[English Translation Originally Issued in the Japanese Language]

Security Identification Code: 9531
June 2, 2020

Dear Shareholders:

NOTICE OF CONVOCATION OF THE 220th ANNUAL SHAREHOLDERS MEETING

We hereby would like to inform you of the 220th Annual Shareholders Meeting of Tokyo Gas Co., Ltd. (hereinafter, 'the Company'), to be held as described below.
We request that you exercise your voting rights for the Annual Shareholders Meeting in advance in writing or via the Internet if possible. In that case, we respectfully ask you to exercise your voting rights in advance after reading the REFERENCE MATERIALS FOR THE SHAREHOLDERS MEETING starting from page 5.

Sincerely yours,

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

1. Date and Hour: 10 a.m., Friday, June 26, 2020 (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 & Supervisory Board on the Consolidated Financial Statements for the 220th fiscal year (from April 1, 2019 to March 31, 2020)
   (2) Matters to resolve:
   Proposal No. 1: Approval of the Appropriation of Surplus
   Proposal No. 2: Election of Nine (9) Directors
   Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

4. Exercise of Voting Rights:

(1) When attending the meeting

Please bring the enclosed voting form 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 voting form your approval or disapproval for each proposal and post it.
Deadline: Form must be delivered by 5:30 p.m. on Thursday, June 25, 2020.
[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 Thursday, June 25, 2020.

(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 & Supervisory Board Members 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.

[Company's website www.tokyo-gas.co.jp]

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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.

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 Thursday, June 25, 2020,** 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.

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REFERENCE MATERIALS FOR THE SHAREHOLDERS MEETING

Proposals and References

Proposal No. 1: Approval of the Appropriation of Surplus

Based on the Company's current 'Policy on Determination of Dividends from Surplus and Others' (see the Reference below), the Company will pay a dividend from surplus (year-end dividend) of ¥30 per share.
Together with the midterm dividend of ¥30 per share, the total dividend to be paid during the year is ¥60 per share.

(1) Allocation of dividend property and its aggregate amount:
Cash ¥30 per share
Aggregate amount of dividends ¥13,230,339,390

(2) Dividend effective date
Monday, June 29, 2020

[Reference]

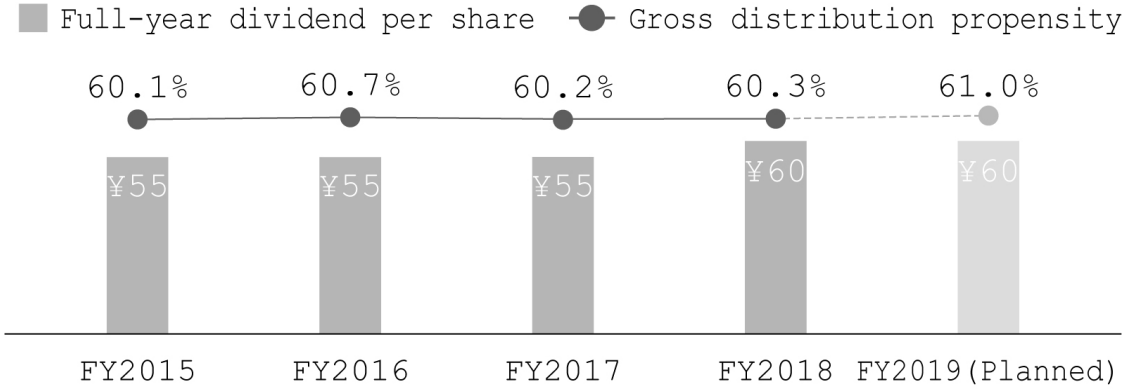
- Policy on Determination of Dividends from Surplus and Others

  The Company will apply the cash flow it has generated to investments in 'Enhancing the LNG Value Chain,' which is aimed at new growth, and will simultaneously allocate the results of its management to the shareholders in an appropriate and timely manner.

  Specifically, 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 60% for each year.

  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.

- Shareholder Returns



<Target> About 60% for each year

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

For the FY2020-2022 policy described above, see 'Objectives to Be Achieved in the FY2020-2022 Group Medium-term Management Plan' (page 35) under '1. (5) Prospective Challenges' in the Business Report.

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. Accordingly, 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	Reelection	100% (12 / 12)
2	Takashi Uchida	Representative Director, President	Reelection	100% (12 / 12)
3	Masaru Takamatsu	Representative Director, Executive Vice President Chief Executive of Residential Service Div.	Reelection	100% (12 / 12)
4	Kunio Nohata	Representative Director, Executive Vice President Chief Executive of Energy Solution Div. In charge of Sustainability Dept.	Reelection	100% (12 / 12)
5	Shinichi Sasayama	Senior Managing Executive Officer Chief Executive of Asset Optimization & Trading Div.	Newly elected	–
6	Hitoshi Saito	Director	Reelection Outside Independent	100% (10 / 10)
7	Kazunori Takami	Director	Reelection Outside Independent	100% (10 / 10)
8	Junko Edahiro	Director	Reelection Outside Independent	100% (10 / 10)
9	Mami Indo	–	Newly elected Outside Independent	–

Notes: 1. There is no special interest between the nominees for Directors and the Company.
2. The Company has entered into an agreement with Hitoshi Saito, Kazunori Takami and Junko Edahiro 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. If they are reelected, the Company plans to renew the aforementioned agreement with them. If the election of Mami Indo is approved, the Company plans to enter into the same agreement with her.
3. In July 2016, the European Commission finalized its decision to impose a fine on Panasonic Corporation, where Kazunori Takami served as director until June 2017, in relation to certain conduct violating antitrust laws in connection with the company's cathode ray tube business. Panasonic Corporation also reached a settlement to pay the fine imposed by the European Commission in December 2016, in regard to certain conduct violating antitrust laws in connection with its lithium-ion battery business. In addition, Panasonic Corporation and its U.S. subsidiary, Panasonic Avionics Corporation ('PAC'), were subject to investigation for alleged violations of the U.S. Foreign Corrupt Practices Act and other securities-related laws of the U.S. with respect to certain transactions carried out by PAC with airline companies, and also with respect to employment of agents and consultants in relation to such transactions (announcement made in February 2017). In that regard, Panasonic Corporation and PAC reached an agreement in May 2018 with the U.S. Securities and Exchange Commission and the U.S. Department of Justice requiring them to pay a fine to the U.S. government while also undertaking various actions to improve compliance practices.

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
1	Reelection Michiaki Hirose (October 2, 1950) Number of the Company's shares held 37,100 Attendance to the Board of Directors meetings: 12 / 12 (100%)	April 1974 Joined the Company April 2004 Executive Officer and Assistant to Chief Executive of Corporate Communication Div. April 2006 Executive Officer and General Manager of Corporate Planning Dept. of Strategic Planning Div. April 2007 Senior Executive Officer and in charge of Corporate Planning Dept., Infrastructure Project Dept., Finance Dept., Accounting Dept. and Affiliated Companies Dept. April 2008 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. April 2009 Senior Executive Officer and in charge of Corporate Planning Dept. and Affiliated Companies Dept. June 2009 Director, Senior Executive Officer and in charge of Corporate Planning Dept., Corporate Communications Dept. and Affiliated Companies Dept. January 2010 Director, Senior Executive Officer and in charge of Corporate Planning Dept., Project Management Dept., Corporate Communications Dept. and Affiliated Companies Dept. April 2012 Representative Director, Executive Vice President and Chief Executive of Living Energy Div. April 2013 Representative Director, Executive Vice President and Chief Executive of Residential Sales and Service Div. April 2014 Representative Director, President April 2018 Director and Chairman of the Board (Current position)

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 the Chairman of the Board and has been promoting the enhancement of corporate governance.

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]		
2	Reelection Takashi Uchida (April 17, 1956) Number of the Company's shares held 18,500 Attendance to the Board of Directors meetings: 12 / 12 (100%)	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 (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 President and has been promoting new challenges of the Group toward the realization of 'Compass 2030,' the management vision formulated in 2019.

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
3	Reelection Masaru Takamatsu (March 14, 1956) Number of the Company's shares held 21,300 Attendance to the Board of Directors meetings: 12 / 12 (100%)	April 1980 Joined the Company April 2011 Executive Officer and General Manager of LIFEVAL Project Management Dept. of Living Energy Div. April 2012 Executive Officer and General Manager of Corporate Planning Dept. April 2014 Senior Executive Officer and in charge of Corporate Planning Dept. and Affiliated Companies Dept. April 2015 Senior Executive Officer and in charge of Corporate Planning Dept., Personnel Dept., Chiba-Ibaraki Project Dept., Group Management Project Dept. and Group Personnel System Project Dept. April 2016 Senior Executive Officer and in charge of Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept. and Internal Audit Dept. June 2016 Director, Senior Executive Officer and in charge of Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept. and Internal Audit Dept. April 2017 Director, Senior Executive Officer and in charge of Purchasing Dept., Secretary Dept., General Administration Dept., Compliance Dept. and Internal Audit Dept. April 2018 Representative Director, Executive Vice President and Chief Executive of Residential Service Div. (Current position)
Reason for nomination as Director Mr. Masaru Takamatsu has experience mainly in operations related to residential sales and corporate planning, and has been engaged in efforts to construct a community-oriented sales system through measures such as Tokyo Gas Lifeval and formulate the management vision, among others. We propose that Mr. Masaru Takamatsu be reelected as Director, as he is currently promoting residential sales, primarily by increasing the number of electricity contracts, thereby striking a balance between offense and defense.		

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
4	Reelection Kunio Nohata (December 31, 1958) Number of the Company's shares held 7,200 Attendance to the Board of Directors meetings: 12 / 12 (100%)	April 1984 Joined the Company April 2013 Executive Officer and General Manager of Gas Resources Dept. of Energy Resources Business Div. April 2015 Senior Executive Officer President, Representative Director of Tokyo Gas Engineering Solutions April 2017 Senior Executive Officer of the Company, Chief Executive of Power Business Div., In charge of Environmental Affairs Dept. June 2017 Director, Senior Executive Officer, Chief Executive of Power Business Div., and in charge of Environmental Affairs Dept. April 2018 Director, Senior Managing Executive Officer and Chief Executive of Global Business Div. April 2020 Representative Director, Executive Vice President, Chief Executive of Energy Solution Div., and in charge of Sustainability Dept. (Current position)
Reason for nomination as Director Mr. Kunio Nohata has experience mainly in operations related to energy sales and energy resources & global business, and has been engaged in efforts to offer energy solutions both in Japan and overseas and expand the global business. We propose that Mr. Kunio Nohata be reelected as Director, as he is currently promoting commercial and industrial sales, etc.		

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
5	Newly elected Shinichi Sasayama (June 11, 1962) Number of the Company's shares held 6,700	April 1986 Joined the Company April 2016 Executive Officer and General Manager of Corporate Planning Dept. April 2018 Senior Executive Officer, Chief Executive of Digital Innovation Div., and in charge of Corporate Planning Dept. April 2019 Senior Executive Officer, Chief Executive of Digital Innovation Div., and in charge of Corporate Planning Dept. and Business Transformation Project Dept. April 2020 Senior Managing Executive Officer and Chief Executive of Asset Optimization & Trading Div. (Current position)
Reason for nomination as Director Mr. Shinichi Sasayama has experience mainly in operations related to corporate planning, and has been engaged in efforts to respond to energy policies, launch the electricity retail sales business, promote digitalization and formulate the management vision. We propose that Mr. Shinichi Sasayama be elected as Director, as he is currently promoting operations including LNG and electric power trading through optimal asset management and the development of power sources including renewable energy.		

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
6	Reelection Outside Independent Hitoshi Saito (November 10, 1952) Number of the Company's shares held 0 Attendance to the Board of Directors meetings: 10 / 10 (100%)	April 1976 Joined Mitsui Fudosan Co., Ltd. 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 2008 Executive Managing Officer of Mitsui Fudosan Co., Ltd. June 2011 Executive Managing Director and Executive Managing Officer of Mitsui Fudosan Co., Ltd. April 2013 Managing Director and Senior Executive Managing Officer of Mitsui Fudosan Co., Ltd. April 2015 Managing Director, Senior Executive Managing Officer and Chief Executive of International Div. of Mitsui Fudosan Co., Ltd. April 2017 Managing Director of Mitsui Fudosan Co., Ltd. June 2017 Advisor of Mitsui Fudosan Co., Ltd. June 2019 Director of the Company (Current position) June 2019 Outside Director of GLOBESHIP Corporation (Current position) [Important concurrent posts] Outside Director of GLOBESHIP Corporation
Reason for nomination as Outside Director We propose that Mr. Hitoshi Saito be reelected as Outside Director so that the Company can continue to make use of his cosmopolitan outlook he has acquired in overseas businesses in the real estate industry, as well as the management capabilities, broad outlook and in-depth knowledge he has acquired through a wide range of business development for the Company's management. Mr. Saito'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. 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, position and areas of responsibility in the Company [Important concurrent posts]
7	Reelection Outside Independent Kazunori Takami (June 12, 1954) Number of the Company's shares held 0 Attendance to the Board of Directors meetings: 10 / 10 (100%)	April 1978 Joined Matsushita Electric Industrial Co., Ltd. (Current Panasonic Corporation) April 2006 Executive Officer of Matsushita Electric Industrial Co., Ltd. (Current Panasonic Corporation) April 2008 Managing Executive Officer of Matsushita Electric Industrial Co., Ltd. (Current Panasonic Corporation) April 2009 Managing Executive Officer, President of Home Appliances Company and in charge of Lighting Company of Panasonic Corporation June 2009 Managing Director 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 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
We propose that Mr. Kazunori Takami be reelected as Outside Director so that the Company can continue to make use of his management capabilities, broad outlook and in-depth knowledge he has acquired through a wide range of business development in the electrical industry for the Company's management. Mr. Takami'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. 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).

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
8	Reelection Outside Independent Junko Edahiro (November 23, 1962) Number of the Company's shares held 0 Attendance to the Board of Directors meetings: 10 / 10 (100%)	July 1993 Interpreter and translator October 1998 Environmental journalist July 2002 CEO of EcoNetworks Co. (Retired in July 2005) August 2002 Joint Chief Executive of Japan for Sustainability (NGO) April 2003 Representative Director of Edahiroba Inc. (Current e's Inc.) (Current position) April 2005 Representative Director and Chairperson of Change Agent Inc. May 2006 Director and Chairperson of Change Agent Inc. (Current position) August 2010 Chief Executive of Japan for Sustainability (NGO) (Retired in July 2018) September 2014 Professor of Department of Environmental Management, Faculty of Environmental Studies of Tokyo City University (Retired in March 2018) August 2018 Professor of Shizenkan University Graduate School of Leadership & Innovation (Current position) June 2019 Director of the Company (Current position) October 2019 Representative Director of Shimokawa Seeds K.K. (Current position) [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.

Reason for nomination as Outside Director
We propose that Ms. Junko Edahiro be reelected as Outside Director so that the Company can continue to make use of her experience as a corporate manager, advanced specialization related to environment and in-depth knowledge for the Company's management. Ms. Edahiro'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 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).

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
9	Newly elected Outside Independent Mami Indo (November 6, 1962) Number of the Company's shares held 0	April 1985 Joined Daiwa Securities Co. Ltd. April 2009 Senior Managing Director and General Manager of Consulting Div. of Daiwa Institute of Research Ltd. August 2010 Senior Managing Director and General Manager of Consulting I 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)

Reason for nomination as Outside Director
We propose that Ms. Mami Indo be elected as Outside Director so that the Company can make use of her extensive experience of corporate management in the finance sector, as an analyst and in the consulting business, and broad outlook and in-depth knowledge for the Company's management. The Company plans to designate Ms. Indo as an 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notify her to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

The term of office of the current Audit & Supervisory Board Member Mr. Yoshihiko Morita ends at the conclusion of this Annual Shareholders Meeting. Accordingly, we hereby propose the election of one (1) Audit & Supervisory Board Member.

