shares	(3,524)
Treasury shares	(3,524)
Valuation and Translation Adjustments	13,745
Valuation difference on available-for-sale securities	18,357
Valuation difference on available-for-sale securities	18,357
Deferred gains or losses on hedges	(4,612)
Deferred gains or losses on hedges	(4,612)
Total Net Assets	811,949
Total Liabilities and Net Assets	2,307,392

Non-Consolidated Statement of Income

From April 1, 2021 to March 31, 2022

(Millions of yen)

Sales from gas business	1,128,036
Gas sales	1,073,505
Gas transportation service revenue	47,149
Revenue from interoperator settlement	7,381
Cost of sales	679,848
Beginning inventories	71
Cost of products manufactured	654,125
Purchase of finished goods	27,254
Costs of gas for own use	1,470
Ending inventories	131
[Gross profit]	[448,188]
Supply and sales expenses	360,286
General and administrative expenses	68,112
[Profit on core business]	[19,789]
Miscellaneous operating revenue	143,581
Revenue from installation work	36,471
Other miscellaneous operating revenue	107,109
Miscellaneous operating expenses	112,451
Installation work expenses	35,777
Other miscellaneous operating expenses	76,674
Revenue for incidental businesses	649,772
Expenses for incidental businesses	658,523
[Operating profit]	[42,169]
Non-operating income	23,022
Interest income	605
Dividend income	1,251
Dividends from subsidiaries and associates	6,888
Gain on sales of raw materials	7,898
Miscellaneous income	6,377
Non-operating expenses	26,956
Interest expenses	3,488
Interest on bonds	5,500
Amortization of bond issuance cost	276
Provision of allowance for doubtful accounts	3,614
Foreign exchange losses	6,746
Miscellaneous expenses	7,330
[Ordinary profit]	[38,234]
Extraordinary income	2,117
Gain on sales of investment securities	2,117
[Profit before income taxes]	[40,351]
Income taxes - current	10,800
Income taxes - deferred	(1,282)
Profit	30,834

Independent Auditor's Report

May 12, 2022

To the Board of Directors of Tokyo Gas Co., Ltd.:

KPMG AZSA LLC
Tokyo Office, Japan

Michitaka Shishido (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Toshiyuki Tamura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihiro Uehara (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the related notes of Tokyo Gas Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the Group’s financial reporting process.

Other Matter

In accordance with the amendments to the Articles of Incorporation approved at the Annual Shareholders Meeting held on June 29, 2021, the Company has transitioned from a Company with an Audit & Supervisory Board to a Company with a Nominating Committee, etc.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor’s judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the

reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor’s Report:
The Independent Auditor’s Report herein is the English translation of the Independent Auditor’s Report as required by the Companies Act for the conveniences of the reader.

Independent Auditor's Report

May 12, 2022

To the Board of Directors of Tokyo Gas Co., Ltd.:

KPMG AZSA LLC
Tokyo Office, Japan

Michitaka Shishido (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Toshiyuki Tamura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihiro Uehara (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity and the related notes, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of Tokyo Gas Co., Ltd. ("the Company") as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Other Matter

In accordance with the amendments to the Articles of Incorporation approved at the Annual Shareholders Meeting held on June 29, 2021, the Company has transitioned from a Company with an Audit & Supervisory Board to a Company with a Nominating Committee, etc.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.The selection and application of audit procedures depends on the auditor’s judgment.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor’s Report:

This is an English translation of the Independent Auditor’s Report as required by the Companies Act of Japan for the conveniences of the reader.

[English Translation of the Audit Committee's Audit Report Originally Issued in the Japanese Language]

AUDIT REPORT

The Audit Committee have audited the execution of duties by Directors and Executive Officers for the 222nd business year from April 1, 2021 to March 31, 2022. We hereby report on our audit method and results as follows:

1. Method and Contents of Audit

With respect to the contents of the internal control system (the system pursuant to the content of the resolutions by the Board of Directors on the items prescribed in Article 416, Paragraph 1, Item 1 (ii) and (v) of the Companies Act and the system put in place by the said resolutions), the Audit Committee debriefed Directors, Executive Officers and employees, etc. on the status of the establishment and management of the corporate structure and system, requested explanations as needed, and executed its audits with the method described below.

1) In accordance with the audit policy, audit plan, audit standard and distribution of duties established by the Audit Committee and by maintaining coordination with the Company's Internal Audit Division, the Audit Committee Members attended important meetings, debriefed Directors, Executive Officers and other attendees on matters regarding the execution of their duties, requested explanations as needed and inspected important decision-making documents, while also examining the status of business operations and properties at the head office and main business units. With respect to the subsidiaries, the Audit Committee Members received reports of operations as necessary by maintaining proper communication with subsidiaries Directors, Audit & Supervisory Board Members, etc.
With respect to internal control covering financial reporting, the Audit Committee debriefed the Executive Officers, etc. and KPMG AZSA LLC on evaluation of the said internal control and status of audit and requested explanations as needed.
2) The Audit Committee discussed the opinions regarding the 'Basic Policy on Control of a Joint-Stock Corporation' (basic policies provided for in Article 118, Item 3 (a) of the 'Enforcement Regulations of the Companies Act') stated in the Business Report based on deliberations for the decision on the policy at meetings of the Board of Directors.
3) Audit Committee Members and the Audit Committee audited whether or not the Independent Auditors had maintained their independent positions and had conducted appropriate audits, debriefed Independent Auditors on the status of execution of their duties, and requested explanations as needed. In addition, Audit Committee Members and the Audit Committee were informed by Independent Auditors that they were developing the 'structure and system to ensure that their duties would be executed in a proper manner' (items prescribed in Article 131 of the 'Company Calculation Regulations') in accordance with 'Quality Control Standard for Auditing' (by Business Accounting Council dated October 28, 2005), and requested explanations as needed.

Based on the aforementioned methods, Audit Committee Members and the Audit Committee examined the Company's Business Report and its supporting schedules, Financial Statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and the notes to the non-consolidated financial statements), their supporting schedules, and Consolidated Financial Statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and the notes to the consolidated financial statements) for the business year under review.

2. Results of Audit

(1) Results of audit of Business Report, etc.

1) The Business Report and its supporting schedules present fairly the status of the Company in conformity with the relevant acts and the Articles of Incorporation.

2) No misconduct or material fact running counter to the relevant acts or the Articles of Incorporation has been found in respect of execution of duties by Directors and Executive Officers.
3) The contents of the Board of Directors' resolution on the internal control system are fair and reasonable. The descriptions in the Business Report and execution of duties by Directors and Executive Officers related to the said internal control system, including the internal control covering financial reporting, have no specific problems which have to be pointed out.
4) The contents of 'Basic Policy on Control of a Joint-Stock Corporation' described on the Business Report has no specific problems which have to be pointed out.

(2) Results of audit of financial statements and their supporting schedules
The audit methods adopted and the results of audit rendered by KPMG AZSA LLC, Independent Auditors, are fair and reasonable.

(3) Results of audit of consolidated financial statements
The audit methods adopted and the results of audit rendered by KPMG AZSA LLC, Independent Auditors, are fair and reasonable.

The Audit Committee will continue to closely monitor measures by the Tokyo Gas Group in light of increasing uncertainty of its business environment due to internal situations, infectious diseases, etc.

May 16, 2022

Tokyo Gas Co., Ltd. Audit Committee

Mami Indo	Chairperson of the Audit Committee
Junko Edahiro	Audit Committee Member
Hiromichi Ono	Audit Committee Member
Isao Nakajima	Standing Audit Committee Member

Note: Audit Committee Members Mami Indo, Junko Edahiro and Hiromichi Ono are Outside Directors stipulated in Article 2, Item 15, and Article 400, Paragraph 3 of the Companies Act.

Matters Disclosed via the Internet
Pursuant to Laws and Regulations and the Articles of Incorporation

Basic Policy on Development of Internal Control System and Overview of Operational Status of the System

Consolidated Statement of Changes in Equity

Notes to the Consolidated Financial Statements

Non-Consolidated Statement of Changes in Equity

Notes to the Non-Consolidated Financial Statements

222nd Fiscal Year (April 1, 2021 to March 31, 2022)

TOKYO GAS CO., LTD.

The information relevant to matters that require disclosure in the Business Report "Basic Policy on Development of Internal Control System and Overview of Operational Status of the System", the consolidated financial statements "Consolidated Statement of Changes in Equity", "Notes to the Consolidated Financial Statements", and non-consolidated financial statements "Non-Consolidated Statement of Changes in Equity" and "Notes to the Non-Consolidated Financial Statements" are provided via the Internet by posting them on the Company's website (www.tokyo-gas.co.jp) pursuant to laws and regulations and the Company's Articles of Incorporation.

Basic Policy on Development of Internal Control System and Overview of Operational Status of the System

Overview of the resolution by the Board of Directors on the Company's operations and the system for ensuring appropriateness of operations of the group of companies consisting of the Company and its subsidiaries ('Basic Policy on Development of Internal Control System') and overview of operational status of the system are as follows:

I. Basic Policy on Development of Internal Control System

The Company passed a resolution to revise the 'Basic Policy on Development of Internal Control System' at the meeting of its Board of Directors held on March 23, 2022, as follows:

Tokyo Gas Co., Ltd. (hereinafter, 'the Company') is committed to achieving sustainable growth and increasing corporate value over the medium to long term by clarifying management and execution responsibilities, strengthening supervision and auditing functions, and promoting accurate and prompt decision-making and efficient business execution, while ensuring legality, soundness, and transparency based on its Management Philosophy.
The group of companies consisting of the Company and its subsidiaries (hereinafter collectively referred to as 'the Group') shall aim for its perpetual development by respecting each company's independency and setting the pursuit of overall optimization as its philosophy.
In light of the above, the Board of Directors shall establish a basic policy for the development of the internal controls system in order to ensure the appropriateness of the Group's business operations. Based on this Policy, the Corporate Executive Officers shall assume the role and responsibility of effectively establishing and operating the internal controls system of the Group.

