

Consolidated Financial Results Bulletin for the Fiscal Year Ended March 31, 2023 (J-GAAP) Tokyo Gas Co., Ltd.

Securities code: 9531
(URL <https://www.tokyo-gas.co.jp/IR/english/index.html>)
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Consolidated Settlements Sect.

Stock listings:
Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

General shareholders' meeting schedule: June 29, 2023
Scheduled date of the filing of securities report: June 29, 2023
Scheduled date of the start of dividend payments: June 6, 2023
Preparation of earnings presentation material (yes/no): **Yes**
Holding of earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for FY2022 ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Unit: million yen)

(1) Consolidated Business Performance (% of change from the corresponding period of previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
FY2022 ended Mar. 31, 2023	3,289,634	52.7%	421,477	230.5%	408,846	199.6%	280,916	193.5%
FY2021 ended Mar. 31, 2022	2,154,860	22.1%	127,525	64.2%	136,481	93.6%	95,702	93.3%

Note: Total comprehensive income

FY2022 ended March 31, 2023: 358,130 million yen (238.4%)

FY2021 ended March 31, 2022: 105,816 million yen (208.9%)

	Profit per share	Diluted profit per share	Ratio of profit to shareholders' equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
FY2022 ended Mar. 31, 2023	646.99 yen	—	20.0%	12.1%	12.8%
FY2021 ended Mar. 31, 2022	217.67 yen	—	7.9%	4.6%	5.9%

Reference: Profit or loss on investment accounted for by equity method

FY2022 ended March 31, 2023: -4,450 million yen

FY2021 ended March 31, 2022: 3,725 million yen

Note: The numerical figures for FY2021 ended March 31, 2022 have been retroactively applied to reflect changes in accounting policies.

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio	Net assets per share
As of Mar. 31, 2023	3,581,425	1,589,301	43.5%	3,595.60 yen
As of Mar. 31, 2022	3,187,627	1,281,150	39.3%	2,847.88 yen

Reference: Shareholders' equity

As of March 31, 2023: 1,558,404 million yen

As of March 31, 2022: 1,251,781 million yen

Note: The numerical figures shown for FY2021 ended March 31, 2022 have been retroactively applied and have been restated owing to reshuffling to reflect retroactive application and changes to the presentation method in tandem with changes in accounting policy.

(3) Consolidated Cash Flows

(Unit: million yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY2022 ended Mar. 31, 2023	487,030	-203,522	-22,403	453,432
FY2021 ended Mar. 31, 2022	145,227	-224,656	90,490	179,699

2. Dividend

	Dividend per share (Unit: yen)					Total dividend payments (Full-year) (Unit: million yen)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Full-year			
FY2021 ended Mar. 31, 2022	—	30.00	—	35.00	65.00	28,585	29.9%	2.4%
FY2022 ended Mar. 31, 2023	—	32.50	—	32.50	65.00	28,186	10.0%	2.0%
FY2023 ending Mar. 31, 2024 (Forecast)	—	32.50	—	32.50	65.00		—	

3. Consolidated Results Forecast for FY2023 ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(Unit: million yen)

(% of change from the corresponding period of previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
Full-year	2,897,000	-11.9%	150,000	-64.4%	137,000	-66.5%	100,000	-64.4%	256.90 yen

*Notes

- (1) Significant changes in consolidated subsidiaries (changes in specified subsidiaries resulting in change of scope of consolidation during the year) (yes/no): *No*

Reference: Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 102 (Increased by 2 companies and decreased by 13 companies)

Number of subsidiaries and affiliates accounted for by equity method: 15 (Decreased by 1 company)

- (2) Change in accounting policies or estimates and retrospective restatements

1) Change in accounting policies in accordance with revision of accounting standards: *No*

2) Change in accounting policies other than item 1) above: *Yes*

3) Change in accounting estimates: *No*

4) Retrospective restatements: *No*

- (3) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Mar. 31, 2023	434,875,059	Mar. 31, 2022	440,996,559
2) Number of shares of treasury stock at end of period:	Mar. 31, 2023	1,455,205	Mar. 31, 2022	1,448,431
3) Average number of shares during period:	Apr. 2022– Mar.2023	434,188,168	Apr. 2021– Mar.2022	439,672,718

(Reference)

1. Non-Consolidated Business Results for FY2022 ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Non-Consolidated Business Performance

(Unit: million yen)

(% of change from the corresponding period of previous year)

	Net sales		Operating profit		Ordinary profit		Net income	
FY2022 ended Mar. 31, 2023	2,999,878	55.3%	301,426	480.6%	303,621	532.8%	205,171	442.9%
FY2021 ended Mar. 31, 2022	1,931,053	19.7%	51,917	10.3%	47,983	2.6%	37,791	-11.1%

Note: The numerical figures for FY2021 ended March 31, 2022 have been retroactively applied to reflect changes in accounting policies.

	Profit per share	Diluted profit per share
FY2022 ended Mar. 31, 2023	472.54 yen	—
FY2021 ended Mar. 31, 2022	85.95 yen	—

(2) Non-Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio	Net assets per share
As of Mar. 31, 2023	2,696,080	991,764	36.8%	2,288.23 yen
As of Mar. 31, 2022	2,331,975	836,532	35.9%	1,903.17 yen

Reference: Shareholders' equity

As of March 31, 2023: 991,764 million yen

As of March 31, 2022: 836,532 million yen

Note: The numerical figures shown for FY2021 ended March 31, 2022 have been retroactively applied and have been restated owing to reshuffling to reflect retroactive application and changes to the presentation method in tandem with changes in accounting policy.

2. Non-Consolidated Results Forecast for FY2023 ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(Unit: million yen)

(% of change from the corresponding period of previous year)

	Net sales		Operating profit		Ordinary profit		Net income		Profit per share
Full-year	2,600,800	-13.3%	69,900	-76.8%	70,500	-76.8%	51,900	-74.7%	133.33 yen

* Quarterly review procedures by a certified public accountant or an audit firm do not apply to quarterly consolidated financial results bulletins.

* Explanation related to appropriate use of results forecasts and other items warranting special mention

1. The consolidated and non-consolidated earnings forecasts include major uncertain elements, including the impact due to the state of affairs in Russia and the Ukraine. There is potential for major volatility to these forecasts depending on trends going forward.

For details of the above forecasts, please refer to “1. Overview of Business Performance, etc. (2) Future outlook” on page 6 of the Attachment.

2. The information related to this Financial Results will be posted on the Web site of the Company.

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I. Overview of Business Performance, etc.

(1) Overview of business performance and financial position of FY2022

(Business performance of FY2022)

During the fiscal year under review, in the economy in Japan, weakness continued to linger in some areas of exports and production, but the economy modestly rebounded owing to recovery trends in consumer spending and capital expenditures. Moving forward, further recovery is expected owing to benefits from various policies as the society deals with COVID-19. Nonetheless, the economic outlook continues to look murky due primarily to recent price hikes, supply constraints, and fluctuations in the financial and capital markets.

Amid this economic climate, the intensification of competition across industry boundaries is increasing further reflecting the full deregulation of retail gas sales in April 2017, following the full deregulation of retail electric power sales in April 2016. Also, given in part the global trend for decarbonization, the environment surrounding the energy business has undergone a substantial change. Given this backdrop, the Tokyo Gas Group actively undertook various measures to enhance the added value we deliver to customers in Japan and abroad through the development of a comprehensive energy business and globalization, and to ensure that the Tokyo Gas Group continues to be the group that customers select.

