

Consolidated Financial Results Bulletin for the 3rd Quarter Ended December 31, 2023**(J-GAAP)****Tokyo Gas Co., Ltd.**

Securities code: 9531

(URL <https://www.tokyo-gas.co.jp/en/IR/index.html>)Representative: Mr. SASAYAMA Shinichi, Representative
Corporate Executive Officer, President and CEOContact: 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, 2024

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, 2023 to December 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	
	Amount	% change	Amount	% change	Amount	% change	Amount	% change
Nine months ended Dec. 31, 2023	1,902,621	-17.3%	162,868	-30.9%	170,545	-28.4%	115,555	-31.3%
Nine months ended Dec. 31, 2022	2,300,194	63.9%	235,692	341.5%	238,298	283.6%	168,097	264.7%

Note: Total comprehensive income

Nine months ended December 31, 2023: 243,633 million yen (-3.6%)

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

	Profit per share	Diluted profit per share
	Nine months ended Dec. 31, 2023	277.04 yen
Nine months ended Dec. 31, 2022	386.93 yen	—

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio
	As of Dec. 31, 2023	3,901,004	1,699,958
As of Mar. 31, 2023	3,581,425	1,589,301	43.5%

Reference: Shareholders' equity

As of December 31, 2023: 1,666,285 million yen

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

2. Dividend

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2022 ended Mar. 31, 2023	—	32.50	—	32.50	65.00
FY2023 ending Mar. 31, 2024	—	32.50	—		
FY2023 ending Mar. 31, 2024 (Forecast)				37.50	70.00

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

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		Net profit attributable to owners of parent		Profit per share
Full-year	2,720,000	-17.3%	182,000	-56.8%	190,000	-53.5%	141,000	-49.8%	341.75 yen

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

*Notes

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

Newly included: 2 (names) Rockcliff Energy II LLC, Rockcliff Energy Operating LLC

Excluded: 2 (names) TGBI 1.LLC, TG Barnett Resources LP

Reference: Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 107 (Increased by 10 companies and decreased by 5 companies)

Number of subsidiaries and affiliates accounted for by equity method: 23 (Increased by 8 companies)

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

Note: Please see page 10 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: *No*

3) Change in accounting estimates: *No*

4) Retrospective restatements: *No*

(4) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Dec. 31, 2023	434,875,059	Mar. 31, 2023	434,875,059
2) Number of shares of treasury stock at end of period:	Dec. 31, 2023	33,304,032	Mar. 31, 2023	1,455,205
3) Average number of shares during period:	Apr. – Dec. 2023	417,107,224	Apr. – Dec. 2022	434,443,941

* 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 elements of great uncertainty, including the impact of the state of affairs between Russia and Ukraine. The forecasts may change significantly depending on future developments. For details of the above forecasts, please refer to “1. Overview of Business Performance, etc. (2) Future outlook” on page 3 of the Attachment and “1. Overview of Business Performance, etc. (3) Revisions to FY2023 results forecasts” 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 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
		(% of change)		(% of change)		(% of change)		(% of change)	
Full-year	2,408,200	-19.7%	102,000	-66.2%	140,000	-53.9%	113,300	-44.8%	274.61 yen

Note: Revision to the non-consolidated results forecast that has been disclosed lastly: *No*

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1. Overview of Business Performance, etc.

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

<Summary by segment>

(Unit: million yen)

		Energy solution	Network	Overseas	Urban development
Sales	FY2023	1,735,319	215,538	99,187	53,089
	(% of total)	(82.6%)	(10.2%)	(4.7%)	(2.5%)
	FY2022	2,131,107	222,976	128,191	46,264
	(% of total)	(84.3%)	(8.8%)	(5.1%)	(1.8%)
	Amount of change	-395,788	-7,438	-29,004	6,825
	Rate of change	-18.6%	-3.3%	-22.6%	14.8%
Operating expenses	FY2023	1,577,690	237,033	68,244	37,436
	(% of total)	(82.2%)	(12.3%)	(3.6%)	(1.9%)
	FY2022	1,928,011	236,455	69,777	33,862
	(% of total)	(85.0%)	(10.4%)	(3.1%)	(1.5%)
	Amount of change	-350,321	578	-1,533	3,574
	Rate of change	-18.2%	0.2%	-2.2%	10.6%
Segment profit/loss	FY2023	158,904	-21,495	32,599	16,214
	(% of total)	(85.3%)	(-11.5%)	(17.5%)	(8.7%)
	FY2022	203,126	-13,479	63,994	12,996
	(% of total)	(76.2%)	(-5.1%)	(24.0%)	(4.9%)
	Amount of change	-44,222	-8,016	-31,395	3,218
	Rate of change	-21.8%	—	-49.1%	24.8%

