



FY2023 3Q Financial Results **ended December, 2023**

February 2, 2024



- ◆ Consolidated FY2023 3Q saw a YoY fall in both sales and profits driven by a drop in Energy Solution sales stemming from a decrease in unit price due to resource costs adjustment, and by a decline in Energy Solution profits resulting partly from a change in city gas unit price due to the impact from economic framework.
- ◆ Our consolidated forecast for FY2023 anticipates lower sales but higher profits versus the previous forecast. Factors include: shrinking of Energy Solution sales due to lower sales of city gas and electricity, etc., and an increase in Energy Solution profits resulting partly from a change in city gas unit price due to the impact from economic framework.
- ◆ Taking into account the bottom-line forecast and other considerations, the outlook for annual dividends for FY2023 has been revised upward by 5 yen to 70 yen/share.
- ◆ Work is still underway to divest the five subsidiaries (four projects) of our Australian subsidiary Tokyo Gas Australia Pty Ltd. The impacts of this transfer are not included in the consolidated 3Q results and consolidated FY2023 forecast.



01

FY2023 Consolidated Financial Results ended December, 2023

Note: The segment information disclosed for FY2023 3Q and FY2022 3Q reflects new segment classifications that went into effect from FY2023 3Q as a result of a restructuring of our system for providing services to local governments.

FY2023 3Q Consolidated Results Sales, Interest, etc. (Apr. 1, 2023 –Dec. 31, 2023)

Highlights: Sales Down, Profit Down

(+/- indicate impact on profit, 100 million yen)

Net sales	-3,975	Drop in Energy Solution sales by a decrease in city gas unit price due to resource costs adjustment, etc.
Operating expenses	+ 3,247	Decrease in Energy Solution raw material costs by Impact from the decrease in crude oil prices, etc.
Operating profit	-728	Decrease in Energy Solution profits by the change in city gas unit prices due to the impact from economic framework, etc.
Extraordinary profit/loss	+ 4	FY2023 50: (Extraordinary gain) Gain on sales of investment securities 24, Gain on valuation of long-term loans receivable 25 FY2022 46: (Extraordinary gain) Gain on sales of investment securities 37, Increase in profits due to transfer of business 35 (Extraordinary loss) Loss on valuation of investment securities -25

	(Unit: 100 million yen)			
	FY2023 3Q	FY2022 3Q	Change	%
City gas sales volume (million m3, 45MJ)	7,956	9,084	-1,128	-12.4
Electricity sales volume (million kWh)	18,397	25,404	-7,007	-27.6
Net sales	19,026	23,001	-3,975	-17.3
Operating expenses	17,398	20,645	-3,247	-15.7
Operating profit	1,628	2,356	-728	-30.9
Segment profit (operating profit + equity income of subsidiaries)	1,663	2,418	-755	-31.2
Ordinary profit ⁽¹⁾	1,705	2,382	-677	-28.4
Extraordinary profit/loss	50	46	4	8.0
Profit attributable to owners of parent	1,155	1,680	-525	-31.3
Temperature effect ⁽²⁾	-83	-13	-70	-
(Adjustment items) Sliding effect ⁽³⁾ (city gas + LNG sales)	623 (508+115)	924 (824+100)	-301 (-316+15)	-
Amortization of actuarial differences ⁽⁴⁾	17	-32	49	-
Adjusted ordinary profit (1)-((2)+(3)+(4))	1,148	1,503	-355	-23.6

Economic framework	FY2023 3Q	FY2022 3Q
Exchange rate (¥/\$)	143.33 (+6.83)	136.50
Crude oil price (\$/bbl)	86.57 (-21.30)	107.87
Avg. air temp (°C)	20.6 (+1.1)	19.5

Pension assets	FY2023 3Q (as of Dec. 31, 2023)
Investment yield (costs deducted)	1.27%
Year-end assets (100 million yen)	2,400

<Expected annual rate of return: 2%>

FY2023 3Q Results: Sales and Operating Profit/Loss by Business Segments

(unit : 100 million yen)

	Net sales*3				Segment Profit(Operating profit + Equity income/loss of subsidiaries)			
	FY2023 3Q Results	FY2022 3Q Results	Change	%	FY2023 3Q Results	FY2022 3Q Results	Change	%
Energy solution*1 (including equity income of subsidiaries)	17,353	21,311	-3,958	-18.6	1,589	2,031	-442	-21.8
City gas*2	11,986	14,911	-2,925	-19.6	1,108	1,659	-551	-33.2
Electric Power	4,648	5,996	-1,348	-22.5	310	167	143	85.4
Network	2,155	2,229	-74	-3.3	-214	-134	-80	-
Overseas business	991	1,281	-290	-22.6	325	639	-314	-49.1
(equity income of subsidiaries)	-	-	-	-	16	55	-39	-70.3
Urban Development (including equity income of subsidiaries)	530	462	68	14.8	162	129	33	24.8
Adjustment*4	-2,005	-2,283	278	-	-198	-247	49	-
Consolidated	19,026	23,001	-3,975	-17.3	1,663	2,418	-755	-31.2
(equity income of subsidiaries)	-	-	-	-	34	62	-28	-43.7

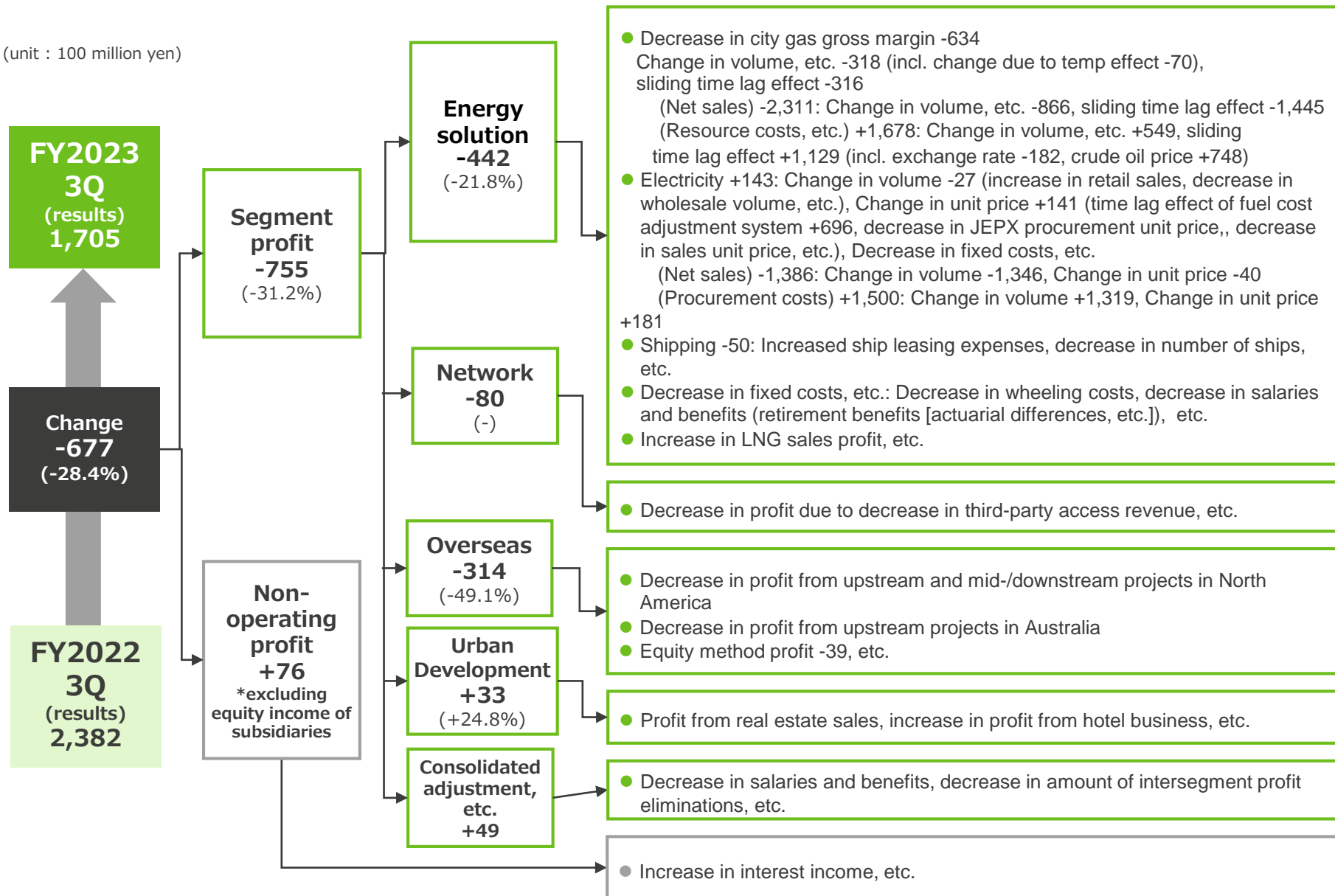
*1 Includes city gas (excl. Network), LNG sales, trading, electric power, engineering solutions, among others.

*2 Includes city gas (excl. Network), LNG sales, and trading.

*3 Segment sales include internal transactions made between business units.

*4 Adjustments in segment profits include mainly corporate expenses not allocated to the segments.

(unit : 100 million yen)



* +/- indicate contributions to profit.