In November 2021, the Company formulated Compass Action, a detailed roadmap for achieving the Group's management vision, Compass 2030, and on April 1, 2022, transitioned to a holding company structure to build a system that will embody this vision. In light of this, the Company has trimmed down the number of reporting segments to four, the "energy solution," "network," "overseas," and "urban development" segments, starting in FY2022, in comparison with its previous five report segments, which were "gas," "electric power," "overseas," "energy related," and "real estate."

In the energy solution segment in the fiscal year under review, city gas sales volume decreased year-on-year reflecting a decline in residential and commercial demand mainly due to high temperatures. Electric power sales also rose. Although this segment was also impacted by a contraction in demand from customer staying at home, sales volume climbed, mainly accompanying a rise in the number of retail sales transactions. In addition, in wholesale sales, there was an uptick in sales volume owing to an increase in demand at wholesale customers.

In the network segment, consignment revenue was impacted by high temperatures during the winter months. In the overseas segment, the balance of income and expenses improved primarily reflecting a hike in selling prices chiefly in the LNG business in Australia and North America owing to impact from soaring market prices globally, and as the yen depreciations in value against the US dollar. In the urban development segment, there was sizeable improvement in room occupancy rates in the hotel business.

Reflecting these economic conditions and changes in the business climate, consolidated net sales for the fiscal year under review totaled ¥3,289.6 billion, an increase of 52.7% year on year, and operating expenses were ¥2,868.1 billion, a growth of 41.5% year on year.

Consequently, operating profit was ¥421.4 billion, a rise of 230.5% year on year, and ordinary profit totaled ¥408.8 billion, an improvement of 199.6% year on year. Meanwhile, profit attributable to owners of the parent came to ¥280.9 billion, a growth of 193.5% year on year. This reflected the following. The Company posted ¥3.7 billion in gain on sales of investment securities and ¥3.5 billion in gain on a business transfer, as extraordinary income. Meanwhile, as extraordinary losses, including income taxes, the Company posted a ¥4.0 billion in impairment loss in the energy solutions segment, a ¥2.4 billion in loss on the valuation of investment securities and a ¥2.1 billion in loss on the valuation of long-term loans. That being said, in the "Segment summary" below, given it is difficult to prepare information related to the numerical figures for sales and profit in the previous consolidated fiscal year for the new reporting segments, for "energy solutions" and "network," only earnings for the consolidated fiscal year under review are presented.

<Segment summary>

1) Energy solution

Segment sales totaled ¥3,031.1 billion, mainly reflecting an increase in the unit sales price owing to resource cost adjustments and a rise in electrical power sales.

Operating expenses stood at ¥2,665.1 billion, owing in part to an upward trend from the previous fiscal year in crude oil prices.

Accordingly, operating profit in this segment came to ¥365.9 billion.

(Gas)

In the fiscal year under review, the sales volume for city gas, a major business in the Energy Solution segment, was 12,574 million m³, a decline of 4.4% year on year. This includes residential demand of 2,802 million m³ (down 9.1% year on year), and commercial demand was 2,224 million m³ (a drop of 1.4% year on year), due to a fall in demand primarily reflecting high temperatures.

Industrial demand was 5,932 million m³ (a decrease of 4.3% year on year) owing in part to slow down in operations at users.

Supply to other utilities was 1,616 million m³ (up 0.4% year on year) mainly reflecting an increase in operations at other utilities.

<Consolidated City Gas Sales Volume for FY2022 Ended March 31, 2023>

			FY2022	FY2021	Change	% change
No. of customers for city gas retail sales		Thousands	8,701	8,688	13	0.2
No. of customers (meters)		Thousands	12,331	12,202	129	1.1
City gas sales volume	Residential	Mil. m ³	2,802	3,083	-281	-9.1
	Commercial	Mil. m ³	2,224	2,256	-32	-1.4
	Industrial	Mil. m ³	5,932	6,198	-266	-4.3
	Subtotal	Mil. m ³	8,156	8,454	-297	-3.5
	Supplies to other utilities	Mil. m ³	1,616	1,609	7	0.4
	Total	Mil. m ³	12,574	13,146	-572	-4.4
Average temperature		°C	16.8	16.2	0.6	—

Notes:

1. No. of customers for city gas retail sales indicates the number of billed customers for city gas retail sales.
2. The number of installed meters is the number of meters installed as a gas pipeline operator.
3. “Commercial” indicates sales to commercial, public and medical institutions.
4. City gas sales volumes are on the basis of 45MJ/m³.
5. The numerical figures for FY2021 are figures that have been retroactively applied to reflect retroactive adjustments in tandem with changes in accounting policies.

<Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	FY2022	FY2021	Change	Crude oil price (\$/bbl)	FY2022	FY2021	Change
	135.50	112.39	23.11		102.67	77.18	25.49

(Electric power)

<Consolidated Electric Power Sales Volume for FY2022 Ended March 31, 2023>

			FY2022	FY2021	Change	% change
No. of customers for city gas retail sales		Thousands	3,475	3,014	461	15.3
Electric power sales volume	Retail	million kWh	12,019	11,305	714	6.3
	Wholesale etc.	million kWh	22,426	16,983	5,443	32.1
	Total	million kWh	34,445	28,288	6,157	21.8

Note: No. of customers for electric power retail sales indicates the number of billed customers for electric power retail sales

2) Network

Sales totaled ¥370.3 billion, operating expenses of ¥370.7 billion, and segment operating profit of ¥300 million.

3) Overseas

Sales came to ¥159.9 billion, an increase of ¥74.0 billion year on year. Operating expenses were ¥86.8 billion. Meanwhile, segment operating profit was ¥67.9 billion, a rise of ¥41.3 billion year on year, as a result of posting investment gains under the equity method.

4) Urban development business

Sales were ¥62.6 billion, a rise of ¥4.7 billion year on year. Operating expense was ¥48.2 billion.

Meanwhile, segment operating profit was ¥15.1 billion, a hike of ¥1.8 billion year on year owing to the posting of investment gains under the equity method.

<Summary by segment>

(Unit: million yen)

		Energy solution	Network	Overseas	Urban development
Sales	FY2022	3,031,188	370,385	159,912	62,676
	(% of total)	(83.7%)	(10.2%)	(4.4%)	(1.7%)
	FY2021	—	—	85,893	57,961
	(% of total)	—	—	—	—
	Amount of change	—	—	74,019	4,715
	(Rate of change)	—	—	(86.2%)	(8.1%)
Operation expenses	FY2022	2,665,107	370,725	86,866	48,283
	(% of total)	(84.1%)	(11.7%)	(2.7%)	(1.5%)
	FY2021	—	—	62,137	45,605
	(% of total)	—	—	—	—
	Amount of change	—	—	24,729	2,678
	(Rate of change)	—	—	(39.8%)	(5.9%)
Segment profit/loss	FY2022	365,981	-339	67,911	15,177
	(% of total)	(81.6%)	(-0.1%)	(15.1%)	(3.4%)
	FY2021	—	—	26,520	13,290
	(% of total)	—	—	—	—
	Amount of change	—	—	41,391	1,887
	(Rate of change)	—	—	(156.1%)	(14.2%)

Note: Figures for sales include internal transactions. Figures for operating expenses do not include expenses that cannot be allocated to specific segments. Figures for segment profit/loss are adjusted against the amount based on operating profit in the consolidated financial statements plus or minus equity-method investment gains.

