

Consolidated Financial Results Bulletin for the Fiscal Year Ended March 31, 2023**(J-GAAP)****Tokyo Gas Co., Ltd.**

Securities code: 9531
 (URL <https://www.tokyo-gas.co.jp/IR/english/index.html>)
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 Consolidated Settlements Sect.

Stock listings:
 Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

General shareholders' meeting schedule: June 29, 2023
 Scheduled date of the filing of securities report: June 29, 2023
 Scheduled date of the start of dividend payments: June 6, 2023
 Preparation of earnings presentation material (yes/no): **Yes**
 Holding of earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for FY2022 ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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 | |
|----------------------------|-----------|-------|------------------|--------|-----------------|--------|-----------------------------------------|--------|
| FY2022 ended Mar. 31, 2023 | 3,289,634 | 52.7% | 421,477 | 230.5% | 408,846 | 199.6% | 280,916 | 193.5% |
| FY2021 ended Mar. 31, 2022 | 2,154,860 | 22.1% | 127,525 | 64.2% | 136,481 | 93.6% | 95,702 | 93.3% |

Note: Total comprehensive income

FY2022 ended March 31, 2023: 358,130 million yen (238.4%)

FY2021 ended March 31, 2022: 105,816 million yen (208.9%)

| | Profit per share | Diluted profit per share | Ratio of profit to shareholders' equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|----------------------------|------------------|--------------------------|-----------------------------------------|------------------------------------------|----------------------------------------|
| FY2022 ended Mar. 31, 2023 | 646.99 yen | — | 20.0% | 12.1% | 12.8% |
| FY2021 ended Mar. 31, 2022 | 217.67 yen | — | 7.9% | 4.6% | 5.9% |

Reference: Profit or loss on investment accounted for by equity method

FY2022 ended March 31, 2023: -4,450 million yen

FY2021 ended March 31, 2022: 3,725 million yen

Note: The numerical figures for FY2021 ended March 31, 2022 have been retroactively applied to reflect changes in accounting policies.

(2) Consolidated Financial Position

(Unit: million yen)

| | Total assets | Total net assets | Equity ratio | Net assets per share |
|---------------------|--------------|------------------|--------------|----------------------|
| As of Mar. 31, 2023 | 3,581,425 | 1,589,301 | 43.5% | 3,595.60 yen |
| As of Mar. 31, 2022 | 3,187,627 | 1,281,150 | 39.3% | 2,847.88 yen |

Reference: Shareholders' equity

As of March 31, 2023: 1,558,404 million yen

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

Note: The numerical figures shown for FY2021 ended March 31, 2022 have been retroactively applied and have been restated owing to reshuffling to reflect retroactive application and changes to the presentation method in tandem with changes in accounting policy.

(3) Consolidated Cash Flows

(Unit: million yen)

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|----------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------|
| FY2022 ended Mar. 31, 2023 | 487,030 | -203,522 | -22,403 | 453,432 |
| FY2021 ended Mar. 31, 2022 | 145,227 | -224,656 | 90,490 | 179,699 |

2. Dividend

| | Dividend per share (Unit: yen) | | | | | Total dividend payments (Full-year) (Unit: million yen) | Payout ratio (Consolidated) | Dividend on equity (Consolidated) |
|----------------------------------------|--------------------------------|-----------|-----------|-----------|-----------|---------------------------------------------------------|-----------------------------|-----------------------------------|
| | End of 1Q | End of 2Q | End of 3Q | End of 4Q | Full-year | | | |
| FY2021 ended Mar. 31, 2022 | — | 30.00 | — | 35.00 | 65.00 | 28,585 | 29.9% | 2.4% |
| FY2022 ended Mar. 31, 2023 | — | 32.50 | — | 32.50 | 65.00 | 28,186 | 10.0% | 2.0% |
| FY2023 ending Mar. 31, 2024 (Forecast) | — | 32.50 | — | 32.50 | 65.00 | | — | |

3. Consolidated Results Forecast for FY2023 ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(Unit: million yen)

(% of change from the corresponding period of previous year)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Profit per share |
|--|-----------|-----------|------------------|---------|-----------------|---------|-----------------------------------------|---------|------------------|
| | Full-year | 2,897,000 | -11.9% | 150,000 | -64.4% | 137,000 | -66.5% | 100,000 | -64.4% |

*Notes

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

Reference: Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 102 (Increased by 2 companies and decreased by 13 companies)

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

(2) 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*

(3) Number of issued shares (common stock)

(Unit: share)

| | | | | |
|-------------------------------------------------------------------------|---------------------|-------------|---------------------|-------------|
| 1) Number of issued shares at end of period (including treasury stock): | Mar. 31, 2023 | 434,875,059 | Mar. 31, 2022 | 440,996,559 |
| 2) Number of shares of treasury stock at end of period: | Mar. 31, 2023 | 1,455,205 | Mar. 31, 2022 | 1,448,431 |
| 3) Average number of shares during period: | Apr. 2022– Mar.2023 | 434,188,168 | Apr. 2021– Mar.2022 | 439,672,718 |

(Reference)

1. Non-Consolidated Business Results for FY2022 ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Non-Consolidated Business Performance

(Unit: million yen)
(% of change from the corresponding period of previous year)

| | Net sales | | Operating profit | | Ordinary profit | | Net income | |
|----------------------------|-----------|-------|------------------|--------|-----------------|--------|------------|--------|
| FY2022 ended Mar. 31, 2023 | 2,999,878 | 55.3% | 301,426 | 480.6% | 303,621 | 532.8% | 205,171 | 442.9% |
| FY2021 ended Mar. 31, 2022 | 1,931,053 | 19.7% | 51,917 | 10.3% | 47,983 | 2.6% | 37,791 | -11.1% |

Note: The numerical figures for FY2021 ended March 31, 2022 have been retroactively applied to reflect changes in accounting policies.

| | Profit per share | Diluted profit per share |
|----------------------------|------------------|--------------------------|
| FY2022 ended Mar. 31, 2023 | 472.54 yen | — |
| FY2021 ended Mar. 31, 2022 | 85.95 yen | — |

(2) Non-Consolidated Financial Position

(Unit: million yen)

| | Total assets | Total net assets | Equity ratio | Net assets per share |
|---------------------|--------------|------------------|--------------|----------------------|
| As of Mar. 31, 2023 | 2,696,080 | 991,764 | 36.8% | 2,288.23 yen |
| As of Mar. 31, 2022 | 2,331,975 | 836,532 | 35.9% | 1,903.17 yen |

Reference: Shareholders' equity

As of March 31, 2023: 991,764 million yen

As of March 31, 2022: 836,532 million yen

Note: The numerical figures shown for FY2021 ended March 31, 2022 have been retroactively applied and have been restated owing to reshuffling to reflect retroactive application and changes to the presentation method in tandem with changes in accounting policy.

2. Non-Consolidated Results Forecast for FY2023 ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(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 | 2,600,800 | -13.3% | 69,900 | -76.8% | 70,500 | -76.8% | 51,900 | -74.7% | 133.33 yen |

* 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 earnings forecasts include major uncertain elements, including the impact due to the state of affairs in Russia and the Ukraine. There is potential for major volatility to these forecasts depending on trends going forward.

For details of the above forecasts, please refer to "1. Overview of Business Performance, etc. (2) Future outlook" on page 6 of the Attachment.

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

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I. Overview of Business Performance, etc.

(1) Overview of business performance and financial position of FY2022

(Business performance of FY2022)

During the fiscal year under review, in the economy in Japan, weakness continued to linger in some areas of exports and production, but the economy modestly rebounded owing to recovery trends in consumer spending and capital expenditures. Moving forward, further recovery is expected owing to benefits from various policies as the society deals with COVID-19. Nonetheless, the economic outlook continues to look murky due primarily to recent price hikes, supply constraints, and fluctuations in the financial and capital markets.

Amid this economic climate, the intensification of competition across industry boundaries is increasing further reflecting the full deregulation of retail gas sales in April 2017, following the full deregulation of retail electric power sales in April 2016. Also, given in part the global trend for decarbonization, the environment surrounding the energy business has undergone a substantial change. Given this backdrop, the Tokyo Gas Group actively undertook various measures to enhance the added value we deliver to customers in Japan and abroad through the development of a comprehensive energy business and globalization, and to ensure that the Tokyo Gas Group continues to be the group that customers select.

In November 2021, the Company formulated Compass Action, a detailed roadmap for achieving the Group's management vision, Compass 2030, and on April 1, 2022, transitioned to a holding company structure to build a system that will embody this vision. In light of this, the Company has trimmed down the number of reporting segments to four, the "energy solution," "network," "overseas," and "urban development" segments, starting in FY2022, in comparison with its previous five report segments, which were "gas," "electric power," "overseas," "energy related," and "real estate."