(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

1) Establish and comply with the 'Our Code of Conduct' as the basis of the compliance system.
2) Establish the philosophy and system of the compliance activities and work for the growth of compliance awareness by continuous education and training, etc.
3) Establish internal reporting and consultation service counters both within and outside the Group, and report the status of their operation to the Audit Committee. No person who uses the aforementioned service counters shall be subject to any disadvantageous treatment on the basis of having used the service counters.
4) Establish an organization to manage the rules and regulations related to the internal controls of the Group to ensure legal compliance, cyber security, and similar matters.
5) Establish a department in charge of the internal audit of the Group (hereinafter the 'Internal Audit Division') to efficiently and effectively audit the status of business operations. The Internal Audit Division shall report the results of its audits to the Audit Committee and the directors, etc., of the audited subsidiaries.
6) Establish policies and systems for the development and operation of internal controls over financial reports and the evaluation of their effectiveness, and ensure the reliability of financial reporting.
7) Establish policies and systems for the prevention of insider trading and information disclosure, and ensure the legality, appropriateness, and promptness of the handling of relevant information.

8) Set forth matters such as resolutely rejecting illegal or unreasonable demands from anti-social forces, etc., in 'Our Code of Conduct,' and take appropriate measures.

(2) System for Storage and Management of Information Related to the Execution of Duties by Corporate Executive Officers

1) Set forth the handling of documents and electronic or magnetic records with respect to information, etc., related to the execution of duties by Corporate Executive Officers, and store and manage such information in an appropriate and reliable manner, making it available for inspection as necessary.

(3) Rules and Other Systems for Management of the Risk of Loss of the Group

1) Establish and operate the risk management system in accordance with the 'Risk Management Policy' with the Executive Officer and President as the General Manager. The system shall be structured to immediately report to the Corporate Executive Officers and Audit Committee members when matters that may cause serious damage to management are found.
2) Set forth a system and business continuity plan in the event of a disaster, manufacturing and supply disruption, or other unexpected emergency, and take prompt and appropriate action.

(4) Systems to Ensure Efficient Execution of Duties by Corporate Executive Officers

1) Regularly report to the Board of Directors on the formulation and progress of the medium- and long-term management plans and single-year management plans of the Company and its important subsidiaries, as well as other matters prescribed in the 'Regulations of the Board of Directors.'
2) Establish a meeting body to support the rational decision-making of Corporate Executive Officers on important management matters, and consider multiple aspects as necessary. Establish an advisory body to the said meeting body to make recommendations from a professional perspective on matters related to investment, capital contribution, financing, and other important matters.
3) Set forth the decision-making authority and division of duties regarding the execution of business operations, and clarify the responsibilities and authority thereof.

(5) System to Ensure Appropriateness of Operations at the Group's Subsidiaries

1) Set forth policies and systems for the management of subsidiaries, require the directors, etc., of subsidiaries to determine the basic policies for the development of internal controls systems and establish and operate such systems, and manage subsidiaries through the approval of matters to be submitted to the shareholders meetings of subsidiaries and the reporting of other important matters, etc.

(6) Matters Concerning Employees, etc., Assisting the Audit Committee in Performing its Duties

1) Establish a dedicated organization to assist the Audit Committee in its duties and assign necessary employees, etc. Prepare an environment in which such employees, etc., can smoothly perform such supporting duties under the direction and orders of the Audit Committee.
2) Decisions on personnel-related matters concerning such employees, etc., shall be made with the consent of the Audit Committee.

(7) System for Reporting to the Audit Committee and System for Ensuring Effective Auditing by the Audit Committee

1) The officers, employees, etc., of the Group shall report to the Audit Committee or the Audit Committee members without delay on matters prescribed by laws and regulations, or on matters for which the Audit Committee requests a report. No person who has made the aforementioned report shall be subject to any disadvantageous treatment on the basis of having made such report.
2) Guarantee that the Audit Committee members selected by the Audit Committee may attend important meetings and state their opinions from the viewpoint of legality, etc., when deemed necessary, and may obtain important information.
3) Bear expenses, etc., when the Audit Committee members request such expenses, etc., in accordance with laws and regulations.
4) Take measures to ensure that the Audit Committee is able to conduct its auditing activities effectively, including coordination with the Internal Audit Division, financial auditors, and Directors of subsidiaries.
5) Upon request of the Audit Committee, the Executive Officer and President shall conduct an investigation and report the results thereof to the Audit Committee.

II. Overview of Operational Status of 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

We have set up 'Tokyo Gas Group Compliance Consulting Units' both inside and outside the Group, which deal with whistleblowing and inquiries from staff in the Company and all of its subsidiaries. We are also using our intranet, etc. to inform everyone that we have the said unit, while trying to increase awareness of the rules for preventing whistleblowers from being subject to unfair treatment.

The Internal Audit Department, an internal audit division, performs an audit on each department of the Company and subsidiaries to examine compliance, effectiveness and efficiency of operations, and information security, and provides recommendations on improvements as needed. The Internal Audit Department reports, as appropriate, the results of its audits to the Audit Committee and the directors, etc., of the audited subsidiaries.

Representative Corporate Executive Officer, President and CEO has established the 'Regulations Concerning the Development and Operation of Internal Controls over Financial Reports and the Evaluation of Their Effectiveness,' and is working to develop and operate internal controls in a proper and appropriate manner, while also receiving audit by the Accounting Auditor on the evaluation results to ensure the reliability of financial reports.

(2) System for Storage and Management of Information Related to the Execution of Duties by Corporate Executive Officers

We preserve and manage approval documents, minutes, etc., related to the decision on important business execution or supervision thereof in an appropriate and reliable manner pursuant to the 'Document-handling Regulations' and the 'Information Security Management Regulations' so that they are available for inspection as necessary.

(3) Rules and Other Systems for Management of the Risk of Loss of the Group

We have established specific risk management processes in the 'Risk Management Regulations' and annually perform review of risks that may have a significant impact on the business of the Company and its subsidiaries. In addition, the Risk Management Committee and the risk management unit ascertain the status of the risk management and consider the countermeasures.

We have established a framework of responding to large-scale disasters, accidents and other unexpected emergencies in accordance with the 'Emergency Response Organization Regulations.' During this fiscal year, we took response actions on five occasions.

(4) System to Ensure Efficient Execution of Duties by Corporate Executive Officers

The formulation, status of progress and other matters of the management plans of the Company and its important subsidiaries are regularly reported to the Board of Directors. In addition, we have established the 'Management Committee' comprising Corporate Executive Officers and Executive Officers with Titles, and regularly deliberate important management matters.

(5) System to Ensure Appropriateness of Operations at the Group's Subsidiaries

Corporate Executive Officers received reports on important matters such as financial statements related to business results from its subsidiaries and gave prior approval in accordance with the 'Regulations on the Management of Subsidiaries.'

(6) Matters Concerning Employees, etc., Assisting the Audit Committee in Performing its Duties

We established the Audit Committee Office as a dedicated organization to assist the Audit Committee in its duties and assigned four staff members. We also created an environment in which such employees, etc. can smoothly perform such supporting duties. In addition, we make decisions on personnel-related matters concerning such employees, etc. with the consent of the Audit Committee.

(7) System for Reporting to the Audit Committee and System for Ensuring Effective Auditing by the Audit Committee

The officers, employees, etc., of the Group report to the Audit Committee or the Audit Committee Members without delay on matters prescribed by laws and regulations, or on matters for which the Audit Committee requests a report.

We secure opportunities for Audit Committee members selected by the Audit Committee to attend important meetings including those of the Management Committee, the Business Ethics Committee, and the Risk Management Committee and state their opinions from the viewpoint of legality, etc. when deemed necessary, and also to obtain important information.

We take necessary measures so that the Audit Committee is able to conduct its auditing activities effectively, including coordination with the Internal Audit Department, Accounting Auditor and Directors of subsidiaries, etc. During this fiscal year, the Internal Audit Department, the Accounting Auditor and the Audit & Supervisory Board Members of subsidiaries organized meetings for 13 times, seven times and six times, respectively, to exchange information and opinions with the Audit Committee or full-time Audit Committee Members.

Consolidated Statement of Changes in Equity

From April 1, 2021 to March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	1,145	990,762	(3,907)	1,129,845
Cumulative effects of changes in accounting policies			5,255		5,255
Restated balance	141,844	1,145	996,018	(3,907)	1,135,101
Changes of items during period					
Dividends of surplus			(26,423)		(26,423)
Profit attributable to owners of parent			88,745		88,745
Purchase of treasury shares				(3,786)	(3,786)
Disposal of treasury shares			(100)	564	463
Retirement of treasury shares			(3,604)	3,604	–
Increase in the number of consolidated subsidiaries			(3,033)		(3,033)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(298)			(298)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(298)	55,582	382	55,666
Balance at end of current period	141,844	846	1,051,600	(3,524)	1,190,767

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	22,990	(11,240)	4,322	7,895	23,968	24,457	1,178,271
Cumulative effects of changes in accounting policies							5,255
Restated balance	22,990	(11,240)	4,322	7,895	23,968	24,457	1,183,526
Changes of items during period							
Dividends of surplus							(26,423)
Profit attributable to owners of parent							88,745
Purchase of treasury shares							(3,786)
Disposal of treasury shares							463
Retirement of treasury shares							–
Increase in the number of consolidated subsidiaries							(3,033)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(298)
Net changes of items other than shareholders' equity	(4,123)	(664)	28,222	(10,972)	12,462	4,911	17,373
Total changes of items during period	(4,123)	(664)	28,222	(10,972)	12,462	4,911	73,040
Balance at end of current period	18,866	(11,904)	32,545	(3,076)	36,430	29,368	1,256,566

Notes to the Consolidated Financial Statements

From April 1, 2021 to March 31, 2022

[Basis of Preparing Consolidated Financial Statements]

1. Scope of consolidation

(1) Number of consolidated subsidiaries

Number of consolidated subsidiaries: 113

Names of principal consolidated subsidiaries

Tokyo Gas America Ltd., TOKYO GAS AUSTRALIA PTY LTD, Tokyo Gas Asia Pte. Ltd., Tokyo Gas Real Estate Co., Ltd., Tokyo Gas Engineering Solutions Corporation, Tokyo Gas International Holdings B.V., Ohgishima Power Co., Ltd., Nagano Toshi Gas Inc., Prominet Power Co., Ltd., Tokyo LNG Tanker Co., Ltd., Tokyo Gas Energy Co., Ltd., Capty Co., Ltd., Tokyo Gas Chemicals Co., Ltd., Tokyo Gas Lease Co., Ltd., TOKYO GAS i NET CORP., TG PLUS Co., Ltd., and Nijio Co., Ltd.

