



FY2023 2Q Financial Results **ended September, 2023**

October 26, 2023



- ◆ Consolidated FY2023 2Q sales fell while profits rose versus the same period last year. Factors include a drop in Energy Solution sales driven by lower sales volume for city gas and electricity, and an increase in electricity profits spurred by reduced procurement costs, among other factors.
- ◆ Our consolidated forecast for FY2023 anticipates increases in both sales and profits versus the previous forecast due to a rise in Energy Solution sales associated with elevation of city gas unit price by resource costs adjustment, an increase in Overseas profits from changes in economic framework assumptions, and an increase in Urban Development profits from the growth of real estate sales, among other factors.
- ◆ 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 2Q results and consolidated FY2023 forecast.



01

FY2023

Consolidated Financial Results

ended September, 2023

FY2023 2Q Consolidated Results Sales, Interest, etc. (Apr. 1, 2023 –Sep. 30, 2023)

Highlights: Sales Down, Profit Up

(+/- indicate impact on profit, 100 million yen)

Net sales	-885	Decrease in Energy Solution sales driven by lower sales volume for city gas and electricity, etc.
Operating expenses	+ 1,278	Decrease in Energy Solution raw material costs by lower sales volume for city gas and electricity, , etc.
Operating profit	+ 393	Increase in electricity profits by reduced procurement costs, etc.
Extraordinary profit/loss	+ 22	FY2023 49: (Extraordinary gain) Gain on sales of investment securities 24, Gain on valuation of long-term loans receivable 24 FY2022 27: (Extraordinary gain) Gain on sales of investment securities 27

	(Unit: 100 million yen)			
	FY2023 2Q	FY2022 2Q	Change	%
City gas sales volume (million m3, 45MJ)	5,128	5,884	-756	-12.9
Electricity sales volume (million kWh)	12,570	17,018	-4,448	-26.1
Net sales	12,727	13,612	-885	-6.5
Operating expenses	11,430	12,708	-1,278	-10.1
Operating profit	1,297	904	393	43.4
Segment profit (operating profit + equity income of subsidiaries)	1,321	939	382	40.7
Ordinary profit ⁽¹⁾	1,476	1,086	390	35.9
Extraordinary profit/loss	49	27	22	84.4
Profit attributable to owners of parent	1,039	716	323	45.1
Temperature effect ⁽²⁾	-37	-5	-32	-
(Adjustment items) Sliding effect ⁽³⁾ (city gas + LNG sales)	584 (474+110)	333 (293+40)	251 (181+70)	-
Amortization of actuarial differences ⁽⁴⁾	11	-21	32	-
Adjusted ordinary profit (1)-((2)+(3)+(4))	918	779	139	17.8

Economic framework	FY2023 2Q	FY2022 2Q
Exchange rate (¥/\$)	141.06 (+7.03)	134.03
Crude oil price (\$/bbl)	83.51 (-28.35)	111.86
Avg. air temp (°C)	23.8 (+1.1)	22.7

Pension assets	FY2023 2Q (as of Sep. 30, 2023)
Investment yield (costs deducted)	-0.03%
Year-end assets (100 million yen)	2,390

<Expected annual rate of return: 2%>

FY2023 2Q Results: Sales and Operating Profit/Loss by Business Segments

(unit : 100 million yen)

	Net sales*3				Segment Profit(Operating profit + Equity income/loss of subsidiaries)			
	FY2023 2Q Results	FY2022 2Q Results	Change	%	FY2023 2Q Results	FY2022 2Q Results	Change	%
Energy solution*1 (including equity income of subsidiaries)	11,530	12,547	-1,017	-8.1	1,301	804	497	61.8
City gas*2	7,086	7,195	-109	-1.5	920	643	277	43.1
Electric Power	3,249	3,736	-487	-13.0	270	-42	312	-
Network	1,534	1,574	-40	-2.5	-200	-161	-39	-
Overseas business	646	758	-112	-14.7	217	364	-147	-40.5
(equity income of subsidiaries)	-	-	-	-	9	30	-21	-67.5
Urban Development (including equity income of subsidiaries)	354	301	53	17.6	115	81	34	41.3
Adjustment*4	-1,339	-1,569	230	-	-113	-150	37	—
Consolidated	12,727	13,612	-885	-6.5	1,321	939	382	40.7
(equity income of subsidiaries)	-	-	-	-	23	34	-11	-30.6

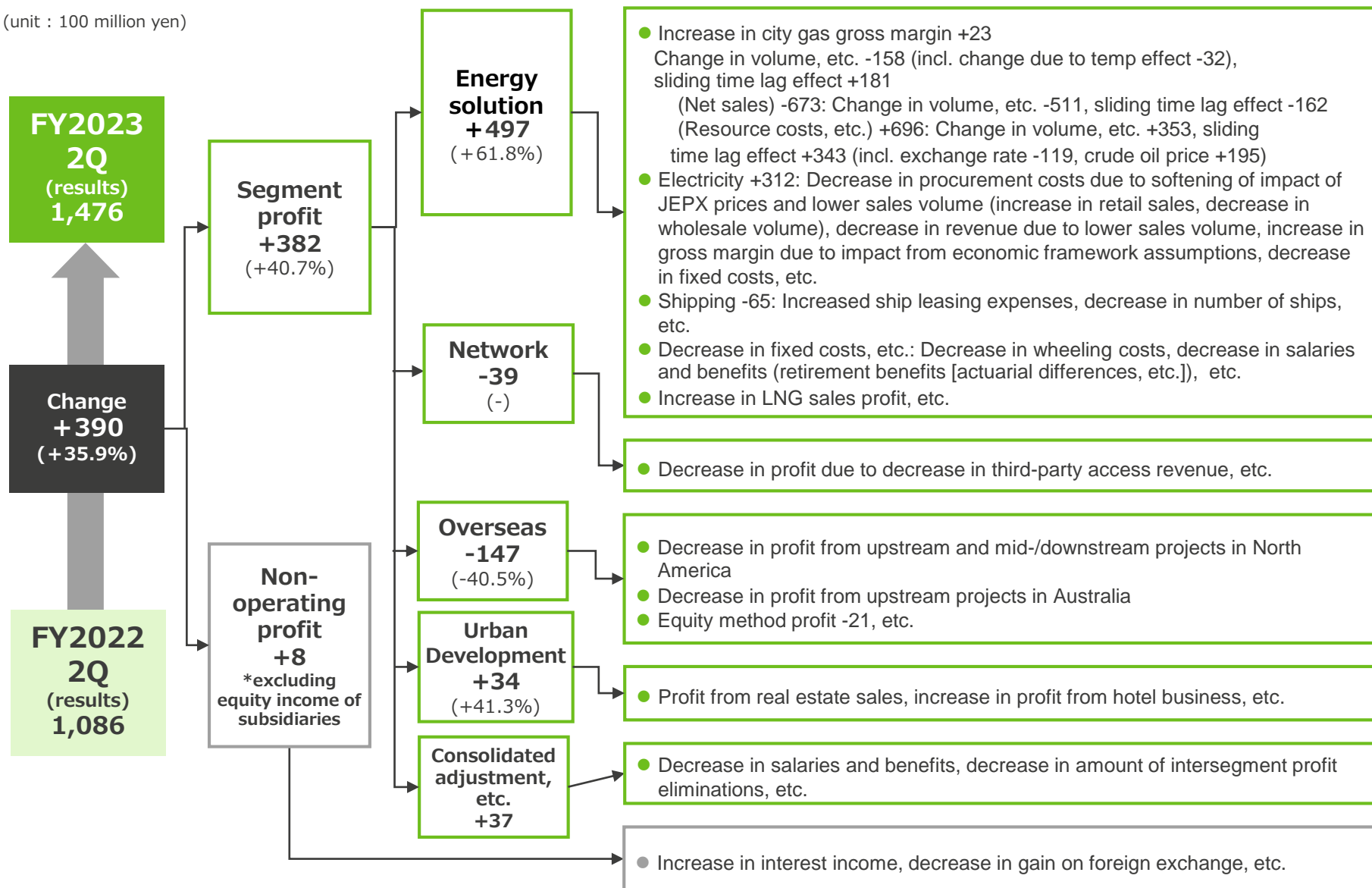
*1 Includes city gas (excl. Network), LNG sales, trading, electric power, engineering solutions, among others.

*2 Includes city gas (excl. Network), LNG sales, and trading.

*3 Segment sales include internal transactions made between business units.