In the energy solution segment in the fiscal year under review, city gas sales volume decreased year-on-year reflecting a decline in residential and commercial demand mainly due to high temperatures. Electric power sales also rose. Although this segment was also impacted by a contraction in demand from customer staying at home, sales volume climbed, mainly accompanying a rise in the number of retail sales transactions. In addition, in wholesale sales, there was an uptick in sales volume owing to an increase in demand at wholesale customers.

In the network segment, consignment revenue was impacted by high temperatures during the winter months. In the overseas segment, the balance of income and expenses improved primarily reflecting a hike in selling prices chiefly in the LNG business in Australia and North America owing to impact from soaring market prices globally, and as the yen depreciations in value against the US dollar. In the urban development segment, there was sizeable improvement in room occupancy rates in the hotel business.

Reflecting these economic conditions and changes in the business climate, consolidated net sales for the fiscal year under review totaled ¥3,289.6 billion, an increase of 52.7% year on year, and operating expenses were ¥2,868.1 billion, a growth of 41.5% year on year.

Consequently, operating profit was ¥421.4 billion, a rise of 230.5% year on year, and ordinary profit totaled ¥408.8 billion, an improvement of 199.6% year on year. Meanwhile, profit attributable to owners of the parent came to ¥280.9 billion, a growth of 193.5% year on year. This reflected the following. The Company posted ¥3.7 billion in gain on sales of investment securities and ¥3.5 billion in gain on a business transfer, as extraordinary income. Meanwhile, as extraordinary losses, including income taxes, the Company posted a ¥4.0 billion in impairment loss in the energy solutions segment, a ¥2.4 billion in loss on the valuation of investment securities and a ¥2.1 billion in loss on the valuation of long-term loans. That being said, in the "Segment summary" below, given it is difficult to prepare information related to the numerical figures for sales and profit in the previous consolidated fiscal year for the new reporting segments, for "energy solutions" and "network," only earnings for the consolidated fiscal year under review are presented.

<Segment summary>

1) Energy solution

Segment sales totaled ¥3,031.1 billion, mainly reflecting an increase in the unit sales price owing to resource cost adjustments and a rise in electrical power sales.

Operating expenses stood at ¥2,665.1 billion, owing in part to an upward trend from the previous fiscal year in crude oil prices.

Accordingly, operating profit in this segment came to ¥365.9 billion.

(Gas)

In the fiscal year under review, the sales volume for city gas, a major business in the Energy Solution segment, was 12,574 million m³, a decline of 4.4% year on year. This includes residential demand of 2,802 million m³ (down 9.1% year on year), and commercial demand was 2,224 million m³ (a drop of 1.4% year on year), due to a fall in demand primarily reflecting high temperatures.

Industrial demand was 5,932 million m³ (a decrease of 4.3% year on year) owing in part to slow down in operations at users.

Supply to other utilities was 1,616 million m³ (up 0.4% year on year) mainly reflecting an increase in operations at other utilities.

<Consolidated City Gas Sales Volume for FY2022 Ended March 31, 2023>

| | | FY2022 | FY2021 | Change | % change | |
|--------------------------------------------|-----------------------------|---------------------|--------|--------|----------|------|
| No. of customers for city gas retail sales | Thousands | 8,701 | 8,688 | 13 | 0.2 | |
| No. of customers (meters) | Thousands | 12,331 | 12,202 | 129 | 1.1 | |
| City gas sales volume | Residential | Mil. m ³ | 2,802 | 3,083 | -281 | -9.1 |
| | Commercial | Mil. m ³ | 2,224 | 2,256 | -32 | -1.4 |
| | Industrial | Mil. m ³ | 5,932 | 6,198 | -266 | -4.3 |
| | Subtotal | Mil. m ³ | 8,156 | 8,454 | -297 | -3.5 |
| | Supplies to other utilities | Mil. m ³ | 1,616 | 1,609 | 7 | 0.4 |
| | Total | Mil. m ³ | 12,574 | 13,146 | -572 | -4.4 |
| Average temperature | °C | 16.8 | 16.2 | 0.6 | — | |

Notes:

1. No. of customers for city gas retail sales indicates the number of billed customers for city gas retail sales.
2. The number of installed meters is the number of meters installed as a gas pipeline operator.
3. “Commercial” indicates sales to commercial, public and medical institutions.
4. City gas sales volumes are on the basis of 45MJ/m³.
5. The numerical figures for FY2021 are figures that have been retroactively applied to reflect retroactive adjustments in tandem with changes in accounting policies.

<Foreign Exchange Rate and Crude Oil Price>

| ¥/\$ rate | FY2022 | FY2021 | Change | Crude oil price (\$/bbl) | FY2022 | FY2021 | Change |
|-----------|--------|--------|--------|--------------------------|--------|--------|--------|
| | 135.50 | 112.39 | 23.11 | | 102.67 | 77.18 | 25.49 |

(Electric power)

<Consolidated Electric Power Sales Volume for FY2022 Ended March 31, 2023>

| | | FY2022 | FY2021 | Change | % change | |
|--------------------------------------------|----------------|-------------|--------|--------|----------|------|
| No. of customers for city gas retail sales | Thousands | 3,475 | 3,014 | 461 | 15.3 | |
| Electric power sales volume | Retail | million kWh | 12,019 | 11,305 | 714 | 6.3 |
| | Wholesale etc. | million kWh | 22,426 | 16,983 | 5,443 | 32.1 |
| | Total | million kWh | 34,445 | 28,288 | 6,157 | 21.8 |

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

2) Network

Sales totaled ¥370.3 billion, operating expenses of ¥370.7 billion, and segment operating profit of ¥300 million.

3) Overseas

Sales came to ¥159.9 billion, an increase of ¥74.0 billion year on year. Operating expenses were ¥86.8 billion. Meanwhile, segment operating profit was ¥67.9 billion, a rise of ¥41.3 billion year on year, as a result of posting investment gains under the equity method.

4) Urban development business

Sales were ¥62.6 billion, a rise of ¥4.7 billion year on year. Operating expense was ¥48.2 billion.

Meanwhile, segment operating profit was ¥15.1 billion, a hike of ¥1.8 billion year on year owing to the posting of investment gains under the equity method.

<Summary by segment>

(Unit: million yen)

| | | Energy solution | Network | Overseas | Urban development |
|---------------------|------------------|-----------------|---------|----------|-------------------|
| Sales | FY2022 | 3,031,188 | 370,385 | 159,912 | 62,676 |
| | (% of total) | (83.7%) | (10.2%) | (4.4%) | (1.7%) |
| | FY2021 | — | — | 85,893 | 57,961 |
| | (% of total) | — | — | — | — |
| | Amount of change | — | — | 74,019 | 4,715 |
| | (Rate of change) | — | — | (86.2%) | (8.1%) |
| Operation expenses | FY2022 | 2,665,107 | 370,725 | 86,866 | 48,283 |
| | (% of total) | (84.1%) | (11.7%) | (2.7%) | (1.5%) |
| | FY2021 | — | — | 62,137 | 45,605 |
| | (% of total) | — | — | — | — |
| | Amount of change | — | — | 24,729 | 2,678 |
| | (Rate of change) | — | — | (39.8%) | (5.9%) |
| Segment profit/loss | FY2022 | 365,981 | -339 | 67,911 | 15,177 |
| | (% of total) | (81.6%) | (-0.1%) | (15.1%) | (3.4%) |
| | FY2021 | — | — | 26,520 | 13,290 |
| | (% of total) | — | — | — | — |
| | Amount of change | — | — | 41,391 | 1,887 |
| | (Rate of change) | — | — | (156.1%) | (14.2%) |

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/loss are adjusted against the amount based on operating profit in the consolidated financial statements plus or minus equity-method investment gains.

