

**Consolidated Financial Results Bulletin for the Fiscal Year Ended March 31, 2021****(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, 2021  
 Scheduled date of the filing of securities report: June 29, 2021  
 Scheduled date of the start of dividend payments: June 30, 2021  
 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 FY2020 ended March 31, 2021 (from April 1, 2020 to March 31, 2021)**

(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	
FY2020 ended Mar. 31, 2021	1,765,146	-8.3%	77,675	-23.4%	70,500	-31.3%	49,505	14.3%
FY2019 ended Mar. 31, 2020	1,925,235	-1.9%	101,418	8.2%	102,645	14.8%	43,293	-48.8%

Note: Total comprehensive income

FY2020 ended March 31, 2021: 34,259 million yen (-14.7%)

FY2019 ended March 31, 2020: 40,161 million yen (-41.0%)

	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
FY2020 ended Mar. 31, 2021	112.26 yen	—	4.3%	2.7%	4.4%
FY2019 ended Mar. 31, 2020	97.86 yen	—	3.8%	4.1%	5.3%

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

FY2020 ended March 31, 2021: 1,482 million yen

FY2019 ended March 31, 2020: 5,211 million yen

Note: As provisional accounting treatments on business combinations were confirmed in the FY2020 ended March 31, 2021, the figures for FY2019 ended March 31, 2020 reflect the confirmed details of the provisional accounting treatments.

**(2) Consolidated Financial Position**

(Unit: million yen)

	Total assets	Total net assets	Equity ratio	Net assets per share
As of Mar. 31, 2021	2,738,348	1,178,271	42.1%	2,616.37 yen
As of Mar. 31, 2020	2,539,919	1,159,138	45.2%	2,602.53 yen

Reference: Shareholders' equity

As of March 31, 2021: 1,153,813 million yen

As of March 31, 2020: 1,147,747 million yen

Note: As provisional accounting treatments on business combinations were confirmed in the FY2020 ended March 31, 2021, the figures for FY2019 ended March 31, 2020 reflect the confirmed details of the provisional accounting treatments.

**(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
FY2020 ended Mar. 31, 2021	255,574	-295,911	52,009	157,811
FY2019 ended Mar. 31, 2020	306,296	-270,798	23,171	151,218

Note: As provisional accounting treatments on business combinations were confirmed in the FY2020 ended March 31, 2021, the figures for FY2019 ended March 31, 2020 reflect the confirmed details of the provisional accounting treatments.

## 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			
FY2019 ended Mar. 31, 2020	—	30.00	—	30.00	60.00	26,460	61.3%	2.3%
FY2020 ended Mar. 31, 2021	—	30.00	—	30.00	60.00	26,460	53.4%	2.3%
FY2021 ending Mar. 31, 2022 (Forecast)	—	30.00	—	30.00	60.00		—	

## 3. Consolidated Results Forecast for FY2021 ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(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	1,816,000	2.9%	87,000	12.0%	72,000	2.1%	52,000	5.0%	117.91 yen

### \*Notes

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

Newly included: 6 (Names) TG Natural Resources LLC, TGNR HoldCo LLC, TGNR RBLCo LLC, TGNR East Texas LLC, TGNR TVL LLC, Tokyo Gas United Kingdom Ltd.

Reference: Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 107 (Increased by 26 companies and decreased by 1 company)

Number of subsidiaries and affiliates accounted for by equity method: 15 (Increased by 2 companies and decreased by 2 companies)

(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: *No*

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, 2021	442,436,059	Mar. 31, 2020	442,436,059
2) Number of shares of treasury stock at end of period:	Mar. 31, 2021	1,437,924	Mar. 31, 2020	1,424,746
3) Average number of shares during period:	Apr. 2020–Mar. 2021	441,005,584	Apr. 2019–Mar. 2020	442,379,702

(Reference)

**1. Non-Consolidated Business Results for FY2020 ended March 31, 2021 (April 1, 2020 - March 31, 2021)**

(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	
FY2020 ended Mar. 31, 2021	1,612,911	-9.8%	47,069	-24.1%	46,764	-31.6%	42,516	-25.0%
FY2019 ended Mar. 31, 2020	1,787,975	1.1%	62,044	26.8%	68,342	8.6%	56,703	5.6%

	Profit per share	Diluted profit per share
FY2020 ended Mar. 31, 2021	96.41 yen	—
FY2019 ended Mar. 31, 2020	128.18 yen	—

(2) Non-Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio	Net assets per share
As of Mar. 31, 2021	2,110,568	805,000	38.1%	1,825.41 yen
As of Mar. 31, 2020	2,094,493	818,433	39.1%	1,855.81 yen

Reference: Shareholders' equity

As of March. 31, 2021: 805,000 million yen

As of March 31, 2020: 818,433 million yen

**2. Non-Consolidated Results Forecast for FY2021 ending March 31, 2022 (April 1, 2021 - March 31, 2022)**

(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	1,600,000	-0.8%	46,000	-2.3%	40,000	-14.5%	30,000	-29.4%	68.03 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. 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. 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.

## Contents of Attachment

<b>I. Overview of Business Performance, etc.</b> .....	<b>2</b>
(1) Overview of business performance and financial position of FY2020 .....	2
(2) Future outlook .....	6
<b>II. Group Companies</b> .....	<b>7</b>
<b>III. Basic Concept Regarding Selection of Accounting Standards</b> .....	<b>7</b>
<b>IV. Consolidated Financial Statements and Main Notes</b> .....	<b>8</b>
(1) Consolidated balance sheets .....	8
(2) Consolidated statements of income and comprehensive income .....	10
(Consolidated statement of income).....	10
(Consolidated statement of comprehensive income) .....	11
(3) Consolidated statements of changes in net assets .....	12
(4) Consolidated statements of cash flows .....	16
(5) Notes on consolidated financial statements .....	18
1) (Note on going concerns' premise) .....	18
2) (Additional information).....	18
3) (Segment information, etc.) .....	18
4) (Per share information).....	21
5) (Material subsequent events).....	22
<b>V. Non-Consolidated Financial Statements</b> .....	<b>24</b>
(1) Balance sheets .....	24
(2) Statements of income .....	26

## **I. Overview of Business Performance, etc.**

### **(1) Overview of business performance and financial position of FY2020**

#### **(Business performance of FY2020)**

During the fiscal year under review, the Japanese economy remained plagued by a decline in companies' capital expenditure and consumer spending as well as a worsening employment environment caused by a decrease in corporate earnings on the back of stagnant economic activities following the outbreak of the novel coronavirus (COVID-19). While there are signs of a mild recovery, the outlook of the economy remains unclear, with new waves of the spread of COVID-19 infections occurring intermittently.