Former segments in comparison with the previous consolidated fiscal year

(Unit: million yen)

		Gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2022	2,230,915	856,450	159,944	365,159	62,680	107,273
	(% of total)	(59.0%)	(22.6%)	(4.2%)	(9.7%)	(1.7%)	(2.8%)
	FY2021	1,453,666	467,804	85,931	331,312	57,961	107,542
	(% of total)	(58.1%)	(18.7%)	(3.4%)	(13.2%)	(2.3%)	(4.3%)
	Amount of change	777,249	388,646	74,013	33,847	4,719	-269
	(Rate of change)	53.5%	83.1%	86.1%	10.2%	8.1%	-0.3%
Operating expenses	FY2022	1,936,697	805,343	84,712	349,126	48,025	95,578
	(% of total)	(58.3%)	(24.3%)	(2.6%)	(10.5%)	(1.4%)	(2.9%)
	FY2021	1,341,356	456,687	60,444	318,494	45,429	105,544
	(% of total)	(57.6%)	(19.6%)	(2.6%)	(13.7%)	(2.0%)	(4.5%)
	Amount of change	595,341	348,656	24,268	30,632	2,596	-9,966
	(Rate of change)	44.4%	76.3%	40.2%	9.6%	5.7%	-9.4%
Segment profit	FY2022	294,218	51,107	70,096	16,032	15,440	11,595
	(% of total)	(64.2%)	(11.1%)	(15.3%)	(3.5%)	(3.4%)	(2.5%)
	FY2021	112,309	11,117	28,252	12,818	13,466	2,024
	(% of total)	(62.4%)	(6.2%)	(15.7%)	(7.1%)	(7.5%)	(1.1%)
	Amount of change	181,909	39,990	41,844	3,214	1,974	9,571
	(Rate of change)	162.0%	359.7%	148.1%	25.1%	14.7%	472.8%

Notes:

- Figures for sales include internal transactions. Figures for operating expenses do not include expenses that cannot be allocated to specific segments. Figures for segment profit are adjusted against the amount based on operating profit/loss in the consolidated financial statements plus or minus equity-method investment gains.
- Numerical figures for the previous consolidated fiscal year show figures that have been retroactively applied to reflect retroactive adjustments in tandem with changes in accounting policies.

(Financial position in FY2022)**1) Situation of assets, debt and net assets**

Assets in comparison with the end of the previous consolidated fiscal year totaled ¥3,581.4 billion, an increase of ¥393.7 billion. This is primarily attributable to a rise in cash and deposits based mainly on unit sales prices for city gas rates owing to resource cost adjustments chiefly in tandem with the impact from a rise in crude oil prices, and an increase in notes and accounts receivable - trade, and contract assets.

Liabilities stood at ¥1,992.1 billion, a rise of ¥85.7 billion, primarily attributable to an increase in interest-bearing debt mainly due to corporate bonds and the long-term loans.

Net assets amounted to ¥1,589.3 billion, a growth of ¥308.1 billion. Although there was a distribution of capital surplus, the increase overall was primarily attributable a rise in shareholders' equity owing to the posting of profit attributable to the owners of the parent.

In comparison with the growth rate of total assets, the growth rate of net worth (equity capital) (total shareholders' equity + accumulated other comprehensive income) was larger. Consequently, the shareholders' equity ratio totaled 43.5%, an improvement of 4.2 points in comparison with the end of the previous consolidated fiscal year.

<Capital expenditure>

(Unit: hundred million yen)

	FY2022	FY2021	Change	% change
Energy solution	747	615	132	21.5
Network	847	844	3	0.4
Overseas	304	519	-215	-41.5
Urban development	245	102	143	139.1
Adjustments	-12	-9	-3	—
Total	2,132	2,072	60	2.9

2) Situation of cash flow

(Unit: hundred million yen)

	FY2022	FY2021	Change
Cash flow from operating activities	4,870	1,452	3,418
Cash flow from investing activities	-2,035	-2,246	211
Cash flow from financing activities	-224	904	-1,128
Effect of exchange rate change on cash and cash equivalents	126	91	35
Net increase (decrease) in cash and cash equivalents	2,737	201	2,536
Cash and cash equivalents at beginning of year	1,796	1,578	218
Cash and cash equivalents at end of year	4,534	1,796	2,738

a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities totaled ¥487.0 billion. Although there was an increase in trade receivables (-¥114.2 billion) and a rise in inventory (-¥78.4 billion), cash and cash equivalents rose primarily reflecting the posting of income before income taxes (¥407.4 billion) and depreciation and amortization (¥205.0 billion).

b) Cash flow from investing activities

Cash and cash equivalents using investing activities totaled ¥203.5 billion. Cash and cash equivalents decrease primarily attributable to expenditures for the acquisition of property, plant and equipment (-¥150.6 billion), expenditures for the acquisition of intangible assets (-¥34.2 billion) and expenditures for the acquisition of investment securities (-¥28.0 billion).

c) Cash flow from financing activities

Cash and cash equivalents obtained as a result of operating activities totaled ¥22.4 billion. Cash and cash equivalents decreased primarily attributable to expenditures for the repayment of long-term loans (-¥72.2 billion), expenditures for the redemption of commercial paper (-¥30.0 billion) and dividend payments (-¥29.4 billion), despite proceeds from long-term loans (¥97.3 billion) and proceeds from the issuance of bonds (¥19.7 billion).

(2) Future outlook

In FY2023, ending March 31, 2024, we forecast city gas sales volume is likely to total 12,009 million m³, a decline of 4.5% versus FY2022. Although residential demand is expected to rise, mainly due to impact from weather temperatures, and commercial demand is anticipated to recover from the previous decline in demand in industries such as the restaurant and hotel industries, industrial demand from power generation customers is forecast to drop.

We look for a drop in electricity sales volume of 16.4% year on year to 28,789 million kWh, due mainly to a drop in sales volume to wholesalers. Net sales are expected to decrease 11.9% year on year reflecting a decline in the unit sales price in tandem with resource cost adjustments and a drop in electricity sales volume. Operating expenses is anticipated to dwindle chiefly owing to resources costs on the back of a sales volume decline but operating profit is forecast to drop 64.4% year on year due primarily to profit declines due to decreases mainly in city gas sales and electricity sales.

Taking these factors into account, we forecast consolidated net sales of ¥2,897.0 billion, a decrease of ¥392.6 billion or 11.9% year on year, operating profit of ¥150.0 billion a fall of ¥271.4 billion or 64.4% year on year, ordinary profit of ¥137.0 billion, a drop off of ¥271.8 billion or 66.5% year on year, and profit attributable to owners of the parent of ¥100.0 billion, a decline of ¥180.9 billion or 64.4% year on year.

The economic frame assumed for FY2023 is ¥130/\$ for foreign exchange rate for the full-year, and \$90/bbl for the full-year for crude oil price.

a. Consolidated city gas sales volume forecast for FY2023

			FY2023 (Forecast)	FY2022 (Results)	Change	% change
City gas sales volume	Residential	Mil. m ³	2,989	2,802	187	6.7
	Others	Mil. m ³	9,020	9,772	-752	-7.7
	Total	Mil. m ³	12,009	12,574	-565	-4.5
Average temperature		°C	16.3	16.8	-0.5	—

b. Consolidated electric power sales volume forecast for FY2023

		FY2023 (Forecast)	FY2022 (Results)	Change	% change
Total electric power sales volume	million kWh	28,789	34,445	-5,656	-16.4

c. Consolidated earnings forecast for FY2023

(Unit: hundred million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY2023 (forecast)	28,970	1,500	1,370	1,000
FY2022 (results)	32,896	4,214	4,088	2,809
Change	-3,926	-2,714	-2,718	-1,809
% change	-11.9%	-64.4%	-66.5%	-64.4%

< Foreign exchange rate and crude oil price forecast for FY2023 >

¥/\$ rate	FY2023 (Forecast)	FY2022 (Results)	Change	Crude oil price (\$/bbl)	FY2023 (Forecast)	FY2022 (Results)	Change
	130.0	135.5	-5.5		90.0	102.7	-12.7

(3) Basic policy on profit sharing and dividends for FY2022 and FY2023

The Company allocates its management results to the improvement of customer service and realization of a sustainable society, as well as sharing them with shareholders in an appropriate and timely manner. Our basic dividend policy is to maintain stable dividends while at the same time offering gradual dividend increases in accordance with profit growth by comprehensively taking into consideration medium- to long-term profit levels.

