TSE:9531

FY2023 1Q Financial Results
ended June, 2023

July 27, 2023

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Today's Key Messages

2

- Consolidated FY2023 1Q saw a YoY rise in both sales and profits, driven by an increase in city gas unit price due to resource costs adjustment, etc.
- Our consolidated forecast for FY2023 anticipates lower sales but higher profits versus the previous forecast. Factors include: a drop in Energy Solutions sales stemming from a decrease in city gas unit price due to resource costs adjustment; a fall in Overseas sales due to a decrease in unit sales prices; and profit on sales of investment securities.
- Work is still underway to divest the five subsidiaries (four projects) of our Australian subsidiary Tokyo Gas Australia Pty Ltd through a transfer of shares to MidOcean Energy Holdings Pty Ltd, a subsidiary of the US-based EIG Global Energy Partners, LLC. The impacts of this transfer are not included in the consolidated 1Q results and consolidated FY2023 forecast.

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01

FY2023
Consolidated Financial Results
ended June, 2023

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FY2023 1Q Consolidated Results Sales, Interest, etc. (Apr. 1, 2023 –June 30, 2023)

vs. FY2022 1Q

4

Highlights: Sales UP, Profit Up

(+/- indicate impact on profit, billion yen)

Net sales	+39.7	Increase in city gas unit price due to resource costs adjustment, etc.
Operating expenses	+2.0	Decrease in resource costs due to decrease in city gas and electricity sales volume, etc.
Operating profit	+41.7	Increase in gross margin from the change in city gas unit prices due to the impact from economic framework assumptions, etc.
Extraordinary profit/loss	+2.4	FY2023 2.4: (Extraordinary gain) Gain on sales of investment securities 2.4 FY2022 0

(Unit: billion yen)

		FY2023 1Q	FY2022 1Q	Change	%
City gas sales volume (million m3, 45MJ)		2,466	2,857	-391	-13.7
Electricity sales volume (million kWh)		5,262	7,429	-2,167	-29.2
Net sales		649.6	609.9	39.7	6.5
Operating expenses		556.7	558.7	-2.0	-0.4
Operating profit		92.9	51.2	41.7	81.6
Segment profit (operating profit + equity income of subsidiaries)		94.6	52.5	42.1	80.0
Ordinary profit(1)		107.2	57.7	49.5	85.9
Extraordinary profit/loss		2.4	0	2.4	—
Profit attributable to owners of parent		77.6	38.4	39.2	102.1
(Adjustment items)	Temperature effect(2)	-2.0	0.2	-2.2	—
	Sliding effect(3) (city gas + LNG sales)	49.7 (43.3+6.4)	21.5 (19.1+2.4)	28.2. (24.2+4.0)	—
	Amortization of actuarial differences(4)	0.5	-1.0	1.5	
Adjusted ordinary profit (1)-((2)+(3)+(4))		59.0	37.0	22.0	59.5

Economic framework	FY2023 1Q	FY2022 1Q
Exchange rate (¥/$)	137.49 (+7.76)	129.73
Crude oil price ($/bbl)	83 .99 (-26.66)	110.65
Avg. air temp (℃)	19.5 (+0.5)	19.0

Pension assets	FY2023 1Q (as of June 30, 2023)
Investment yield (costs deducted)	0.82%
Year-end assets (billion yen)	243.0

<Expected annual rate of return: 2%>

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Both sales and profits increased in 1Q FY2023 compared to the corresponding period of the previous fiscal year.

Net sales increased by ¥39.7 billion. This was mainly attributable to an increase in city gas unit prices due to resource cost adjustments in the Energy Solution segment.

Operating expenses decreased by ¥2.0 billion. This mainly reflected a decrease in resource costs due to a decline in city gas and electricity sales volumes in the Energy Solution segment.

As a result, operating profit increased by ¥41.7 billion and ordinary profit by ¥49.5 billion. Profit attributable to owners of parent grew by ¥39.2 billion to ¥77.6 billion.

FY2023 1Q Results: Sales and Operating Profit/Loss by Business Segments

vs. FY2022 1Q

5

(unit : billion yen)

	Net sales*4				Segment Profit(Operating profit + Equity income/loss of subsidiaries)			
	FY2023 1Q Results	FY2022 1Q Results	Change	%	**FY2023 1Q Results**	FY2022 1Q Results	Change	%
Energy solution*1 (including equity income of subsidiaries)	584.5	558.6	25.9	4.6	82.6	38.8	43.8	112.4
City gas*2	385.0	331.9	53.1	16.0	67.1	28.6	38.5	134.2
Electric Power	142.7	153.2	-10.5	-6.9	11.2	4.0	7.2	177.8
Network	84.1	88.6	-4.5	-5.1	-1.8	2.3	-4.1	—
Overseas business	31.5	35.0	-3.5	-10.0	12.2	16.0	-3.8	-23.5
(equity income of subsidiaries)	—	—	—	—	0.7	1.1	-0.4	-36.8
Urban Development (including equity income of subsidiaries)	18.8	14.9	3.9	25.5	6.9	4.0	2.9	69.2
Adjustment*3	-69.3	-87.3	18.0	—	-5.2	-8.7	3.5	—
Consolidated	649.6	609.9	39.7	6.5	94.6	52.5	42.1	80.0
(equity income of subsidiaries)	—	—	—	—	-1.6	1.3	0.3	20.2

*1 Includes city gas (excl. Network), LPG, industrial gas, LNG sales, trading, electric power, engineering solutions, gas equipment, construction, and shipping, among others.
*2 Includes city gas (excl. Network), LNG sales, and trading.
*3 Adjustments in segment profits include mainly corporate expenses not allocated to the segments.
*4 Segment sales include internal transactions made between business units.