Niihama LNG Co., Ltd. TG Octopus Energy Co., Ltd., and Yamaguchiyuu solar power LLC have been included in the scope of consolidation from the fiscal year under review due to their increased significance.

1(2) Number of unconsolidated subsidiaries

Number of unconsolidated subsidiaries: 5

Names of principal unconsolidated subsidiaries

Harumi Eco Energy Co., Ltd., Toukyou Solar LLC

Unconsolidated subsidiaries are excluded from the scope of consolidation all due to their small size and the immaterial effect of total assets, net sales, and of profit or loss (amount corresponding to our interest) and of retained earnings and others (amount corresponding to our interest) of each company on the Consolidated Financial Statements.

2. Application of equity method

(1) Number of unconsolidated subsidiaries and associates accounted for using equity method

Number of unconsolidated subsidiaries accounted for using equity method: 0

Number of associates accounted for using equity method: 16

Names of principal entities accounted for using equity method:

TOKYO TIMOR SEA RESOURCES INC., GAS MALAYSIA BERHAD, Birdsboro Power Holdings Ⅱ,LLC, SHIBA PARK SPECIAL PURPOSE COMPANY, Bajio Generating VOF

(2) Names, etc. of principal unconsolidated subsidiaries and associates not accounted for using equity method

The Company’s principal unconsolidated subsidiaries and associates not accounted for using equity method: Ark Hills Heat Supply Co., Ltd.

The unconsolidated subsidiaries and associates not accounted for using equity method were excluded from the scope of application of equity methods, due to the immaterial effect of the total amount of profit or loss (amount corresponding to our interest) and the retained earnings and others (amount corresponding to our interest) on the Consolidated Financial Statements and, as a whole, their insignificance.

3. Accounting policies

(1) Valuation bases and methods of significant assets

1) The valuation basis and method of securities are as follows:

Held-to-maturity debt securities are stated at amortized cost.

Available-for-sale securities other than shares, etc. without a market price are carried at fair value based on the market price at the year end, etc., with valuation differences, reported in a separate component of net assets. The cost of securities sold is determined by the moving-average method.

Available-for-sale securities such as shares without a market price are stated at cost, as determined by the moving-average method.

2) Derivatives are valued by the fair value method.

3) Inventories (finished goods, raw materials and supplies) are mainly stated at cost, as determined by the moving-average method (consolidated balance sheet values are calculated using the book value reduction method based on declining profitability).

(2) Methods of depreciation and amortization of significant depreciable assets

1) The declining-balance method is mainly applied for property, plant and equipment. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016.

Durable years are mainly determined based on the 'Corporation Tax Act.'

2) The straight-line method is mainly applied for intangible assets. Software for internal use is amortized by the straight-line method over the internally available period (five to ten years). The units of production method is mainly applied for outlays recognized as assets in exploration and development.

(3) Basis for significant provisions

1) To reserve for loss on doubtful accounts such as accounts receivable - trade and loans receivable, etc., general allowances are provided using a rate determined by past bad debts experience and also specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing individual collectibles of certain doubtful accounts such as bankruptcy/ rehabilitation claims.

2) Provision for share awards for directors (and other officers) is an allowance to provide outlays for retirement benefits expenses in the form of company shares issued at the time of retirement. It corresponds to the points granted by the Company to its Directors and Executive Officers while in office, based on the stock-based remuneration system using trust. The number of shares to be delivered based on the points allocated to the Directors and Executive Officers and the estimated amount to be paid are recorded on the consolidated balance sheet date.

3) The Company and certain consolidated subsidiaries provide provision for gas holder repairs for periodic maintenance and repair of spherical gas holding tanks by distributing the estimated related costs to each fiscal term during the period until the next scheduled repair.

4) Provision for safety measures is an allowance to provide outlays for expenses required to ensure the safety of gas consumers. We have individually recorded the estimated future expenses that will be required after the consolidated balance sheet date, such as expenses required for work on exchanging valve connections for gas appliances with air extractor vents for valve connections without air extractor vents.

5) Provision for contract loss in regards to appliance warranties is an allowance to provide outlays for losses that may arise in performing maintenance warranties contract for the appliances sold, based on the estimated amount of loss.

6) Provision for point service program is an allowance to provide outlays for expenses arising through the use of point service. The estimated future expenses required after the consolidated balance sheet date are recorded.

(4) Basis for revenue and expenses

1) Gas business

The gas business engages primarily in selling city gas and LNG. While the sale of city gas involves obligations to supply over the contract term, where performance obligations are satisfied at each time of supply, revenue is recognized on a meter-reading date basis according to the Regulation on Accounting at Gas Utilities. The LNG sales business engages in selling liquefied natural gas, where performance obligations are satisfied by the delivery of LNG; thus, revenue is recognized at the point in time when LNG is delivered to customers.

2) Electric power business

The electric power business engages in the sale of electric power. Revenue is recognized at the point in time when electric power is delivered to customers, as performance obligations are satisfied at each supply of electric power based on the obligation to supply over the contract term. The renewable energy generation promotion surcharge corresponds to the amount of money collected on behalf of a third party and thus is not included in the transaction price. Hence, revenue from the sale of electric power is determined at the net amount after deducting the surcharge payable to such a third party from the amount of consideration received from customers.

3) Energy-related business

The energy-related business mainly provides contract engineering services for gas appliance installation and gas fitting, and energy services. In contract engineering services, revenue is recognized based on the estimated progress of work over a period for contracts involving a longer work period. Whereas, for contracts involving a short work period, revenue is recognized based on the alternative procedure prescribed under Paragraph 95 of the 'Implementation Guidance on the Accounting Standard for Revenue Recognition' at the point in time when performance obligations are completely satisfied. In engineering solutions, energy services mainly involve the sale of gas, electric power, steam, and others, and revenues are recognized at the point of delivery to the customer based on the obligation to supply over the contract term.

(5) Other significant matters for preparing Consolidated Financial Statements

1) Method and period of amortization of goodwill

Goodwill is amortized over twenty years or less under the straight-line method depending on the reasons for recognition of goodwill.

2) Method for accounting for retirement benefits

To provide for retirement benefits to employees, the Company records the amount of retirement benefit obligations, based on the estimated amount at the end of the current fiscal year, minus pension plan assets as a retirement benefit liability; note, however, that, in the case where the amount of pension assets exceeds that of retirement benefit obligations, it is recorded as a retirement benefit asset.

Actuarial differences are mainly recorded as expenses in one lump-sum in the fiscal year following the fiscal year in which the actuarial gain or loss incurs.

Unrecognized actuarial differences and unrecognized prior service costs are posted as remeasurements of defined benefit plans in accumulated other comprehensive income under the net assets section after adjusting for tax effects. In the calculation of retirement benefit obligations, expected benefits are mainly attributed to the period up until the fiscal year under review on the benefit formula basis.

4. Explanatory notes regarding changes in accounting policies

(1) Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the 'Accounting Standard for Revenue Recognition' (ASBJ No. 29, March 31, 2020) and others, effective the start of the fiscal year under review and has decided to recognize the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to the customer.

Therefore, revenues associated with the electric power business, which had been recognized on the basis of the date of meter reading, are now recognized on the basis of delivery by reasonably estimating the performance obligation that is fulfilled at the end of the term. For the provision of certain gas equipment maintenance services, the maintenance cost expected to be incurred in the future had been booked as provision for appliance warranties, and the amount provided had been booked as expenses. However, said services are now identified as a performance obligation, and the amount expected as consideration for the future provision of the services is now treated as a contract liability. The advanced billing used to promote renewable energy power generation is no longer included in the transaction price upon revenue recognition as it is collected for a third party. It is now accounted for as a liability item instead of the previous operating revenue item. The corresponding payments in accordance with the Act on Special Measures concerning the Procurement of Renewable Electric Energy are now also accounted for as said liability item instead of an operating expense. With regard to points that are granted according to the purchase amount of gas and electricity, the amount expected to be used in the future had been booked as provision for point card certificates, and the amount provided had been booked as expenses. The points granted are now identified as a performance obligation, and the amount expected to be received in exchange for future services is now booked as a contract liability.

The Accounting Standard for Revenue Recognition, etc., is applied in accordance with the transitional procedures set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. Under this application method, the cumulative effect of retroactively applying the new accounting policies before the start of the fiscal year under review is added to or deducted from the retained earnings at the start of the fiscal year under review, and the new accounting policies are applied from the said beginning balance.

However, by applying the method set forth in Paragraph 86 of the Accounting Standard for Revenue Recognition, the new accounting policies have not been applied retroactively to contracts for which almost all revenues had been recognized in accordance with the previous treatment before the start of the fiscal year under review. In addition, by applying the method set forth in proviso (1) of Paragraph 86 of the Accounting Standard for Revenue Recognition, changes to contracts carried out before the start of the fiscal year under review have been accounted for based on the contract terms after all contract changes have been reflected, and their cumulative effects have been added to or deducted from retained earnings at the start of the fiscal year under review.

As a result, retained earnings at the start of the fiscal year under review increased by ¥5,255 million, net sales for the fiscal year under review decreased by ¥47,090 million, and operating profit, ordinary profit, and profit before income taxes increased by ¥4,361 million each.

Due to the application of the Accounting Standard for Revenue Recognition, etc., 'notes and accounts receivable-trade,' which were presented under 'current assets' in the consolidated balance sheet for the previous fiscal year, have been included in 'notes, accounts receivable-trade, and contract assets' from the fiscal year under review. The 'provision for appliance warranties,' which was presented under 'non-current liabilities' in the consolidated balance sheet for the previous fiscal year, has been presented as 'contract liabilities' and included in 'other current liabilities' from the fiscal year under review. Of the 'provision for point service program,' which was presented under 'non-current liabilities' in the consolidated balance sheet for the previous fiscal year, the amount corresponding to contract liabilities under the Accounting Standard for Revenue Recognition, etc. has been presented as 'contract liabilities' and included in 'other current liabilities' from the fiscal year under review.

(2) Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the 'Accounting Standard for Fair Value Measurement' (ASBJ Statement No. 30, July 4, 2019) and others effective the start of the fiscal year under review, and has decided to prospectively apply the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. in accordance with the transitional treatment stipulated in Paragraph 19 of the 'Accounting Standard for Fair Value Measurement' and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This will have no impact on consolidated financial statements.