FY2023 3Q Consolidated Gas Sales Volume/ Number of Customers vs. FY2022 3Q



City Gas sales volume:

-1,128mil.m³ (-12.4%)
including temperature effect
-80mil.m³, -0.9%

Residential -155 mil.m³ (-8.5%)

Temperature effect	-103 mil.m ³
Number of days	+1 mil.m ³
Number of customers	+16 mil.m ³
Others	-69 mil.m ³

Commercial +30 mil.m³ (+1.9%)

Temperature effect	+30 mil.m ³
Number of days	-1 mil.m ³
Number of customers	+2 mil.m ³
Others	-1 mil.m ³

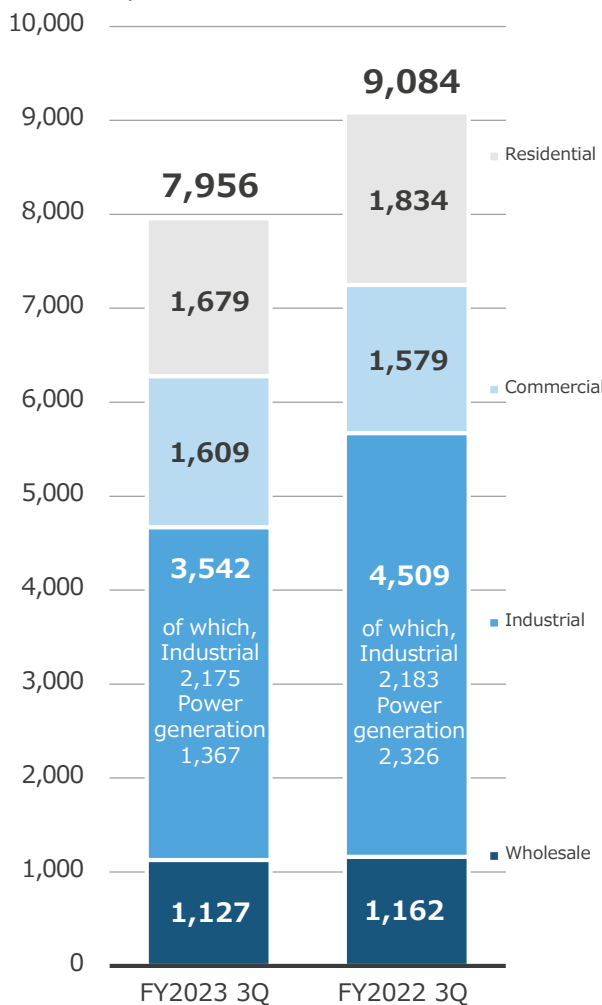
Industrial -967 mil.m³ (-21.4%)

Industrial	-8 mil.m ³
Power generation	-959 mil.m ³

Wholesale -35 mil.m³ (-3.0%)

Temperature effect	-7 mil.m ³
Others	-28 mil.m ³ Decrease in wholesale demand, etc.

(Unit : mil. m)



Number of customers(City Gas), LNG sales volume, Average temperature

	FY2023 3Q	FY2022 3Q	Change
Number of customers for city gas retail sales (10 thousands) *1	877.9	868.8	+9.1 (+1.0%)
Number of customers (meters) (10 thousands, meter) *2	1,241.1	1,228.9	+12.2 (+1.0%)
LNG sales volume (thousands t)	1,531	1,121	+410 (+36.5%)
Average temperature (°C)	20.6	19.5	+1.1

*1. Number of billed customers for city gas retail sales

*2. Number of meters installed for gas supply

Gas Sales Volume , Gas volume used in-house (Unit : million m³)

	FY2023 3Q	FY2022 3Q	Change
City gas sales volume (financial accounting basis)	7,956	9,084	-1,128 (-12.4%)
Gas volume used in-house under tolling arrangement	1,773	2,015	-242 (-12.0%)
LNG sales volume (m ³ basis)	1,914	1,402	+512 (+36.5%)
Total	11,644	12,501	-857 (-6.9%)

*Each value is rounded.

Number of customers for city gas retail sales (Tokyo gas consolidated, 10thousands)

	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2022.6	2022.9	2022.12	2023.3	2023.6	2023.9	2023.12
Number (Change)	1,026.9 (-)	1,020.9 (-6.0)	982.1 (-38.8)	912.9 (-69.2)	886.3 (-26.2)	868.8 (-17.5)	868.9 (+0.1)	867.2 (-1.7)	868.8 (+1.6)	870.1 (+1.3)	874.9 (+4.8)	875.4 (+0.5)	877.9 (+2.5)

Full deregulation of the retail market (2017.04)

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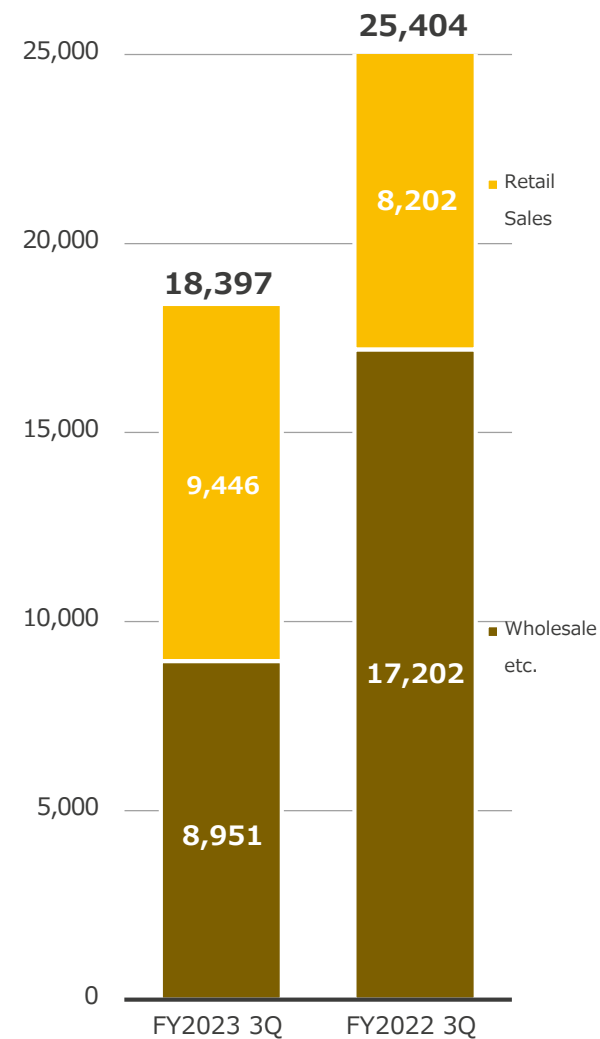
Electricity sales volume :

(Unit : mil. kWh)

**-7,007mil. kWh
(-27.6%)**

■ Retailing sales +1,244 mil. kWh(+15.2%)

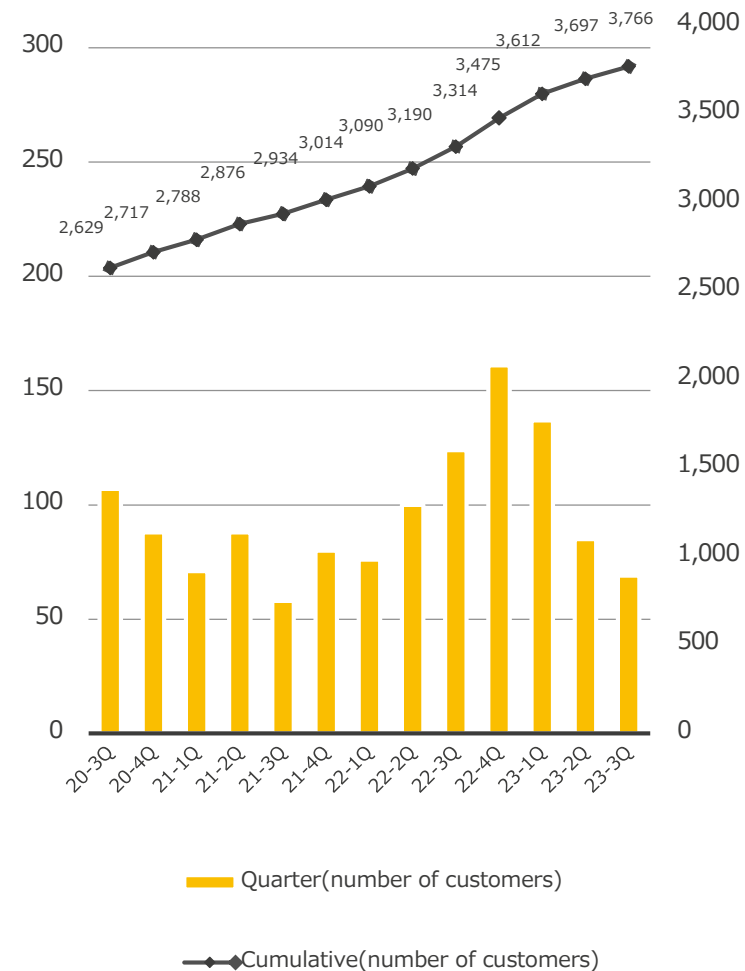
■ Wholesale etc. -8,251 mil. kWh(-48.0%)



New electricity retail customers won by Tokyo Gas

Quarter (thousands)

Cumulative (thousands)



*Each value is rounded.



02

FY2023 Full Year Forecast

Note: The segment information disclosed for FY2023 Forecast and FY2022 reflects new segment classifications that went into effect from FY2023 3Q as a result of a restructuring of our system for providing services to local governments.

FY2023 Consolidated Forecast Sales, Interest, etc. (Apr. 1, 2023 – Mar. 31, 2024)

Highlights: Sales Down, Profit Up (vs. Previous Forecast)

(+/- indicate impact on profit, 100 million yen)

	vs. Previous Forecast	
Net sales	-410	Decrease in Energy Solution sales driven by lower sales volume for city gas and electricity, etc.
Operating expenses	+690	Decrease in gas raw material costs due to lower city gas sales volume, etc., and decline in electricity costs due to drop in procurement unit price stemming from falling electricity market prices, etc.
Operating profit	+280	Increase in Energy Solution profits by the change in city gas unit prices due to the impact from economic framework, etc.
Extraordinary profit/loss	+1	Forecast 50: (Extraordinary profit) Gain on sale of investment securities 24, Gain on valuation of long-term loans receivable 25 Previous Forecast 49: (Extraordinary profit) Gain on sale of investment securities 24, Gain on valuation of long-term loans receivable 24

(Unit: 100 million yen)

	Forecast	Previous Forecast	Change	%	FY2022 Result	Change	%	
City gas sales volume (million m3, 45MJ)	11,494	11,844	-350	-3.0	12,574	-1,080	-8.6	
Electricity sales volume (million kWh)	26,132	26,220	-88	-0.3	34,445	-8,313	-24.1	
Net sales	27,200	27,610	-410	-1.5	32,896	-5,696	-17.3	
Operating expenses	25,380	26,070	-690	-2.6	28,681	-3,301	-11.5	
Operating profit	1,820	1,540	280	18.2	4,214	-2,394	-56.8	
Segment profit (operating profit + equity income of subsidiaries)	1,865	1,589	276	17.4	4,170	-2,305	-55.3	
Ordinary profit ⁽¹⁾	1,900	1,580	320	20.3	4,088	-2,188	-53.5	
Extraordinary profit/loss	50	49	1	1.6	-13	63	-	
Profit attributable to owners of parent	1,410	1,160	250	21.6	2,809	-1,399	-49.8	
(Adjustment items)	Temperature effect ⁽²⁾	-83	-37	-46	-	-43	-40	-
	Sliding effect ⁽³⁾ (city gas + LNG sales)	732 (604+128)	463 (355+108)	269 (249+20)	-	2,108 (1,872+236)	-1,376 (-1,268+-108)	-
	Amortization of actuarial differences ⁽⁴⁾	23	23	-	-	-44	67	-
Adjusted ordinary profit (1)-((2)+(3)+(4))		1,228	1,131	97	8.6	2,067	-839	-40.6

