

**10-Year Consolidated Financial Highlights\*<sup>1</sup>**

	2011.3	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
Net Sales (¥ million)	1,535,242	1,754,257	1,915,639	2,112,117	2,292,548	1,884,656	1,587,085	1,777,344	1,962,308	1,925,235
Operating Profit (¥ million)	122,451	77,075	145,633	166,044	171,753	192,008	58,365	116,302	93,704	101,508
Operating Profit Margin (%)	7.98	4.39	7.60	7.86	7.49	10.19	3.68	6.54	4.78	5.27
Ordinary Profit (¥ million)	121,548	75,620	147,453	159,613	168,169	188,809	55,688	111,546	89,386	102,735
Profit attributable to owners of parent (¥ million)	95,467	46,060	101,678	108,451	95,828	111,936	53,134	74,987	84,555	43,382
Equity (¥ million)	858,920	839,166	927,634	1,011,787	1,069,515	1,100,271	1,101,498	1,136,027	1,159,055	1,147,836
Total Assets (¥ million)	1,829,661	1,863,885	1,992,403	2,176,816	2,257,662	2,251,518	2,230,269	2,334,316	2,428,149	2,537,724
Interest-bearing Debt (¥ million)	584,169	625,830	642,550	713,823	730,739	715,769	713,596	724,940	803,216	905,066
Operating Cash Flow (¥ million)	244,803	194,565	240,448	248,831	237,680	257,122	217,439	240,328	246,436	213,055
Free Cash Flow (¥ million)	94,600	48,152	56,651	827	13,084	25,089	14,081	31,583	22,655	(14,003)
EBITDA (¥ million)	271,788	225,580	284,403	306,424	313,605	337,194	222,670	281,643	255,585	271,181
Capital Expenditure (¥ million)	150,202	146,413	183,797	248,004	224,596	232,033	203,358	208,745	223,781	227,058
Depreciation (¥ million)* <sup>2</sup>	149,336	148,505	138,770	140,380	141,852	145,187	164,305	165,342	161,881	169,673
EPS (Earnings per Share) (¥)	35.63	17.70	39.52	43.10	39.15	46.68	23.02	164.12* <sup>3</sup>	187.60	98.07
BPS (Book Value per Share) (¥)	320.70	324.67	360.70	402.91	438.28	460.35	479.74	2,487.58* <sup>3</sup>	2,575.99	2,602.74
Number of Issued Shares (Common Stock) (thousands of shares)	2,684,193	2,590,715	2,577,919	2,517,551	2,446,778	2,396,778	2,302,856	458,073* <sup>3</sup>	451,356	442,436
Dividend per Share (¥)	9	9	10	10	10	11	11	55* <sup>3</sup>	60	60
DOE (Dividends on Equity) (%)	2.88	2.74	2.91	2.59	2.34	2.42	2.29	2.25	2.35	2.29
Payout Ratio (%)	25.26	50.85	25.30	23.20	25.55	23.57	47.79	33.51	31.98	61.18
Total Payout Ratio (%)	60.87	61.36	60.70	60.00	60.80	60.10	60.71	60.17	60.31	60.99

	2011.3	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	
Current Ratio (%)	142.26	156.89	162.16	156.67	150.63	155.48	142.69	135.59	156.01	152.10	
D/E (Debt-Equity) Ratio (times)	0.68	0.75	0.69	0.71	0.68	0.65	0.65	0.64	0.69	0.79	
Equity Ratio(%)	46.94	45.02	46.56	46.48	47.37	48.87	49.39	48.67	47.73	45.23	
ROE (Return on Equity) (%)	11.41	5.42	11.51	11.18	9.21	10.32	4.83	6.70	7.37	3.76	
ROA (Return on Assets) (%)	5.20	2.49	5.27	5.20	4.32	4.96	2.37	3.29	3.55	1.75	
Total Asset Turnover (times)	0.84	0.95	0.99	1.01	1.03	0.84	0.71	0.78	0.82	0.78	
TEP (¥100 million)	640	91	598	507	434	676	-62	244	68	207	
WACC (%)	3.3	3.1	3.2	3.2	3.6	3.4	3.0	3.1	3.0	2.7	
Number of city gas retail customers (thousand)	9,542.3	9,615.4	9,721.1	9,844.8	9,982.3	10,125.7	10,269.4	10,209.0	9,821.0	9,129.0	
Gas Sales Volume (million m <sup>3</sup> )	14,745	15,190	15,390	14,735	15,541	15,436	15,720	15,568	15,198	13,855	
	2020 Vision basis*4	-	15,833	16,741	17,225	18,360	18,587	19,053	19,052	18,397	17,666
Number of electricity retail customers (thousand)	-	-	-	-	-	-	667	1,130	1,774	2,363	
Electric power sales volume (billion kWh)	-	8.2	9.9	9.7	10.6	10.9	12.6	14.6	15.4	20.6	

Notes: \*1 The financial information contained in this integrated report is based on annual securities report. However, it has not been audited by Audit firms etc.