In addition, the Company has decided to include notes on fair value information by level within the fair value hierarchy in the 'Explanatory notes regarding financial instruments.'

5. Explanatory notes regarding revenue recognition

(1) Information on disaggregation of revenue

Analysis of revenues disaggregated into main classifications of goods or services is as follows.

(Millions of yen)

Reporting segment	Main goods or services	Revenue from contracts with customers	Other revenue	Net sales to external customers	Remarks
Gas	City gas	1,103,454	—	1,103,454	
	Others	130,797	44,703	175,501	(Note 1) (Note 2)
	Sub-total	1,234,251	44,703	1,278,955	
Electric power	—	465,066	—	465,066	
Overseas	—	80,257	—	80,257	
Energy-related	Gas appliances, gas fitting engineering, etc.	150,538	—	150,538	
	Engineering solutions	117,197	—	117,197	
	Lease	—	6,443	6,443	
	Others	4,030	—	4,030	
	Sub-total	271,767	6,443	278,211	
Real estate	—	4,624	27,570	32,194	Other revenues comprising mainly property lease revenue
Others	—	10,513	—	10,513	Shipping business, etc.
Total		2,066,479	78,717	2,145,197	

(Note 1) For gas, 'Others' under 'Main goods or services' mainly refers to LNG sale, LNG trading, etc.

(Note 2) For gas, 'Other revenue' for 'Others' refers to net sales from LNG trading and dividend income from external companies.

(2) Useful information in understanding revenue

The details of the primary performance obligations of the Company and its consolidated subsidiaries in the major businesses related to revenue from contracts with customers and the typical timing at which such performance obligations are satisfied (typical timing of revenue recognition) are stated in 'Revenue and expense recognition standards' under 'Accounting policies.'

(3) Information in understanding the amount of revenue in the current and following fiscal years

1) Contract asset and contract liability balances

(Millions of yen)

	The fiscal year under review
Receivables from contracts with customers (beginning balance)	198,949
Receivables from contracts with customers (ending balance)	304,728
Contract assets (beginning balance)	4,223

Contract assets (ending balance)	1,917
Contract liabilities (beginning balance)	36,095
Contract liabilities (ending balance)	23,521

Contract assets relate to consideration for the services for which the Company and its consolidated subsidiaries recognized revenue, having satisfied performance obligations through contract engineering work for gas appliances installation or gas fitting, but have not invoiced yet as of the end of the fiscal year. Contract assets are reclassified as receivables derived from the contracts with customers at the point in time when the rights to consideration become unconditional following the completion of the engineering work.

Contract liabilities mainly relate to advances received at the Company and its consolidated subsidiaries from customers for the contract engineering work for gas appliances installation or gas fitting, as well as appliance maintenance contract, and to the points awarded commensurate with the amount of money spent by customers for purchasing gas and electricity. Contract liabilities are reversed when the performance obligations are satisfied following the completion of contract engineering work and the completion of appliance maintenance service, and when points awarded to customers are exchanged for services in the future. ¥17,831 million of revenues recognized in the fiscal year under review were included in the balance of contract liabilities at the beginning of the fiscal year under review. The primary reason behind the significant change in the balance of contract liabilities during the period was that they were eliminated as internal transactions due to the inclusion some non-consolidated subsidiaries in the scope of consolidation in the fiscal year under review.

2) Transaction price allocated to the remaining performance obligations

Type of performance obligation	The fiscal year under review (as of March 31, 2022)	Explanation on the expected timing for satisfaction of performance obligations
LNG sale	456,168	Approx. 20% expected to be satisfied within one year, and approx. 50% in over one year but within five years.
Gas appliances, gas fitting, and other contracted construction work	51,034	Generally expected to be satisfied within one year.
Gas appliance maintenance service	8,459	Approx. 70% expected to be satisfied in three years, and all obligations within ten years.
Points program based on amount of gas and electricity purchased	1,693	Expected to be satisfied within three years.

The Company and its consolidated subsidiaries have applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations for the sale of gas, electric power and engineering solutions, and have the right to receive an amount of consideration that directly corresponds to the value to the customer for the portion of performance completed to date. Therefore, pursuant to the provisions of Paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenue is recognized at the amount they are entitled to claim, and is not presented.

The Company and its consolidated subsidiaries have applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations for gas appliances, gas fitting, and other contracted construction work. Contracts with an original expected duration of one year or less and are not presented.

6. Explanatory notes regarding accounting estimates

(1) Impairment of non-current assets and valuation of investment securities at overseas subsidiaries

1) The amount posted in the Consolidated Financial Statements for the fiscal year under review

¥362,671 million (book value of non-current assets and investment securities of Tokyo Gas America Group and TOKYO GAS AUSTRALIA Group)

2) Other information

(a) Calculation method

Grouping of assets shall be carried out on the basis of the smallest unit that generates cash flows largely independent from cash flows of other assets or asset groups. Indications of impairment for groupings of assets at overseas subsidiaries are determined on the basis of a project (hereinafter, 'PJ') unit in consideration of classifications in terms of management accounting and a unit, etc. for making investment decisions. Assets or asset groups showing indications of impairment shall be subject to review of their recoverability, and then to impairment treatment to a recoverable amount based on estimated future cash flows.

Investment securities held by overseas subsidiaries are involved in business through investment in associates. Investment securities are mostly shares without market price, and are accounted for using equity method. In the case of shares showing indications of impairment, such as a case where results are underperforming compared to future plans at the time of investment, investment securities are measured at fair value according to the corporate value based on estimated future cash flows. The book value of such investment securities is written down to the net asset value, excluding those determined to be recoverable.

(b) Key assumptions

Future cash flows used to determine whether indications of impairment exist and whether to recognize impairment loss and calculate fair value less cost to sell, value in use, and fair value at the overseas business, shall be estimated by using information regarding external factors such as business environment of each PJ and internal information used by each PJ (business plans, budgets, etc.), in consideration of the current usage and reasonable usage plans, etc. of asset groups. In making such estimates, we use forward-looking factors that affect net sales including sales volume, crude oil prices, gas prices, foreign exchange rates, and expected reserves, market trends based on demand and supply forecast, and various cost forecasts reflecting the most recent track record (including upstream resource development, production plans, and various capital expenditures).

Each PJ assesses the future value by using an individual discount rate in consideration of factors including a risk-free rate of each country and region, risk coefficient (β) of shares of comparable companies, and market risk. Long-term future cash flows are estimated on the basis of the aforementioned values, using assumptions such as an estimated inflation rate of each country and region.

Key assumptions of particular importance are the forward-looking information regarding crude oil prices, gas prices, and foreign exchange rates, as well as discount rates.

(c) Impact on the Consolidated Financial Statements for the following fiscal year

The Company did not post impairment loss for the fiscal year under review. However, impairment loss may be posted if estimates are changed due to changes in assumptions such as further deterioration in the outlook caused by changing economic situations giving rise to a decrease in the recoverable amount based on future cash flows.

(2) Valuation of inventories (raw materials)

1) The amount posted in the Consolidated Financial Statements for the fiscal year under review: ¥49,863 million

2) Other information

(a) Calculation method

Raw materials included in raw materials and supplies are recognized at acquisition value. Some raw material procurement contracts stipulate that prices are to be revised periodically. In certain cases, however, acquisition value is based on prices agreed upon provisionally with sellers because of the failure to reach a formal agreement at the timing for price revision.

(b) Key assumptions

As for the raw materials procured based on the provisionally agreed prices as described above, such provisionally agreed prices are used as estimated latest prices due to difficulty in estimating formally agreed prices.

(c) Impact on the Consolidated Financial Statements for the following fiscal year

When formal price agreement is reached under raw material procurement contracts hitherto based on provisionally agreed prices, a difference between the formally agreed price and the provisionally agreed price may arise. In such case, there may be an impact on the amounts of cost of sales and inventories (raw materials and supplies) based on the terms of agreement.

(3) Calculation of retirement benefits liability

1) The amount posted in the Consolidated Financial Statements for the fiscal year under review: ¥66,195 million

2) Other information

(a) Calculation method

Certain Group companies adopt defined benefit plans. With respect to retirement benefits liability under defined benefit plans and associated service costs are calculated by discounting expected benefits estimated based on actuarial assumptions.

(b) Key assumptions

Actuarial assumptions used for calculating retirement benefit obligations involve various calculation bases including a discount rate and expected rate of return. Key actuarial assumptions used for calculating retirement benefits liability as of the end of the fiscal year under review comprise a discount rate mainly at 0.5% and an expected rate of return mainly at 2.0%.

(c) Impact on the Consolidated Financial Statements for the following fiscal year

If, as a result of changes in unpredictable future economic conditions, it becomes necessary to review the aforementioned estimates and assumptions, this may have significant impact on retirement benefit liability and retirement benefit expenses

to be recognized in the Consolidated Financial Statements for the following fiscal year and thereafter.
In the calculation of retirement benefits liability, changes in key assumptions have the following impact sensitivity on retirement benefits liability as of the end of the fiscal year under review. A negative value represents a decrease in retirement benefits liability, while a positive value represents an increase in retirement benefits liability. Sensitivity analysis assumes all actuarial assumptions concerning provision for retirement benefits at Tokyo Gas Co., Ltd., the primary recording entity, except actuarial assumptions subject to analysis remaining constant.

As of the end of the fiscal year under review (March 31, 2022)

	Changes in actuarial assumptions	The amount of impact on retirement benefits liability
Discount rate	A decrease of 0.1%	+¥3,606 million
	An increase of 0.1%	¥(3,523) million
Expected rate of return	A decrease of 0.1%	+¥257 million
	An increase of 0.1%	¥(257) million

[Explanatory notes regarding the consolidated balance sheet]

1. Assets pledged as collateral
   (1) Breakdown of assets

Other facilities	¥58,071 million
Construction in progress	¥49,420 million
Other intangible assets	¥137,137 million
Investment securities	¥16,494 million
Long-term loans receivable	¥26,634 million
Deferred tax assets	¥2,220 million
Other investments and other assets	¥24,098 million
Cash and deposits	¥16,252 million
Notes and accounts receivable-trade, and contract assets	¥536 million
Raw materials and supplies	¥926 million
Other current assets (Note)	¥57,703 million

   (Note) Guarantee deposits related mainly to derivative transactions
   Some of the assets pledged as collateral are pledged for derivative transactions, apart from the liabilities secured by the collaterals in (2) below.

