

Consolidated Financial Results Bulletin for the 1st Quarter Ended June 30, 2021**(J-GAAP)****Tokyo Gas Co., Ltd.**

Securities code: 9531

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

Representative: Mr. UCHIDA Takashi, Representative Corporate Executive Officer, President and CEO

Contact: Mr. KOMORI Rikiya, Chief Manager, Consolidated Settlements Sect.

Stock listings:

Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: August 16, 2021

Scheduled date of the start of dividend payments: —

Preparation of 1Q earnings presentation material (yes/no): **Yes**Holding of 1Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for 1st Quarter (from April 1, 2021 to June 30, 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	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Three months ended Jun. 30, 2021	408,211	-1.8%	25,192	-8.3%	23,100	-17.7%	15,808	-3.5%
Three months ended Jun. 30, 2020	415,654	-11.0%	27,469	-37.6%	28,063	-42.0%	16,377	-53.1%

Note: Total comprehensive income

Three months ended June 30, 2021: 37,332 million yen (135.7%)

Three months ended June 30, 2020: 15,835 million yen (-53.2%)

	Profit per share	Diluted profit per share
Three months ended Jun. 30, 2021	35.93 yen	—
Three months ended Jun. 30, 2020	37.14 yen	—

Note: As provisional accounting treatments on business combinations were confirmed in the FY2020 ended March 31, 2021, the figures for the three months ended June 30, 2020 reflect the confirmed details of the provisional accounting treatments.

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio
As of Jun. 30, 2021	2,837,924	1,204,072	41.6%
As of Mar. 31, 2021	2,738,348	1,178,271	42.1%

Reference: Shareholders' equity

As of June 30, 2021: 1,179,722 million yen

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

2. Dividend

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2020 ended Mar. 31, 2021	—	30.00	—	30.00	60.00
FY2021 ending Mar. 31, 2022	—				
FY2021 ending Mar. 31, 2022 (Forecast)		30.00	—	30.00	60.00

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

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		Net profit attributable to owners of parent		Profit per share
	Value	% change	Value	% change	Value	% change	Value	% change	Value
Full-year	1,952,000	10.6%	92,000	18.4%	83,000	17.7%	60,000	21.2%	136.46 yen

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

*Notes

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

Reference: Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 108 (Increased by 1 company)

Number of subsidiaries and affiliates accounted for by equity method: 15

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

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

(3) Change in accounting policies or estimates and retrospective restatements

1) Change in accounting policies in accordance with revision of accounting standards: *Yes*

2) Change in accounting policies other than item 1) above: *No*

3) Change in accounting estimates: *No*

4) Retrospective restatements: *No*

(4) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Jun. 30, 2021	442,436,059	Mar. 31, 2021	442,436,059
2) Number of shares of treasury stock at end of period:	Jun. 30, 2021	2,879,781	Mar. 31, 2021	1,437,924
3) Average number of shares during period:	Apr. – Jun. 2021	440,036,974	Apr. – Jun. 2020	441,010,385

* 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. The consolidated and non-consolidated results forecasts include numerous elements of uncertainty, including the impact of the COVID-19 pandemic. 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 3 of the Attachment.

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

Non-Consolidated Results Forecast for 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	1,757,000	8.9%	43,000	-8.6%	39,000	-16.6%	29,000	-31.8%	65.96 yen

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

Contents of Attachment

1. Overview of Business Performance, etc.....	2
(1) Overview of business performance of the 1st quarter	2
(2) Future outlook	3
2. Consolidated Financial Statements and Main Notes	4
(1) Consolidated balance sheets	4
(2) Consolidated statements of income and comprehensive income.....	6
Consolidated statement of income.....	6
(Three months ended June 30, 2021)	
Consolidated statement of comprehensive income	7
(Three months ended June 30, 2021)	
(3) Notes on consolidated financial statements	8
(Note on going concerns' premise).....	8
(Additional information)	8
(Significant changes in shareholders' equity).....	8
(Application of accounting treatment peculiar to quarterly consolidated financial statement preparation)	8
(Change in accounting policies)	9

1. Overview of Business Performance, etc.

(1) Overview of business performance of the 1st quarter

<Summary by segment>

(Unit: million yen)

		Gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2021	273,278	81,231	20,573	69,247	14,013	24,009
	(% of total)	(56.6%)	(16.8%)	(4.3%)	(14.4%)	(2.9%)	(5.0%)
	FY2020	284,980	89,121	11,990	72,680	11,114	26,682
	(% of total)	(57.5%)	(17.9%)	(2.4%)	(14.6%)	(2.2%)	(5.4%)
	Amount of change	-11,702	-7,890	8,583	-3,433	2,899	-2,673
	(Rate of change)	-4.1%	-8.9%	71.6%	-4.7%	26.1%	-10.0%
Operating expenses	FY2021	251,999	77,676	15,318	67,064	9,941	24,904
	(% of total)	(56.4%)	(17.4%)	(3.4%)	(15.0%)	(2.2%)	(5.6%)
	FY2020	257,209	86,137	9,323	71,264	8,089	25,337
	(% of total)	(56.3%)	(18.8%)	(2.0%)	(15.6%)	(1.8%)	(5.5%)
	Amount of change	-5,210	-8,461	5,995	-4,200	1,852	-433
	(Rate of change)	-2.0%	-9.8%	64.3%	-5.9%	22.9%	-1.7%
Segment profit	FY2021	21,279	3,554	5,772	2,182	4,296	-886
	(% of total)	(58.8%)	(9.8%)	(15.9%)	(6.0%)	(11.9%)	(-2.4%)
	FY2020	27,770	2,983	2,794	1,416	3,270	1,333
	(% of total)	(70.1%)	(7.5%)	(7.1%)	(3.6%)	(8.3%)	(3.4%)
	Amount of change	-6,491	571	2,978	766	1,026	-2,219
	(Rate of change)	-23.4%	19.1%	106.5%	54.1%	31.4%	—%

Notes:

- Figures for sales include internal transactions. Figures for operating expenses do not include expenses that cannot be allocated to specific segments. Figures for segment profit are adjusted against the amount based on operating profit of consolidated financial statements plus or minus investment income or loss on equity method.
- As provisional accounting treatments on business combinations were confirmed in the FY2020 ended March 31, 2021, the figures for the three months ended June 30, 2020 reflect the confirmed details of the provisional accounting treatments.

< Consolidated City Gas Sales Volume, etc.>

		Apr. – Jun. 2021	Apr. – Jun. 2020	Change	% change	
No. of customers for city gas retail sales	Thousands	8,818	9,044	-226	-2.5	
No. of customers (meters)	Thousands	12,103	11,975	128	1.1	
City gas sales volume	Residential	Mil. m ³	722	819	-97	-11.9
	Commercial	Mil. m ³	440	425	15	3.5
	Industrial	Mil. m ³	1,324	1,031	293	28.4
	Subtotal	Mil. m ³	1,764	1,456	308	21.1
	Supplies to other utilities	Mil. m ³	359	380	-21	-5.6
	Total	Mil. m ³	2,845	2,656	189	7.1
Average temperature	°C	17.8	16.6	1.2	—	

Notes:

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

< Consolidated Electric Power Sales Volume, etc.>

			Apr. – Jun. 2021	Apr. – Jun. 2020	Change	% change
No. of customers for electric power retail sales		Thousands	2,788	2,457	331	13.5
Electric power sales volume	Retail	million kWh	2,091	2,148	-57	-2.6
	Wholesale etc.	million kWh	3,766	3,083	683	22.2
	Total	million kWh	5,858	5,231	627	12.0

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

<Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	Apr. – Jun. 2021	Apr. – Jun. 2020	Change	Crude oil price (\$/bbl)	Apr. – Jun. 2021	Apr. – Jun. 2020	Change
	109.52	107.64	1.88		66.91	32.26	34.65

(2) Future outlook

a. Consolidated city gas sales volume forecast for FY2021

			FY2021 (Forecast)	FY2020 (Results)	Change	% change
City gas sales volume	Residential	Mil. m ³	3,082	3,207	-125	-3.9%
	Others	Mil. m ³	9,194	9,783	-589	-6.0%
	Total	Mil. m ³	12,276	12,990	-714	-5.5%
Average temperature		°C	16.4	16.5	-0.1	—

b. Consolidated electric power sales volume forecast for FY2021

			FY2021 (Forecast)	FY2020 (Results)	Change	% change
Total electric power sales volume	million kWh		27,579	24,761	2,818	11.4

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)	19,520	12,615	6,905	920	830	600
FY2020 (results)	17,651	11,467	6,183	776	705	495
Change	1,869	1,148	722	144	125	105
% change	10.6%	10.0%	11.7%	18.4%	17.7%	21.2%

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
	109.88	106.10	3.78		65.48	43.35	22.13