\*2 Depreciation includes amortization of long-term prepaid expenses.

\*3 The Company carried out a share consolidation at a ratio of 5 common shares to 1 on October 1, 2017.

The dividend per share of 55.0 yen is calculated on the post-consolidation basis (the interim dividend of 5.50 yen per share before the share consolidation and the year-end dividend of 27.50 yen per share after the share consolidation).

\*4 2020 Vision basis ... The figures represent baseline values for sales volume targets set forth in our management vision, Challenge 2020 Vision. They are obtained by adding volume for in-house use and LNG sales volume (excluding volume for Nijio) to consolidated gas sales volume.

#### Computations

Operating Cash Flow = Profit attributable to owners of parent + Amortization of Long-term Prepaid Expenses + Depreciation

Free Cash Flow = Profit attributable to owners of parent + Amortization of Long-term Prepaid Expenses + Depreciation - Capital Expenditure

Current Ratio = Current Assets (year-end) / Current Liabilities (year-end) x 100

Debt-Equity Ratio = Interest-bearing Debt (year-end) / Equity (year-end)

Equity Ratio = Equity (year-end) / Total Assets (year-end) x 100

Total Asset Turnover = Net Sales / Total Assets (average)

TEP (Tokyo Gas Economic Profit) = NOPAT - Cost of capital  
(invested capital x WACC)

WACC calculation data (fiscal 2019 actual)

· Interest-bearing debt cost: Real interest rate of 0.75% (after tax)

· Cost of shareholders' equity

· Risk-free rate: 10-year JGB yield of -0.096%

· Risk premium: 5.5%, Beta coefficient of 0.75

## Consolidated Balance Sheet

	(¥ million)	
	2019.3.31	2020.3.31
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	234,433	224,515
Distribution facilities	548,529	548,095
Service and maintenance facilities	49,586	48,492
Other facilities	447,608	475,093
Inactive facilities	316	316
Construction in progress	145,160	162,862
Total property, plant and equipment	1,425,634	1,459,377
Intangible assets		
Goodwill	1,306	16,269
Other intangible assets	119,052	137,814
Total intangible assets	120,359	154,084
Investments and other assets		
Investment securities	225,212	216,052
Long-term loans receivable	40,158	50,615
Retirement benefit asset	24	29
Deferred tax assets	42,425	49,132
Other investments	47,950	46,407
Allowance for doubtful accounts	(362)	(405)
Total investments and other assets	355,409	361,831
Total non-current assets	1,901,403	1,975,292
Current assets		
Cash and deposits	93,092	151,288
Notes and accounts receivable - trade	265,225	221,123
Lease receivables and investments in leases	19,647	20,363
Merchandise and finished goods	2,194	1,905
Work in process	12,730	11,868
Raw materials and supplies	63,735	64,703
Other current assets	71,306	91,748
Allowance for doubtful accounts	(1,186)	(570)
Total current assets	526,745	562,431
Total assets	2,428,149	2,537,724

	(¥ million)	
	2019.3.31	2020.3.31
<b>Liabilities</b>		
Non-current liabilities		
Bonds payable	334,998	404,998
Long-term loans payable	394,542	429,541
Deferred tax liabilities	17,517	18,531
Retirement benefit liability	75,262	71,976
Provision for gas holder repairs	2,990	3,122
Provision for safety measures	1,776	593
Provision for appliance warranties	14,057	12,985
Provision for point card certificates	1,450	1,000
Asset retirement obligations	11,940	14,424
Other non current liabilities	64,640	51,555
Total non-current liabilities	919,176	1,008,730
Current liabilities		
Current portion of non-current liabilities	51,566	54,428
Notes and accounts payable - trade	69,605	78,593
Short-term loans payable	5,133	6,507
Income taxes payable	31,283	29,708
Other current liabilities	180,037	200,527
Total current liabilities	337,626	369,765
Total liabilities	1,256,803	1,378,495
<b>Net assets</b>		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus	1,634	2,067
Retained earnings	976,550	967,808
Treasury shares	(4,111)	(3,875)
Total shareholders' equity	1,115,918	1,107,844
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,756	15,843
Deferred gains or losses on hedges	1,604	1,444
Foreign currency translation adjustment	24,770	22,412
Remeasurements of defined benefit plans	(5,994)	292
Total accumulated other comprehensive income	43,137	39,992
Non-controlling interests	12,289	11,391
Total net assets	1,171,345	1,159,228
Total liabilities and net assets	2,428,149	2,537,724