   (2) Liabilities secured by the collaterals

Long-term borrowings	¥110,660 million
Current portion of long-term borrowings	¥3,085 million
Other current liabilities	¥62 million

2. Accumulated depreciation of property, plant and equipment
   ¥4,372,142 million
3. Guarantee obligation etc.
   (1) Guarantee obligation ¥29,410 million

[Explanatory notes regarding the consolidated statement of changes in equity]

1. Number of shares issued as of the end of this fiscal year
   440,996,559 shares
2. Dividends
   (1) Dividends of surplus of this fiscal year
      1) The following was decided by the resolution of the Annual Shareholders Meeting held on June 29, 2021.
         ・ Dividends of common share
         (a) Total amount of dividends ¥13,229 million
         (b) Dividends per share ¥30.00
         (c) Date of record March 31, 2021
         (d) Effective date June 30, 2021
      2) The following was decided by the meeting of the Board of Directors held on October 28, 2021.
         ・ Dividends of common share
         (a) Total amount of dividends ¥13,193 million
         (b) Dividends per share ¥30.00
         (c) Date of record September 30, 2021
         (d) Effective date November 29, 2021
         (Note) The total amount of dividends includes dividends of ¥6,738 thousand for the Company’s shares held by the trust account of the board benefit trust.

(2) Dividends of surplus to be carried out after the end of this fiscal year
The following was decided at the meeting of the Board of Directors held on April 27, 2022.

- Dividends of common share

(a)	Total amount of dividends	¥15,392 million
(b)	Resource of dividends	Retained earnings
(c)	Dividends per share	¥35.00
(d)	Date of record	March 31, 2022
(e)	Effective date	June 6, 2022

(Note) The total amount of dividends includes dividends of ¥7,833 thousand for the Company’s shares held by the trust account of the board benefit trust.

[Explanatory notes regarding financial instruments]

1. Matters related to the status of financial instruments

(1) The Group’s policy for financial instruments
The Group raises necessary funds, mainly through bond issuance and loans from banks, based on the capital investment plans primarily for conducting gas business. Temporary surplus funds are managed in the form of highly safe financial assets, while short-term working capital is procured by issuing short-term corporate bonds (commercial papers) and other means. Derivatives are traded to mainly avoid the risks described below and not for speculative purposes.

(2) Detail of financial instruments and risks associated with them
Notes and accounts receivable-trade classified as trade receivables are exposed to customers’ credit risks. Investment securities and other securities are mainly bonds held to maturity and shares held for business or capital alliance with business partners and are exposed to the risk of market price fluctuations. Bonds payable and borrowings are mainly for raising funds necessary for capital investment, with redemption terms not exceeding 48 years and six months after the settlement date. Some of the Group’s borrowings are based on variable interest rates and thus exposed to interest rate fluctuation risk, part of which is hedged by using derivative transactions (interest rate swap transactions).
Regarding derivative transactions, to mitigate exchange rate fluctuation risks, risks associated with fluctuations in the purchase price of commodities and materials, and interest rate fluctuation risks, the Group engages in various derivative transactions, including forward exchange contracts, commodity swaps, and interest rate swap transactions. Moreover, subsidiaries in the LNG trading business engage in commodity forward contracts and commodity swaps. In using derivative transactions such as forward exchange contracts, commodity swaps, and interest rate swap transactions, the Group applies hedge accounting where the application requirements of hedge accounting are met.

(3) Risk management system concerning financial instruments

1) Credit risk management (against risks associated with contractual default and other issues of clients or suppliers)
The Group companies maintain a system of regularly controlling trade receivables balances of each client (or supplier), according to each Group company’s credit control policy.
The Group only engages in investment-grade derivative transactions to mitigate counterparty risks.
The maximum credit risk exposure as at the consolidated balance sheet date of the fiscal year under review is indicated by the consolidated balance sheet values of financial assets exposed to credit risks.

2) Market risk management (against the risks of fluctuations of commodities, exchange rate, interest rate and others)
The Company and some of its consolidated subsidiaries use forward exchange contracts to hedge risks associated with exchange rate fluctuations as identified by currency and month regarding foreign currency-denominated trade receivables and payables. At the same time, the Company and some of its consolidated subsidiaries use interest rate swap transactions to mitigate the risks associated with interest rate fluctuations in payables on corporate bonds and borrowings.
For investment securities and other securities, we continuously review the holding status by grasping updated fair values and financial positions of issuers (clients or suppliers) and considering the market conditions and relationships with such clients and suppliers.
The Company formulates implementation plans for individual cases of derivative transactions according to the 'Risk Management Policy' approved by the Board of directors, then implements them after obtaining approval based on the administrative authority. In the framework for implementing and managing derivative transactions, the department responsible for executing transactions is segregated from the department responsible for control to ensure the checking function is working effectively. Consolidated subsidiaries of the Company must obtain resolutions from their Boards of Directors or Presidents depending on the amounts (maximum risk exposure) of transactions and prior approval of the Company based on the 'Regulations on the Management of Subsidiaries.' The use of derivative transactions such as forward exchange contracts, commodity forward contracts, commodity swaps, and interest rate swap transactions involve exposure to market risks associated with price fluctuations in respective markets, while it has advantageous effects of stabilizing cash flows of hedged items or offsetting market fluctuations. Implementation plans are formulated according to the 'Risk Management Policy,' as described earlier, for the LNG trading business of subsidiaries too. Thus, a framework for implementation and management is in place in which the department responsible for executing transactions is segregated from the department responsible for control to ensure the checking function works effectively

3) Management of liquidity risk associated with funding (risk of becoming unable to execute payment on due date)
The Company and its consolidated subsidiaries ensure stable cash flow management by formulating monthly cash flow plans and controlling deposit/withdrawal schedules. Meanwhile, the Group has introduced CMS (cash management system) for managing funds across the Group under the control of the Company.

(4) Supplementary explanation regarding the matters related to the fair value of financial instruments
The fair value of financial instruments includes the value based on the market price or reasonably calculated value where a market price is unavailable. As the calculation involves variable elements, such calculated values may fluctuate depending on the assumptions adopted.

2. Fair value of financial instruments and information by level within the fair value hierarchy
The carrying amounts, fair value, their differences, and fair value by level on the consolidated balance sheets as at March 31, 2022, are as

follows. Shares, etc. that do not have a market price and investments in partnerships, etc. are not included in the table (Refer to Note 2).

Level 1 fair value: Fair value determined by (unadjusted) market price of the identical assets or liabilities in active markets

Level 2 fair value: Fair value determined by using directly or indirectly observable inputs other than the inputs used for Level 1 fair value

Level 3 fair value: Fair value determined by using significant but unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	44,732			44,732
Total assets	44,732			44,732
Derivatives (*1)				
Currency-related		2,173		2,173
Commodity-related		(19,803)	17,725	(2,077)
Interest rate-related		(167)		(167)
Total derivative transactions		(17,796)	17,725	(71)

(*1) Net credit and debt arising from derivative transactions are presented on a net basis, and the items that are net debts in total are presented in brackets.

(2) Financial instruments other than those measured at fair value on the consolidated balance sheet
'Cash and deposits,' 'notes and accounts receivable - trade, and contract assets' 'notes and accounts payable - trade,' and 'short-term borrowings' are omitted, because they comprise cash and short-term instruments whose carrying amount approximates their fair value.

(Millions of yen)

Category	Fair value				Amount on the consolidated balance sheet	Difference
	Level 1	Level 2	Level 3	Total		
Investment securities						
Shares of subsidiaries and associates	29,263				13,670	15,593
Total assets	29,263				13,670	15,593
Bonds payable(*2)		[543,388]		[543,388]	[548,619]	5,231
Long-term borrowings(*2)		[631,221]		[631,221]	[617,698]	(13,523)
Total liabilities		[1,174,609]		[1,174,609]	[1,166,317]	(8,292)

(*1) Figures in square brackets are those listed under liabilities.

(*2) Bonds payable and long-term borrowings include the current portion of non-current liabilities, respectively.

(Note 1) A description of the valuation techniques and inputs used in the fair value measurements

(1) Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

(2) Bonds payable

The fair value of bonds issued by the Group is determined by the discounted present value, calculated by discounting the sum of principal and interest with the interest rate reflecting the residual maturity of the bonds of the Group and credit risk, which are classified as level 2.

(3) Long-term borrowings

The fair value of long-term borrowings is determined by discounting the sum of principal and interest by using the interest rate assumed for new borrowings on similar conditions, hence classified as level 2. For the fair value of long-term borrowings of the Group with variable interest rates qualifying for special treatment of interest rate swap (see (4) below), the total sum of principal and interest processed as one together with the interest rate swap is discounted by the interest rate assumed to new borrowings on similar conditions.

(4) Derivatives

In determining the fair value of derivative transactions, calculations are mainly based on discounted present value and prices indicated by the correspondent financial institutions. If the price is calculated using only observable inputs, or if it is calculated using unobservable inputs but the impact is immaterial, the fair value of derivative transactions is classified as level 2. On the other hand, if the price is calculated using significant but unobservable inputs, derivative transactions are classified as level 3, and such transactions include a commodity forward contract. Oil price forecasts are an input that cannot be observed on the market. Interest rate swap transactions qualifying for special treatment are treated as one with the hedged item, long-term borrowings, and their fair value is included in the fair value of such long-term borrowings (see (3) above).

(Note 2) Consolidated balance sheet values of shares, etc. that do not have a market price and investments in partnerships, etc. are as follows. They are not included in available-for-sale securities in the table disclosed in the 'Fair value of financial instruments and information by level within the fair value hierarchy.'

(Millions of yen)

Category	The fiscal year under review (as at March 31, 2022)
Shares in subsidiaries and associates Unlisted shares, etc. (*1)	79,547
Available-for-sale securities Unlisted shares, etc. (*1) Investments in partnerships (*2)	 93,173 4,785

(*1) Unlisted shares do not have a market price and thus are not subject to fair value disclosure pursuant to Paragraph 5 of the 'Implementation Guidance on Disclosures about Fair Value of Financial Instruments' (ASBJ Guidance No. 19 issued on March 31, 2020).