*4 Adjustments in segment profits include mainly corporate expenses not allocated to the segments.

(unit : 100 million yen)



* +/- indicate contributions to profit.

FY2023 2Q Consolidated Gas Sales Volume/ Number of Customers vs. FY2022 2Q



City Gas sales volume:

-756mil.m³ (-12.9%)
including temperature effect
-24mil.m³, -0.4%

Residential -66 mil.m³ (-6.3%)

Temperature effect -55 mil.m³

Number of days -1 mil.m³

Number of customers 9 mil.m³

Others -19 mil.m³

Commercial +31 mil.m³ (+2.9%)

Temperature effect +34 mil.m³

Number of days -2 mil.m³

Number of customers +1 mil.m³

Others -2 mil.m³

Industrial -692 mil.m³ (-22.9%)

Industrial +4 mil.m³

Power generation -696 mil.m³

Wholesale -30 mil.m³ (-3.9%)

Temperature effect -3 mil.m³

Others -27 mil.m³
Decrease in wholesale demand, etc.

(Unit : mil. m)

6,000

5,884

5,000

5,128

4,000

974

1,104

3,000

2,336

2,000

of which,
Industrial 1,455
Power generation 881

1,000

714

0

FY2023 2Q

FY2022 2Q

Residential

Commercial

Industrial

Wholesale

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

	FY2023 2Q	FY2022 2Q	Change
Number of customers for city gas retail sales (10 thousands) *1	875.4	867.2	+8.2 (+0.9%)
Number of customers (meters) (10 thousands, meter) *2	1,237.6	1,225.2	+12.4 (+1.0%)
LNG sales volume (thousands t)	1,076	691	+385 (+55.8%)
Average temperature (°C)	23.8	22.7	+1.1

*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 2Q	FY2022 2Q	Change
City gas sales volume (financial accounting basis)	5,128	5,884	-756 (-12.9%)
Gas volume used in-house under tolling arrangement	1,219	1,381	-162 (-11.7%)
LNG sales volume (m ³ basis)	1,345	863	+482 (+55.8%)
Total	7,692	8,129	-437 (-5.4%)

*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	2023.9
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)	875.4 (+0.5)

Full deregulation of the retail market (2017.04)

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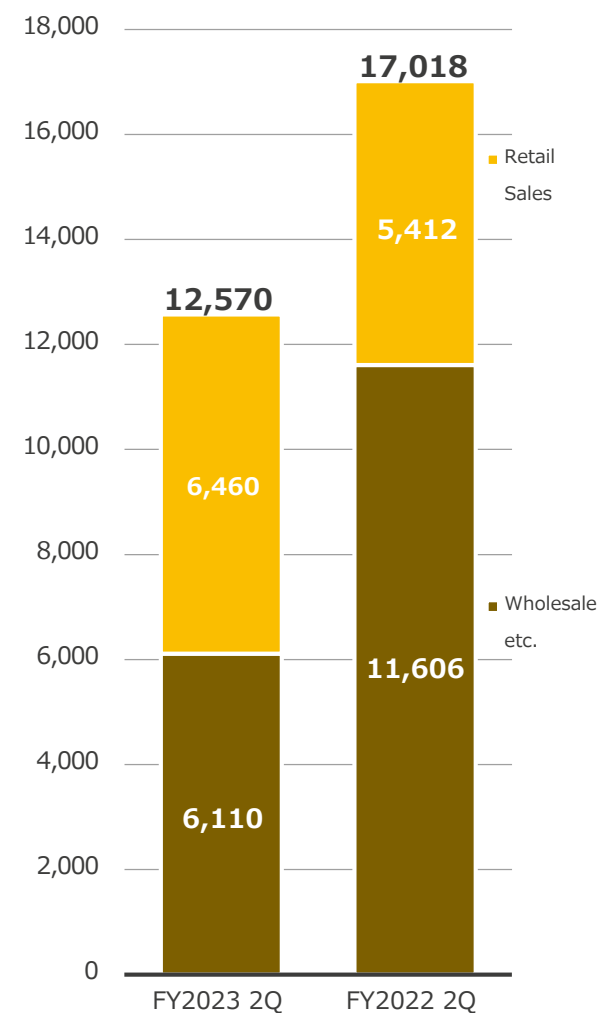
Electricity sales volume :

(Unit : mil. kWh)

**-4,448mil. kWh
(-26.1%)**

■ Retailing sales +1,048 mil. kWh(+19.4%)

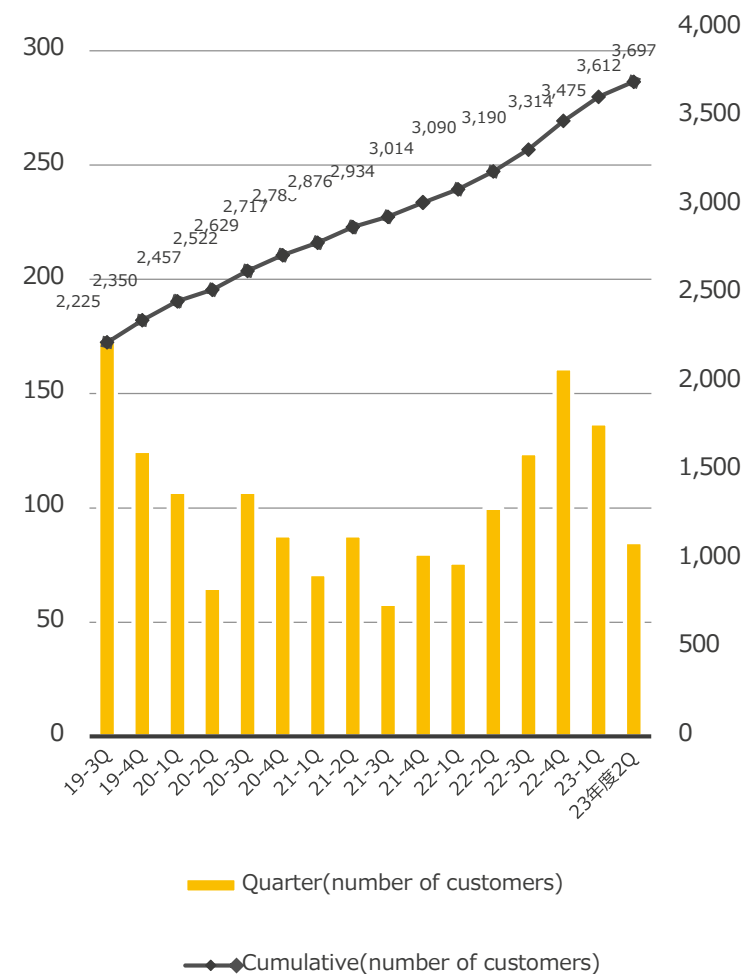
■ Wholesale etc. -5,496 mil. kWh(-47.4%)



New electricity retail customers won by Tokyo Gas

Quarter (thousands)

Cumulative (thousands)



*Each value is rounded.



02

FY2023 Full Year Forecast

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

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

(+/- indicate impact on profit, 100 million yen)

	vs. Previous Forecast	
Net sales	+690	Increase in Energy Solution sales associated with elevation of city gas unit price by resource costs adjustment, etc.
Operating expenses	-650	Increase in raw material costs of Gas business due to changes in economic framework assumptions, etc.
Operating profit	+40	Increase in Overseas profits from changes in economic framework assumptions, Increase in Urban Development profits from the growth of real estate sales, etc.
Extraordinary profit/loss	+25	Forecast 49: (Extraordinary profit) gain on sale of investment securities 24, Gain on valuation of long-term loans receivable 24 Previous Forecast 24: (Extraordinary profit) gain on sale of investment securities 24

(Unit: 100 million yen)