Former segments in comparison with the previous consolidated fiscal year

(Unit: million yen)

| | | Gas | Electric power | Overseas | Energy-related | Real estate | Others |
|--------------------|------------------|-----------|----------------|----------|----------------|-------------|---------|
| Sales | FY2022 | 2,230,915 | 856,450 | 159,944 | 365,159 | 62,680 | 107,273 |
| | (% of total) | (59.0%) | (22.6%) | (4.2%) | (9.7%) | (1.7%) | (2.8%) |
| | FY2021 | 1,453,666 | 467,804 | 85,931 | 331,312 | 57,961 | 107,542 |
| | (% of total) | (58.1%) | (18.7%) | (3.4%) | (13.2%) | (2.3%) | (4.3%) |
| | Amount of change | 777,249 | 388,646 | 74,013 | 33,847 | 4,719 | -269 |
| | (Rate of change) | 53.5% | 83.1% | 86.1% | 10.2% | 8.1% | -0.3% |
| Operating expenses | FY2022 | 1,936,697 | 805,343 | 84,712 | 349,126 | 48,025 | 95,578 |
| | (% of total) | (58.3%) | (24.3%) | (2.6%) | (10.5%) | (1.4%) | (2.9%) |
| | FY2021 | 1,341,356 | 456,687 | 60,444 | 318,494 | 45,429 | 105,544 |
| | (% of total) | (57.6%) | (19.6%) | (2.6%) | (13.7%) | (2.0%) | (4.5%) |
| | Amount of change | 595,341 | 348,656 | 24,268 | 30,632 | 2,596 | -9,966 |
| | (Rate of change) | 44.4% | 76.3% | 40.2% | 9.6% | 5.7% | -9.4% |
| Segment profit | FY2022 | 294,218 | 51,107 | 70,096 | 16,032 | 15,440 | 11,595 |
| | (% of total) | (64.2%) | (11.1%) | (15.3%) | (3.5%) | (3.4%) | (2.5%) |
| | FY2021 | 112,309 | 11,117 | 28,252 | 12,818 | 13,466 | 2,024 |
| | (% of total) | (62.4%) | (6.2%) | (15.7%) | (7.1%) | (7.5%) | (1.1%) |
| | Amount of change | 181,909 | 39,990 | 41,844 | 3,214 | 1,974 | 9,571 |
| | (Rate of change) | 162.0% | 359.7% | 148.1% | 25.1% | 14.7% | 472.8% |

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 in the consolidated financial statements plus or minus equity-method investment gains.
- Numerical figures for the previous consolidated fiscal year show figures that have been retroactively applied to reflect retroactive adjustments in tandem with changes in accounting policies.

(Financial position in FY2022)

1) Situation of assets, debt and net assets

Assets in comparison with the end of the previous consolidated fiscal year totaled ¥3,581.4 billion, an increase of ¥393.7 billion. This is primarily attributable to a rise in cash and deposits based mainly on unit sales prices for city gas rates owing to resource cost adjustments chiefly in tandem with the impact from a rise in crude oil prices, and an increase in notes and accounts receivable - trade, and contract assets.

Liabilities stood at ¥1,992.1 billion, a rise of ¥85.7 billion, primarily attributable to an increase in interest-bearing debt mainly due to corporate bonds and the long-term loans.

Net assets amounted to ¥1,589.3 billion, a growth of ¥308.1 billion. Although there was a distribution of capital surplus, the increase overall was primarily attributable a rise in shareholders' equity owing to the posting of profit attributable to the owners of the parent.

In comparison with the growth rate of total assets, the growth rate of net worth (equity capital) (total shareholders' equity + accumulated other comprehensive income) was larger. Consequently, the shareholders' equity ratio totaled 43.5%, an improvement of 4.2 points in comparison with the end of the previous consolidated fiscal year.

<Capital expenditure>

(Unit: hundred million yen)

| | FY2022 | FY2021 | Change | % change |
|-------------------|--------|--------|--------|----------|
| Energy solution | 747 | 615 | 132 | 21.5 |
| Network | 847 | 844 | 3 | 0.4 |
| Overseas | 304 | 519 | -215 | -41.5 |
| Urban development | 245 | 102 | 143 | 139.1 |
| Adjustments | -12 | -9 | -3 | — |
| Total | 2,132 | 2,072 | 60 | 2.9 |

2) Situation of cash flow

(Unit: hundred million yen)

| | FY2022 | FY2021 | Change |
|-------------------------------------------------------------|--------|--------|--------|
| Cash flow from operating activities | 4,870 | 1,452 | 3,418 |
| Cash flow from investing activities | -2,035 | -2,246 | 211 |
| Cash flow from financing activities | -224 | 904 | -1,128 |
| Effect of exchange rate change on cash and cash equivalents | 126 | 91 | 35 |
| Net increase (decrease) in cash and cash equivalents | 2,737 | 201 | 2,536 |
| Cash and cash equivalents at beginning of year | 1,796 | 1,578 | 218 |
| Cash and cash equivalents at end of year | 4,534 | 1,796 | 2,738 |

a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities totaled ¥487.0 billion. Although there was an increase in trade receivables (-¥114.2 billion) and a rise in inventory (-¥78.4 billion), cash and cash equivalents rose primarily reflecting the posting of income before income taxes (¥407.4 billion) and depreciation and amortization (¥205.0 billion).

b) Cash flow from investing activities

Cash and cash equivalents using investing activities totaled ¥203.5 billion. Cash and cash equivalents decrease primarily attributable to expenditures for the acquisition of property, plant and equipment (-¥150.6 billion), expenditures for the acquisition of intangible assets (-¥34.2 billion) and expenditures for the acquisition of investment securities (-¥28.0 billion).

c) Cash flow from financing activities

Cash and cash equivalents obtained as a result of operating activities totaled ¥22.4 billion. Cash and cash equivalents decreased primarily attributable to expenditures for the repayment of long-term loans (-¥72.2 billion), expenditures for the redemption of commercial paper (-¥30.0 billion) and dividend payments (-¥29.4 billion), despite proceeds from long-term loans (¥97.3 billion) and proceeds from the issuance of bonds (¥19.7 billion).

(2) Future outlook

In FY2023, ending March 31, 2024, we forecast city gas sales volume is likely to total 12,009 million m³, a decline of 4.5% versus FY2022. Although residential demand is expected to rise, mainly due to impact from weather temperatures, and commercial demand is anticipated to recover from the previous decline in demand in industries such as the restaurant and hotel industries, industrial demand from power generation customers is forecast to drop.

We look for a drop in electricity sales volume of 16.4% year on year to 28,789 million kWh, due mainly to a drop in sales volume to wholesalers. Net sales are expected to decrease 11.9% year on year reflecting a decline in the unit sales price in tandem with resource cost adjustments and a drop in electricity sales volume. Operating expenses is anticipated to dwindle chiefly owing to resources costs on the back of a sales volume decline but operating profit is forecast to drop 64.4% year on year due primarily to profit declines due to decreases mainly in city gas sales and electricity sales.

Taking these factors into account, we forecast consolidated net sales of ¥2,897.0 billion, a decrease of ¥392.6 billion or 11.9% year on year, operating profit of ¥150.0 billion a fall of ¥271.4 billion or 64.4% year on year, ordinary profit of ¥137.0 billion, a drop off of ¥271.8 billion or 66.5% year on year, and profit attributable to owners of the parent of ¥100.0 billion, a decline of ¥180.9 billion or 64.4% year on year.

The economic frame assumed for FY2023 is ¥130/\$ for foreign exchange rate for the full-year, and \$90/bbl for the full-year for crude oil price.

a. Consolidated city gas sales volume forecast for FY2023

| | | | FY2023 (Forecast) | FY2022 (Results) | Change | % change |
|-----------------------|-------------|---------------------|----------------------|---------------------|--------|----------|
| City gas sales volume | Residential | Mil. m ³ | 2,989 | 2,802 | 187 | 6.7 |
| | Others | Mil. m ³ | 9,020 | 9,772 | -752 | -7.7 |
| | Total | Mil. m ³ | 12,009 | 12,574 | -565 | -4.5 |
| Average temperature | | °C | 16.3 | 16.8 | -0.5 | — |

b. Consolidated electric power sales volume forecast for FY2023

| | | FY2023 (Forecast) | FY2022 (Results) | Change | % change |
|-----------------------------------|-------------|----------------------|---------------------|--------|----------|
| Total electric power sales volume | million kWh | 28,789 | 34,445 | -5,656 | -16.4 |

c. Consolidated earnings forecast for FY2023

(Unit: hundred million yen)

| | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent |
|-------------------|-----------|------------------|-----------------|-----------------------------------------|
| FY2023 (forecast) | 28,970 | 1,500 | 1,370 | 1,000 |
| FY2022 (results) | 32,896 | 4,214 | 4,088 | 2,809 |
| Change | -3,926 | -2,714 | -2,718 | -1,809 |
| % change | -11.9% | -64.4% | -66.5% | -64.4% |

< Foreign exchange rate and crude oil price forecast for FY2023 >

| ¥/\$ rate | FY2023 (Forecast) | FY2022 (Results) | Change | Crude oil price (\$/bbl) | FY2023 (Forecast) | FY2022 (Results) | Change |
|-----------|----------------------|---------------------|--------|-----------------------------|----------------------|---------------------|--------|
| | 130.0 | 135.5 | -5.5 | | 90.0 | 102.7 | -12.7 |

(3) Basic policy on profit sharing and dividends for FY2022 and FY2023

The Company allocates its management results to the improvement of customer service and realization of a sustainable society, as well as sharing them with shareholders in an appropriate and timely manner. Our basic dividend policy is to maintain stable dividends while at the same time offering gradual dividend increases in accordance with profit growth by comprehensively taking into consideration medium- to long-term profit levels.

The Company revised its Articles of Incorporation on June 29, 2021. Owing to a resolution approved by the Board of Directors, it is now possible for the Company to set a dividend. As of the Board of Directors held of April 26, 2023, the Board has set the per-share dividend at ¥32.50. Reflecting this, the annual dividend per share will be ¥65 for FY2023, including an interim dividend of ¥32.50.