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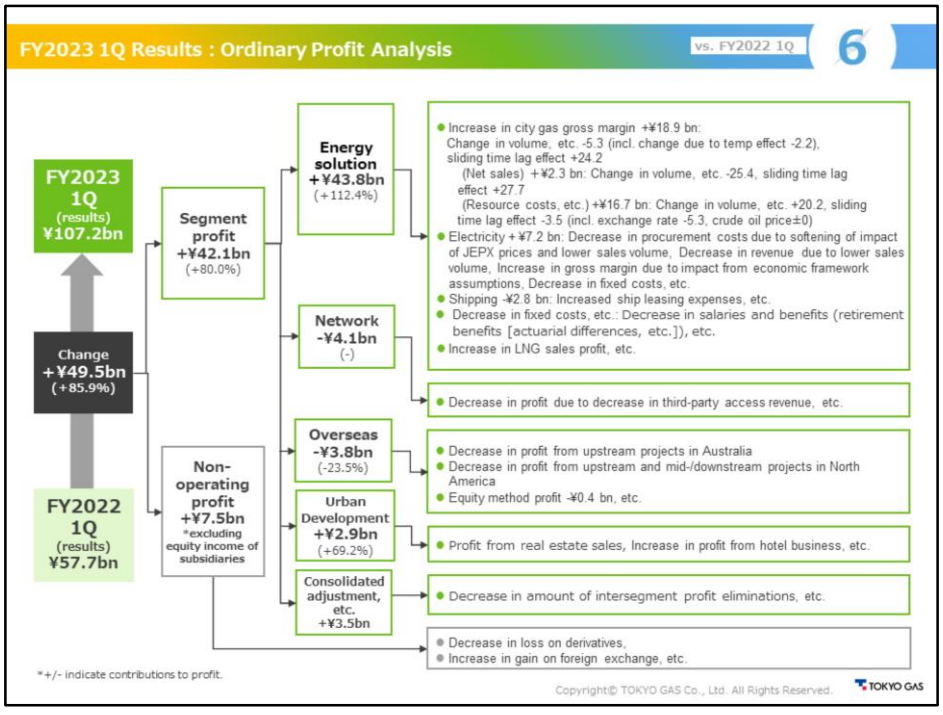
This slide shows net sales by segment and segment profit, which is operating profit plus equity income/loss of subsidiaries, and changes thereof.



The ¥43.8 billion increase in profit of the Energy Solution segment mainly reflects a rise in the gross margin of city gas due to a sliding time lag effect and a decrease in procurement costs due to the softening of the impact of JEPX prices in the electricity business.

The Network segment saw a drop in profit by ¥4.1 billion, mainly due to a decrease in third-party access revenue.

In the Overseas segment, profit decreased by ¥3.8 billion, mainly reflecting a drop in profit from projects in Australia mainly due to a decline in volume and a fall in profit from projects in North America due to a reduction in gas prices.

In the Urban Development segment, profit increased by ¥2.9 billion, mainly due to a profit increase following the sale of real estate holdings and a rise in profit in the hotel business due to an increase in occupancy.

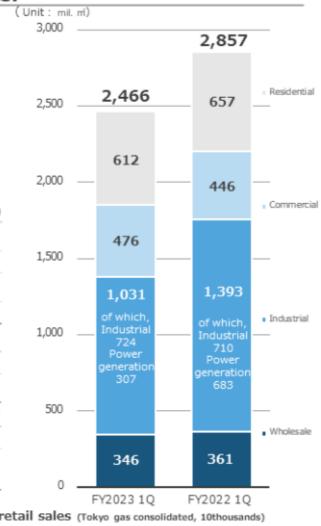
FY2023 1Q Consolidated Gas Sales Volume/ Number of Customers vs. FY2022 1Q

7

City Gas sales volume:

-391mil.㎥ (-13.7%)
including temperature effect -41mil.㎥,-1.4%

Residential	**-45mil.㎥(-6.8%)**
Temperature effect	-30 mil.㎥
Number of days	-6 mil.㎥
Number of customers	4 mil.㎥
Others	-13 mil.㎥
Commercial	**+30mil.㎥(+6.8%)**
Temperature effect	-10 mil.㎥
Number of days	±0 mil.㎥
Number of customers	±0mil.㎥
Others	+40 mil.㎥
Industrial	**-362mil.㎥(-26.0%)**
Industrial	+14mil.㎥
Power generation	-376mil.㎥
Wholesale	**-15mil.㎥(-3.9%)**
Temperature effect	-1 mil.㎥
Others	-14 mil.㎥ Decrease in wholesale demand, etc.



Number of customers(City Gas), LNG sales volume, Average temperature

	FY2023 1Q	FY2022 1Q	Change
Number of customers for city gas retail sales (10 thousands) *1	874.9	868.9	+6.0 (+0.7%)
Number of customers (meters) (10 thousands, meter) *2	1,235.0	1,222.3	+12.7 (+1.0%)
LNG sales volume (thousands t)	631	316	+315 (+99.8%)
Average temperature (℃)	19.5	19.0	+0.5

*1. Number of billed customers for city gas retail sales
*2. Number of meters installed for gas supply

Gas Sales Volume , Gas volume used in-house (Unit : million m³)

	FY2023 1Q	FY2022 1Q	Change
City gas sales volume (financial accounting basis)	2,466	2,857	-391 (-13.7%)
Gas volume used in-house under tolling arrangement	478	539	-61 (-11.4%)
LNG sales volume (m³ basis)	788	395	+393 (+99.8%)
Total	3,732	3,790	-58 (-1.5%)

*Each value is rounded.

Number of customers for city gas retail sales (Tokyo gas consolidated, 10thousands)

	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2022.6	2022.9	2022.12	2023.3	2023.6
Number (Change)	1,026.9 (-)	1,020.9 (-6.0)	982.1 (-38.8)	912.9 (-69.2)	886.3 (-26.2)	868.8 (-17.5)	868.9 (+0.1)	867.2 (-1.7)	868.8 (+1.6)	870.1 (+1.3)	874.9 (+4.8)

Full deregulation of the retail market (2017.04)

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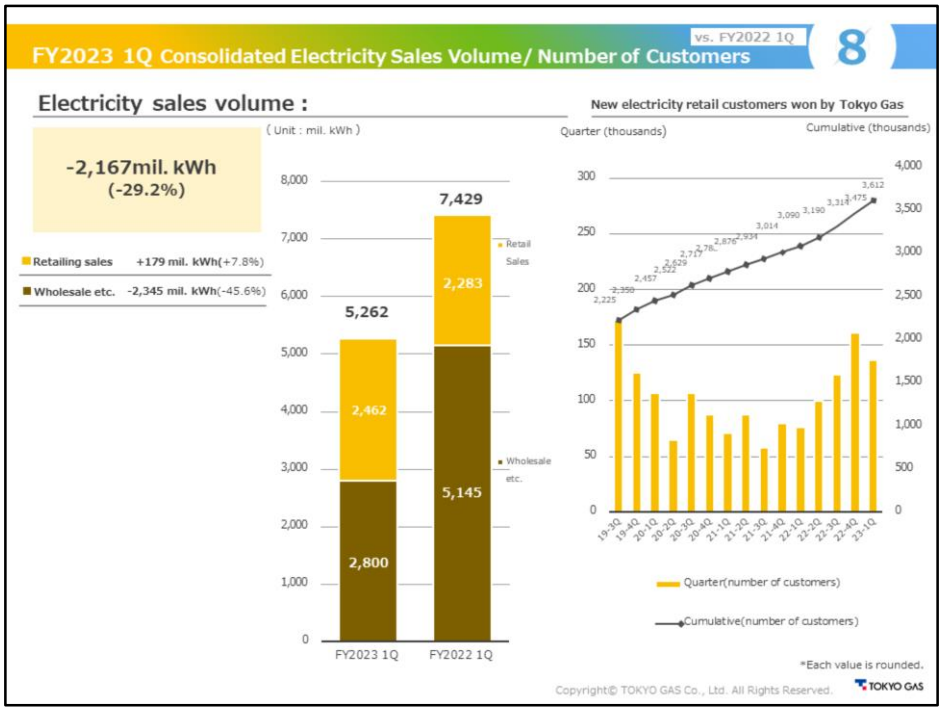
The city gas sales volume in 1Q FY2023 decreased by 13.7% overall, mainly reflecting reduced demand from power generation customers for industrial use and a fall in sales volume to residential customers due to high temperatures compared to the corresponding period of the previous fiscal year.