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/loss are adjusted against the amount based on operating profit/loss of consolidated financial statements plus or minus investment income or loss on equity method.
- From the third quarter of the consolidated fiscal year ending March 31, 2024, in tandem with a review of our system for providing services to regional administrations and local governments, we revised a portion of the revenues and expenses related to businesses previously included in the Network business segment, and are now including them into the Energy Solutions business segment and/or corporate expenses that are not allocated to any reporting segment in particular. Note that the segment information for performance in the first nine months of the fiscal year ended March 31, 2023 and for the first nine months of the fiscal year ending March 31, 2024 are presented based on segment classifications that has been revised.

<Consolidated City Gas Sales Volume, etc.>

		Apr. – Dec. 2023	Apr. – Dec. 2022	Change	% change	
No. of customers for city gas retail sales	Thousands	8,779	8,688	91	1.0	
No. of customers (meters)	Thousands	12,411	12,289	122	1.0	
City gas sales volume	Residential	Mil. m ³	1,679	1,834	-155	-8.5
	Commercial	Mil. m ³	1,609	1,579	30	1.9
	Industrial	Mil. m ³	3,542	4,509	-967	-21.4
	Subtotal	Mil. m ³	5,150	6,088	-938	-15.4
	Supplies to other utilities	Mil. m ³	1,127	1,162	-35	-3.0
Total	Mil. m ³	7,956	9,084	-1,128	-12.4	
Average temperature	°C	20.6	19.5	1.1	—	

Notes:

- No. of customers for city gas retail sales indicates the number of billed customers for city gas retail sales.
- No. of customers (meters) indicates the number of meters as a gas pipeline service provider.
- “Commercial” indicates sales to commercial, public and medical institutions.
- City gas sales volumes are on the basis of 45MJ/m³.

< Consolidated Electric Power Sales Volume, etc.>

			Apr. – Dec. 2023	Apr. – Dec. 2022	Change	% change
No. of customers for electric power retail sales		Thousands	3,766	3,314	452	13.7
Electric power sales volume	Retail	million kWh	9,446	8,202	1,244	15.2
	Wholesale etc.	million kWh	8,951	17,202	-8,251	-48.0
	Total	million kWh	18,397	25,404	-7,007	-27.6

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. 2023	Apr. – Dec. 2022	Change	Crude oil price (\$/bbl)	Apr. – Dec. 2023	Apr. – Dec. 2022	Change
	143.33	136.50	6.83		86.57	107.87	-21.30

(2) Future outlook

a. Consolidated city gas sales volume forecast for FY2023

			FY2023 (Forecast)	FY2022 (Results)	Change	% change
City gas sales volume	Residential	Mil. m ³	2,749	2,802	-53	-1.9
	Others	Mil. m ³	8,745	9,772	-1,027	-10.5
	Total	Mil. m ³	11,494	12,574	-1,080	-8.6
Average temperature		°C	17.4	16.8	0.6	—

Note: City gas sales volumes are on the basis of 45MJ/m³.

b. Consolidated electric power sales volume forecast for FY2023

			FY2023 (Forecast)	FY2022 (Results)	Change	% change
Total electric power sales volume	million kWh		26,132	34,445	-8,313	-24.1

c. Consolidated earnings forecast for FY2023

(Unit: hundred million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY2023 (forecast)	27,200	1,820	1,900	1,410
FY2022 (results)	32,896	4,214	4,088	2,809
Change	-5,696	-2,394	-2,188	-1,399
% change	-17.3	-56.8	-53.5	-49.8

< 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
	143.74	135.50	8.24		84.93	102.67	-17.74

(3) Revisions to FY2023 results forecasts

In line with the notification in our timely disclosure on January 31, 2024, we made the following revisions to the consolidated and non-consolidated results forecasts for FY2023, which we disclosed on October 26, 2023.