Economic framework	Forecast	Previous forecast	FY2022 Results
Exchange rate (¥/\$)	143.74 (+0.71)	143.03	135.50
Crude oil price (\$/bbl)	84.93 (-1.83)	86.76	102.67
Avg. air temp (°C)	17.4 (+0.3)	17.1	16.8

*4Q~\$80.00/bbl, ¥145/\$

Pension assets	FY2022	FY2021	FY2020
Investment yield (costs deducted)	-1.90%	0.37%	4.94%
Discount rate	Annuity portion	0.481%	0.318%
	Lump-sum portion	0.192%	0.075%
Year-end assets (100 million yen)	2,430	2,560	2,630

<Expected annual rate of return: 2%>

FY2023 Consolidated Forecast Assets, Cash Flows, etc.

vs. FY2022

11

(Unit: 100 million yen, balance sheet figures are as of the corresponding term-end)

	FY2023 Forecast	FY2022 Results	Reference
Total assets (a)	40,990	35,814	Increase in new capital expenditures, investments & financing, etc.
Shareholders' equity (b)	16,600	15,584	Increases in retained earnings, foreign currency translation adjustment, etc. Shareholders' equity = Net assets – minority interests
Shareholders' equity ratio (b)/(a) Factoring in hybrid bonds/loans*1	40.5% 41.5%	43.5% 44.7%	
Interest-bearing debt (c) Hybrid bond/loan component	15,400 833	12,632 833	
D/E ratio (c)/(b) Factoring in hybrid bonds/loans*1	0.93 0.88	0.81 0.76	
Profit attributable to owners of parent (d)	1,410	2,809	
Profit per share (EPS, yen per share)	341.75	646.99	
Depreciation (e)	2,090	2,093	
Operating cash flow (f) =(d) + (e)	3,500	4,902	Net profit + Depreciation (including depreciation of long-term prepaid expenses)
Capital Expenditure	2,320	2,132	
Investments and Financing (after offset)	2,451	313	
Total(g)	4,771	2,446	
Free cash flow (f) + (g)	-1,271	2,455	
ROA (d)/(a)	3.7%	8.3%	Net profit / Total assets (average of the amounts as of the end of the previous period and end of the current period)
ROE (d)/(b)	8.8%	20.0%	Net profit / Shareholders' equity (average of the amounts as of the end of the previous period and end of the current period)
WACC	^{*2} 2.6%	2.4%	
Total return ratio	Approx. 40%	50.3%	[FY-N dividends + FY-(N+1) treasury stock purchased] / FY-N consolidated net profit

*1 Based on expected equity credit ratio of 50% for issued hybrid bonds and hybrid loans.

*2 Items for WACC calculation (FY2023 forecast)

- Cost of interest-bearing debt : forecast interest rate (0.61%, after tax)
- Cost rate for shareholders' equity
- Risk free rate : 10-year JGB yield 0.69% • Market Risk premium : 6.5% • β : 0.67

FY2023 Investments (Capex , Investments and financing)

12

(Unit: 100 million yen)

		Forecast	Main Items	Previous Forecast	Change	%	FY2022 Results	Change	%
Capital Expenditure									
Energy solution		822		1,050	-228	-21.7	779	43	5.5
	City gas*1	291	Production facilities : 44 Other Production facilities, etc. Service and maintenance facilities : 247 System related, etc.	491	-200	-40.6	286	5	1.7
	Electric Power	254	Domestic renewable power etc.	256	-2	-0.9	239	15	6.2
Network		833	Distribution facilities: New demand development & stable supply-related, etc.	877	-44	-5.0	816	17	2.2
Overseas		539	Upstream (Australia, North America), Global renewable power etc.	741	-202	-27.2	304	235	77.4
Urban Development		171	Real estate leasing business, building renovations, etc.	181	-10	-5.8	245	-74	-30.4
Adjustment		-46		-50	4	-	-12	-34	-
Sub Total		2,320		2,800	-480	-17.1	2,132	188	8.8
Investments and Financing (before offset)									
Energy solution		477		493	-16	-3.2	424	53	12.5
	City gas	1		1	-	-	0	1	-
	Electric Power	457	renewable power etc.	15	442	-	333	124	37.2
Network		0		0	-	-	0	-	-
Overseas		2,050	Upstream (North America), Mid/Downstream (Asia), Global renewable power etc.	46	2,004	-	18	2,032	-
Urban Development		34	ESG-oriented real estate development, etc.	29	5	17.2	22	12	54.5
Sub Total		2,561		568	1,993	350.9	465	2,096	450.1
Capital Expenditure +Investments and Financing (before offset)		4,881		3,368	1,513	44.9	2,597	2,284	87.9

*1: Includes city gas and LNG sales/trading.

Reference: Breakdown of the Medium-Term Management Plan for FY 2023-2025

(Unit: 100 million yen)

	FY2023 Forecast	Main Items	Previous Forecast	FY2020-22 Results	FY2023-25 Plan
Growth investments	3,795	Overseas, Renewable power, Urban Development, etc.	2,141	4,758 Breakdown) portion for decarbonization related investments 1,959	6,500 Breakdown) portion for decarbonization related investments 2,300
Infrastructure investments	1,085	Distribution facilities, Service and maintenance facilities , etc.	1,226	3,612	3,500
Capital Expenditure +Investments and Financing (before offset)	4,881		3,368	8,371	10,000

FY2023 Full Year Forecast: Sales and Operating Profit/Loss by Business Segments

vs. Previous
Forecast

14

(unit : 100 million yen)

	Net sales*3				Segment Profit(Operating profit + Equity income/loss of subsidiaries)			
	FY2023 Forecast	Previous Forecast	Change	%	FY2023 Forecast	Previous Forecast	Change	%
Energy solution*1 (including equity income of subsidiaries)	24,455	24,553	-98	-0.4	1,549	1,316	233	17.7
City gas*2	17,264	14,711	2,553	17.4	1,056	886	170	19.2
Electric Power	6,411	6,548	-137	-2.1	268	184	84	45.0
Network	3,305	3,704	-399	-10.8	-29	-18	-11	-
Overseas business	1,240	1,279	-39	-3.0	351	351	0	-
(equity income of subsidiaries)	-	-	-	-	24	33	-9	-25.4
Urban Development (including equity income of subsidiaries)	921	918	3	0.4	233	215	18	8.5
Adjustment*4	-2,722	-2,844	122	-	-239	-275	36	-
Consolidated	27,200	27,610	-410	-1.5	1,865	1,589	276	17.4
(equity income of subsidiaries)	-	-	-	-	44	50	-6	-10.6

*1 Includes city gas (excl. Network), LNG sales, trading, electric power, engineering solutions, among others.

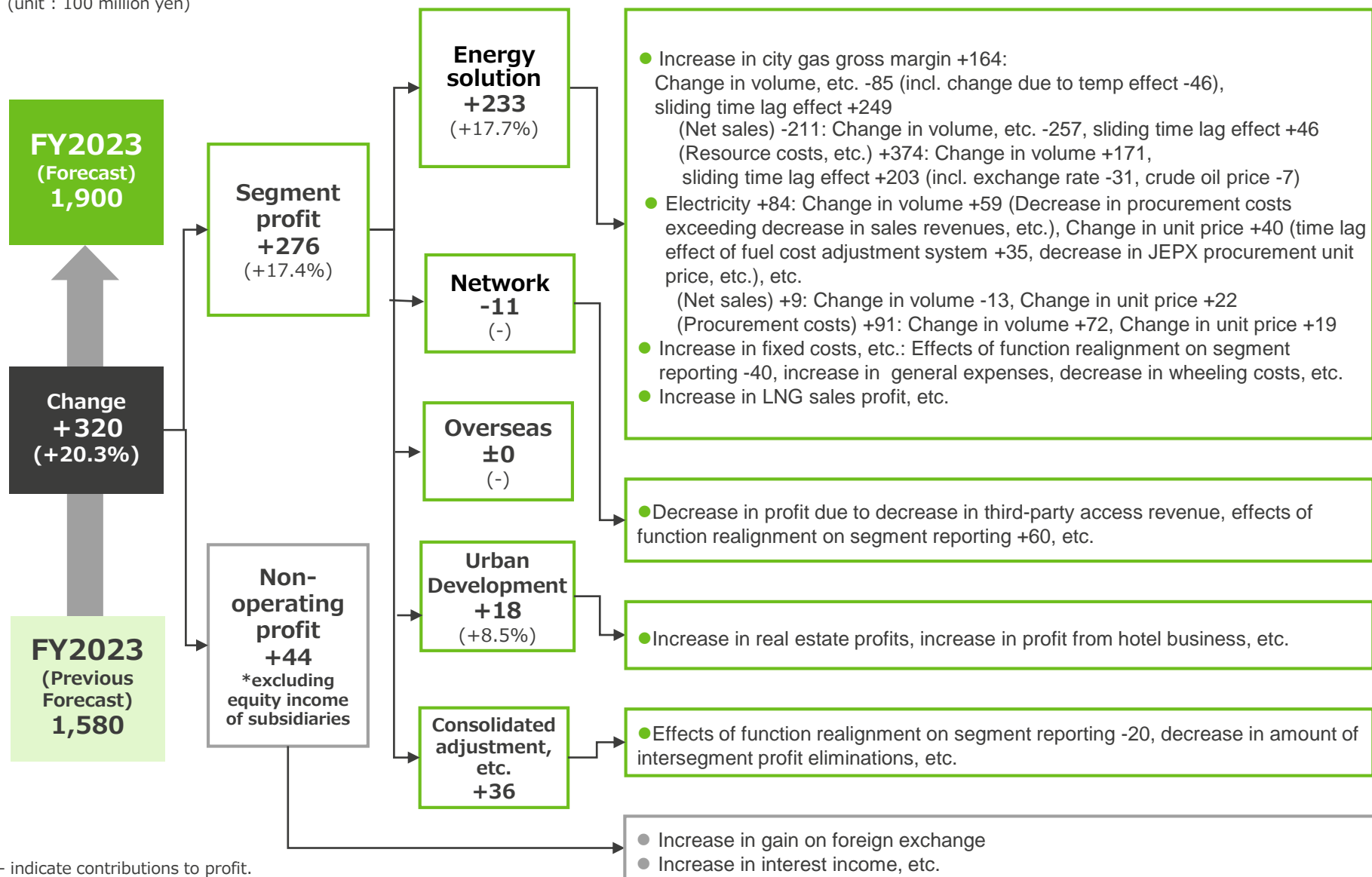
*2 Includes city gas (excl. Network), LNG sales, and trading.