Total electricity sales volume in 1Q FY2023 decreased by 29.2%.

Retail electricity sales rose by 7.8% due to an increase in the number of customers, while the sales volume to wholesale fell by 45.6%.

02

FY2023 Full Year Forecast

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FY2023 Consolidated Forecast Sales, Interest, etc. (Apr. 1, 2023 – Mar. 31, 2024)

vs. FY2022

10

Highlights: Sales Down, Profit Up (vs. Previous Forecast)

(+/- indicate impact on profit, billion yen)

	vs. Previous Forecast	
Net sales	-205.0	Decrease in city gas unit price due to resource costs adjustment, Decrease in Overseas sales due to a decrease in unit sales prices, etc.
Operating expenses	+205.0	Impact from the decrease in crude oil prices, etc.
Operating profit	±0	
Extraordinary profit/loss	+2.4	Forecast 2.4: (Extraordinary profit) gain on sale of investment securities 2.4 Previous Forecast 0

(Unit: billion yen)

		Forecast	Previous Forecast	Change	%	FY2022 Result	Change	%
City gas sales volume (million m3, 45MJ)		11,905	12,009	-104	-0.9	12,574	-669	-5.3
Electricity sales volume (million kWh)		26,730	28,789	-2,059	-7.2	34,445	-7,715	-22.4
Net sales		2,692.0	2,897.0	-205.0	-7.1	3,289.6	-597.6	-18.2
Operating expenses		2,542.0	2,747.0	-205.0	-7.5	2,868.1	-326.1	-11.4
Operating profit		150.0	150.0	0	—	421.4	-271.4	-64.4
Segment profit (operating profit + equity income of subsidiaries)		154.8	154.8	0	—	417.0	-262.2	-62.9
Ordinary profit(1)		137.0	137.0	0	—	408.8	-271.8	-66.5
Extraordinary profit/loss		2.4	0	2.4	—	-1.3	3.7	—
Profit attributable to owners of parent		101.0	100.0	1.0	1.0	280.9	-179.9	-64.0
(Adjustment items)	Temperature effect(2)	-2.0	0	-2.0	—	-4.3	2.3	—
	Sliding effect(3) (city gas + LNG sales)	60.0 (46.0+ 14.0)	39.3 (31.6+ 7.7)	20.7 (14..4+ 6.3)	—	210.8 (187.2+ 23.6)	-150.8 (-141.2+ -9.6)	—
	Amortization of actuarial differences(4)	2.3	2.3	0	—	-4.4	6.7	—
Adjusted ordinary profit (1)-((2)+(3)+(4))		76.7	95.4	-18.7	-19.6	206.7	-130.0	-62.9

Economic framework	Forecast	Previous forecast	FY2022 Results
Exchange rate (¥/$)	135.62 (+5.62)	130.00	135.50
Crude oil price ($/bbl)	81.00 (-9.00)	90.00	102.67
Avg. air temp (℃)	16.4 (+0.1)	16.3	16.8

*2Q~$80.00/bbl , ¥135/$

Pension assets		FY2022	FY2021	FY2020
Investment yield (costs deducted)		-1.90%	0.37%	4.94%
Discount rate	Annuity portion	0.809%	0.481%	0.318%
	Lump-sum portion	0.373%	0.192%	0.075%
Year-end assets (billion yen)		243.0	256.0	263.0

<Expected annual rate of return: 2%>

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For the FY2023 full year, we have downgraded our sales forecast and upgraded our profit forecast. The economic framework for July onward, which serves as a basis of our forecast, has been changed as follows: the foreign exchange rate has been revised from ¥130/$ to ¥135/$, and the crude oil price from $90/barrel to $80/barrel.

Our forecast for net sales has been downgraded by ¥205.0 billion. This is mainly attributable to a fall in city gas unit prices due to resource cost adjustments in the Energy Solution segment and a drop in unit sale prices in the Overseas segment.

Meanwhile, our forecast for operating expenses has been revised to decrease by ¥205.0 billion, mainly due to the impact of a reduction in crude oil prices and a decrease in resource costs of the gas business, such as a drop in sales volume.

As a result, our full-year forecast for segment profit and ordinary profit remains unchanged from the forecast announced at the end of April; however, our forecast for profit attributable to owners of parent has been upgraded by ¥1.0 billion to ¥101.0 billion after incorporating a gain on sale of investment securities as extraordinary profit.

FY2023 Consolidated Forecast Assets, Cash Flows, etc.

vs. FY2022

11

(Unit: billion yen, balance sheet figures are as of the corresponding term-end)

	FY2023 Forecast	FY2022 Results	Reference
Total assets (a)	**3,669.0**	3,581.4	Increase in new capital expenditures, investments & financing, etc.
Shareholders' equity (b)	**1,543.0**	1,558.4	Decrease from share buyback, and dividends Shareholders' equity = Net assets – minority interests
Shareholders' equity ratio (b)/(a) Factoring in hybrid bonds/loans※1	**42.1%** 43.2%	43.5% 44.7%	
Interest-bearing debt (c) Hybrid bond/loan component	**1,419.0** 83.3	1,263.2 83.3	
D/E ratio (c)/(b) Factoring in hybrid bonds/loans※1	**0.92** 0.87	0.81 0.76	
Profit attributable to owners of parent (d)	**101.0**	280.9	
Profit per share (EPS, yen per share)	**245.27**	646.99	
Depreciation (e)	**212.0**	209.3	
Operating cash flow (f) =(d) + (e)	**313.0**	490.2	Net profit + Depreciation (including depreciation of long-term prepaid expenses)
Capital Expenditure	**280.0**	213.2	
Investments and Financing (after offset)	**56.1**	31.3	
Total(g)	**336.1**	244.6	
Free cash flow (f) + (g)	**-23.1**	245.5	
ROA (d)/(a)	**2.8%**	8.3%	Net profit / Total assets (average of the amounts as of the end of the previous period and end of the current period)
ROE (d)/(b)	**6.5%**	20.0%	Net profit / Shareholders' equity (average of the amounts as of the end of the previous period and end of the current period)
WACC	※2 **2.6%**	2.4%	
Total return ratio	Approx. **40%**	50.3%	[FY-N dividends + FY-(N+1) treasury stock purchased] / FY-N consolidated net profit

*1 Based on expected equity credit ratio of 50% for issued hybrid bonds and hybrid loans.
*2 Items for WACC calculation (FY2023 forecast)
・Cost of interest-beating debt : forecast interest rate (0.61%, after tax)
・Cost rate for shareholders' equity
・Risk free rate : 10-year JGB yield 0.69% ・Market Risk premium : 6.5% ・β: 0.67

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This slide shows our forecast for key indicators on a consolidated basis, including the status of assets and cash flows.