<FY2023 consolidated results forecasts>

	Net sales (hundred million yen)	Operating profit (hundred million yen)	Ordinary profit (hundred million yen)	Profit attributable to owners of parent (hundred million yen)	Profit per share (yen per share)
Forecast announced on October 26, 2023 (A)	27,610	1,540	1,580	1,160	281.11
Revised forecast (B)	27,200	1,820	1,900	1,410	341.75
Difference (B-A)	-410	280	320	250	—
Percentage difference (%)	-1.5	18.2	20.3	21.6	—
(Reference) FY2022 results	32,896	4,214	4,088	2,809	646.99

<FY2023 non-consolidated results forecasts>

	Net sales (hundred million yen)	Operating profit (hundred million yen)	Ordinary profit (hundred million yen)	Profit (hundred million yen)	Profit per share (yen per share)
Forecast announced on October 26, 2023 (A)	24,216	696	1,026	872	211.31
Revised forecast (B)	24,082	1,020	1,400	1,133	274.61
Difference (B-A)	-134	324	374	261	—
Percentage difference (%)	-0.6	46.6	36.5	29.9	—
(Reference) FY2022 results	29,998	3,014	3,036	2,051	472.54

We have revised our earnings results forecast for FY2023 mainly to reflect the financial results of the third quarter ended December 2023 and recent energy price trends. Accordingly, we estimate that our non-consolidated forecasts for net sales, operating profit, ordinary profit and profit will differ from the forecasts we announced on October 26, 2023.

We have also revised our consolidated forecasts disclosed on October 26, 2023, to reflect the same factors.

Note: The above forecasts are based on information available at the time of the release of this document. Therefore, the actual results may differ from the stated forecast figures depending on various factors going forward.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated balance sheets

(Millions of yen)

As of March 31, 2023

As of December 31, 2023

Assets	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	453,502	237,802
Notes and accounts receivable - trade, and contract assets	460,111	397,473
Lease receivables and investments in leases	17,125	17,701
Securities	10	-
Merchandise and finished goods	6,030	51,377
Work in process	15,653	20,978
Raw materials and supplies	135,769	111,766
Other current assets	131,832	226,297
Allowance for doubtful accounts	-2,122	-2,560
Total current assets	1,217,914	1,060,836
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	346,262	318,986
Machinery, equipment and vehicles, net	921,572	900,347
Tools, furniture and fixtures, net	10,714	9,738
Land	197,245	181,098
Leased assets, net	8,231	9,773
Construction in progress	98,878	152,407
Total property, plant and equipment	1,582,904	1,572,351
Intangible assets		
Goodwill	6,410	5,824
Mining rights	145,567	556,573
Other intangible assets	162,554	151,269
Total intangible assets	314,533	713,667
Investments and other assets		
Investment securities	278,497	354,432
Long-term loans receivable	56,550	56,409
Retirement benefit asset	8,809	10,101
Deferred tax assets	32,849	31,457
Other investments	93,649	105,673
Allowance for doubtful accounts	-4,283	-3,925
Total investments and other assets	466,073	554,149
Total non-current assets	2,363,511	2,840,168
Total assets	3,581,425	3,901,004

(Millions of yen)

