

**Consolidated Financial Results Bulletin for the 3rd Quarter Ended December 31, 2022****(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: February 14, 2023

Scheduled date of the start of dividend payments: —

Preparation of 3Q earnings presentation material (yes/no): **Yes**Holding of 3Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

**1. Consolidated Performance for 3rd Quarter (from April 1, 2022 to December 31, 2022)**

(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
Nine months ended Dec. 31, 2022	2,300,194	63.9%	235,692	341.5%	238,298	283.6%	168,097	264.7%
Nine months ended Dec. 31, 2021	1,403,292	13.7%	53,378	-19.5%	62,121	1.9%	46,088	8.6%

Note: Total comprehensive income

Nine months ended December 31, 2022: 252,736 million yen (666.8%) Nine months ended December 31, 2021: 32,961 million yen (34.5%)

	Profit per share	Diluted profit per share
	Nine months ended Dec. 31, 2022	386.93 yen
Nine months ended Dec. 31, 2021	104.81 yen	—

Note: Figures for the nine months ended December 31, 2021, represent figures after retroactive application following a change in accounting policies.

**(2) Consolidated Financial Position**

(Unit: million yen)

	Total assets	Total net assets	Equity ratio
	As of Dec. 31, 2022	3,649,413	1,484,037
As of Mar. 31, 2022	3,187,627	1,281,150	39.3%

Reference: Shareholders' equity

As of December 31, 2022: 1,456,764 million yen As of March 31, 2022: 1,251,781 million yen

Note: Figures for the fiscal year ended March 31, 2022, represent figures after retroactive application and restatement following a change in accounting policies and changes in presentation, respectively.

**2. Dividend**

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2021 ended Mar. 31, 2022	—	30.00	—	35.00	65.00
FY2022 ending Mar. 31, 2023	—	32.50	—		
FY2022 ending Mar. 31, 2023 (Forecast)				32.50	65.00

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

### 3. Consolidated Results Forecast for FY2022 ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(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
Full-year	3,377,000	56.7%	331,000	159.6%	325,000	138.1%	236,000	146.6%	543.54 yen

Notes: 1. Revision to the consolidated results forecast that has been disclosed lastly: *Yes*

2. The year-on-year percentage changes represent the percentage changes calculated by retroactively applying the change in accounting policies to the figures for the fiscal year ended March 31, 2022.

#### \*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: 101 (Increased by 1 company and decreased by 13 companies)

Number of subsidiaries and affiliates accounted for by equity method: 15 (Decreased by 1 company)

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

Note: Please see page 9 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: *No*

2) Change in accounting policies other than item 1) above: *Yes*

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):	Dec. 31, 2022	434,875,059	Mar. 31, 2022	440,996,559
2) Number of shares of treasury stock at end of period:	Dec. 31, 2022	1,452,421	Mar. 31, 2022	1,448,431
3) Average number of shares during period:	Apr. – Dec. 2022	434,443,941	Apr. – Dec. 2021	439,714,082

\* 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 and the Russia-Ukraine situation. Therefore, the forecasts are subject to drastic changes depending on future development. For details of the above forecasts, please refer to “1. Overview of Business Performance, etc. (2) Future outlook” on page 4 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 FY2022 ending March 31, 2023 (April 1, 2022 - March 31, 2023)**

(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	3,018,800	56.3%	231,200	345.3%	228,300	375.8%	163,900	333.7%

Notes: 1. Revision to the non-consolidated results forecast that has been disclosed lastly: *Yes*

2. The year-on-year percentage changes represent the percentage changes calculated by retroactively applying the change in accounting policies to the figures for the fiscal year ended March 31, 2022.

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## 1. Overview of Business Performance, etc.

### (1) Overview of business performance of the 3rd quarter

#### <Summary by segment>

In November 2021, the Company formulated the Compass Action, a detailed roadmap for achieving Compass 2030, the Group's management vision, and on April 1, 2022, transitioned to a holding company structure. Following this development, the Company has decided to change its reporting segments from the five segments of "gas," "electric power," "overseas," "energy related," and "real estate," which it had used until FY2021, to four reporting segments of "energy solution," "network," "overseas," and "urban development," starting in FY2022.

The year-on-year comparison is based on the previous reporting segments since it is difficult to create data of net sales and profits of the nine months ended December 31, 2021, using the new reporting segments.

