

Consolidated Financial Results Bulletin for the 2nd Quarter Ended September 30, 2020**(J-GAAP)****Tokyo Gas Co., Ltd.**

Securities code: 9531

(URL <https://www.tokyo-gas.co.jp/IR/english/>)

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Consolidated Settlements Sect.**Stock listings:**

Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: November 13, 2020

Scheduled date of the start of dividend payments: November 27, 2020

Preparation of 2Q earnings presentation material (yes/no): **Yes**Holding of 2Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for 2nd Quarter (from April 1, 2020 to September 30, 2020)

(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	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Six months ended Sep. 30, 2020	828,071	-9.1%	51,644	11.9%	49,760	2.9%	29,350	3.5%
Six months ended Sep. 30, 2019	910,481	9.4%	46,169	124.4%	48,347	145.4%	28,349	5.3%

Note: Total comprehensive income

Six months ended September 30, 2020: 22,952 million yen (4.8%) Six months ended September 30, 2019: 21,894 million yen (-9.6%)

	Profit per share	Diluted profit per share
Six months ended Sep. 30, 2020	66.55 yen	—
Six months ended Sep. 30, 2019	63.89 yen	—

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio
As of Sep. 30, 2020	2,746,284	1,183,973	42.1%
As of Mar. 31, 2020	2,537,724	1,159,228	45.2%

Reference: Shareholders' equity

As of September 30, 2020: 1,157,038 million yen As of March 31, 2020: 1,147,836 million yen

2. Dividend

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2019 ended Mar. 31, 2020	—	30.00	—	30.00	60.00
FY2020 ending Mar. 31, 2021	—	30.00			
FY2020 ending Mar. 31, 2021 (Forecast)			—	30.00	60.00

Note: Revision to the dividend forecast that has been disclosed lastly: *No*

3. Consolidated Results Forecast for FY2020 ending March 31, 2021 (April 1, 2020 - March 31, 2021)

(Unit: million yen)

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

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Profit per share
Full-year	1,774,000	-7.9%	87,000	-14.3%	80,000	-22.1%	56,000	29.1%	126.98 yen

Note: Revision to the consolidated results forecast that has been disclosed lastly: *Yes*

In the first-quarter Financial Results Bulletin released on July 29, 2020, we only disclosed operating profit forecasts, as it was difficult to reasonably quantify the impact of the global outbreak of the new coronavirus (COVID-19) on the Group's business.

In view of trends based on the accumulated performance data for the 2nd quarter consolidated cumulative period, we forecasts that the business performance will gradually recover toward the end of fiscal 2020, and as it has become possible to reasonably calculate all items including sales volume, net sales, operating expenses, and non-operating income or loss, we are disclosing them as described above.

*Notes

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

Newly included: 5 (Names) Castleton Resources LLC, CCI Oil and Gas II LLC,
Castleton Commodities Upstream II LLC, CCI East Texas Upstream LLC,
Castleton TVL LLC

Reference: Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 105 (Increased: 24, decreased: 1)

Number of equity method affiliates: 15 (Increased: 1, decreased: 1)

(2) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation (yes/no): *Yes*

Note: Please see page 8 of the Attachment, "2. Consolidated Financial Statements and Main Notes: (3) Notes on consolidated financial statements (Application of accounting treatment peculiar to quarterly consolidated financial statement preparation)" for details.

(3) 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: *No*

3) Change in accounting estimates: *No*

4) Retrospective restatements: *No*

(4) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Sep. 30, 2020	442,436,059	Mar. 31, 2020	442,436,059
2) Number of shares of treasury stock at end of period:	Sep. 30, 2020	1,429,243	Mar. 31, 2020	1,424,746
3) Average number of shares during period:	Apr. – Sep. 2020	441,009,114	Apr. – Sep. 2019	443,745,348

* 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. As the COVID-19 pandemic has not yet abated, consolidated and non-consolidated results forecasts include numerous elements of uncertainty. Therefore, the forecasts are subject to drastic changes depending on future developments, which we will reflect on the forecasts as needed. For details of the above forecasts, please refer to "1. Overview of Business Performance, etc. (2) Future outlook" on page 3 of the Attachment.