The dividend forecast for FY2022 is an annual dividend of ¥65 per share (including interim dividend of ¥32.50).

II. Group Companies

<Scope of Consolidated Subsidiaries and Affiliates and Application of Equity Method>

1) The scope of consolidation

- Newly included subsidiaries in scope of consolidation: 2 companies

Tokyo Gas Australia 1 Pty Ltd (newly established)

Tokyo Gas Real Estate Investment Advisory Co., Ltd. (former Spring Investment) (stock acquisition)

- Excluded: 13 companies

Tokyo Gas Energy Co., Ltd., Tokyo Gas LPG Terminal Co., Ltd., Enelife Carrier Co., Ltd., Tokyo Auto Gas Co., Ltd. (stock transfer)

Annaka Solar Power Plant (same) (company liquidation)

Tokyo Gas Pipe Network Co., Ltd., Tokyo Gas Pipeline Co., Ltd., Katori Clean Energy, (same), Nasu Clean Energy (same), TGES Smart Engineering Service, Tokyo Gas Liquid Holdings Co., Ltd., TG&D SINGAPORE INVESTMENT HOLDINGS PTE. LTD., Shii-no-Mori Power (merger)

2) Application of equity method

- Excluded in the equity method: 1 company

MT Falcon Holdings Company, S.A.P.I. de C.V. (stock transfer)

Information about other consolidated subsidiaries and affiliates are not disclosed because there are no significant changes from articles of “business diagram” and “situation of subsidiaries and affiliates” in the latest securities report. [filed on June 29, 2022]

III. Basic Concept Regarding Selection of Accounting Standards

The Tokyo Gas Group prepares consolidated financial statements based on Japanese standards in consideration of comparability of consolidated financial statements between companies. It intends to respond appropriately regarding the application of IFRS, taking into account the situations in both Japan and abroad.

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2022 | As of March 31, 2023 |
|------------------------------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 179,769 | 453,502 |
| Notes and accounts receivable - trade, and contract assets | 364,683 | 446,061 |
| Lease receivables and investments in leases | 17,824 | 17,125 |
| Securities | 10 | 10 |
| Merchandise and finished goods | 3,467 | 6,030 |
| Work in process | 12,083 | 15,653 |
| Raw materials and supplies | 67,135 | 135,769 |
| Other current assets | 258,610 | 145,882 |
| Allowance for doubtful accounts | -3,714 | -2,122 |
| Total current assets | 899,870 | 1,217,914 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 338,517 | 346,262 |
| Machinery, equipment and vehicles, net | 892,515 | 921,572 |
| Tools, furniture and fixtures, net | 14,484 | 10,714 |
| Land | 192,455 | 197,245 |
| Leased assets, net | 5,899 | 8,231 |
| Construction in progress | 125,501 | 98,878 |
| Total property, plant and equipment | 1,569,373 | 1,582,904 |
| Intangible assets | | |
| Goodwill | 6,018 | 6,410 |
| Other intangible assets | 294,296 | 308,122 |
| Total intangible assets | 300,315 | 314,533 |
| Investments and other assets | | |
| Investment securities | 236,303 | 278,497 |
| Long-term loans receivable | 48,653 | 56,550 |
| Retirement benefit asset | 5,864 | 8,809 |
| Deferred tax assets | 34,670 | 32,849 |
| Other investments | 94,223 | 93,649 |
| Allowance for doubtful accounts | -1,647 | -4,283 |
| Total investments and other assets | 418,068 | 466,073 |
| Total non-current assets | 2,287,757 | 2,363,511 |
| Total assets | 3,187,627 | 3,581,425 |

As of March 31, 2022

As of March 31, 2023

| Liabilities | | |
|----------------------------------------------------------------|------------------|------------------|
| Current liabilities | | |
| Notes and accounts payable - trade | 76,229 | 63,845 |
| Short-term borrowings | 6,385 | 6,674 |
| Current portion of bonds payable | - | 20,000 |
| Current portion of long-term borrowings | 48,972 | 59,973 |
| Income taxes payable | 33,830 | 118,636 |
| Other current liabilities | 386,573 | 337,028 |
| Total current liabilities | 551,990 | 606,158 |
| Non-current liabilities | | |
| Bonds payable | 548,619 | 548,976 |
| Long-term borrowings | 568,725 | 607,262 |
| Deferred tax liabilities | 29,641 | 33,901 |
| Retirement benefit liability | 66,195 | 64,570 |
| Provision for share awards for directors (and other officers) | 84 | 183 |
| Provision for gas holder repairs | 3,427 | 3,444 |
| Provision for safety measures | 637 | 527 |
| Provision for contract loss in regards to appliance warranties | 2,620 | 5,176 |
| Provision for point card certificates | 531 | 654 |
| Asset retirement obligations | 27,692 | 27,559 |
| Other noncurrent liabilities | 106,310 | 93,709 |
| Total non-current liabilities | 1,354,486 | 1,385,965 |
| Total liabilities | 1,906,477 | 1,992,124 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 141,844 | 141,844 |
| Capital surplus | 846 | - |
| Retained earnings | 1,076,184 | 1,310,908 |
| Treasury shares | -3,524 | -3,658 |
| Total shareholders' equity | 1,215,350 | 1,449,094 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 18,866 | 30,954 |
| Deferred gains or losses on hedges | -11,904 | -9,626 |
| Foreign currency translation adjustment | 32,545 | 86,226 |
| Remeasurements of defined benefit plans | -3,076 | 1,754 |
| Total accumulated other comprehensive income | 36,430 | 109,309 |
| Non-controlling interests | 29,368 | 30,896 |
| Total net assets | 1,281,150 | 1,589,301 |
| Total liabilities and net assets | 3,187,627 | 3,581,425 |

**(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)**

(Millions of yen)

| | For the fiscal year ended March 31, 2022 | For the fiscal year ended March 31, 2023 |
|---------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Net sales | 2,154,860 | 3,289,634 |
| Cost of sales | 1,766,392 | 2,596,462 |
| Gross profit | 388,467 | 693,172 |
| Selling, general and administrative expenses | 260,941 | 271,695 |
| Operating profit | 127,525 | 421,477 |
| Non-operating income | | |
| Interest income | 1,032 | 2,463 |
| Dividend income | 1,692 | 2,797 |
| Share of profit of entities accounted for using equity method | 3,725 | - |
| Foreign exchange gains | 14,550 | 5,089 |
| Gain on derivatives | 13,725 | 6,639 |
| Miscellaneous income | 14,673 | 11,510 |
| Total non-operating income | 49,399 | 28,500 |
| Non-operating expenses | | |
| Interest expenses | 14,466 | 15,138 |
| Loss on derivatives | 11,864 | 10,308 |
| Share of loss of entities accounted for using equity method | - | 4,450 |
| Miscellaneous expenses | 14,113 | 11,233 |
| Total non-operating expenses | 40,444 | 41,130 |
| Ordinary profit | 136,481 | 408,846 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 2,226 | - |
| Gain on sale of investment securities | 4,118 | 3,795 |
| Gain on sale of businesses | - | 3,506 |
| Total extraordinary income | 6,344 | 7,301 |
| Extraordinary losses | | |
| Impairment losses | 3,742 | 4,093 |
| Loss on valuation of investment securities | 2,468 | 2,420 |
| Loss on valuation of long-term loans receivable | - | 2,154 |
| Total extraordinary losses | 6,211 | 8,669 |
| Profit before income taxes | 136,614 | 407,479 |
| Income taxes - current | 32,951 | 122,208 |
| Income taxes - deferred | 6,429 | 3,748 |
| Total income taxes | 39,381 | 125,956 |
| Profit | 97,233 | 281,522 |
| Profit attributable to non-controlling interests | 1,530 | 605 |
| Profit attributable to owners of parent | 95,702 | 280,916 |

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

| | For the fiscal year ended March 31, 2022 | For the fiscal year ended March 31, 2023 |
|--------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Profit | 97,233 | 281,522 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | -4,178 | 12,063 |
| Deferred gains or losses on hedges | -6,841 | 3,113 |
| Foreign currency translation adjustment | 25,006 | 51,756 |
| Remeasurements of defined benefit plans, net of tax | -10,964 | 4,795 |
| Share of other comprehensive income of entities accounted for using equity method | 5,560 | 4,879 |
| Total other comprehensive income | 8,583 | 76,608 |
| Comprehensive income | 105,816 | 358,130 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 108,198 | 353,795 |
| Comprehensive income attributable to non-controlling interests | -2,381 | 4,334 |