*3 Segment sales include internal transactions made between business units.

*4 Adjustments in segment profits include mainly corporate expenses not allocated to the segments.

FY2023 Forecast: Ordinary Profit Analysis

(unit : 100 million yen)



*+/- indicate contributions to profit.

FY2023 Full Year Forecast: Sales and Operating Profit/Loss by Business Segments

(unit : 100 million yen)

	Net sales *3				Segment Profit(Operating profit + Equity income/loss of subsidiaries)			
	FY2023 Forecast	FY2022 Results	Change	%	FY2023 Forecast	FY2022 Results	Change	%
Energy solution*1 (including equity income of subsidiaries)	24,455	30,625	-6,170	-20.1	1,549	3,624	-2,075	-57.3
City gas*2	17,264	21,496	-4,232	-19.7	1,056	2,894	-1,838	-63.5
Electric Power	6,411	8,563	-2,152	-25.1	268	509	-241	-47.4
Network	3,305	3,368	-63	-1.9	-29	59	-88	-
Overseas business	1,240	1,599	-359	-22.5	351	679	-328	-48.3
(equity income of subsidiaries)	-	-	-	-	24	-51	75	-
Urban Development (including equity income of subsidiaries)	921	626	295	47.1	233	151	82	53.7
Adjustment*4	-2,722	-3,323	601	-	-239	-345	106	-
Consolidated	27,200	32,896	-5,696	-17.3	1,865	4,170	-2,305	-55.3
(equity income of subsidiaries)	-	-	-	-	44	-44	88	-

*1 Includes city gas (excl. Network), LNG sales, trading, electric power, engineering solutions, among others.

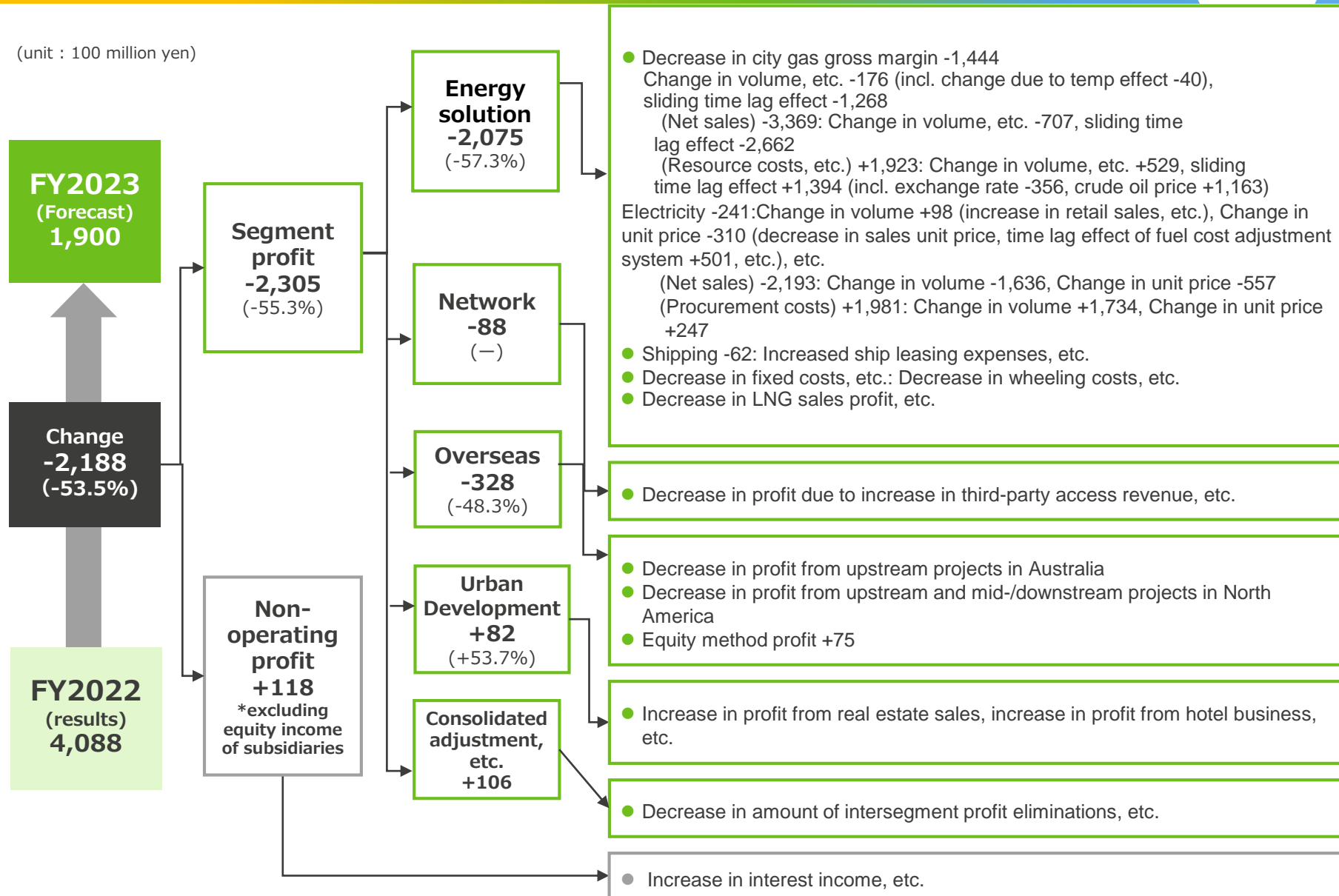
*2 Includes city gas (excl. Network), LNG sales, and trading.

*3 Segment sales include internal transactions made between business units.

*4 Adjustments in segment profits include mainly corporate expenses not allocated to the segments

FY2023 Forecast: Ordinary Profit Analysis

(unit : 100 million yen)



*+/- indicate contributions to profit.

City Gas sales volume:

VS. Previous Forecast

-350 mil.m³ (-3.0%)including temperature effect
-84 mil.m³, -0.7%Residential -156 mil.m³(-5.4%)Others -194 mil.m³(-2.2%)

VS. FY2022 Results

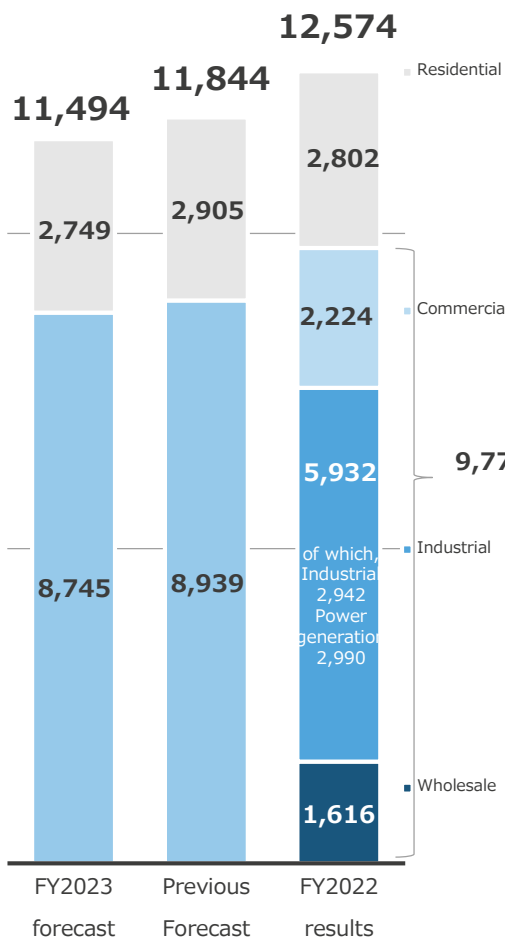
-1,080 mil.m³ (-8.6%)including temperature effect
-32mil.m³, -0.3%Residential -53 mil.m³(-1.9%)Others -1,027 mil.m³(-10.5%)(Unit : mil. m³)

15,000

10,000

5,000

0



Number of customers(City Gas), LNG sales volume, Average temperature

	Forecast	Previous Forecast	Change	FY2022 Results	Change
Number of customers (meters) (10 thousands, meter) *1	1,246.4	1,246.4	-	1,233.1	+13.3 (+1.1%)
LNG sales volume (thousands t)	2,011	1,888	+123 (+6.5%)	1,625	+386 (+23.8%)
Average temperature (°C)	17.4	17.1	+0.3	16.8	+0.6

*1. Number of meters installed for gas supply

Gas Sales Volume , Gas volume used in-house (Unit : million m³)

	Forecast	Previous Forecast	Change	FY2022 Results	Change
City gas sales volume (financial accounting basis)	11,494	11,844	-350 (-3.0%)	12,574	-1,080 (-8.6%)
Gas volume used in-house under tolling arrangement	2,621	2,679	-58 (-2.2%)	2,787	-166 (-6.0%)
LNG sales volume (m ³ basis)	2,514	2,360	+154 (+6.5%)	2,031	+483 (+23.8%)
Total	16,629	16,883	-254 (-1.5%)	17,392	-763 (-4.4%)

*Each value is rounded.