The nominee for Audit & Supervisory Board Member is as follows.

In addition, the Audit & Supervisory Board has already given its prior consent to the submission of this proposal.

Name (Date of birth)	Career summary and position in the Company [Important concurrent posts]
Newly elected Outside Independent Hiromichi Ono (August 11, 1956) Number of the Company's shares held 0	April 1979 Joined Ajinomoto Co., Inc. June 2007 Corporate Executive Officer 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) [Important concurrent posts] Outside Director of Mebuki Financial Group, Inc.
Reason for nomination as Outside Audit & Supervisory Board Member We propose that Mr. Hiromichi Ono be elected as Outside Audit & Supervisory Board Member so that the Company can make use of his experience as a corporate manager and considerable knowledge about financial and accounting matters in the Company's audits. The Company plans to designate Mr. Ono as an 'Independent Officer' (Independent Audit & Supervisory Board Member), who will not have conflicting interests with general shareholders, and notify him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).	

Notes: 1. There is no special interest between the nominee for Audit & Supervisory Board Member and the Company.

2. If Mr. Hiromichi Ono is elected as Outside Audit & Supervisory Board Member, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, paragraph 1 of the Companies Act to the amount provided for in Article 425, paragraph 1 of the same Act.

[Reference]

Independence Standards for Outside Officers

TOKYO GAS CO., LTD.

The Company shall judge Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members) to be independent if they do not fall under any of the categories numbered (1) to (10) below.

(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, 2020)

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, although the Japanese economy was on a gradual recovery track, including improvement in the employment and income environments, despite some lingering weaknesses with respect to exports and production, consumer spending lacked strength due in part to a series of natural disasters and a consumption tax hike. In addition, the outlook for the Japanese and global economy has become extremely uncertain due to the spread of the new coronavirus pandemic.

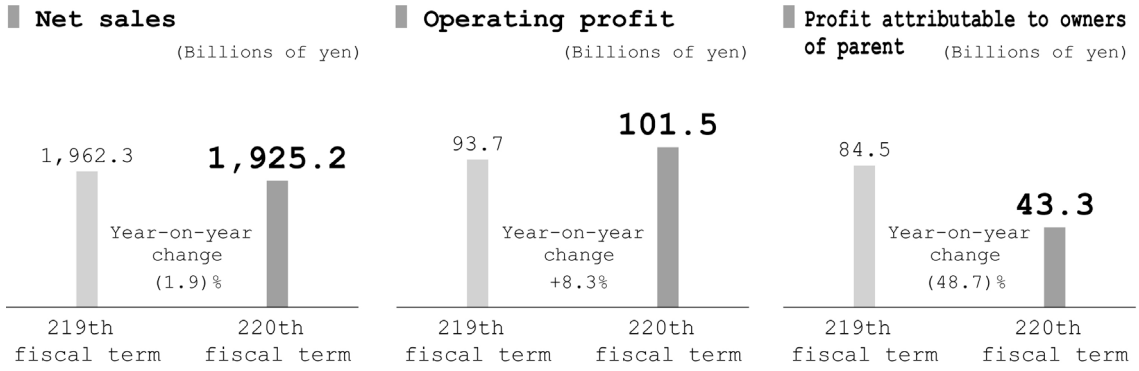
Against this economic backdrop, competition among energy companies and even across industry boundaries is intensifying in the energy industry, as a result of the full deregulation of the gas retail market in April 2017 in the wake of the full deregulation of the electric power retail market in April 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 and globalization so that customers will continue to choose Tokyo Gas.

In light of such economic conditions and environmental changes, although net sales of electricity grew as a result of an increase in the number of retail customers, net sales of city gas declined as a result of a decline in the number of retail customers. As a result, consolidated net sales decreased by 1.9% year on year to ¥1,925,235 million.

In terms of operating expenses, despite an increase in operating expenses in sales of electricity, city gas raw material costs decreased due to the fall in crude oil prices, business efficiency was further promoted, and the utmost efforts to restrict expenses as much as possible were made. As a result, operating expenses decreased by 2.4% year on year to ¥1,823,727 million.

As a result of the above, operating profit increased by 8.3% year on year to ¥101,508 million, and ordinary profit increased by 14.9% year on year to ¥102,735 million. As a result of the recording of gain on settlement of contract related to raw materials of ¥11,627 million under extraordinary income, and impairment loss on overseas upstream business, etc. of ¥28,152 million and loss on valuation of investment securities

of ¥18,643 million under extraordinary losses and the recording of income taxes, profit attributable to owners of parent deceased by 48.7% year on year to ¥43,382 million.



2) Points of comparison with the previous fiscal year

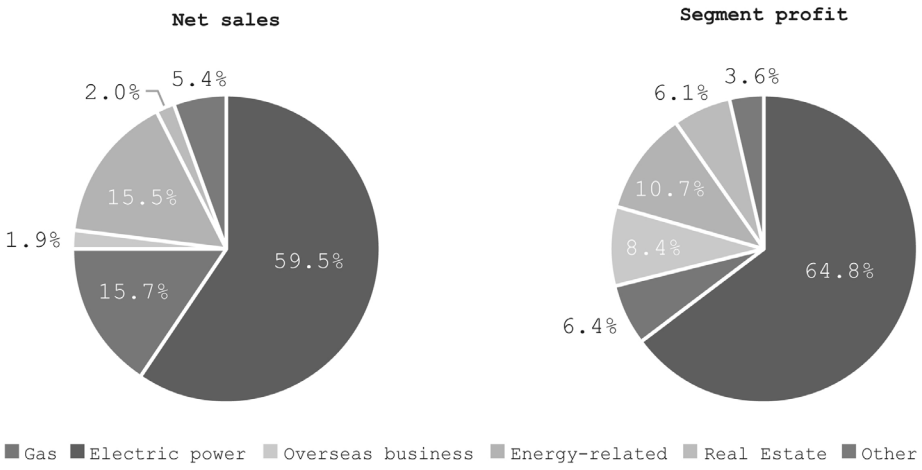
Net sales	¥(37.1) billion	▪	Decrease in sales of 'Gas' due to lower city gas sales volume, etc.	
Operating expenses	¥(44.9) billion	▪	Decrease in operating expenses of 'Gas' due to lower city gas sales volume and the effect of a decline in crude oil prices, etc.	
Non-operating income and expenses	+¥5.5 billion	▪	Dividend income: +¥2.6 billion; share of profit of entities accounted for using equity method: +¥2.5 billion	
Extraordinary income and losses	¥(62.9) billion	▪	(Fiscal year under review)	Impairment loss: ¥(28.1) billion Loss on valuation of investment securities: ¥(18.6) billion Gain on settlement of contract: +¥11.6 billion
		▪	(Previous fiscal year)	Gain on sales of non-current assets: +¥29.3 billion Gain on sales of investment securities: +¥6.4 billion Loss on valuation of investment securities: ¥(7.8) billion

3) Overview of results by segment

	Net sales (Billions of yen)				Segment profit (operating profit + equity income and losses) (Billions of yen)			
	219th fiscal term	220th fiscal term	Changes	%	219th fiscal term	220th fiscal term	Changes	%
Gas	1,413.7	1,355.4	(58.3)	(4.1)	92.2	102.4	10.2	11.1
Electric power	280.3	358.6	78.3	27.9	10.1	10.1	(0.0)	(0.2)
Overseas business	50.9	43.9	(7.0)	(13.6)	15.3	13.2	(2.1)	(13.4)
Energy-related	363.5	351.9	(11.6)	(3.2)	11.1	16.9	5.8	51.9
Real Estate	44.6	44.5	(0.1)	(0.2)	9.1	9.6	0.5	6.2
Other	107.8	123.2	15.4	14.2	6.2	5.7	(0.5)	(8.4)
Adjustments	(298.6)	(352.4)	(53.8)	-	(47.8)	(51.5)	(3.7)	-
Segment total	1,962.3	1,925.2	(37.1)	(1.9)	96.4	106.7	10.3	10.6

Notes: 1. Net sales by segment include internal transactions between businesses.
2. 'Gas' includes city gas, LPG, industrial gas, and LNG sales. '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

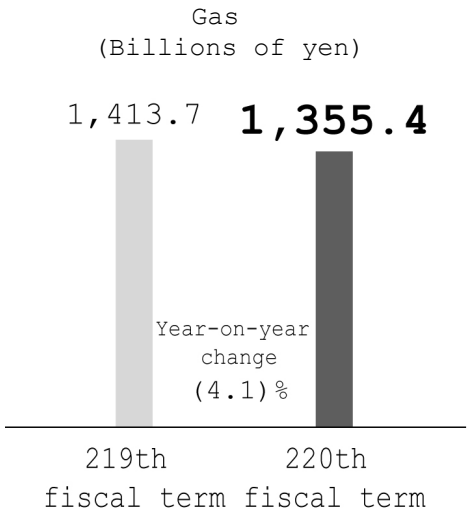


* The segment composition ratio is calculated by excluding adjustments.

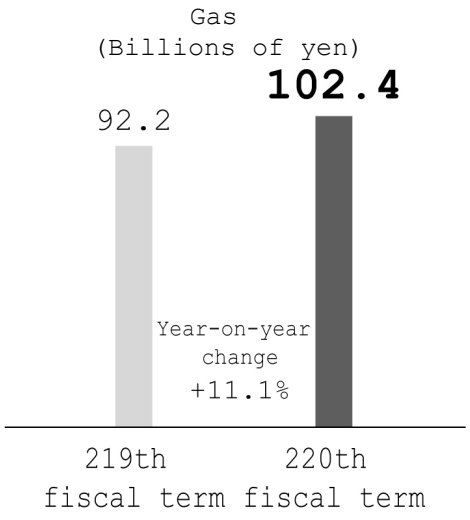
Gas

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

Net sales



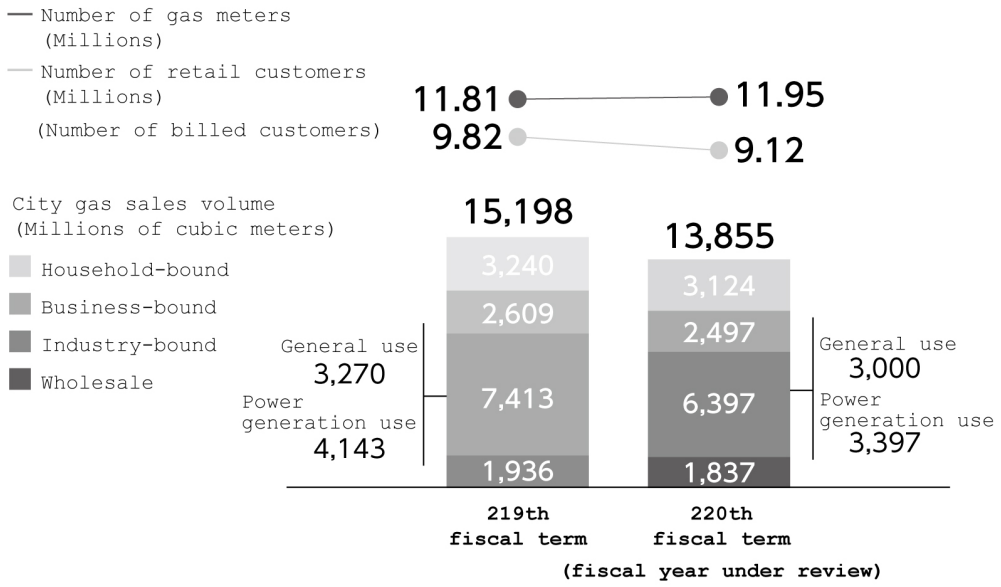
Segment profit



Reflecting a decrease in city gas sales volume due to a decrease in customer numbers and a decrease in sales unit price due to gas rate adjustments as a result of the impact of falling crude oil prices, net sales decreased by 4.1% year on year to ¥1,355,425 million.

Segment profit increased by 11.1% year on year to ¥102,433 million, due to such factors as fall in sales volume of city gas and decreased raw material costs.

【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 customer numbers
Business-bound	Decrease in customer numbers
Industry-bound	Decrease in demand from dedicated power generation customers, etc.
Supplies to other gas utilities	Decrease in customer operations

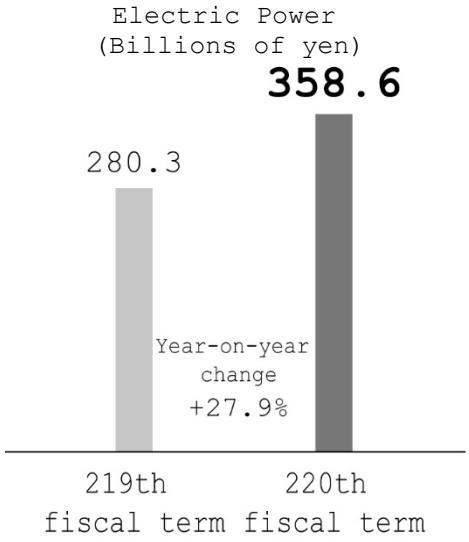
TOPICS

Starting Japan’s first supply of carbon neutral city gas

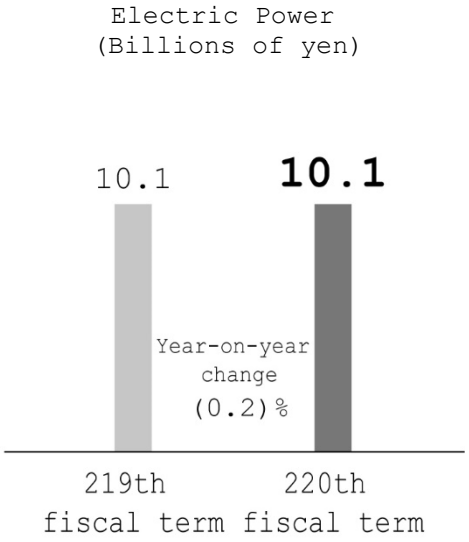
The Company executed a heads of agreement with Marunouchi Heat Supply Co., Ltd. for supplying Japan's first carbon neutral city gas in October 2019. Based on this Agreement, from March 2020, carbon neutral city gas has been supplied to two office buildings (Marunouchi Building and Otemachi Park Building) in Chiyoda Ward in Tokyo owned by MITSUBISHI ESTATE CO., LTD. for city gas use.
Carbon neutral city gas derives from carbon neutral LNG purchased by the Company from Shell Group, and Shell’s carbon credits will be used to compensate the full carbon dioxide (CO_2) emissions generated – from exploring and producing the natural gas to be used by the final consumer.

Electric Power　　Production, supply and sale of electricity

Net sales



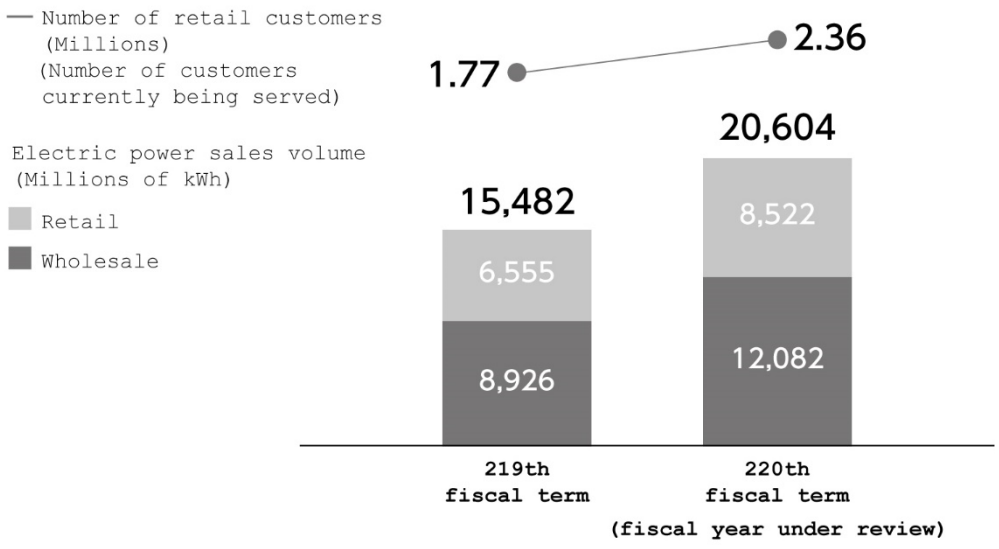
Segment profit



Net sales increased by 27.9% year on year to ¥358,630 million, as sales volume from residential customers and wholesale customers increased.