FY2023 Investments (Capex , Investments and financing)

(Unit: billion yen)

12

		Forecast	Main Items	Previous Forecast	Change	%	FY2022 Results	Change	%
Capital Expenditure									
Energy solution		98.5		98.5	0	—	74.7	23.8	31.8
	City gas*1	48.7	Production facilities : 5.8 Other Production facilities, etc. Service and maintenance facilities : 42.9 System related, etc.	48.7	0	—	25.5	23.2	91.1
	Electric Power	21.5	Domestic renewable power etc.	21.5	0	—	23.9	-2.4	-10.1
Network		89.1	Distribution facilities: New demand development & stable supply-related, etc.	89.1	0	—	84.7	4.4	5.2
Overseas		76.7	Upstream (Australia, North America), Global renewable power etc.	76.7	0	—	30.4	46.3	152.2
Urban Development		21.9	Real estate leasing business, building renovations, etc.	21.9	0	—	24.5	-2.6	-10.8
Adjustment		-6.3		-6.3	0	—	-1.2	-5.1	—
	Sub Total	280.0		280.0	0	—	213.2	66.8	31.3
Investments and Fainacing(before offset)									
Energy solution		52.2		52.2	0	—	42.4	9.8	23.1
	City gas	0.1		0	0.1	—	0	0.1	—
	Electric Power	1.5	Domestic renewable power etc.	0.4	1.1	275.0	33.3	-31.8	-95.4
Network		0		0	0	—	0	0	—
Overseas		4.5	Upstream (Australia), Mid/Downstream (Asia), Global renewable power etc.	4.5	0	—	1.8	2.7	150.0
Urban Development		0		0	0	—	2.2	-2.2	—
	Sub Total	56.7		56.7	0	—	46.5	10.2	21.9
Capital Expenditure +Investments and Financing (before offset)		336.7		336.7	0	—	259.7	77.0	29.6

*1: Includes city gas and LNG sales/trading.

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This slide details the expected use of cash flows in FY2023.

FY2023 Investments（Capex , Investments and financing）

13

Reference: Breakdown of the Medium-Term Management Plan for FY 2023-2025

(Unit: billion yen)

	FY2023 Forecast	Main Items	Previous Forecast	FY2020-22 Results	FY2023-25 Plan
Growth investments	211.9	Overseas, Renewable power, Urban Development, etc.	211.9	475.8 Breakdown) portion for decarbonization related investments 195.9	650.0 Breakdown) portion for decarbonization related investments 230.0
Infrastructure investments	124.7	Distribution facilities, Service and maintenance facilities , etc.	124.7	361.2	350.0
Capital Expenditure +Investments and Financing (before offset)	336.7		336.7	837.1	1,000.0

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FY2023 Full Year Forecast: Sales and Operating Profit/Loss by Business Segments

vs. Previous Forecast

14

(unit : billion yen)

	Net sales*4				Segment Profit(Operating profit + Equity income/loss of subsidiaries)			
	FY2023 Forecast	Previous Forecast	Change	%	FY2023 Forecast	Previous Forecast	Change	%
Energy solution*1 (including equity income of subsidiaries)	**2,405.4**	2,592.5	-187.1	-7.2	**134.3**	120.8	13.5	11.2
City gas*2	**1,431.1**	1,502.6	-71.5	-4.8	**93.6**	77.9	15.7	20.2
Electric Power	**652.2**	766.7	-114.5	-14.9	**20.2**	22.4	-2.2	-10.0
Network	**372.4**	377.0	-4.6	-1.2	**4.3**	4.3	0	—
Overseas business	**119.3**	133.7	-14.4	-10.8	**29.5**	43.0	-13.5	-31.4
(equity income of subsidiaries)	—	—	—	—	**3.1**	3.1	0	—
Urban Development (including equity income of subsidiaries)	**82.1**	82.1	0	—	**14.6**	14.6	0	—
Adjustment*3	**-287.2**	-288.3	1.1	—	**-27.9**	-27.9	0	—
Consolidated	**2,692.0**	2,897.0	-205.0	-7.1	**154.8**	154.8	0	—
(equity income of subsidiaries)	—	—	—	—	**4.8**	4.8	0	—

*1 Includes city gas (excl. Network), LPG, industrial gas, LNG sales, trading, electric power, engineering solutions, gas equipment, construction, and shipping, among others.
*2 Includes city gas (excl. Network), LNG sales, and trading.
*3 Adjustments in segment profits include mainly corporate expenses not allocated to the segments.
*4 Segment sales include internal transactions made between business units.

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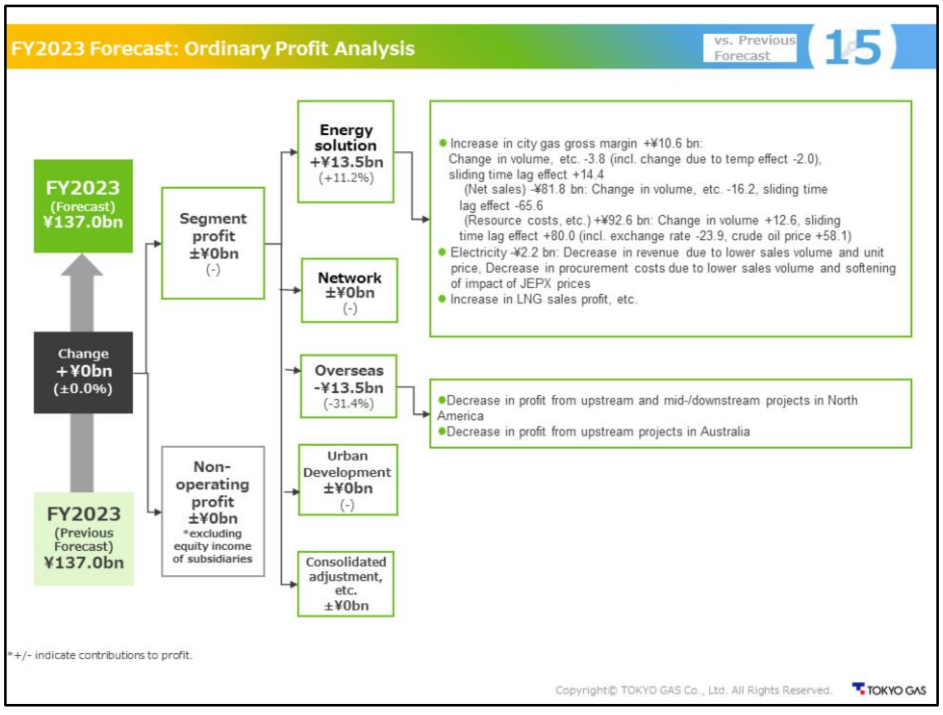
This slide shows our forecast for net sales and profit of each segment and changes from our previous forecast.