Amid this economic climate, competition between energy operators in the energy industry as well as competition across industry borders have intensified due to the full deregulation of retail gas sales in April 2017 that followed the full deregulation of retail electric power sales in April 2016. The environment surrounding the energy business experienced major changes, including decarbonization becoming a global trend. Against this backdrop, we 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.

The outbreak of COVID-19 has affected the Company in many ways. In the city gas business, although there was a rise in residential demand as customers spent more time at home, there was a decline in commercial demand in the restaurant and hotel sectors as well as a decline in industrial demand for some of the power generation customers due to a decrease in operation. In the electric power business, the outbreak boosted retail demand as customers spent more time at home, while it pushed down wholesale demand. In the overseas business, there was a deterioration in earnings due in part to a drop of selling prices in the LNG business, etc. in Australia and North America on the back of a global decline of market prices. In the energy-related business, the COVID-19 outbreak caused a decline in sales volume of core gas equipment products such as TES and the Ene-Farm home fuel cell system and a decrease in installation work due to a drop in the number of new installations. In the real estate business, the room occupancy rates of the hotel business saw a significant decline.

In light of these economic conditions and changes in the business climate, consolidated net sales for the year under review totaled ¥1,765.1 billion, a drop of 8.3% year on year and operating expenses came to ¥1,687.4 billion, a decline of 7.5% year on year.

Extrapolating from this performance, operating profit was ¥77.6 billion, a decrease of 23.4% year on year, and ordinary profit totaled ¥70.5 billion, a drop of 31.3%. Profit attributable to owners of the parent came to ¥49.5 billion, a growth of 14.3% year on year. This reflected the posting of a ¥5.2 billion gain on sales of investment securities, a ¥3.1 billion gain on sales of non-current assets and a ¥2.0 billion gain on bargain purchase as extraordinary income, a ¥10.2 billion impairment loss on the overseas upstream business, etc. and a ¥4.4 billion loss on valuation of investment securities as extraordinary losses, and income taxes.

#### **<Segment summary>**

##### **1) Gas**

The sales volume of the city gas business, which is the main business of the gas segment, was 12,990 million m<sup>3</sup> in the fiscal year under review, a decrease of 6.2% year on year. Breaking this down, residential demand was 3,207 million m<sup>3</sup>, an increase of 2.7%, primarily due to a rise in demand as customers spent more time at home, despite a drop in the number of customers.

Commercial demand was 2,261 million m<sup>3</sup>, a decline of 9.4%, as customers in sectors such as restaurants and hotels shortened business hours or voluntarily suspended business due to the COVID-19 outbreak.

Industrial demand was 5,787 million m<sup>3</sup>, a decline of 9.5%, mainly due to a decrease in sales volume to users dedicated to power generation.

Supply to other utilities was 1,735 million m<sup>3</sup>, a fall of 5.6%, primarily due to a drop in customer demand.

Gas sales came to ¥1,146.7 billion, a decrease of ¥208.7 billion or 15.4% year on year, owing mainly to a decline in city gas sales volume as well as a drop in gas unit price reflecting resource cost adjustments.

As a result of a drop in gas sales volume and a decrease in city gas resource costs due to a declining trend in crude oil prices compared to the previous fiscal year, the overall operating expenses decreased ¥194.6 billion or 15.5%.

Consequently, segment profit totaled ¥88.4 billion, a decrease of ¥14.0 billion or 13.6% year on year.

<Consolidated City Gas Sales Volume for FY2020 Ended March 31, 2021>

			FY2020	FY2019	Change	% change
No. of customers for city gas retail sales	Thousands		8,863	9,129	-266	-2.9
No. of customers (meters)	Thousands		12,083	11,954	129	1.1
City gas sales volume	Residential	Mil. m <sup>3</sup>	3,207	3,124	83	2.7
	Commercial	Mil. m <sup>3</sup>	2,261	2,497	-236	-9.4
	Industrial	Mil. m <sup>3</sup>	5,787	6,397	-610	-9.5
	Subtotal	Mil. m <sup>3</sup>	8,049	8,894	-845	-9.5
	Supplies to other utilities	Mil. m <sup>3</sup>	1,735	1,837	-102	-5.6
Total	Mil. m <sup>3</sup>		12,990	13,855	-865	-6.2
Average temperature	°C		16.5	16.7	-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/m<sup>3</sup>.
- 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.

<Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	FY2020	FY2019	Change	Crude oil price (\$/bbl)	FY2020	FY2019	Change
	106.10	108.71	-2.61		43.35	67.76	-24.41

2) Electric power

Sales totaled ¥395.9 billion, an increase of ¥37.3 billion or 10.4% year on year. Operating expenses rose ¥38.7 billion or 11.1%.

Reflecting this, segment profit totaled ¥8.6 billion, an decrease of ¥1.4 billion or 13.5% year on year.

<Consolidated Electric Power Sales Volume for FY2020 Ended March 31, 2021>

			FY2020	FY2019	Change	% change
No. of customers for city gas retail sales	Thousands		2,717	2,350	367	15.6
Electric power sales volume	Retail	million kWh	10,482	8,522	1,960	23.0
	Wholesale etc.	million kWh	14,279	12,082	2,197	18.2
	Total	million kWh	24,761	20,604	4,157	20.2

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

3) Overseas

Sales totaled ¥45.9 billion, an increase of ¥2.0 billion or 4.4% year on year. Operating expenses rose ¥7.2 billion or 20.2%.

Accordingly, segment profit was ¥3.8 billion, a decline of ¥9.4 billion or 70.6% year on year, as a result of a decrease in equity-method investment gains.

A gain on bargain purchase of 1.9 billion yen has been posted as extraordinary income related to the overseas upstream business, and an impairment loss of 9.4 billion yen and a loss on valuation of investment securities of 4.4 billion yen has been posted as extraordinary losses.

4) Energy-related

Sales totaled ¥339.4 billion, a decrease of ¥12.5 billion or 3.5% year on year. Operating expenses declined ¥12.5 billion or 3.7%.

Reflecting this, segment profit was ¥17.0 billion, roughly the same as the previous fiscal year.

5) Real estate

Sales totaled ¥48.4 billion, an increase of ¥3.9 billion or 8.7% year on year. Operating expenses rose ¥6.5 billion or 18.3%.

Reflecting this, segment profit was ¥7.5 billion, a decline of ¥2.1 billion or 22.2% year on year, despite an increase in equity-method investment gains.

6) Others

Sales totaled ¥110.4 billion, a decrease of ¥12.8 billion or 10.4% year on year. Operating expenses decreased ¥10.8 billion or 9.2%.

Reflecting this, segment profit was ¥3.8 billion, a decline of ¥1.9 billion or 34.0% year on year, owing to a decrease in equity-method investment gains.