Nine months ended December 31, 2022

(Unit: million yen)

		Energy solution	Network	Overseas	Urban development
Sales	FY2022	2,111,447	244,204	128,191	46,264
	(% of total)	(83.4%)	(9.7%)	(5.1%)	(1.8%)
Operating expenses	FY2022	1,904,781	263,379	69,777	33,862
	(% of total)	(83.8%)	(11.6%)	(3.1%)	(1.5%)
Segment profit/loss	FY2022	206,696	-19,175	63,994	12,996
	(% of total)	(78.1%)	(-7.2%)	(24.2%)	(4.9%)

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 adjusted against the amount based on operating profit/loss of consolidated financial statements plus or minus investment income or loss on equity method.

Comparison with the nine months ended December 31, 2021

(Unit: million yen)

		Gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2022	1,548,331	599,683	128,211	260,065	46,264	73,804
	(% of total)	(58.3%)	(22.6%)	(4.8%)	(9.8%)	(1.7%)	(2.8%)
	FY2021	907,844	308,615	62,430	227,548	43,348	73,781
	(% of total)	(56.0%)	(19.0%)	(3.8%)	(14.0%)	(2.7%)	(4.5%)
	Amount of change	640,487	291,068	65,781	32,517	2,916	23
(Rate of change)	70.6%	94.3%	105.4%	14.3%	6.7%	0.0%	
Operating expenses	FY2022	1,396,421	582,834	68,330	245,639	33,689	65,918
	(% of total)	(58.3%)	(24.3%)	(2.9%)	(10.3%)	(1.4%)	(2.8%)
	FY2021	875,625	296,988	44,450	216,622	31,245	72,424
	(% of total)	(57.0%)	(19.3%)	(2.9%)	(14.1%)	(2.0%)	(4.7%)
	Amount of change	520,796	285,846	23,880	29,017	2,444	-6,506
(Rate of change)	59.5%	96.2%	53.7%	13.4%	7.8%	-9.0%	
Segment profit	FY2022	151,910	16,849	65,461	14,425	13,169	7,916
	(% of total)	(56.4%)	(6.2%)	(24.3%)	(5.3%)	(4.9%)	(2.9%)
	FY2021	32,218	11,626	21,709	10,925	12,818	1,415
	(% of total)	(35.6%)	(12.8%)	(23.9%)	(12.0%)	(14.1%)	(1.6%)
	Amount of change	119,692	5,223	43,752	3,500	351	6,501
(Rate of change)	371.5%	44.9%	201.5%	32.0%	2.7%	459.3%	

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/loss of consolidated financial statements plus or minus investment income or loss on equity method.
- Figures for the nine months ended December 31, 2021, represent figures after retroactive application following a change in accounting policies.

**<Consolidated City Gas Sales Volume, etc.>**

		Apr. – Dec. 2022	Apr. – Dec. 2021	Change	% change	
No. of customers for city gas retail sales	Thousands	8,688	8,733	-45	-0.5	
No. of customers (meters)	Thousands	12,289	12,162	127	1.0	
City gas sales volume	Residential	Mil. m <sup>3</sup>	1,834	1,906	-72	-3.8
	Commercial	Mil. m <sup>3</sup>	1,579	1,545	34	2.2
	Industrial	Mil. m <sup>3</sup>	4,509	4,532	-23	-0.5
	Subtotal	Mil. m <sup>3</sup>	6,088	6,076	12	0.2
	Supplies to other utilities	Mil. m <sup>3</sup>	1,162	1,149	13	1.2
Total	Mil. m <sup>3</sup>	9,084	9,131	-47	-0.5	
Average temperature	°C	19.5	19.2	0.3	—	

Notes:

1. No. of customers for city gas retail sales indicates the number of billed customers for city gas retail sales.
2. No. of customers (meters) indicates the number of meters as a gas pipeline service provider.
3. “Commercial” indicates sales to commercial, public and medical institutions.
4. City gas sales volumes are on the basis of 45MJ/m<sup>3</sup>.
5. The figures for the nine months ended December 31, 2021, represent figures after retroactive application following a change in accounting policies.

