Commencement date of electronic provision: May 24, 2024

224th Annual Shareholders Meeting

Other Matters Subject to Electronic Provision

(Matters omitted from the documents to be delivered)

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

224th Fiscal Year (April 1, 2023 to March 31, 2024)

TOKYO GAS CO., LTD.

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

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

I. Basic Policy on Development of Internal Control System

The Company passed a resolution to revise the 'Basic Policy on Development of Internal Control System' at the meeting of its Board of Directors held on July 27, 2023, as follows:

Tokyo Gas Co., Ltd. (hereinafter, 'the Company') is committed to achieving sustainable growth and increasing corporate value over the medium to long term by clarifying management and execution responsibilities, strengthening supervision and auditing functions, and promoting accurate and prompt decision-making and efficient business execution, while ensuring legality, soundness, and transparency based on its Management Philosophy.

The group of companies consisting of the Company and its subsidiaries (hereinafter collectively referred to as 'the Group') shall aim for its perpetual development by respecting each company's independency and setting the pursuit of overall optimization as its philosophy.

In light of the above, the Board of Directors shall establish a basic policy for the development of the internal controls system in order to ensure the appropriateness of the Group's business operations. Based on this Policy, the Corporate Executive Officers shall assume the role and responsibility of effectively establishing and operating the internal controls system of the Group.

(1) System to Ensure that the Execution of Duties by Officers and Employees of the Group Complies with Laws and Regulations and the Articles of Incorporation

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

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

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

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

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

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

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

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

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

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

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

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

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

II. Overview of Operational Status of Internal Control System

(1) System to Ensure that the Execution of Duties by Officers and Employees of the Group Complies with Laws and Regulations and the Articles of Incorporation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We take necessary measures so that the Audit Committee is able to conduct its auditing activities effectively, including coordination with the Internal Audit Department, Accounting Auditor and Directors of subsidiaries, etc. During this fiscal year, the Internal Audit Department, the Accounting Auditor and the Audit & Supervisory Board Members of subsidiaries organized meetings for 16 times, 12 times and 20 times, respectively, to exchange information and opinions with the Audit Committee or full-time Audit Committee Members.

Consolidated Statement of Changes in Equity

From April 1, 2023 to March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	–	1,310,908	(3,658)	1,449,094
Changes of items during period					
Dividends of surplus			(27,530)		(27,530)
Profit attributable to owners of parent			169,936		169,936
Purchase of treasury shares				(113,049)	(113,049)
Disposal of treasury shares			0	70	70
Retirement of treasury shares			(112,178)	112,178	–
Increase in the number of consolidated subsidiaries			(789)		(789)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		4,109			4,109
Net changes of items other than shareholders' equity					
Total changes of items during period	–	4,109	29,438	(800)	32,746
Balance at end of current period	141,844	4,109	1,340,347	(4,459)	1,481,841

	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	30,954	(9,626)	86,226	1,754	109,309	30,896	1,589,301
Changes of items during period							
Dividends of surplus							(27,530)
Profit attributable to owners of parent							169,936
Purchase of treasury shares							(113,049)
Disposal of treasury shares							70
Retirement of treasury shares							–
Increase in the number of consolidated subsidiaries							(789)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							4,109
Net changes of items other than shareholders' equity	28,773	40,948	28,944	5,931	104,596	6,574	111,171
Total changes of items during period	28,773	40,948	28,944	5,931	104,596	6,574	143,917
Balance at end of current period	59,727	31,322	115,170	7,685	213,906	37,471	1,733,218

Notes to the Consolidated Financial Statements
From April 1, 2023 to March 31, 2024

[Basis of Preparing Consolidated Financial Statements]

1. Scope of consolidation
   (1) Number of consolidated subsidiaries
   Number of consolidated subsidiaries: 104
   Names of principal consolidated subsidiaries
   Tokyo Gas America Ltd., TG Natural Resources LLC, TOKYO GAS AUSTRALIA PTY LTD, Rockcliff Energy II LLC (Note), Tokyo Gas United Kingdom Ltd., TG Aktina Holdings LLC, Tokyo Gas Asia Pte. Ltd., Tokyo Gas Engineering Solutions Corporation, Tokyo Gas Real Estate Co., Ltd., Niihama LNG Co., Ltd., Tokyo Gas Network Co., Ltd., Tokyo Gas International Holdings B.V., Ohgishima Power Co., Ltd., Nagano Toshi Gas Inc., Prominet Power Co., Ltd., Tokyo LNG Tanker Co., Ltd., Capty Solutions Co., Ltd., Tokyo Gas Chemicals Co., Ltd., Tokyo Gas Lease Co., Ltd., TOKYO GAS i NET CORP., Nijio Co., Ltd., TG Global Trading Co., Ltd., Gunmaannaka solar power LLC, Ichihara Yawatafuto Biomass Power GK and Fushiki Manyofuto Biomass Power GK

   From the fiscal year under review, TG PLUS Co., Ltd. was excluded from the consolidated subsidiaries due to an absorption-type merger with Tokyo Gas Co., Ltd. and Rockcliff Energy II LLC was included in the consolidated subsidiaries due to purchase of treasury shares.

   (Note) Rockcliff Energy II LLC changed its name to TGNR Intermediate Holdings LLC effective April 1, 2024.

   (2) Number of unconsolidated subsidiaries
   Number of unconsolidated subsidiaries: 7
   Names of principal unconsolidated subsidiaries
   Harumi Eco Energy Co., Ltd., Toukyou Solar LLC
   Unconsolidated subsidiaries are excluded from the scope of consolidation all due to their small size and the immaterial effect of total assets, net sales, and of profit or loss (amount corresponding to our interest) and of retained earnings and others (amount corresponding to our interest) of each company on the Consolidated Financial Statements.

