

Press Release

Company: Tokyo Gas Co., Ltd.  
 Representative: UCHIDA Takashi,  
 Representative Director, President  
 (Securities code: 9531, TSE 1 & NSE 1)  
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 General Affairs Group Manager

Notice regarding Spin-off (Absorption-type Company Split)

Tokyo Gas Co., Ltd. (hereinafter, the “Company”) hereby announces the succession of its gas pipeline business to Tokyo Gas Network Co., Ltd. (hereinafter, “Tokyo Gas Network”) by means of a spin-off on April 1, 2022 (planned) and the signing of an absorption-type company split agreement with Tokyo Gas Network, based on a resolution passed today by the Company’s Board of Directors (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 implementation of the Company Split must be obtained by the relevant government agencies.

Since this is a spin-off in which the Company’s operating units are assumed by a wholly owned subsidiary of the Company, some of the details of the Spin-off have been omitted from this disclosure.

1. Background and purpose of Spin-off

Pursuant to the Gas Business Act revised in June 2015, 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)
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(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 companies involved in Spin-off

(1) Spin-off company (As of March 31, 2021)

(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 business, etc.	
(5) Capital	141,844 million yen	
(6) Establishment	October 1, 1885	
(7) Number of shares issued and outstanding	442,436,059 shares	
(8) Closing date	March 31	
(9) Major shareholder(s) and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust Account)	8.54%
	Nippon Life Insurance Company	7.10%

	Custody Bank of Japan, Ltd. (Trust Account)	4.94%
	Custody Bank of Japan, Ltd. (Trust Account 7)	2.89%
	Tokyo Gas Group Employees Shareholding Association	1.97%
(10) Financial position and operating results of the latest fiscal year (Fiscal year ending March 31, 2021)		
Net assets		1,178,271 million yen (Consolidated)
Total assets		2,738,348 million yen (Consolidated)
Net assets per share		2,616.37 yen (Consolidated)
Net sales		1,765,146 million yen (Consolidated)
Operating profit		77,675 million yen (Consolidated)
Ordinary profit		70,500 million yen (Consolidated)
Profit attributable to owners of parent		49,505 million yen (Consolidated)
Profit per share		112.26 yen (Consolidated)

(2) Successor company (As of April 1, 2021)

(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	No business is being conducted	
(5) Capital	5 million yen	
(6) Establishment	April 1, 2021	
(7) Number of shares issued and outstanding	200 shares	
(8) Closing date	March 31	
(9) Major shareholder(s) and shareholding ratio	Tokyo Gas Co., Ltd.	100%
(10) Financial position and operating results of the latest fiscal year		
Net assets		10 million yen
Total assets		10 million yen
Net assets per share		50,000 yen
Net sales		—
Operating profit		—
Ordinary profit		—
Profit attributable to owners of parent		—
Profit per share		—

Note: With regard to the successor company, only the net assets, total assets and net assets per share as of April 1, 2021 are stated in “(10) Financial position and operating results of the latest fiscal year,” since the latest fiscal year does not exist for the successor company, as it was established on April 1, 2021.

4. 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	83,678 million 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.

5. 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

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

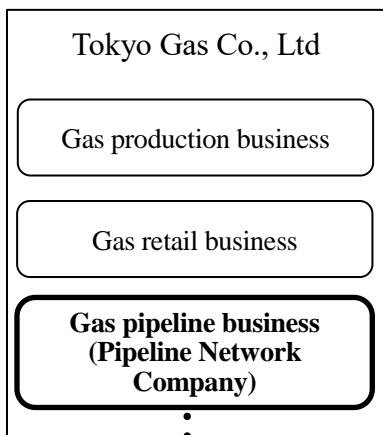
(1) Company name	Tokyo Gas Network Co., Ltd.
(2) Address	1-5-20 Kaigan, Minato-ku, Tokyo
(3) Name and title of representative	NOHATA Kunio, Representative Director, President
(4) Business	Gas pipeline business, etc.
(5) Capital	10,000 million yen
(6) Closing date	March 31

7. Financial outlook

The impact of the spin-off on the Company's consolidated operating results will be minor, as the successor company is wholly owned by the Company.

**[Reference] Illustration of the Spin-off**

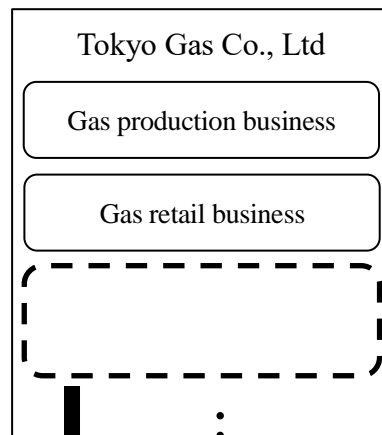
○ Presently



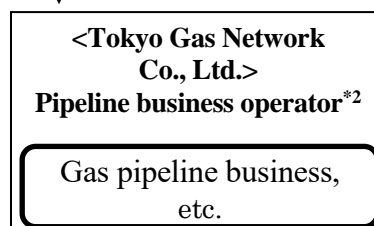
100% funded by Tokyo Gas



○ April 1, 2022 Spin-off



Absorption-type company split



\*1 The Spin-off Preparatory Company will be tasked with preparations for the start of operations of a pipeline business operator, such as filing applications and notifications.

\*2 On April 1, 2022, the assets, liabilities and other rights and obligations related to the gas pipeline business of Tokyo Gas Co., Ltd. will be succeeded to Tokyo Gas Network Co., Ltd., which will then commence operations as a pipeline business operator.