**< Consolidated Electric Power Sales Volume, etc.>**

		Apr. – Dec. 2022	Apr. – Dec. 2021	Change	% change	
No. of customers for electric power retail sales	Thousands	3,314	2,934	380	12.9	
Electric power sales volume	Retail	million kWh	8,202	7,687	515	6.7
	Wholesale etc.	million kWh	17,202	12,339	4,863	39.4
	Total	million kWh	25,404	20,025	5,379	26.9

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. – Dec. 2022	Apr. – Dec. 2021	Change	Crude oil price (\$/bbl)	Apr. – Dec. 2022	Apr. – Dec. 2021	Change
	136.50	111.14	25.36		107.87	73.97	33.90

**(2) Future outlook****a. Consolidated city gas sales volume forecast for FY2022**

			FY2022 (Forecast)	FY2021 (Results)	Change	% change
City gas sales volume	Residential	Mil. m <sup>3</sup>	2,936	3,083	-147	-4.8
	Others	Mil. m <sup>3</sup>	9,768	10,063	-295	-2.9
	Total	Mil. m <sup>3</sup>	12,704	13,146	-442	-3.4
Average temperature		°C	16.5	16.2	0.3	—

Notes:

1. City gas sales volumes are on the basis of 45MJ/m<sup>3</sup>.
2. The results figures for FY2021 represent figures after retroactive application following a change in accounting policies.

**b. Consolidated electric power sales volume forecast for FY2022**

		FY2022 (Forecast)	FY2021 (Results)	Change	% change
Total electric power sales volume	million kWh	34,849	28,288	6,561	23.2

**c. Consolidated earnings forecast for FY2022**

(Unit: hundred million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY2022 (forecast)	33,770	3,310	3,250	2,360
FY2021 (results)	21,548	1,275	1,364	957
Change	12,222	2,035	1,886	1,403
% change	56.7%	159.6%	138.1%	146.6%

Note: The results figures for FY2021 represent figures after retroactive application following a change in accounting policies.

## &lt; Foreign exchange rate and crude oil price forecast for FY2022 &gt;

¥/\$ rate	FY2022 (Forecast)	FY2021 (Results)	Change	Crude oil price (\$/bbl)	FY2022 (Forecast)	FY2021 (Results)	Change
	137.38	112.39	24.99		103.40	77.15	26.25

## 2. Consolidated Financial Statements and Main Notes

### (1) Consolidated balance sheets

(Million yen)

	As of March 31,2022	As of December 31,2022
<b>Assets</b>		
Current assets		
Cash and deposits	179,769	307,163
Notes and accounts receivable - trade, and contract assets	364,683	546,741
Lease receivables and investments in leases	17,824	17,510
Securities	10	9
Merchandise and finished goods	3,467	6,425
Work in process	12,083	22,914
Raw materials and supplies	67,135	127,602
Other current assets	258,610	208,267
Allowance for doubtful accounts	-3,714	-1,226
<b>Total current assets</b>	<b>899,870</b>	<b>1,235,407</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	338,517	338,381
Machinery, equipment and vehicles, net	892,515	930,590
Tools, furniture and fixtures, net	14,484	10,494
Land	192,455	197,174
Leased assets, net	5,899	9,519
Construction in progress	125,501	112,044
<b>Total property, plant and equipment</b>	<b>1,569,373</b>	<b>1,598,204</b>
Intangible assets		
Goodwill	6,018	5,335
Other intangible assets	294,296	320,517
<b>Total intangible assets</b>	<b>300,315</b>	<b>325,852</b>
Investments and other assets		
Investment securities	236,303	283,806
Long-term loans receivable	48,653	63,349
Retirement benefit asset	5,864	7,584
Deferred tax assets	34,670	41,817
Other investments	94,223	98,957
Allowance for doubtful accounts	-1,647	-5,566
<b>Total investments and other assets</b>	<b>418,068</b>	<b>489,948</b>
<b>Total non-current assets</b>	<b>2,287,757</b>	<b>2,414,005</b>
<b>Total assets</b>	<b>3,187,627</b>	<b>3,649,413</b>

(Million yen)

As of March 31,2022

As of December 31,2022

Liabilities		
Current liabilities		
Notes and accounts payable - trade	76,229	97,640
Short-term borrowings	6,385	6,824
Current portion of bonds payable	-	20,000
Current portion of long-term borrowings	48,972	72,660
Income taxes payable	33,830	69,830
Other current liabilities	386,573	479,801
Total current liabilities	551,990	746,757
Non-current liabilities		
Bonds payable	548,619	549,357
Long-term borrowings	568,725	615,328
Deferred tax liabilities	29,641	32,684
Retirement benefit liability	66,195	64,942
Provision for share awards for directors (and other officers)	84	155
Provision for gas holder repairs	3,427	3,335
Provision for safety measures	637	547
Provision for contract loss in regards to appliance warranties	2,620	2,203
Provision for point card certificates	531	382
Asset retirement obligations	27,692	31,640
Other noncurrent liabilities	106,310	118,039
Total non-current liabilities	1,354,486	1,418,618
Total liabilities	1,906,477	2,165,375
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	846	-
Retained earnings	1,076,184	1,197,965
Treasury shares	-3,524	-3,651
Total shareholders' equity	1,215,350	1,336,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,866	30,900
Deferred gains or losses on hedges	-11,904	-31,874
Foreign currency translation adjustment	32,545	122,277
Remeasurements of defined benefit plans	-3,076	-697
Total accumulated other comprehensive income	36,430	120,605
Non-controlling interests	29,368	27,273
Total net assets	1,281,150	1,484,037
Total liabilities and net assets	3,187,627	3,649,413