(*2) Investments in partnerships, etc. are not subject to fair value disclosure pursuant to Paragraph 27 of the 'Implementation Guidance on Accounting Standard for Fair Value Measurement' (ASBJ Guidance No. 31 issued on July 4, 2019).

[Explanatory notes regarding investment and rental properties]

1. Matters related to status of investment and rental properties

   The Company and some subsidiaries have office buildings for rent and other properties (including land under development) in Tokyo and other regions.

2. Matters related to the fair value of investment and rental properties

(Millions of yen)

Amount on the consolidated balance sheet	Fair value
162,363	587,711

(Note 1) The amount on the consolidated balance sheet is the amount of acquisition cost less accumulated depreciation.
(Note 2) The fair value at the end of this fiscal year is mainly based on real-estate appraisal documents prepared by real-estate appraisers.

[Explanatory notes regarding per share information]
1. Net assets per share ¥2,791.95
2. Basic earnings per share ¥201.84

[Explanatory notes regarding material subsequent events]
1. Acquisition of treasury shares
At the Board of Directors meeting held on April 27, 2022, the Company resolved to acquire treasury shares pursuant to Article 156 of the Companies Act as applied mutatis mutandis to Article 165, paragraph 3 of the law.
The details of the purchase of treasury shares are as follows.
・ Type of stock to be acquired: The Company’s common shares
・ Total number of shares to be acquired: 8.5 million (upper limit)
(Rate to total number of shares outstanding: 1.9%)
・ Total value of shares to be acquired: ¥16 billion (upper limit)
・ Term of acquisition: May 9, 2022 to September 30, 2022

2. Transfer of subsidiary shares
On April 25, 2022, the Company agreed to transfer all shares of Tokyo Gas Energy Co., Ltd. and Tokyo Gas LPG Terminal Co., Ltd. held by Tokyo Gas Liquid Holdings Co., Ltd., a wholly-owned subsidiary of the Company, to Iwatani Corporation, and concluded a share sales agreement with Iwatani Corporation. The share transfer is scheduled to be completed by June 2022.
1) Reasons for share transfer
Tokyo Gas Energy Co., Ltd. operates a liquefied petroleum gas (LPG) wholesale and retail businesses mainly in the Tokyo metropolitan area. Tokyo Gas LPG Terminal Co., Ltd. is engaged in the LPG storage and shipping business in Negishi.
After considering the composition of our optimal business portfolio and the environment surrounding this business, it was determined appropriate to transfer all shares of the following consolidated subsidiaries to Iwatani Corporation.
2) Acquirer of shares
Iwatani Corporation
3) Schedule of share transfer
June 2022 (tentative)
4) Names of transferees and line of business

Name	Line of business
Tokyo Gas Energy Co., Ltd.	Wholesale of LP Gas, Direct sales of LP gas, etc.
Tokyo Gas LPG Terminal Co., Ltd.	Storage and shipping of LPG

5) Number of shares to be transferred, transfer price and number of shares held after share transfer

	Tokyo Gas Energy Co., Ltd.	Tokyo Gas LPG Terminal Co., Ltd.
Number of shares to be	678,000 (ownership rate: 66.6%)	980 (ownership rate: 49.0%) The remaining stake of 51.0% is held

transferred		by Tokyo Gas Energy Co., Ltd.
Transfer price	Due to our contractual confidentiality obligations, we will refrain from disclosing this information.	
Number of shares held after share transfer	0 (ownership rate: 0%)	0 (ownership rate: 0%)

[Other explanatory notes]

1. Spin-off into Tokyo Gas Network Co., Ltd. (absorption-type company split)
   The Company succeeded its gas pipeline business to Tokyo Gas Network Co., Ltd. by means of a spin-off on April 1, 2022 (hereinafter the 'Spin-off').
   1) Background and purpose of Spin-off
      Pursuant to the Gas Business Act revised in June 2015, the Company, which is a special general gas pipeline service provider, is prohibited from engaging in the gas production business or gas retail business and the gas pipeline business concurrently starting from April 2022 to ensure further neutrality of the gas pipeline business. To meet the requirement of the Act, the Company established Tokyo Gas Network Co., Ltd., a wholly owned subsidiary, as a Spin-off Preparatory Company on April 1, 2021 and signed an absorption-type company split agreement with Tokyo Gas Network Co., Ltd. in which the Company's gas pipeline business, etc. is assumed by Tokyo Gas Network Co., Ltd., effective April 1, 2022.
   2) Outline of Spin-off
      - Spin-off schedule

Board of Directors resolution for signing of absorption-type company split agreement (the Company)	April 28, 2021
Directors' decision for signing of absorption-type company split agreement (the successor company)	April 28, 2021
Signing of absorption-type company split agreement	April 28, 2021
Annual Shareholders Meeting approval of absorption-type company split agreement (the Company)	June 29, 2021
Extraordinary Shareholders Meeting approval of absorption-type company split agreement (the successor company)	June 29, 2021
Effective date of absorption-type company split agreement	April 1, 2022

      - Spin-off method
        An absorption-type company split with the Company as the spin-off company and Tokyo Gas Network Co., Ltd., a wholly owned subsidiary, as the successor company.
      - Allotment pertaining to Spin-off
        In the Spin-off, Tokyo Gas Network Co., Ltd., which is the successor company, issued 12.63 million shares of common shares and allocate all of the shares to the Company.
      - Treatment of share acquisition rights and bonds with share acquisition rights following Spin-off
        The Company issued neither share acquisition rights nor bonds with share acquisition rights.
      - Changes in capital stock due to Spin-off
        There is no changes in the capital stock of the Company.
      - Rights and obligations assumed by the successor company

Pursuant to the provision of the absorption-type company split agreement dated April 28, 2021 that was entered into with the Company, the successor company assumed the Company's rights and obligations related to the Company's gas pipeline business and ancillary businesses on the effective date.
The successor company's assumption of debt due to the Spin-off shall be done without recourse to the Company.
Any debt pertaining to the Company's existing bonds sold through public offerings was not assumed by the successor company.

- Prospect of fulfillment of obligations
No problems are foreseen in the fulfillment of obligations by the Company and the successor company after the Spin-off since the assets of both the Company and the successor company are expected to exceed liabilities after the Spin-off and no circumstance that could impede the fulfillment of obligations to be borne after the Spin-off is anticipated at present.

3) Outline of operating units to be spun off

- Description of operations to be spun off
Gas pipeline business and ancillary businesses
- Operating results of units to be spun off (Results for the fiscal year ended March 31, 2022)

Description of operations to be spun off	Net sales of operations to be spun off (a)	Net sales of the Company (Non-consolidated) (b)	Ratio (a/b)
Gas pipeline business and ancillary businesses	¥88,651 million	¥1,921,391 million	4.6%

Note: Net sales are sales to external customers.

- Category and amount of assets and liabilities to be spun off (As of March 31, 2022)

Assets		Liabilities	
Category	Amount	Category	Amount
Non-current assets	¥613,988 million	Non-current liabilities	¥3,628 million
Current assets	¥47,834 million	Current liabilities	¥48,079 million
Total	¥661,823 million	Total	¥51,708 million

4) Status of the Company after Spin-off (As of April 1, 2022)

(1) Company name	Tokyo Gas Co., Ltd.
(2) Address	5-20, Kaigan 1-chome, Minato-ku, Tokyo
(3) Name and title of representative	Takashi Uchida, Representative Corporate Executive Officer, President
(4) Business	Gas production business, gas retail business, etc.
(5) Capital	¥141,844 million
(6) Closing date	March 31

5) Status of the successor company after Spin-off (As of April 1, 2022)

(1) Company name	Tokyo Gas Network Co., Ltd.
(2) Address	5-20, Kaigan 1-chome, Minato-ku, Tokyo
(3) Name and title of representative	Kunio Nohata, Representative Director, President
(4) Business	Gas pipeline business, etc.
(5) Capital	¥10,000 million
(6) Closing date	March 31

2. Share-based compensation plan for directors, corporate executive officers and executive officers]

At its Compensation Committee held on June 29, 2021, the Company resolved to introduce a trust-type share-based Compensation Plan for its directors and corporate executive officers with the aim of providing incentives to improve the Company's corporate value over the medium to long term. The Company has also decided to introduce a similar share-based compensation plan for its executive officers (the two share-based compensation plans are hereinafter collectively referred to as the 'Plan'; the directors, corporate executive officers and executive officers are hereinafter collectively referred to as the 'Executives').
Accounting for the Plan is based on the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (PITF No. 30, March 26, 2015).

1) Overview of transaction

The Plan is a trust-type share-based compensation plan under which a trust established by the Company by contributing cash (hereinafter, the 'Trust') acquires Company shares equivalent to the number of points granted by the Company to each Executive, who then receives delivery of the shares.
Under the Plan, Company shares will be delivered to Executives in office during the three fiscal years from the fiscal year ending March 31, 2022, to the fiscal year ending March 31, 2024 (hereinafter, the 'Applicable Period'). As a general rule, Executives shall receive the Company shares when they resign/retire.

2) Company shares remaining in trust

Company shares remaining in trust have been recorded as treasury stock at their carrying amount in the trust (excluding the amount of incidental expenses) under net assets. The carrying amount and number of shares of said treasury stock at the end of the fiscal year under review were ¥460 million and 223,800 shares, respectively.

3. Impairment loss

In the fiscal year under review, the Group recognized impairment loss primarily on the following asset groups.

(Millions of yen)

Place	Use	Type	Amount
Utsunomiya, Tochigi Prefecture	Real estate business	Property, plant and equipment (other facilities (land, buildings and structures))	1,164
Hitachi, Ibaraki Prefecture	Real estate business	Property, plant and equipment (other facilities (land, buildings and structures))	911
Koganei, Tokyo	Real estate business	Property, plant and equipment (other facilities (land, buildings and structures))	653

For its calculation of impairment loss, the Group performs grouping of assets into smallest units generating cash flows that are largely independent of the cash flows from other assets or asset groups.
The business value of land, buildings and structures in the real estate business was revalued in consideration of the latest business environment, whereby their book value was written down to a recoverable amount, and such reduction was recognized as extraordinary losses.
The recoverable amount of this asset group was measured at the fair value less cost to sell.