The Company revised its Articles of Incorporation on June 29, 2021. Owing to a resolution approved by the Board of Directors, it is now possible for the Company to set a dividend. As of the Board of Directors held of April 26, 2023, the Board has set the per-share dividend at ¥32.50. Reflecting this, the annual dividend per share will be ¥65 for FY2023, including an interim dividend of ¥32.50.

The dividend forecast for FY2022 is an annual dividend of ¥65 per share (including interim dividend of ¥32.50).

II. Group Companies

<Scope of Consolidated Subsidiaries and Affiliates and Application of Equity Method>

1) The scope of consolidation

- Newly included subsidiaries in scope of consolidation: 2 companies

Tokyo Gas Australia 1 Pty Ltd (newly established)

Tokyo Gas Real Estate Investment Advisory Co., Ltd. (former Spring Investment) (stock acquisition)

- Excluded: 13 companies

Tokyo Gas Energy Co., Ltd., Tokyo Gas LPG Terminal Co., Ltd., Enelife Carrier Co., Ltd., Tokyo Auto Gas Co., Ltd. (stock transfer)

Annaka Solar Power Plant (same) (company liquidation)

Tokyo Gas Pipe Network Co., Ltd., Tokyo Gas Pipeline Co., Ltd., Katori Clean Energy, (same), Nasu Clean Energy (same), TGES Smart Engineering Service, Tokyo Gas Liquid Holdings Co., Ltd., TG&D SINGAPORE INVESTMENT HOLDINGS PTE. LTD., Shii-no-Mori Power (merger)

2) Application of equity method

- Excluded in the equity method: 1 company

MT Falcon Holdings Company, S.A.P.I. de C.V. (stock transfer)

Information about other consolidated subsidiaries and affiliates are not disclosed because there are no significant changes from articles of “business diagram” and “situation of subsidiaries and affiliates” in the latest securities report. [filed on June 29, 2022]

III. Basic Concept Regarding Selection of Accounting Standards

The Tokyo Gas Group prepares consolidated financial statements based on Japanese standards in consideration of comparability of consolidated financial statements between companies. It intends to respond appropriately regarding the application of IFRS, taking into account the situations in both Japan and abroad.

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	179,769	453,502
Notes and accounts receivable - trade, and contract assets	364,683	446,061
Lease receivables and investments in leases	17,824	17,125
Securities	10	10
Merchandise and finished goods	3,467	6,030
Work in process	12,083	15,653
Raw materials and supplies	67,135	135,769
Other current assets	258,610	145,882
Allowance for doubtful accounts	-3,714	-2,122
Total current assets	899,870	1,217,914
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	338,517	346,262
Machinery, equipment and vehicles, net	892,515	921,572
Tools, furniture and fixtures, net	14,484	10,714
Land	192,455	197,245
Leased assets, net	5,899	8,231
Construction in progress	125,501	98,878
Total property, plant and equipment	1,569,373	1,582,904
Intangible assets		
Goodwill	6,018	6,410
Other intangible assets	294,296	308,122
Total intangible assets	300,315	314,533
Investments and other assets		
Investment securities	236,303	278,497
Long-term loans receivable	48,653	56,550
Retirement benefit asset	5,864	8,809
Deferred tax assets	34,670	32,849
Other investments	94,223	93,649
Allowance for doubtful accounts	-1,647	-4,283
Total investments and other assets	418,068	466,073
Total non-current assets	2,287,757	2,363,511
Total assets	3,187,627	3,581,425

As of March 31, 2022

As of March 31, 2023

Liabilities		
Current liabilities		
Notes and accounts payable - trade	76,229	63,845
Short-term borrowings	6,385	6,674
Current portion of bonds payable	-	20,000
Current portion of long-term borrowings	48,972	59,973
Income taxes payable	33,830	118,636
Other current liabilities	386,573	337,028
Total current liabilities	551,990	606,158
Non-current liabilities		
Bonds payable	548,619	548,976
Long-term borrowings	568,725	607,262
Deferred tax liabilities	29,641	33,901
Retirement benefit liability	66,195	64,570
Provision for share awards for directors (and other officers)	84	183
Provision for gas holder repairs	3,427	3,444
Provision for safety measures	637	527
Provision for contract loss in regards to appliance warranties	2,620	5,176
Provision for point card certificates	531	654
Asset retirement obligations	27,692	27,559
Other noncurrent liabilities	106,310	93,709
Total non-current liabilities	1,354,486	1,385,965
Total liabilities	1,906,477	1,992,124
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	846	-
Retained earnings	1,076,184	1,310,908
Treasury shares	-3,524	-3,658
Total shareholders' equity	1,215,350	1,449,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,866	30,954
Deferred gains or losses on hedges	-11,904	-9,626
Foreign currency translation adjustment	32,545	86,226
Remeasurements of defined benefit plans	-3,076	1,754
Total accumulated other comprehensive income	36,430	109,309
Non-controlling interests	29,368	30,896
Total net assets	1,281,150	1,589,301
Total liabilities and net assets	3,187,627	3,581,425

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	2,154,860	3,289,634
Cost of sales	1,766,392	2,596,462
Gross profit	388,467	693,172
Selling, general and administrative expenses	260,941	271,695
Operating profit	127,525	421,477
Non-operating income		
Interest income	1,032	2,463
Dividend income	1,692	2,797
Share of profit of entities accounted for using equity method	3,725	-
Foreign exchange gains	14,550	5,089
Gain on derivatives	13,725	6,639
Miscellaneous income	14,673	11,510
Total non-operating income	49,399	28,500
Non-operating expenses		
Interest expenses	14,466	15,138
Loss on derivatives	11,864	10,308
Share of loss of entities accounted for using equity method	-	4,450
Miscellaneous expenses	14,113	11,233
Total non-operating expenses	40,444	41,130
Ordinary profit	136,481	408,846
Extraordinary income		
Gain on sale of non-current assets	2,226	-
Gain on sale of investment securities	4,118	3,795
Gain on sale of businesses	-	3,506
Total extraordinary income	6,344	7,301
Extraordinary losses		
Impairment losses	3,742	4,093
Loss on valuation of investment securities	2,468	2,420
Loss on valuation of long-term loans receivable	-	2,154
Total extraordinary losses	6,211	8,669
Profit before income taxes	136,614	407,479
Income taxes - current	32,951	122,208
Income taxes - deferred	6,429	3,748
Total income taxes	39,381	125,956
Profit	97,233	281,522
Profit attributable to non-controlling interests	1,530	605
Profit attributable to owners of parent	95,702	280,916