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

| | Shareholders' equity | | | | |
|-------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 141,844 | 1,145 | 990,762 | -3,907 | 1,129,845 |
| Cumulative effects of changes in accounting policies | | | 22,881 | | 22,881 |
| Restated balance | 141,844 | 1,145 | 1,013,644 | -3,907 | 1,152,727 |
| Changes during period | | | | | |
| Dividends of surplus | | | -26,423 | | -26,423 |
| Profit attributable to owners of parent | | | 95,702 | | 95,702 |
| Purchase of treasury shares | | | | -3,786 | -3,786 |
| Disposal of treasury shares | | | -100 | 564 | 463 |
| Cancellation of treasury shares | | | -3,604 | 3,604 | - |
| Increase in the number of consolidated subsidiaries | | | -3,033 | | -3,033 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | -298 | | | -298 |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | - | -298 | 62,539 | 382 | 62,623 |
| Balance at end of period | 141,844 | 846 | 1,076,184 | -3,524 | 1,215,350 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 22,990 | -11,240 | 4,322 | 7,895 | 23,968 | 24,457 | 1,178,271 |
| Cumulative effects of changes in accounting policies | | | | | | | 22,881 |
| Restated balance | 22,990 | -11,240 | 4,322 | 7,895 | 23,968 | 24,457 | 1,201,152 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | -26,423 |
| Profit attributable to owners of parent | | | | | | | 95,702 |
| Purchase of treasury shares | | | | | | | -3,786 |
| Disposal of treasury shares | | | | | | | 463 |
| Cancellation of treasury shares | | | | | | | - |
| Increase in the | | | | | | | -3,033 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| number of consolidated subsidiaries | | | | | | | |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | -298 |
| Net changes in items other than shareholders' equity | -4,123 | -664 | 28,222 | -10,972 | 12,462 | 4,911 | 17,373 |
| Total changes during period | -4,123 | -664 | 28,222 | -10,972 | 12,462 | 4,911 | 79,997 |
| Balance at end of period | 18,866 | -11,904 | 32,545 | -3,076 | 36,430 | 29,368 | 1,281,150 |

For the fiscal year ended March 31, 2023

(Millions of yen)

| | Shareholders' equity | | | | |
|-------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 141,844 | 846 | 1,076,184 | -3,524 | 1,215,350 |
| Changes during period | | | | | |
| Dividends of surplus | | | -29,485 | | -29,485 |
| Transfer from retained earnings to capital surplus | | 821 | -821 | | - |
| Profit attributable to owners of parent | | | 280,916 | | 280,916 |
| Purchase of treasury shares | | | | -16,031 | -16,031 |
| Disposal of treasury shares | | | | 12 | 12 |
| Cancellation of treasury shares | | | -15,885 | 15,885 | - |
| Change in ownership interest of parent due to transactions with non-controlling interests | | -1,668 | | | -1,668 |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | - | -846 | 234,724 | -134 | 233,743 |
| Balance at end of period | 141,844 | - | 1,310,908 | -3,658 | 1,449,094 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 18,866 | -11,904 | 32,545 | -3,076 | 36,430 | 29,368 | 1,281,150 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | -29,485 |
| Transfer from retained earnings to capital surplus | | | | | | | - |
| Profit attributable to owners of parent | | | | | | | 280,916 |
| Purchase of treasury shares | | | | | | | -16,031 |
| Disposal of treasury shares | | | | | | | 12 |
| Cancellation of treasury shares | | | | | | | - |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | -1,668 |
| Net changes in items other than shareholders' equity | 12,088 | 2,278 | 53,681 | 4,830 | 72,879 | 1,528 | 74,407 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|-----------------------------|-------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Total changes during period | 12,088 | 2,278 | 53,681 | 4,830 | 72,879 | 1,528 | 308,151 |
| Balance at end of period | 30,954 | -9,626 | 86,226 | 1,754 | 109,309 | 30,896 | 1,589,301 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | For the fiscal year ended March 31, 2022 | For the fiscal year ended March 31, 2023 |
|--------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 136,614 | 407,479 |
| Depreciation | 196,810 | 205,076 |
| Impairment losses | 3,742 | 4,093 |
| Amortization of long-term prepaid expenses | 4,136 | 4,224 |
| Loss on retirement of property, plant and equipment | 2,574 | 1,658 |
| Loss (gain) of derivatives | -15,362 | 10,904 |
| Loss (gain) on sale of investment securities | -3,983 | -3,347 |
| Loss (gain) on valuation of investment securities | 2,468 | 2,420 |
| Loss on valuation of long-term loans receivable | - | 2,154 |
| Loss (gain) on sale of businesses | - | -3,506 |
| Decrease (increase) in retirement benefit asset | -11,312 | 3,207 |
| Increase (decrease) in provision for contract loss in regards to appliance warranties | 2,620 | 2,556 |
| Interest and dividend income | -2,724 | -5,260 |
| Interest expenses | 14,466 | 15,138 |
| Foreign exchange losses (gains) | -7,757 | -1,910 |
| Share of loss (profit) of entities accounted for using equity method | -3,725 | 4,450 |
| Decrease (increase) in trade receivables | -147,505 | -114,253 |
| Decrease (increase) in inventories | -22,491 | -78,491 |
| Increase (decrease) in trade payables | 10,132 | 7,107 |
| Decrease (increase) in contract assets | 2,305 | -2,594 |
| Increase (decrease) in contract liabilities | -12,587 | 6,541 |
| Increase (decrease) in accrued consumption taxes | 542 | 12,761 |
| Decrease (increase) in accounts receivable - other | -57 | -3,587 |
| Decrease (increase) in prepaid expenses | -2,796 | -1,789 |
| Increase (decrease) in long term advances received | 8,835 | -2,223 |
| Other, net | 11,906 | 53,814 |
| Subtotal | 166,852 | 526,622 |
| Interest and dividends received | 9,068 | 14,915 |
| Interest paid | -14,483 | -14,069 |
| Income taxes paid | -16,209 | -40,437 |
| Net cash provided by (used in) operating activities | 145,227 | 487,030 |
| Cash flows from investing activities | | |
| Purchase of investment securities | -16,214 | -28,011 |
| Proceeds from sale and redemption of investment securities | 8,841 | 13,574 |
| Purchase of property, plant and equipment | -167,197 | -150,647 |
| Purchase of intangible assets | -29,777 | -34,294 |
| Purchase of long-term prepaid expenses | -6,584 | -5,237 |
| Proceeds from sale of non-current assets | 6,334 | 5,769 |
| Net decrease (increase) in short-term loans receivable | -399 | -1,520 |
| Long-term loan advances | -3,180 | -10,922 |
| Proceeds from collection of long-term loans receivable | 2,158 | 6,642 |
| Payments of guarantee deposits | -13,189 | -8,128 |
| Proceeds from refund of guarantee deposits | 9,846 | 14,706 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | -15,074 | -1,303 |
| Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation | 263 | 2,718 |
| Proceeds from sale of businesses | - | 4,112 |

(Millions of yen)

| | For the fiscal year ended March 31, 2022 | For the fiscal year ended March 31, 2023 |
|-----------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Payment for settlement of contingent consideration | - | -3,914 |
| Other, net | -482 | -7,065 |
| Net cash provided by (used in) investing activities | -224,656 | -203,522 |

(Millions of yen)

For the fiscal year
ended March 31, 2022

For the fiscal year
ended March 31, 2023

| Cash flows from financing activities | For the fiscal year ended March 31, 2022 | For the fiscal year ended March 31, 2023 |
|--------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Net increase (decrease) in short-term borrowings | 679 | 13,839 |
| Net increase (decrease) in commercial papers | 30,000 | -30,000 |
| Repayments of lease liabilities | -2,683 | -2,928 |
| Proceeds from long-term borrowings | 165,014 | 97,366 |
| Repayments of long-term borrowings | -123,252 | -72,241 |
| Proceeds from issuance of bonds | 73,620 | 19,791 |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | -3,620 | -1,867 |
| Purchase of treasury shares | -3,326 | -16,031 |
| Dividends paid | -26,424 | -29,474 |
| Other, net | -19,515 | -857 |
| Net cash provided by (used in) financing activities | 90,490 | -22,403 |
| Effect of exchange rate change on cash and cash equivalents | 9,117 | 12,628 |
| Net increase (decrease) in cash and cash equivalents | 20,179 | 273,733 |
| Cash and cash equivalents at beginning of period | 157,811 | 179,699 |
| Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation | 1,708 | - |
| Cash and cash equivalents at end of period | 179,699 | 453,432 |

(5) Notes on consolidated financial statements

1) (Note on going concerns' premise)

Not applicable

2) (Additional information)

[Share-based compensation plan for directors, corporate executive officers and executive officers]

At its Compensation Committee held on June 29, 2021, the Company resolved to introduce a trust-type share-based Compensation Plan for its directors and corporate executive officers with the aim of providing incentives to improve the Company's corporate value over the medium to long term. The Company has also decided to introduce a similar share-based compensation plan for its executive officers (the two share-based compensation plans are hereinafter collectively referred to as the "Plan"; the directors, corporate executive officers and executive officers are hereinafter collectively referred to as the "Executives").