	Forecast	Previous Forecast	Change	%	FY2022 Result	Change	%	
City gas sales volume (million m3, 45MJ)	11,844	11,905	-61	-0.5	12,574	-730	-5.8	
Electricity sales volume (million kWh)	26,220	26,730	-510	-1.9	34,445	-8,225	-23.9	
Net sales	27,610	26,920	690	2.6	32,896	-5,286	-16.1	
Operating expenses	26,070	25,420	650	2.6	28,681	-2,611	-9.1	
Operating profit	1,540	1,500	40	2.7	4,214	-2,674	-63.5	
Segment profit (operating profit + equity income of subsidiaries)	1,589	1,548	41	2.6	4,170	-2,581	-61.9	
Ordinary profit ⁽¹⁾	1,580	1,370	210	15.3	4,088	-2,508	-61.4	
Extraordinary profit/loss	49	24	25	99.8	-13	62	—	
Profit attributable to owners of parent	1,160	1,010	150	14.9	2,809	-1,649	-58.7	
(Adjustment items)	Temperature effect ⁽²⁾	-37	-20	-17	-	-43	6	—
	Sliding effect ⁽³⁾ (city gas + LNG sales)	463 (355+108)	600 (460+140)	-137 (-105+32)	-	2,108 (1,872+236)	-1,645 (-1,517+128)	—
	Amortization of actuarial differences ⁽⁴⁾	23	23	-	-	-44	67	—
Adjusted ordinary profit (1)-((2)+(3)+(4))		1,131	767	364	47.5	2,067	-936	-45.3

Economic framework	Forecast	Previous forecast	FY2022 Results
Exchange rate (¥/\$)	143.03 (+7.41)	135.62	135.50
Crude oil price (\$/bbl)	86.76 (+5.76)	81.00	102.67
Avg. air temp (°C)	17.1 (+0.7)	16.4	16.8

*3Q~\$90.00/bbl, ¥145/\$

Pension assets	FY2022	FY2021	FY2020
Investment yield (costs deducted)	-1.90%	0.37%	4.94%
Discount rate	Annuity portion	0.481%	0.318%
	Lump-sum portion	0.192%	0.075%
Year-end assets (100 million yen)	2,430	2,560	2,630

<Expected annual rate of return: 2%>

FY2023 Consolidated Forecast Assets, Cash Flows, etc.

vs. FY2022

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(Unit: 100 million yen, balance sheet figures are as of the corresponding term-end)

	FY2023 Forecast	FY2022 Results	Reference
Total assets (a)	37,560	35,814	Increase in new capital expenditures, investments & financing, etc.
Shareholders' equity (b)	16,320	15,584	Increases in retained earnings, foreign currency translation adjustment, etc. Shareholders' equity = Net assets – minority interests
Shareholders' equity ratio (b)/(a)	43.5%	43.5%	
Factoring in hybrid bonds/loans*1	44.6%	44.7%	
Interest-bearing debt (c)	14,190	12,632	
Hybrid bond/loan component	833	833	
D/E ratio (c)/(b)	0.87	0.81	
Factoring in hybrid bonds/loans*1	0.82	0.76	
Profit attributable to owners of parent (d)	1,160	2,809	
Profit per share (EPS, yen per share)	281.11	646.99	
Depreciation (e)	2,120	2,093	
Operating cash flow (f) =(d) + (e)	3,280	4,902	Net profit + Depreciation (including depreciation of long-term prepaid expenses)
Capital Expenditure	2,800	2,132	
Investments and Financing (after offset)	562	313	
Total(g)	3,362	2,446	
Free cash flow (f) + (g)	▲82	2,455	
ROA (d)/(a)	3.2%	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)	7.3%	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-bearing 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

FY2023 Investments (Capex , Investments and financing)

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(Unit: 100 million yen)

		Forecast	Main Items	Previous Forecast	Change	%	FY2022 Results	Change	%
Capital Expenditure									
Energy solution		1,050		985	65	6.6	747	303	40.5
	City gas*1	491	Production facilities : 58 Other Production facilities, etc. Service and maintenance facilities : 433 System related, etc.	487	4	0.7	255	236	92.4
	Electric Power	256	Domestic renewable power etc.	215	41	19.3	239	17	7.2
Network		877	Distribution facilities: New demand development & stable supply-related, etc.	891	-14	-1.6	847	30	3.5
Overseas		741	Upstream (Australia, North America), Global renewable power etc.	767	-26	-3.4	304	437	143.7
Urban Development		181	Real estate leasing business, building renovations, etc.	219	-38	-17.1	245	-64	-26.1
Adjustment		-50		-63	13	-	-12	-38	-
Sub Total		2,800		2,800	-	-	2,132	668	31.3
Investments and Financing (before offset)									
Energy solution		493		522	-29	-5.5	424	69	16.2
	City gas	1		1	-	-	0	1	-
	Electric Power	15	renewable power etc.	15	-	-	333	-318	-95.4
Network		0		0	-	-	0	-	-
Overseas		46	Upstream (Australia), Mid/Downstream (Asia), Global renewable power etc.	45	1	2.2	18	28	155.5
Urban Development		29	ESG-oriented real estate development, etc.	0	29	-	22	7	31.8
Sub Total		568		568	-	-	465	103	22.0
Capital Expenditure +Investments and Financing (before offset)		3,368		3,368	-	-	2,597	771	29.6

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

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

(Unit: 100 million yen)

	FY2023 Forecast	Main Items	Previous Forecast	FY2020-22 Results	FY2023-25 Plan
Growth investments	2,141	Overseas, Renewable power, Urban Development, etc.	2,120	4,758 Breakdown) portion for decarbonization related investments 1,959	6,500 Breakdown) portion for decarbonization related investments 2,300
Infrastructure investments	1,226	Distribution facilities, Service and maintenance facilities , etc.	1,247	3,612	3,500
Capital Expenditure +Investments and Financing (before offset)	3,368		3,368	8,371	10,000

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

vs. Previous
Forecast

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(unit : 100 million yen)

	Net sales*3				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)	24,553	24,054	499	2.1	1,316	1,343	-27	-2.0
City gas*2	14,711	14,311	400	2.8	886	936	-50	-5.4
Electric Power	6,548	6,522	26	0.4	184	202	-18	-8.6
Network	3,704	3,724	-20	-0.5	-18	43	-61	-
Overseas business	1,279	1,193	86	7.2	351	295	56	19.0
(equity income of subsidiaries)	-	-	-	-	33	31	2	5.1
Urban Development (including equity income of subsidiaries)	918	821	97	11.8	215	146	69	47.3
Adjustment*4	-2,844	-2,872	28	-	-275	-279	4	-
Consolidated	27,610	26,920	690	2.6	1,589	1,548	41	2.6
(equity income of subsidiaries)	-	-	-	-	50	48	2	3.3

*1 Includes city gas (excl. Network), LNG sales, trading, electric power, engineering solutions, among others.

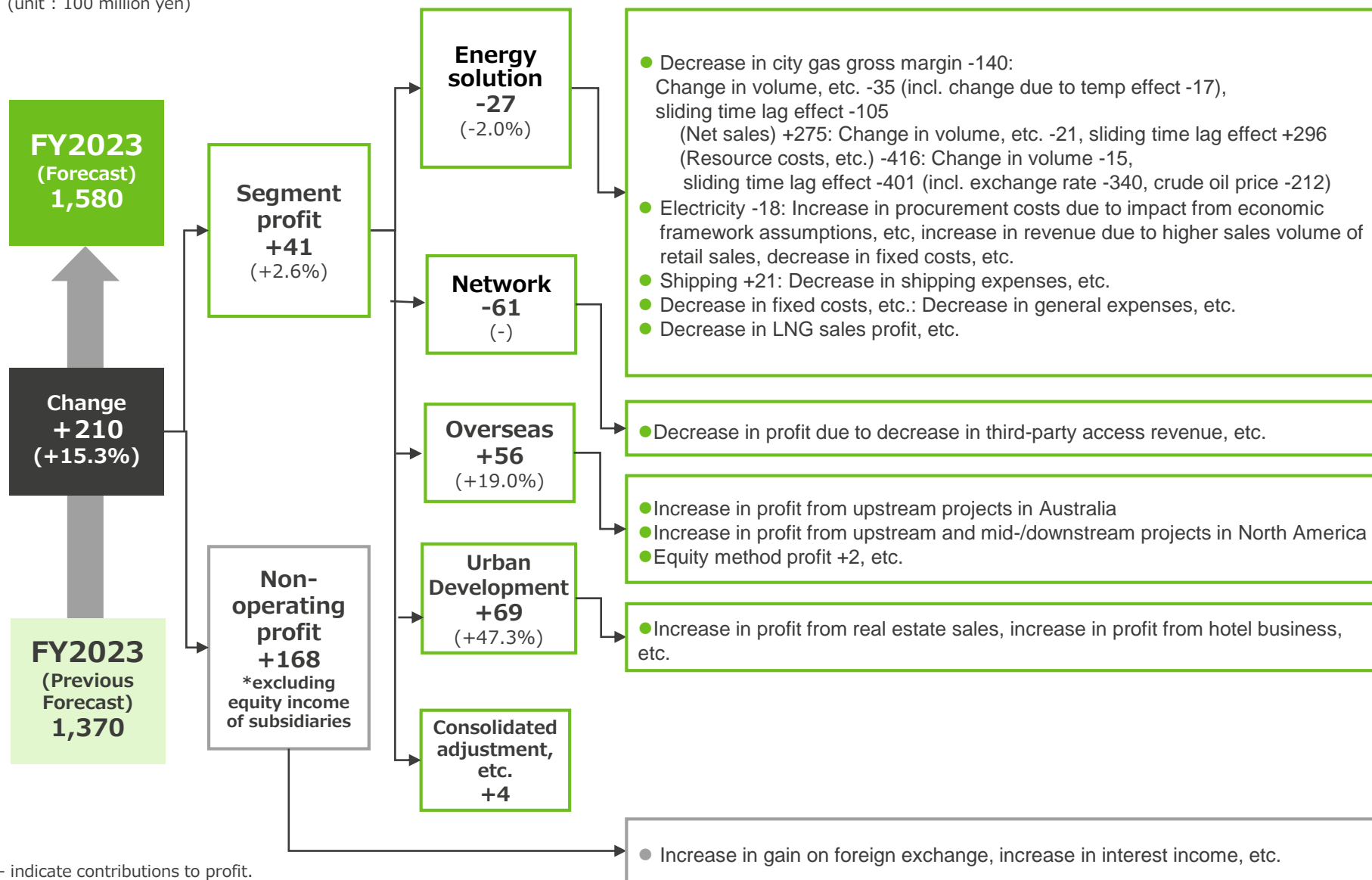
*2 Includes city gas (excl. Network), LNG sales, and trading.