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	97,233	281,522
Other comprehensive income		
Valuation difference on available-for-sale securities	-4,178	12,063
Deferred gains or losses on hedges	-6,841	3,113
Foreign currency translation adjustment	25,006	51,756
Remeasurements of defined benefit plans, net of tax	-10,964	4,795
Share of other comprehensive income of entities accounted for using equity method	5,560	4,879
Total other comprehensive income	8,583	76,608
Comprehensive income	105,816	358,130
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	108,198	353,795
Comprehensive income attributable to non-controlling interests	-2,381	4,334

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	141,844	1,145	990,762	-3,907	1,129,845
Cumulative effects of changes in accounting policies			22,881		22,881
Restated balance	141,844	1,145	1,013,644	-3,907	1,152,727
Changes during period					
Dividends of surplus			-26,423		-26,423
Profit attributable to owners of parent			95,702		95,702
Purchase of treasury shares				-3,786	-3,786
Disposal of treasury shares			-100	564	463
Cancellation of treasury shares			-3,604	3,604	-
Increase in the number of consolidated subsidiaries			-3,033		-3,033
Change in ownership interest of parent due to transactions with non-controlling interests		-298			-298
Net changes in items other than shareholders' equity					-
Total changes during period	-	-298	62,539	382	62,623
Balance at end of period	141,844	846	1,076,184	-3,524	1,215,350

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	22,990	-11,240	4,322	7,895	23,968	24,457	1,178,271
Cumulative effects of changes in accounting policies							22,881
Restated balance	22,990	-11,240	4,322	7,895	23,968	24,457	1,201,152
Changes during period							
Dividends of surplus							-26,423
Profit attributable to owners of parent							95,702
Purchase of treasury shares							-3,786
Disposal of treasury shares							463
Cancellation of treasury shares							-
Increase in the							-3,033

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
number of consolidated subsidiaries							
Change in ownership interest of parent due to transactions with non-controlling interests							-298
Net changes in items other than shareholders' equity	-4,123	-664	28,222	-10,972	12,462	4,911	17,373
Total changes during period	-4,123	-664	28,222	-10,972	12,462	4,911	79,997
Balance at end of period	18,866	-11,904	32,545	-3,076	36,430	29,368	1,281,150

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	141,844	846	1,076,184	-3,524	1,215,350
Changes during period					
Dividends of surplus			-29,485		-29,485
Transfer from retained earnings to capital surplus		821	-821		-
Profit attributable to owners of parent			280,916		280,916
Purchase of treasury shares				-16,031	-16,031
Disposal of treasury shares				12	12
Cancellation of treasury shares			-15,885	15,885	-
Change in ownership interest of parent due to transactions with non-controlling interests		-1,668			-1,668
Net changes in items other than shareholders' equity					-
Total changes during period	-	-846	234,724	-134	233,743
Balance at end of period	141,844	-	1,310,908	-3,658	1,449,094

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	18,866	-11,904	32,545	-3,076	36,430	29,368	1,281,150
Changes during period							
Dividends of surplus							-29,485
Transfer from retained earnings to capital surplus							-
Profit attributable to owners of parent							280,916
Purchase of treasury shares							-16,031
Disposal of treasury shares							12
Cancellation of treasury shares							-
Change in ownership interest of parent due to transactions with non-controlling interests							-1,668
Net changes in items other than shareholders' equity	12,088	2,278	53,681	4,830	72,879	1,528	74,407

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Total changes during period	12,088	2,278	53,681	4,830	72,879	1,528	308,151
Balance at end of period	30,954	-9,626	86,226	1,754	109,309	30,896	1,589,301

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	136,614	407,479
Depreciation	196,810	205,076
Impairment losses	3,742	4,093
Amortization of long-term prepaid expenses	4,136	4,224
Loss on retirement of property, plant and equipment	2,574	1,658
Loss (gain) of derivatives	-15,362	10,904
Loss (gain) on sale of investment securities	-3,983	-3,347
Loss (gain) on valuation of investment securities	2,468	2,420
Loss on valuation of long-term loans receivable	-	2,154
Loss (gain) on sale of businesses	-	-3,506
Decrease (increase) in retirement benefit asset	-11,312	3,207
Increase (decrease) in provision for contract loss in regards to appliance warranties	2,620	2,556
Interest and dividend income	-2,724	-5,260
Interest expenses	14,466	15,138
Foreign exchange losses (gains)	-7,757	-1,910
Share of loss (profit) of entities accounted for using equity method	-3,725	4,450
Decrease (increase) in trade receivables	-147,505	-114,253
Decrease (increase) in inventories	-22,491	-78,491
Increase (decrease) in trade payables	10,132	7,107
Decrease (increase) in contract assets	2,305	-2,594
Increase (decrease) in contract liabilities	-12,587	6,541
Increase (decrease) in accrued consumption taxes	542	12,761
Decrease (increase) in accounts receivable - other	-57	-3,587
Decrease (increase) in prepaid expenses	-2,796	-1,789
Increase (decrease) in long term advances received	8,835	-2,223
Other, net	11,906	53,814
Subtotal	166,852	526,622
Interest and dividends received	9,068	14,915
Interest paid	-14,483	-14,069
Income taxes paid	-16,209	-40,437
Net cash provided by (used in) operating activities	145,227	487,030
Cash flows from investing activities		
Purchase of investment securities	-16,214	-28,011
Proceeds from sale and redemption of investment securities	8,841	13,574
Purchase of property, plant and equipment	-167,197	-150,647
Purchase of intangible assets	-29,777	-34,294
Purchase of long-term prepaid expenses	-6,584	-5,237
Proceeds from sale of non-current assets	6,334	5,769
Net decrease (increase) in short-term loans receivable	-399	-1,520
Long-term loan advances	-3,180	-10,922
Proceeds from collection of long-term loans receivable	2,158	6,642
Payments of guarantee deposits	-13,189	-8,128
Proceeds from refund of guarantee deposits	9,846	14,706
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-15,074	-1,303
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	263	2,718
Proceeds from sale of businesses	-	4,112

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Payment for settlement of contingent consideration	-	-3,914
Other, net	-482	-7,065
Net cash provided by (used in) investing activities	-224,656	-203,522

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	679	13,839
Net increase (decrease) in commercial papers	30,000	-30,000
Repayments of lease liabilities	-2,683	-2,928
Proceeds from long-term borrowings	165,014	97,366
Repayments of long-term borrowings	-123,252	-72,241
Proceeds from issuance of bonds	73,620	19,791
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-3,620	-1,867
Purchase of treasury shares	-3,326	-16,031
Dividends paid	-26,424	-29,474
Other, net	-19,515	-857
Net cash provided by (used in) financing activities	90,490	-22,403
Effect of exchange rate change on cash and cash equivalents	9,117	12,628
Net increase (decrease) in cash and cash equivalents	20,179	273,733
Cash and cash equivalents at beginning of period	157,811	179,699
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	1,708	-
Cash and cash equivalents at end of period	179,699	453,432

(5) Notes on consolidated financial statements

1) (Note on going concerns' premise)

Not applicable

2) (Additional information)

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

At its Compensation Committee held on June 29, 2021, the Company resolved to introduce a trust-type share-based Compensation Plan for its directors and corporate executive officers with the aim of providing incentives to improve the Company's corporate value over the medium to long term. The Company has also decided to introduce a similar share-based compensation plan for its executive officers (the two share-based compensation plans are hereinafter collectively referred to as the "Plan"; the directors, corporate executive officers and executive officers are hereinafter collectively referred to as the "Executives").

