

January 27, 2022

Press Release

Company: Tokyo Gas Co., Ltd.
UCHIDA Takashi,
Representative: Representative Corporate Executive
Officer, President and CEO
(Securities code: 9531, TSE 1 & NSE 1)
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**Notice regarding Succession of Toyosu Pier District Smart Energy Network Business to a Wholly Owned Subsidiary
by Means of a Spin-off (Simplified Absorption-type Company Split)**

Tokyo Gas Co., Ltd. (hereinafter, the “Company”) hereby announces its decision on the succession of its Toyosu pier district smart energy network business to Tokyo Gas Engineering Solutions Corporation (hereinafter, “TGES”) by means of a spin-off on April 1, 2022 (planned) and the signing of an absorption-type company split agreement with TGES (hereinafter, the “Spin-off”).

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 the Spin-off

The Company operates the business of establishing an energy network in the Toyosu pier district progressively in accordance with advancement of the district’s urban development. TGES, a wholly owned subsidiary of the Company, has a track record of more than 50 years in district heating and cooling, supporting the reduction of the carbon emission and environmental impact of urban development.

As a result of considering ways to further improve the efficiency of the Toyosu pier district smart energy network business, the Company has decided to have TGES assume the business by means of the aforementioned Spin-off.

2. Outline of the Spin-off

(1) Spin-off schedule

Decision on absorption-type company split	January 27, 2022
Signing of absorption-type company split agreement	January 27, 2022
Effective date of absorption-type company split agreement	April 1, 2022 (planned)

Note: Pursuant to the provisions of the simplified absorption-type company split set forth in paragraph 2, Article 784 of the Companies Act, the Spin-off will be carried out without obtaining the approval of the Company’s general meeting of shareholders concerning the absorption-type company split agreement.

(2) Spin-off method

An absorption-type company split, with the Company as the spin-off company and TGES as the successor company.

(3) Allotment pertaining to the Spin-off

There will be no allotment of shares or any other form of compensation with regard to the Spin-off.

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

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

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

There will be no changes in the paid-in capital of the Company due to the Spin-off.

(6) Rights and obligations assumed by the successor company

Pursuant to the provision of the absorption-type company split agreement dated January 27, 2022 that was entered into with the Company, the successor company will assume the Company's rights and obligations related to the Company's Toyosu pier district smart energy network business on the effective date.

The successor company's assumption of debt due to the Spin-off shall be done without recourse to the 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 circumstances that could impede the fulfillment of obligations to be borne after the Spin-off are anticipated at present.

3. Outline of companies involved in the 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 Corporate Executive Officer, President and CEO
(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 ended 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 March 31, 2021)

(1) Company name	Tokyo Gas Engineering Solutions Corporation
(2) Address	1-2-3 Kaigan, Minato-ku, Tokyo
(3) Name and title of representative	KONISHI Yasuhiro, Representative Director & President
(4) Business	Heat supply business, etc.
(5) Capital	10,000 million yen
(6) Establishment	April 1, 2015
(7) Closing date	March 31
(8) Major shareholder(s) and shareholding ratio	Tokyo Gas Co., Ltd. 100%
(9) Financial position and operating results of the latest fiscal year (Fiscal year ended March 31, 2021 (Non-consolidated))	
Net assets	79,512 million yen
Total assets	188,403 million yen
Net sales	139,312 million yen
Operating profit	5,939 million yen
Ordinary profit	6,078 million yen

4. Outline of the successor business

(1) Description of operation to be spun off

Toyosu pier district smart energy network business

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

Description of operation to be spun off	Net sales of operation to be spun off (a)	Net sales of the Company (Non-consolidated) (b)	Ratio (a/b)
Toyosu pier district smart energy network business	887 million yen	1,612,911 million yen	0.05%

(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	6,094 million yen	Non-current liabilities	—
Current assets	—	Current liabilities	—
Total	6,094 million yen	Total	—

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

5. Status of Company after the 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 Corporate Executive Officer, President and CEO
(4)	Business	Gas business, etc.
(5)	Capital	141,844 million yen
(6)	Closing date	March 31

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

(1)	Company name	Tokyo Gas Engineering Solutions Corporation
(2)	Address	1-2-3 Kaigan, Minato-ku, Tokyo
(3)	Name and title of representative	KONISHI Yasuhiro, Representative Director & President
(4)	Business	Heat supply 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 it is a company split with the Company and its wholly owned subsidiary as parties to the transaction.