3. Amounts less than one million yen are rounded down.

Non-Consolidated Statement of Changes in Equity

From April 1, 2021 to March 31, 2022

(Millions of yen)

	Shareholders’ equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	141,844	2,065	2,065	35,454	5,616	2,469	141,000	339,000	128,825	652,365
Cumulative effects of changes in accounting policies									4,747	4,747
Restated balance	141,844	2,065	2,065	35,454	5,616	2,469	141,000	339,000	133,573	657,113
Changes of items during period										
Reversal of reserve for advanced depreciation of non-current assets					(60)				60	
Reversal of reserve for overseas investment loss						(1,452)			1,452	
Dividends of surplus									(26,423)	(26,423)
Profit									30,834	30,834
Purchase of treasury shares										
Disposal of treasury shares									(100)	(100)
Retirement of treasury shares									(3,604)	(3,604)
Net changes of items other than shareholders’ equity										
Total changes of items during period	-	-	-	-	(60)	(1,452)	-	-	2,217	705
Balance at end of current period	141,844	2,065	2,065	35,454	5,556	1,017	141,000	339,000	135,790	657,819

	Shareholders’ equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders’ equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total Valuation and translation adjustments	
Balance at beginning of current period	(3,907)	792,368	22,408	(9,777)	12,631	805,000
Cumulative effects of changes in accounting policies		4,747				4,747
Restated balance	(3,907)	797,116	22,408	(9,777)	12,631	809,747
Changes of items during period						
Reversal of reserve for advanced depreciation of non-current assets						-
Reversal of reserve for overseas investment loss						-
Dividends of surplus		(26,423)				(26,423)
Profit		30,834				30,834
Purchase of treasury shares	(3,786)	(3,786)				(3,786)
Disposal of treasury shares	564	463				463
Retirement of treasury shares	3,604					-
Net changes of items other than shareholders’ equity			(4,051)	5,164	1,113	1,113
Total changes of items during period	382	1,088	(4,051)	5,164	1,113	2,201
Balance at end of current period	(3,524)	798,204	18,357	(4,612)	13,745	811,949

Notes to the Non-Consolidated Financial Statements

From April 1, 2021 to March 31, 2022

1. Significant accounting policies
   (1) Valuation bases and methods of assets
      1) The valuation basis and method of securities are as follows:
         Shares of subsidiaries and associates are stated at cost, as determined by the moving-average method. Available-for-sale securities other than shares, etc. without a market price are carried at fair value based on the market price at the year end, etc., with valuation differences, reported in a separate component of net assets. The cost of securities sold is determined by the moving-average method.
         Available-for-sale securities such as shares without a market price are stated at cost, as determined by the moving-average method.
      2) Derivatives are valued by the fair value method.
      3) Inventories (finished goods, raw materials and supplies) are stated at cost, as determined by the moving-average method (balance sheet values are calculated using the book value reduction method based on declining profitability).
   (2) Methods of depreciation and amortization of non-current assets
      1) The declining-balance method is applied for property, plant and equipment. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016.
         Durable years are determined based on the 'Corporation Tax Act.'
      2) The straight-line method is applied for intangible assets.
         Software for internal use is amortized by the straight-line method over the internally available period (five to ten years).
         Goodwill is amortized over twenty years or less under the straight-line method depending on the reasons for recognition of goodwill.
   (3) Basis for provisions
      1) To reserve for loss on doubtful accounts such as accounts receivable - trade and loans receivable, etc., general allowances are provided using a rate determined by past bad debts experience and also specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing individual collectibles of certain doubtful accounts such as bankruptcy/ rehabilitation claims.
      2) The Company provides provision for retirement benefits in the amount of the deemed obligations as of the balance sheet date based on the estimated amount of projected benefit obligation and the estimated fair value of the pension plan assets at that date. Actuarial differences are recorded as expenses in one lump-sum in the fiscal year following the fiscal year in which the actuarial gain or loss incurs. In the calculation of retirement benefit obligations, expected benefits are attributed to periods up until the fiscal year under review on the benefit formula basis.
      3) Provision for share awards for directors (and other officers) is an allowance to provide outlays for retirement benefits expenses in the form of company shares issued at the time of retirement. It corresponds to the points granted by the Company to its Directors and Executive Officers while in office, based on the stock-based remuneration system using trust. The number of shares to be delivered based on the points allocated to the

Directors and Executive Officers and the estimated amount to be paid are recorded on the balance sheet date.

4) The Company provides provision for gas holder repairs for periodic maintenance and repair of spherical gas holding tanks by distributing the estimated related costs to each fiscal term during the period until the next scheduled repair.

5) Provision for safety measures is an allowance to provide outlays for expenses required to ensure the safety of gas consumers. We have individually recorded the estimated future expenses that will be required after the balance sheet date, such as expenses required for work on exchanging valve connections for gas appliances with air extractor vents for valve connections without air extractor vents.

6) Provision for contract loss in regards to appliance warranties is an allowance to provide outlays for losses that may arise in performing maintenance warranties contract for the appliances sold, based on the estimated amount of loss.

7) Provision for point service program is an allowance to provide outlays for expenses arising through the use of point service. The estimated future expenses required after the balance sheet date are recorded.

(4) Basis for revenue and expenses

1) Gas business
The gas business engages primarily in selling city gas, which involves obligations to supply over the contract term, where performance obligations are satisfied at each time of supply, and revenue is recognized on a meter-reading date basis according to the Regulation on Accounting at Gas Utilities.

2) Electric power business
The electric power business engages in the sale of electric power. Revenue is recognized at the point in time when electric power is delivered to customers, as performance obligations are satisfied at each supply of electric power based on the obligation to supply over the contract term. The renewable energy generation promotion surcharge corresponds to the amount of money collected on behalf of a third party and thus is not included in the transaction price. Hence, revenue from the sale of electric power is determined at the net amount after deducting the surcharge payable to such a third party from the amount of consideration received from customers.

3) LNG sales business
The LNG sales business engages in selling liquefied natural gas, where performance obligations are satisfied by the delivery of LNG; thus, revenue is recognized at the point in time when LNG is delivered to customers.

2. Explanatory notes regarding changes in accounting policies

(1) Application of Accounting Standard for Revenue Recognition, etc.
The Company has applied the ‘Accounting Standard for Revenue Recognition’ (ASBJ No. 29, March 31, 2020) and others, effective the start of the fiscal year under review, and has decided to recognize the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to the customer.
Therefore, revenues associated with the electric power business, which had been recognized on the basis of the date of meter reading, are now recognized on the basis of delivery by reasonably estimating the performance obligation that is fulfilled at the end of the term. For the provision of certain gas equipment maintenance services, the

maintenance cost expected to be incurred in the future had been booked as provision for appliance warranties, and the amount provided had been booked as expenses. However, said services are now identified as a performance obligation, and the amount expected as consideration for the future provision of the services is now treated as a contract liability. The advanced billing used to promote renewable energy power generation is no longer included in the transaction price upon revenue recognition as it is collected for a third party. It is now accounted for as a liability item instead of the previous operating revenue item. The corresponding payments in accordance with the Act on Special Measures concerning the Procurement of Renewable Electric Energy are now also accounted for as said liability item instead of an operating expense. With regard to points that are granted according to the purchase amount of gas and electricity, the amount expected to be used in the future had been booked as provision for point card certificates, and the amount provided had been booked as expenses. The points granted are now identified as a performance obligation, and the amount expected to be received in exchange for future services is now booked as a contract liability.

The Accounting Standard for Revenue Recognition, etc., is applied in accordance with the transitional procedures set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. Under this application method, the cumulative effect of retroactively applying the new accounting policies before the start of the fiscal year under review is added to or deducted from the retained earnings at the start of the fiscal year under review, and the new accounting policies are applied from the said beginning balance.

However, by applying the method set forth in Paragraph 86 of the Accounting Standard for Revenue Recognition, the new accounting policies have not been applied retroactively to contracts for which almost all revenues had been recognized in accordance with the previous treatment before the start of the fiscal year under review. In addition, by applying the method set forth in proviso (1) of Paragraph 86 of the Accounting Standard for Revenue Recognition, changes to contracts carried out before the start of the fiscal year under review have been accounted for based on the contract terms after all contract changes have been reflected, and their cumulative effects have been added to or deducted from retained earnings at the start of the fiscal year under review.

As a result, retained earnings at the start of the fiscal year under review increased by ¥4,747 million, net sales for the fiscal year under review decreased by ¥46,010 million, and operating profit, ordinary profit, and profit before income taxes increased by ¥4,366 million each.

Due to the application of the Accounting Standard for Revenue Recognition, etc., ‘provision for appliance warranties,’ which was presented under ‘non-current liabilities’ in the balance sheet for the previous fiscal year has been presented as ‘contract liabilities’ and included in ‘other current liabilities’ from the fiscal year under review. Of the ‘provision for point service program,’ which was presented under ‘non-current liabilities’ in the balance sheet for the previous fiscal year, the amount corresponding to contract liabilities under the Accounting Standard for Revenue Recognition, etc. has been presented as ‘contract liabilities’ and included in ‘other current liabilities’ from the fiscal year under review. In accordance with the transitional procedures set forth in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, reclassification based on the new presentation method has not been made for the previous fiscal year.

3. Explanatory notes regarding revenue recognition
   (1) Information on disaggregation of revenue
   Notes are omitted as the identical information is stated in 'Explanatory notes regarding revenue recognition' of the notes to the consolidated financial statements.
   (2) Useful information in understanding revenue
   The details of the primary performance obligations of the Company and in the major businesses related to revenue from contracts with customers and the typical timing at which such performance obligations are satisfied (typical timing of revenue recognition) are stated in 'Revenue and expense recognition standards' under 'Significant accounting policies.'
   (3) Information in understanding the amount of revenue in the current and following fiscal years
   Notes are omitted as the identical information is stated in 'Explanatory notes regarding revenue recognition' of the notes to the consolidated financial statements.