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

(1) Overview of transaction

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

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

(2) Company shares remaining in trust

The treasury stock remaining in trust are recorded as treasury stock under net assets based on book value in trust (excluding ancillary expenses). The book value and number of said treasury stock remaining, as of the end of the previous fiscal year, was valued at ¥460 million and totaled 223,800 shares and as of the end of the fiscal year under review were valued at ¥449 million and totaled 218,500 shares.

[Accounting estimate taking into account the state of affairs concerning Russia and the Ukraine]

The Company procures resources from Russia. However, given the current state of affairs surrounding Russia and the Ukraine, it is difficult to accurately forecast the impact this will have on the procurement of resources.

The Tokyo Gas Group is conducting various accounting estimates based on the assumption it continues to carry out procurement transactions with the two countries.

[Transfer of shares in our subsidiaries]

With respect to the transfer of shares in five of our Australian project holding companies to MidOcean Energy Holdings Pty Ltd, a subsidiary of US-based EIG Global Energy Partners, LLC, for which we made our timely disclosure on October 7, 2022 and noted in the quarterly financial report for the second quarter ended September 2022 as a significant event after the reporting period, the completion date was originally scheduled for March 2023. However, due to continued discussions amongst the relevant parties, this has now been postponed to a future date to be confirmed.

The contract price of this share transfer is 2.15 billion USD. However, the share transfer is subject to future approval by the Australian government and certain third parties as well as various other contractual conditions, which if not satisfied, may result in the sale of some or all of the projects not occurring, or even if completed, result in a difference between the contract price and the actual sale price. The net income generated by the target companies to be attributed to Tokyo Gas until completion of the share transfer, including for the financial year ending March 2023, will be deducted from the gain or loss on sale (the net income of the target companies for this consolidated financial year is approximately 300 million USD).

The impact of this transaction is not included in the consolidated results for the financial year ending March 2023 or the forecast for the financial year ending March 2024

3) (Change in accounting policies)

Change to revenue recognition standards for city gas sales

The sale of city gas involves contractual obligations to be delivered throughout a contract period. The performance obligation is fulfilled whenever delivery is made. The Company previously recognized revenue on the basis on the date of meter reading in accordance with the gas business accounting rules. On October 1, 2021, the transitional measure rate regulations were lifted. The Company carried out an absorption-type company split to transfer its gas pipeline business to Tokyo Gas Network Co., Ltd., a wholly-owned subsidiary that has been operating the Company's gas pipelines since April 1, 2022. Owing to this, the Company has ceased to be a general

gas pipeline service provider as set forth in the gas business accounting rules. Consequently, revenues associated with the sale of city gas from the fiscal year under review are recognized on the basis of delivery by reasonably estimating the performance obligation that is fulfilled at the end of the fiscal year.

This change in accounting policies is retroactively applied, with the change being applied to consolidated financial statements for the previous consolidated fiscal year retroactively.

Consequently, in comparison to the figures prior to the retroactive application of changes, net sales, gross profit, operating profit, ordinary profit and profit before income taxes increased ¥9,662 million, respectively. Notes and accounts receivable - trade, and contract assets on the consolidated balance sheets of the fiscal year ended March 31, 2022, increased ¥34,143 million, deferred tax assets decreased ¥9,560 million and retained earnings increased ¥24,584 million. In addition, the beginning balance of retained earnings for the fiscal year ended March 31, 2022, has increased by ¥17,626 million as the cumulative effects were reflected in the net assets at the beginning of the fiscal year ended March 31, 2022.

4) (Changes in presentation)

Change from presentation of consolidated financial statements based on “gas business accounting rules” to those based on the “Consolidated Financial Statements Ordinance”

As described in "(Change in accounting policies)," the Company ceased to be a general gas pipeline service provider as set forth in the gas business accounting rules as of April 1, 2022. As a result, the Company's consolidated financial statements, which had been prepared under the Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements ("Consolidated Financial Statements Ordinance") and the gas business accounting rules until the fiscal year ended March 31, 2022. Starting from the consolidated fiscal year under review, consolidated financial statements have been prepared under the Consolidated Financial Statements Ordinance. Details of the main changes are as follows:

1 Consolidated balance sheets

- (1) The fixed array method was employed in the previous consolidated fiscal years. The fluid array method has been employed from the fiscal year under review.
- (2) In previous fiscal years, property, plant and equipment were presented for each individual function. However, from the fiscal year under review, they are being presented by individual asset type.

To reflect this change in presentation method, the consolidated balance sheets for the previous consolidated fiscal year have been restated as follows.

(Million yen)			
Before restatement (March 31, 2022)		After restatement (March 31, 2022)	
Property, plant and equipment		Property, plant and equipment	
Production facilities	218,956	Buildings and structures, net	338,517
Distribution facilities	578,394	Machinery, equipment and vehicles, net	892,515
Service and maintenance facilities	15,417	Tools, furniture and fixtures, net	14,484
Other facilities	630,786	Land	192,455
Inactive facilities	316	Leased assets, net	5,899

2. Consolidated statements of income

- (1) In the previous consolidated fiscal year, cost items were presented under “Selling, general and administrative expenses pertaining to the supply of gas,” but from the consolidated fiscal year under review, cost items are being presented under “Selling, general and administrative expenses.”
- (2) In the previous consolidated fiscal year, expenses pertaining to the supply of gas were included in “Selling, general and administrative expenses pertaining to the supply of gas,” but from the consolidated fiscal year under review, they are being included and presented under “cost of sales.”
- (3) In the previous consolidated fiscal year, miscellaneous business costs incurred in association with the gas business and incidental costs were included in and presented under the “cost of sales.” From the consolidated fiscal year under review, depending on the nature of the expense, it is being included and presented under “cost of sales” or “selling, general and administrative expenses.”

To reflect this change in presentation method, the consolidated statements of income for the previous consolidated fiscal year have been restated as follows.

(Million yen)

Before restatement (From April 1, 2021, to March 31, 2022)		After restatement (From April 1, 2021, to March 31, 2022)	
Cost of sales	1,545,590	Cost of sales	1,766,392
Selling, general and administrative expenses	480,829	Selling, general and administrative expenses	260,941

Change in presentation of financial assets and financial liabilities due to recording of derivative transactions at fair value

The Tokyo Gas Group conventionally presented the total amount for financial assets and financial liabilities, based on the posting of derivative transactions at fair value to “other current assets,” “other current liabilities,” and “other investments,” and “other non-current liabilities,” in its consolidated balance sheets. Regarding financial assets and financial liabilities that fulfill requirements stipulated under the Practical Guidelines for Accounting for Financial Instruments (Accounting Practice Committee Statement No. 14), the Tokyo Gas Group is changing its method of presentation to more appropriately present the group’s financial position by offsetting the financial assets and liabilities. To reflect this change in presentation method, we are restating the consolidated financial statements for the previous consolidated fiscal year. The detailed changes are shown below.

(Million yen)

Before restatement (March 31, 2022)		After restatement (March 31, 2022)	
Assets		Assets	
Other current assets	305,814	Other current assets	258,610
Other investments	100,916	Other investments	94,223
Liabilities		Liabilities	
Other current liabilities	433,777	Other current liabilities	386,573
Other non-current liabilities	113,004	Other non-current liabilities	106,310

5) (Segment information, etc.)

1. Overview of reporting segments

The Group’s reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business results.

In November 2021, the Company formulated Compass Action, a detailed roadmap for achieving the Group’s management vision, Compass 2030, and on April 1, 2022, transitioned to a holding company structure to build a system that will embody this vision. In light of this, the Company has trimmed down the number of reporting segments to four, the “energy solution,” “network,” “overseas,” and “urban development” segments, starting in FY2022, in comparison with its previous five report segments, which were “gas,” “electric power,” “overseas,” “energy related,” and “real estate.”