Our forecast for total segment profit remains unchanged from our previous forecast.



We have upgraded our forecast for the Energy Solution segment by ¥13.5 billion. This mainly reflects a sliding time lag effect in city gas due to the sharp rise in crude oil prices in late FY2022 and an increase in gross margin due to a reduction in resource costs in FY2023 in the city gas business. Our forecast for the electricity business has been downgraded by ¥2.2 billion, reflecting changes in the economic framework and the impact of the reduction in sales volume.

Our forecast for the Network segment remains unchanged despite an expected reduction in third-party access revenue, which is offset by an expected drop in various expenses.

For the Overseas segment, we have downgraded our forecast by ¥13.5 billion due to a decrease in profit from projects in North America and Australia due to the trend and revisions of the economic framework.

FY2023 Full Year Forecast: Sales and Operating Profit/Loss by Business Segments

vs. FY2022

16

(unit : billion yen)

	Net sales *4				Segment Profit(Operating profit + Equity income/loss of subsidiaries)			
	FY2023 Forecast	FY2022 Results	Change	%	FY2023 Forecast	FY2022 Results	Change	%
Energy solution*1 (including equity income of subsidiaries)	**2,405.4**	3,031.1	-625.7	-20.6	**134.3**	365.9	-231.6	-63.3
City gas*2	**1,431.1**	1,974.4	-543.3	-27.5	**93.6**	294.0	-200.4	-68.1
Electric Power	**652.2**	855.9	-203.7	-23.8	**20.2**	50.9	-30.7	-60.3
Network	**372.4**	370.3	2.1	0.5	**4.3**	-0.3	4.6	—
Overseas business	**119.3**	159.9	-40.6	-25.4	**29.5**	67.9	-38.4	-56.6
(equity income of subsidiaries)	—	—	—	—	**3.1**	-5.1	8.2	—
Urban Development (including equity income of subsidiaries)	**82.1**	62.6	19.5	31.0	**14.6**	15.1	-0.5	-3.8
Adjustment*3	**-287.2**	-334.5	47.3	—	**-27.9**	-31.7	3.8	—
Consolidated	**2,692.0**	3,289.6	-597.6	-18.2	**154.8**	417.0	-262.2	-62.9
(equity income of subsidiaries)	—	—	—	—	**4.8**	-4.4	9.2	—

*1 Includes city gas (excl. Network), LPG, industrial gas, LNG sales, trading, electric power, engineering solutions, gas equipment, construction, credit, information processing service, and shipping, among others.
*2 Includes city gas (excl. Network), LNG sales, and trading.
*3 Adjustments in segment profits include mainly corporate expenses not allocated to the segments
*4 Segment sales include internal transactions made between business units.

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This slide shows comparisons between our new full-year forecast and the actual performance in the previous year.

FY2023 Forecast: Ordinary Profit Analysis

vs. FY2022

17

FY2023 (Forecast) **¥137.0bn**

Change -¥271.8bn (-66.5%)

FY2022 (results) **¥408.8bn**

Segment profit -¥262.2bn (-62.9%)

Non-operating profit -¥9.6bn *excluding equity income of subsidiaries

Energy solution -¥231.6bn (-63.3%)

- Decrease in city gas gross margin -¥148.3 bn:
  Change in volume, etc. -7.1 (incl. change due to temp effect +2.3), sliding time lag effect -141.2
  (Net sales) -¥344.7 bn: Change in volume, etc. -44.3, sliding time lag effect -300.4
  (Resource costs, etc.) +¥196.5 bn: Change in volume, etc. +37.3, sliding time lag effect +159.2 (incl. exchange rate -0.6, crude oil price +153.1)
- Electricity -¥30.7 bn: Decrease in revenue due to lower sales volume (increase in retail sales, decrease in wholesale volume), and unit price, Decrease in procurement costs due to softening of impact of JEPX prices and lower sales volume, Decrease in gross margin due to impact from economic framework assumptions, Increase in fixed costs (increase in retail sales expenses, etc.), etc.
- Shipping -¥8.6 bn: (increase in shipping expenses, etc.)
- Increase in fixed costs: Increase in general expenses, etc
- Decrease in LNG sales profit, etc.

Network +¥4.6bn (—)

Overseas -38.4bn (-56.6%)

- Increase in profit due to increase in third-party access revenue, etc.

Urban Development -¥0.5bn (-3.8%)

- Decrease in profit from upstream projects in Australia
- Decrease in profit from upstream and mid-/downstream projects in North America
- Equity method profit +¥8.2 bn

Consolidated adjustment, etc. +¥3.8bn

- Decrease in salaries and benefits, Decrease in amount of intersegment profit eliminations, etc.

- Decrease in gain on foreign exchange, etc.

*+/- indicate contributions to profit.

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FY2023 Full Year Forecast Consolidated Gas Sales Volume/ Number of Customers

18

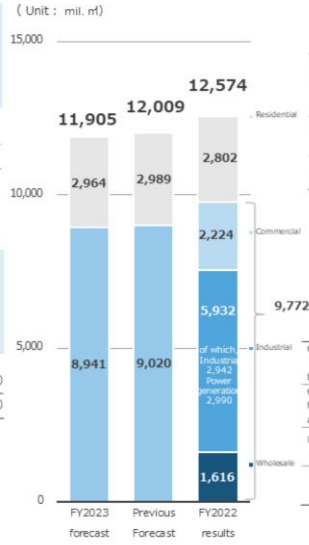
City Gas sales volume:

VS. Previous Forecast
-104mil.m³ (-0.9%)
including temperature effect
-40mil.m³, -0.3%

Residential	-25mil.m³(-0.8%)
Others	-79mil.m³(-0.9%)

VS. FY2022 Results
-669mil.m³ (-5.3%)
including temperature effect
+27mil.m³, +0.2%

Residential	+162mil.m³(+5.8%)
Others	-831mil.m³(-8.5%)



Number of customers(City Gas), LNG sales volume, Average temperature

	Forecast	Previous Forecast	Change	FY2022 Results	Change
Number of customers (meters) (10 thousands, meter) *1	1,246.4	1,246.4	0.0	1,233.1	+13.3 (+1.1%)
LNG sales volume (thousands t)	1,807	1,628	+179 (+11.0%)	1,625	+182 (+11.2%)
Average temperature (℃)	16.4	16.3	+0.1	16.8	-0.4

*1. Number of meters installed for gas supply

Gas Sales Volume , Gas volume used in-house
(Unit : million m³)

	Forecast	Previous Forecast	Change	FY2022 Results	Change
City gas sales volume (financial accounting basis)	11,905	12,009	-104 (-0.9%)	12,574	-699 (-5.3%)
Gas volume used in-house under tolling arrangement	2,997	3,074	-77 (-2.5%)	2,787	+210 (+7.5%)
LNG sales volume (m³ basis)	2,259	2,034	+225 (+11.0%)	2,031	+228 (+11.2%)
Total	17,161	17,118	+43 (+0.3%)	17,392	-231 (-1.3%)

*Each value is rounded.