**Consolidated Statement of Income**

(¥ million)

	2018.4.1-2019.3.31	2019.4.1-2020.3.31
Net sales	1,962,308	1,925,235
Cost of sales	1,407,345	1,343,965
Gross profit	554,963	581,269
Selling, general and administrative expenses		
Supply and sales expenses	392,466	408,857
General and administrative expenses	68,791	70,903
Total selling, general and administrative expenses	461,258	479,761
Operating profit	93,704	101,508
Non-operating income		
Interest income	1,612	2,330
Dividend income	2,812	5,433
Share of profit of entities accounted for using equity method	2,794	5,211
Miscellaneous income	6,551	7,453
Total non-operating income	13,771	20,429
Non-operating expenses		
Interest expenses	11,091	11,412
Balance on commissioned construction	1,750	2,151
Miscellaneous expenses	5,247	5,637
Total non-operating expenses	18,089	19,202
Ordinary profit	89,386	102,735
Extraordinary income		
Gain on sales of non-current assets	29,306	-
Gain on sales of investment securities	6,420	-
Gain on settlement of contract	-	11,627
Total extraordinary income	35,727	11,627
Extraordinary losses		
Impairment loss	-	28,152
Loss on valuation of investment securities	7,865	18,643
Total extraordinary losses	7,865	46,796
Profit before income taxes	117,248	67,566
Income taxes - current	26,113	31,196
Income taxes - deferred	6,823	(7,197)
Total income taxes	32,936	23,999
Profit	84,311	43,567
Profit (loss) attributable to noncontrolling interests	(244)	184
Profit attributable to owners of parent	84,555	43,382

**Consolidated Statement of Comprehensive Income**

(¥ million)

	2018.4.1-2019.3.31	2019.4.1-2020.3.31
Profit	84,311	43,567
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,528)	(6,878)
Deferred gains or losses on hedges	221	(850)
Foreign currency translation adjustment	(6,735)	(1,916)
Remeasurements of defined benefit plans, net of tax	(2,073)	6,150
Share of other comprehensive income of entities accounted for using equity method	(78)	178
Total other comprehensive income	(16,193)	(3,316)
Comprehensive income	68,118	40,250
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	68,401	40,238
Comprehensive income attributable to non-controlling interests	(283)	12

## Consolidated Statement of Cash Flows

(¥ million)

	2018.4.1-2019.3.31	2019.4.1-2020.3.31
Cash flows from operating activities		
Profit before income taxes	117,248	67,566
Depreciation	157,574	165,410
Impairment loss	888	28,152
Gain on settlement of contract	–	(11,627)
Amortization of long-term prepaid expenses	4,306	4,263
Loss on retirement of property, plant and equipment	2,248	2,164
Loss (gain) on valuation of investment securities	7,865	18,643
Increase (decrease) in retirement benefit liability	1,039	5,206
Increase (decrease) in provision for safety measures	(1,338)	(1,182)
Increase (decrease) in provision for appliance warranties	4,073	(1,072)
Interest and dividend income	(4,425)	(7,763)
Interest expenses	11,091	11,412
Share of loss (profit) of entities accounted for using equity method	(2,794)	(5,211)
Decrease (increase) in notes and accounts receivable - trade	(46,191)	52,646
Decrease (increase) in inventories	(18,336)	172
Increase (decrease) in notes and accounts payable - trade	(5,321)	8,952
Increase (decrease) in accrued consumption taxes	(3,002)	7,979
Decrease (increase) in accounts receivable - other	(2,541)	(1,619)
Other, net	(53,083)	(9,541)
Subtotal	169,300	334,549
Interest and dividend income received	9,387	14,510
Interest expenses paid	(10,809)	(11,087)
Income taxes paid	(26,571)	(31,676)
Net cash provided by (used in) operating activities	141,306	306,296
Cash flows from investing activities		
Purchase of investment securities	(17,603)	(23,989)
Proceeds from sales and redemption of investment securities	12,082	1,916
Purchase of property, plant and equipment	(168,144)	(177,664)
Purchase of intangible assets	(39,491)	(41,908)
Purchase of long-term prepaid expenses	(8,561)	(2,183)
Payments of long-term loans receivable	(12,238)	(16,989)
Collection of long-term loans receivable	4,074	4,853
Payments of guarantee deposits	(788)	(2,709)
Proceeds from refund of guarantee deposits	88	1,855
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,054)	(17,908)
Other, net	28,174	3,930
Net cash provided by (used in) investing activities	(203,462)	(270,798)