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of June 30,2021
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	231,177	228,481
Distribution facilities	594,662	589,003
Service and maintenance facilities	15,992	15,396
Other facilities	564,495	567,386
Inactive facilities	316	316
Construction in progress	89,283	106,513
Total property, plant and equipment	1,495,927	1,507,097
Intangible assets		
Goodwill	5,320	5,176
Other intangible assets	290,316	294,591
Total intangible assets	295,637	299,768
Investments and other assets		
Investment securities	230,782	241,775
Long-term loans receivable	57,279	62,198
Retirement benefit asset	114	9,394
Deferred tax assets	47,368	45,681
Other investments	60,814	63,046
Allowance for doubtful accounts	-301	-289
Total investments and other assets	396,057	421,807
Total non-current assets	2,187,623	2,228,673
Current assets		
Cash and deposits	157,881	170,839
Notes and accounts receivable - trade	218,985	-
Notes and accounts receivable - trade, and contract assets	-	197,892
Lease receivables and investments in leases	19,618	18,781
Securities	1,210	10
Merchandise and finished goods	1,980	2,094
Work in process	11,595	15,207
Raw materials and supplies	46,464	73,870
Other current assets	93,848	131,487
Allowance for doubtful accounts	-857	-932
Total current assets	550,725	609,250
Total assets	2,738,348	2,837,924

	As of March 31,2021	As of June 30,2021
Liabilities		
Non-current liabilities		
Bonds payable	474,998	474,998
Long-term borrowings	458,881	453,123
Deferred tax liabilities	24,269	25,254
Retirement benefit liability	58,416	66,122
Provision for gas holder repairs	3,172	3,114
Provision for safety measures	349	311
Provision for appliance warranties	10,843	-
Provision for point card certificates	1,635	377
Asset retirement obligations	23,313	24,969
Other noncurrent liabilities	89,188	87,358
Total non-current liabilities	1,145,067	1,135,631
Current liabilities		
Current portion of non-current liabilities	108,704	111,520
Notes and accounts payable - trade	84,265	80,145
Short-term borrowings	5,706	6,243
Income taxes payable	11,710	9,889
Provision for contract loss	-	252
Other current liabilities	204,623	290,169
Total current liabilities	415,010	498,220
Total liabilities	1,560,077	1,633,851
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	1,145	1,145
Retained earnings	990,762	998,578
Treasury shares	-3,907	-7,212
Total shareholders' equity	1,129,845	1,134,355
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,990	21,832
Deferred gains or losses on hedges	-11,240	-9,741
Foreign currency translation adjustment	4,322	27,321
Remeasurements of defined benefit plans	7,895	5,952
Total accumulated other comprehensive income	23,968	45,366
Non-controlling interests	24,457	24,349
Total net assets	1,178,271	1,204,072
Total liabilities and net assets	2,738,348	2,837,924

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Net sales	415,654	408,211
Cost of sales	277,684	270,366
Gross profit	137,969	137,845
Selling, general and administrative expenses		
Supply and sales expenses	94,784	98,634
General and administrative expenses	15,715	14,017
Total selling, general and administrative expenses	110,499	112,652
Operating profit	27,469	25,192
Non-operating income		
Interest income	600	261
Dividend income	1,331	721
Share of profit of entities accounted for using equity method	360	752
Miscellaneous income	2,450	3,015
Total non-operating income	4,743	4,750
Non-operating expenses		
Interest expenses	2,753	3,626
Miscellaneous expenses	1,397	3,215
Total non-operating expenses	4,150	6,842
Ordinary profit	28,063	23,100
Extraordinary losses		
Impairment losses	4,788	-
Total extraordinary losses	4,788	-
Profit before income taxes	23,274	23,100
Income taxes	6,583	6,623
Profit	16,690	16,477
Profit attributable to non-controlling interests	313	668
Profit attributable to owners of parent	16,377	15,808

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Profit	16,690	16,477
Other comprehensive income		
Valuation difference on available-for-sale securities	2,446	-1,176
Deferred gains or losses on hedges	-1,624	-772
Foreign currency translation adjustment	-1,392	21,198
Remeasurements of defined benefit plans, net of tax	-260	-1,952
Share of other comprehensive income of entities accounted for using equity method	-22	3,559
Total other comprehensive income	-854	20,855
Comprehensive income	15,835	37,332
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,553	37,207
Comprehensive income attributable to non-controlling interests	282	125

(3) Notes on consolidated financial statements

(Note on going concerns' premise)

Not applicable

(Additional information)

Accounting estimates on the impact of COVID-19

It is difficult to determine the impact of the COVID-19 pandemic on the Group since we cannot currently foresee when the pandemic will abate.

Accounting treatments require estimations to be made based on certain assumptions. The Group has made accounting estimates by assuming that the impact of the COVID-19 pandemic will continue to a certain extent during FY2021, referring to forecast data by outside research institutions available at the time of preparation of consolidated financial statements and in view of the impact of each business on the operating results for the three months ended June 30, 2021.