Segment profit decreased by 0.2% year on year to ¥10,141 million as a result of an increase in fixed costs such as power station test run costs and retail sales expenses.

【Electric power sales volume and customer numbers】



[Main reasons for changes in sales volume]

Retail	Increase in customer numbers
Wholesale	Increase in wholesale customers, etc.

TOPICS

Starting construction and commercial operations of the Group's first solar power plant

Prominet Power Co., Ltd. (hereinafter, 'Prominet Power'), a wholly owned subsidiary of the Company, has constructed the Shika Town Inotani Chosuichi Solar Power Plant (2,589 kW) and the Hakui City Shimbo Town Solar Power Plant (2,746 kW) in Ishikawa Prefecture, which began commercial operations in December 2019. Both power plants are the first cases of Prominet Power participating from construction to commercial operations.

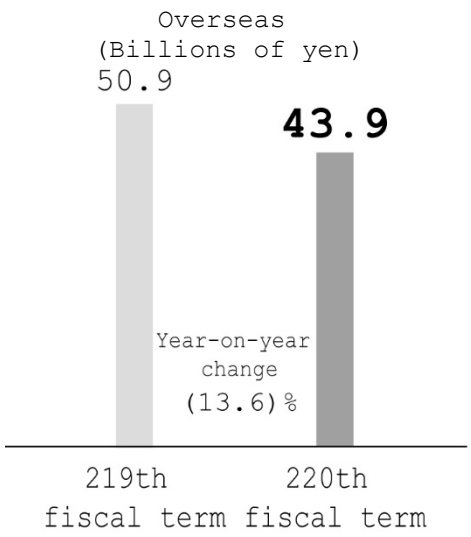
Participation in a wood biomass power generation project

In March 2020, the Group announced that Prominet Power would participate in a wood biomass power generation project through an investment in Ishinomaki Hibarino Biomass Energy GK (established by RENOVA, Inc.; hereinafter, the 'Project Company').
The Ishinomaki Hibarino Biomass Power Plant that is operated by the Project Company generates electricity by burning wood pellets and palm kernel shells, and has an output of 74,950 kW.
The Group will expand the volume of renewable energy sources handled and contribute to the realization of a sustainable society.

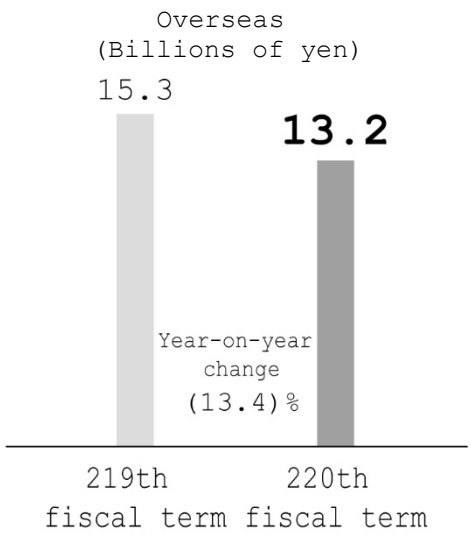
Overseas

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 decreased by 13.6% year on year to ¥43,983 million, due to lower LNG sales volume and lower unit prices at upstream business in Australia.

Segment profit decreased by 13.4% year on year to ¥13,255 million.

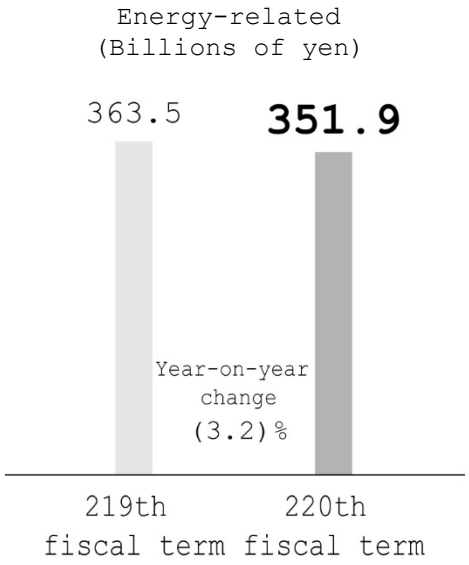
TOPICS

Acquisition of equity interests in renewables joint venture company in Mexico

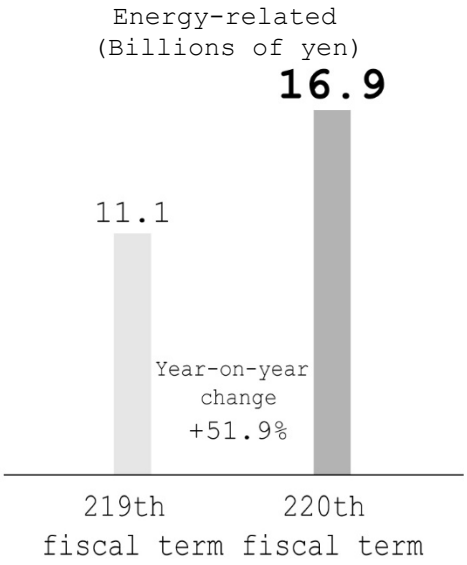
In December 2019, Tokyo Gas America Ltd. acquired 50% equity interests in a joint venture company established with ENGIE as a business platform to collaboratively construct, own, and operate renewable assets in Mexico.
For the Company, this is the first business of forming a renewables platform with a global partner and to invest in renewable projects in markets outside of Japan.

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

Net sales



Segment profit



Net sales decreased by 3.2% year on year to ¥351,910 million due to a decrease in orders received for appliances and construction work and a decrease in orders received in the engineering business.

Segment profit increased by 51.9% year on year to ¥16,995 million due to a decrease in provision for sales equipment warranties.

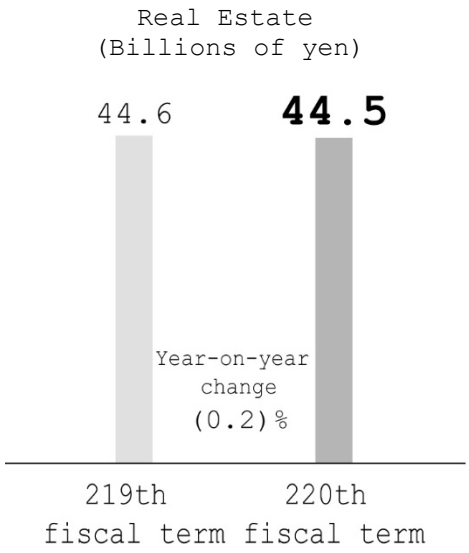
TOPICS

Commencement of the Kiyohara Industrial Complex Smart Energy Networks Project to achieve significant energy savings through cooperation between plants
—Efforts to achieve the Sustainable Development Goals (SDGs) through a collaboration of five companies—

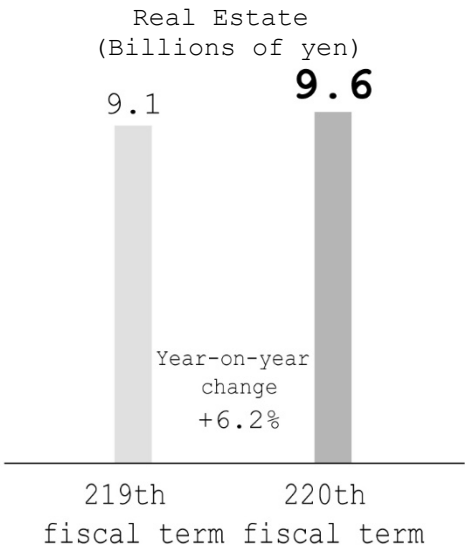
Calbee, Inc., Canon Inc., Hisamitsu Pharmaceutical Co., Inc., the Company, and Tokyo Gas Engineering Solutions Corporation commenced full-fledged operations of the Kiyohara Industrial Complex Smart Energy Networks Project in December 2019. This is an integrated energy-saving project serving multiple plants that involves building and operating the Kiyohara Smart Energy Center and supply infrastructure consisting of independent power lines and heat conduits in the Kiyohara Industrial Complex on the outskirts of Utsunomiya City in Tochigi Prefecture, to supply energy to seven plants within the complex, and has achieved significant energy savings and resilience improvements.

Real Estate　　Leasing and management of land and buildings, etc.

Net sales



Segment profit



Net sales decreased by 0.2% year on year to ¥44,529 million due to a decrease in hotel occupancy, despite an increase in lease income from land.

Segment profit increased by 6.2% year on year to ¥9,698 million due to an increase in lease income from land.

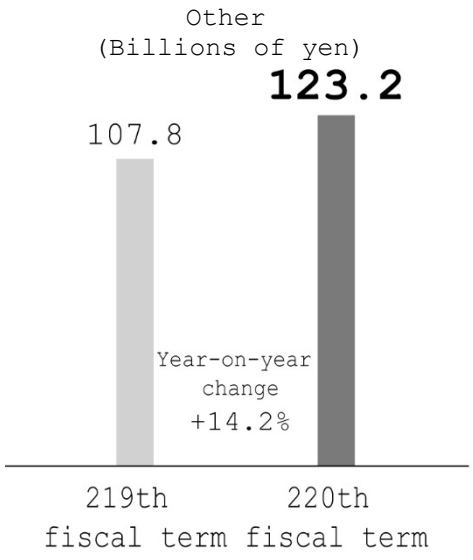
TOPICS

Engagement in the office and residential real estate leasing business

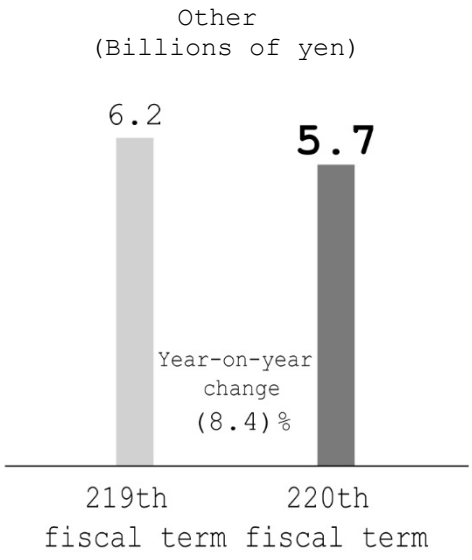
The Group is engaged in the office and residential real estate leasing business, which is expected to generate stable revenue over the long term, particularly in urban areas. In offices, the msb Tamachi, Tamachi Station Tower N (36 stories above ground, 2 stories below ground, approximately 152,800 square meters), which will become a new symbol of the Tamachi area, is being constructed in the msb Tamachi district directly connected to the east exit of JR Tamachi Station, and is scheduled to open in the summer of 2020.
In rental housing, we have developed the La Tierra series, and have developed land holdings, made external purchases, and acquired five new properties in FY2019.

Other　　Information processing service, shipping business, etc.

Net sales



Segment profit



Net sales increased by 14.2% year on year to ¥123,207 million due to increased orders received for systems at IT subsidiaries.

Segment profit decreased by 8.4% year on year to ¥5,766 million due to a revision of freight prices for ships.

TOPICS

First port arrivals by three LNG carriers

The Company’s LNG carriers, the Energy Glory, the Energy Innovator, and the Energy Universe arrived for the first time after entering service at the Company’s LNG terminal in July, August, and September 2019, respectively.
The Group is committed to stable, inexpensive, and flexible LNG procurement through an optimal combination of LNG trading and digital technology for LNG carriers and receiving terminals.

(3) Group Capital Expenditures

Total capital expenditures for this fiscal year amounted to ¥227,058 million.

In regard to distribution facilities, the total length of the pipeline network was extended by 490 kilometers during this fiscal year, to 64,545 kilometers as of March 31, 2020.

(4) Group Financing Activities

In this fiscal year, the Company raised funds totaling ¥127.0 billion through issuing the 50th, 51st, 52nd, 53rd, 54th, 55th, 56th and 57th corporate unsecured bonds and obtaining loans payable. Balance of consolidated interest-bearing liabilities increased by ¥101,850 million compared with the previous year-end, to ¥905,066 million.

(5) Prospective Challenges

The Group's current policy for response to the new coronavirus pandemic

1) Recognition of the current situation

- The Group recognizes that the spread of the new coronavirus pandemic is having an enormous impact not only on society and the economy as a whole in Japan but also around the world, and that the scale and extent of the damage, as well as the unpredictable period of time until it is contained, are different in nature from the emergency situations that the Group has experienced to date.
- As the Group’s business domains and areas are expanding, the impact on the Group’s management is expected to be extremely significant. However, the Group recognizes that a certain period of time will be required for analysis of the impact and consideration of countermeasures based on this analysis, because there are many fluid and uncertain factors.

2) Basic stance and current policy for response

(a) Public interest mission as an energy company

We will give top priority to the stable supply and safety of energy to maintain the lives of people and economic activities. We will continue to achieve a balance between our public interest mission as a lifeline provider and ensuring the safety of the lives and health of our employees, including those of our subsidiaries and partner companies.

(b) Social responsibility as a corporate citizen

We will support all stakeholders, including customers, partner companies, business partners, and employees who are facing difficulties, and we will carry out activities and communication to gain understanding and empathy from society.

(c) Enduring development as a stock company

Even though the impact of the new coronavirus pandemic on the Group’s management is expected to be broad and long-lasting, we will steadily implement the measures set forth in the FY2020-2022 Group Medium-term Management Plan to realize the Group Management Vision, ‘Compass 2030.’ We will also study and analyze the impact on the Group’s future management and take action accordingly.

[Reference] Major initiatives to date inside and outside of the Group

<Support for customers>

- Special measures for gas and electricity fees (extension of payment deadline)
- Conducting non-face-to-face inspections in response to customers' requests to prevent the spread of infection as a top priority
- Ensuring a stable supply by changing the work shifts for gas production departments and security departments and dispersing them to alternative locations

<Support for employees, etc.>

- Thorough implementation of infection prevention measures (observance of etiquette, checking temperatures every morning, using staggered work hours, etc.)
- Encouraging employees to work from home and promoting health management (approximately 80% of employees are working from home, excluding those involved in priority ongoing operations such as ensuring a stable supply and safety and responding to customers)
- Improving communication in the workplace by taking into consideration changes in the situation of members of the workplace
- Establishing a work system based on mutual understanding between the Company and its subsidiaries and partner companies in order to ensure the safety of employees including subsidiaries and partner companies, as well as to prevent infections

Challenges under the Group Management Vision, 'Compass 2030'

In November 2019, the Company announced its Group Management Vision, 'Compass 2030 Providing energy and solutions to the future of our life, society and the earth.' For the half-century since 1969, when the Company became the first company to introduce LNG in Japan, the Group has led the way to the age of natural gas through manufacturing using clean natural gas, urban development, and lifestyle design. In preparation for the next half-century, the Tokyo Gas Group has formulated its new vision outlining the course that should be pursued in this age of uncertainty. As the management decided 50 years ago, Compass 2030 states the Group's determination to take on this new challenge.

Natural gas is expected to play an even greater role due to its affinity for use in combination with inherently unstable renewable energy sources, in addition to its stability, environment-friendly nature, and economic viability. The Group will continue to provide the value of natural gas to its customers. At the same, as a leading company dealing in natural gas (a fossil fuel), the Tokyo Gas Group will deal forthrightly with the issue of climate change, and combine natural gas with renewable energies and other new technologies to provide solutions for our life, society and the earth.