That being said, the main business operations of each reporting segment is as follows.

“Energy solution”: Production and sales of city gas, LNG sales, trading, electricity, engineering solutions (engineering, energy services, etc.), etc.

“Network”: Transmission service of city gas, etc.

“Overseas”: Offshore resource development and investment, energy supply, etc.

“Urban development”: Real estate development and leasing, etc.

2. Calculation of net sales, profit and loss, and assets, etc.

Profit or loss of reporting segments is based on operating profit or loss plus or minus investment gain or loss on equity method.

Intersegment sales and transfers are attributable to transactions within group companies, and calculated based on market value.

As mentioned in the “Change in accounting policies,” the Company has changed its revenue recognition method for city gas sales to a delivery basis, starting from the consolidated financial statements for the consolidated fiscal year under review, and therefore the calculation of profit and loss for the reporting segment is being changed accordingly.

This change in accounting policy is retroactive. The consolidated financial statements for the previous consolidated fiscal year are stated to reflect changes to accounting policy retroactively. In comparison with conventional methods, “gas” sales and segment profit in the previous consolidated fiscal year increased ¥966.2 million, respectively.

3. Information related to net sales, profit and loss, and assets, etc. by reporting segment
Fiscal year ended March 31, 2022 (from Apr. 1, 2021 to Mar. 31, 2022)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement of income (Note 3)
	Gas	Electric power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	1,288,618	465,066	80,257	278,211	32,194	2,144,346	10,513	2,154,860	—	2,154,860
Intersegment sales & transfers	165,048	2,738	5,674	53,101	25,767	252,329	97,029	349,359	-349,359	—
Total	1,453,666	467,804	85,931	331,312	57,961	2,396,676	107,542	2,504,219	-349,359	2,154,860
Segment profit (loss)										
Operating profit (loss)	112,309	11,117	25,487	12,818	12,532	174,264	1,998	176,263	-48,737	127,525
Investment gain (loss) on equity method	—	—	2,765	—	934	3,699	25	3,725	—	3,725
Total	112,309	11,117	28,252	12,818	13,466	177,964	2,024	179,988	-48,737	131,251
Segment Assets	1,552,698	335,426	433,397	256,637	288,196	2,866,356	39,610	2,905,966	281,660	3,187,627
Others										
Depreciation expenses	143,168	8,853	19,742	13,080	12,570	197,415	3,410	200,826	-4,016	196,810
Increase in property, plant, equipment, and intangible assets	118,096	7,916	51,976	16,812	10,256	205,057	1,725	206,783	-7,449	199,334

Notes:

1. The “Others” segment indicates businesses not included in the reporting segments, including information processing service, shipping business, etc.
2. The “Adjustments” indicates as follows;
 - (1) The -¥48,737 million segment profit or loss adjustment includes -¥1,415 million in eliminations for intersegment transactions and -¥47,321 million of companywide expenses not allocated to the respective reporting segments. Companywide expenses are primarily, general and administrative expenses that are not assignable to a reporting segment.
 - (2) The ¥281,660 million segment assets adjustment includes ¥362,498 million of companywide assets not allocated to the respective reporting segments, and -¥80,837 million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets that are not assignable to a reporting segment.
3. Segment profit or loss is adjusted to reflect operating profit recorded in the consolidated statement of income which is adjusted by investment gain or loss on equity method.

Fiscal year ended March 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)

(Unit: million yen)

	Reporting segment				Total	Adjustments (Note 1)	Amount recorded on consolidated statement of income (Note 2)
	Energy solution	Network	Overseas	Urban development			
Net sales							
External sales	2,982,254	128,822	142,164	36,392	3,289,634	—	3,289,634
Intersegment sales & transfers	48,933	241,563	17,748	26,283	334,529	-334,529	—
Total	3,031,188	370,385	159,912	62,676	3,624,163	-334,529	3,289,634
Segment profit (loss)							
Operating profit (loss)	366,081	-339	73,046	14,392	453,180	-31,703	421,477
Investment gain (loss) on equity method	-99	—	-5,135	785	-4,450	—	-4,450
Total	365,981	-339	67,911	15,177	448,730	-31,703	417,027
Segment Assets	1,597,395	697,667	620,844	304,635	3,220,543	360,881	3,581,425
Others							
Depreciation expenses	67,232	102,531	24,504	12,441	206,709	-1,633	205,076
Increase in property, plant, equipment, and intangible assets	70,054	84,287	30,468	24,467	209,278	-1,282	207,996

Notes:

1. The “Adjustments” indicates as follows;

- (1) The -¥31,703 million segment profit or loss adjustment includes -¥2,733 million in eliminations for intersegment transactions and -¥28,969 million of companywide expenses not allocated to the respective reporting segments. Companywide expenses are primarily, general and administrative expenses in parent company that are not assignable to a reporting segment.
 - (2) The ¥360,881 million segment assets adjustment includes ¥411,141 million of companywide assets not allocated to the respective reporting segments, and -¥50,260 million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets in parent company that are not assignable to a reporting segment.
2. Segment profit or loss is adjusted to reflect operating profit recorded in the consolidated statement of income which is adjusted by investment gain or loss on equity method.

4. Matters related to changes to the reporting segments

In FY2022, the Company changed its reporting segments to the following four segments: “energy solution,” “network,” “overseas,” and “urban development.”

Then, given that sales and segment profits/losses in the previous consolidated fiscal year were not gathered based on the reporting segment classifications after changes were made, it is difficult for practical purposes to calculate sales and segment profits/losses based on this. Information related to sales and segment profits/losses for the consolidated fiscal year under review prior to segment changes are as follows.

Fiscal year ended March 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement of income (Note 3)
	Gas	Electric power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	1,919,794	848,894	142,164	328,957	36,392	3,276,204	13,430	3,289,634	—	3,289,634
Intersegment sales & transfers	311,121	7,555	17,779	36,202	26,287	398,946	93,842	492,789	-492,789	—
Total	2,230,915	856,450	159,944	365,159	62,680	3,675,150	107,273	3,782,423	-492,789	3,289,634
Segment profit (loss)										
Operating profit (loss)	294,218	51,107	75,231	16,032	14,654	451,245	11,695	462,940	-41,463	421,477
Investment gain (loss) on equity method	—	—	-5,135	—	785	-4,350	-99	-4,450	—	-4,450
Total	294,218	51,107	70,096	16,032	15,440	446,894	11,595	458,490	-41,463	417,027
Segment Assets	1,489,660	418,957	491,181	266,210	300,269	2,966,279	36,816	3,003,096	578,328	3,581,425
Others										
Depreciation expenses	143,703	11,291	24,504	14,627	12,441	206,568	2,565	209,134	-4,058	205,076
Increase in property, plant, equipment, and intangible assets	110,288	22,449	30,468	20,606	24,467	208,280	2,021	210,302	-2,306	207,996

Notes:

- The “Others” segment indicates businesses not included in the reporting segments, including information processing service, shipping business, etc.
- The “Adjustments” indicates as follows;
 - Segment profit or loss was adjusted -¥41,463 million. This includes eliminations for intersegment transactions of -¥2,084 million and companywide expense not allocated to a respective reporting segment of -¥39,378 million. Companywide expenses mainly consist of general expenses at the parent company that are not allocated to a respective reporting segment.
 - Segment assets were adjusted ¥578,328 million. This includes companywide assets not allocated to a respective reporting segment of ¥653,720 million and net eliminations of intersegment obligations of -¥75,391 million. Companywide assets mainly consist of financial assets at the parent company that are not allocated to a respective reporting segment.
- Segment profit or loss is adjusted to reflect operating profit recorded in the consolidated financial statements which is adjusted by investment gain or loss under the equity method.