As of March 31, 2023

As of December 31, 2023

Liabilities		
Current liabilities		
Notes and accounts payable - trade	79,041	103,775
Short-term borrowings	6,674	7,120
Current portion of bonds payable	20,000	10,000
Current portion of long-term borrowings	59,973	49,729
Income taxes payable	118,636	19,564
Other current liabilities	321,832	518,073
Total current liabilities	606,158	708,263
Non-current liabilities		
Bonds payable	548,976	639,588
Long-term borrowings	607,262	619,300
Deferred tax liabilities	33,901	48,043
Retirement benefit liability	64,570	63,871
Provision for share awards for directors (and other officers)	183	214
Provision for gas holder repairs	3,444	3,331
Provision for safety measures	527	444
Provision for contract loss in regards to appliance warranties	5,176	4,753
Provision for point card certificates	654	634
Asset retirement obligations	27,559	32,812
Other noncurrent liabilities	93,709	79,788
Total non-current liabilities	1,385,965	1,492,783
Total liabilities	1,992,124	2,201,046
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	-	4,285
Retained earnings	1,310,908	1,398,144
Treasury shares	-3,658	-107,904
Total shareholders' equity	1,449,094	1,436,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,954	57,050
Deferred gains or losses on hedges	-9,626	15,796
Foreign currency translation adjustment	86,226	156,581
Remeasurements of defined benefit plans	1,754	486
Total accumulated other comprehensive income	109,309	229,915
Non-controlling interests	30,896	33,672
Total net assets	1,589,301	1,699,958
Total liabilities and net assets	3,581,425	3,901,004

(2) Consolidated statements of income and comprehensive income
Consolidated statement of income(Nine months ended December 31, 2023)

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	2,300,194	1,902,621
Cost of sales	1,869,341	1,559,721
Gross profit	430,853	342,900
Selling, general and administrative expenses	195,161	180,032
Operating profit	235,692	162,868
Non-operating income		
Interest income	1,460	6,289
Dividend income	2,547	1,310
Share of profit of entities accounted for using equity method	6,206	3,494
Foreign exchange gains	7,771	8,039
Miscellaneous income	13,739	12,743
Total non-operating income	31,724	31,876
Non-operating expenses		
Interest expenses	11,037	13,938
Miscellaneous expenses	18,079	10,261
Total non-operating expenses	29,117	24,199
Ordinary profit	238,298	170,545
Extraordinary income		
Gain on sale of investment securities	3,785	2,499
Gain on sale of businesses	3,506	-
Gain on valuation of long-term loans receivable	-	2,573
Total extraordinary income	7,292	5,073
Extraordinary losses		
Loss on valuation of investment securities	2,595	-
Total extraordinary losses	2,595	-
Profit before income taxes	242,996	175,618
Income taxes	74,185	59,486
Profit	168,810	116,131
Profit attributable to non-controlling interests	713	576
Profit attributable to owners of parent	168,097	115,555

Consolidated statement of comprehensive income(Nine months ended December 31, 2023)

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	168,810	116,131
Other comprehensive income		
Valuation difference on available-for-sale securities	12,008	26,105
Deferred gains or losses on hedges	-24,627	28,487
Foreign currency translation adjustment	85,205	70,444
Remeasurements of defined benefit plans, net of tax	2,344	-1,267
Share of other comprehensive income of entities accounted for using equity method	8,995	3,731
Total other comprehensive income	83,925	127,502
Comprehensive income	252,736	243,633
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	252,272	236,161
Comprehensive income attributable to non-controlling interests	464	7,472

(3) Notes on consolidated financial statements

(Note on going concerns' premise)

Not applicable

(Additional information)

<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.

<Transfer of shares in our subsidiaries>

Plans, announced in our timely disclosure on October 7, 2022, to transfer (this “initial transfer”) five subsidiaries (four projects) at our Australian subsidiary, Tokyo Gas Australia Pty Ltd, to MidOcean Energy Holdings Pty Ltd (this “MidOcean”), a subsidiary of the US-based EIG Global Energy Partners, LLC, were published as additional information in our securities report for the previous fiscal year. As we announced in our timely disclosure on January 11, 2024, we signed a memorandum regarding the transfer of assets to whereby the upstream interests and shares in the liquefaction business interests held by the two companies involved in the Ichthys Project, which are to be initially transferred to MidOcean, are to be transferred to INPEX Ichthys Pty Ltd, INPEX Browse E&P Pty Ltd, and INPEX Holdings Australia Pty Ltd (this “transfer”). The execution of this share transfer is scheduled to take place at the end of February 2024. The impact of this transfer and the initial transfer to consolidated earnings in the fiscal year ending March 31, 2024 is currently being calculated.