2. Application of equity method
   (1) Number of unconsolidated subsidiaries and associates accounted for using equity method
   Number of unconsolidated subsidiaries
   accounted for using equity method: 0
   Number of associates accounted for using equity method: 23
   Names of principal entities accounted for using equity method:
   TOKYO TIMOR SEA RESOURCES INC., GAS MALAYSIA BERHAD, Birdsboro Power Holdings II,LLC, SHIBA PARK SPECIAL PURPOSE COMPANY, Bajio Generating VOF
   (2) Names, etc. of principal unconsolidated subsidiaries and associates not accounted for using equity method
   The Company's principal unconsolidated subsidiaries and associates not accounted for using equity method: Ark Hills Heat Supply Co., Ltd.
   The unconsolidated subsidiaries and associates not accounted for using equity method were excluded from the scope of application of equity methods, due to the immaterial effect of the total amount of profit or loss (amount corresponding to our interest) and the retained earnings and others (amount corresponding to our interest) on the Consolidated Financial Statements and, as a whole, their insignificance.

3. Accounting policies
   (1) Valuation bases and methods of significant assets
      1) The valuation basis and method of securities are as follows:
      Held-to-maturity debt securities are stated at amortized cost.
      Available-for-sale securities other than shares, etc. without a market price are carried at fair value, with valuation differences, reported in a separate component of net assets. The cost of securities sold is determined by the moving-average method.

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

2) Derivatives are valued by the fair value method.

3) Inventories (merchandise and finished goods, work in process, and raw materials and supplies) are mainly stated at cost, as determined by the moving-average method (real estate for sale is mainly stated at cost, as determined by specific identification method). Consolidated balance sheet values are calculated using the book value reduction method based on declining profitability).

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

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

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

3) The straight-line method is applied for leased assets, with durable years until a residual value of zero as lease 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) Provision for share awards for directors (and other officers) is an allowance to provide outlays for retirement benefits expenses in the form of company shares issued at the time of retirement. It corresponds to the points granted by the Company to its Directors and Executive Officers while in office, based on the stock-based remuneration system using trust. The number of shares to be delivered based on the points allocated to the Directors and Executive Officers and the estimated amount to be paid are recorded on the consolidated balance sheet date.

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

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

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

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

(4) Basis for revenue and expenses

1) Revenues associated with the sales of merchandise and finished goods
Sales of merchandise and finished goods consist mainly of the sales of city gas, liquefied natural gas (LNG) and electric power, as well as the sales of energy (gas, electric power, steam, and others) in energy service business. In all these sales transactions, revenue is recognized either at each time of supply where the obligation to supply arises over the contract term based on the contractual terms set out under the sales contracts, etc. with customers, or at the point of delivery where merchandise and finished goods are delivered at certain point in time, as performance obligations are deemed to be satisfied upon customers' obtainment of control of merchandise and finished goods at the respective timing described above.
In the sale of electric power, the renewable energy generation promotion surcharge corresponds to the amount of money collected on behalf of a third party and thus is not included

in the transaction price. Hence, revenue from the sale of electric power is determined at the net amount after deducting the surcharge payable to such a third party from the amount of consideration received from customers.
Consideration is received normally within one year after the satisfaction of performance obligations in most cases, without involving significant financing component.

2) Revenues associated with the provision of services and others
In the provision of services such as maintenance service related to gas appliances, etc., service is provided over the contract term, where the revenue is recognized based on the understanding that performance obligations are progressively satisfied as time passes during the term. In the provision of transmission service of city gas using the gas pipeline network, transmission obligations arise over the contract term, and performance obligations are satisfied as transmission is conducted. Still the revenue from such provision is recognized on a meter-reading date basis according to the Regulation on Accounting at Gas Utilities.
For the transactions combining the sales of finished goods and merchandise with the provision of services, each promise to deliver goods or services to a customer is identified as separate performance obligations, where the transaction price is allocated to each performance obligations in proportion primarily to the corresponding observable independent sales price.
Consideration is received normally in the form of advance payment prior to the satisfaction of performance obligations based on the contractual terms, without involving significant financing component.

3) Revenues associated with engineering contract
In contract engineering work for gas appliance installation or gas fitting, revenue is recognized based on the estimated progress of work over a period for contracts involving a longer work period. Whereas, for contracts involving a short work period, revenue is recognized based on the alternative procedure prescribed under Paragraph 95 of the 'Implementation Guidance on the Accounting Standard for Revenue Recognition' at the point in time when performance obligations are completely satisfied.
Normally consideration is received largely in proportion to the progress in the satisfaction of performance obligations measured by the achievement of contract milestone, or in the form of advance payment prior to the satisfaction of performance obligations based on the contractual terms, without involving significant financing component.

(5) Other significant matters for preparing Consolidated Financial Statements

1) Method and period of amortization of goodwill
Goodwill is amortized over twenty years or less under the straight-line method depending on the reasons for recognition of goodwill.

2) Method for accounting for retirement benefits
To provide for retirement benefits to employees, the Company records the amount of retirement benefit obligations, based on the estimated amount at the end of the current fiscal year, minus pension plan assets as a retirement benefit liability; note, however, that, in the case where the amount of pension assets exceeds that of retirement benefit obligations, it is recorded as a retirement benefit asset.
Actuarial differences are mainly recorded as expenses in one lump-sum in the fiscal year following the fiscal year in which the actuarial gain or loss incurs.
Unrecognized actuarial differences and unrecognized prior service costs are posted as remeasurements of defined benefit plans in accumulated other comprehensive income under the net assets section after adjusting for tax effects. In the calculation of retirement benefit obligations, expected benefits are mainly attributed to the period up until the fiscal year under review on the benefit formula basis.

4. Explanatory notes regarding changes in presentation
(Consolidated Balance Sheet)

(1) "Mining rights" which was included in "Other intangible assets" under "Intangible assets" in the previous fiscal year, is separately presented as an independent account in the current period due to monetary materiality.

(2) Certain receivables related to overseas business which was included in "Other current assets" under "Current assets" in the previous fiscal year are included in "Notes and accounts receivable - trade, and contract assets" under "Current assets" in the current fiscal year. This change was made to more appropriately present the Group's actual condition by redefining and reclassifying the accounts of similar nature after the acquisition of Rockcliff Energy II LLC.