6) (Per share information)

(Unit: yen)

	FY2021 (Apr. 2021– Mar. 2022)	FY2022 (Apr. 2022 – Mar. 2023)
Shareholders' equity per share	2,847.88	3,595.60
Profit per share	217.67	646.99

Notes:

1. Diluted profit per share is not disclosed as no latent shares exist.
2. As mentioned in (Changes to accounting policies), changes to accounting policies in the consolidated fiscal year under review have been applied retroactively. Regarding the previous consolidated fiscal year, we are calculating numerical figures after application of changes retroactively.
Consequently, in comparison to the figures prior to the retroactive application of changes, net assets per share for the previous consolidated fiscal year were ¥55.93 and the net profit per share increased ¥15.83.
3. Basis for calculation of profit per share is as follows.

	FY2021 (Apr. 2021– Mar. 2022)	FY2022 (Apr. 2022 – Mar. 2023)
Profit attributable to owners of parent (million yen)	95,702	280,916
Not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent with regard to the common shares (million yen)	95,702	280,916
Average number of common shares outstanding (thousand shares)	439,673	434,188

4. Basis for calculation of BPS is as follows.

	FY2021 (as of Mar. 31, 2022)	FY2022 (as of Mar. 31, 2023)
Shareholders' equity (million yen)	1,281,150	1,589,301
Deduction from shareholders' equity (million yen)	29,368	30,896
-Shares of minority shareholders (million yen)	29,368	30,896
Net shareholders' equity attributable to common shares (million yen)	1,251,781	1,558,404
Number of shares to calculate BPS (thousand shares)	439,548	433,420

5. We are introducing a Director Stock Ownership Plan from the previous consolidated fiscal year.
Shares held in a trust account are included in treasury stock that are excluded for calculating the average number of shares outstanding during a fiscal year in calculating net income per share and are included in treasury stock that are excluded from the number of issued shares at the end of the fiscal year when calculating net assets per share.
The number of excluded treasury stock from the average number of shares outstanding during a fiscal year for calculating the net income per share was 149,667 shares in the previous consolidated fiscal year and 219,467 shares in the consolidated fiscal year under review. The number of excluded treasury stock at the end of the fiscal year for calculating net assets per share was 223,800 shares for the previous consolidated fiscal year and 218,500 shares in the consolidated fiscal year under review.

7) (Material subsequent events)

[Acquisition of treasury shares]

At its Board of Directors meeting held on April 26, 2023, the Company resolved to acquire treasury stock in accordance with the provisions of Article 156 of the Companies Act applied with a replacement of the terms pursuant to the provisions of Article 165, paragraph 3 of the same act.

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

- Type of stock to be acquired: Tokyo Gas common stock
- Total number of shares to be acquired: 53 million (upper limit)
(Rate to number of shares outstanding 12.2%)
- Total value of shares to be acquired: ¥113 billion (upper limit)
- Term of acquisition: May 8, 2023– March 31, 2024

V. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	39,886	308,643
Notes receivable - trade	597	1,147
Accounts receivable - trade	323,935	391,305
Merchandise and finished goods	131	-
Work in process	6,412	10,799
Raw materials and supplies	59,008	110,205
Prepaid expenses	1,336	1,414
Other current assets	135,772	145,746
Allowance for doubtful accounts	-4,605	-1,473
Total current assets	562,474	967,788
Non-current assets		
Property, plant and equipment		
Buildings	24,150	14,677
Structures	68,167	43,403
Machinery and equipment	580,443	65,576
Tools, furniture and fixtures	8,185	5,626
Land	133,063	104,327
Construction in progress	18,465	6,029
Other fixed asset	6	2
Total property, plant and equipment	832,484	239,642
Intangible assets		
Software	120,743	96,471
Goodwill	1,021	887
Other intangible assets	12,249	8,248
Total intangible assets	134,015	105,607
Investments and other assets		
Investment securities	51,356	49,948
Shares of subsidiaries and associates	498,568	647,502
Long-term loans receivable	197,737	627,777
Deferred tax assets	14,794	25,724
Other investments	42,220	38,190
Allowance for doubtful accounts	-1,677	-6,101
Total investments and other assets	803,001	1,383,041
Total non-current assets	1,769,500	1,728,291
Total assets	2,331,975	2,696,080

As of March 31, 2022

As of March 31, 2023

Liabilities		
Current liabilities		
Accounts payable - trade	43,299	42,051
Short-term borrowings	138,157	208,059
Accounts payable - other	61,741	42,777
Accrued expenses	91,862	138,223
Income taxes payable	16,448	97,904
Contract liabilities	10,156	8,744
Advances received	6,505	10,933
Deposits received	10,374	11,233
Unearned revenue	948	1,100
Other current liabilities	92,100	94,870
Total current liabilities	471,596	655,898
Non-current liabilities		
Bonds payable	544,998	544,799
Long-term borrowings	397,778	425,202
Provision for retirement benefits	59,593	58,633
Provision for share awards for directors (and other officers)	84	183
Provision for gas holder repairs	2,978	-
Provision for safety measures	637	-
Provision for contract loss in regards to appliance warranties	2,620	5,176
Provision for point card certificates	531	603
Other noncurrent liabilities	14,623	13,819
Total non-current liabilities	1,023,845	1,048,417
Total liabilities	1,495,442	1,704,315
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus		
Legal capital surplus	2,065	2,065
Total capital surplus	2,065	2,065
Retained earnings		
Legal retained earnings	35,454	35,454
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	5,556	4,216
Reserve for overseas investment loss	1,017	210
Reserve for adjustment of cost fluctuations	141,000	141,000
General reserve	339,000	339,000
Retained earnings brought forward	160,374	316,839
Total retained earnings	682,402	836,720
Treasury shares	-3,524	-3,658
Total shareholders' equity	822,787	976,972
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	18,357	18,072
Deferred gains or losses on hedges	-4,612	-3,279
Total valuation and translation adjustments	13,745	14,792
Total net assets	836,532	991,764
Total liabilities and net assets	2,331,975	2,696,080

(2) Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	1,931,053	2,999,878
Cost of sales	1,662,673	2,508,130
Gross profit	268,380	491,747
Selling, general and administrative expenses	216,462	190,321
Operating profit	51,917	301,426
Non-operating income		
Interest and dividend income	8,745	15,167
Miscellaneous income	14,276	5,790
Total non-operating income	23,022	20,958
Non-operating expenses		
Interest expenses	3,488	3,295
Interest expenses on bonds	5,500	5,563
Foreign exchange losses	6,746	4,799
Miscellaneous expenses	11,221	5,104
Total non-operating expenses	26,956	18,763
Ordinary profit	47,983	303,621
Extraordinary income		
Gain on sale of investment securities	2,117	2,670
Total extraordinary income	2,117	2,670
Extraordinary losses		
Impairment losses	-	2,114
Loss on valuation of shares of subsidiaries and associates	-	11,953
Total extraordinary losses	-	14,068
Profit before income taxes	50,100	292,222
Income taxes - current	10,885	98,574
Income taxes - deferred	1,423	-11,523
Total income taxes	12,309	87,050
Profit	37,791	205,171