<Summary by segment>

(Unit: hundred million yen)

		Gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2020	11,467	3,959	459	3,394	484	1,104
	(% of total)	(54.9%)	(19.0%)	(2.2%)	(16.3%)	(2.3%)	(5.3%)
	FY2019	13,554	3,586	439	3,519	445	1,232
	(% of total)	(59.5%)	(15.7%)	(1.9%)	(15.5%)	(2.0%)	(5.4%)
	Amount of change	-2,087	373	20	-125	39	-128
	(Rate of change)	-15.4%	10.4%	4.4%	-3.5%	8.7%	-10.4%
Operating expenses	FY2020	10,583	3,872	425	3,224	418	1,066
	(% of total)	(54.0%)	(19.8%)	(2.2%)	(16.5%)	(2.1%)	(5.4%)
	FY2019	12,529	3,485	353	3,349	353	1,174
	(% of total)	(58.9%)	(16.4%)	(1.7%)	(15.8%)	(1.7%)	(5.5%)
	Amount of change	-1,946	387	72	-125	65	-108
	(Rate of change)	-15.5%	11.1%	20.2%	-3.7%	18.3%	-9.2%
Segment profit	FY2020	884	86	38	170	75	38
	(% of total)	(68.4%)	(6.7%)	(3.0%)	(13.2%)	(5.8%)	(2.9%)
	FY2019	1,024	100	132	169	96	57
	(% of total)	(64.8%)	(6.4%)	(8.4%)	(10.7%)	(6.1%)	(3.6%)
	Amount of change	-140	-14	-94	1	-21	-19
	(Rate of change)	-13.6%	-13.5%	-70.6%	0.3%	-22.2%	-34.0%

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 adjust against the amount based on operating profit in the consolidated financial statements plus or minus equity-method investment gains or losses.

## (Financial position in FY2020)

### 1) Situation of assets, debt and net assets

Assets as of March 31, 2021 totaled ¥2,738.3 billion, an increase of ¥198.4 billion versus March 31, 2020, primarily attributable to an increase in other intangible assets (¥136.3 billion) due in part to TG Natural Resources becoming a consolidated subsidiary from its previous status as an affiliate accounted for by equity method and an increase in the outstanding balances for other facilities (¥89.2 billion).

Liabilities stood at ¥1,560.0 billion, an increase of ¥179.2 billion. This was primarily attributable to an increase in the outstanding balance for interest-bearing debt (¥160.9 billion) due to an increase in corporate bonds and an increase in the outstanding balance for long-term loans payable partly as TG Natural Resources LLC became a consolidated subsidiary.

Net assets totaled ¥1,178.2 billion, a rise of ¥19.1 billion. Although net assets were negatively impacted by factors including the distribution of capital surplus (¥26.4 billion), there was an overall increase attributable to a rise in shareholders' equity mainly thanks to the posting of profit attributable to the owners of the parent (¥49.5 billion) and an increase in non-controlling interests (¥13.0 billion) partly as TG Natural Resources LLC became a consolidated subsidiary.

In contrast with the growth rate of shareholders' equity, the growth rate of net worth (equity capital) (total shareholders' equity + accumulated other comprehensive income) was smaller. As a result, the shareholders' equity ratio was 42.1% on March 31, 2021, down 3.1 points from March 31, 2020.

### <Capital expenditure>

(Unit: hundred million yen)

		FY2020	FY2019	Change	% change
Tokyo Gas	Production facilities	111	101	10	9.3
	Supply facilities	959	1,057	-98	-9.3
	Operational facilities, etc.	383	482	-99	-20.5
	Total	1,454	1,642	-188	-11.4
Consolidated subsidiaries		1,043	677	366	54.1
Adjustments		-33	-48	15	—
Total		2,464	2,270	194	8.5

### 2) Situation of cash flow

(Unit: hundred million yen)

	FY2020	FY2019	Change
Cash flow from operating activities	2,555	3,062	-507
Cash flow from investing activities	-2,959	-2,707	-252
Cash flow from financing activities	520	231	289
Effect of exchange rate change on cash and cash equivalents	-50	-4	-46
Net increase (decrease) in cash and cash equivalents	65	581	-516
Cash and cash equivalents at beginning of year	1,512	930	582
Cash and cash equivalents at end of year	1,578	1,512	66

#### a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities totaled ¥255.5 billion. This was primarily attributable to the posting of income before income taxes (¥66.1 billion) and depreciation and amortization (¥176.0 billion), despite income taxes paid (¥32.4 billion) and interest paid (¥12.6 billion).

#### b) Cash flow from investing activities

Cash and cash equivalents used in investing activities totaled ¥295.9 billion. Although there were proceeds from the sale and redemption of investment securities (¥16.5 billion), there was a cash outflow due to the purchase of property, plant and equipment (¥172.6 billion) and the purchase of intangible assets (¥35.7 billion) associated with capital expenditures, the purchase of investment securities (¥37.4 billion), the purchase of subsidiary shares that accompany changes in the scope of consolidation owing in part to Ichihara Yawatafuto Biomass Power GK and Fushiki Manyofuto Biomass Power GK becoming consolidated subsidiaries (¥32.5 billion), and to the transfer of business (¥25.2 billion).

#### c) Cash flow from financing activities

Cash and cash equivalents obtained as a result of financing activities totaled ¥52.0 billion. Although there were expenditures due to repayment of long-term loans payable (¥35.9 billion), dividends payable (¥26.4 billion), and bond redemption (¥20.0 billion), cash and cash equivalents rose owing to proceeds from the issuance of bonds (¥90.0 billion) and long-term loans payable (¥51.0 billion).

## (2) Future outlook

For FY2021, we forecast city gas sales volume of 12,054 million m<sup>3</sup>, a decline of 7.2% year on year. Although we estimate a recovery from the drop in commercial demand in the restaurant and hotel sectors, among others, we project a decline in industrial and residential demand owing to a drop in demand from power generation customers, etc., and a dying out of the effect of customers spending more time at home, respectively. Despite an expected increase in gas unit price in tandem with resource cost adjustments, we expect city gas sales to fall ¥2.7 billion or 0.2% to ¥1,144.0 billion, owing in part to a decline in city gas sales volume. Meanwhile, we estimate a rise in operating expense, mainly reflecting higher resource costs, owing mainly to the impact from a rise in crude oil prices. In light of this, we expect profit levels to decline. Electricity sales volume is likely to grow underpinned by an increase in the number of retail sales transactions, etc. In light of this, we expect profit levels to improve.

Taking these factors into account, we project consolidated net sales of ¥1,816.0 billion, a growth of ¥50.9 billion or 2.9% year on year, operating profit of ¥87.0 billion, an increase of ¥9.4 billion or 12.0%, ordinary profit of ¥72.0 billion, a rise of ¥1.5 billion or 2.1%, and profit attributable to owners of the parent of ¥52.0 billion, an expansion of ¥2.5 billion or 5.0%.