Accounting for the Plan is based on the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (PITF No. 30, March 26, 2015).

(1) Overview of transaction

The Plan is a trust-type share-based compensation plan under which a trust established by the Company by contributing cash (hereinafter, the "Trust") acquires Company shares equivalent to the number of points granted by the Company to each Executive, who then receives delivery of the shares.

Under the Plan, Company shares will be delivered to Executives in office during the three fiscal years from the fiscal year ending March 31, 2022, to the fiscal year ending March 31, 2024 (hereinafter, the "Applicable Period"). As a general rule, Executives shall receive the Company shares when they resign/retire.

(2) Company shares remaining in trust

The treasury stock remaining in trust are recorded as treasury stock under net assets based on book value in trust (excluding ancillary expenses). The book value and number of said treasury stock remaining, as of the end of the previous fiscal year, was valued at ¥460 million and totaled 223,800 shares and as of the end of the fiscal year under review were valued at ¥449 million and totaled 218,500 shares.

[Accounting estimate taking into account the state of affairs concerning Russia and the Ukraine]

The Company procures resources from Russia. However, given the current state of affairs surrounding Russia and the Ukraine, it is difficult to accurately forecast the impact this will have on the procurement of resources.

The Tokyo Gas Group is conducting various accounting estimates based on the assumption it continues to carry out procurement transactions with the two countries.

[Transfer of shares in our subsidiaries]

With respect to the transfer of shares in five of our Australian project holding companies to MidOcean Energy Holdings Pty Ltd, a subsidiary of US-based EIG Global Energy Partners, LLC, for which we made our timely disclosure on October 7, 2022 and noted in the quarterly financial report for the second quarter ended September 2022 as a significant event after the reporting period, the completion date was originally scheduled for March 2023. However, due to continued discussions amongst the relevant parties, this has now been postponed to a future date to be confirmed.

The contract price of this share transfer is 2.15 billion USD. However, the share transfer is subject to future approval by the Australian government and certain third parties as well as various other contractual conditions, which if not satisfied, may result in the sale of some or all of the projects not occurring, or even if completed, result in a difference between the contract price and the actual sale price. The net income generated by the target companies to be attributed to Tokyo Gas until completion of the share transfer, including for the financial year ending March 2023, will be deducted from the gain or loss on sale (the net income of the target companies for this consolidated financial year is approximately 300 million USD).

The impact of this transaction is not included in the consolidated results for the financial year ending March 2023 or the forecast for the financial year ending March 2024

3) (Change in accounting policies)

Change to revenue recognition standards for city gas sales

The sale of city gas involves contractual obligations to be delivered throughout a contract period. The performance obligation is fulfilled whenever delivery is made. The Company previously recognized revenue on the basis on the date of meter reading in accordance with the gas business accounting rules. On October 1, 2021, the transitional measure rate regulations were lifted. The Company carried out an absorption-type company split to transfer its gas pipeline business to Tokyo Gas Network Co., Ltd., a wholly-owned subsidiary that has been operating the Company's gas pipelines since April 1, 2022. Owing to this, the Company has ceased to be a general

gas pipeline service provider as set forth in the gas business accounting rules. Consequently, revenues associated with the sale of city gas from the fiscal year under review are recognized on the basis of delivery by reasonably estimating the performance obligation that is fulfilled at the end of the fiscal year.

This change in accounting policies is retroactively applied, with the change being applied to consolidated financial statements for the previous consolidated fiscal year retroactively.

Consequently, in comparison to the figures prior to the retroactive application of changes, net sales, gross profit, operating profit, ordinary profit and profit before income taxes increased ¥9,662 million, respectively. Notes and accounts receivable - trade, and contract assets on the consolidated balance sheets of the fiscal year ended March 31, 2022, increased ¥34,143 million, deferred tax assets decreased ¥9,560 million and retained earnings increased ¥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.

4) (Changes in presentation)

Change from presentation of consolidated financial statements based on “gas business accounting rules” to those based on the “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 as of April 1, 2022. As a result, the Company's consolidated financial statements, which had been prepared under the Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements ("Consolidated Financial Statements Ordinance") and the gas business accounting rules until the fiscal year ended March 31, 2022. Starting from the consolidated fiscal year under review, consolidated financial statements have been prepared under the Consolidated Financial Statements Ordinance. Details of the main changes are as follows:

1 Consolidated balance sheets

- (1) The fixed array method was employed in the previous consolidated fiscal years. The fluid array method has been employed from the fiscal year under review.
- (2) In previous fiscal years, property, plant and equipment were presented for each individual function. However, from the fiscal year under review, they are being presented by individual asset type.

To reflect this change in presentation method, the consolidated balance sheets for the previous consolidated fiscal year have been restated as follows.

| 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. Consolidated statements of income

- (1) In the previous consolidated fiscal year, cost items were presented under “Selling, general and administrative expenses pertaining to the supply of gas,” but from the consolidated fiscal year under review, cost items are being presented under “Selling, general and administrative expenses.”
- (2) In the previous consolidated fiscal year, expenses pertaining to the supply of gas were included in “Selling, general and administrative expenses pertaining to the supply of gas,” but from the consolidated fiscal year under review, they are being included and presented under “cost of sales.”
- (3) In the previous consolidated fiscal year, miscellaneous business costs incurred in association with the gas business and incidental costs were included in and presented under the “cost of sales.” From the consolidated fiscal year under review, depending on the nature of the expense, it is being included and presented under “cost of sales” or “selling, general and administrative expenses.”

To reflect this change in presentation method, the consolidated statements of income for the previous consolidated fiscal year have been restated as follows.

(Million yen)

| Before restatement (From April 1, 2021, to March 31, 2022) | | After restatement (From April 1, 2021, to March 31, 2022) | |
|---------------------------------------------------------------|-----------|--------------------------------------------------------------|-----------|
| Cost of sales | 1,545,590 | Cost of sales | 1,766,392 |
| Selling, general and administrative expenses | 480,829 | Selling, general and administrative expenses | 260,941 |

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

The Tokyo Gas Group conventionally presented the total amount for financial assets and financial liabilities, based on the posting of derivative transactions at fair value to “other current assets,” “other current liabilities,” and “other investments,” and “other non-current liabilities,” in its consolidated balance sheets. Regarding financial assets and financial liabilities that fulfill requirements stipulated under the Practical Guidelines for Accounting for Financial Instruments (Accounting Practice Committee Statement No. 14), the Tokyo Gas Group is changing its method of presentation to more appropriately present the group’s financial position by offsetting the financial assets and liabilities. To reflect this change in presentation method, we are restating the consolidated financial statements for the previous consolidated fiscal year. The detailed changes are shown below.

(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 |

5) (Segment information, etc.)

1. Overview of reporting segments

The Group’s reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business results.

In November 2021, the Company formulated Compass Action, a detailed roadmap for achieving the Group’s management vision, Compass 2030, and on April 1, 2022, transitioned to a holding company structure to build a system that will embody this vision. In light of this, the Company has trimmed down the number of reporting segments to four, the “energy solution,” “network,” “overseas,” and “urban development” segments, starting in FY2022, in comparison with its previous five report segments, which were “gas,” “electric power,” “overseas,” “energy related,” and “real estate.”

That being said, the main business operations of each reporting segment is as follows.

“Energy solution”: Production and sales of city gas, LNG sales, trading, electricity, engineering solutions (engineering, energy services, etc.), etc.

“Network”: Transmission service of city gas, etc.

“Overseas”: Offshore resource development and investment, energy supply, etc.

“Urban development”: Real estate development and leasing, etc.

2. Calculation of net sales, profit and loss, and assets, etc.

Profit or loss of reporting segments is based on operating profit or loss plus or minus investment gain or loss on equity method.

Intersegment sales and transfers are attributable to transactions within group companies, and calculated based on market value.

As mentioned in the “Change in accounting policies,” the Company has changed its revenue recognition method for city gas sales to a delivery basis, starting from the consolidated financial statements for the consolidated fiscal year under review, and therefore the calculation of profit and loss for the reporting segment is being changed accordingly.

This change in accounting policy is retroactive. The consolidated financial statements for the previous consolidated fiscal year are stated to reflect changes to accounting policy retroactively. In comparison with conventional methods, “gas” sales and segment profit in the previous consolidated fiscal year increased ¥966.2 million, respectively.