Environmental awareness and our future goals

Our goal will be a business group which **continues to create value** together with our customers, business partners and society as a whole while **becoming a leader in the future energy systems.**

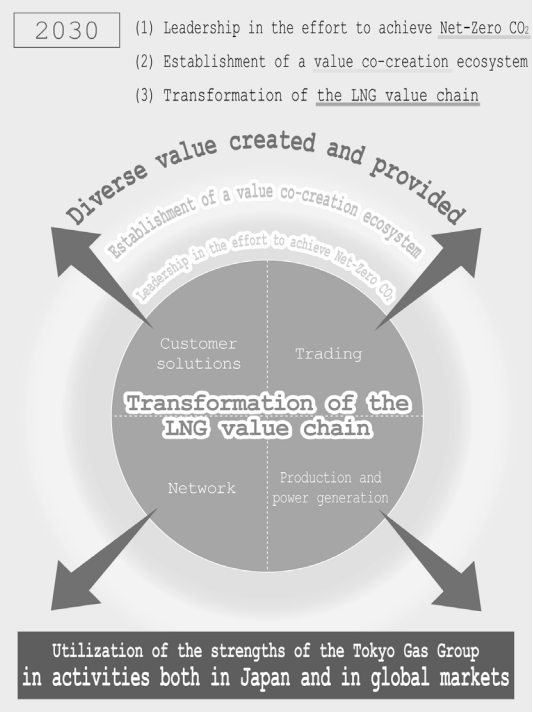
Noteworthy changes in the market environment

Decarbonization	Digitalization (rapid technical innovation)
Diversification of customer	Deregulation in Energy Market

S+3E: The "Golden Rules" for Energy

* S+3E: Safety + Energy security, Economic efficiency and Environment

Three challenges



(1) Leadership in the effort to achieve Net-Zero CO_2

- In its overall business activities, the Group will work to achieve Net-Zero CO_2 emissions including customer emissions and lead the transition to a decarbonized society.
- We will use technologies and expertise for the effective use of natural gas to promote decarbonization in the electricity and heat sectors as well as for CO_2 capture technologies.
- We will contribute to reduce carbon emissions on the scale of 10 million tons by 2030 (which exceeds Japan's target ratio) and lead the way to reducing CO_2 emissions on a global scale.

* Japan's reduction target ratio: The greenhouse gas reduction target in the Intended Nationally Determined Contribution submitted to the United Nations (26% reduction in FY2030 as compared to FY2013).

(2) Establishment of a value co-creation ecosystem

- We will establish a value co-creation ecosystem that creates value together with customers, the local community, local governments, and business partners that include companies in different industries and venture firms.
- We will flexibly combine the diverse products, technologies and services in the ecosystem to provide a variety of solutions that resolve various issues in areas ranging from individual lifestyles to the local community.

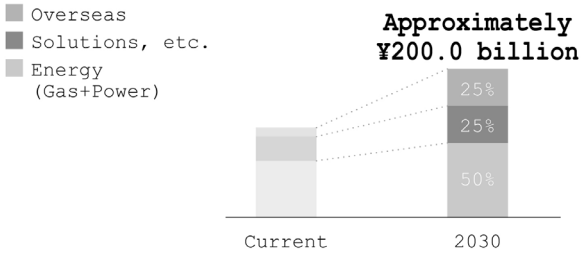
* Ecosystem: Business environment in which many companies combine their technologies, expertise and knowledge in their specific areas of strength in order to create new value.

(3) Transformation of the LNG value chain

- We will create and provide the various types of value from trading, production and power generation, networks, and customer solutions.
- We will Crystallize the business expertise accumulated up to now and Explore new domains in order to expand the customers base for whom value is created and provided, and maximize each of the functions of the LNG value chain.

Management guidelines and major indicators

Company portfolio in 2030:Profit level



* Overseas: All overseas businesses
* Solutions, etc.: Ongoing service agreements, engineering, real estate etc.
* Energy: Domestic gas and power business

Major indicators in 2030

Challenge 1 Leadership in the effort to achieve Net-Zero CO_2	
CO_2 reduction contribution	10.00 million tons cut
Renewable power source transaction volume (domestic and international, including purchasing)	5.00 million kW
Challenge 2 Establishment of a value co-creation ecosystem	
No. of customer accounts	20.00 million
Challenge 3 Transformation of the LNG value chain	
Natural gas transaction volume	20.00 million tons

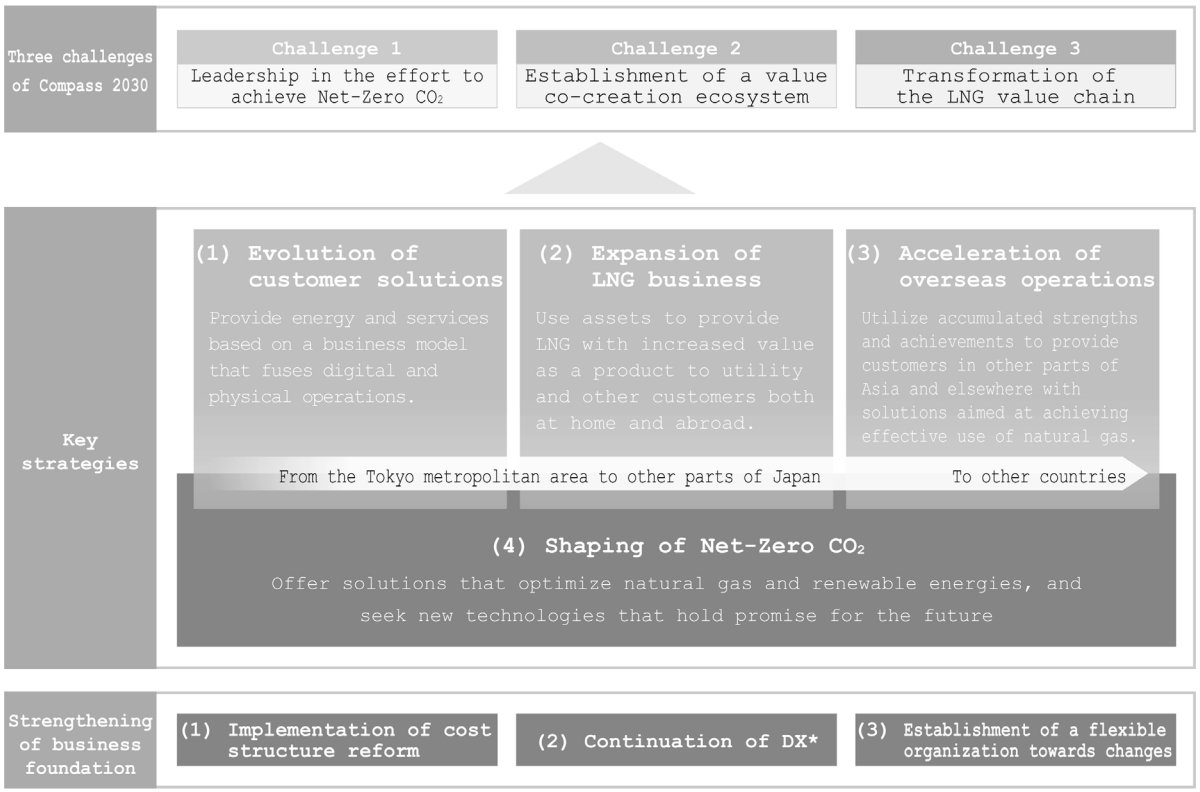
* Contribution to CO_2 emission reductions: As compared to FY2013 levels
* No. of customer accounts: Total no. of gas, power and service agreements (domestically and internationally)
* Natural gas transaction volume: LNG equivalent including overseas business and trading

Objectives to Be Achieved in the FY2020-2022 Group Medium-term Management Plan

- During the period of the Medium-term Management Plan, we will see the steady progress in the areas of decarbonization, digitalization, diversification of customer, and energy market deregulation.
- The Company will experience increased adverse pressure on the revenue and expenditure balance due to the switching of gas contracts and other factors. In addition, the legal unbundling of the Pipeline Network Division, which accounts for roughly 30% of total assets and employees, is a trigger to transform the entire group structure.

Despite the recent difficult circumstances, we will work to make steady progress and to firm up our business foundation for future growth and expansion.

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.

Specific initiatives

Key strategies

(1) Evolution of customer solutions

- Through a business model that fuses digital and physical operations, we will provide **an improved customer experience** to meet increasingly diverse customer needs, and achieve increase of the number of customer accounts and improvement of profitability.
- To provide gas, electricity and services widely, we will deploy a second brand especially designed for digital operations, and build a new business model by collaborating with our business partners.

(2) Expansion of LNG business

- We have seen LNG as a raw material for gas and electricity business, but we will reassess LNG as **a product** that provides value to customers. **Though establishing a new company**, we will grow a LNG trading to a mainstay for the Tokyo Gas Group.
- As LNG demand continues to increase worldwide, we will optimize LNG supply and demand by utilizing the Tokyo Gas Group assets and deepening cooperation with other companies in order to expand both transaction volumes and profits.

(3) Acceleration of overseas business

- Using our accumulated **LNG strengths and achievements**, we will focus on LNG infrastructure business development in Asia where the demand for natural gas is increasing. We will also work to expand the scale of renewable power generation and increase the value of natural resource development business.
- We intend to conduct **'growth engine type investment'** where we invest in business corporations and get involved in the management. We will use the management resources of invested-in companies to quickly expand business and increase value.

(4) Shaping of Net-Zero CO_2

- To achieve Net-Zero CO_2 emissions, we will expand the scale of virtual power plants (VPP) in order to develop **a power business that integrates both renewable energies and natural gas**.
- We will also make use of investment in domestic and foreign companies that possess new technologies in order to **explore technologies that can aid in decarbonization and pursue innovation of these technologies**.

Strengthening of business foundation

- Implement **cost structure reform** to generate growth resources that can be allocated to key strategies.
- Continue to implement **digital transformation** (DX) in order to increase operational efficiency, improve the customer experience and increase resilience.
- Take action with regard to the **legal unbundling** of the Pipeline Network Division and other changes within and outside the Group, and reassess organization, governance and personnel **to increase the engagement** of the Group overall.

Major indicators

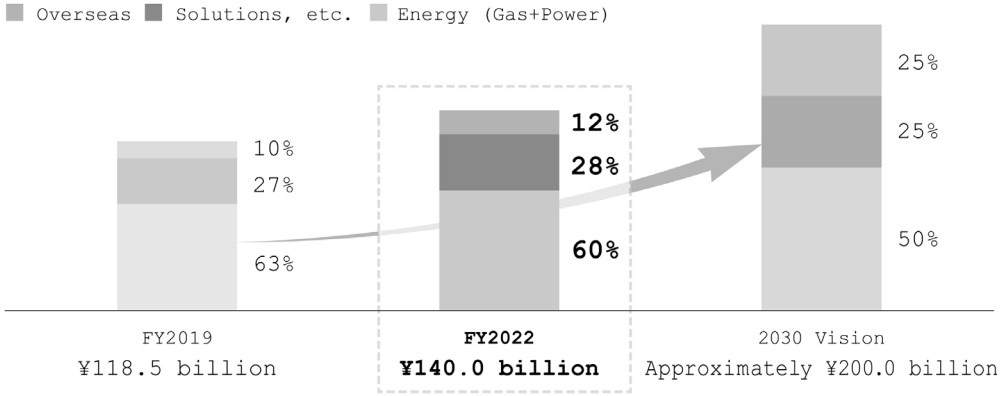
KGI	FY2019	FY2022
Operating profit + equity income	¥118.5 billion	¥140.0 billion

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.

Company portfolio: Operating profit + equity income



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

Shareholder return

- Distributable income will be applied to the improvement of customer services and to the achievement of a sustainable society, and also distributed to shareholders in a timely and appropriate manner.
- Acquisition of treasury shares for retirement will be considered as one way of providing shareholder return in addition to dividends, and targets for total payout ratio (ratio of dividends on current consolidated profit and acquisition of own shares) will be approximately 60% in each fiscal year up through FY2022.
- With regard to dividends, we will continue to provide stable dividends and will gradually increase dividends in accordance with growth while comprehensively taking into consideration the profit level over the medium- to long-term.

Promotion of the Group's Sustainability

<The Group's Approach to Promoting Sustainability>

The Group will enhance its social and financial value by tackling social challenges through our business activities, and we will strive to contribute to the sustainable development of society (international goals to be achieved by 2030 = SDGs) going forward by realizing an enduring corporate management.

Specifically, we will contribute to tackling social challenges such as climate changes by reflecting our management vision 'Compass 2030,' identifying key sustainability issues (materiality) based on the pillar of 'Leadership in the effort to achieve Net-Zero CO_2 and continuing to create customer value,' and implementing the PDCA cycle on those issues.

<Key Issues in Sustainability (Materiality)>
[FY2020-2022]

Leadership in the effort to achieve Net-Zero CO_2 as a leading company dealing in natural gas	◆ Climate change ◆ Access to energy ◆ Safety and disaster preparedness ◆ Creation of customer value
Sound relationships with society	◆ Resource efficiency and recycling society ◆ Establishment of relationships with communities ◆ Diversity ◆ Satisfaction through work and labor productivity
Actions as a responsible company	◆ Supply chain management ◆ Information security ◆ Governance and compliance

Promotion of the PDCA cycle with respect to goals (KPIs) in line with new materiality



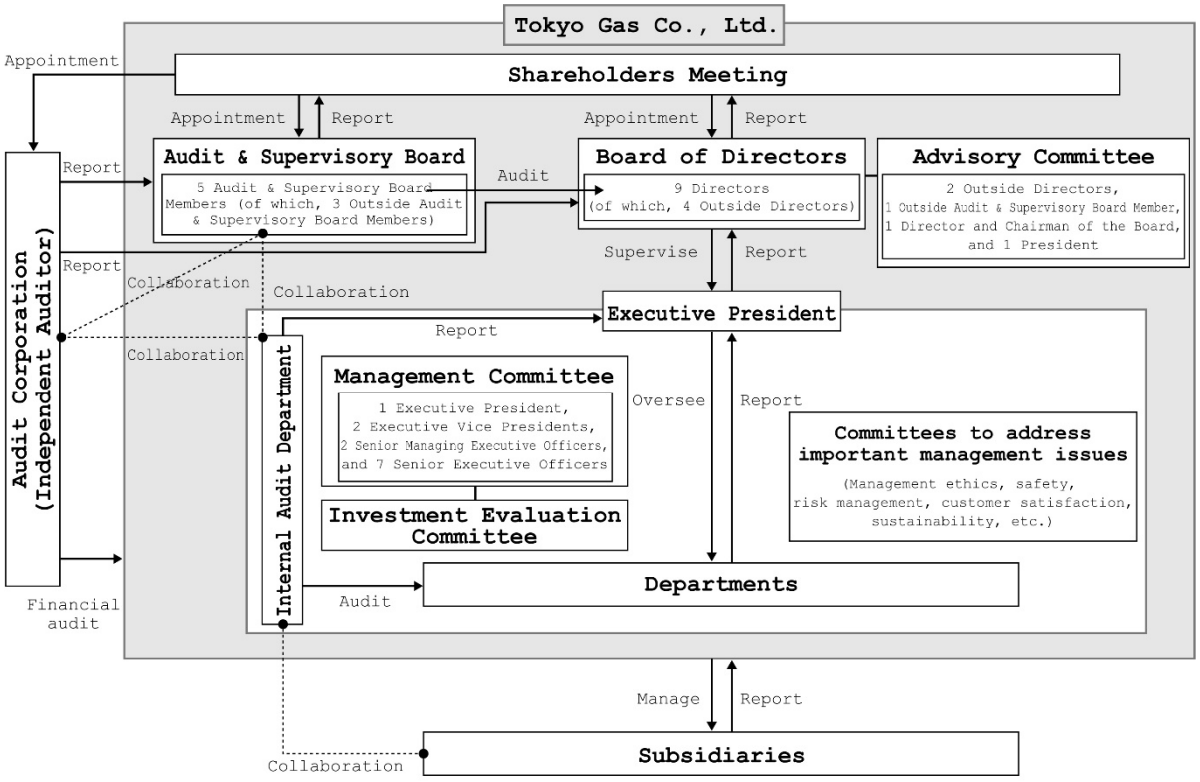
* Please see the Sustainability Report (https://tokyo-gas.disclosure.site/en/) for more information on the Group's initiatives.