The economic frame assumed for FY2021 is ¥105.00/\$ for foreign exchange rate for the full-year, and \$55.00/bbl for the full-year for crude oil price.

### a. Consolidated city gas sales volume forecast for FY2021

			FY2021 (Forecast)	FY2020 (Results)	Change	% change
City gas sales volume	Residential	Mil. m <sup>3</sup>	3,129	3,207	-78	-2.4
	Others	Mil. m <sup>3</sup>	8,925	9,783	-858	-8.8
	Total	Mil. m <sup>3</sup>	12,054	12,990	-936	-7.2
Average temperature		°C	16.10	16.50	-0.40	—

### b. Consolidated electric power sales volume forecast for FY2021

		FY2021 (Forecast)	FY2020 (Results)	Change	% change
Total electric power sales volume	million kWh	26,640	24,761	1,879	7.6

### c. Consolidated earnings forecast for FY2021

(Unit: hundred million yen)

	Net sales			Operating profit	Ordinary profit	Profit attributable to owners of parent
	Gas sales	Other sales				
FY2021 (forecast)	18,160	11,440	6,720	870	720	520
FY2020 (results)	17,651	11,467	6,183	776	705	495
Change	509	-27	537	94	15	25
% change	2.9%	-0.2%	8.7%	12.0%	2.1%	5.0%

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

### < Foreign exchange rate and crude oil price forecast for FY2021 >

¥/\$ rate	FY2021 (Forecast)	FY2020 (Results)	Change	Crude oil price (\$/bbl)	FY2021 (Forecast)	FY2020 (Results)	Change
	105.00	106.10	-1.10		55.00	43.35	11.65

## **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: 26 companies

TGES Sumaene service Co., Ltd. (due to an increase in significance), TG Global Trading Co., Ltd., TB Bio Energy Co., Ltd., Ichihara Yawatafuto Biomass Power GK, Fushiki Manyofuto Biomass Power GK, TG Aktina Holdings LLC, TG Aktina Holdings 2 LLC, Ramsey Energy Holdings LLC, Hecate Energy Ramsey LLC, TG Aktina LLC, TG Aktina BR Finance LLC, TG Aktina Energy LLC, TG Aktina TE Finance LLC, TG Natural Resources LLC, Sabine Valley Pipeline LLC, Sabine Valley Holdings LLC, TGNR Management Services LLC, TGNR Management Holdings LLC, TGNR HoldCo LLC, TGNR Gulf Coast LLC, TGNR East Texas LLC, TGNR TVL LLC, TGNR NLA LLC, TGNR RBLCo LLC, Tokyo Gas United Kingdom Ltd., PT TOKYO GAS INDONESIA (all have been newly added to the scope of consolidation)

- Excluded: 1 company

Tokyo Gas Modeling Co., Ltd. (absorption-type merger)

#### **2) Application of equity method**

- Included in the equity method: 2 companies

PT Energy Mina Abadi, PT SUPER ENERGY Tbk. (new application)

- Excluded from the equity method: 2 companies

Castleton Resources LLC (became a consolidated subsidiary from its previous status as an affiliate accounted for by equity method and was renamed TG Natural Resources LLC), TTK Power, LLC (liquidation)

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 26, 2020]

## **III. Basic Concept Regarding Selection of Accounting Standards**

The Tokyo Gas Group is considering application of IFRS in the future, taking into account the business circumstance and influence by the application of IFRS.

# IV Consolidated Financial Statements

## Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of March 31,2021
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	224,515	231,177
Distribution facilities	548,095	594,662
Service and maintenance facilities	48,492	15,992
Other facilities	475,249	564,495
Inactive facilities	316	316
Construction in progress	162,862	89,283
Total property, plant and equipment	1,459,532	1,495,927
Intangible assets		
Goodwill	2,056	5,320
Other intangible assets	154,066	290,316
Total intangible assets	156,123	295,637
Investments and other assets		
Investment securities	216,052	230,782
Long-term loans receivable	50,615	57,279
Retirement benefit asset	29	114
Deferred tax assets	49,132	47,368
Other investments	46,407	60,814
Allowance for doubtful accounts	-405	-301
Total investments and other assets	361,831	396,057
Total non-current assets	1,977,487	2,187,623
Current assets		
Cash and deposits	151,288	157,881
Notes and accounts receivable - trade	221,123	218,985
Lease receivables and investments in leases	20,363	19,618
Securities	-	1,210
Merchandise and finished goods	1,905	1,980
Work in process	11,868	11,595
Raw materials and supplies	64,703	46,464
Other current assets	91,748	93,848
Allowance for doubtful accounts	-570	-857
Total current assets	562,431	550,725
Total assets	2,539,919	2,738,348

	As of March 31,2020	As of March 31,2021
<b>Liabilities</b>		
Non-current liabilities		
Bonds payable	404,998	474,998
Long-term borrowings	429,541	458,881
Deferred tax liabilities	18,531	24,269
Retirement benefit liability	71,976	58,416
Provision for gas holder repairs	3,122	3,172
Provision for safety measures	593	349
Provision for appliance warranties	12,985	10,843
Provision for point card certificates	1,000	1,635
Asset retirement obligations	14,424	23,313
Other noncurrent liabilities	53,501	89,188
Total non-current liabilities	1,010,676	1,145,067
Current liabilities		
Current portion of non-current liabilities	54,428	108,704
Notes and accounts payable - trade	78,593	84,265
Short-term borrowings	6,507	5,706
Income taxes payable	29,708	11,710
Other current liabilities	200,865	204,623
Total current liabilities	370,104	415,010
Total liabilities	1,380,780	1,560,077
<b>Net assets</b>		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	2,067	1,145
Retained earnings	967,718	990,762
Treasury shares	-3,875	-3,907
Total shareholders' equity	1,107,754	1,129,845
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,843	22,990
Deferred gains or losses on hedges	1,444	-11,240
Foreign currency translation adjustment	22,412	4,322
Remeasurements of defined benefit plans	292	7,895
Total accumulated other comprehensive income	39,992	23,968
Non-controlling interests	11,391	24,457
Total net assets	1,159,138	1,178,271
<b>Total liabilities and net assets</b>	<b>2,539,919</b>	<b>2,738,348</b>