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

Non-Consolidated Results Forecast for FY2020 ending March 31, 2021 (April 1, 2020 - March 31, 2021)

(Unit: million yen)

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

	Net sales		Operating profit		Ordinary profit		Net income		Profit per share
		(% of change)		(% of change)		(% of change)		(% of change)	
Full-year	1,584,700	-11.4%	66,000	6.4%	65,000	-4.9%	52,000	-8.3%	117.91 yen

Note: Revision to the non-consolidated results forecast that has been disclosed lastly: *Yes*

In the first-quarter Financial Results Bulletin released on July 29, 2020, we had not determined non-consolidated results forecasts as it was difficult to reasonably quantify the impact of the global outbreak of COVID-19 on the Group's business. In view of trends based on the accumulated performance data for the 2nd quarter consolidated cumulative period, we forecasts that the business performance will gradually recover toward the end of fiscal 2020, and as it has become possible to reasonably calculate all items including sales volume, net sales, operating expenses, and non-operating income or loss, we are disclosing them as described above.

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1. Overview of Business Performance, etc.

(1) Overview of business performance of the 2nd quarter

<Summary by segment>

(Unit: million yen)

		Gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2020	544,060	195,558	19,164	154,163	22,930	52,428
	(% of total)	(55.1%)	(19.8%)	(1.9%)	(15.6%)	(2.3%)	(5.3%)
	FY2019	639,610	164,647	20,701	162,378	22,103	56,452
	(% of total)	(60.1%)	(15.4%)	(1.9%)	(15.2%)	(2.1%)	(5.3%)
	Amount of change	-95,550	30,911	-1,537	-8,215	827	-4,024
	(Rate of change)	-14.9%	18.8%	-7.4%	-5.1%	3.7%	-7.1%
Operating expenses	FY2020	496,184	182,405	16,695	148,454	19,149	50,881
	(% of total)	(54.3%)	(20.0%)	(1.8%)	(16.2%)	(2.1%)	(5.6%)
	FY2019	592,504	159,700	16,598	156,100	16,892	53,933
	(% of total)	(59.5%)	(16.0%)	(1.7%)	(15.7%)	(1.7%)	(5.4%)
	Amount of change	-96,320	22,705	97	-7,646	2,257	-3,052
	(Rate of change)	-16.3%	14.2%	0.6%	-4.9%	13.4%	-5.7%
Segment profit	FY2020	47,876	13,152	1,723	5,708	4,262	1,537
	(% of total)	(64.5%)	(17.7%)	(2.3%)	(7.7%)	(5.7%)	(2.1%)
	FY2019	47,105	4,947	7,024	6,277	5,545	2,525
	(% of total)	(64.2%)	(6.7%)	(9.6%)	(8.5%)	(7.6%)	(3.4%)
	Amount of change	771	8,205	-5,301	-569	-1,283	-988
	(Rate of change)	1.6%	165.9%	-75.5%	-9.1%	-23.1%	-39.1%

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 are adjusted against the amount based on operating profit of consolidated financial statements plus or minus investment income or loss on equity method.

< Consolidated City Gas Sales Volume, etc.>

		Apr. – Sep. 2020	Apr. – Sep. 2019	Change	% change	
No. of customers for city gas retail sales	Thousands	8,975	9,405	-430	-4.6	
No. of customers (meters)	Thousands	12,005	11,868	137	1.2	
City gas sales volume	Residential	Mil. m ³	1,242	1,238	4	0.3
	Commercial	Mil. m ³	1,059	1,241	-182	-14.7
	Industrial	Mil. m ³	2,469	3,346	-877	-26.2
	Subtotal	Mil. m ³	3,527	4,587	-1,060	-23.1
	Supplies to other utilities	Mil. m ³	800	882	-82	-9.3
	Total	Mil. m ³	5,569	6,707	-1,138	-17.0
Average temperature	°C	21.3	21.1	0.2	—	

Notes:

- No. of customers for city gas retail sales indicates the number of billed customers for city gas retail sales.
- No. of customers (meters) indicates the number of meters that includes inactive meters and meters for gas supply from other retail companies.
- “Commercial” indicates sales to commercial, public and medical institutions.
- City gas sales volumes are on the basis of 45MJ/m³.
- Average temperature is the average temperature during the period of use by each customer (from date of initial month’s meter reading to final month’s meter reading).