3. Information related to net sales, profit and loss, and assets, etc. by reporting segment
Fiscal year ended March 31, 2022 (from Apr. 1, 2021 to Mar. 31, 2022)

(Unit: million yen)

| | Reporting segment | | | | | | Others (Note 1) | Total | Adjustments (Note 2) | Amount recorded on consolidated statement of income (Note 3) |
|------------------------------------------------------------------------|-------------------|-------------------|----------|--------------------|----------------|-----------|--------------------|-----------|-------------------------|-----------------------------------------------------------------------------|
| | Gas | Electric power | Overseas | Energy- related | Real estate | Total | | | | |
| Net sales | | | | | | | | | | |
| External sales | 1,288,618 | 465,066 | 80,257 | 278,211 | 32,194 | 2,144,346 | 10,513 | 2,154,860 | — | 2,154,860 |
| Intersegment sales & transfers | 165,048 | 2,738 | 5,674 | 53,101 | 25,767 | 252,329 | 97,029 | 349,359 | -349,359 | — |
| Total | 1,453,666 | 467,804 | 85,931 | 331,312 | 57,961 | 2,396,676 | 107,542 | 2,504,219 | -349,359 | 2,154,860 |
| Segment profit (loss) | | | | | | | | | | |
| Operating profit (loss) | 112,309 | 11,117 | 25,487 | 12,818 | 12,532 | 174,264 | 1,998 | 176,263 | -48,737 | 127,525 |
| Investment gain (loss) on equity method | — | — | 2,765 | — | 934 | 3,699 | 25 | 3,725 | — | 3,725 |
| Total | 112,309 | 11,117 | 28,252 | 12,818 | 13,466 | 177,964 | 2,024 | 179,988 | -48,737 | 131,251 |
| Segment Assets | 1,552,698 | 335,426 | 433,397 | 256,637 | 288,196 | 2,866,356 | 39,610 | 2,905,966 | 281,660 | 3,187,627 |
| Others | | | | | | | | | | |
| Depreciation expenses | 143,168 | 8,853 | 19,742 | 13,080 | 12,570 | 197,415 | 3,410 | 200,826 | -4,016 | 196,810 |
| Increase in property, plant, equipment, and intangible assets | 118,096 | 7,916 | 51,976 | 16,812 | 10,256 | 205,057 | 1,725 | 206,783 | -7,449 | 199,334 |

Notes:

- The “Others” segment indicates businesses not included in the reporting segments, including information processing service, shipping business, etc.
- The “Adjustments” indicates as follows;
 - The ¥48,737 million segment profit or loss adjustment includes ¥1,415 million in eliminations for intersegment transactions and ¥47,321 million of companywide expenses not allocated to the respective reporting segments. Companywide expenses are primarily, general and administrative expenses that are not assignable to a reporting segment.
 - The ¥281,660 million segment assets adjustment includes ¥362,498 million of companywide assets not allocated to the respective reporting segments, and ¥80,837 million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets that are not assignable to a reporting segment.
- Segment profit or loss is adjusted to reflect operating profit recorded in the consolidated statement of income which is adjusted by investment gain or loss on equity method.

Fiscal year ended March 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)

(Unit: million yen)

| | Reporting segment | | | | Total | Adjustments (Note 1) | Amount recorded on consolidated statement of income (Note 2) |
|------------------------------------------------------------------------|-------------------|---------|----------|----------------------|-----------|-------------------------|-----------------------------------------------------------------------------|
| | Energy solution | Network | Overseas | Urban development | | | |
| Net sales | | | | | | | |
| External sales | 2,982,254 | 128,822 | 142,164 | 36,392 | 3,289,634 | — | 3,289,634 |
| Intersegment sales & transfers | 48,933 | 241,563 | 17,748 | 26,283 | 334,529 | -334,529 | — |
| Total | 3,031,188 | 370,385 | 159,912 | 62,676 | 3,624,163 | -334,529 | 3,289,634 |
| Segment profit (loss) | | | | | | | |
| Operating profit (loss) | 366,081 | -339 | 73,046 | 14,392 | 453,180 | -31,703 | 421,477 |
| Investment gain (loss) on equity method | -99 | — | -5,135 | 785 | -4,450 | — | -4,450 |
| Total | 365,981 | -339 | 67,911 | 15,177 | 448,730 | -31,703 | 417,027 |
| Segment Assets | 1,597,395 | 697,667 | 620,844 | 304,635 | 3,220,543 | 360,881 | 3,581,425 |
| Others | | | | | | | |
| Depreciation expenses | 67,232 | 102,531 | 24,504 | 12,441 | 206,709 | -1,633 | 205,076 |
| Increase in property, plant, equipment, and intangible assets | 70,054 | 84,287 | 30,468 | 24,467 | 209,278 | -1,282 | 207,996 |

Notes:

1. The “Adjustments” indicates as follows;

- (1) The -¥31,703 million segment profit or loss adjustment includes -¥2,733 million in eliminations for intersegment transactions and -¥28,969 million of companywide expenses not allocated to the respective reporting segments. Companywide expenses are primarily, general and administrative expenses in parent company that are not assignable to a reporting segment.
 - (2) The ¥360,881 million segment assets adjustment includes ¥411,141 million of companywide assets not allocated to the respective reporting segments, and -¥50,260 million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets in parent company that are not assignable to a reporting segment.
2. Segment profit or loss is adjusted to reflect operating profit recorded in the consolidated statement of income which is adjusted by investment gain or loss on equity method.

4. Matters related to changes to the reporting segments

In FY2022, the Company changed its reporting segments to the following four segments: “energy solution,” “network,” “overseas,” and “urban development.”

Then, given that sales and segment profits/losses in the previous consolidated fiscal year were not gathered based on the reporting segment classifications after changes were made, it is difficult for practical purposes to calculate sales and segment profits/losses based on this. Information related to sales and segment profits/losses for the consolidated fiscal year under review prior to segment changes are as follows.

Fiscal year ended March 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)

(Unit: million yen)

| | Reporting segment | | | | | | Others (Note 1) | Total | Adjustments (Note 2) | Amount recorded on consolidated statement of income (Note 3) |
|------------------------------------------------------------------------|-------------------|-------------------|----------|--------------------|----------------|-----------|--------------------|-----------|-------------------------|-----------------------------------------------------------------------------|
| | Gas | Electric power | Overseas | Energy- related | Real estate | Total | | | | |
| Net sales | | | | | | | | | | |
| External sales | 1,919,794 | 848,894 | 142,164 | 328,957 | 36,392 | 3,276,204 | 13,430 | 3,289,634 | — | 3,289,634 |
| Intersegment sales & transfers | 311,121 | 7,555 | 17,779 | 36,202 | 26,287 | 398,946 | 93,842 | 492,789 | -492,789 | — |
| Total | 2,230,915 | 856,450 | 159,944 | 365,159 | 62,680 | 3,675,150 | 107,273 | 3,782,423 | -492,789 | 3,289,634 |
| Segment profit (loss) | | | | | | | | | | |
| Operating profit (loss) | 294,218 | 51,107 | 75,231 | 16,032 | 14,654 | 451,245 | 11,695 | 462,940 | -41,463 | 421,477 |
| Investment gain (loss) on equity method | — | — | -5,135 | — | 785 | -4,350 | -99 | -4,450 | — | -4,450 |
| Total | 294,218 | 51,107 | 70,096 | 16,032 | 15,440 | 446,894 | 11,595 | 458,490 | -41,463 | 417,027 |
| Segment Assets | 1,489,660 | 418,957 | 491,181 | 266,210 | 300,269 | 2,966,279 | 36,816 | 3,003,096 | 578,328 | 3,581,425 |
| Others | | | | | | | | | | |
| Depreciation expenses | 143,703 | 11,291 | 24,504 | 14,627 | 12,441 | 206,568 | 2,565 | 209,134 | -4,058 | 205,076 |
| Increase in property, plant, equipment, and intangible assets | 110,288 | 22,449 | 30,468 | 20,606 | 24,467 | 208,280 | 2,021 | 210,302 | -2,306 | 207,996 |

Notes:

- The “Others” segment indicates businesses not included in the reporting segments, including information processing service, shipping business, etc.
- The “Adjustments” indicates as follows;
 - Segment profit or loss was adjusted -¥41,463 million. This includes eliminations for intersegment transactions of -¥2,084 million and companywide expense not allocated to a respective reporting segment of -¥39,378 million. Companywide expenses mainly consist of general expenses at the parent company that are not allocated to a respective reporting segment.
 - Segment assets were adjusted ¥578,328 million. This includes companywide assets not allocated to a respective reporting segment of ¥653,720 million and net eliminations of intersegment obligations of -¥75,391 million. Companywide assets mainly consist of financial assets at the parent company that are not allocated to a respective reporting segment.
- Segment profit or loss is adjusted to reflect operating profit recorded in the consolidated financial statements which is adjusted by investment gain or loss under the equity method.