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Net sales	1,925,235	1,765,146
Cost of sales	1,344,171	1,212,624
Gross profit	581,064	552,522
Selling, general and administrative expenses		
Supply and sales expenses	408,730	410,167
General and administrative expenses	70,915	64,679
Total selling, general and administrative expenses	479,645	474,846
Operating profit	101,418	77,675
Non-operating income		
Interest income	2,330	1,586
Dividend income	5,433	2,398
Share of profit of entities accounted for using equity method	5,211	1,482
Gain on derivatives	100	7,979
Miscellaneous income	7,352	7,757
Total non-operating income	20,429	21,204
Non-operating expenses		
Interest expenses	11,412	12,629
Loss on derivatives	1,174	9,373
Miscellaneous expenses	6,614	6,376
Total non-operating expenses	19,202	28,379
Ordinary profit	102,645	70,500
Extraordinary income		
Gain on sale of non-current assets	-	3,114
Gain on sale of investment securities	-	5,283
Gain on bargain purchase	-	2,008
Gain on settlement of contract	11,627	-
Total extraordinary income	11,627	10,406
Extraordinary losses		
Impairment losses	28,152	10,255
Loss on valuation of investment securities	18,643	4,466
Total extraordinary losses	46,796	14,722
Profit before income taxes	67,476	66,184
Income taxes - current	31,196	16,887
Income taxes - deferred	-7,197	-1,175
Total income taxes	23,999	15,712
Profit	43,477	50,471
Profit attributable to non-controlling interests	184	966
Profit attributable to owners of parent	43,293	49,505

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Profit	43,477	50,471
Other comprehensive income		
Valuation difference on available-for-sale securities	-6,878	7,178
Deferred gains or losses on hedges	-850	-10,014
Foreign currency translation adjustment	-1,916	-14,869
Remeasurements of defined benefit plans, net of tax	6,150	7,751
Share of other comprehensive income of entities accounted for using equity method	178	-6,259
Total other comprehensive income	-3,316	-16,212
Comprehensive income	40,161	34,259
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	40,148	33,480
Comprehensive income attributable to non-controlling interests	12	778

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2020

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	141,844	1,634	976,550	-4,111	1,115,918
Cumulative effects of changes in accounting policies			6		6
Restated balance	141,844	1,634	976,556	-4,111	1,115,925
Changes during period					
Dividends of surplus			-27,853		-27,853
Profit attributable to owners of parent			43,293		43,293
Purchase of treasury shares				-24,038	-24,038
Disposal of treasury shares				1	1
Cancellation of treasury shares			-24,272	24,272	-
Increase in the number of consolidated subsidiaries			-5		-5
Change in ownership interest of parent due to transactions with non-controlling interests		432			432
Net changes in items other than shareholders' equity					
Total changes during period	-	432	-8,838	235	-8,170
Balance at end of period	141,844	2,067	967,718	-3,875	1,107,754

	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	22,756	1,604	24,770	-5,994	43,137	12,289	1,171,345
Cumulative effects of changes in accounting policies							6
Restated balance	22,756	1,604	24,770	-5,994	43,137	12,289	1,171,352
Changes during period							
Dividends of surplus							-27,853
Profit attributable to owners of parent							43,293
Purchase of treasury shares							-24,038
Disposal of treasury shares							1
Cancellation of treasury shares							-
Increase in the number of consolidated subsidiaries							-5
Change in ownership interest of parent due to transactions with non-controlling							432

	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		
interests							
Net changes in items other than shareholders' equity	-6,913	-160	-2,358	6,287	-3,144	-898	-4,042
Total changes during period	-6,913	-160	-2,358	6,287	-3,144	-898	-12,213
Balance at end of period	15,843	1,444	22,412	292	39,992	11,391	1,159,138

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	141,844	2,067	967,718	-3,875	1,107,754
Cumulative effects of changes in accounting policies					-
Restated balance	141,844	2,067	967,718	-3,875	1,107,754
Changes during period					
Dividends of surplus			-26,460		-26,460
Profit attributable to owners of parent			49,505		49,505
Purchase of treasury shares				-32	-32
Disposal of treasury shares				1	1
Cancellation of treasury shares					-
Increase in the number of consolidated subsidiaries					-
Change in ownership interest of parent due to transactions with non-controlling interests		-921			-921
Net changes in items other than shareholders' equity					-
Total changes during period	-	-921	23,044	-31	22,091
Balance at end of period	141,844	1,145	990,762	-3,907	1,129,845

	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	15,843	1,444	22,412	292	39,992	11,391	1,159,138
Cumulative effects of changes in accounting policies							-
Restated balance	15,843	1,444	22,412	292	39,992	11,391	1,159,138
Changes during period							
Dividends of surplus							-26,460
Profit attributable to owners of parent							49,505
Purchase of treasury shares							-32
Disposal of treasury shares							1
Cancellation of treasury shares							-
Increase in the number of consolidated subsidiaries							-
Change in ownership interest of parent due to transactions with non-controlling interests							-921
Net changes in items other than	7,146	-12,684	-18,089	7,602	-16,024	13,065	2,958

	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		
shareholders' equity							
Total changes during period	7,146	-12,684	-18,089	7,602	-16,024	13,065	19,132
Balance at end of period	22,990	-11,240	4,322	7,895	23,968	24,457	1,178,271

## Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	67,476	66,184
Depreciation	165,615	176,087
Impairment losses	28,152	10,255
Amortization of long-term prepaid expenses	4,263	3,722
Loss on retirement of property, plant and equipment	2,164	3,274
Loss (gain) on sale of non-current assets	244	-3,102
Loss (gain) on sale of investment securities	-108	-5,283
Loss (gain) on valuation of investment securities	18,643	4,466
Loss (gain) of derivatives	1,073	1,393
Gain on bargain purchase	-	-2,008
Increase (decrease) in retirement benefit liability	5,206	-2,918
Increase (decrease) in provision for appliance warranties	-1,072	-2,141
Interest and dividend income	-7,763	-3,984
Interest expenses	11,412	12,629
Share of loss (profit) of entities accounted for using equity method	-5,211	-1,482
Decrease (increase) in trade receivables	52,646	5,126
Decrease (increase) in inventories	172	18,643
Increase (decrease) in trade payables	8,952	8,080
Increase (decrease) in accrued consumption taxes	7,979	-1,072
Decrease (increase) in accounts receivable - other	-1,619	-6,242
Other, net	-23,678	11,217
Subtotal	334,549	292,844
Interest and dividends received	14,510	7,843
Interest paid	-11,087	-12,630
Income taxes paid	-31,676	-32,482
Net cash provided by (used in) operating activities	306,296	255,574
<b>Cash flows from investing activities</b>		
Payments into time deposits	-55	-4,287
Purchase of securities	-	-1,200
Purchase of investment securities	-23,989	-37,467
Proceeds from sale and redemption of investment securities	1,916	16,573
Purchase of property, plant and equipment	-177,664	-172,652
Purchase of intangible assets	-41,908	-35,725
Purchase of long-term prepaid expenses	-2,183	-2,456
Proceeds from sale of non-current assets	282	5,151
Payments for retirement of property, plant and equipment	-36	-1,043
Long-term loan advances	-16,989	-11,831
Proceeds from collection of long-term loans receivable	4,853	4,037
Net decrease (increase) in short-term loans receivable	530	-2,854
Payments of guarantee deposits	-2,709	-6,957
Proceeds from refund of guarantee deposits	1,855	4,916
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-17,908	-32,579
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	7,006
Payments for acquisition of businesses	-393	-25,208
Other, net	3,601	667
Net cash provided by (used in) investing activities	-270,798	-295,911