Corporate Governance (As of March 31, 2020)

The Company works to ensure continued development while consistently earning the trust of customers, shareholders, and society. Based on this philosophy, we aim to achieve a continuous increase in our corporate value through enhancing corporate governance systems. We are endeavoring to develop systems with a commitment to management legality, soundness, and transparency.

We continue to emphasize the importance of accurate and prompt decision-making, efficient business executions, strengthening of auditing and monitoring functions, and clarification of management and executive responsibilities.

<Corporate Governance System>

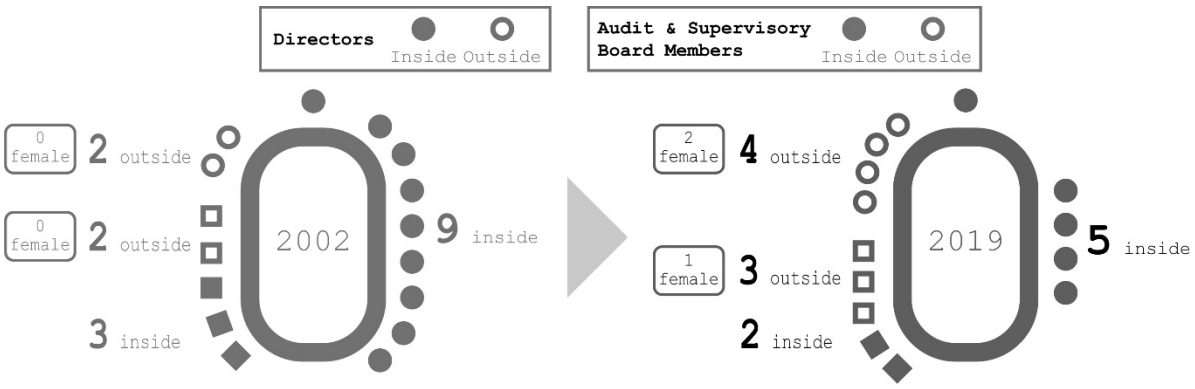


Board of Directors

In principle, the Board of Directors meets once a month to discuss and decide important matters regarding business executions. Directors must submit reports to the Board of Directors regarding the status of execution of their duties periodically and when deemed necessary, allowing the board to monitor the performance of Directors.

The Board of Directors comprises nine Directors, four of whom are Outside Directors. In addition, the term of Directors is set at one year with the goal of further clarifying managerial responsibility.

<Progress in Governance (Composition of the Board of Directors)>



Audit & Supervisory Board

The Audit & Supervisory Board meeting is held once a month, in principle, and otherwise as needed. The five Audit & Supervisory Board Members including three Outside Audit & Supervisory Board Members who comprise the board deliberate and determine the audit policies and other matters, as well as receive reports on the status of execution of audits from each Audit & Supervisory Board Member.

In conformity with the Audit & Supervisory Board Members' audit standard established by the board, each Audit & Supervisory Board Member makes efforts to attend meetings of the Board of Directors, the Management Committee, and other important meetings, research the state of operations at the head office and business offices, and gather information through measures including conducting an exchange of opinions with the Accounting Auditor, etc. Audit & Supervisory Board Members also demand explanation as needed, express opinions, and audit the execution of duties of Directors.

Advisory Committee

Since February 2005, the Company has established the Advisory Committee in order to ensure objectivity and transparency of management. The committee has up to five members, consisting of the Director and Chairman of the Board, President, and up to three Directors selected by the Board of Directors; with over half of its membership consisting of Outside Directors, and the committee chairman also being an Outside Director.

In accordance with inquiries from the Board of Directors, the Advisory Committee deliberates on officer candidates and officer remuneration in a fair and appropriate manner and makes reports to the Board of Directors. The committee also deliberates on the independence of outside officer candidates.

Advisory Committee Membership	
Committee chairman	Hitoshi Saito (Outside Director)
Committee members	Kazunori Takami (Outside Director) Yoshihiko Morita (Outside Audit & Supervisory Board Member) Michiaki Hirose (Director, Chairman) Takashi Uchida (Director, President)

The Tokyo Gas Group in local communities—Our bonds and relationships of trust with our customers, developed over the course of the past more than 130 years–

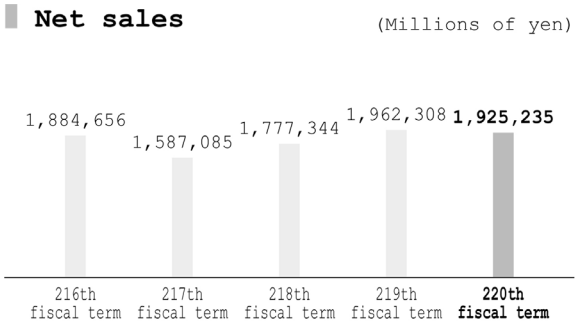
Our bonds and relationships of trust with our customers, developed over the course of the past more than 130 years, are our greatest strength. As of March 31, 2020, Tokyo Gas Lifeval, Enesta, and Enefit have 170 outlets and over 10,000 employees who act as 'the face of Tokyo Gas' in each local region. Their service menu includes gas tap opening and shutoff, conducting periodic safety inspections of gas-related equipment and facilities, and gas meter reading. In addition, they are involved in proposing, installing, and maintaining various types of gas fixtures and appliances as well as housing fixtures and appliances, and remodeling with a focus on kitchens, bathrooms and other plumbing renovations. They also handle inquiries and applications from many customers for electricity supply and various other services.

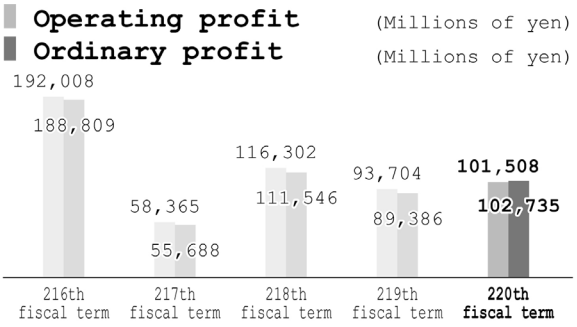
Going forward, the Tokyo Gas Group remains committed to providing one-stop gas, electricity and other services that support comfortable daily lifestyles for customers in local communities.

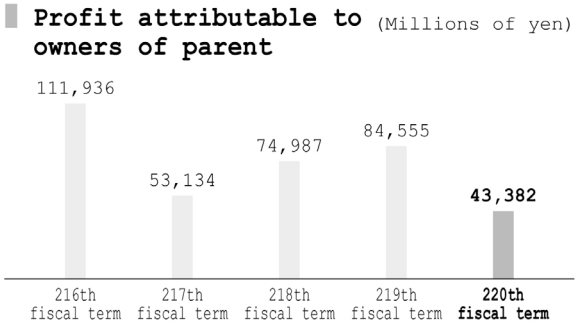
(6) Changes in Status of Assets and Profit and Loss

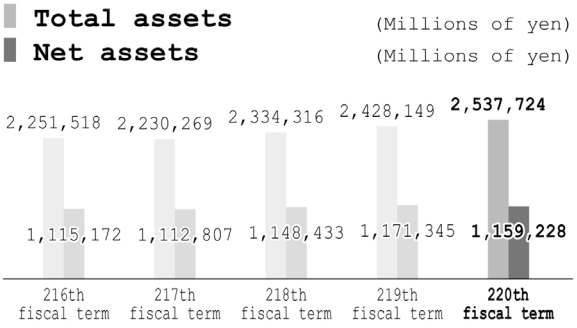
Categories (FY ended March 31)	216th fiscal term (2016)	217th fiscal term (2017)	218th fiscal term (2018)	219th fiscal term (2019)	220th fiscal term (2020)
Net sales (Millions of yen)	1,884,656	1,587,085	1,777,344	1,962,308	1,925,235
Operating profit (Millions of yen)	192,008	58,365	116,302	93,704	101,508
Ordinary profit (Millions of yen)	188,809	55,688	111,546	89,386	102,735
Profit attributable to owners of parent (Millions of yen)	111,936	53,134	74,987	84,555	43,382
Basic earnings per share (Yen)	46.68	115.09	164.12	187.60	98.07
Total assets (Millions of yen)	2,251,518	2,230,269	2,334,316	2,428,149	2,537,724
Net assets (Millions of yen)	1,115,172	1,112,807	1,148,433	1,171,345	1,159,228
Net assets per share (Yen)	460.35	2,398.70	2,487.58	2,575.99	2,602.74

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 217th fiscal term.









(7) Status of Principal Subsidiaries

Name of the company	The stated capital	Holding ratio of voting rights) (%)	Main business activities
TOKYO GAS AUSTRALIA PTY LTD.	$1,654,337 thousand	100.00	LNG upstream businesses in Australia
Tokyo Gas America Ltd.	$1,060,080 thousand	100.00	LNG upstream businesses, etc. in the Americas
Tokyo Gas Asia Pte. Ltd.	S$178,202 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
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
Nijio Co., Ltd.	¥47 million	100.00	Wholesale of electricity

Notes: 1. Tokyo Gas Urban Development Co., Ltd. and Tokyo Gas Site Development Co., Ltd. have integrated operations as of April 1, 2019. The trade name has accordingly been changed to Tokyo Gas Real Estate Co., Ltd.
2. The number of consolidated subsidiaries and equity-method associates including the above 15 principal subsidiaries were 97 companies.

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

On June 1, 2019, the Company undertook an absorption-type company split, where Tokyo Gas transferred real estate assets mainly used for leasing, and associated real estate business such as development, ownership, maintenance, management, operation, leasing, and sale & purchase to Tokyo Gas Real Estate Co., Ltd. On April 1, 2020, the Company also undertook an absorption-type company split, where Tokyo Gas transferred real estate assets mainly used for offices, office premises, and social welfare facilities, and associated real estate business such as ownership, maintenance, management, operation, leasing, and sale & purchase to Tokyo Gas Real Estate Co., Ltd.

(9) Main Business Offices and Factories (As of March 31, 2020)

1) The Company

Head Office	(Minato-ku, Tokyo)

Service Branches (*Shisha*, *Shiten and Jigyobu*)	Central Service Branch (Meguro-ku, Tokyo)
	Western Service Branch (Suginami-ku, Tokyo)
	Tama Service Branch (Tachikawa, Tokyo)
	Eastern Service Branch (Arakawa-ku, Tokyo)
	Chiba Branch Office (Chiba, Chiba)
	Northern Service Branch (Kita-ku, Tokyo)
	Saitama Branch Office (Saitama, Saitama)
	Kanagawa Branch Office (Yokohama, Kanagawa)
	  Yokohama Service Branch (Yokohama, Kanagawa)
	  Kawasaki Service Branch (Kawasaki, Kanagawa)
	  Western Kanagawa Service Branch (Fujisawa, Kanagawa)
	Hitachi Branch Office (Hitachi, Ibaraki)
	Johsoh Branch Office (Ushiku, Ibaraki)
	Gunma Branch Office (Takasaki, Gunma)
	Kumagaya Branch Office (Kumagaya, Saitama)
	Utsunomiya Branch Office (Utsunomiya, Tochigi)
	Sakura Branch Office (Sakura, Chiba)
	Tsukuba Branch Office (Tsukuba, Ibaraki)
	Ibaraki Branch Office (Mito, Ibaraki)

Pipeline Regional Office	Chuo Pipeline Regional Office (Shinjuku-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 AUSTRALIA PTY LTD	Perth, Australia	Tokyo LNG Tanker Co., Ltd.	Minato-ku, Tokyo
Tokyo Gas America Ltd.	Houston, United States of America	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.	Shinjuku-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	Nijio Co., Ltd.	Minato-ku, Tokyo
Nagano Toshi Gas Inc.	Nagano, Nagano		

(10) Status of Employees (As of March 31, 2020)

1) Number of employees in the Group

Business segment	Number of employees (Change from previous year)
Gas	6,446 (-176)
Electric power	318 (+57)
Overseas business	108 (-3)
Energy-related	5,164 (-46)
Real Estate	1,064 (+4)
Other	2,618 (+56)
Corporate	873 (-9)
Total	16,591 (-117)

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
7,215 (-128)	43.0	16.2

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, 2020)

Creditor	Balance of borrowings (Millions of yen)
Japan Bank for International Cooperation	72,067
Sumitomo Mitsui Trust Bank, Limited	42,390
Mizuho Bank, Ltd.	41,850
Meiji Yasuda Life Insurance Company	28,000
Shinkin Central Bank	26,000
Syndicated Loan	25,000
Sumitomo Life Insurance Company	20,500
The Dai-ichi Life Insurance Company, Limited	18,500
MUFG Bank, Ltd.	17,462
Joyo Bank, Ltd.	17,000

Note: Syndicated loan is a joint-financing instrument with Development Bank of Japan Inc. and Mizuho Bank, Ltd. as managers.

2. Matters Related to Shares of the Company (As of March 31, 2020)

(1) Aggregate number of authorized shares

Common share: 1,300,000,000 shares

(2) Aggregate number of shares issued

Common share: 442,436,059 shares

(3) Share trade unit

100 shares

(4) Number of shareholders

107,077

(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)	32,277	7.32
Nippon Life Insurance Company	31,296	7.10
The Dai-ichi Life Insurance Company, Limited	24,094	5.46
Japan Trustee Services Bank, Ltd. (Trust Account)	20,510	4.65
Japan Trustee Services Bank, Ltd. (Trust Account 7)	13,531	3.07
Tokyo Gas Group Employees Shareholding Association	8,491	1.93
Japan Trustee Services Bank, Ltd. (Trust Account 5)	7,831	1.78
Fukoku Mutual Life Insurance Company	7,472	1.69
JP MORGAN CHASE BANK 385151	7,413	1.68
STATE STREET BANK WEST CLIENT-TREATY 505234	7,101	1.61

Note: Percentage of share ownership is calculated by the number of shares excluding treasury share (1,424,746 shares).

(6) Other principal items regarding shares

1) Retirement of treasury shares

Common share: 8,919,700 shares
Total value of retirement: ¥24,272,287,640

2) Shares owned by the Company as of the balance sheet date

Common share: 1,424,746 shares

3. Matters Related to Share Option in Kind (As of March 31, 2020)

There are no items to report.

4. Matters Related to Directors and Audit & Supervisory Board Members of the Company

(1) Name, etc. of Directors and Audit & Supervisory Board Members (As of March 31, 2020)

Name	Position	Areas of responsibility in the Company and 'Important concurrent posts'
Michiaki Hirose	Director and Chairman of the Board	
Takashi Uchida	Representative Director, President	
Masaru Takamatsu	Representative Director, Executive Vice President	Chief Executive of Residential Service Div.
Takashi Anamizu	Representative Director, Executive Vice President	Chief Executive of Energy Solution Div. Chief Executive of Power Business Div.
Kunio Nohata	Director, Senior Managing Executive Officer	Chief Executive of Global Business Div.
Chika Igarashi	Outside Director	Attorney at law of Nishimura & Asahi
Hitoshi Saito	Outside Director	Outside Director of GLOBESHIP Corporation
Kazunori Takami	Outside Director	Outside Director of Tokyo FM Broadcasting Co., Ltd. Outside Director of Nojima Corporation Outside Director of FUJITA KANKO INC.
Junko Edahiro	Outside Director	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.
Hideaki Arai	Standing Audit & Supervisory Board Member	
Isao Nakajima	Standing Audit & Supervisory Board Member	
Yoshihiko Morita	Outside Audit & Supervisory Board Member	
Masato Nobutoki	Outside Audit & Supervisory Board Member	
Sawako Nohara	Outside Audit & Supervisory Board Member	President and Representative Director of IPSe Marketing. Inc. Outside Director of Sompo Holdings, Inc. Outside Director of JAPAN POST BANK Co., Ltd. Member of the Board (Outside) of Daiichi Sankyo Company, Limited

Notes: 1. Representative Director Takashi Anamizu retired as Representative Director, Executive Vice President on March 31, 2020.
2. Director Kunio Nohata was appointed as Representative Director, Executive Vice President, and his areas of responsibility were changed to Chief Executive of Energy Solution Div., in charge of Sustainability Dept. on April 1, 2020.