(3) Certain payables related to overseas business which was included in “Other current liabilities” under “Current liabilities” in the previous fiscal year are included in “Notes and accounts payable - trade” under “Current liabilities” in the current fiscal year. This change was made to more appropriately present the Group’s actual condition by redefining and reclassifying the accounts of similar nature after the acquisition of Rockcliff Energy II LLC.

5. Explanatory notes regarding revenue recognition

(1) Information on disaggregation of revenue

(Millions of yen)

Reporting segment	Main goods or services	Revenue from contracts with customers	Other revenue	Net sales to external customers	Remarks
Energy Solution	City gas (sale)	1,232,972	–	1,232,972	(Note 1)
	Electric power	627,720	–	627,720	(Note 1)
	Engineering solutions	188,355	–	188,355	(Note 1)
	LNG sale, LNG trading, etc.	195,882	5,993	201,876	(Note 1)
	Gas appliances, etc.	107,150	–	107,150	
	Lease	–	5,956	5,956	
	Others	23,960	–	23,960	Shipping business, etc.
	Sub-total	2,376,042	11,950	2,387,992	
Network	City gas (piping), gas fitting engineering, etc.	97,478	–	97,478	(Note 1)
Overseas Business	–	114,256	–	114,256	
Urban Development	–	35,298	29,492	64,790	Other revenues comprising mainly property lease revenue (Note 2)
Total		2,623,075	41,442	2,664,518	

(Note 1) Revenue from contracts with customers includes the amount of subsidy the Company received or it expects to receive following the application for estimate-based payment of subsidy filed with the Bureau of Operations for Mitigating the Impact of Violent Fluctuations in Electricity/Gas Prices, that compensates for the utility operators’ reduction of gas/electricity bill charged to customers under the ‘Government Operations for Mitigating the Impact of Violent Fluctuations in Electricity/Gas Prices,’ under the ‘Comprehensive Economic Measures to Overcome Rising Prices and Realize Economic Revival.

(Note 2) From the fiscal year under review, a portion of fixed assets was reclassified as real estate for sale in conjunction with a change in the purpose of holding. Revenue from contracts with customers includes revenue from sales of real estate for sale.

(Note 3) Changes in reportable segments

From the fiscal year under review, as a result of a review of the service delivery system for regional and municipal governments, a portion of revenues related to the business previously included in the Network segment has been changed to be included in the Energy Solution segment.

(2) Useful information in understanding revenue

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

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

1) Contract asset and contract liability balances

(Millions of yen)

	Beginning balance	Ending balance
Receivables from contracts with customers		
Notes receivables – trade	1,368	1,336
Accounts receivables - trade	428,183	414,897
	429,551	416,234
Contract assets	4,512	1,630
Contract liabilities	30,063	24,322

(Note 1) As des cribed in the “4. Explanatory notes regarding changes in presentation,” the Company has changed its method of presentation for trade receivables arising from overseas operations beginning in the period under review, and has reclassified the figures for “Accounts receivable-trade” in the beginning balance to reflect this change in presentation.

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

Contract liabilities mainly relate to advances received at the Company and its consolidated subsidiaries from customers for the contract engineering work for gas appliances installation or gas fitting, as well as appliance maintenance contract, and to the points awarded commensurate with the amount of money spent by customers for purchasing gas and electricity. Contract liabilities are reversed when the performance obligations are satisfied following the completion of contract engineering work and the completion of appliance maintenance service, and when points awarded to customers are exchanged for services in the future. ¥19,562 million of revenues recognized in the fiscal year under review were included in the balance of contract liabilities at the beginning of the fiscal year under review. The primary reason behind the significant change in the balance of contract liabilities in the fiscal year under review was a decrease in advances received on contract engineering work for gas appliances installation or gas fitting in the fiscal year under review.

2) Transaction price allocated to the remaining performance obligations

(Millions of yen)

Type of performance obligation	The fiscal year under review	Explanation on the expected timing for satisfaction of performance obligations
LNG sale	661,735	Approx. 20% expected to be satisfied within one year, and approx. 70% in over one year but within five years.
Gas appliances, gas fitting, and other contracted construction work	50,549	Generally expected to be satisfied within one year.
Gas appliance maintenance service	4,433	Approx. 80% expected to be satisfied in three years, and all obligations within ten years.
Points program based on amount of gas and electricity purchased	1,485	Expected to be satisfied within three years.

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

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

6. Explanatory notes regarding accounting estimates

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

1) The amount posted in the Consolidated Financial Statements for the fiscal year under review
¥656,956 million (book value of non-current assets and investment securities of Tokyo Gas America Group)

2) Other information

(a) Calculation method

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

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

(b) Key assumptions

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

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

Key assumptions of particular importance are the forward-looking information regarding gas prices and discount rates.

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

An impairment loss may be posted if estimates are changed due to changes in assumptions such as further deterioration in the outlook caused by changing economic situations giving rise to a decrease in the recoverable amount based on future cash flows.

(2) Valuation of inventories (raw materials)

1) The amount posted in the Consolidated Financial Statements for the fiscal year under review:
¥69,133 million

2) Other information

(a) Calculation method

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

(b) Key assumptions

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

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

(3) Calculation of retirement benefits liability

1) The amount posted in the Consolidated Financial Statements for the fiscal year under review: ¥62,908 million

2) Other information

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

(b) Key assumptions
Actuarial assumptions used for calculating retirement benefit obligations involve various calculation bases including a discount rate and long-term expected rate of return. Key actuarial assumptions used for calculating retirement benefits liability as of the end of the fiscal year under review comprise a discount rate mainly at 1.2% and a long-term expected rate of return mainly at 2.0%.