6) (Per share information)

(Unit: yen)

| | FY2021 (Apr. 2021– Mar. 2022) | FY2022 (Apr. 2022 – Mar. 2023) |
|--------------------------------|-------------------------------------|--------------------------------------|
| Shareholders' equity per share | 2,847.88 | 3,595.60 |
| Profit per share | 217.67 | 646.99 |

Notes:

- Diluted profit per share is not disclosed as no latent shares exist.
- As mentioned in (Changes to accounting policies), changes to accounting policies in the consolidated fiscal year under review have been applied retroactively. Regarding the previous consolidated fiscal year, we are calculating numerical figures after application of changes retroactively.
Consequently, in comparison to the figures prior to the retroactive application of changes, net assets per share for the previous consolidated fiscal year were ¥55.93 and the net profit per share increased ¥15.83.
- Basis for calculation of profit per share is as follows.

| | FY2021 (Apr. 2021– Mar. 2022) | FY2022 (Apr. 2022 – Mar. 2023) |
|----------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------|
| Profit attributable to owners of parent (million yen) | 95,702 | 280,916 |
| Not attributable to common shareholders (million yen) | — | — |
| Profit attributable to owners of parent with regard to the common shares (million yen) | 95,702 | 280,916 |
| Average number of common shares outstanding (thousand shares) | 439,673 | 434,188 |

- Basis for calculation of BPS is as follows.

| | FY2021 (as of Mar. 31, 2022) | FY2022 (as of Mar. 31, 2023) |
|----------------------------------------------------------------------|---------------------------------|---------------------------------|
| Shareholders' equity (million yen) | 1,281,150 | 1,589,301 |
| Deduction from shareholders' equity (million yen) | 29,368 | 30,896 |
| -Shares of minority shareholders (million yen) | 29,368 | 30,896 |
| Net shareholders' equity attributable to common shares (million yen) | 1,251,781 | 1,558,404 |
| Number of shares to calculate BPS (thousand shares) | 439,548 | 433,420 |

- We are introducing a Director Stock Ownership Plan from the previous consolidated fiscal year.
Shares held in a trust account are included in treasury stock that are excluded for calculating the average number of shares outstanding during a fiscal year in calculating net income per share and are included in treasury stock that are excluded from the number of issued shares at the end of the fiscal year when calculating net assets per share.
The number of excluded treasury stock from the average number of shares outstanding during a fiscal year for calculating the net income per share was 149,667 shares in the previous consolidated fiscal year and 219,467 shares in the consolidated fiscal year under review. The number of excluded treasury stock at the end of the fiscal year for calculating net assets per share was 223,800 shares for the previous consolidated fiscal year and 218,500 shares in the consolidated fiscal year under review.

7) (Material subsequent events)

[Acquisition of treasury shares]

At its Board of Directors meeting held on April 26, 2023, the Company resolved to acquire treasury stock in accordance with the provisions of Article 156 of the Companies Act applied with a replacement of the terms pursuant to the provisions of Article 165, paragraph 3 of the same act.

The details of the purchase of treasury shares are as follows.

- Type of stock to be acquired: Tokyo Gas common stock
- Total number of shares to be acquired: 53 million (upper limit)
(Rate to number of shares outstanding 12.2%)
- Total value of shares to be acquired: ¥113 billion (upper limit)
- Term of acquisition: May 8, 2023– March 31, 2024

V. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2022 | As of March 31, 2023 |
|---------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 39,886 | 308,643 |
| Notes receivable - trade | 597 | 1,147 |
| Accounts receivable - trade | 323,935 | 391,305 |
| Merchandise and finished goods | 131 | - |
| Work in process | 6,412 | 10,799 |
| Raw materials and supplies | 59,008 | 110,205 |
| Prepaid expenses | 1,336 | 1,414 |
| Other current assets | 135,772 | 145,746 |
| Allowance for doubtful accounts | -4,605 | -1,473 |
| Total current assets | 562,474 | 967,788 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 24,150 | 14,677 |
| Structures | 68,167 | 43,403 |
| Machinery and equipment | 580,443 | 65,576 |
| Tools, furniture and fixtures | 8,185 | 5,626 |
| Land | 133,063 | 104,327 |
| Construction in progress | 18,465 | 6,029 |
| Other fixed asset | 6 | 2 |
| Total property, plant and equipment | 832,484 | 239,642 |
| Intangible assets | | |
| Software | 120,743 | 96,471 |
| Goodwill | 1,021 | 887 |
| Other intangible assets | 12,249 | 8,248 |
| Total intangible assets | 134,015 | 105,607 |
| Investments and other assets | | |
| Investment securities | 51,356 | 49,948 |
| Shares of subsidiaries and associates | 498,568 | 647,502 |
| Long-term loans receivable | 197,737 | 627,777 |
| Deferred tax assets | 14,794 | 25,724 |
| Other investments | 42,220 | 38,190 |
| Allowance for doubtful accounts | -1,677 | -6,101 |
| Total investments and other assets | 803,001 | 1,383,041 |
| Total non-current assets | 1,769,500 | 1,728,291 |
| Total assets | 2,331,975 | 2,696,080 |

As of March 31, 2022

As of March 31, 2023

| Liabilities | | |
|----------------------------------------------------------------|------------------|------------------|
| Current liabilities | | |
| Accounts payable - trade | 43,299 | 42,051 |
| Short-term borrowings | 138,157 | 208,059 |
| Accounts payable - other | 61,741 | 42,777 |
| Accrued expenses | 91,862 | 138,223 |
| Income taxes payable | 16,448 | 97,904 |
| Contract liabilities | 10,156 | 8,744 |
| Advances received | 6,505 | 10,933 |
| Deposits received | 10,374 | 11,233 |
| Unearned revenue | 948 | 1,100 |
| Other current liabilities | 92,100 | 94,870 |
| Total current liabilities | 471,596 | 655,898 |
| Non-current liabilities | | |
| Bonds payable | 544,998 | 544,799 |
| Long-term borrowings | 397,778 | 425,202 |
| Provision for retirement benefits | 59,593 | 58,633 |
| Provision for share awards for directors (and other officers) | 84 | 183 |
| Provision for gas holder repairs | 2,978 | - |
| Provision for safety measures | 637 | - |
| Provision for contract loss in regards to appliance warranties | 2,620 | 5,176 |
| Provision for point card certificates | 531 | 603 |
| Other noncurrent liabilities | 14,623 | 13,819 |
| Total non-current liabilities | 1,023,845 | 1,048,417 |
| Total liabilities | 1,495,442 | 1,704,315 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 141,844 | 141,844 |
| Capital surplus | | |
| Legal capital surplus | 2,065 | 2,065 |
| Total capital surplus | 2,065 | 2,065 |
| Retained earnings | | |
| Legal retained earnings | 35,454 | 35,454 |
| Other retained earnings | | |
| Reserve for tax purpose reduction entry of non-current assets | 5,556 | 4,216 |
| Reserve for overseas investment loss | 1,017 | 210 |
| Reserve for adjustment of cost fluctuations | 141,000 | 141,000 |
| General reserve | 339,000 | 339,000 |
| Retained earnings brought forward | 160,374 | 316,839 |
| Total retained earnings | 682,402 | 836,720 |
| Treasury shares | -3,524 | -3,658 |
| Total shareholders' equity | 822,787 | 976,972 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 18,357 | 18,072 |
| Deferred gains or losses on hedges | -4,612 | -3,279 |
| Total valuation and translation adjustments | 13,745 | 14,792 |
| Total net assets | 836,532 | 991,764 |
| Total liabilities and net assets | 2,331,975 | 2,696,080 |

(2) Non-consolidated Statements of Income

(Millions of yen)

| | For the fiscal year ended March 31, 2022 | For the fiscal year ended March 31, 2023 |
|------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Net sales | 1,931,053 | 2,999,878 |
| Cost of sales | 1,662,673 | 2,508,130 |
| Gross profit | 268,380 | 491,747 |
| Selling, general and administrative expenses | 216,462 | 190,321 |
| Operating profit | 51,917 | 301,426 |
| Non-operating income | | |
| Interest and dividend income | 8,745 | 15,167 |
| Miscellaneous income | 14,276 | 5,790 |
| Total non-operating income | 23,022 | 20,958 |
| Non-operating expenses | | |
| Interest expenses | 3,488 | 3,295 |
| Interest expenses on bonds | 5,500 | 5,563 |
| Foreign exchange losses | 6,746 | 4,799 |
| Miscellaneous expenses | 11,221 | 5,104 |
| Total non-operating expenses | 26,956 | 18,763 |
| Ordinary profit | 47,983 | 303,621 |
| Extraordinary income | | |
| Gain on sale of investment securities | 2,117 | 2,670 |
| Total extraordinary income | 2,117 | 2,670 |
| Extraordinary losses | | |
| Impairment losses | - | 2,114 |
| Loss on valuation of shares of subsidiaries and associates | - | 11,953 |
| Total extraordinary losses | - | 14,068 |
| Profit before income taxes | 50,100 | 292,222 |
| Income taxes - current | 10,885 | 98,574 |
| Income taxes - deferred | 1,423 | -11,523 |
| Total income taxes | 12,309 | 87,050 |
| Profit | 37,791 | 205,171 |