The contract amount for initial transfer remains unchanged from the US\$2.15 billion. There is a possibility that the initial transfer and this transfer may not be executed depending on the status of future approvals by the Australian government and related parties, and due to other contractual conditions. Moreover, the actual amount of the transfer may differ from the contract amount. We note that the net income attributable to Tokyo Gas that is generated from the four Australian projects by the time the transfer is completed, including earnings in consolidated FY2023, will be deducted from the gain or loss on sale (the cumulative amount of net income attributable to Tokyo Gas from the four Australian projects as of the end of the third quarter of the current fiscal year is approximately US\$500 million).

That being said, the impact from this transfer and the initial transfer has not been factored into consolidated performance and forecasts for the current consolidated fiscal year.

(Significant changes in shareholders' equity)

<Purchase of treasury stock>

The acquisition of treasury shares is being carried out as follows in the open market in accordance with Article 156 of the Companies Act as applied mutatis mutandis to Article 165, Paragraph 3 of the Act.

The following purchase was made during the third-quarter period under review:

- | | |
|--------------------------------|---|
| (1) Purchase period | May 8 – December 31, 2023 (contract basis) |
| (2) Number of shares purchased | 31,871,700 shares |
| (3) Total amount of purchase | ¥104,279,828,300 |
| (4) Purchase method | Market purchase on the Tokyo Stock Exchange |

We note that share buybacks as of January 23, 2024, including the shares stipulated above, has completed the acquisition of treasury stock pursuant to a resolution passed by the Board of Directors at a meeting held on April 26, 2023.

- | | |
|--------------------------------|---|
| (1) Purchase period | May 8, 2023 – January 23, 2024 (contract basis) |
| (2) Number of shares purchased | 34,422,900 shares |
| (3) Total amount of purchase | ¥112,999,799,700 |
| (4) Purchase method | Market purchase on the Tokyo Stock Exchange |

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

<Calculation of taxes>

Taxes are calculated by multiplying profit before income taxes for the 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, 2024 including the third quarter under review.

(Changes in presentation)

<Quarterly consolidated balance sheets>

In the previous consolidated fiscal year (FY2022), “mining rights,” which was previously presented as a part of “other intangible assets” under “intangible asset,” has increased in monetary importance, therefore it is now being presented as an independent accounting item from the third quarter of the current consolidated fiscal year. To reflect this change in presentation method, the accounting items in the consolidated financial statements for the previous consolidated fiscal year have been rearranged.

Consequently, the 145,567 million yen disclosed as “other intangible assets” under “intangible asset” in the consolidated balance sheets for the previous consolidated fiscal year have been rearranged into “mining rights.”

In the previous consolidated fiscal year, a portion of receivables related to overseas businesses was presented and included in “other current assets” under “current assets.” Starting from the third-quarter period under review, this portion is now included and presented as “notes and accounts receivable - trade, and contract assets” under “current assets.” This change was brought about by the acquisition of Rockcliff Energy. This has led to a redefinition of accounting items. Accounting items with similar characteristics have been rearranged to give a more appropriate presentation of conditions of the group.

Accordingly, the 14,049 million yen in receivables related to sales transactions incurred by overseas businesses and presented as “other current assets” under “current assets” in the consolidated balance sheets for the previous consolidated fiscal year have been rearranged into “notes and accounts receivable - trade, and contract assets.”

In the previous consolidated fiscal year, a portion of liabilities related to overseas businesses was presented and included in “other current liabilities” under “current liabilities.” Starting from the third-quarter period under review, this portion is now included and presented as “notes and accounts payable - trade” under “current liabilities.” This change was brought about by the acquisition of Rockcliff Energy. This has led to a redefinition of accounting items. Accounting items with similar characteristics have been rearranged to give a more appropriate presentation of conditions of the group.

Extrapolating from this, the 15,196 million yen in liabilities related to purchase transactions that were incurred by overseas businesses and presented as “other current liabilities” under “current liabilities” in the consolidated balance sheets for the previous consolidated fiscal year have been rearranged into “notes and accounts payable - trade.”