(c) Impact on the Consolidated Financial Statements for the following fiscal year
If, as a result of changes in unpredictable future economic conditions, it becomes necessary to review the aforementioned estimates and assumptions, this may have significant impact on retirement benefit liability and retirement benefit expenses to be recognized in the Consolidated Financial Statements for the following fiscal year and thereafter.
In the calculation of retirement benefits liability, changes in key assumptions have the following impact sensitivity on retirement benefits liability as of the end of the fiscal year under review. A negative value represents a decrease in retirement benefits liability, while a positive value represents an increase in retirement benefits liability. Sensitivity analysis assumes all actuarial assumptions concerning provision for retirement benefits at Tokyo Gas Co., Ltd., the primary recording entity, except actuarial assumptions subject to analysis remaining constant.

As of the end of the fiscal year under review (March 31, 2024)

	Changes in actuarial assumptions	The amount of impact on retirement benefits liability
Discount rate	A decrease of 0.1%	+¥3,033 million
	An increase of 0.1%	¥(2,949) million
Long-term expected rate of return	A decrease of 0.1%	+¥240 million
	An increase of 0.1%	¥(240) million

(4) Estimated revenue for city gas sales for the unmetered period from the meter-reading date to the end of the fiscal year

1) The amount posted in the Consolidated Financial Statements for the fiscal year under review:
Net sales: ¥1,232,972 million

2) Other information

(a) Calculation method
In the case where customers are charged based on the usage measured by the meter-reading conducted on other days than month-end, revenue generated in a period between the date of the meter-reading conducted in the account closing month and the settlement date is calculated by using a reasonable estimation and recorded in net sales.

(b) Key assumptions
Usage and unit prices are estimated based on a compilation of similar contracts.
Such usage is estimated in proportion to the number of days based on the ratio of the number of unmetered days to the number of days in the month, based on the volume delivered from the beginning to the end of the account closing month.
Unit price estimates are based on the weighted average unit price for each contract type for the same month in the previous year of the account closing month, adjusted by the changes in the material cost-adjusted unit price, etc. from the same month in the previous year.

(c) Impact on the Consolidated Financial Statements for the following fiscal year
As for accounting estimates and assumptions used in such estimates, any differences with actual results may impact the amount of net sales calculated in the Consolidated Financial Statements for the following fiscal year.

(5) Estimated revenue for electric power sales for the unmetered period from the meter-reading date to the end of the fiscal year

1) The amount posted in the Consolidated Financial Statements for the fiscal year under review:
Net sales: ¥627,720 million

2) Other information

(a) Calculation method
In the case where customers are charged based on the usage measured by the meter-reading conducted on other days than month-end, revenue generated in a period between the date of the meter-reading conducted in the account closing month and the settlement date is calculated by using a reasonable estimation and recorded in net sales.

(b) Key assumptions
Usage and unit prices are estimated based on a compilation of similar contracts.
Such usage estimates are calculated for the current month's usage and the next month's meter reading based on daily end-of-use and other data provided by the transmission and distribution companies.
Unit price estimates are based on the weighted average unit price for contract type for the same month in the previous year of the account closing month, adjusted by the changes in the fuel cost-adjusted unit price, etc. from the same month in the previous year.

(c) Impact on the Consolidated Financial Statements for the following fiscal year
As for accounting estimates and assumptions used in such estimates, any differences with actual results may impact the amount of net sales calculated in the Consolidated Financial Statements for the following fiscal year.

[Explanatory notes regarding the consolidated balance sheet]

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

Cash and deposits	¥17,782 million
Notes and accounts receivable-trade, and contract assets	¥25,714 million
Raw materials and supplies	¥1,601 million
Other current assets (Note)	¥37,649 million
Buildings and structures	¥7,592 million
Machinery, equipment and vehicles	¥46,944 million
Tools, furniture and fixtures	¥480 million
Land	¥2,228 million
Leased assets	¥2,892 million
Construction in progress	¥40,120 million
Mining rights	¥515,373 million
Other intangible assets	¥23,265 million
Investment securities	¥5,647 million
Long-term loans receivable	¥18 million
Other investments and other assets	¥52,176 million

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

   (2) Liabilities secured by the collaterals

Current portion of long-term borrowings	¥3,196 million
Other current liabilities	¥58 million
Long-term borrowings	¥199,830 million

2. Accumulated depreciation of property, plant and equipment
   ¥4,546,299 million
3. Guarantee obligation etc.
   (1) Guarantee obligation ¥35,573 million
4. Change in the purpose of holding
   From the fiscal year under review, a portion of fixed assets was reclassified as real estate for sale due to a change in the purpose of holding. The amount of reclassification in conjunction with this change was ¥37,158 million (¥19,752 million in buildings and structures, ¥135 million in machinery, equipment and vehicles, ¥290 million in tools, furniture and fixtures, ¥16,403 million in land, and ¥535 million in construction in progress).

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

1. Number of shares issued as of the end of this fiscal year
   400,452,159 shares
2. Dividends
   (1) Dividends of surplus of this fiscal year
      1) The following was decided by the meeting of the Board of Directors held on April 26, 2023.
         ・ Dividends of common share
            (a) Total amount of dividends ¥14,093 million
            (b) Dividends per share ¥32.50
            (c) Date of record March 31, 2023
            (d) Effective date June 6, 2023
         (Note) The total amount of dividends includes dividends of ¥7 million for the Company's shares held by the trust account of the board benefit trust.
      2) The following was decided by the meeting of the Board of Directors held on October 26, 2023.
         ・ Dividends of common share
            (a) Total amount of dividends ¥13,437 million
            (b) Dividends per share ¥32.50
            (c) Date of record September 30, 2023
            (d) Effective date November 29, 2023
         (Note) The total amount of dividends includes dividends of ¥6 million for the Company's shares held by the trust account of the board benefit trust.

(2) Dividends of surplus to be carried out after the end of this fiscal year

The following was decided at the meeting of the Board of Directors held on April 25, 2024.