*3 Segment sales include internal transactions made between business units.

*4 Adjustments in segment profits include mainly corporate expenses not allocated to the segments.

FY2023 Forecast: Ordinary Profit Analysis

(unit : 100 million yen)



*+/- indicate contributions to profit.

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

(unit : 100 million yen)

	Net sales *3				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)	24,553	30,311	-5,758	-19.0	1,316	3,659	-2,343	-64.0
City gas*2	14,711	19,744	-5,033	-25.5	886	2,940	-2,054	-69.8
Electric Power	6,548	8,559	-2,011	-23.5	184	509	-325	-63.7
Network	3,704	3,703	1	0.0	-18	-3	-15	-
Overseas business	1,279	1,599	-320	-20.0	351	679	-328	-48.3
(equity income of subsidiaries)	-	-	-	-	33	-51	84	-
Urban Development (including equity income of subsidiaries)	918	626	292	46.5	215	151	64	41.7
Adjustment*4	-2,844	-3,345	501	-	-275	-317	42	-
Consolidated	27,610	32,896	-5,286	-16.1	1,589	4,170	-2,581	-61.9
(equity income of subsidiaries)	-	-		-	50	-44	94	-

*1 Includes city gas (excl. Network), LNG sales, trading, electric power, engineering solutions, among others.

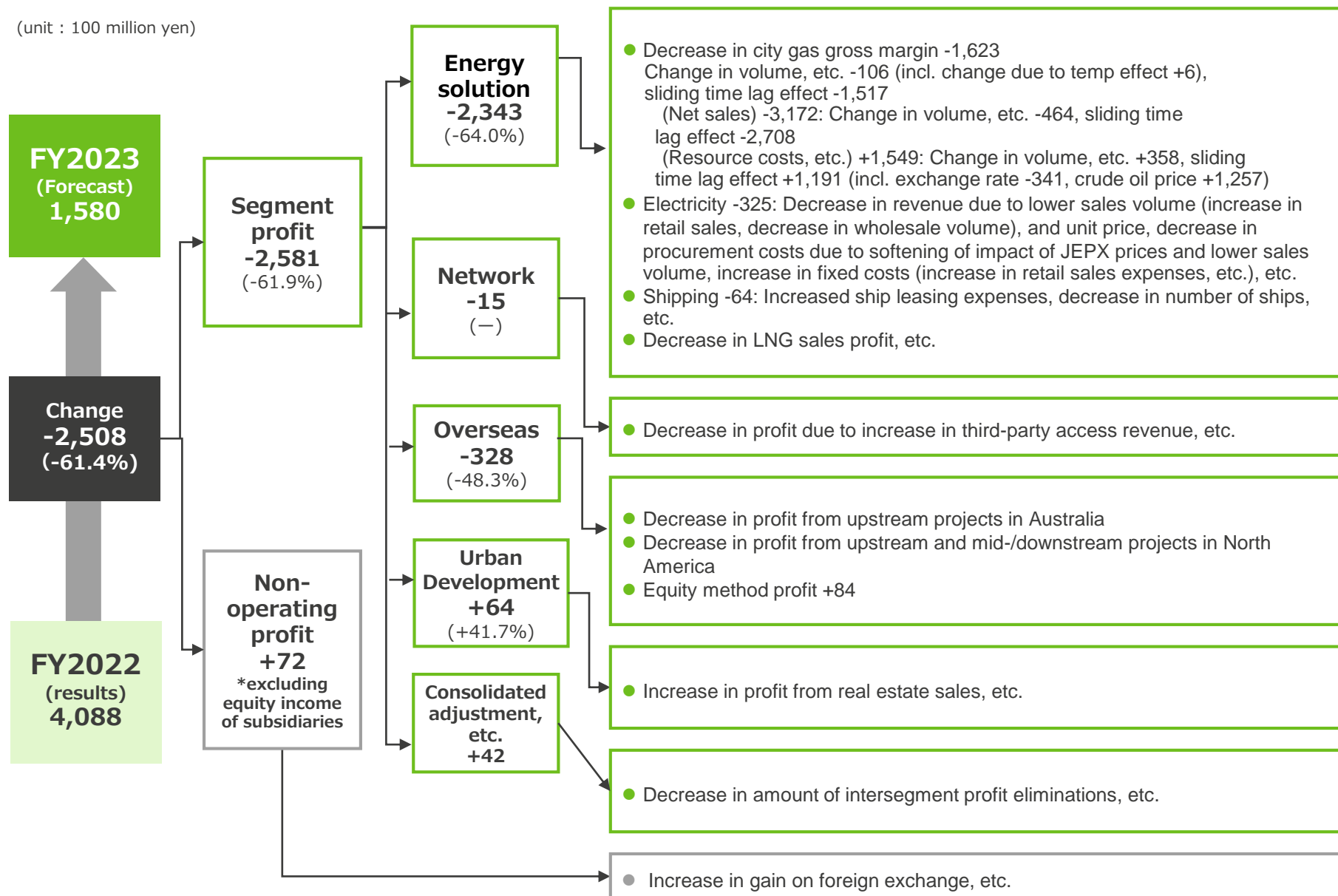
*2 Includes city gas (excl. Network), LNG sales, and trading.

*3 Segment sales include internal transactions made between business units.

*4 Adjustments in segment profits include mainly corporate expenses not allocated to the segments

FY2023 Forecast: Ordinary Profit Analysis

(unit : 100 million yen)



*+/- indicate contributions to profit.

City Gas sales volume:

VS. Previous Forecast

-61mil.m³ (-0.5%)including temperature effect
+25mil.m³, +0.2%(Unit : mil. m³)

15,000

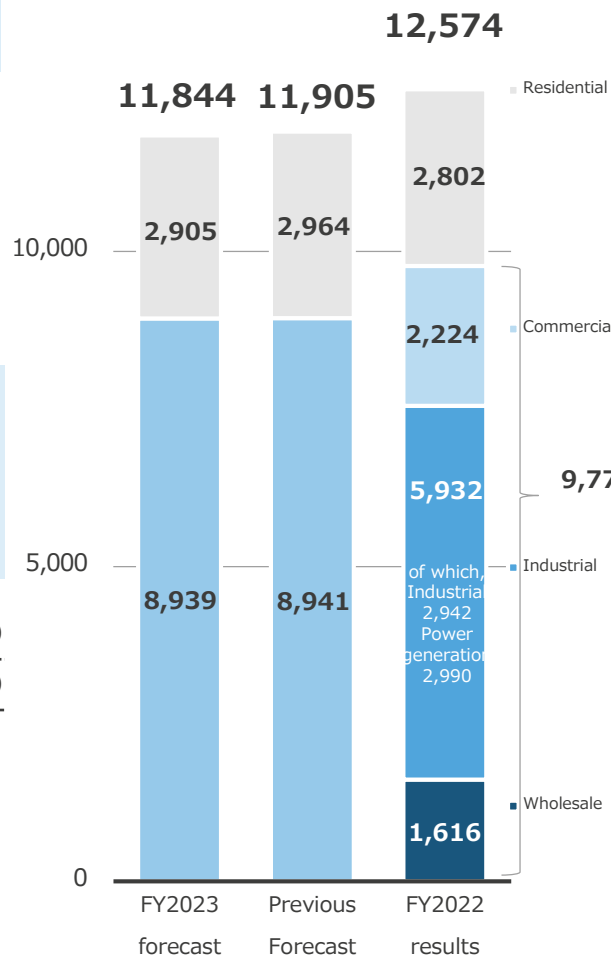
10,000

5,000

0

Residential -59 mil.m³(-2.0%)Others -2 mil.m³(-0.02%)