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Cash flows from financing activities		
Repayments of lease obligations	- 2,646	-2,414
Proceeds from long-term borrowings	71,542	51,035
Repayments of long-term borrowings	-43,390	- 35,981
Proceeds from issuance of bonds	90,000	90,000
Redemption of bonds	-30,000	-20,000
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-131	-2,275
Dividends paid	-27,839	-26,449
Other, net	-34,362	-1,905
Net cash provided by (used in) financing activities	23,171	52,009
Effect of exchange rate change on cash and cash equivalents	-489	-5,088
Net increase (decrease) in cash and cash equivalents	58,179	6,584
Cash and cash equivalents at beginning of period	93,032	151,218
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	6	8
Cash and cash equivalents at end of period	151,218	157,811

**(5) Notes on consolidated financial statements**

**1) (Note on going concerns' premise)**

Not applicable

**2) (Additional information)**

The Company purchased a large-scale mission critical system that was newly established during the fiscal year under review for ¥55,035 million as an intangible fixed asset. As a result of estimating the usable period, the Company has determined the useful life to be 10 years.

Accounting estimates on the impact of COVID-19

During the fiscal year under review, the outbreak of COVID-19 had an impact on the Group in the form of a decline in commercial demand in city gas sales volumes, among others. As we cannot currently foresee when the pandemic will abate, it is difficult to determine its impact on the Group.

Accounting treatments require estimations to be made based on certain assumptions. The Group has made accounting estimates by assuming that operating results will start to gradually recover in FY2021, referring to forecast data by outside research institutions available at the time of preparation of consolidated financial statements for the fiscal year under review and in view of the impact of each business on the operating results for the fiscal year.

**3) (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.

The Tokyo Gas Group is deploying business activities in the following areas—in addition to the core of the Group's operating structure, which consists of city gas, liquid gas, and gas (including LNG sales), which are all energy produced using natural gas as a resource, the Group also delves in the electric power business, which is a new pillar of the Group's revenues, the overseas business to remake ourselves as a global company group, and the engineering solutions business, which utilizes energy.

Furthermore, businesses involving the efficient utilization of the Group's real estate holdings represent another earnings base, and the Group therefore employs the five reporting segments of "gas," "electric power," "overseas," "energy related," including the engineering solutions, which utilize energy and "real estate."

The main products and services of each reporting segment are as follows:

Gas: City gas, liquid gas business (LNG, industrial gas), LNG sales, etc.

Electric power: Electric power

Overseas: Overseas resource development and investment, energy supply, etc.

Energy related: Engineering solutions business (engineering, energy service, etc.), gas appliances, gas installation work, construction, etc.

Real estate: Leasing, management, etc. of land and buildings

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

The accounting method of reported business segments has not been changed from what is described in the important matters that form the basis of preparation of consolidated financial statements in the latest securities report (submitted June 26, 2020).

Income of reporting segment is based on operating profit 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.

3. Information related to net sales, profit and loss, and assets, etc. by reporting segment  
Fiscal year ended March 31, 2020 (from Apr. 1, 2019 to Mar. 31, 2020)

(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	1,195,898	358,005	36,838	302,761	21,575	1,915,079	10,156	1,925,235	—	1,925,235
Intersegment sales & transfers	159,526	625	7,144	49,148	22,954	239,399	113,050	352,450	(352,450)	—
Total	1,355,425	358,630	43,983	351,910	44,529	2,154,479	123,207	2,277,686	(352,450)	1,925,235
Segment profit										
Operating profit (loss)	102,433	10,051	8,606	16,995	9,151	147,239	5,750	152,989	(51,571)	101,418
Investment gain on equity method	—	—	4,649	—	547	5,196	15	5,211	—	5,211
Total	102,433	10,051	13,255	16,995	9,698	152,435	5,766	158,201	(51,571)	106,630
Segment Assets	1,309,752	169,496	258,780	254,294	258,050	2,250,373	46,163	2,296,537	243,381	2,539,919
Others										
Depreciation expenses	126,383	8,949	11,128	11,103	7,132	164,697	4,924	169,621	(4,005)	165,615
Increase in property, plant, equipment, and intangible assets	162,385	6,185	9,032	18,017	31,464	227,085	2,747	229,833	(4,958)	224,874

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 ¥(51,571) million segment profit adjustment includes ¥(237) million in eliminations for intersegment transactions and ¥(51,333) 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 ¥243,381 million segment assets adjustment includes ¥327,645 million of companywide assets not allocated to the respective reporting segments, and ¥(84,263) million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets that are not assignable to a reporting segment.
3. Segment profit 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. Segment information for FY2019 presents figures that have reflected the confirmed details of the provisional accounting treatments on business combinations.

Fiscal year ended March 31, 2021 (from Apr. 1, 2020 to Mar. 31, 2021)

(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	1,003,550	394,870	42,376	293,417	21,892	1,756,106	9,040	1,765,146	—	1,765,146
Intersegment sales & transfers	143,241	1,050	3,557	46,038	26,530	220,419	101,384	321,803	(321,803)	—
Total	1,146,791	395,920	45,934	339,455	48,422	1,976,525	110,424	2,086,950	(321,803)	1,765,146
Segment profit										
Operating profit (loss)	88,461	8,696	3,399	17,045	6,565	124,167	3,801	127,968	(50,293)	77,675
Investment gain on equity method	—	—	496	—	980	1,476	5	1,482	—	1,482
Total	88,461	8,696	3,895	17,045	7,545	125,643	3,807	129,450	(50,293)	79,157
Segment Assets	1,262,848	249,088	361,228	252,545	296,867	2,422,577	39,947	2,462,525	275,823	2,738,348
Others										
Depreciation expenses	127,266	10,335	14,566	11,790	11,737	175,696	4,406	180,102	(4,014)	176,087
Increase in property, plant, equipment, and intangible assets	147,217	15,141	48,769	15,746	16,723	243,598	1,553	245,152	(3,978)	241,173

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 ¥(50,293) million segment profit adjustment includes ¥(1,473) million in eliminations for intersegment transactions and ¥(48,820) 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 ¥275,823 million segment assets adjustment includes ¥351,585 million of companywide assets not allocated to the respective reporting segments, and ¥(75,762) million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets that are not assignable to a reporting segment.
3. Segment profit 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) (Per share information)

(Unit: yen)

	FY2019 (Apr. 2019– Mar. 2020)	FY2020 (Apr. 2020 – Mar. 2021)
Shareholders' equity per share	2,602.53	2,616.37
Profit per share	97.86	112.26

Notes:

1. Diluted profit per share is not disclosed as no latent shares exist.
2. The shareholders' equity per share and profit per share for FY2019 are based on amounts that have reflected the confirmed details of the provisional accounting treatments on business combinations.
3. Basis for calculation of profit per share is as follows.