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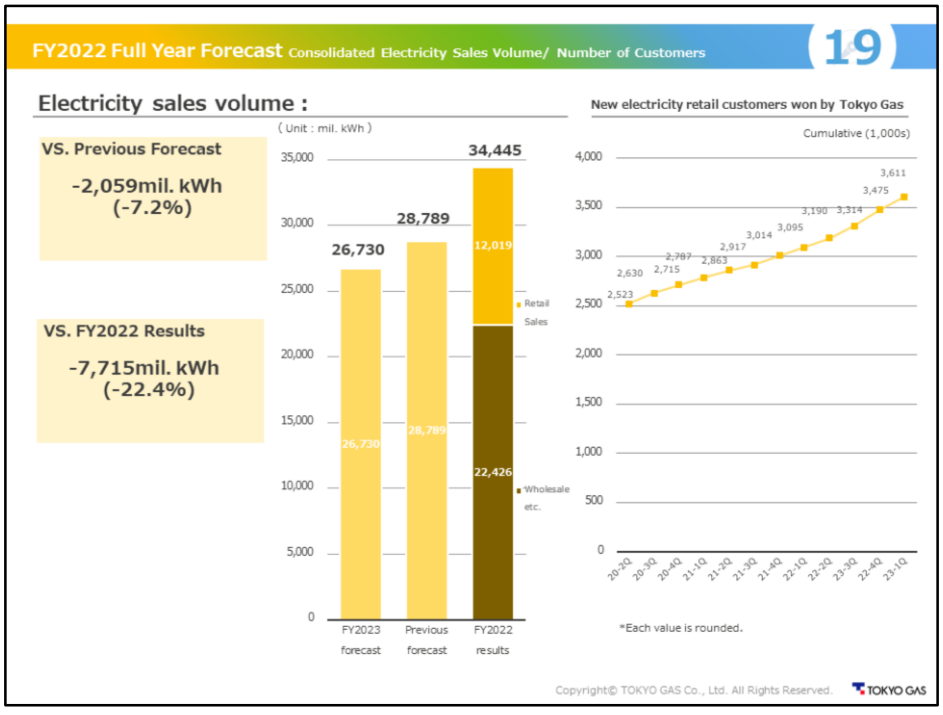
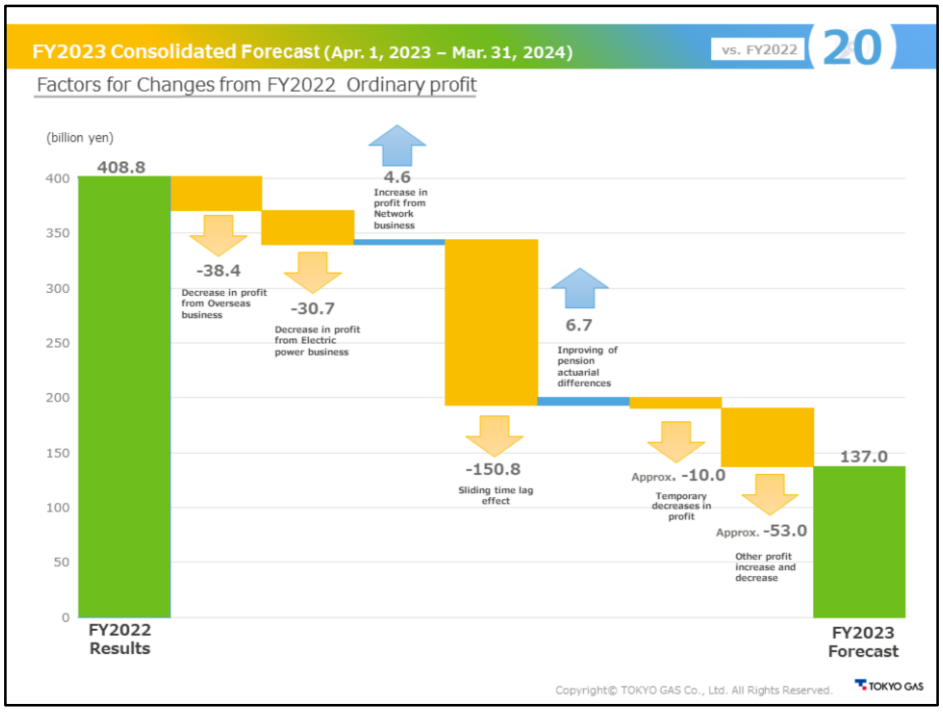
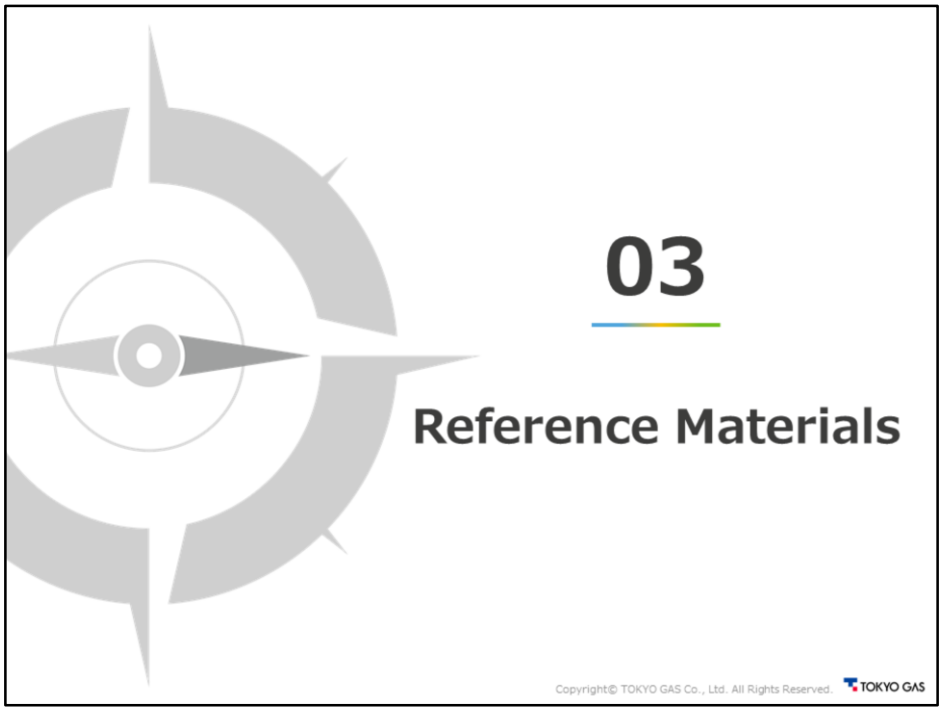
Our forecast of gas sales volume has been downgraded by 0.9% from our previous forecast. This mainly reflects an expected decrease in sales to residential customers, given the impact of high temperatures in 1Q, and an expected drop in sales volume to power generation customers due to reduced demand.