VS. FY2022 Results

-730mil.m³ (-5.8%)including temperature effect
+52mil.m³, +0.4%Residential +103 mil.m³(+3.7%)Others -833 mil.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	-	1,233.1	+13.3 (+1.1%)
LNG sales volume (thousands t)	1,888	1,807	+81 (+4.5%)	1,625	+263 (+16.2%)
Average temperature (°C)	17.1	16.4	+0.7	16.8	+0.3

*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)	11,844	11,905	-61 (-0.5%)	12,574	-730 (-5.8%)
Gas volume used in-house under tolling arrangement	2,679	2,997	-318 (-10.6%)	2,787	-108 (-3.9%)
LNG sales volume (m ³ basis)	2,360	2,259	+101 (+4.5%)	2,031	+329 (+16.2%)
Total	16,883	17,161	-278 (-1.6%)	17,392	-509 (-2.9%)

*Each value is rounded.

Electricity sales volume :

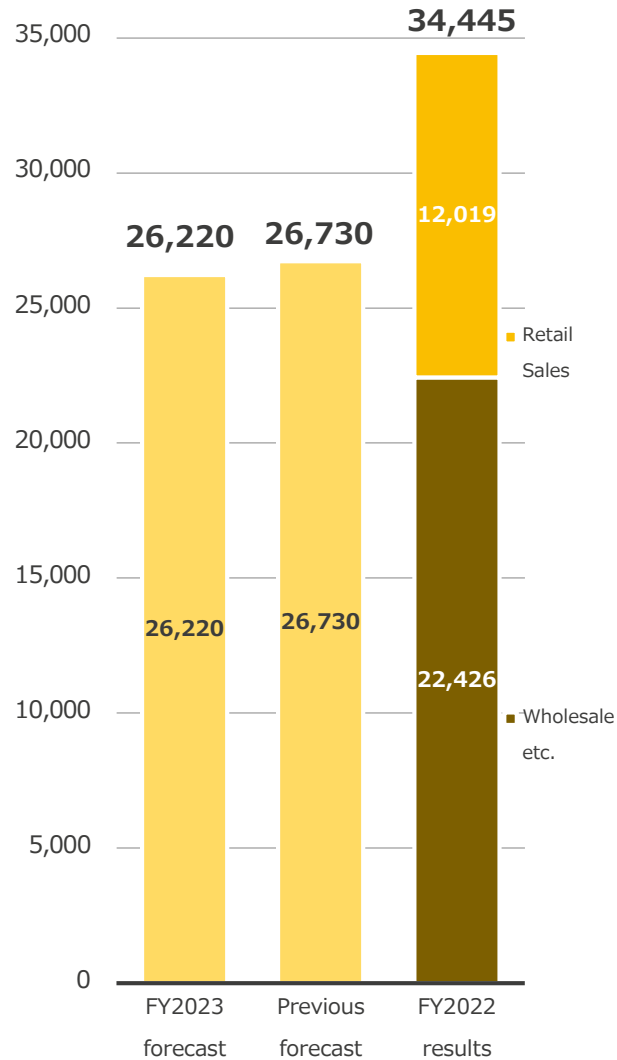
VS. Previous Forecast

**-510mil. kWh
(-1.9%)**

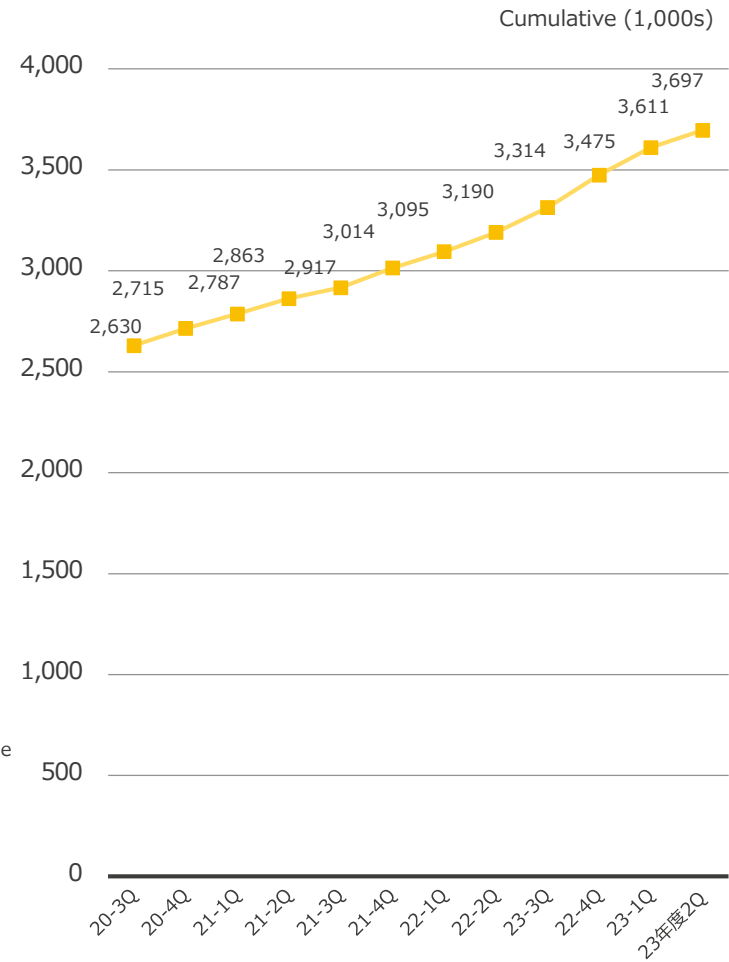
VS. FY2022 Results

**-8,225mil. kWh
(-23.9%)**

(Unit : mil. kWh)