4. Explanatory notes regarding accounting estimates
   (1) Valuation of investments in (shares of) subsidiaries and associates
      1) The amount posted in the Non-Consolidated Financial Statements for the fiscal year under review
      Investments in (shares of) subsidiaries and associates: ¥498,568 million
      Miscellaneous expenses (loss on valuation of shares of subsidiaries and associates): ¥1,994 million
      2) Other information
         (a) Calculation method
         Of the above, for the assets registering a significant decline in the net asset value compared to the investment value, a loss on valuation is posted. The book value of such assets is written down to the net asset value, excluding those assets determined to be recoverable.
         (b) Key assumptions
         With respect to investments in (shares of) subsidiaries and associates registering a significant decline in the net asset value compared to the investment value, whether they are recoverable or not is determined based on information on external factors such as business environment of each subsidiary and associate and internal information used by each subsidiary and associate (business plans, budgets, etc.). In making such determination, we use forward-looking factors that affect net sales including sales volume and market prices, market trends based on demand and supply forecast, and various cost forecasts reflecting the most recent track record.
         (c) Impact on the Non-Consolidated Financial Statements for the following fiscal year
         The above determination is believed to be reasonable. However, a loss on valuation may arise if forecasts change due to unpredictable changes in assumptions.
   (2) Valuation of inventories (raw materials)
      1) The amount posted in the Non-Consolidated Financial Statements for the fiscal year under review: ¥46,445 million
      2) Other information
      (a) Calculation method, (b) Key assumptions, and (c) Impact on the Non-Consolidated Financial Statements for the following

fiscal year are as stated in the Consolidated Financial Statements.

(3) Calculation of provision for retirement benefits

1) The amount posted in the Non-Consolidated Financial Statements for the fiscal year under review: ¥59,593 million

2) Other information

(a) Calculation method, (b) Key assumptions, and (c) Impact on the Non-Consolidated Financial Statements for the following fiscal year are as stated in the Consolidated Financial Statements.

5. Explanatory notes regarding the non-consolidated balance sheet

(1) Assets pledged as collateral

Investment securities	¥166 million
Investments in subsidiaries and associates	¥8,274 million
Long-term loans receivable	¥21 million
Other non-current liabilities	¥5,647 million

(The above assets are mainly guarantee deposits for derivative transactions)

(Liabilities secured by the collaterals —)

(The above assets are pledged as collateral against debts incurred by companies in which the Company has invested.)

(2) Accumulated depreciation

Property, plant and equipment	¥3,568,486 million
Intangible assets	¥57,585 million

(3) Guarantee obligation, etc.

Guarantee obligation	¥85,018 million

6. Explanatory notes regarding the non-consolidated statement of income

Trading volume with subsidiaries and associates

Net sales	¥307,259 million
Purchases	¥588,919 million
Trading volume other than net sales and purchases	¥17,725 million

7. Explanatory notes regarding the non-consolidated statement of changes in equity

Number of shares of treasury shares as of the end of this fiscal year 1,448,431 shares

8. Explanatory notes regarding deferred tax accounting

Principal sources of deferred tax assets and deferred tax liabilities

Deferred tax assets	Provision for retirement benefits
Deferred tax liabilities	Valuation difference on available-for-sale securities

9. Explanatory notes regarding transactions with related parties

Subsidiaries

Name	Percentage of voting rights holding (or being held) (%)	Relationship with related party	Contents of transaction	Amount of transaction (millions of yen)	Account name	Amount outstanding as of the end of FY2020 (millions of yen)
Tokyo Gas America Ltd.	Holding Direct 100.0	Subsidiary	Subscription for new shares (Note 1)	43,352	—	—
TOKYO GAS PLUTO PTY LTD.	Holding Indirect 100.0	Subsidiary	Loan guarantee (Note 2)	14,287	—	—
TG Global Trading Co., Ltd.	Holding Direct 100.0	Subsidiary	Sale of LNG (Note 3)	46,272	—	—

Business terms and policies for determination of business terms

(Note 1) The Company subscribed for Tokyo Gas America Ltd.'s shares at USD 1,000 per share.

(Note 2) A decision is made comprehensively after due consideration of the project plan.

(Note 3) The decision on the transaction was made in consideration of the market price.

10. Explanatory notes regarding per share information

Net assets per share	¥1,847.23
Basic earnings per share	¥70.12

11. Explanatory notes regarding material subsequent events

(1) Acquisition of treasury shares

At the Board of Directors meeting held on April 27, 2022, the Company resolved to acquire treasury shares pursuant to Article 156 of the Companies Act as applied mutatis mutandis to Article 165, paragraph 3 of the law.

The details of the purchase of treasury shares are as follows.

- Type of stock to be acquired: The Company's common shares
- Total number of shares to be acquired: 8.5 million (upper limit) (Rate to total number of shares outstanding: 1.9%)
- Total value of shares to be acquired: ¥16 billion (upper limit)
- Term of acquisition: May 9, 2022 to September 30, 2022

12. Other explanatory notes

(1) Spin-off into Tokyo Gas Network Co., Ltd. (absorption-type company split)

The Company succeeded its gas pipeline business to Tokyo Gas Network Co., Ltd. by means of a spin-off on April 1, 2022 (hereinafter the 'Spin-off').

1) Background and purpose of Spin-off

Pursuant to the Gas Business Act revised in June 2015, the Company, which is a special general gas pipeline service provider, is prohibited from engaging in the gas production business or gas retail business and the gas pipeline business concurrently starting from April 2022 to ensure further neutrality of the gas pipeline business.

To meet the requirement of the Act, the Company established Tokyo Gas Network Co., Ltd., a wholly owned subsidiary, as a Spin-off Preparatory Company on April 1, 2021 and signed an absorption-type company split agreement with Tokyo Gas Network Co., Ltd. in which the Company's gas pipeline business, etc. is assumed by Tokyo Gas Network Co., Ltd., effective April 1, 2022.

2) Outline of Spin-off

・ Spin-off schedule

Board of Directors resolution for signing of absorption-type company split agreement (the Company)	April 28, 2021
Directors' decision for signing of absorption-type company split agreement (the successor company)	April 28, 2021
Signing of absorption-type company split agreement	April 28, 2021
Annual Shareholders Meeting approval of absorption-type company split agreement (the Company)	June 29, 2021
Extraordinary Shareholders Meeting approval of absorption-type company split agreement (the successor company)	June 29, 2021
Effective date of absorption-type company split agreement	April 1, 2022

・ Spin-off method

An absorption-type company split with the Company as the spin-off company and Tokyo Gas Network Co., Ltd., a wholly owned subsidiary, as the successor company.

・ Allotment pertaining to Spin-off

In the Spin-off, Tokyo Gas Network Co., Ltd., which is the successor company, issued 12.63 million shares of common shares and allocate all of the shares to the Company.

・ Treatment of share acquisition rights and bonds with share acquisition rights following Spin-off

The Company issued neither share acquisition rights nor bonds with share acquisition rights.

・ Changes in capital stock due to Spin-off

There is no changes in the capital stock of the Company.

・ Rights and obligations assumed by the successor company

Pursuant to the provision of the absorption-type company split agreement dated April 28, 2021 that was entered into with the Company, the successor company assumed the Company's rights and obligations related to the Company's gas pipeline business and ancillary businesses on the effective date.

The successor company's assumption of debt due to the Spin-off shall be done without recourse to the Company.

Any debt pertaining to the Company's existing bonds sold through public offerings was not assumed by the successor company.

・ Prospect of fulfillment of obligations

No problems are foreseen in the fulfillment of obligations by the Company and the successor company after the Spin-off since the assets of both the Company and the successor company are expected to exceed liabilities after the Spin-off and no circumstance that could impede the fulfillment of obligations to be borne after the Spin-off is anticipated at present.

3) Outline of operating units to be spun off

・ Description of operations to be spun off

Gas pipeline business and ancillary businesses

・ Operating results of units to be spun off (Results for the fiscal year ended March 31, 2022)

Description of operations to be spun off	Net sales of operations to be spun off (a)	Net sales of the Company (Non-consolidated) (b)	Ratio (a/b)
Gas pipeline business and ancillary businesses	¥88,651 million	¥1,921,391 million	4.6%

Note: Net sales are sales to external customers.

・ Category and amount of assets and liabilities to be spun off (As of March 31, 2022)

Assets		Liabilities	
Category	Amount	Category	Amount
Non-current assets	¥613,988 million	Non-current liabilities	¥3,628 million
Current assets	¥47,834 million	Current liabilities	¥48,079 million
Total	¥661,823 million	Total	¥51,708 million

4) Status of the Company after Spin-off (As of April 1, 2022)

(1) Company name	Tokyo Gas Co., Ltd.
(2) Address	5-20, Kaigan 1-chome, Minato-ku, Tokyo
(3) Name and title of representative	Takashi Uchida, Representative Corporate Executive Officer, President
(4) Business	Gas production business, gas retail business, etc.
(5) Capital	¥141,844 million
(6) Closing date	March 31

5) Status of the successor company after Spin-off (As of April 1, 2022)

(1) Company name	Tokyo Gas Network Co., Ltd.
(2) Address	5-20, Kaigan 1-chome, Minato-ku, Tokyo
(3) Name and title of representative	Kunio Nohata, Representative Director, President
(4) Business	Gas pipeline business, etc.
(5) Capital	¥10,000 million
(6) Closing date	March 31

(2) Share-based compensation plan for directors, corporate executive officers and executive officers]

At the meeting of the Compensation Committee held on June 29, 2021, a resolution was passed for the Company to introduce a stock compensation system using the trust for its Directors and Executive Officers to provide them with an incentive for enhancing the Company’s medium- and long-term corporate value. The Company has also decided to introduce a similar share-based compensation plan for its executive officers (the two share-based compensation plans are hereinafter collectively referred to as the ‘Plan’; the directors, corporate executive officers and executive officers are hereinafter collectively referred to as the ‘Executives’).

Accounting for the Plan is based on the Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts (PITF No. 30, March 26, 2015).

1) Overview of transaction

The Plan is a trust-type share-based compensation plan under which a trust established by the Company by contributing cash (hereinafter, the ‘Trust’) acquires Company shares equivalent to the number of points granted by the Company to each Executive, who then receives delivery of the shares.

Under the Plan, Company shares will be delivered to executives in office during the three fiscal years from the fiscal year ending March 31, 2022, to the fiscal year ending March 31, 2024 (hereinafter, the ‘Applicable Period’). As a general rule, Executives shall receive the Company shares when they resign/retire.

2) Company shares remaining in trust

Company shares remaining in trust have been recorded as treasury stock at their carrying amount in the trust (excluding the amount of incidental expenses) under net assets. The carrying amount and number of shares of said treasury stock at the end of the fiscal year under review were ¥460 million and 223,800 shares.

(3) Amounts less than one million yen are rounded down.