Our forecast of electricity sales volume has been downgraded by 7.2% from our previous forecast, mainly reflecting an expected drop in sales volume to wholesale.



This slide illustrates changes in profit for each major element of change from the previous year.



The following reference materials include a table on the sensitivity to the economic framework assumption, the trend of crude oil prices and exchange rates, key topics in 1Q FY2023, a list of major overseas investment projects, etc. From this fiscal period, the key topics are shown in relation to the material issues indicated in the Group's 2023–2025 Medium-Term Management Plan, namely the key sustainability issues that the Group will tackle through its business activities, and the three core strategies of the Medium-Term Management Plan, which are based on the material issues.

Gas Gross Margin Sensitivity to Change in Crude Oil Price and Exchange Rate

22

Impact of rising JCC (Japan Crude Cocktail Prices) by $1/bbl

(Unit: billion yen)

		Impact on earnings			
		2Q	3Q	4Q	Full year
Period	2Q	-0.1	-0.7	+1.0	**+0.2**
	3Q	—	-0.1	-1.0	**-1.1**
	4Q	—	—	-0.2	**-0.2**
	Full year	**-0.1**	**-0.8**	**-0.2**	**-1.1**

Impact of depreciation of the yen by ¥1/$

(Unit: billion yen)

		Impact on earnings			
		2Q	3Q	4Q	Full year
Period	2Q	-0.6	+0.5	+0.3	**+0.2**
	3Q	—	-0.7	+0.6	**-0.1**
	4Q	—	—	-1.0	**-1.0**
	Full year	**-0.6**	**-0.2**	**-0.1**	**-0.9**

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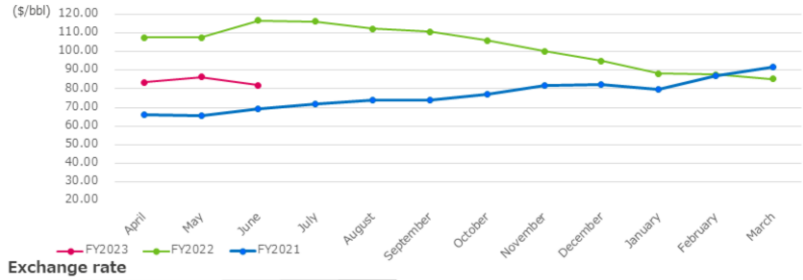
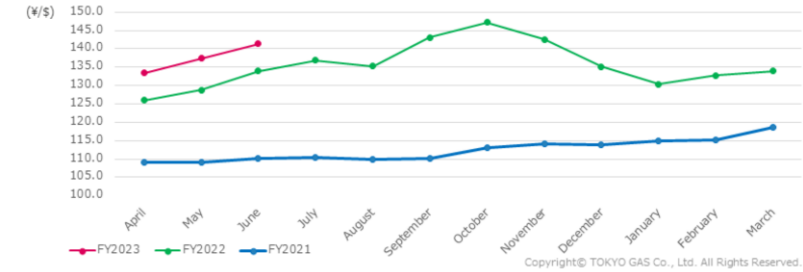
Crude oil price・Exchange rate

23

Crude oil price (Japan Crude Cocktail Prices)



Exchange rate



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Key Topics in FY2023 1Q (Excerpted from Press Releases)

Below are key initiatives of the 3 core strategies of the FY2023-2025 Medium-term Management Plan, which are based on our material issues. The strategies are: "**Achieve both stable energy supply & decarbonization**," "**Fully roll out Solutions business**," and "**Realize a flexible corporate culture resilient to change**"

< material issues >

Society/Customers

- Responsibly transitioning to a decarbonized society
- Protecting the global environment
- Securing stable energy supply
- Enhancing safety & disaster prevention, resilient regional development
- Contributing to well-being of people and communities

Tokyo Gas Group (Us)

- Realizing an organization that embraces diverse talent
- Respecting human rights across the entire value chain

< 3 core strategies >

1 Achieve both stable energy supply & decarbonization

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

2 Fully roll out Solutions business

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

3 Realize a flexible corporate culture resilient to change

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

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Key Topics in FY2023 1Q (Excerpted from Press Releases)

FY2023-2025 Medium-term Management Plan: Initiatives for the 3 core strategies		Material issues
Achieve both stable energy supply & decarbonization	Carbon-negative concrete used at Motomachi Elementary School in Yokohama (Apr. 13)	
	Joint acquisition of solar power generation business in Okayama and Hyogo prefectures (Apr. 14)	
	Tokyo Gas Network and French gas pipeline operator GRDF establish mutual cooperation agreement for developing gas pipeline business (May 9)*1	
	Tokyo Gas Group's implementation of retail supply business for offsite corporate PPA (May 30)	
Fully roll out Solutions business	Acquisition of real estate asset management company and entry into private REIT business (Apr. 3)*2	
	Signing of comprehensive partnership agreement for sustainable urban development in Aikawa Town (Apr. 14)	
	Action for further reduction of energy consumption and CO_2 emissions at Amu Plaza Kagoshima (Apr. 27)*3	
	Launch of Charge Planner service for supporting businesses and local governments seeking to introduce electric vehicles (May 10)	
	Summer Energy Saving Campaign 2023 demand response service (May 15)	
	Launch of Mirai Hopuratto, web media service for supporting post-retirement lifestyles (June 20)	
	Cross-industry effort to strengthen operating system of Kurashino Sasukatsu, starting with Summer 2023 campaign (June 23)	

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Key Topics in FY2023 1Q (Excerpted from Press Releases)

FY2023-2025 Medium-term Management Plan: Initiatives for the 3 core strategies		Material issues
Fully roll out Solutions business	Signing of comprehensive partnership agreement for realizing carbon neutrality in Ota City (June 28)	
	Signing of comprehensive partnership agreement for decarbonized urban development in Sakado City (June 28)	
Realize a flexible corporate culture resilient to change	Notification of Resolution to Acquire of Treasury Shares (Apr. 26)	-
	Nihon L'Oreal and Tokyo Gas Real Estate reach agreement on promoting building development that uses construction materials upcycled from scrapped cosmetic products (May 24)*2	
	Notice of Shares Buyback (Progress Report) (June 7)	-
	Tokyo Gas selected for "Noteworthy DX Companies 2023" (June 1)	

*1 Press releases issued by Tokyo Gas Network
*2 Press releases issued by Tokyo Gas Real Estate
*3 Press releases issued by Tokyo Gas Engineering Solutions

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Key Topics in FY2023 1Q (Excerpted from Press Releases)

One of the three core strategies of the FY2023-2025 Medium-term Management Plan is **Achieve both stable energy supply & decarbonization**. Here is a look at a key initiative for advancing that strategy.