**(2) Consolidated statements of income and comprehensive income**  
**Consolidated statement of income (For the nine months)**

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Net sales	1,403,292	2,300,194
Cost of sales	1,165,380	1,869,341
Gross profit	237,911	430,853
Selling, general and administrative expenses	184,532	195,161
Operating profit	53,378	235,692
Non-operating income		
Interest income	864	1,460
Dividend income	1,255	2,547
Share of profit of entities accounted for using equity method	4,502	6,206
Foreign exchange gains	9,626	7,771
Gain on derivatives	5,987	6,424
Miscellaneous income	11,435	7,315
Total non-operating income	33,672	31,724
Non-operating expenses		
Interest expenses	10,918	11,037
Loss on derivatives	3,293	8,771
Miscellaneous expenses	10,717	9,308
Total non-operating expenses	24,929	29,117
Ordinary profit	62,121	238,298
Extraordinary income		
Gain on sale of investment securities	3,691	3,785
Gain on sale of businesses	-	3,506
Total extraordinary income	3,691	7,292
Extraordinary losses		
Loss on valuation of investment securities	-	2,595
Total extraordinary losses	-	2,595
Profit before income taxes	65,812	242,996
Income taxes	18,638	74,185
Profit	47,174	168,810
Profit attributable to non-controlling interests	1,086	713
Profit attributable to owners of parent	46,088	168,097

## Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Profit	47,174	168,810
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,453	12,008
Deferred gains or losses on hedges	-26,741	-24,627
Foreign currency translation adjustment	17,475	85,205
Remeasurements of defined benefit plans, net of tax	-5,905	2,344
Share of other comprehensive income of entities accounted for using equity method	3,411	8,995
Total other comprehensive income	-14,213	83,925
Comprehensive income	32,961	252,736
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	39,329	252,272
Comprehensive income attributable to non-controlling interests	-6,368	464

### (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 FY2022, in view of the impact of each business on the operating results for the nine months ended December 31, 2022.

<Accounting estimates following the situation between Russia and Ukraine>

Although the Company procures raw materials from Russia, it is difficult to accurately forecast the impact of the current international situation surrounding Russia and Ukraine on our procurement of raw materials.

The Group has made accounting estimates by assuming that the procurement transactions will continue.

#### (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 27, 2022, has ended with the purchases of up to June 23, 2022.

(1) Purchase period	May 9 – June 23, 2022 (contract basis)
(2) Number of shares purchased	6,121,500 shares
(3) Total amount of purchase	¥15,999,816,800
(4) Purchase method	Market purchase on the Tokyo Stock Exchange

##### Retirement of treasury stock

At its Board of Directors meeting held on July 27, 2022, the Company resolved to retire its treasury stock pursuant to Article 178 of the Companies Act and carried out the retirement as follows.

(1) Class of shares retired	Common stock
(2) Number of shares retired	6,121,500 shares
(3) Date of retirement	August 16, 2022

#### (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 third-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, 2023 including the third quarter under review.

### (Change in accounting policies)

Change to revenue recognition standards in the gas business

The sale of city gas involves contractual obligations to be delivered throughout the contract period. The performance obligation is fulfilled whenever the delivery is made. The Company had recognized revenue on the basis of the date of meter reading in accordance with the gas business accounting rules. The transitional measure rate regulations were lifted on October 1, 2021, at the Company, which carried out an absorption-type company split to transfer its gas pipeline business to Tokyo Gas Network Co., Ltd., a wholly-owned subsidiary of the Company, on April 1, 2022. The Company has ceased to be a general gas pipeline service provider as set forth in the gas business accounting rules due to the spin-off. Therefore, revenues associated with the sale of city gas are recognized on the basis of delivery, starting the three months ended June 30, 2022, by reasonably estimating the performance obligation that is fulfilled at the end of the term.