Electricity sales volume :

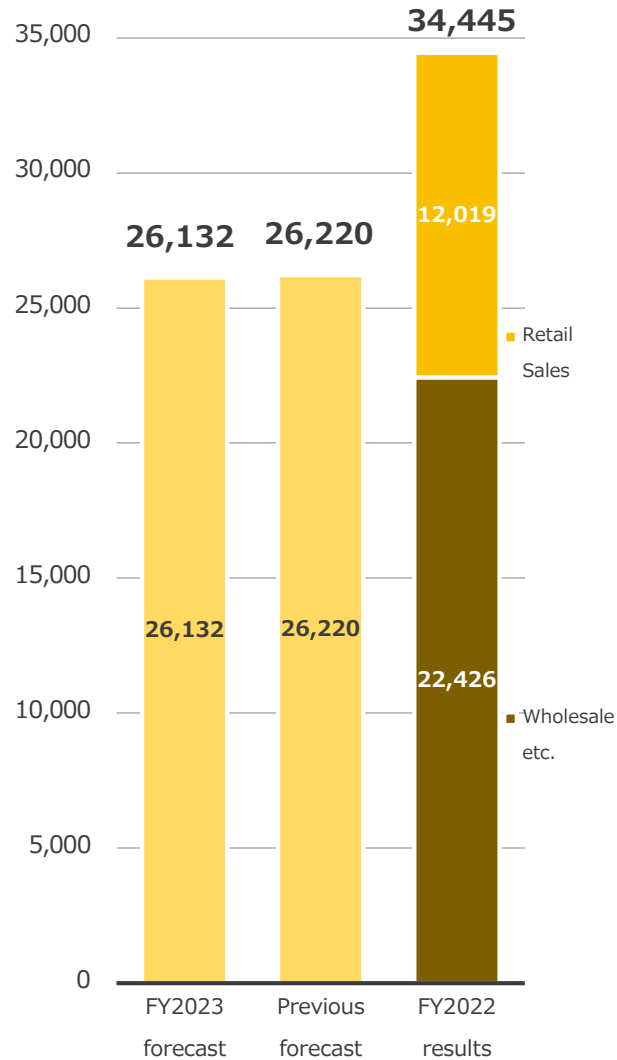
VS. Previous Forecast

**-88 mil. kWh
(-0.3%)**

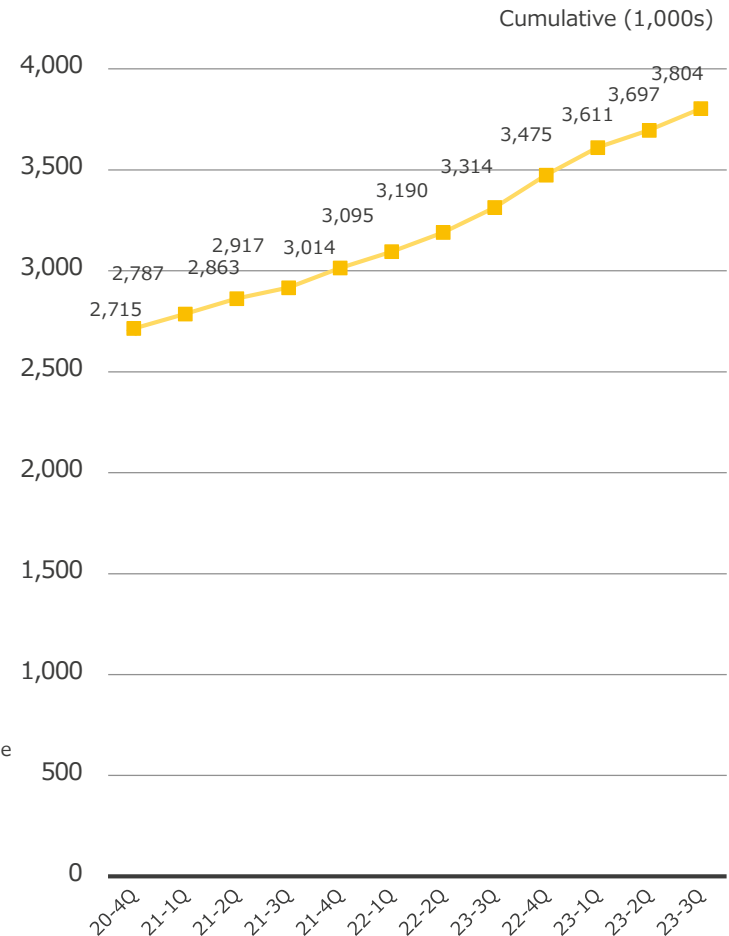
VS. FY2022 Results

**-8,313 mil. kWh
(-24.1%)**

(Unit : mil. kWh)



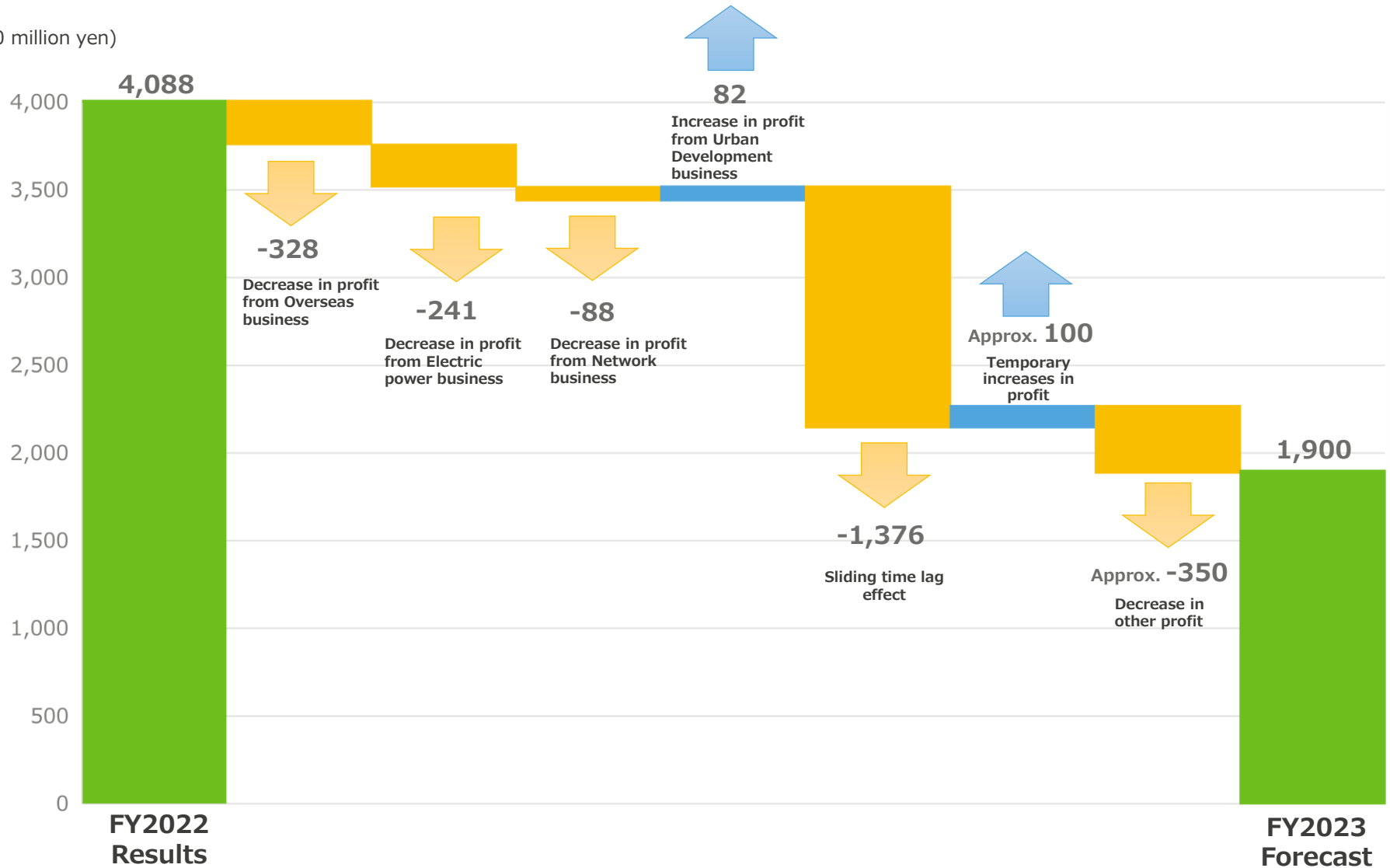
New electricity retail customers won by Tokyo Gas



*Each value is rounded.

Factors for Changes from FY2022 Ordinary profit

(100 million yen)





03

Reference Materials

Impact of rising JCC (Japan Crude Cocktail Prices) by \$1/bbl

(Unit: 100 million yen)