Tokyo Gas and its partners have developed Japan's first practical carbon-negative concrete that absorbs and fixes CO_2 emitted during the use of city gas equipment (boilers). This technology is able to fix CO_2, similar to CCS (carbon capture & storage) technologies. Going forward, the Tokyo Gas Group will support customers by not only continuing to ensure the stable supply of energy, but also reducing carbon emissions through sophisticated use of CO_2, advancing the decarbonization of gas and electricity, and leveraging its expertise in emissions reduction to develop a steady stream of new solutions.

Responsibly transitioning to a decarbonized society

Contributing to well-being of people and communities

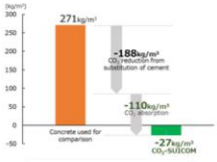
Carbon-negative concrete used at Motomachi Elementary School in Yokohama

Translation of April 13, 2023 press release

Tokyo Gas Co., Ltd. (hereinafter, "Tokyo Gas"), KAJIMA CORPORATION (hereinafter, "Kajima"), NIPPON CONCRETE INDUSTRIES CO., LTD. (hereinafter, "Nippon Concrete"), and the City of Yokohama have used CO_2-SUICOM ® *1 (hereinafter, "the product") for some of the foundation blocks of a solar power generation facility at Motomachi Elementary School in Yokohama. The product is a carbon-negative concrete block whose manufacturing process involves absorption and fixation of CO_2 contained in low concentrations in gas emissions from the use of city gas equipment. This action is part of the Project for Introducing Renewable Energy at Municipal Facilities,*2 which was commissioned to Tokyo Gas by the City of Yokohama. The product is manufactured by Tokyo Gas, Kajima, and Nippon Concrete, and is Japan's first*3 such product to be developed in a practical form.

The product is a foundation block made of unreinforced precast concrete.*4 After the concrete is cast at a Nippon Concrete plant, it goes to a Tokyo Gas facility for absorption and fixation of CO_2 that is sourced from city gas equipment emissions while maintaining the exhaust heat and moisture at proper levels. Adding in the contribution of reduced cement use, the product lowers the amount of CO_2 emissions associated with foundation blocks made from general concrete*5 by 298 kg/m^3*6 and achieves a carbon-negative*7 result of -27 kg/m^3 (m^3 = cubic meter of foundation block).

Tokyo Gas, Kajima, and Nippon Concrete plan to continue pursuing development efforts aimed at realizing mass production of the product and lowering its cost.



CO_2 reduction effect

CO_2-SUICOM blocks supporting solar panels at Motomachi Elementary School in Yokohama

*1: CO_2-SUICOM ® is made of CO_2-absorbing concrete developed by The Chugoku Electric Power Co.,Inc., KAJIMA, Denka Company Limited, and LANDES Co., Ltd. It reduces the amount of cement normally used by more than half by substituting it with γ-C2S (a special admixture made using by-products) and industrial by-products such as blast furnace slag. The concrete also fixes CO_2 during the manufacturing process. Because of these features, the concrete's CO_2 emissions level falls below net-zero. Tokyo Gas and Kajima have commenced manufacture of CO_2-SUICOM® that uses CO_2 emitted by city gas equipment operation (announced on July 7, 2021).
*2: PPA-based project launched in FY2021 to install solar power generation equipment at elementary and junior high schools (PPA project).
https://www.city.yokohama.lg.jp/city-info/koho-kocho/press/ondan/2020/210317press.files/0317press.pdf
*3: According to a survey by Tokyo Gas, Kajima, and Nippon Concrete.
*4: Concrete produced in advance at a plant and used for applications such as solar power generation equipment foundation blocks and interlocking blocks, etc.
*5: Calculated for regular concrete mixed according to JIS Q 13315-4.
*6: Total of CO_2 reduction from substitution of cement and CO_2 absorbed by the product. The CO_2 reduction from substitution of cement was calculated based on the concrete used in the project. The CO_2 fixation value was derived through analysis that was based on previous research and used the TG-DTA system.
*7: A state in which the amount of CO_2 absorbed is more than the amount of CO_2 released into the atmosphere.

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Overseas Projects

Area	No	Country	Subject	Main Business		Participation year
North America	1	U.S.A	Eagle Ford	Upstream	Shale gas	2016
			TG Natural Resources	Upstream	Shale gas	2017
			TGES America	Downstream	Energy Service	2015
			Birdsboro Power Plant	Downstream	Natural gas power	2017
			Aktina	Downstream	Solar power	2020
			Acario Ventures	Other	Open Innovation	2017
	2	Mexico	Bajio	Downstream	Natural gas power	2004
			Heolios EnTG	Downstream	Renewable venture(Solar・wind power generation)	2019
Southeast Asia	3	Malaysia	GAS MALASIA Bhd.	Downstream	City gas	1992
			GAS MALASIA ENERGY ADVANCE Sdn.Bhd.	Downstream	Energy Service	2014
	4	Thailand	Bang bo	Downstream	Natural gas power	2016
			GWHAMT	Downstream	Gas Supply	2018
			One Bangkog	Downstream	District Cooling Solutions and power distribution	2020
	5	Vietnam	PVGD	Downstream	CNG Supply	2017
	6	Indonesia	PRA	Downstream	Gas Supply, Transfer	2017
			Super Energy	Downstream	Gas Supply, Transfer	2020
	7	Philippines	FGEN LNG	Downstream	Construction, operation and maintenance of the LNG terminal	2020
Oceania	8	Australia	Darwin	Upstream	Production, liquefaction and sales of LNG	2003
			Pluto	Upstream	Production, liquefaction and sales of LNG	2008
			Gorgon	Upstream	Production, liquefaction and sales of LNG	2009
			Queensland Curtis	Upstream	Production, liquefaction and sales of LNG	2011
			Ichthys	Upstream	Production, liquefaction and sales of LNG	2012
Europe	9	Denmark	TOWII Renewables	Downstream	Onshore wind power	2022

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< Cautionary Statement regarding Forward-looking Statements >

Statements made in this presentation with respect to Tokyo Gas's present plans, forecasts, strategies and beliefs, and other statements herein that are not expressions of historical fact are forward-looking statements about the future performance of the Company. As such, they are based on management's assumptions and opinions stemming from currently available information and therefore involve risks and uncertainties.
The Company's actual performance may greatly differ from these projections, due to these risks and uncertainties which include without limitation general economic conditions in Japan, crude oil prices, the weather, changes in the foreign exchange rate of the yen, rapid technological innovations and the Company's responses to the progress of deregulation.

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