- Dividends of common share

(a)	Total amount of dividends	¥14,970 million
(b)	Resource of dividends	Retained earnings
(c)	Dividends per share	¥37.50
(d)	Date of record	March 31, 2024
(e)	Effective date	June 6, 2024

(Note) The total amount of dividends includes dividends of ¥6 million for the Company's shares held by the trust account of the board benefit trust.

[Explanatory notes regarding financial instruments]

1. Matters related to the status of financial instruments

(1) The Group's policy for financial instruments

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

(2) Detail of financial instruments and risks associated with them

Notes and accounts receivable-trade classified as trade receivables are exposed to customers' credit risks. Investment securities are mainly bonds held to shares held for business or capital alliance with business partners and are exposed to the risk of market price fluctuations. Bonds payable and borrowings are mainly for raising funds necessary for capital investment, with redemption terms not exceeding 58 years and nine months after the settlement date. Some of the Group's borrowings are based on variable interest rates and thus exposed to interest rate fluctuation risk, part of which is hedged by using derivative transactions (interest rate swap transactions).

Regarding derivative transactions, to mitigate exchange rate fluctuation risks, risks associated with fluctuations in the purchase price of commodities and materials, etc., and interest rate fluctuation risks, the Group engages in various derivative transactions, including forward exchange contracts, commodity swaps, and interest rate swap transactions. Moreover, subsidiaries in the LNG trading business engage in commodity forward contracts and commodity swaps. In using derivative transactions such as forward exchange contracts, commodity swaps, and interest rate swap transactions, the Group applies hedge accounting where the application requirements of hedge accounting are met.

(3) Risk management system concerning financial instruments

1) Credit risk management (against risks associated with contractual default and other issues of clients or suppliers)

The Group companies maintain a system of regularly controlling trade receivables balances of each client (or supplier), according to each Group company's credit control policy.

The Group only engages in derivative transactions with high credit worthy parties, according to each Group company's credit control policy to mitigate counterparty risks.

The maximum credit risk exposure as at the end of the fiscal year under review is indicated by the consolidated balance sheet values of financial assets exposed to credit risks.

2) Market risk management (against the risks of fluctuations of commodities, exchange rate, interest rate and others)

The Company and some of its consolidated subsidiaries use forward exchange contracts to hedge risks associated with exchange rate fluctuations as identified by currency and month regarding foreign currency-denominated trade receivables and payables and scheduled transactions denominated in foreign currency. At the same time, the Company and some of its consolidated subsidiaries use interest rate swap transactions to mitigate the risks associated with interest rate fluctuations in payables on corporate bonds and borrowings, and commodity swap transactions to mitigate risks associated with fluctuations in the purchase price of commodities.

For investment securities, we continuously review the holding status by grasping updated fair values and financial positions of issuers (clients or suppliers) and considering the market conditions and relationships with such clients and suppliers.

The Company formulates implementation plans for individual cases of derivative transactions according to the 'Risk Management Policy' approved by the Board of directors, then implements them after obtaining approval based on the administrative authority. In the framework for implementing and managing derivative transactions, the department responsible for executing transactions is segregated from the department responsible for control to ensure the checking function is working effectively.

Consolidated subsidiaries of the Company must obtain resolutions from their Boards of Directors or Presidents depending on the amounts (maximum risk exposure) of transactions and prior approval of the Company based on the 'Regulations on the Management of Subsidiaries.' The use of derivative transactions such as forward exchange contracts, commodity forward contracts, commodity swaps, and interest rate swap transactions involve exposure to market risks associated with price fluctuations in respective markets, while it has advantageous effects of stabilizing cash flows of hedged items or offsetting market fluctuations. Implementation plans are formulated according to the 'Risk Management Policy,' as described earlier, for the LNG trading business of subsidiaries too. Thus, a framework for implementation and management is in place in which the department responsible for executing transactions is segregated from the department responsible for control to ensure the checking function works effectively.

3) Management of liquidity risk associated with funding (risk of becoming unable to execute payment on due date)

The Company and its consolidated subsidiaries ensure stable cash flow management by formulating monthly cash flow plans and controlling deposit/withdrawal schedules. Meanwhile, the Group has introduced CMS (cash management system) and GCMS (global cash management system) for managing funds across the Group under the control of the Company.

(4) Supplementary explanation regarding the matters related to the fair value of financial instruments

As the calculation of the fair value of financial instruments involves variable elements, such calculated values may fluctuate depending on the assumptions adopted.

2. Fair value of financial instruments and information by level within the fair value hierarchy

The carrying amounts, fair value, their differences, and fair value by level on the consolidated balance sheets as at March 31, 2024, are as follows. Shares, etc. that do not have a market price and investments in partnerships, etc. are not included in the table (Refer to Note 2).

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

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

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

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

(1) Financial instruments measured at fair value

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	47,551			47,551
Total assets	47,551			47,551
Derivatives (*1)				
Currency-related		32,773		32,773
Commodity-related		17,182	4,736	21,919
Interest rate-related		3,570		3,570
Total derivative transactions		53,526	4,736	58,263

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

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

(Millions of yen)

Category	Fair value				Amount on the consolidated balance sheet	Difference
	Level 1	Level 2	Level 3	Total		
Investment securities Shares of subsidiaries and associates	34,068			34,068	11,295	22,773
Total assets	34,068			34,068	11,295	22,773
Bonds payable(*2)		(596,144)		(596,144)	(658,660)	62,516
Long-term borrowings(*2)		(677,574)		(677,574)	(676,260)	(1,313)
Total liabilities		(1,273,718)		(1,273,718)	(1,334,921)	61,203

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

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

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

Investment securities

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

Bonds payable

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

Long-term borrowings

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

Derivatives

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

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

(Millions of yen)

Category	The fiscal year under review (as at March 31, 2024)
Shares in subsidiaries and associates Unlisted shares, etc. (*1)	107,170
Available-for-sale securities Unlisted shares, etc. (*1) Investments in partnerships (*2) (*3)	 108,577 19,293

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

(*2) Investments in partnerships and other similar entities that are recorded on the consolidated balance sheet at the amount equivalent to equity are not subject to fair value disclosure pursuant to Paragraph 24-16 of the 'Implementation Guidance on Accounting Standard for Fair Value Measurement' (ASBJ Guidance No. 31 revised on June 17, 2021).