	FY2019 (Apr. 2019 – Mar. 2020)	FY2020 (Apr. 2020 – Mar. 2021)
Profit attributable to owners of parent (million yen)	43,293	49,505
Not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent with regard to the common shares (million yen)	43,293	49,505
Average number of common shares outstanding (thousand shares )	442,380	441,006

4. Basis for calculation of BPS is as follows.

	FY2019 (as of Mar. 31, 2020)	FY2020 (as of Mar. 31, 2021)
Shareholders' equity (million yen)	1,159,138	1,178,271
Deduction from shareholders' equity (million yen)	11,391	24,457
-Shares of minority shareholders (million yen)	11,391	24,457
Net shareholders' equity attributable to common shares (million yen)	1,147,747	1,153,813
Number of shares to calculate BPS (thousand shares)	441,011	440,998

## 5) (Material subsequent events)

### Acquisition of treasury shares

The Board of Directors of Tokyo Gas Co., Ltd. meeting today, resolved to acquire treasury shares pursuant to Article 156 of the Companies Law as applied mutatis mutandis to Article 165:3 of the law.

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: 1.7 million (upper limit)  
(Rate to number of shares outstanding 0.4%)
- Total value of shares to be acquired: ¥3.3 billion (upper limit)
- Term of acquisition: May 6, 2021– September 30, 2021

### Spin-off into Tokyo Gas Network Co., Ltd. (absorption-type company split)

Based on a resolution passed by the Board of Directors on April 28, 2021, the Company will succeed its gas pipeline business to Tokyo Gas Network Co., Ltd. by means of a spin-off on April 1, 2022 (planned), with whom it signed an absorption-type company split agreement (hereinafter, the “Spin-off”).

The effectuation of the Spin-off will be subject to the approval of related proposals at the annual general meeting of shareholders to be held on June 29, 2021 and the acquisition of approvals necessary for the execution of business by the relevant government agencies.

#### 1. Background and purpose of Spin-off

Pursuant to the Gas Business Act revised in June 2015, Tokyo Gas Co., Ltd. (hereinafter, “the Company”), which is a special general gas pipeline service provider, will be prohibited from engaging in the gas production business or gas retail business and the gas pipeline business concurrently starting from April 2022 to ensure further neutrality of the gas pipeline business.

To meet the requirement of the Act, the Company established Tokyo Gas Network, a wholly owned subsidiary, as a Spin-off Preparatory Company on April 1, 2021 and signed an absorption-type company split agreement with Tokyo Gas Network in which the Company’s gas pipeline business, etc. is assumed by Tokyo Gas Network, effective April 1, 2022.

#### 2. Outline of Spin-off

##### (1) Spin-off schedule

Board of Directors resolution for signing of absorption-type company split agreement (the Company)	April 28, 2021
Directors’ decision for signing of absorption-type company split agreement (the successor company)	April 28, 2021
Signing of absorption-type company split agreement	April 28, 2021
Annual general meeting of shareholders approval of absorption-type company split agreement (the Company)	June 29, 2021 (planned)
Extraordinary general meeting of shareholders approval of absorption-type company split agreement (the successor company)	June 29, 2021 (planned)
Effective date of absorption-type company split agreement	April 1, 2022 (planned)

##### (2) Spin-off method

An absorption-type company split with the Company as the spin-off company and Tokyo Gas Network as the successor company.

##### (3) Allotment pertaining to Spin-off

In the Spin-off, Tokyo Gas Network, which is the successor company, will issue 12.63 million shares of common stock and allocate all of the shares to the Company.

##### (4) Treatment of share acquisition rights and corporate bonds with share acquisition rights following Spin-off

The Company issues neither share acquisition rights nor corporate bonds with share acquisition rights.

##### (5) Changes in paid-in capital due to Spin-off

There will be no changes in the paid-in capital of the Company.

##### (6) Rights and obligations assumed by successor company

Pursuant to the provision of the absorption-type company split agreement dated April 28, 2021 that was entered into with the Company, the successor company will assume the Company's rights and obligations related to the Company's gas pipeline business and ancillary businesses on the effective date.

The successor company's assumption of debt due to the Spin-off shall be done without recourse to the Company.

Any debt pertaining to the Company's existing bonds sold through public offerings will not be assumed by the successor company.

(7) Prospect of fulfillment of obligations

No problems are foreseen in the fulfillment of obligations by the Company and the successor company after the Spin-off since the assets of both the Company and the successor company are expected to exceed liabilities after the Spin-off and no circumstance that could impede the fulfillment of obligations to be borne after the Spin-off is anticipated at present.

3. Outline of operating units to be spun off

(1) Description of operations to be spun off

Gas pipeline business and ancillary businesses

(2) Operating results of units to be spun off (Results for fiscal year ended March 31, 2021)

Description of operations to be spun off	Net sales of operations to be spun off (a)	Net sales of the Company (Non-consolidated) (b)	Ratio (a/b)
Gas pipeline business and ancillary businesses	83,687million yen	1,612,911million yen	5.2%

Note: Net sales are sales to external customers.

(3) Category and amount of assets and liabilities to be spun off (As of March 31, 2021)

Assets		Liabilities	
Category	Amount	Category	Amount
Non-current assets	641,808 million yen	Non-current liabilities	3,132 million yen
Current assets	41,477 million yen	Current liabilities	48,625 million yen
Total	683,285 million yen	Total	51,757 million yen

Note: The above amounts are based on the balance sheet values as of March 31, 2021. The actual amounts that are succeeded will reflect the addition or deduction of any changes that occur before the effective date.