3. Standing Audit & Supervisory Board Member Isao Nakajima and Outside Audit & Supervisory Board Member Yoshihiko Morita are highly knowledgeable about financial and accounting matters.
4. The Company has entered into agreements with respective Outside Directors and respective Outside Audit & Supervisory Board Members that limit their liability for damages under Article 423, paragraph 1 of the Companies Act to the amount provided for in Article 425, paragraph 1 of the same Act.
5. There is no special relationship between the Company and the legal persons in kind, in which the outside officers have the important concurrent posts.

(2) Total Value of Remuneration of Directors and Audit & Supervisory Board Members

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 (monthly remuneration)	Performance-linked remuneration		
			Monthly remuneration	Bonuses	
Directors (excluding Outside Directors)	331	240	55	34	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	74	74	–	–	3
Outside Directors	41	35	–	6	6
Outside Audit & Supervisory Board Members	34	34	–	–	3

Notes: 1. The above includes two (2) Outside Directors and one (1) Audit & Supervisory Board Member retiring upon the conclusion of the 219th Annual Shareholders Meeting.
2. The aggregate monthly remuneration payable to all Directors (including Outside Directors) of up to ¥50 million was approved at the 205th Annual Shareholders Meeting, and the aggregate annual bonus payable to all Directors of up to ¥90 million was approved at the 206th Annual Shareholders Meeting.
3. The aggregate monthly remuneration payable to all Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) of up to ¥12 million was approved at the 190th Annual Shareholders Meeting.

(3) Policy on Determination of Remuneration in Kind for Officer of the Company

As a means of enhancing its corporate governance, the Company has set forth its 'Basic Policy on Remuneration' and the Board of Directors, at its meeting held on February 23, 2012, resolved to revise it as follows:

1) Role of executive and remuneration
The role demanded of the executive is to seek to enhance short-term, medium- and long-term corporate value, and executive remuneration shall serve as an effective incentive for them to perform that role.
2) Level of remuneration
The level of executive compensation shall be suitable for the role, responsibility and performance of the executive.
3) Remuneration of Directors and its composition
i. Remuneration of Directors shall be paid within the scope of the remuneration limit approved at Shareholders Meeting.
ii. Remuneration of Inside Directors shall comprise monthly remuneration and bonus.

- Monthly remuneration shall comprise fixed remuneration paid in accordance with the post of each individual and performance-linked remuneration. A portion of fixed remuneration shall be allocated to the purchase of shares based on a share-purchase guideline and from the standpoints of reflecting the perspectives of shareholders on management and improving shareholder value over the long term. The amount of performance-linked remuneration shall be determined after evaluating company-wide performance and performance of operating units from the standpoints of motivating Inside Directors to execute management strategies and reflecting their performance clearly in their remuneration.
- The amount of bonus to be paid shall be determined in accordance with the post of each Inside Directors after performance evaluation.

iii. Remuneration of Outside Directors shall comprise monthly remuneration and bonus. Monthly remuneration shall comprise only fixed remuneration, while bonus shall be the same as that of Inside Directors.

4) Remuneration of Audit & Supervisory Board Members and its composition

i. Remuneration of Audit & Supervisory Board Members shall be paid within the scope of the remuneration limit approved at Shareholders Meeting and determined through discussions among Audit & Supervisory Board Members.

ii. Remuneration of Audit & Supervisory Board Members shall comprise only fixed monthly remuneration.

5) Assurance of objectivity and transparency of remuneration system

The Company shall assure the objectivity and transparency of the system of remuneration by establishing and operating the 'Advisory Committee' comprising Outside Directors, Outside Audit & Supervisory Board Members and a number of Inside Directors (at least half of committee members shall be Outside Directors or Outside Audit & Supervisory Board Members, and an Outside Director or an Outside Audit & Supervisory Board Member shall be chairman) to govern the system of personnel affairs and remunerations of executives.

(4) Matters Related to Outside Officers

Category	Name	Attendance to the Board of Directors meetings	Attendance to the Audit & Supervisory Board meetings	Status of major activities
Outside Directors	Chika Igarashi	12 / 12 (100%)	–	Given her high level of legal expertise built up through many years of experience in corporate legal affairs, broad outlook and in-depth knowledge, Ms. Igarashi provides the Company with a wide variety of opinions on its management operations.
	Hitoshi Saito	10 / 10 (100%)	–	Given his cosmopolitan outlook he has acquired in overseas businesses in the real estate industry, as well as the management capabilities, broad outlook and in-depth knowledge he has acquired through a wide range of business development, Mr. Saito provides the Company with a wide variety of opinions on its management operations.

Category	Name	Attendance to the Board of Directors meetings	Attendance to the Audit & Supervisory Board meetings	Status of major activities
	Kazunori Takami	10 / 10 (100%)	–	Given his management capabilities, broad outlook and in-depth knowledge he has acquired through a wide range of business development in the electrical industry, Mr. Takami provides the Company with a wide variety of opinions on its management operations.
	Junko Edahiro	10 / 10 (100%)	–	Given her experience as a corporate manager, advanced specialization related to environment and in-depth knowledge, Ms. Edahiro provides the Company with a wide variety of opinions on its management operations.
Outside Audit & Supervisory Board Members	Yoshihiko Morita	12 / 12 (100%)	12 / 12 (100%)	Given his broad cosmopolitan outlook and in-depth knowledge acquired in the fields of international finance and overseas economic cooperation, Mr. Morita offers appropriate opinions both at meetings of the Board of Directors and the Audit & Supervisory Board.
	Masato Nobutoki	12 / 12 (100%)	12 / 12 (100%)	Given the abundant experience and deep insight as a company employee and as a public officer of a local government agency, Mr. Nobutoki offers appropriate opinions both at meetings of the Board of Directors and the Audit & Supervisory Board.
	Sawako Nohara	12 / 12 (100%)	12 / 12 (100%)	Given the experience as a corporate manager and advanced specialization and in-depth knowledge related to IT, Ms. Nohara offers appropriate opinions both at meetings of the Board of Directors and the Audit & Supervisory Board.

Notes: 1. The Company designates respective Outside Directors and respective Outside Audit & Supervisory Board Members 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. For Hitoshi Saito, Kazunori Takami, and Junko Edahiro, the status of attendance after their appointment in June 2019 is stated.

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	128	9
Consolidated subsidiaries	133	6
Total	262	15

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 & Supervisory Board 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 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 non-audit services such as drafting of comfort letters relating to issuance of unsecured bonds, and services relating to statements of income and expenditure for Wheeling Service.

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

The Audit & Supervisory Board dismisses the Accounting Auditor with the consent of all the Audit & Supervisory Board 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 & Supervisory Board 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 & Supervisory Board determines the content of the proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the Shareholders Meeting.

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

The Company passed at the meeting of its Board of Directors held on January 31, 2012, a resolution on amendment of the 'Basic Policy on the Management Principles and Control of the Tokyo Gas Group' as follows:

The Tokyo Gas Group supplies city gas in a safe and stable manner to roughly ten million accounts of customers mainly in the greater metropolitan Tokyo region, and conducts businesses of extremely high public interest by offering the best possible mixture of various energies including gas, heat and electricity and their added values, and by helping customers lead a comfortable life and build environment-friendly cities. The Group makes it one of its fundamental principles to continue to grow while enjoying a constant trust of its customers and shareholders and society.

On the strength of this management principle and medium- and long-term business strategy, it is the basic management policy of the Company to achieve stable long-term management and steady enhancement of corporate value by simultaneously allocating profits to its customers, shareholders and other stakeholders in a stable and balanced manner. The Company will distribute the financial returns to shareholders based on the 'Policy on Determination of Dividends from Surplus and Others' prescribed separately.

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 Balance Sheet

As of March 31, 2020

(Millions of yen)

ASSETS	
Non-current Assets	1,975,292
Property, plant and equipment	1,459,377
Production facilities	224,515
Distribution facilities	548,095
Service and maintenance facilities	48,492
Other facilities	475,093
Inactive facilities	316
Construction in progress	162,862
Intangible assets	154,084
Goodwill	16,269
Other intangible assets	137,814
Investments and other assets	361,831
Investment securities	216,052
Long-term loans receivable	50,615
Retirement benefit asset	29
Deferred tax assets	49,132
Other investments and other assets	46,407
Allowance for doubtful accounts	(405)
Current Assets	562,431
Cash and deposits	151,288
Notes and accounts receivable-trade	221,123
Lease receivables and investments in leases	20,363
Merchandise and finished goods	1,905
Work in process	11,868
Raw materials and supplies	64,703
Other current assets	91,748
Allowance for doubtful accounts	(570)
Total Assets	2,537,724

(Millions of yen)

LIABILITIES AND NET ASSETS	
LIABILITIES	
Non-current Liabilities	1,008,730
Bonds payable	404,998
Long-term borrowings	429,541
Deferred tax liabilities	18,531
Retirement benefit liability	71,976
Provision for gas holder repairs	3,122
Provision for safety measures	593
Provision for appliance warranties	12,985
Provision for point service program	1,000
Asset retirement obligations	14,424
Other non-current liabilities	51,555
Current Liabilities	369,765
Current portion of non-current liabilities	54,428
Notes and accounts payable-trade	78,593
Short-term borrowings	6,507
Income taxes payable	29,708
Other current liabilities	200,527
Total Liabilities	1,378,495
NET ASSETS	
Shareholders' Equity	1,107,844
Capital stock	141,844
Capital surplus	2,067
Retained earnings	967,808
Treasury shares	(3,875)
Accumulated Other Comprehensive Income	39,992
Valuation difference on available-for-sale securities	15,843
Deferred gains or losses on hedges	1,444
Foreign currency translation adjustment	22,412
Remeasurements of defined benefit plans	292
Non-controlling interests	11,391
Total Net Assets	1,159,228
Total Liabilities and Net Assets	2,537,724

Consolidated Statement of Income

From April 1, 2019 to March 31, 2020

(Millions of yen)

Net sales	1,925,235
Cost of sales	1,343,965
[Gross profit]	[581,269]
Supply and sales expenses	408,857
General and administrative expenses	70,903
[Operating profit]	[101,508]
Non-operating income	20,429
Interest income	2,330
Dividend income	5,433
Share of profit of entities accounted for using equity method	5,211
Miscellaneous income	7,453
Non-operating expenses	19,202
Interest expenses	11,412
Balance on commissioned construction	2,151
Miscellaneous expenses	5,637
[Ordinary profit]	[102,735]
Extraordinary income	11,627
Gain on settlement of contract	11,627
Extraordinary losses	46,796
Impairment loss	28,152
Loss on valuation of investment securities	18,643
[Profit before income taxes]	[67,566]
Income taxes - current	31,196
Income taxes - deferred	(7,197)
Profit	43,567
Profit attributable to non-controlling interests	184
Profit attributable to owners of parent	43,382

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

Non-Consolidated Balance Sheet

As of March 31, 2020

(Millions of yen)

ASSETS	
Non-current Assets	1,666,843
Property, plant and equipment	903,890
Production facilities	228,801
Distribution facilities	541,353
Service and maintenance facilities	45,482
Facilities for incidental businesses	5,461
Inactive facilities	316
Construction in progress	82,475
Intangible assets	123,608
Patent right	10
Leasehold interests in land	1,805
Goodwill	86
Other intangible assets	121,706
Investments and other assets	639,344
Investment securities	54,421
Investments in subsidiaries and associates	375,889
Long-term loans receivable	35
Long-term loans receivable from subsidiaries and associates	156,738
Investments in capital	13
Long-term prepaid expenses	14,956
Deferred tax assets	29,943
Other investments and other assets	7,789
Allowance for doubtful accounts	(442)
Current Assets	427,650
Cash and deposits	84,563
Notes receivable - trade	1,785
Accounts receivable - trade	148,758
Accounts receivable from subsidiaries and associates - trade	44,284
Accounts receivable - other	7,077
Finished goods	94
Raw materials	36,937
Supplies	11,456
Advance payments	1,162
Prepaid expenses	1,606
Short-term receivables from subsidiaries and associates	34,327
Other current assets	56,234
Allowance for doubtful accounts	(638)
Total Assets	2,094,493

(Millions of yen)

LIABILITIES AND NET ASSETS	
LIABILITIES	
Non-current Liabilities	847,114
Bonds payable	404,998
Long-term borrowings	341,932
Long-term debt to subsidiaries and associates	0
Provision for retirement benefits	64,656
Provision for gas holder repairs	2,695
Provision for safety measures	593
Provision for appliance warranties	12,985
Provision for point service program	1,000
Asset retirement obligations	318
Other non-current liabilities	17,933
Current Liabilities	428,946
Current portion of non-current liabilities	45,968
Accounts payable - trade	45,492
Accounts payable - other	55,912
Accrued expenses	49,115
Income taxes payable	22,574
Advances received	7,743
Deposits received	1,482
Short-term loans payable from subsidiaries and associates	119,501
Short-term debt to subsidiaries and associates	63,082
Asset retirement obligations	411
Other	17,662
Total Liabilities	1,276,060
NET ASSETS	
Shareholders' Equity	812,473
Capital stock	141,844
Capital stock	141,844
Capital surplus	2,065
Legal capital surplus	2,065
Retained earnings	672,439
Legal retained earnings	35,454
Other retained earnings	636,985
Reserve for advanced depreciation of non-current assets	6,013
Reserve for overseas investment loss	4,393
Reserve for adjustment of cost fluctuations	141,000
General reserve	339,000
Retained earnings brought forward	146,578
Treasury shares	(3,875)
Treasury shares	(3,875)
Valuation and Translation Adjustments	5,959
Valuation difference on available-for-sale securities	15,287
Valuation difference on available-for-sale securities	15,287
Deferred gains or losses on hedges	(9,327)
Deferred gains or losses on hedges	(9,327)
Total Net Assets	818,433
Total Liabilities and Net Assets	2,094,493

Non-Consolidated Statement of Income

From April 1, 2019 to March 31, 2020

(Millions of yen)

Gas business sales	1,106,506
Gas sales	1,071,736
Third party access revenue	27,567
Revenue from interoperator settlement	7,202
Cost of sales	652,148
Beginning inventories	113
Cost of products manufactured	643,530
Purchase of finished goods	10,385
Costs of gas for own use	1,786
Ending inventories	94
[Gross profit]	[454,357]
Supply and sales expenses	355,373
General and administrative expenses	72,965
[Income on core business]	[26,018]
Miscellaneous operating revenue	161,361
Revenue from installation work	42,437
Other miscellaneous operating revenue	118,923
Miscellaneous operating expenses	135,921
Expenses of installation work	41,565
Other miscellaneous operating expenses	94,355
Revenue for incidental businesses	520,107
Expenses for incidental businesses	509,521
[Operating profit]	[62,044]
Non-operating income	24,283
Interest income	418
Dividend income	1,730
Dividends from subsidiaries and associates	12,181
Rent income	3,553
Miscellaneous income	6,399
Non-operating expenses	17,986
Interest expenses	4,065
Interest on bonds	5,286
Amortization of bond issuance cost	472
Adjustments of charges for construction of distribution facilities	2,181
Miscellaneous expenses	5,980
[Ordinary profit]	[68,342]
Extraordinary income	9,689
Gain on settlement of contract	9,689
Extraordinary losses	2,040
Loss on valuation of investment securities	2,040
[Profit before income taxes]	[75,991]
Income taxes - current	20,488
Income taxes - deferred	(1,200)
Profit	56,703

Independent Auditor's Report

May 14, 2020

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, 2020 and for the year from April 1, 2019 to March 31, 2020 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.