(Significant changes in shareholders' equity)

Purchase of treasury stock

The Company purchases treasury stock from the market as per the provisions of Article 156 of the Companies Act that is applied in an alternative interpretation of Article 165, Section 3 of the Companies Act.

The purchase of treasury stock that was decided at the Board of Directors meeting held on April 28, 2021, has ended with the purchases of up to May 18, 2021.

- | | |
|--------------------------------|---|
| (1) Purchase period | May 10 – May 18, 2021 (contract basis) |
| (2) Number of shares purchased | 1,439,500 shares |
| (3) Total amount of purchase | ¥3,299,881,550 |
| (4) Purchase method | Market purchase on the Tokyo Stock Exchange |

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

Calculation of taxes

Taxes are calculated by multiplying profit before income taxes for the first-quarter period under review by the reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the profit income before income taxes for the current consolidated fiscal year ending March 31, 2022 including the first quarter under review.

(Change in accounting policies)

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ No. 29, March 31, 2020) and others effective the start of the three months ended June 30, 2021, and has decided to recognize the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to the customer.

Therefore, revenues associated with the electric power business, which had been recognized on the basis of the date of meter reading, are now recognized on the basis of delivery by reasonably estimating the performance obligation that is fulfilled at the end of the term. For the provision of certain gas equipment maintenance services, the maintenance cost expected to be incurred in the future had been booked as provision for appliance warranties, and the amount provided had been booked as expenses. However, said services are now identified as a performance obligation, and the amount expected as consideration for future provision of the services is now treated as a contractual liability. The advanced billing use to promote renewable energy power generation is no longer included in the transaction price upon revenue recognition as it is collected for a third party. It is now accounted for as a liability item instead of the previous operating revenue item. The corresponding payments in accordance with the Act on Special Measures concerning the Procurement of Renewable Electric Energy are now also accounted for as said liability item instead of an operating expense. With regard to points that are granted according to the purchase amount of gas and electricity, the amount expected to be used in the future had been booked as provision for point card certificates and the amount provided had been booked as expenses. The points granted are now identified as a performance obligation, and the amount expected to be received in exchange for future services are now booked as a contractual liability.

The Accounting Standard for Revenue Recognition, etc. are applied in accordance with the transitional procedures set forth in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. Under this application method, the cumulative effect of retroactively applying the new accounting policies to before the start of the three months ended June 30, 2021, is added to or deducted from the retained earnings at the start of the three months ended June 30, 2021, and the new accounting policies are applied from said starting balance.

However, by applying the method set forth in paragraph 86 of the Accounting Standard for Revenue

Recognition, the new accounting policies have not been applied retroactively to contracts for which almost all revenues had been recognized in accordance with the previous treatment before the start of the three months ended June 30, 2021. In addition, by applying the method set forth in proviso (1) of paragraph 86 of the Accounting Standard for Revenue Recognition, changes to contracts carried out before the start of the three months ended June 30, 2021, have been accounted for based on the contract terms after all contract changes have been reflected, and their cumulative effects have been added to or deducted from retained earnings at the start of the three months ended June 30, 2021.

As a result, retained earnings at the start of the three months ended June 30, 2021, increased by ¥5,255 million, net sales for the three months ended June 30, 2021, decreased by ¥10,579 million, and operating profit, ordinary profit, and profit before income taxes decreased by ¥574 million each.

Due to the application of the Accounting Standard for Revenue Recognition, etc., “notes and accounts receivable - trade,” which were presented under “current assets” in the consolidated balance sheet for the previous fiscal year, have been included in “notes and accounts receivable - trade, and contractual assets,” starting the three months ended June 30, 2021. The “provision for appliance warranties,” which was presented under “non-current liabilities” in the consolidated balance sheet for the previous fiscal year, has been included as “contractual liabilities” under “other current liabilities,” starting the three months ended June 30, 2021. Of the “provision for point card certificates” that was presented under “non-current liabilities” in the consolidated balance sheet for the previous fiscal year, the amount corresponding to contractual liabilities under the Accounting Standard for Revenue Recognition, etc. has been included as “contractual liabilities” under “other current liabilities,” starting the three months ended June 30, 2021. In accordance with the transitional procedures set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, reclassification based on the new presentation method has not been carried out for the previous fiscal year.

Application of Accounting Standard for Fair Value Measurement

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and others effective the start of the three months ended June 30, 2021, and has decided to apply the new accounting policy set forth by the Accounting Standard for Fair Value Measurement, etc. into the future in accordance with the transitional procedures stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This will have no impact on quarterly consolidated financial statements.