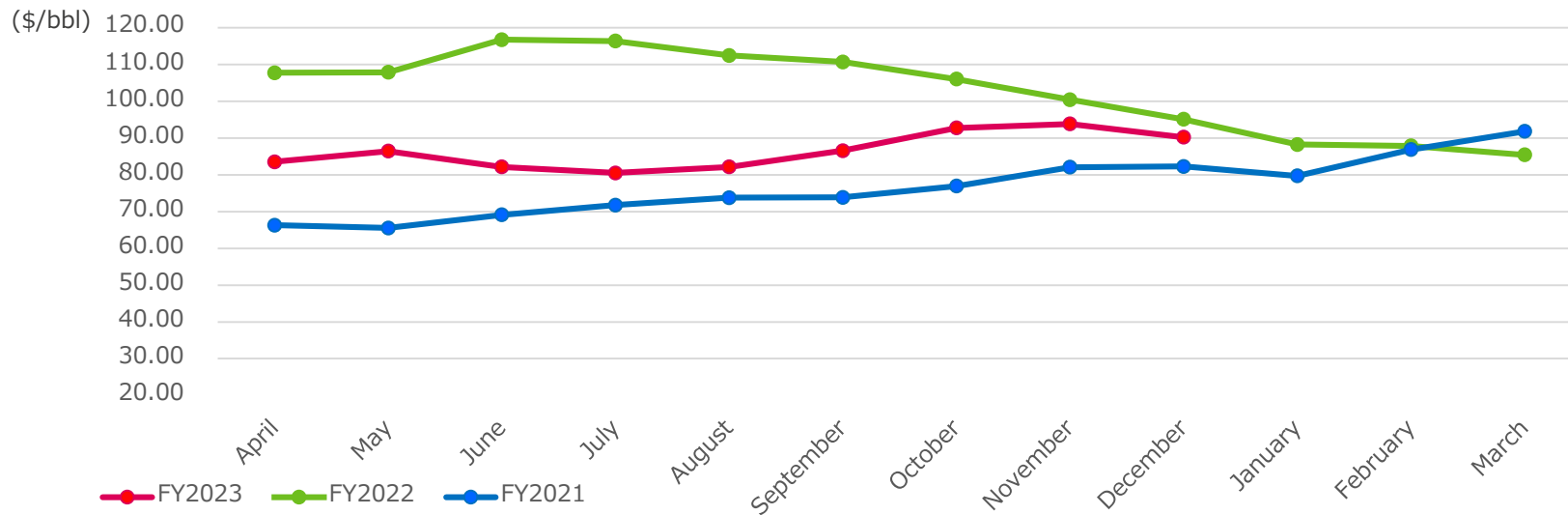
		Impact on earnings
		4Q
Period	4Q	-1

Impact of depreciation of the yen by ¥1/\$

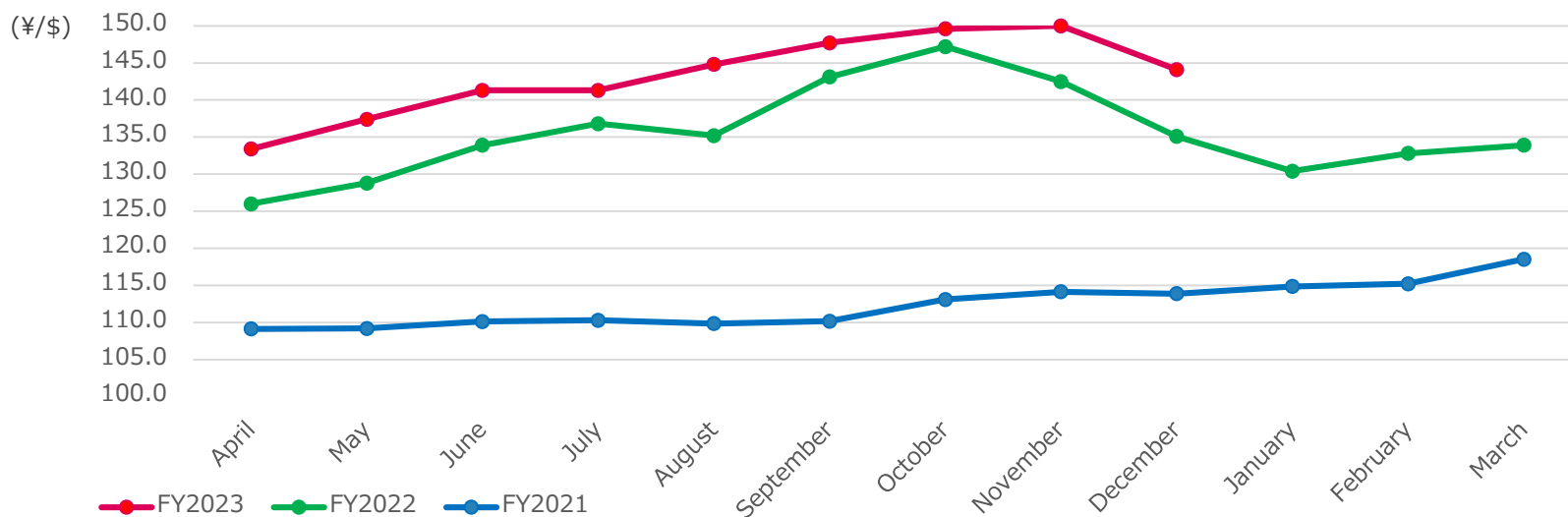
(Unit: 100 million yen)

		Impact on earnings
		4Q
Period	4Q	-11

Crude oil price (Japan Crude Cocktail Prices)



Exchange rate



Two-pronged approach to improving our PBR:

- Pursue business portfolio management to enhance portfolio efficiency/profitability (improve ROE)
- Lift market sentiment regarding our future growth potential (improve PER)

These strategies will be included in our FY2024 management plan (to be formulated in March 2024).

Improve ROE

We will work to raise ROE by boosting ROA through stronger business portfolio management and by controlling financial leverage

<To raise ROA>

- Invest in growth areas that help to create profits and increase profit margins in the medium and short term
- Improve profitability of existing assets

<To raise ROE>

- Appropriate financial leverage
- Shareholder returns

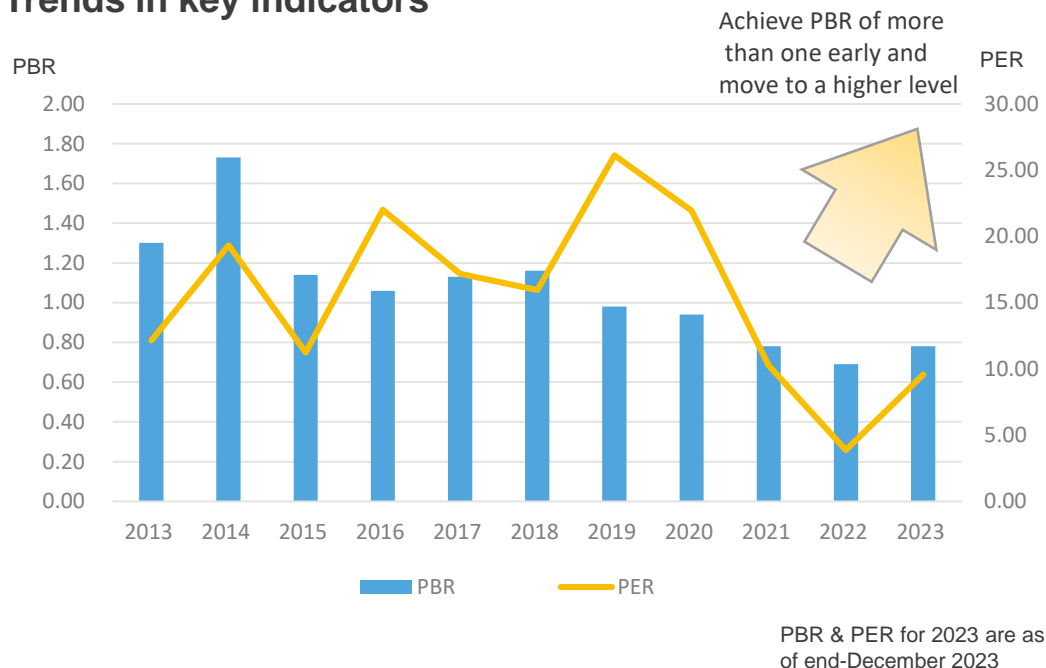
Improve PER

We will pursue engagement and disclosure to provide shareholders and investors with a better understanding of the following points, seeking to strengthen their confidence in our future growth potential

- Actions for stabilizing earnings in core business areas, and their impact
- Actions for improving profitability of current growth areas, and their impact
- Progress and challenges in initiatives for future growth areas (Green Transformation, etc.), and outlook for earning potential
- Efforts that contribute to long-term improvement of corporate value, including investment in intangible assets (investments in human capital, technological development, etc.)

We will meet our shareholders' expectations by stably providing dividends and gradually increasing them in accordance with our growth—while maintaining financial soundness—and by improving EPS through purchase and retirement of treasury shares.

Trends in key indicators



End of FY ending March 2024	Forecast for this quarter (3Q)	Forecast for previous quarter (2Q)	Reasons for change
ROA	3.7%	3.2%	Improve due to increase in profits that outweighs the impact of increase in total by acquisition of shale gas asset in North America
ROE	8.8%	7.3%	Improve due to increase in profits

(1) Advancing business portfolio management

ROA management that helps advance business portfolio management

- As part of the FY2024 management plan, we **will define corporate value as the top KGI/KPI**, and break PBR down into its elements to construct a Group KGI/KPI tree for managing our performance.
- In addition to setting ROA targets for each department, we will set different KPIs for each internal company, each core business subsidiary, and the head office that reflect the characteristics and expected roles of each.
- From FY2024 onward, we will disclose each segment's ROA plan (based on the management plan) at the beginning of the fiscal year (at briefing on preceding year's financial results briefing). Also, we will provide updates on progress toward the plan's targets (at the end of the fiscal year), and on topics pertaining to business portfolio management.

(2) Reduction of capital costs

1. Actions for realizing optimal capital structure

Calculation of necessary equity based on risk-weighted asset management

- Our Group has calculated the amount of risk pertaining to our on-balance sheet assets and off-balance sheet transactions, taking into account future loss assumptions. We are managing and monitoring the risks, based on an overarching policy of **controlling the amount of risk to within our consolidated equity**.
- For monitoring purposes, we determine the types of risks and their amounts for three time horizons—short term, medium term, and long term—and examine them in relation to the amount of our consolidated equity. Based on this process we will control risk through two approaches for each time horizon: risk-reducing initiatives, and allocation of the necessary equity.
- It is our judgment that the current level of equity is generally in balance with the amount of risk, and we will apply appropriate financial leverage on this basis to advance the **reduction of our capital costs**.

Realizing the appropriate level of leverage through pursuit of growth investment

- During the period of the current medium-term management plan, our Group is using a **D/E ratio of around 0.9** as a guide for keeping financial leverage at an appropriate level that maintains financial soundness and capital efficiency.
- The D/E ratio for end-FY2023 is forecasted as 0.93 (0.88, when taking hybrid bonds and loans into account), indicating the impact of financial leverage versus the previous forecast of 0.87 (0.82, same). This is mainly associated with the acquisition of the North American shale gas asset whose investment decision was made in FY2023 3Q.
- Going forward, we will continue striving to achieve the appropriate level of leverage by pursuing growth investments while ensuring our financial soundness.

(2) Reduction of capital costs2. Shareholder returns**About the expected year-end dividend payout for the year ending March 2024**

- In accordance with our shareholder return policy, we will strive to achieve a total return ratio of approximately 40% each fiscal year. With regard to dividends, we will continue to provide stable dividends and will gradually increase dividends in accordance with our growth while comprehensively taking into consideration the profit level over the medium to long term.
- **Taking into consideration the medium- to long-term profit level, the level of dividend payout ratio, and shareholder expectations, we anticipate that the annual dividend amount per share of common stock for the year ending March 2024 will be 70 yen, representing a 5-yen increase from the previous amount of 65 yen.** The actual amount will be decided with the year-end settlement (end-April 2024).
Please note that the number of outstanding shares for FY2023 will decrease to 400,452,159 shares due to a series of share buybacks implemented during the year.*
- Going forward, we will strive to improve capital efficiency by sharing our business results with our shareholders in an appropriate and timely manner, based on the state of our operating environment and growth investments.

*For information on FY2023 share buybacks, please refer to the disclosure made on January 24, 2024.