Responsibilities of Management and Corporate auditors and the board of corporate auditors 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 and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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 risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 corporate auditors and the board of corporate auditors 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 corporate auditors and the board of corporate auditors 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 14, 2020

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 supplementary schedules of Tokyo Gas Co., Ltd. ("the Company") as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.
In our opinion, the financial statements and the 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 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 Others 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.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the 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 supplementary schedules that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements and the 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 and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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 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 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 risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 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 supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors 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 corporate auditors and the board of corporate auditors 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 & Supervisory Board Members' Report Originally Issued in the Japanese Language]

AUDIT REPORT

The Audit & Supervisory Board (the 'Board'), having deliberated on the audit reports prepared by each Audit & Supervisory Board Members on the execution of the duties of Directors for the 220th business year from April 1, 2019 to March 31, 2020, does hereby report on its audit findings as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Board
   (1) The Board set the audit policy, audit plan, etc., debriefed Audit & Supervisory Board Members on the status of execution and results of their audits, debriefed Directors and Independent Auditors on the status of execution of their duties, and requested explanations as needed.
   (2) While maintaining proper communication with Directors, internal audit staff and other employees, Audit & Supervisory Board Members strived to maintain an environment for information gathering and auditing, and executed their audits in the manner described below in conformity with the audit & supervisory board members' audit standard established by the Board and in accordance with the audit policy, audit plan, etc. established by the Board.
      1) Audit & Supervisory Board Members attended the meetings of the Board of Directors, the Management Committee and other important meetings of the Company, debriefed Directors and employees on the status of execution of their duties, requested explanations as needed, inspected important decision-making documents, etc., as appropriate, and examined the status of business operations and properties at the head office and main business units.
      With respect to the subsidiaries, Audit & Supervisory Board Members received reports of subsidiaries' operations by maintaining proper communication with subsidiaries' Directors, Audit & Supervisory Board Members, etc. and physically visiting some of them as necessary.
      2) With respect to the contents of the resolutions of the Board of Directors on the development of the corporate structure and system to ensure that execution by Directors of their duties conformed to the provisions of the relevant acts and the Articles of Incorporation and of the corporate structure and system which are prescribed in Article 100, Paragraphs 1 and 3 of the 'Enforcement Regulations of the Companies Act' as being necessary for ensuring the appropriateness of operations of a corporate group consisting of a joint-stock corporation and its subsidiaries, and also the corporate structure and system (internal control system) put in place by the said resolutions, which are described in the business report, Audit & Supervisory Board Members and the Board debriefed Directors and employees on the status of the establishment and management of the corporate structure and system, requested explanations as needed, and made opinions.
      With respect to internal control covering financial reporting, the Audit & Supervisory Board Members debriefed the Directors and KPMG AZSA LLC on evaluation of the said internal control and status of audit and requested explanations as needed.
      3) Audit & Supervisory Board Members further discussed the contents of the 'Basic Policy on the Management Principles and Control of the Tokyo Gas Group,' prescribed in Article 118, Item 3 of the 'Enforcement Regulations of the Companies Act,' stated in the Business Report based on deliberation at meetings of the Board of Directors and other occasions.
      4) Audit & Supervisory Board Members and the Board monitored and verified 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 & Supervisory Board Members and the Board 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 & Supervisory Board Members and the Board 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 Directors' duties.
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 by Directors of their duties 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 the Management Principles and Control of the Tokyo Gas Group' 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 & Supervisory Board will closely monitor future initiatives based on the 'The Group's current policy for response to the new coronavirus pandemic' described in the Business Report.

May 18, 2020

Tokyo Gas Co., Ltd. Audit & Supervisory Board

Hideaki Arai	Standing Audit & Supervisory Board Member
Isao Nakajima	Standing Audit & Supervisory Board Member
Yoshihiko Morita	Outside Audit & Supervisory Board Member
Masato Nobutoki	Outside Audit & Supervisory Board Member
Sawako Nohara	Outside Audit & Supervisory Board Member

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

220th Fiscal Year (April 1, 2019 to March 31, 2020)

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

I. Basic Policy on Development of Internal Control System

The Company passed a resolution to revise the 'Rules and Policies for Ensuring Governance' at the meeting of its Board of Directors held on February 22, 2019, whereby the 'Basic Policy on Development of Internal Control System' has been updated as follows:

(1) Corporate structure and system for ensuring that Directors will execute their duties in conformity with the relevant acts, the Articles of Incorporation and other rules and regulations

1) The Company shall establish the 'Corporate Action Philosophy' and 'Our Code of Conduct' as the foundations of the compliance structure/system at the Company and its subsidiaries shall comply with them.
2) In order to ensure that its Directors and employees will comply with the 'Relevant Acts,' the 'Management Principles,' the 'Corporate Action Philosophy' and the 'Our Code of Conduct' the Company shall, pursuant to the provisions of the 'Business Ethics Committee Regulations,' establish a Business Ethics Committee as a deliberating/coordinating organ to promote proper development/operation of the compliance structure and system at the Company and its subsidiaries.
3) The Company shall appoint an appropriate number of Outside Directors and Executive Officers in order to clarify separation of supervisory functions of management from executive functions of management and strengthen the managerial decision-making and supervisory functions of the Board of Directors.
4) The Company, in order to ensure objectivity and transparency of management, shall establish the advisory committee comprising Outside Directors, Outside Audit & Supervisory Board Members and the Company's Directors as an advisory organ for deliberating on executive remuneration, etc.
5) The Board of Directors, pursuant to the provisions of the 'Regulations of the Board of Directors,' shall establish the 'Basic policy on Development of Internal Control System.'
6) Directors charged with the execution of operations shall fulfill their role and responsibility for developing a system of internal controls in accordance with the basic policy determined by the Board of Directors.
7) The Company shall establish 'Regulations Concerning the Formulation, Implementation and Evaluation of Internal Controls Covering Financial Reporting' and, based on these Regulations, evaluate the effectiveness of internal controls relating to financial reporting and ensure the reliability of financial reports.
8) The Company shall establish 'Regulations Concerning Insider Trading Prevention and Timely Disclosure' and, based on these Regulations, prevent the practice of insider trading within the Company and its subsidiaries and ensure the appropriateness and promptness of information disclosure that is demanded of all listed corporations by the 'Securities Listing Regulations.'
9) Directors, if they discover any matter that may exert a material influence on management of the Company and its subsidiaries, shall inform the Board of Directors and Audit & Supervisory Board Members of the said matter without delay.
10) The Company shall establish a corporate structure and system where Audit & Supervisory Board Members would be empowered to audit the duties executed by Directors in accordance with the 'Audit Standards' established by the Audit & Supervisory Board.

(2) Corporate structure and system for preserving and managing information relevant to execution of Directors' duties

1) The Company shall preserve and manage information relevant to execution of Directors' duties in a proper and secure manner according to preservation media and keep the said information available for inspection as needed, pursuant to the 'Document-handling Regulations' and the 'Information Security Management Regulations.'

(3) Corporate structure and system for ensuring that Directors' duties will be executed in an efficient manner

1) The Board of Directors shall pass resolutions on the agendas submitted for deliberation and resolution pursuant to the provisions of the relevant acts, the Articles of Incorporation and the 'Regulations of the Board of Directors.' The Board of Directors, pursuant to the provisions of the said Regulations, shall in principle convene one meeting per month and convene one as needed. Of the agendas submitted to the Board of Directors, those agendas which require prior deliberations or are otherwise critical enough to affect management shall be deliberated on at the Management Committee comprising Executive Officers with Titles.
2) Details of the persons in charge of executing operations based on the decisions of the Board of Directors, their responsibilities, and the relevant executing procedures shall be prescribed in the 'Execution Framework Regulations.'
3) The Representative Director shall report the status of operational execution to the Board of Directors pursuant to the provisions of the 'Regulations of the Board of Directors.'
4) The Board of Directors shall formulate medium- and long-term management plans, single-year management plans, and business strategies, and, based on them, establish principal management objectives and verify progress periodically, thereby ensuring that Directors execute their duties in an efficient and effective manner.

(4) Corporate structure, system and regulations on management of risks of loss

1) The Board of Directors shall establish 'Risk Management Policies' to promote the management of risks incurred by the Company and its subsidiaries, as well as a Risk Management Committee and a risk management unit. In addition, the Board of Directors shall specify material risks associated with executing operations by the Company and its subsidiaries, and review them annually.
2) All the units concerned with projects involving investments, equity participations, loans and debt guarantees shall evaluate their profitability and risks and, based on the said evaluation, submit the relevant agendas to the Management Committee or the Board of Directors for approval. Derivative transactions shall be executed pursuant to the provisions of the 'Regulations on Management of Market Risks.'
3) In the event of any unforeseen circumstance such as a natural disaster, a manufacturing/supply trouble and a state of emergency, all the units concerned shall cope with the said circumstance in a prompt and proper manner by putting predetermined structures and systems in place in accordance with the 'Emergency Response Organization Regulations.'
4) The Company shall establish a corporate structure and system that would cause each of its unit and subsidiaries to grasp risks associated with operational execution on its own, and manage such risks by formulating and implementing necessary countermeasures on its own.

(5) Corporate structure and system for ensuring that employees will execute their duties in conformity with the relevant acts, the Articles of Incorporation, and other rules and regulations

1) In order to facilitate proper development/operation of the compliance structure and system within the Company and its subsidiaries, the Company shall establish a Compliance Department. In addition, the Company shall establish a 'Tokyo Gas Compliance Consulting Unit' to offer consulting services for the whole of the Company and its subsidiaries on contraventions of the acts and the Articles of Incorporation and other questionable compliance-related practices and acts.
2) The Company shall establish a legal affairs unit with the General Administration Department with a view to further bolstering the corporate structure and system in which its Directors and employees will fully comply with the Antitrust Act, industry laws, general supply provision, etc.
3) The Company shall establish a corporate structure and system where Audit & Supervisory Board Members would be empowered to audit the status of development/operation of its compliance structure and system and, if they detect or discover any problem, they would be entitled to demand that the situation be ameliorated.
4) The Company shall establish an Internal Audit Department which must operate independently of any unit executing operations. The Internal Audit Department shall audit the status/operation of accounting, operations, compliance, information system and risk management in the Company and its subsidiaries in accordance with the 'Internal Audit Regulations,' and shall report its findings to the Management Committee and Audit & Supervisory Board Members.

(6) Corporate structure and system for ensuring appropriateness of operations at the corporate group including subsidiaries

1) The Company shall demand that its subsidiaries establish those rules and regulations which would be necessary for ensuring compliance with the 'Corporate Action Philosophy' and the 'Our Code of Conduct' and the appropriateness of operations. Each one of the subsidiaries' Directors and Audit & Supervisory Board Members shall assume the duty of due care and diligence of a good manager in ensuring the appropriateness of operations.
2) The Company shall prescribe 'Regulations on the Management of Subsidiaries,' and establish a corporate structure and system where its Directors would be empowered to manage its subsidiaries by approving and receiving reports on important matters including those related to its exercise of shareholder's rights vis-à-vis the subsidiaries. The Company shall retain part of its powers over subsidiaries' business operations.
3) The Company shall establish a corporate structure and system where, if for purposes of subsidiaries management any of its subsidiaries is found to have a compliance-related problem including contravention of the acts or the Articles of Incorporation, the relevant subsidiaries would be required to report such a problem to Compliance Department or other units of the Company as appropriate. In connection with the said problem, each one of the relevant subsidiary's Directors and Audit & Supervisory Board Members shall assume the duty of due care and diligence of a good manager.
4) If any of the Company's Directors detects or discovers any principal compliance-related problem at any subsidiaries including contravention of the acts or the Articles of Incorporation, he/she shall report the said problem to the Management Committee and Audit & Supervisory Board Members without delay.

5) The Company shall establish a corporate structure and system where its Audit & Supervisory Board Members would be able to conduct their audits of subsidiaries in an efficient and effective manner in close coordination with Audit & Supervisory Board Members of the relevant subsidiaries and Internal Audit Department. The Company shall also establish a corporate structure and system where, if audit findings reveal the presence of a problem in ensuring the appropriateness of operations of the whole of the Company and its subsidiaries, Audit & Supervisory Board Members would be empowered to demand that the relevant Director ameliorate the situation.
6) The Company shall establish a corporate structure and system where Internal Audit Department would be able to conduct its audits of subsidiaries in an efficient and effective manner in close coordination with the Audit & Supervisory Board Members of the Company and subsidiaries, and report its findings to the Management Committee, Audit & Supervisory Board Members, and the Directors and Audit & Supervisory Board Members of the relevant subsidiaries.

(7) Matters related to employees who are assigned to assist in the duties of Audit & Supervisory Board Members, and matters related to independence of the relevant employees from Directors

1) With the aim of providing its Audit & Supervisory Board Members with necessary assistance, the Company shall establish an Audit & Supervisory Board Members' Office staffed by full-time personnel who would operate independently of any unit executing operations.
2) The Board of Directors shall decide on human resources-related matters of the manager of the Audit & Supervisory Board Members' Office and other employees subject to consent of Audit & Supervisory Board Members.

(8) Corporate structures and systems for reporting by Directors and employees to Audit & Supervisory Board Members, for other reporting to Audit & Supervisory Board Members, and for ensuring that Audit & Supervisory Board Members' audits will be executed in an effective manner

1) The Company shall establish a corporate structure and system where its Audit & Supervisory Board Members would be able to demand, as needed, that Directors and employees inform them of any matters necessary for execution of their duties.
2) The Company shall guarantee that Audit & Supervisory Board Members will have an opportunity to exchange views with Directors as needed; that they will be allowed to attend principal meetings and express their views on lawfulness, etc. as needed; and that they will have access to important information.
3) The Company shall establish a corporate structure and system where its Audit & Supervisory Board Members would be able to ensure the effectiveness of their audits by coordinating with Independent Auditor, Audit & Supervisory Board Members of its subsidiaries and Internal Audit Department.

II. Overview of Operational Status of Internal Control System

(1) Corporate structure and system for ensuring that Directors will execute their duties in conformity with the relevant acts, the Articles of Incorporation and other rules and regulations

During this fiscal year, the Board of Directors meeting was held 12 times, and we discussed and made decisions on important matters. Furthermore, Representative Directors reported to us on the execution of operations.

The Board of Directors received outside assessment and reports from the Accounting Auditor, and confirmed the reliability of financial reporting in accordance with the 'Regulations Concerning the Formulation, Implementation and Evaluation of Internal Controls Covering Financial Reporting.'

The Audit & Supervisory Board Members audited the above duties executed by Directors in accordance with the 'Audit Standards' established by the Audit & Supervisory Board.

(2) Corporate structure and system for preserving and managing information relevant to execution of Directors' duties

The Company has properly prepared and kept the minutes, etc. of the Board of Directors meeting so that the Directors, etc. can view them at their request.

(3) Corporate structure and system for ensuring that Directors' duties will be executed in an efficient manner

During this fiscal year, the Board of Directors meeting was held 12 times, and we discussed and made decisions on important matters relating to organization, transfer and evaluation of employees, and business results, etc. Furthermore, Representative Directors reported to us on the execution of operations.

Other matters concerning our business operations were discussed at the Management Committee, which consists of Executive President, Executive Vice Presidents, Senior Managing Executive Officers and Senior Executive Officers, and the meeting was held 44 times during this fiscal year.

(4) Corporate structure, system and regulations on management of risks of loss

We perform an annual review of the material risks. 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 contingencies in accordance with the 'Emergency Response Organization Regulations.' During this fiscal year, we took response actions on five occasions, which included responding to the new coronavirus pandemic.