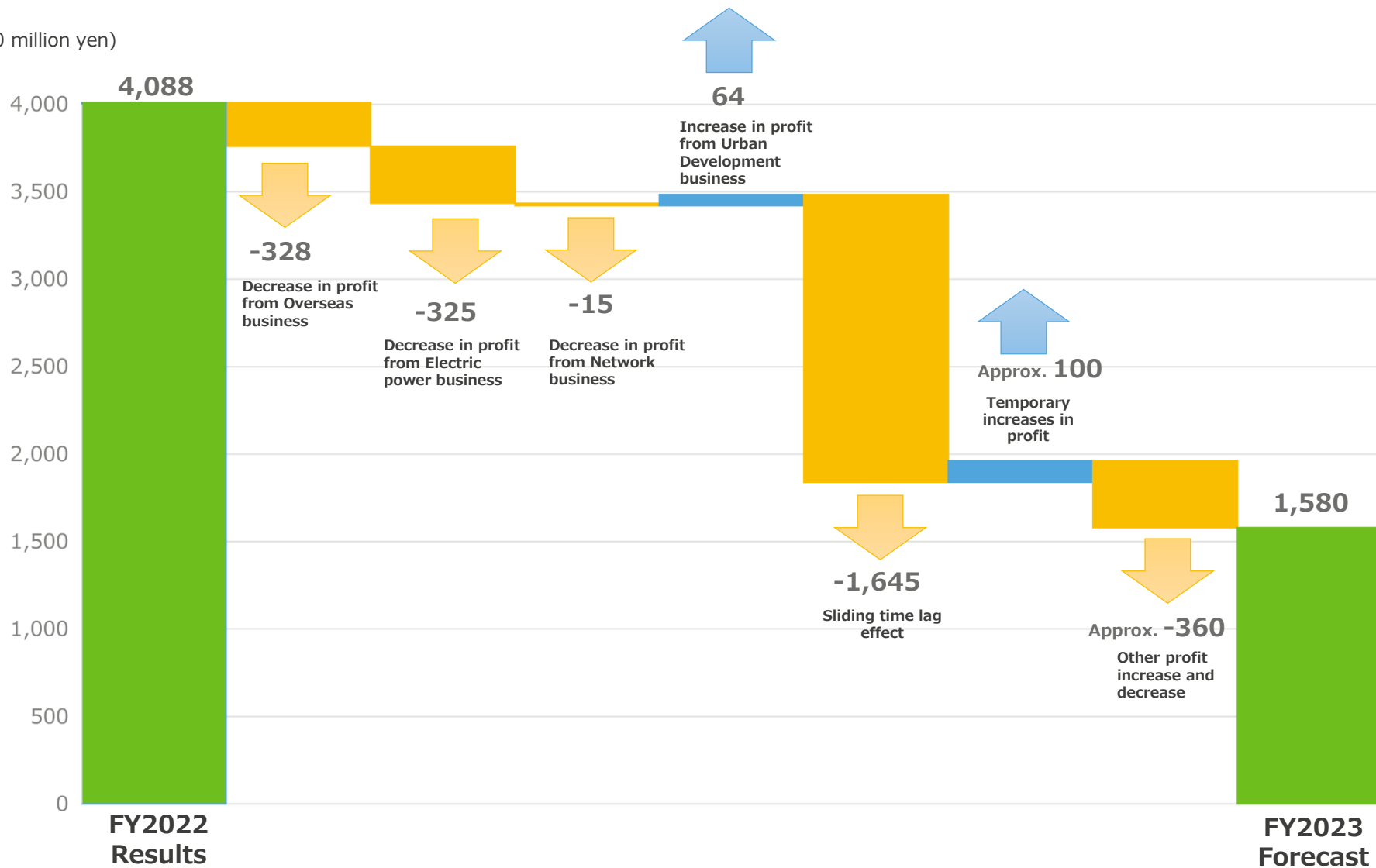
New electricity retail customers won by Tokyo Gas



*Each value is rounded.

Factors for Changes from FY2022 Ordinary profit

(100 million yen)





03

Reference Materials

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

(Unit: 100 million yen)

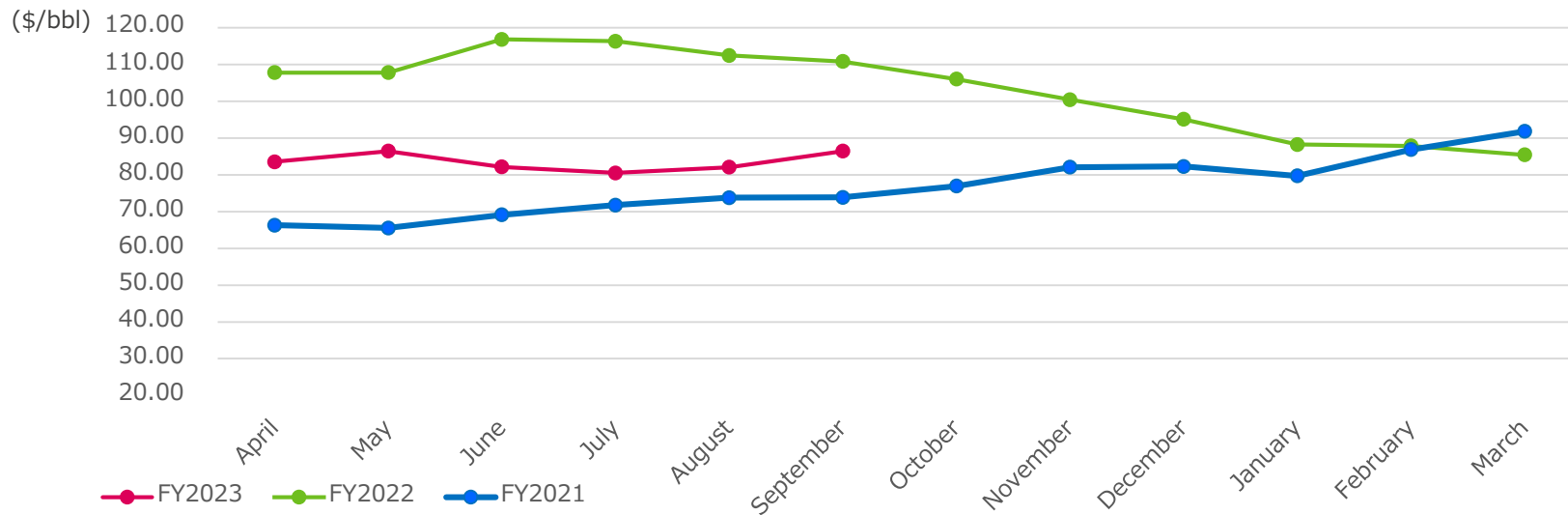
		Impact on earnings		
		3Q	4Q	Full year
Period	3Q	-1	-12	-13
	4Q	-	-1	-1
	Full year	-1	-13	-14

Impact of depreciation of the yen by ¥1/\$

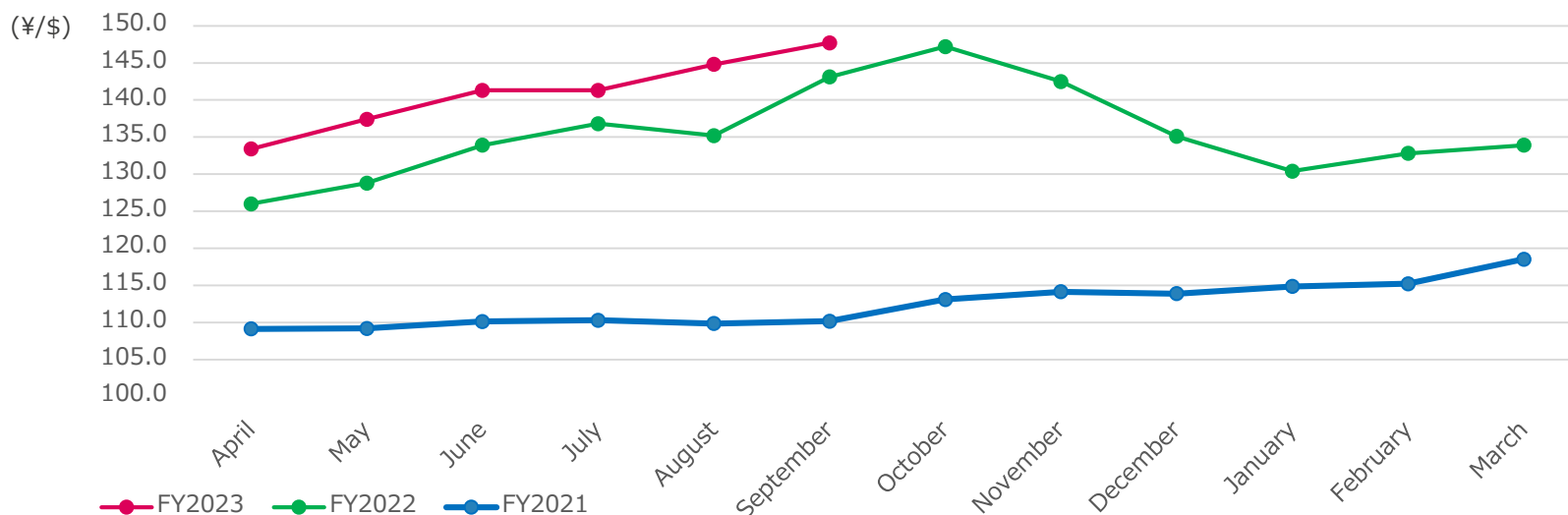
(Unit: 100 million yen)

		Impact on earnings		
		3Q	4Q	Full year
Period	3Q	-8	+8	0
	4Q	-	-12	-12
	Full year	-8	-4	-12

Crude oil price (Japan Crude Cocktail Prices)



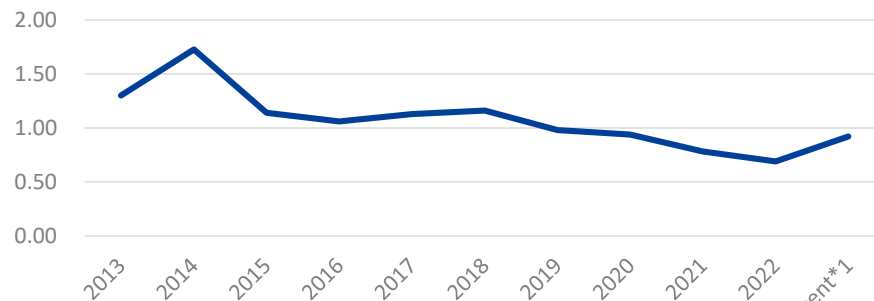
Exchange rate



(1) Analysis of current situation

- Our PBR has remained below 1.0 since FY2019
- Contributing factors:
 - ✓ Lower profit levels, plus lower ROE/ROA levels due to reasons such as investment-related increase in assets
 - ✓ Greater market liberalization has exposed the gas and electricity businesses to competition, which, amid the expansion of our business portfolio, is seen as having reduced business stability and growth potential
- Since April 2023, our PBR gradually trended upward along with our stock price, reaching 0.83 as of end-September. (calculated based on net assets as of end-September).