Summary

- Total number of shares acquired: 34,422,900 shares
- Total acquisition amount: 112,999,799,700 yen

Reference: Resolution of April 26, 2023 Board of Directors meeting

- (1) Type of shares to be acquired: Common stock
- (2) Total number of shares to be acquired:
53 million shares (upper limit; 12.2% of total number of issued shares)
- (3) Total acquisition amount: 113,000 million yen (upper limit)
- (4) Acquisition period: May 8, 2023 – March 31, 2024

Realizing management mindful of capital costs and stock prices

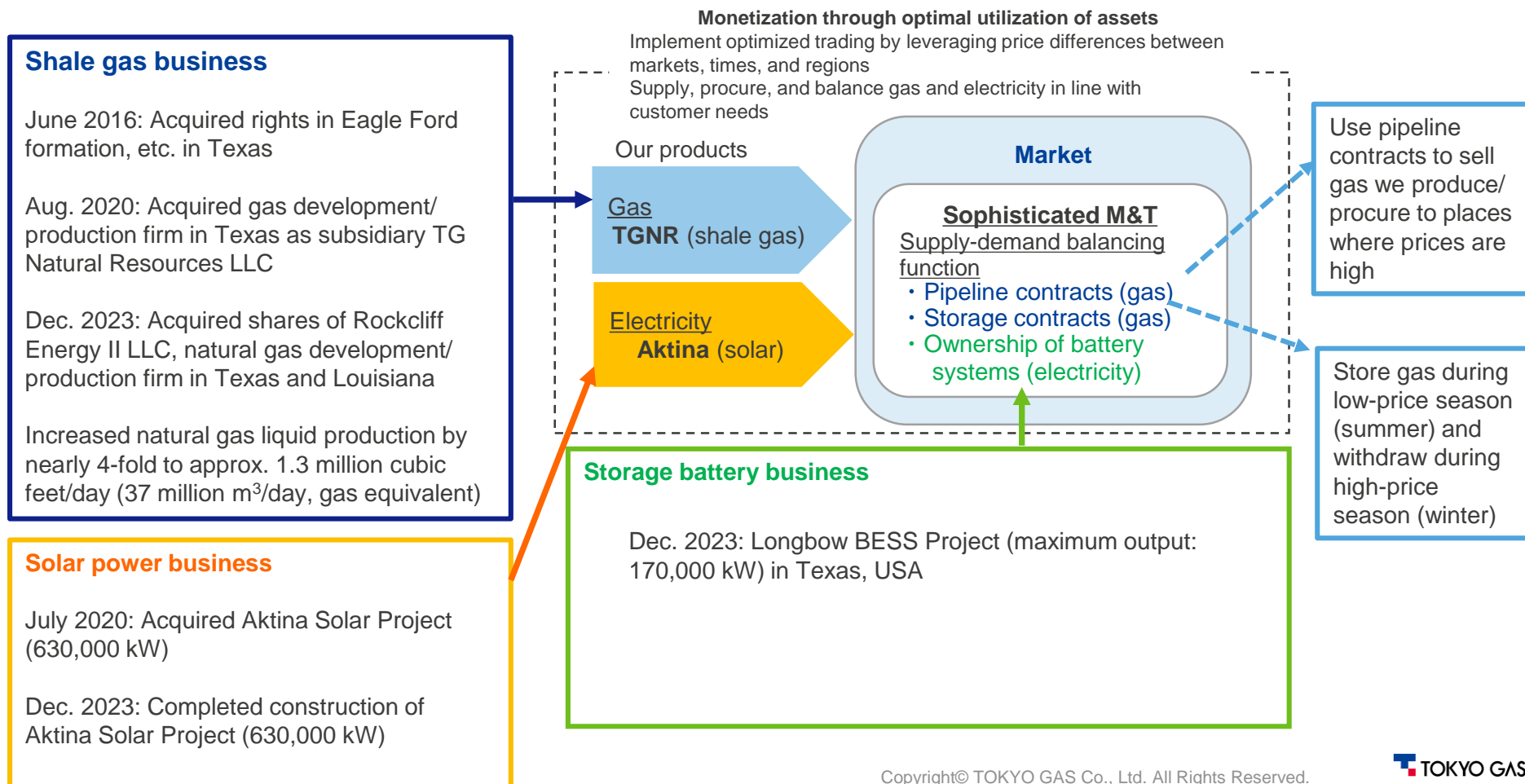
(3) Key growth investments

Below are major projects announced following the start of the current medium-term management plan. Going forward, we will provide updates on their status/progress as appropriate.

Business area	Major projects released in FY2023 (as of end-December 2023)	Key aims	Major risks
Energy (gas/electricity) Green Transformation	<ul style="list-style-type: none"> Decision to invest in LNG-fired power plant (Sodegaura City, Chiba Prefecture) 	Ensure supply capacity & balancing capacity for expansion of electricity business; Decarbonize electricity	Decarbonization technology trends
	<ul style="list-style-type: none"> Joint acquisition of solar power projects in Okayama & Hyogo prefectures 	Decarbonize electricity; Create new revenue stream	Drop in power generation output due to equipment failures, etc; Impact on equipment due to natural disasters, etc.
	<ul style="list-style-type: none"> Launch of commercial operation of solar power plant in Ichikai Town, Tochigi Prefecture 	Decarbonize electricity; Create new revenue stream	Drop in power generation output due to equipment failures, etc.; Impact on equipment due to natural disasters, etc.
	<ul style="list-style-type: none"> Investment in Octopus Energy-led offshore wind power investment fund 	Promote development of offshore wind power projects and gain related insights; Create new revenue stream	Stagnant fund growth; Drop in power generation output due to equipment failure, etc.
Solutions	<ul style="list-style-type: none"> Expansion of comprehensive utility service (steam, etc.) for Toray plant in the US 	Enhance earnings base overseas	Not disclosed
	<ul style="list-style-type: none"> Commencement of construction of solar plant at Narita Airport 	Enhance decarbonization solutions	Not disclosed
Overseas	<ul style="list-style-type: none"> Acquisition of all shares of Rockcliff Energy, natural gas development/production firm in Texas and Louisiana, USA 	Develop/grow shale gas business; expand marketing, trading, and other functions in North America	Gas price trends
	<ul style="list-style-type: none"> Decision to acquire grid storage battery business in Texas, USA 	Expand marketing, trading, and other functions in North America	Electricity price trends
Real estate	<ul style="list-style-type: none"> M&A of real estate asset management companies and participation in private REIT business based on the concept of ESG value (scheduled to start operation within FY2023) 	Provide decarbonization solutions, etc.; Improve asset efficiency by taking assets off balance sheet	Volatility in real-estate market (Building cost and Rental market)

(3) Key growth investments (Strategy for North American investments)

- We have been expanding in North America, Asia, Australia, and Europe to increase our Overseas Business segment's profits to 50 billion yen by 2030. We are **restructuring the Overseas Business portfolio**. In this context, besides selling shares of Natural gas fired combined cycle power generations in Mexico and considering selling off our Australian LNG projects, we are **making North America our focus region** for the time being.
- In North America, we are focusing on **linking our shale gas, renewable energy, and other businesses to increase their synergies**. Areas such as Texas are forecasted to see increased demand for gas/electricity, greater volatility due to adoption of renewables, and rising demand for balancing against price fluctuations. Leveraging the energy-related assets and expertise we have accumulated, we will establish marketing and trading functions in North America by achieving a more sophisticated level of market risk management.
- In the two investment projects decided in December 2023 (shale gas business & storage battery business), although there are impacts of exchange rates and resource prices, we anticipate that they will become sources of profit that will replace the Australian LNG project we are planning to exit.



Key Topics in FY2023 3Q (Excerpted from Press Releases)

Below are key initiatives of the 3 core strategies of the FY2023-2025 Medium-term Management Plan, which are based on our material issues. The strategies are: “**Achieve both stable energy supply & decarbonization**,” “**Fully roll out Solutions business**,” and “**Realize a flexible corporate culture resilient to change**”

< material issues >

Society/Customers



Responsibly transitioning to a decarbonized society



Protecting the global environment



Securing stable energy supply



Enhancing safety & disaster prevention, resilient regional development



Contributing to well-being of people and communities

Tokyo Gas Group (Us)



Realizing an organization that embraces diverse talent



Respecting human rights across the entire value chain

< 3 core strategies >

1 Achieve both stable energy supply & decarbonization























Actively commit resources to GX (renewables, e-methane, etc.) while maximizing the diverse value of LNG














2 Fully roll out Solutions business

Use digital technologies to expand Solutions business on our platform of real-world strengths, and establish a revenue model



























3 Realize a flexible corporate culture resilient to change

Use digital technologies to reform back-office operations. Exercise human capital management

FY2023-2025 Medium-term Management Plan: Initiatives for the 3 core strategies		Material issues	
Achieve both stable energy supply & decarbonization	Carbon-negative concrete used at Motomachi Elementary School in Yokohama (Apr. 13)		
	Joint acquisition of solar power generation business in Okayama and Hyogo prefectures (Apr. 14)		 
	Tokyo Gas Network and French gas pipeline operator GRDF establish mutual cooperation agreement for developing gas pipeline business (May 9)* ¹		 
	Tokyo Gas Group's implementation of retail supply business for offsite corporate PPA (May 30)		
	Tokyo Metropolitan Government's Bureau of Waterworks and Tokyo Gas Network enter into comprehensive partnership agreement (July 11)* ¹		
	Started selling hydrogen produced by AEM water electrolyzer at hydrogen refueling station (July 13)		
	Investment Decision-Making Concerning the LNG-fired Thermal Power Generation Business in Anticipation of the Realization of Carbon Neutrality (July 21)		
	Signing of cooperative agreement with Gas Malaysia for growing gas pipeline business (July 28)* ¹		
	Launch of Demonstration Experiment for CO2 Capture from Waste-to-Energy Plant Flue Gas for Use in Methanation (July 28)		
	Launch of commercial operation of mega solar power plant in Ichikai Town, Tochigi Prefecture (July 31)		
	Participation of Semptra Infrastructure to the Detailed Study regarding the Introduction of e-methane to Japan Utilizing Cameron LNG Terminal (Aug. 30)		

FY2023-2025 Medium-term Management Plan: Initiatives for the 3 core strategies		Material issues		
Achieve both stable energy supply & decarbonization	TES and Tokyo Gas Forge New Partnership to accelerate the decarbonization of hard to abate sectors through e-NG (Nov. 7)			
	Tokyo Gas Investment in the Octopus Energy Offshore Wind Fund (Nov. 17)			
	Commencement of the Joint Feasibility Study with Santos for Production and Export of e-methane in Australia (Nov. 21)			
	Signing of cooperative agreement with Italian gas distributor Italgas for growing gas pipeline business (Dec. 4) *1			
	Acquisition of Shares in Rockcliff Energy II LLC and Change in Subsidiaries (Dec. 16)			
	Deployment of city gas smart meters across entire service area*1 (Dec. 21) *1			
	Establishment of Subsidiaries in the United States and the Acquisition of a 174MW Battery Energy Storage System (BESS) Project (Dec. 22)			

Key Topics in FY2023 3Q (Excerpted from Press Releases)