(5) Corporate structure and system for ensuring that employees will execute their duties in conformity with the relevant acts, the Articles of Incorporation, and other rules and regulations

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

The Internal Audit Department has 36 employees. It performs an audit on each department and subsidiary to examine compliance, effectiveness and efficiency of operations, and information security, then provides recommendations on improvements as needed. It also reports the audit findings, as appropriate, to the Board of Directors, the Management Committee and Audit & Supervisory Board Members.

(6) Corporate structure and system for ensuring appropriateness of operations at the corporate group including subsidiaries

The Directors 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.' In this fiscal year, the Internal Audit Department audited four key subsidiaries.

Each subsidiary is using the 'Tokyo Gas Compliance Consulting Unit,' in accordance with the 'Regulations for the Operation of Compliance Consulting Unit.'

(7) Matters related to employees who are assigned to assist in the duties of Audit & Supervisory Board Members, and matters related to independence of the relevant employees from Directors

The Audit & Supervisory Board Members' Office has five staff members, and has a framework whereby the tasks of Audit & Supervisory Board Members can be performed smoothly.

The Board of Directors has made decisions concerning the human resources-related matters of the manager of the Audit & Supervisory Board Members' Office and other employees after having obtained the consent of the Audit & Supervisory Board Members.

(8) Corporate structures and systems for reporting by Directors and employees to Audit & Supervisory Board Members, for other reporting to Audit & Supervisory Board Members, and for ensuring that Audit & Supervisory Board Members' audits will be executed in an effective manner

The Audit & Supervisory Board Members receive reports from Directors and employees as appropriate, on the matters necessary for executing their duties.

The Audit & Supervisory Board Members attend not only the Board of Directors meeting, but also other important meetings including the Management Committee, Business Ethics Committee, and the Risk Management Committee, where they check the progress of development and operation of the internal control system.

The Audit & Supervisory Board Members are making efforts to increase the effectiveness of audits by regularly exchanging information and opinions with the Internal Audit Department, the Accounting Auditor, and Audit & Supervisory Board Members of subsidiaries. During this fiscal year, we organized three meetings with the Internal Audit Department, seven meetings with the Accounting Auditor, and four meetings with the Audit & Supervisory Board Members of subsidiaries to exchange information and opinions.

Consolidated Statement of Changes in Equity

From April 1, 2019 to March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	1,634	976,550	(4,111)	1,115,918
Cumulative effects of changes in accounting policies			6		6
Restated balance	141,844	1,634	976,556	(4,111)	1,115,925
Changes of items during period					
Dividends of surplus			(27,853)		(27,853)
Profit attributable to owners of parent			43,382		43,382
Purchase of treasury shares				(24,038)	(24,038)
Disposal of treasury shares				1	1
Retirement of treasury shares			(24,272)	24,272	–
Increase in the number of consolidated subsidiaries			(5)		(5)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		432			432
Net changes of items other than shareholders' equity					
Total changes of items during period	–	432	(8,748)	235	(8,080)
Balance at end of current period	141,844	2,067	967,808	(3,875)	1,107,844

	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	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of current period	22,756	1,604	24,770	(5,994)	43,137	12,289	1,171,345
Cumulative effects of changes in accounting policies							6
Restated balance	22,756	1,604	24,770	(5,994)	43,137	12,289	1,171,352
Changes of items during period							
Dividends of surplus							(27,853)
Profit attributable to owners of parent							43,382
Purchase of treasury shares							(24,038)
Disposal of treasury shares							1
Retirement of treasury shares							–
Increase in the number of consolidated subsidiaries							(5)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							432
Net changes of items other than shareholders' equity	(6,913)	(160)	(2,358)	6,287	(3,144)	(898)	(4,042)
Total changes of items during period	(6,913)	(160)	(2,358)	6,287	(3,144)	(898)	(12,123)
Balance at end of current period	15,843	1,444	22,412	292	39,992	11,391	1,159,228

Notes to the Consolidated Financial Statements

From April 1, 2019 to March 31, 2020

[Basis of Preparing Consolidated Financial Statements]

1. Scope of consolidation

(1) Number of consolidated subsidiaries

Number of consolidated subsidiaries: 82

Names of principal consolidated subsidiaries

TOKYO GAS AUSTRALIA PTY LTD, Tokyo Gas America 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., 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., and Nijio Co., Ltd.

(2) Number of unconsolidated subsidiaries

Number of unconsolidated subsidiaries: 7

Names of principal unconsolidated subsidiaries

Niihama LNG Co., Ltd., Harumi Eco Energy Co., Ltd.

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: 15

Names of principal entities accounted for using equity method:

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

(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 with readily determinable fair value 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 with no readily determinable fair value 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 (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.

(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) 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.

3) 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 to install cushioning material for gas valves of built-in kitchens with drawer-type cabinets, and expenses required for work on exchanging valve connections for gas appliances with air extractor vents for valve connections without air extractor vents.

4) Provision for appliance warranties is an allowance to provide outlays for expenses required for services during warranty periods of appliances sold. The estimated future expenses required after the consolidated balance sheet date are recorded.

5) 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) Other significant matters for preparing Consolidated Financial Statements

1) All accounting transactions are booked exclusive of consumption taxes.

2) 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.

3) 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.

[Explanatory notes regarding the consolidated balance sheet]

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

Other facilities	¥49,193 million
Construction in progress	¥763 million
Investment securities	¥17,686 million
Long-term loans receivable	¥24 million
Cash and deposits	¥4,228 million

   (2) Liabilities secured by the collaterals

Long-term borrowings	¥33,797 million
Current portion of long-term borrowings	¥1,788 million
Short-term borrowings	¥1,390 million
Other current liabilities	¥48 million

2. Accumulated depreciation of property, plant and equipment
   ¥4,133,416 million
3. Guarantee obligation etc.
   (1) Guarantee obligation ¥12,283 million

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

1. Number of shares issued as of the end of this fiscal year
   442,436,059 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 27, 2019.
   ・ Dividends of common share

(a) Total amount of dividends	¥14,623 million
(b) Dividends per share	¥32.50
(c) Date of record	March 31, 2019
(d) Effective date	June 28, 2019

   2) The following was decided by the meeting of the Board of Directors held on October 30, 2019.
   ・ Dividends of common share

(a) Total amount of dividends	¥13,230 million
(b) Dividends per share	¥30.00
(c) Date of record	September 30, 2019
(d) Effective date	November 21, 2019

   (2) Dividends of surplus to be carried out after the end of this fiscal year
   The following will be proposed at the Annual Shareholders Meeting to be held on June 26, 2020.
   ・ Dividends of common share

(a) Total amount of dividends	¥13,230 million
(b) Resource of dividends	Retained earnings
(c) Dividends per share	¥30.00
(d) Date of record	March 31, 2020
(e) Effective date	June 29, 2020

[Explanatory notes regarding financial instruments]

1. Matters related to the status of financial instruments

The Tokyo Gas Group invests funds in highly safe financial assets such as bank deposits and procures funds through bond issuance and loans from banks and other financial institutions.

We mitigate customers' credit risks related to notes and accounts receivable – trade in accordance with each group company's credit control policy. In addition, investment securities are mainly shares and we check the shares' fair values on a quarterly basis regarding listed shares.

Bonds payable and borrowings are mainly for capital investment (long-term) and for working capital (short-term), and we fix interest expenses by using interest rate swap transactions against the interest volatility risk involved in part of our long-term borrowings. In addition, when performing derivatives trading, we will draw up a plan therefor in accordance with our internal management rules and conduct the derivatives trading after receiving official approval.

2. Matters related to the fair value of financial instruments

The following are the amounts on the consolidated balance sheet, their fair values and differences as of March 31, 2020.

(Millions of yen)

	Amount on the consolidated balance sheet (*1)	Fair value (*1)	Difference
(1) Investment securities and other securities	56,791	70,592	13,801
(2) Cash and deposits	151,288	151,288	-
(3) Notes and accounts receivable - trade	221,123	221,123	-
(4) Bonds payable (*2)	[424,998]	[465,698]	(40,700)
(5) Long-term borrowings (*2)	[463,964]	[487,031]	(23,067)
(6) Derivatives	(901)	(901)	-

(*1) Figures in square brackets are those listed under liabilities. Net receivables and liabilities arising from derivative transactions are shown in net amounts. Figures in parentheses are posted to liabilities.

(*2) (4) Bonds payable and (5) Long-term borrowings include items due within one year.

(Note 1) Matters related to the method of measuring the fair value of financial instruments

(1) Investment securities and other securities

The fair value of stocks refers to quotes on their respective stock exchanges.

(2) Cash and deposits

These items are listed at book value because they are settled in a short time and their fair value approximates the book values.

(3) Notes and accounts receivable - trade

These items are listed at book value because they are settled in a short time and their fair value approximates the book values.

(4) Bonds payable

The fair value of the Group's bonds payable is measured at the present value of the aggregate amount of principal and interest discounted using the rate for the period until their maturity where credit risk is inclusive.

(5) Long-term borrowings

The fair value of long-term borrowings is measured by using a method in which the aggregate amount of principal and interest is discounted at the assumed interest rates for similar new borrowings. Of the Group's long-term borrowings with variable interest rates, the fair value of those subject to special accounting treatment for interest rate swap transactions (see (6) below) is measured by using a method in which the aggregate amount of

principal and interests treated with the said interest rate swap transactions is discounted at the assumed interest rates for similar new borrowings.

(6) Derivatives

The fair value of derivatives is measured based on the prices presented by financial institutions with which we have transactions. Their fair value is included in the fair value of the said long-term borrowings, because interest rate swap transactions given the special accounting treatment are treated together with hedged long-term borrowings (see (5) above).

(Note 2) Shares of subsidiaries and associates (¥99,418 million on the consolidated balance sheet) as well as unlisted shares and others (¥59,841 million on the consolidated balance sheet) are not included in '(1) Investment securities and other securities' because they do not have market prices and therefore it is extremely difficult to determine their fair value.

[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
133,621	534,892

(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 ¥2,602.74
2. Basic earnings per share ¥98.07

[Explanatory notes regarding material subsequent events]

1. While the decline in the price of crude oil and natural gas on the back of declining demand for crude oil after the consolidated closing date may affect the business performance and financial position of the Group, it is difficult to reasonably calculate the financial impact as this moment.

[Other explanatory notes]

1. Extraordinary income

As for gain on settlement of contract, gain on settlement of contract related to raw materials has been recorded under extraordinary income.

2. Extraordinary losses

In the fiscal year under review, the Group recognized impairment loss and loss on valuation of investment securities primarily on the following asset groups.

(Millions of yen)

Place	Use	Type	Amount
Offshore/ Western Australia, Australia	Conventional natural gas project	Property, plant and equipment (Other facilities and construction in progress)	16,571
		Investments and other assets (Investment securities)	3,807
East Texas/ Texas, U.S.	Shale gas development project Tight sand development project	Investments and other assets (Investment securities)	12,154
The Barnett Basin/ Texas, U.S.	Shale gas development	Intangible assets (Other intangible assets)	5,910
Yokosuka, Kanagawa	Power generation project	Property, plant and equipment (Other facilities)	3,234

For its calculation of impairment loss, the Group groups assets into smallest units generating cash flows that are largely independent of the cash flows from other assets or asset groups.
As for the offshore production facilities in Western Australia of Australia, after the business value was revalued due to the impact of a decline in crude oil prices, the book value was written down to its recoverable value. This reduction has been recorded as impairment loss or loss on valuation of investment securities under extraordinary losses.
As for the investment in tight sand and shale gas development project in East Texas of the U.S., after the business value was revalued due to the impact of a slump in North American gas prices and a decline in crude oil prices, the book value was written down to its recoverable value. This reduction has been recorded as loss on valuation of investment securities under extraordinary losses.
As for the mining area at Barnett Basin in Texas of the U.S., after the business value was revalued due to the impact of a slump in North American gas prices and a decline in crude oil prices, the book value was written down to its recoverable value. This reduction has been recorded as impairment loss under extraordinary losses.
Recoverable values of these asset groups are measured at value in use, calculated by discounting respective future cash flows primarily by a range of 7.0% to 9.0%.
As for power generation facilities in power business, the Group recognized impairment loss under extraordinary losses, since it became apparent that the recoverability of the book value of non-current assets associated with power generation facilities was low due to the significant deterioration of the business environment.
While recoverable values of these asset groups were measured at value in use, they have not been discounted because estimated future cash flows are negative.

3. Depreciation and amortization
The Group built a new large-scale mission critical system during the fiscal year under review for ¥30,767 million as an intangible asset. Durable years of the system have been determined at ten years based on the estimation of its useful life.

4. All amounts of less than one million yen have been rounded down in the accounts.

Non-Consolidated Statement of Changes in Equity

From April 1, 2019 to March 31, 2020

(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	6,161	6,766	141,000	339,000	210,782	739,165
Changes of items during period										
Reversal of reserve for advanced depreciation of non-current assets					(147)				147	
Reversal of reserve for overseas investment loss						(2,373)			2,373	
Dividends of surplus									(27,853)	(27,853)
Profit									56,703	56,703
Purchase of treasury shares										
Disposal of treasury shares										
Retirement of treasury shares									(24,272)	(24,272)
Decrease due to company split									(71,302)	(71,302)
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-	-	(147)	(2,373)	-	-	(64,204)	(66,725)
Balance at end of current period	141,844	2,065	2,065	35,454	6,013	4,393	141,000	339,000	146,578	672,439

	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	(4,111)	878,964	22,271	(10,023)	12,248	891,212
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		(27,853)				(27,853)
Profit		56,703				56,703
Purchase of treasury shares	(24,038)	(24,038)				(24,038)
Disposal of treasury shares	1	1				1
Retirement of treasury shares	24,272					-
Decrease due to company split		(71,302)				(71,302)
Net changes of items other than shareholders' equity			(6,984)	695	(6,289)	(6,289)
Total changes of items during period	235	(66,490)	(6,984)	695	(6,289)	(72,779)
Balance at end of current period	(3,875)	812,473	15,287	(9,327)	5,959	818,433

Notes to the Non-Consolidated Financial Statements

From April 1, 2019 to March 31, 2020

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 with readily determinable fair value 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 with no readily determinable fair value 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. Goodwill is amortized over twenty years under the straight-line method.

(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) 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.

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 balance sheet date to install cushioning material for gas valves of built-in kitchens with drawer-type

cabinets, and 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 appliance warranties is an allowance to provide outlays for expenses required for services during warranty periods of appliances sold. The estimated future expenses required after the balance sheet date are recorded.

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) All accounting transactions are booked exclusive of consumption taxes.

2. Explanatory notes regarding the non-consolidated balance sheet

(1) Assets pledged as collateral

Investment securities	¥544 million
Investments in subsidiaries and associates	¥8,274 million
Long-term loans receivable	¥24 million
(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	¥3,460,693 million
Intangible assets	¥41,534 million

(3) Guarantee obligation, etc.

Guarantee obligation	¥51,037 million

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

Trading volume with subsidiaries and associates

Net sales	¥269,867 million
Purchases	¥454,551 million
Trading volume other than net sales and purchases	¥17,735 million

4. 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 1,424,746 shares

5. 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

6. 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 FY2016 (millions of yen)
Tokyo Gas America Ltd.	Holding Direct 100.0	Subsidiary	Subscription for new shares (Note 1)	21,672	—	—
TOKYO GAS PLUTO PTY LTD.	Holding Indirect 100.0	Subsidiary	Loan guarantee (Note 2)	19,980	—	—

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.

7. Explanatory notes regarding per share information

Net assets per share	¥1,855.81
Basic earnings per share	¥128.18

8. Other explanatory notes

(1) Extraordinary income

As for gain on settlement of contract, gain on settlement of contract related to raw materials has been recorded under extraordinary income.

(2) Extraordinary losses

As for loss on valuation of investment securities, loss on valuation of available-for-sale securities has been recorded under extraordinary losses.

(3) Depreciation and amortization

The Company built a new large-scale mission critical system during the fiscal year under review for ¥32,596 million as an intangible asset. Durable years of the system has been determined at ten years based on the estimation of its useful life.

(4) All amounts of less than one million yen have been rounded down in the accounts.