This change in accounting policies is retroactively applied, with the consolidated financial statements for the quarters of the fiscal year ended March 31, 2022, and for the fiscal year ended March 31, 2022, being applied the change retroactively.

As a result, net sales, gross profit, operating profit, ordinary profit and profit before income taxes for the nine months ended December 31, 2021, increased by ¥15,785 million each compared to before the retroactive application. Notes and accounts receivable - trade, and contract assets on the consolidated balance sheets of the fiscal year ended March 31, 2022, increased by ¥34,143 million, deferred tax assets decreased by ¥9,560 million, and retained earnings increased by ¥24,584 million. In addition, the beginning balance of retained earnings for the fiscal year ended March 31, 2022, has increased by ¥17,626 million as the cumulative effects were reflected in the net assets at the beginning of the fiscal year ended March 31, 2022.

### (Changes in presentation)

Change of the basis of consolidated financial statements from gas business accounting rules to the Quarterly Consolidated Financial Statements Ordinance

As described in “(Change in accounting policies),” the Company ceased to be a general gas pipeline service provider as set forth in the gas business accounting rules on April 1, 2022. As a result, the Company’s quarterly consolidated financial statements, which had been prepared under the Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (“Quarterly Consolidated Financial Statements Ordinance”) and the gas business accounting rules until the final quarter of the fiscal year ended March 31, 2022, have been prepared under the Quarterly Consolidated Financial Statements Ordinance since the first-quarter period under review. Details of the main changes are as follows:

1. Quarterly consolidated balance sheets

- (1) While the fixed arrangement was adopted for the fiscal year ended March 31, 2022, the current arrangement has been adopted since the first-quarter period under review.
- (2) While property, plant and equipment were presented for each individual function for the fiscal year ended March 31, 2022, they have been presented for each individual type since the first-quarter period under review.

To reflect this change in presentation, the consolidated balance sheets for the fiscal year ended March 31, 2022, have been restated as follows.

(Million yen)

Before restatement (March 31, 2022)		After restatement (March 31, 2022)	
Property, plant and equipment		Property, plant and equipment	
Production facilities	218,956	Buildings and structures, net	338,517
Distribution facilities	578,394	Machinery, equipment and vehicles, net	892,515
Service and maintenance facilities	15,417	Tools, furniture and fixtures, net	14,484
Other facilities	630,786	Land	192,455
Inactive facilities	316	Leased assets, net	5,899

2. Quarterly consolidated statements of income

(1) Expenses pertaining to the supply of gas, which were included in selling, general and administrative expenses in the nine months ended December 31, 2021, have been included in cost of sales in the nine months ended December 31, 2022.

(2) Business miscellaneous costs incurred in association with the gas business and expenses related to incidental businesses were included in cost of sales in the nine months ended December 31, 2021. In the nine months ended December 31, 2022, however, they have been included in cost of sales or selling, general and administrative expenses according to the nature of the expenses.

To reflect this change in presentation, the quarterly consolidated statements of income for the nine months ended December 31, 2021, have been restated as follows.

(Million yen)

Before restatement (From April 1, 2021, to December 31, 2021)		After restatement (From April 1, 2021, to December 31, 2021)	
Cost of sales	1,007,732	Cost of sales	1,165,380
Selling, general and administrative expenses	342,244	Selling, general and administrative expenses	184,532

Change in presentation of financial assets and financial liabilities due to recording of derivative transactions at fair value

The Group had presented financial assets and financial liabilities due to the recording of derivative transactions at fair value, which are posted under other current assets and other current liabilities and other investments and other non-current liabilities, on a gross basis on the consolidated balance sheets. However, deeming it will be able to present its financial condition more appropriately by offsetting financial assets and financial liabilities that meet the requirements set forth in the Practical Guidelines on Accounting Standards for Financial Instruments (Accounting Practice Committee Statement No. 14), the Group has changed the presentation method to offset the two accounting items, starting the second-quarter period under review. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2022, have been restated, with the changes being as follows.

(Million yen)

Before restatement (March 31, 2022)		After restatement (March 31, 2022)	
Assets		Assets	
Other current assets	305,814	Other current assets	258,610
Other investments	100,916	Other investments	94,223
Liabilities		Liabilities	
Other current liabilities	433,777	Other current liabilities	386,573
Other non-current liabilities	113,004	Other non-current liabilities	106,310