(¥ million)

	2018.4.1-2019.3.31	2019.4.1-2020.3.31
Cash flows from financing activities		
Net increase (decrease) in commercial papers	10,000	(10,000)
Repayments of lease obligations	(1,613)	(2,646)
Proceeds from long-term loans payable	59,354	71,542
Repayments of long-term loans payable	(23,726)	(43,390)
Proceeds from issuance of bonds	70,000	90,000
Redemption of bonds	(40,000)	(30,000)
Purchase of treasury shares	(20,051)	(24,038)
Cash dividends paid	(24,936)	(27,839)
Other, net	(1,397)	(454)
Net cash provided by (used in) financing activities	27,628	23,171
Effect of exchange rate change on cash and cash equivalents	(710)	(489)
Net increase (decrease) in cash and cash equivalents	(35,238)	58,179
Cash and cash equivalents at beginning of period	128,271	93,032
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	6
Cash and cash equivalents at end of period	93,032	151,218

## Delayed Impact of Gas Rate Adjustment System

### Gas Rate Adjustment System's Medium- to Long-Term Neutralizing Effect on Crude Oil Price and Exchange Rate Formation

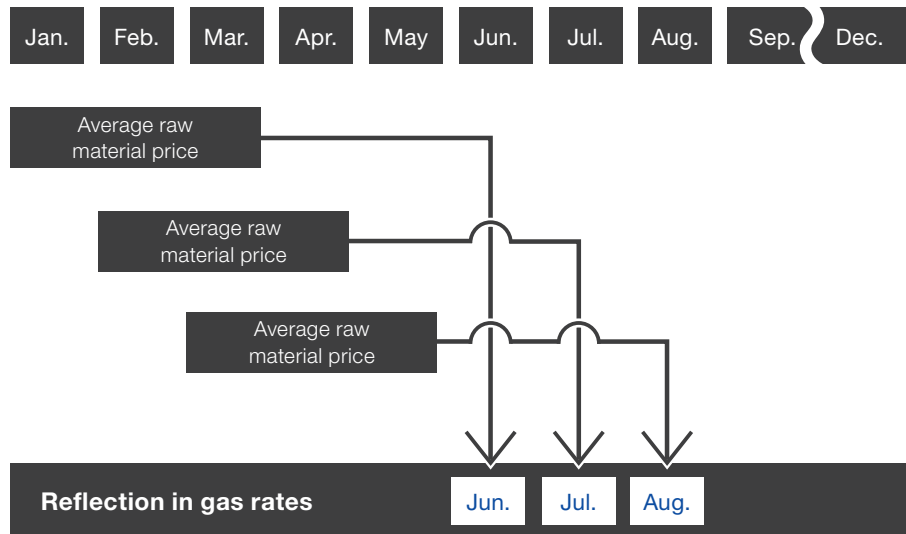
Gas prices are determined using the gas rate adjustment system. Through this system, average raw material prices over a three-month period according to trade statistics are compared with the raw material cost that is used as the standard (standard average raw material cost), and the gas rates are adjusted using a defined calculation method based on the differences. A time lag of four months on average (called a sliding time lag) exists between the payment of

raw material costs and the reflection of such changes in gas rates.

Consequently, fluctuations in crude oil prices and exchange rates may result in the under recovery or over recovery of raw material costs if this lag cuts across a fiscal year, thereby affecting income. Looking at the medium- to long-term, however, the gas rate adjustment system has a neutralizing effect on the income impacts of fluctuations in raw material costs.

#### Timing of the Standard Average Raw Material Cost Calculation and Reflection in Gas Rates

Timing of standard average raw material cost calculation



The average raw material price over the past three months is calculated every month and then reflected in the gas rate three months later.

#### How the Sliding Time Lag in Rates Works