(*3) Investments in partnerships and others include ¥19,098 payment to an investment limited partnership, which falls under associates and others.

[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
134,015	581,479

(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 ¥4,249.83
2. Basic earnings per share ¥411.88

[Explanatory notes regarding material subsequent events]

1. Acquisition of treasury shares
   At the Board of Directors meeting held on April 25, 2024, the Company resolved to acquire treasury shares pursuant to Article 156 of the Companies Act as applied mutatis mutandis to Article 165, paragraph 3 of the law.
   The details of the purchase of treasury shares are as follows.
   · Type of stock to be acquired: The Company's common shares
   · Total number of shares to be acquired: 17 million (upper limit)
     (Rate to total number of shares outstanding: 4.2%)
   · Total value of shares to be acquired: ¥40 billion (upper limit)
   · Term of acquisition: May 7, 2024 to March 31, 2025
   · Method of acquisition: Market purchase on the Tokyo Stock Exchange

2. Conclusion of a capital and business alliance agreement and underwriting of third-party allotment of new shares
   On April 1, 2024, the Company entered into a capital and business alliance agreement with RENOVA, Inc. to expand cooperation in the development of renewable energy power sources in Japan, the procurement and sale of electric power, and the operation of the biomass business. On April 17, 2024, the Company underwrote the third-party allotment of new shares conducted by RENOVA, Inc.
   (1) Outline of company from which shares were acquired
   · Name: RENOVA, Inc.
   · Address: 2-2-1 Kyobashi, Chuo-ku, Tokyo
   · Representative: Yosuke Kiminami, Representative Director, President & CEO
   · Business: New development and operation management of renewable energy power plants
   · Capital: ¥2,387million (As of December 31, 2023)
   (2) Details of the share acquisition
   · Number of shares held prior to acquisition: Nil
   · Type of shares acquired: Common stock
   · Total number of shares acquired: 11,877,600 (percentage of voting rights held: 13.04%)
   · Total acquisition price of shares: ¥17,816 million

[Other explanatory notes]

1. Share-based compensation plan for directors, corporate executive officers and executive officers
   At its Compensation Committee held on June 29, 2021, the Company resolved to introduce a trust-type share-based Compensation Plan for its directors and corporate executive officers with the aim of providing incentives to improve the Company's corporate value over the medium to long term. The Company has also

decided to introduce a similar share-based compensation plan for its executive officers (the two share-based compensation plans are hereinafter collectively referred to as the 'Plan'; the directors, corporate executive officers and executive officers are hereinafter collectively referred to as the 'Executives').
Accounting for the Plan is based on the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (PITF No. 30, March 26, 2015).

(1) Overview of transaction
The Plan is a trust-type share-based compensation plan under which a trust established by the Company by contributing cash (hereinafter, the 'Trust') acquires Company shares equivalent to the number of points granted by the Company to each Executive, who then receives delivery of the shares. As a general rule, Executives shall receive the Company shares when they resign/retire.

(2) Company shares remaining in trust
Company shares remaining in trust have been recorded as treasury shares at their carrying amount in the trust (excluding the amount of incidental expenses) under net assets. The carrying amount and number of these treasury shares as of the end of the fiscal year under review were ¥380 million and 184,800 shares, respectively.

2. Business combinations through acquisition
TG Natural Resources LLC, a subsidiary of the Company, acquired all shares of Rockcliff Energy II LLC, which is engaged in upstream development in Texas, in the U.S. from Quantum Energy Partners on December 28, 2023 (local time) (December 29, 2023, Japan time).

(1) Overview of the business combination

i. Name of the acquired company and its business description
Name of the acquired company: Rockcliff Energy II LLC
Business description: Upstream development in Texas and Louisiana targeting Haynesville and Cotton Valley formations

ii. Primary reason for the business combination
In the Medium-term Management Plan, "Compass Transformation 23-25," the Group upholds the expansion of its shale gas business in North America, and TG Natural Resources LLC, which became the Company's subsidiary in 2020, has been seeking to acquire superior assets around its existing assets in Texas and Louisiana. With this acquisition of the shares of Rockcliff Energy II LLC, the Group expects to build a stable earnings base.

iii. Business combination date
December 28, 2023(local time) (December 29, 2023, Japan time)

iv. Legal form of the business combination
Acquisition of shares in consideration of cash

v. Name of the acquired company after the business combination
The name has been changed to TGNR Intermediate Holdings LLC, effective April 1, 2024.

vi. Acquired percentage of voting rights

Voting rights held immediately prior to the business combination:	0.0%
Voting rights additionally acquired on the business combination date:	100.0%
Voting rights after the acquisition:	100.0%

vii. Basis for choosing the acquiring company
TG Natural Resources LLC, the Company's consolidated subsidiary, acquired the shares in consideration of cash.

(2) The period of results of the acquired company included in the consolidated financial statements
From December 28, 2023 to December 31, 2023

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for the acquisition	Cash	¥218,726 million
	Assumption of debt	¥164,187 million
Acquisition cost		¥382,914 million

(4) Description and amount of major acquisition-related expense
Advisory fees and others: ¥3,460 million

(5) The amount and the reason for incurring goodwill, the amortization method, and the amortization period of goodwill
Goodwill and negative goodwill were not incurred

(6) Amounts allocated to intangible assets other than goodwill, breakdown according to type, and the weighted average amortization period of the entire amount and major breakdown according to type

Type	Amount	Amortization period
Mining rights	¥366,737 million	Units-of- production method

(7) Breakdown of assets acquired and liabilities assumed on the business combination date

Current assets	¥32,825 million
Non-current assets	¥367,395 million
Total assets	¥400,220 million
Current liabilities	¥45,860 million
Non-current liabilities	¥135,633 million
Total liabilities	¥181,494 million

(8) Estimated amount and calculation method of the effect of the business combination on the consolidated statement of income for the fiscal year under review assuming the business combination had been completed at the beginning of the fiscal year

Net sales	¥120,065 million
Operating profit	¥22,887 million

(Calculation method of the estimated amount)

The estimated effect was calculated assuming the business combination had been completed at the beginning of the fiscal year, and based on the information on net sales and profit/loss of the acquired company until the business combination date. It should be noted that this note has not undergone audit certification.