The aforementioned notes also apply to the relevant tables.

< Consolidated Electric Power Sales Volume, etc.>

			Apr. – Sep. 2020	Apr. – Sep. 2019	Change	% change
No. of customers for electric power retail sales	Thousands		2,522	2,052	470	22.9
Electric power sales volume	Retail	million kWh	4,885	3,806	1,079	28.4
	Wholesale etc.	million kWh	6,917	5,303	1,614	30.4
	Total	million kWh	11,801	9,109	2,692	29.6

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

<Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	Apr. – Sep. 2020	Apr. – Sep. 2019	Change	Crude oil price (\$/bbl)	Apr. – Sep. 2020	Apr. – Sep. 2019	Change
	106.93	108.60	-1.67		36.45	68.87	-32.42

(2) Future outlook

a. Consolidated city gas sales volume forecast for FY2020

			FY2020 (Forecast)	FY2019 (Results)	Change	% change
City gas sales volume	Residential	Mil. m ³	3,156	3,124	32	1.0
	Others	Mil. m ³	9,415	10,731	-1,316	-12.3
	Total	Mil. m ³	12,570	13,855	-1,285	-9.3
Average temperature		°C	16.1	16.7	-0.6	—

b. Consolidated electric power sales volume forecast for FY2020

			FY2020 (Forecast)	FY2019 (Results)	Change	% change
Total electric power sales volume	million kWh		24,146	20,604	3,542	17.2

c. Consolidated earnings forecast for FY2020

(Unit: hundred million yen)

	Net sales			Operating profit	Ordinary profit	Profit attributable to owners of parent
	Gas sales	Other sales				
FY2020 (forecast)	17,740	11,321	6,419	870	800	560
FY2019 (results)	19,252	13,554	5,698	1,015	1,027	433
Change	-1,512	-2,233	721	-145	-227	127
% change	-7.9%	-16.5%	12.7%	-14.3%	-22.1%	29.1%

Note: Internal sales between segments are adjusted in the “Other sales” column.

< Foreign exchange rate and crude oil price forecast for FY2020>

¥/\$ rate	FY2020 (Forecast)	FY2019 (Results)	Change	Crude oil price (\$/bbl)	FY2020 (Forecast)	FY2019 (Results)	Change
	108.46	108.71	-0.25		40.34	67.79	-27.45

2. Consolidated Financial Statements and Main Notes

(1) Consolidated balance sheets

(Million yen)

	As of March 31,2020	As of September 30,2020
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	224,515	218,109
Distribution facilities	548,095	532,889
Service and maintenance facilities	48,492	17,356
Other facilities	475,093	575,005
Inactive facilities	316	316
Construction in progress	162,862	138,693
Total property, plant and equipment	1,459,377	1,482,370
Intangible assets		
Goodwill	16,269	24,867
Other intangible assets	137,814	265,945
Total intangible assets	154,084	290,812
Investments and other assets		
Investment securities	216,052	203,645
Long-term loans receivable	50,615	55,795
Retirement benefit asset	29	29
Deferred tax assets	49,132	49,829
Other investments and other assets	46,407	63,395
Allowance for doubtful accounts	-405	-401
Total investments and other assets	361,831	372,295
Total non-current assets	1,975,292	2,145,478
Current assets		
Cash and deposits	151,288	193,536
Notes and accounts receivable - trade	221,123	202,635
Lease receivables and investments in leases	20,363	19,415
Merchandise and finished goods	1,905	2,420
Work in process	11,868	19,629
Raw materials and supplies	64,703	49,058
Other current assets	91,748	114,669
Allowance for doubtful accounts	-570	-558
Total current assets	562,431	600,805
Total assets	2,537,724	2,746,284