FY2023-2025 Medium-term Management Plan: Initiatives for the 3 core strategies		Material issues		
Fully roll out Solutions business	Acquisition of real estate asset management company and entry into private REIT business (Apr. 3)* ²			
	Signing of comprehensive partnership agreement for sustainable urban development in Aikawa Town (Apr. 14)			
	Action for further reduction of energy consumption and CO ₂ emissions at Amu Plaza Kagoshima (Apr. 27)* ³			
	Launch of Charge Planner service for supporting businesses and local governments seeking to introduce electric vehicles (May 10)			
	Summer Energy Saving Campaign 2023 demand response service (May 15)			
	Launch of Mirai Hopuratto, web media service for supporting post-retirement lifestyles (June 20)			
	Cross-industry effort to strengthen operating system of Kurashino Sasukatsu, starting with Summer 2023 campaign (June 23)			
	Signing of comprehensive partnership agreement for realizing carbon neutrality in Ota City (June 28)			
	Signing of comprehensive partnership agreement for decarbonized urban development in Sakado City (June 28)			
	Japan's first! Development of hydrogen burner with built-in waster heat recovery device (July 5)			
	Acquisition of new rental housing units for the LATIERRA series: 125 units in two buildings* ² (July 6)			
	Launch of Zuttomo Solar flat-rate plan for existing detached homes in Chugoku/Shikoku region (July 11)			

Key Topics in FY2023 3Q (Excerpted from Press Releases)

FY2023-2025 Medium-term Management Plan:
Initiatives for the 3 core strategies

Material issues

Fully roll out
Solutions business

Signing of comprehensive partnership agreement for realizing a carbon neutral city in Tochigi City (July 13)



Launch of project for increasing social impact of real estate through collaboration with tenant workers*² (July 27)



Signing of comprehensive partnership agreement for realizing Zero Carbon City Koto (July 27)



Provision of factory effluent treatment solution using the Tokyo Gas Group's proprietary water treatment technology*³ (Aug. 10)



Notice of executive officer appointments and organizational changes in line with the establishment of Regional Co-creation Company (Aug. 30)



Signing of comprehensive partnership agreement on value co-creation for realizing carbon neutrality in Setagaya City (Sept. 13)



Signing of comprehensive partnership agreement for realizing Zero Carbon City Kumagaya (Sept. 25)



Notice of changes in personnel appointments (general manager class) (Sept. 27)



Construction starts on solar plant at Narita Airport to realize 180 MW output by FY2045 (Oct. 2) *³



Disaster-resilient energy system begins operating at Ariake Medical Center in Kumamoto Prefecture (Oct. 5) *³



Signing of comprehensive partnership agreement for promoting Green Transformation in Kokubunji City (Oct. 10)



Signing of comprehensive partnership agreement for realizing a decarbonized society in Minato City (Oct. 19)



FY2023-2025 Medium-term Management Plan: Initiatives for the 3 core strategies

Material issues

Fully roll out Solutions business

Introduction of renewable energy-derived J-Credit scheme at three Calbee sites at Kiyohara Industrial Park (Oct. 19)^{*3}



Tokyo Gas Real Estate joins in its second real estate development project in Australia, Bloom1 (Oct. 20)^{*2}



Launch of Japan's first onsite CO2 recycling service! (Oct. 25)^{*3}



Signing of comprehensive partnership agreement for realizing Zero Carbon City Bunkyo (Nov. 7)



World's first! Solar power generated at elementary and junior high schools is supplied to public facilities via self-wheeling! (Nov. 8)^{*3}



Launch of demand response service Winter Energy-saving Campaign 2023 (Nov. 8)



Expansion of comprehensive utility service (steam, etc.) for Toray plant in the US (Nov. 14)^{*3}



Development of world's first laser-based technology for remote detection of R32 refrigerant leaks (Nov. 15)^{*3}



Signing of comprehensive partnership agreement for realizing Zero Carbon City Nishitokyo (Nov. 16)



Signing of comprehensive partnership agreement for realizing Zero Carbon Eco City Kodaira (Nov. 22)



Signing of comprehensive partnership agreement for carbon-neutral urban development in Hino City (Nov. 28)



Launch of Solutions business brand IGNITURE (Nov. 30)



FY2023-2025 Medium-term Management Plan: Initiatives for the 3 core strategies

Material issues

Fully roll out Solutions business

Signing of comprehensive partnership agreement for promoting carbon neutrality and realizing highly disaster-resilient urban development in Inagi City (Dec. 11)



Kiyose City and Tokyo Gas sign comprehensive partnership agreement on community revitalization (Dec. 18)



Saitama Prefecture Public Enterprise Bureau and Tokyo Gas sign partnership agreement for realizing sustainable communities and carbon neutrality (Dec. 20)









Signing of partnership agreement for carbon-neutral urban development in Kimitsu City (Dec. 21)



Signing of partnership agreement for realizing Zero Carbon City Shinjuku (Dec. 25)



Key Topics in FY2023 3Q (Excerpted from Press Releases)

FY2023-2025 Medium-term Management Plan: Initiatives for the 3 core strategies		Material issues
Realize a flexible corporate culture resilient to change	Notification of Resolution to Acquire of Treasury Shares (Apr. 26)	-
	Nihon L'Oreal and Tokyo Gas Real Estate reach agreement on promoting building development that uses construction materials upcycled from scrapped cosmetic products* ² (May 24)	
	Notice of Shares Buyback (Progress Report) (June 7)	-
	Tokyo Gas selected for "Noteworthy DX Companies 2023" (June 1)	  
	Notice of Shares Buyback (Progress Report) (July 4)	-
	Notice of Shares Buyback (Progress Report) (Aug. 2)	-
	Notice of Shares Buyback (Progress Report) (Sept. 4)	-
	Notice of Shares Buyback (Progress Report) (Oct. 3)	-
	Adoption of TG Octopus Energy's Kraken and Kraken Flex platforms brings greater improvements to CX and to the value of distributed energy resources (Oct. 12)	 
	Notice of Shares Buyback (Progress Report) (Nov. 2)	-
	Notice of Shares Buyback (Progress Report) (Dec. 4)	-

*1 Press releases issued by Tokyo Gas Network

*2 Press releases issued by Tokyo Gas Real Estate

*3 Press releases issued by Tokyo Gas Engineering Solutions

Here is a look at one example of how we are advancing the three core strategies of our FY2023-2025 Medium-term Management Plan. This particular initiative contributes to our efforts to **fully roll out the Solutions business**.

Launch of Solutions business brand IGNITURE

Nov. 30, 2023 press release

Tokyo Gas Co., Ltd. and Tokyo Gas Engineering Solutions Corporation have launched IGNITURE, a new brand for the Solutions business segment.

IGNITURE provides customers with solutions offering three forms of value—decarbonization, optimization, and resilience—with the aim of enabling families, corporations, and communities to effortlessly achieve both a prosperous future and sustainable lifestyles/operations. Combining advanced technologies in GX, DX, and other areas with the customer base and energy management expertise that Tokyo Gas has built up over the years, IGNITURE goes beyond the realm of buildings—homes, public facilities, commercial buildings, factories, and so on—to connect the Tokyo Gas Group with communities as a whole.

We will seek to realize sales totaling 3,100 hundred million yen by FY2025 with new solutions to be developed, as well as existing solutions.

IGNITURE



Responsibly transitioning to a decarbonized society



Enhancing safety & disaster prevention, resilient regional development



Contributing to well-being of people and communities

Providing 3 forms of value

	Value provided	Tokyo Gas's strengths
Decarbonization	Providing environmental value for sustainability into the future through decarbonization solutions in daily life and business operations	Technologies and expertise in renewable energy, construction of storage batteries, etc., and O&M ^{*1} / development & investment of Decarbonization technology
Optimization	Providing harmony for daily life, business, and communities as a whole through not only energy optimization, but also optimized use of time, space, and management resources	Provision of optimized energy plans to over 10 million customers / AI-driven data analytics
Resilience	Providing safety, peace of mind, and stability for daily life, business management, and communities as a whole—in addition to the security and safety already provided through energy supply	Construction & operational management of energy infrastructure / Stable supply 24 hours a day, 365 days a year

Achieving a prosperous future

	Future to be achieved
Families	Ideal homes and lifestyles for each person, in harmony with the global environment
Corporations	Sustainable & smart business operation
Communities	Solution of community challenges through co-creation with local governments, businesses, and other stakeholders

^{*1} Operation & maintenance



Area	No	Country	Subject	Main Business		Participation year
North America	①	U.S.A	Eagle Ford	Upstream	Shale gas	2016
			TG Natural Resources	Upstream	Shale gas	2017
			TGES America	Downstream	Energy Service	2015
			Birdsboro Power Plant	Downstream	Natural gas power	2017
			Aktina	Downstream	Solar power	2020
			Longbow	Downstream	Battery Energy Storage System	2024
	②	Mexico	Bajio	Downstream	Natural gas power	2004
			Heolios EnTG	Downstream	Renewable venture(Solar・wind power generation)	2019
Southeast Asia	③	Malaysia	GAS MALASIA Bhd.	Downstream	City gas	1992
			GAS MALASIA ENERGY ADVANCE Sdn.Bhd.	Downstream	Energy Service	2014
	④	Thailand	Bang bo	Downstream	Natural gas power	2016
			GWHAMT	Downstream	Gas Supply	2018
			One Bangkok	Downstream	District Cooling Solutions and power distribution	2020
	⑤	Vietnam	PVGD	Downstream	CNG Supply	2017
	⑥	Indonesia	PRA	Downstream	Gas Supply, Transfer	2017
			Super Energy	Downstream	Gas Supply, Transfer	2020
	⑦	Philippines	FGEN LNG	Downstream	Construction, operation and maintenance of the LNG terminal	2020
Oceania	⑧	Australia	Darwin	Upstream	Production, liquefaction and sales of LNG	2003
			Pluto	Upstream	Production, liquefaction and sales of LNG	2008
			Gorgon	Upstream	Production, liquefaction and sales of LNG	2009
			Queensland Curtis	Upstream	Production, liquefaction and sales of LNG	2011
			Ichthys	Upstream	Production, liquefaction and sales of LNG	2012
Europe	⑨	Denmark	TOWII Renewables	Downstream	Onshore wind power	2022



< Cautionary Statement regarding Forward-looking Statements >

Statements made in this presentation with respect to Tokyo Gas's present plans, forecasts, strategies and beliefs, and other statements herein that are not expressions of historical fact are forward-looking statements about the future performance of the Company. As such, they are based on management's assumptions and opinions stemming from currently available information and therefore involve risks and uncertainties.

The Company's actual performance may greatly differ from these projections, due to these risks and uncertainties which include without limitation general economic conditions in Japan, crude oil prices, the weather, changes in the foreign exchange rate of the yen, rapid technological innovations and the Company's responses to the progress of deregulation.