4. Status of Company after Spin-off (As of April 1, 2022 (anticipated))

(1) Company name	Tokyo Gas Co., Ltd.
(2) Address	1-5-20 Kaigan, Minato-ku, Tokyo
(3) Name and title of representative	UCHIDA Takashi, Representative Director, President
(4) Business	Gas production business gas retail business, etc.
(5) Capital	141,844 million yen
(6) Closing date	March 31

5. Status of successor company after Spin-off (As of April 1, 2022 (anticipated))

(1) Company name	Tokyo Gas Network Co., Ltd.
(2) Address	1-5-20 Kaigan, Minato-ku, Tokyo
(3) Name and title of representative	NOHATA Kunio, Representative Director, President
(4) Business	Gas pipeline business, etc.
(5) Capital	10,000 million yen
(6) Closing date	March 31

# Non-consolidated Financial Statements

## Non-consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of March 31,2021
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Production facilities	228,801	235,770
Distribution facilities	541,353	587,935
Service and maintenance facilities	45,482	12,734
Facilities for incidental businesses	5,461	5,093
Inactive facilities	316	316
Construction in progress	82,475	23,954
<b>Total property, plant and equipment</b>	<b>903,890</b>	<b>865,804</b>
<b>Intangible assets</b>		
Patent right	10	228
Leasehold interests in land	1,805	1,765
Goodwill	86	71
Software	59,896	125,816
Other intangible assets	61,809	11,918
<b>Total intangible assets</b>	<b>123,608</b>	<b>139,800</b>
<b>Investments and other assets</b>		
Investment securities	54,421	58,125
Investments in subsidiaries and associates	375,889	460,744
Long-term loans receivable	35	28
Long-term loans receivable from subsidiaries and associates	156,738	183,220
Investments in capital	13	13
Long-term prepaid expenses	14,956	13,973
Deferred tax assets	29,943	25,685
Other investments	7,789	9,178
Allowance for doubtful accounts	-442	-421
<b>Total investments and other assets</b>	<b>639,344</b>	<b>750,547</b>
<b>Total non-current assets</b>	<b>1,666,843</b>	<b>1,756,152</b>
<b>Current assets</b>		
Cash and deposits	84,563	52,611
Notes receivable - trade	1,785	926
Accounts receivable - trade	148,758	143,407
Accounts receivable from subsidiaries and associates - trade	44,284	37,065
Accounts receivable - other	7,077	11,865
Finished goods	94	71
Raw materials	36,937	27,670
Supplies	11,456	12,056
Advance payments	1,162	1,156
Prepaid expenses	1,606	1,598
Short-term receivables from subsidiaries and associates	34,327	33,446
Other current assets	56,234	33,957
Allowance for doubtful accounts	-638	-1,416
<b>Total current assets</b>	<b>427,650</b>	<b>354,416</b>
<b>Total assets</b>	<b>2,094,493</b>	<b>2,110,568</b>

	As of March 31,2020	As of March 31,2021
<b>Liabilities</b>		
Non-current liabilities		
Bonds payable	404,998	474,998
Long-term borrowings	341,932	346,744
Long-term debt to subsidiaries and associates	-	3,096
Provision for retirement benefits	64,656	61,576
Provision for gas holder repairs	2,695	2,781
Provision for safety measures	593	349
Provision for appliance warranties	12,985	10,843
Allowance for points redemption	1,000	1,635
Asset retirement obligations	318	321
Other noncurrent liabilities	17,933	15,068
Total non-current liabilities	847,114	917,415
Current liabilities		
Current portion of non-current liabilities	45,968	45,909
Accounts payable - trade	45,492	49,926
Accounts payable - other	55,912	41,637
Accrued expenses	49,115	47,976
Income taxes payable	22,574	4,523
Advances received	7,743	7,979
Deposits received	1,482	1,218
Short-term borrowings from subsidiaries and associates	119,501	125,997
Short-term debt to subsidiaries and associates	63,082	56,577
Asset retirement obligations	411	-
Other current liabilities	17,662	6,405
Total current liabilities	428,946	388,152
<b>Total liabilities</b>	<b>1,276,060</b>	<b>1,305,568</b>
<b>Net assets</b>		
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	6,013	5,616
Reserve for overseas investment loss	4,393	2,469
Reserve for adjustment of cost fluctuations	141,000	141,000
General reserve	339,000	339,000
Retained earnings brought forward	146,578	128,825
Total retained earnings	672,439	652,365
Treasury shares	-3,875	-3,907
Total shareholders' equity	812,473	792,368
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	15,287	22,408
Deferred gains or losses on hedges	-9,327	-9,777
Total valuation and translation adjustments	5,959	12,631
<b>Total net assets</b>	<b>818,433</b>	<b>805,000</b>
<b>Total liabilities and net assets</b>	<b>2,094,493</b>	<b>2,110,568</b>

Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
<b>Sales from gas business</b>		
Gas sales	1,071,736	878,911
Gas transportation service revenue	27,567	41,676
Revenue from interoperator settlement	7,202	7,229
<b>Total sales from gas business</b>	<b>1,106,506</b>	<b>927,817</b>
<b>Cost of sales</b>		
Beginning inventories	113	94
Cost of products manufactured	643,530	467,835
Purchase of finished goods	10,385	17,119
Costs of gas for own use	1,786	1,168
Ending inventories	94	71
<b>Total cost of sales</b>	<b>652,148</b>	<b>483,809</b>
<b>Gross profit</b>	<b>454,357</b>	<b>444,007</b>
Supply and sales expenses	355,373	356,082
General and administrative expenses	72,965	67,544
<b>Total selling, general and administrative expenses</b>	<b>428,339</b>	<b>423,627</b>
<b>Profit on core business</b>	<b>26,018</b>	<b>20,380</b>
<b>Miscellaneous operating revenue</b>		
Revenue from installation work	42,437	37,867
Other miscellaneous operating revenue	118,923	118,626
<b>Total miscellaneous operating revenue</b>	<b>161,361</b>	<b>156,493</b>
<b>Miscellaneous operating expenses</b>		
Installation work expenses	41,565	37,563
Other miscellaneous operating expenses	94,355	87,492
<b>Total miscellaneous operating expenses</b>	<b>135,921</b>	<b>125,056</b>
Revenue from incidental businesses	520,107	528,600
Expenses for incidental businesses	509,521	533,347
<b>Operating profit</b>	<b>62,044</b>	<b>47,069</b>

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Non-operating income		
Interest income	418	556
Dividend income	1,730	1,404
Dividends from subsidiaries and affiliates	12,181	6,078
Gain on derivatives	15	7,787
Miscellaneous income	9,938	6,947
Total non-operating income	24,283	22,774
Non-operating expenses		
Interest expenses	4,065	3,782
Interest on bonds	5,286	5,381
Amortization of bond issuance costs	472	488
Loss on derivatives	1,114	9,267
Miscellaneous expenses	7,047	4,161
Total non-operating expenses	17,986	23,080
Ordinary profit	68,342	46,764
Extraordinary income		
Gain on sale of investment securities	-	4,786
Gain on settlement of contract	9,689	-
Total extraordinary income	9,689	4,786
Extraordinary losses		
Loss on valuation of investment securities	2,040	-
Total extraordinary losses	2,040	-
Profit before income taxes	75,991	51,550
Income taxes - current	20,488	7,200
Income taxes - deferred	-1,200	1,834
Total income taxes	19,287	9,034
Profit	56,703	42,516