	As of March 31,2020	As of September 30,2020
Liabilities		
Non-current liabilities		
Bonds payable	404,998	464,998
Long-term borrowings	429,541	523,575
Deferred tax liabilities	18,531	24,119
Retirement benefit liability	71,976	71,459
Provision for gas holder repairs	3,122	3,173
Provision for safety measures	593	449
Provision for appliance warranties	12,985	12,158
Provision for point card certificates	1,000	1,365
Asset retirement obligations	14,424	19,406
Other noncurrent liabilities	51,555	75,746
Total non-current liabilities	1,008,730	1,196,451
Current liabilities		
Current portion of non-current liabilities	54,428	61,496
Notes and accounts payable - trade	78,593	61,843
Short-term borrowings	6,507	8,048
Income taxes payable	29,708	20,927
Other current liabilities	200,527	213,543
Total current liabilities	369,765	365,858
Total liabilities	1,378,495	1,562,310
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	2,067	2,067
Retained earnings	967,808	983,927
Treasury shares	-3,875	-3,886
Total shareholders' equity	1,107,844	1,123,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,843	19,340
Deferred gains or losses on hedges	1,444	-4,980
Foreign currency translation adjustment	22,412	18,841
Remeasurements of defined benefit plans	292	-115
Total accumulated other comprehensive income	39,992	33,085
Non-controlling interests	11,391	26,935
Total net assets	1,159,228	1,183,973
Total liabilities and net assets	2,537,724	2,746,284

(2) Consolidated statements of income and comprehensive income

(Consolidated Statements of Income :For the six months ended September 30, 2020)

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Net sales	910,481	828,071
Cost of sales	634,380	553,927
Gross profit	276,101	274,143
Selling, general and administrative expenses		
Supply and sales expenses	195,710	191,236
General and administrative expenses	34,221	31,263
Total selling, general and administrative expenses	229,932	222,499
Operating profit	46,169	51,644
Non-operating income		
Interest income	1,133	1,003
Dividend income	4,764	1,451
Share of profit of entities accounted for using equity method	3,264	-
Miscellaneous income	3,009	4,804
Total non-operating income	12,172	7,259
Non-operating expenses		
Interest expenses	5,660	5,451
Share of loss of entities accounted for using equity method	-	273
Miscellaneous expenses	4,333	3,418
Total non-operating expenses	9,993	9,143
Ordinary profit	48,347	49,760
Extraordinary income		
Gain on bargain purchase	-	2,966
Total extraordinary income	-	2,966
Extraordinary losses		
Impairment loss	7,668	6,464
Loss on valuation of investment securities	-	4,067
Total extraordinary losses	7,668	10,531
Profit before income taxes	40,678	42,195
Income taxes	11,953	12,488
Profit	28,725	29,706
Profit attributable to non-controlling interests	376	356
Profit attributable to owners of parent	28,349	29,350

(Consolidated Statements of Comprehensive Income :For the six months ended September 30, 2020)

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Profit	28,725	29,706
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,944	3,522
Deferred gains or losses on hedges	-776	-5,197
Foreign currency translation adjustment	-5,608	-2,386
Remeasurements of defined benefit plans, net of tax	2,738	-429
Share of other comprehensive income of entities accounted for using equity method	-1,239	-2,262
Total other comprehensive income	-6,830	-6,754
Comprehensive income	21,894	22,952
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,516	22,443
Comprehensive income attributable to non-controlling interests	378	509

(3) Notes on consolidated financial statements

(Note on going concerns' premise)

Not applicable

(Additional information)

Accounting estimates of the impact of COVID-19

During the six months ended September 30, 2020, the outbreak of COVID-19 affected the Group's performance in the form of reduced commercial demand for city gas, among others. Since it is impossible to foresee when the disease will abate at this moment, it is difficult to determine its impact on the Group.

In accounting, estimations are required to be based on certain hypotheses. The Group has made various accounting estimates with reference to forecast information by external research organizations available at the time of preparation of consolidated financial statements. It has done so under the hypothesis that net business performance will gradually recover by the end of FY2020, taking into consideration the impact of each business on the business performance up to the six months ended September 30, 2020.

(Significant changes in shareholders' equity)

Not applicable

(Application of accounting treatment peculiar to quarterly consolidated financial statement preparation)

Calculation of taxes

Taxes are calculated by multiplying profit before income taxes for the second-quarter period under review by the reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the profit before income taxes for the current consolidated fiscal year ending March 31, 2021 including the second quarter under review.