PBR



(2) Basic policy for improvement

Basic policy for improving PBR

PBR

=

ROE

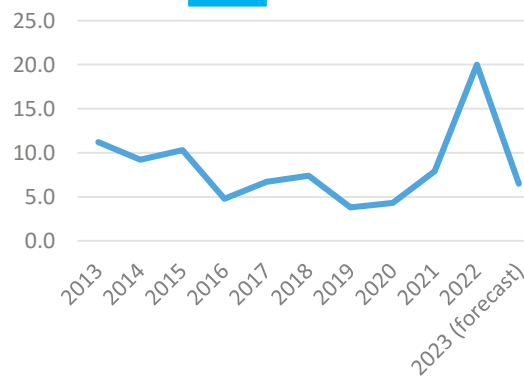
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PER

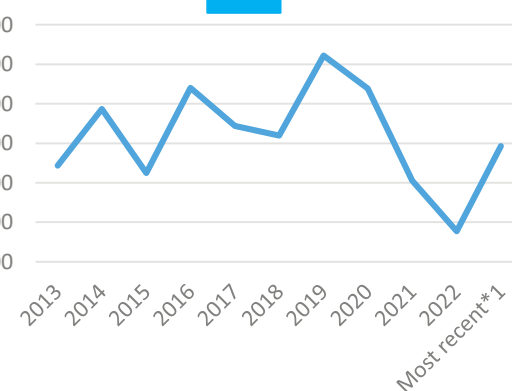
Improve PBR by working to improve efficiency and profitability through business portfolio management (ROE improvement) and aiming to increase stock prices by improving market evaluation of future growth potential (PER improvement)

ROE improvement	Efforts to improve ROA and appropriate leverage <ul style="list-style-type: none"> • Developing a portfolio management system (improving asset efficiency through ROA vs WACC by department and business)
PER improvement	Reducing cost of capital through stabilizing the profit structure <ul style="list-style-type: none"> • Reducing earnings volatility by strengthening market risk management Eliminating undervaluation factors and raising growth expectations through Investors Relations <ul style="list-style-type: none"> • Improving capital market confidence in the growth story by explaining the progress and results of investments • Enhancing disclosure of initiatives that contribute to long-term improvement of enterprise value, such as investments in human capital and technological development, through information media such as integrated reports

ROE



PER



*1 as of end-September, 2023

(3) Progress in improvement efforts

① Efforts to improve efficiency & profitability

Improvement of ROE

- ◆ Implementation of business portfolio management
 - Started to regularly review ROA versus WACC for each internal company and key business subsidiary
- ◆ Steady investment in growth areas, and implementation of measures for enhancing profitability of existing assets
 - Rigorously selected investment targets that contribute to short-/medium-term profit creation and profitability improvements
 - Considered measures for improving profitability of existing assets, including possible divestment scenarios
- ◆ Improvement of budget formulation process
 - Redesigned processes to facilitate formulation of plans mindful of balance sheet & cashflows
- ◆ Shareholder returns
 - Treasury stock purchases presuming retirement (Apr. 26, 2023 resolution: up to 53 mln shares (12.2% of outstanding shares))

② Increasing stock price by improving market confidence in our growth potential

Improvement of PER

- ◆ Market engagement via IR, enhancement of disclosure
 - Outlined basic policy for improving PBR in Integrated Report 2023
 - Since 2Q, financial results briefing materials will regularly include information on improvement policy and concrete targets/actions
 - Financial results briefing materials included progress updates on specific actions for the Medium-term Management Plan's three core strategies
 - With regard to growth investment results/forecasts, we will thoroughly explain the story of the contributions to improvement of medium-/long-term corporate value through diverse forms of capital market engagement and disclosure tools (we will strengthen this going forward)

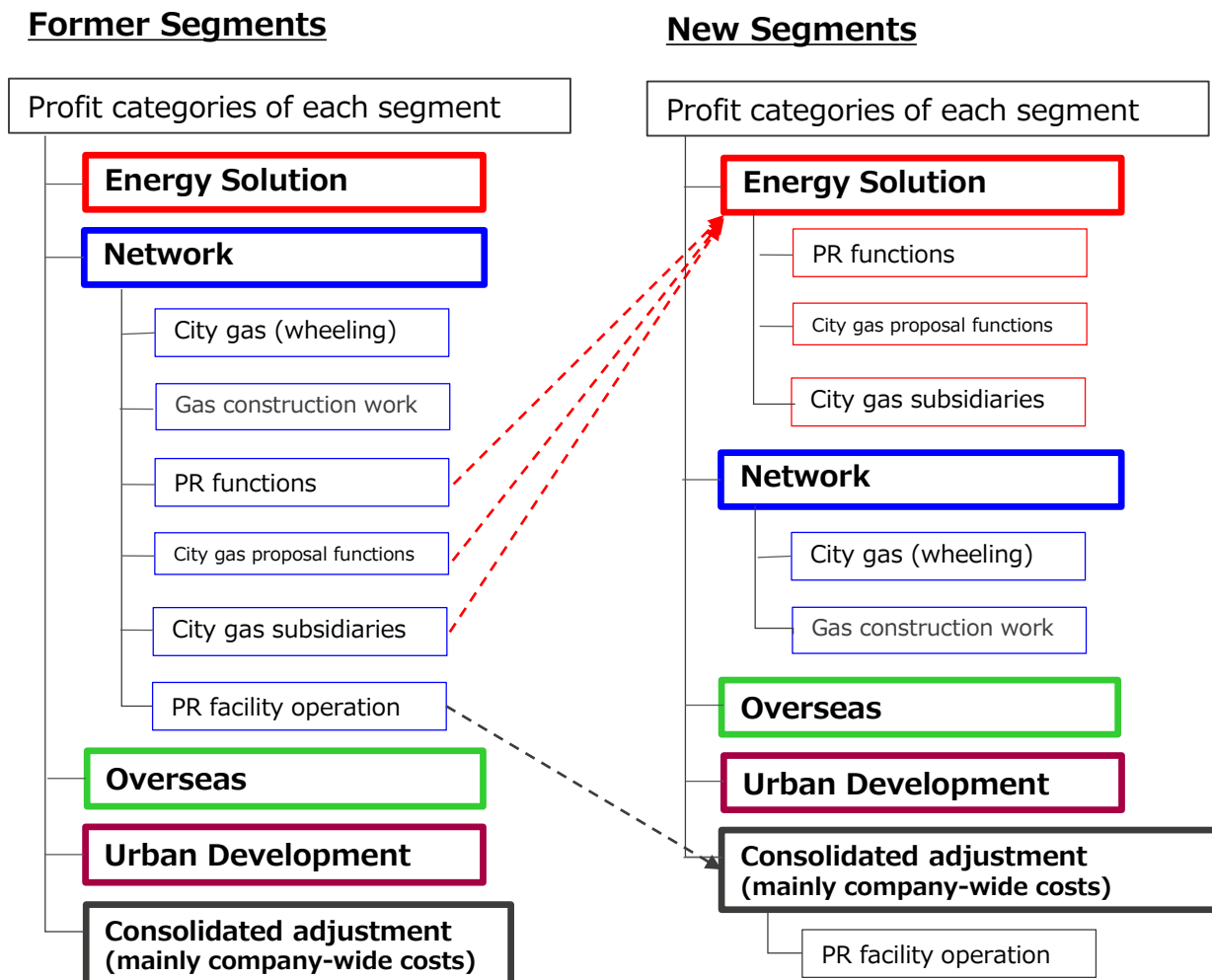
(4) Monitoring/discussion by Board of Directors

- Confirmation of basic framework for monitoring of business portfolio management (regular review of state of management of each organization's medium-/long-term WACC targets)
- Ongoing discussion of ideas on optimal capital mix and shareholder returns

(5) Forthcoming disclosures

Disclosure	Timing	Method
Progress update on improvement measures	Since 2Q financial results briefing	Financial results materials for each quarterly briefing
State of monitoring for this fiscal year, policies toward plan for next fiscal year	3Q financial results briefing	TBD
Plan for next fiscal year	Around March 2024	TBD

- Certain functions of the business segments were repositioned as part of the realignment of the Tokyo Gas Group's organization in October 2023. These changes will be reflected in our financial report disclosures starting with the 3Q report for the year ending in March 2024.
- Please note that this change is to adjust the sales/costs included in each segment between segments in line with the repositioning of functions, but has no effect on the totals for consolidated results and forecasts.