3. Transfer of shares of subsidiaries

On March 28, 2024, Tokyo Gas Australia Pty Ltd ("TGAU"), a wholly-owned subsidiary of the Company, transferred its holding of shares of Tokyo Gas Pluto Pty Ltd, Tokyo Gas Gorgon Pty Ltd, Tokyo Gas QCLNG Pty Ltd, Tokyo Gas Ichthys Pty Ltd ("TGI"), and Tokyo Gas Ichthys F&E Pty Ltd ("TGI F&E") to Tokyo Gas Australia 1 Pty Ltd ("TGAU1"), a pure holding company and a wholly owned subsidiary of TGAU, as contribution in kind, and then transferred all shares of TGAU1 to MidOcean Energy Holdings Pty Ltd ("MidOcean"). The upstream interests and shares in the liquification business held by TGI and TGI F&E, the two companies involved in the Ichthys Project, were transferred by TGI and TGI F&E to INPEX Ichthys Pty Ltd, INPEX Browse E&P Pty Ltd, and INPEX Holdings Australia Pty Ltd after all shares of TGAU1 were transferred to MidOcean.

(1) Overview of the business divestiture

i. Name of the divestee

MidOcean Energy Holdings Pty Ltd

ii. Description of the divested businesses

Name		Business description
Tokyo Gas Australia 1 Pty Ltd		Holding company of the five companies below
	Tokyo Gas Pluto Pty Ltd	Development of gas fields, production and sale of LNG and condensate
	Tokyo Gas Gorgon Pty Ltd	
	Tokyo Gas QCLNG Pty Ltd	
	Tokyo Gas Ichthys Pty Ltd	
	Tokyo Gas Ichthys F&E Pty Ltd	

iii. Primary reason for the business divestiture

Since 2003, the Company has participated in five Australian LNG projects and has expanded its business of holding upstream LNG interests. However, as a result of reviewing the asset portfolio to allocate resources to growth areas, the Company has determined that it is appropriate to transfer all of the shares of its above consolidated subsidiary to MidOcean.

iv. Business divestiture date

March 28, 2024 (Deemed date of disposal: January 1, 2024)

v. Overview of the transaction including its legal form

Share transfer in which the consideration received is cash only

(2) Overview of the accounting treatment adopted

i. Amount of gain or loss on transfer

Gain on sales of investment securities: ¥22,458 million

The gain/loss on the transfer may fluctuate due to the conditions of the agreement for this transfer and the agreements with other related parties.

ii. Appropriate carrying amounts of assets and liabilities related to the businesses transferred and breakdown

Current assets	¥52,334 million
Non-current assets	¥222,825 million
Total assets	¥275,159 million
Current liabilities	¥182,878 million
Non-current liabilities	¥43,734 million
Total liabilities	¥226,613 million

iii. Accounting treatment

The difference between the transfer price of the share transfer and the carrying amount on a consolidated basis of the transferred subsidiaries was recognized as gain on sales of investment securities.

(3) The reporting segment to which the divested business belonged: Overseas Business

(4) Estimated amounts of profit and loss related to the divested businesses reported in the Consolidated Statement of Income for the fiscal year under review

Net sales	¥61,850 million
Operating profit	¥29,590 million

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

Non-Consolidated Statement of Changes in Equity

From April 1, 2023 to March 31, 2024

(Millions of yen)

	Shareholders' equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Share capital	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	4,216	210	141,000	339,000	316,839	836,720
Changes of items during period										
Reversal of reserve for overseas investment loss						(210)			210	–
Dividends of surplus									(27,530)	(27,530)
Profit									124,300	124,300
Purchase of treasury shares										
Disposal of treasury shares									0	0
Retirement of treasury shares									(112,178)	(112,178)
Net changes of items other than shareholders' equity										
Total changes of items during period	–	–	–	–	–	(210)	–	–	(15,198)	(15,408)
Balance at end of current period	141,844	2,065	2,065	35,454	4,216	–	141,000	339,000	301,641	821,312

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total Valuation and translation adjustments	
Balance at beginning of current period	(3,658)	976,972	18,072	(3,279)	14,792	991,764
Changes of items during period						
Reversal of reserve for overseas investment loss		–				–
Dividends of surplus		(27,530)				(27,530)
Profit		124,300				124,300
Purchase of treasury shares	(113,049)	(113,049)				(113,049)
Disposal of treasury shares	70	70				70
Retirement of treasury shares	112,178	–				–
Net changes of items other than shareholders' equity			4,956	(430)	4,525	4,525
Total changes of items during period	(800)	(16,209)	4,956	(430)	4,525	(11,683)
Balance at end of current period	(4,459)	960,762	23,029	(3,710)	19,318	980,081

Notes to the Non-Consolidated Financial Statements

From April 1, 2023 to March 31, 2024

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

delivery where merchandise and finished goods are delivered at certain point in time, as performance obligations are deemed to be satisfied upon customers' obtainment of control of merchandise and finished goods at the respective timing described above.

The renewable energy generation promotion surcharge for the sale of electric power corresponds to the amount of money collected on behalf of a third party and thus is not included in the transaction price. Hence, revenue from the sale of electric power is determined at the net amount after deducting the surcharge payable to such a third party from the amount of consideration received from customers.

2) Revenues associated with the provision of services and others
In the provision of services such as maintenance service related to gas appliances, etc., service is provided over the contract term, where the revenue is recognized based on the understanding that performance obligations are progressively satisfied as time passes during the term.

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

3. Explanatory notes regarding accounting estimates
(1) Valuation of shares of subsidiaries and associates
1) The amount posted in the Non-Consolidated Financial Statements for the fiscal year under review
Shares of subsidiaries and associates: ¥929,203 million
Miscellaneous expenses (Loss on valuation of shares of subsidiaries and associates): ¥1,318 million
2) Other information
(a) Calculation method
Of the above, for the assets registering a significant decline in the net asset value compared to the investment value, a loss on valuation is posted. The book value of such assets is written down to the net asset value, excluding those assets determined to be recoverable.
(b) Key assumptions
With respect to shares of subsidiaries and associates registering a significant decline in the net asset value compared to the investment value, whether they are recoverable or not is determined based on information on external factors such as business environment of each subsidiary and associate and internal information used by each subsidiary and associate (business plans, budgets, etc.). In making such determination, we use forward-looking factors that affect net sales including sales volume and market prices, market trends based on demand and supply forecast, and various cost forecasts reflecting the most recent track record.
(c) Impact on the Non-Consolidated Financial Statements for the following fiscal year
The above determination is believed to be reasonable. However, a loss on valuation may arise if forecasts change due to unpredictable changes in assumptions.
(2) Valuation of inventories (raw materials)
1) The amount posted in the Non-Consolidated Financial Statements for the fiscal year under review: ¥65,732 million
2) Other information
(a) Calculation method, (b) Key assumptions, and (c) Impact on the Non-Consolidated Financial Statements for the following fiscal year are as stated in the Consolidated Financial Statements.

(3) Calculation of provision for retirement benefits

1) The amount posted in the Non-Consolidated Financial Statements for the fiscal year under review: ¥57,764 million

2) Other information

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

(4) Estimated revenue for city gas sales for the unmetered period from the meter-reading date to the end of the fiscal year

1) The amount posted in the Non-Consolidated Financial Statements for the fiscal year under review:
Net sales: ¥1,261,186 million

2) Other information

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

(5) Estimated revenue for electric power sales for the unmetered period from the meter-reading date to the end of the fiscal year

1) The amount posted in the Non-Consolidated Financial Statements for the fiscal year under review:
Net sales: ¥595,136 million

2) Other information

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

4. Explanatory notes regarding the non-consolidated balance sheet

(1) Assets pledged as collateral

Other non-current liabilities	¥4,777 million
(The above assets are mainly guarantee deposits for derivative transactions)	
Investment securities	¥4 million
Long-term loans receivable	¥18 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 of property, plant and equipment
¥745,477 million

(3) Guarantee obligation, etc.

Guarantee obligation	¥61,691 million

(4) Monetary receivables from or payables to subsidiaries and associates

Short-term monetary receivables	¥167,656 million
Long-term monetary receivables	¥596,347 million
Short-term monetary payables	¥328,749 million

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

Trading volume with subsidiaries and associates

Net sales	¥444,634 million
Purchases	¥886,833 million
Trading volume other than net sales and purchases	¥41,858 million

6. 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 1,436,376 shares

7. Explanatory notes regarding deferred tax accounting

Principal sources of deferred tax assets and deferred tax liabilities

Deferred tax assets	Shares of subsidiaries and associates and investment securities, provision for retirement benefits
Deferred tax liabilities	Valuation difference on available-for-sale securities

8. 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 FY2024 (millions of yen)
Tokyo Gas America Ltd.	Holding Direct 100.0	Subsidiary	Underwriting of capital increase (Note 1)	222,022	—	—
Tokyo Gas United Kingdom Ltd.	Holding Direct 100.0	Subsidiary	Underwriting of capital increase (Note 1)	45,438	—	—

Business terms and policies for determination of business terms

(Note 1) The Company underwrote a capital increase conducted by a subsidiary, and in underwriting the capital increase, the Company made a comprehensive decision, after due consideration of the project plan requiring the said capital increase.

9. Explanatory notes regarding per share information

Net assets per share	¥2,456.25
Basic earnings per share	¥301.27

10. Explanatory notes regarding material subsequent events

(1) Acquisition of treasury shares

At the Board of Directors meeting held on April 25, 2024, the Company resolved to acquire treasury shares pursuant to Article 156 of the Companies Act as applied mutatis mutandis to Article 165, paragraph 3 of the law.

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

- Type of stock to be acquired: The Company’s common shares
- Total number of shares to be acquired: 17 million (upper limit)
  (Rate to total number of shares outstanding: 4.2%)
- Total value of shares to be acquired: ¥40 billion (upper limit)
- Term of acquisition: May 7, 2024 to March 31, 2025
- Method of acquisition: Market purchase on the Tokyo Stock Exchange

(2) Execution of capital and business alliance agreement and underwriting of third-party allotment

On April 1, 2024, the Company entered into a capital and business alliance agreement with RENOVA, Inc. to expand cooperation in the development of renewable energy power sources in Japan, the procurement and sale of electric power, and the operation of the biomass business. On April 17, 2024, the Company underwrote the third-party allotment of new shares conducted by RENOVA, Inc.

1) Outline of company from which shares were acquired
   - Name: RENOVA, Inc.
   - Address: 2-2-1 Kyobashi, Chuo-ku, Tokyo
   - Representative: Yosuke Kiminami, Representative Director, President & CEO
   - Business: New development and operation management of renewable energy power plants
   - Capital: ¥2,387million (As of December 31, 2023)
2) Details of the share acquisition
   - Number of shares before acquisition: Nil
   - Type of shares acquired: Common stock
   - Total number of shares acquired: 11,877,600 (Percentage of voting rights held: 13.04%)
   - Total acquisition price of shares: ¥17,816 million

11. Other explanatory notes

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

Notes are omitted as the same information is presented in "Other explanatory notes, 1. Share-based compensation plan for directors, corporate executive officers and executive officers" in "Notes to the Consolidated Financial Statements."

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