(Ref.) FY2023 Full Year Forecast: Sales and Operating Profit/Loss by Business Segments

(unit : 100 million yen)

	Net sales*3			Segment Profit(Operating profit + Equity income/loss of subsidiaries)		
	※5 Reference forecasts (New Segments)	FY2023 Forecast	Change	※5 Reference forecasts (New Segments)	FY2023 Forecast	Change
Energy solution*1 (including equity income of subsidiaries)	24,853	24,553	+300	1,286	1,316	-30
City gas*2	15,011	14,711	+300	856	886	-30
Electric Power	6,548	6,548	-	184	184	-
Network	3,404	3,704	-300	32	-18	+ 50
Overseas business	1,279	1,279	-	351	351	-
(equity income of subsidiaries)	-	—	-	33	33	-
Urban Development (including equity income of subsidiaries)	918	918	-	215	215	-
Adjustment*4	-2,844	-2,844	-	-295	-275	-20
Consolidated	27,610	27,610	-	1,589	1,589	-
(equity income of subsidiaries)	-	—	-	50	50	-

*1 Includes city gas (excl. Network), LNG sales, trading, electric power, engineering solutions, among others.

*2 Includes city gas (excl. Network), LNG sales, and trading.

*3 Segment sales include internal transactions made between business units.

*4 Adjustments in segment profits include mainly corporate expenses not allocated to the segments.

*5 Reference forecasts and forecasts for each reorganized segment are current estimates based on past results and other data.

Key Topics in FY2023 2Q (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


























Key Topics in FY2023 2Q (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)		
	Tokyo Metropolitan Government's Bureau of Waterworks and Tokyo Gas Network enter into comprehensive partnership agreement (July 11)* ¹		
	Started selling hydrogen produced by AEM water electrolyzer at hydrogen refueling station (July 13)		
	Investment Decision-Making Concerning the LNG-fired Thermal Power Generation Business in Anticipation of the Realization of Carbon Neutrality (July 21)		
	Signing of cooperative agreement with Gas Malaysia for growing gas pipeline business (July 28)* ¹		
	Launch of Demonstration Experiment for CO2 Capture from Waste-to-Energy Plant Flue Gas for Use in Methanation (July 28)		
	Launch of commercial operation of mega solar power plant in Ichikai Town, Tochigi Prefecture (July 31)		
	Participation of Semptra Infrastructure to the Detailed Study regarding the Introduction of e-methane to Japan Utilizing Cameron LNG Terminal (Aug. 30)		

Key Topics in FY2023 2Q (Excerpted from Press Releases)

FY2023-2025 Medium-term Management Plan: Initiatives for the 3 core strategies		Material issues		
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)			
	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)			
	Japan's first! Development of hydrogen burner with built-in waster heat recovery device (July 5)			
	Acquisition of new rental housing units for the LATIERRA series: 125 units in two buildings* ² (July 6)			
	Launch of Zuttomo Solar flat-rate plan for existing detached homes in Chugoku/Shikoku region (July 11)			

Key Topics in FY2023 2Q (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 a carbon neutral city in Tochigi City (July 13)			
	Launch of project for increasing social impact of real estate through collaboration with tenant workers* ² (July 27)			
	Signing of comprehensive partnership agreement for realizing Zero Carbon City Koto (July 27)			
	Provision of factory effluent treatment solution using the Tokyo Gas Group's proprietary water treatment technology* ³ (Aug. 10)			
	Notice of executive officer appointments and organizational changes in line with the establishment of Regional Co-creation Company (Aug. 30)			
	Signing of comprehensive partnership agreement on value co-creation for realizing carbon neutrality in Setagaya City (Sept. 13)			
	Signing of comprehensive partnership agreement for realizing Zero Carbon City Kumagaya (Sept. 25)			
	Notice of changes in personnel appointments (general manager class) (Sept. 27)			
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)			

FY2023-2025 Medium-term Management Plan: Initiatives for the 3 core strategies

Material issues

Realize a flexible corporate culture resilient to change

Notice of Shares Buyback (Progress Report) (July 4)

-

Notice of Shares Buyback (Progress Report) (Aug. 2)

-

Notice of Shares Buyback (Progress Report) (Sept. 4)

-

*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

Key Topics in FY2023 2Q (Excerpted from Press Releases)

Here is a look at one example of how we are advancing the three core strategies of our FY2023-2025 Medium-term Management Plan. This particular initiative contributes to our efforts to **fully roll out the Solutions business**.

We established the Regional Co-creation Company on October 1 as an organization for general management of decarbonization solution proposals. Going forward, the Tokyo Gas Group will continue leveraging its strong roots in the community to expand environmental/digital/educational solutions that bring out each city's vitality and co-creating with local governments/businesses and experts to help realize secure, pleasant, and sustainable communities.

Aug. 30 & Sept. 27, 2023 press releases



Efforts for Decarbonizing Communities: Establishment of Regional Co-creation Company

Since 2021, Tokyo Gas has worked to advance the decarbonization of communities by entering into comprehensive partnership agreements with local governments and proposing diverse solutions. We seek to address the growing decarbonization needs of local governments while implementing three actions included in the FY2023-2025 Medium-term Management Plan: expanding our solutions, expanding our service area, and increasing the resilience/efficiency of community-supporting energy systems. To do this, we must build up our Group's BtoG* functions by going beyond our established city gas expansion functions to also fully deploy our decarbonization solutions business. To this end, we created the Regional Co-creation Company as a new organization supporting speedier proposal and sales of decarbonization solutions for local governments. Serving as a partner that collaborates with communities to advance their decarbonization transition, this organization will seek to launch community projects in more than ten areas by the end of 2025.

*BtoG: business-to-government

Examples of solutions offered to communities under comprehensive partnership agreements

Provision of carbon-neutral city gas & renewable electricity: Hadano, Akishima, Moriya, Tsuchiura, Sodegaura

- Provision of city gas considered carbon neutral because CO₂ emissions of all processes are offset with carbon credits earned on environmental protection projects
- Use of existing gas facilities while enabling environmental contributions in the form of CO₂ emission reductions

Joint trials for EV deployment & charging management: Hadano, Moriya, Sayama, Hidaka, Tomioka, Ota

- Formulation of plans for deploying electric vehicles (EVs) and charging facilities in support of the shift to wider EV use
- Adoption of EV charging management to control the timing of charging so that peak hours of power demand can be avoided

Joint trials for solar PPA business: Kawagoe, Atsugi, Tsuchiura, Fujimino, Ota, Tomioka, 4 other cities

- Implementation of activities toward installation of solar power generation facilities, including selection of installation locations, site surveys, installation planning, and cost estimation

Joint trials for utilization of locally sourced wood: Moriya, Hidaka

- Development of wood products that utilize locally sourced lumber as a way of promoting forest conservation and wood demand
- Raising of public awareness of environmental issues through printed visualization of the amount of CO₂ stored in product (adoption of CARBON STOCK FURNITURE*)



*Furniture designed to maximize the use of wood that has absorbed CO₂ from the atmosphere. The amount of CO₂ stored is visualized via stamping on the product's surface. The wood can be crafted into different types of furniture to suit the setting, including sofas and coffee tables.



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
	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
	⑤	Vietnam	One Bangkok	Downstream District Cooling Solutions and power distribution	2020
			PVGD	Downstream CNG Supply	2017
	⑥	Indonesia	PRA	Downstream Gas Supply, Transfer	2017
			Super Energy	Downstream Gas Supply, Transfer	2020
Oceania	⑧	Australia	FGEN LNG	Downstream Construction, operation and maintenance of the LNG terminal	2020
			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



< 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.