

December 14, 2022

Issuance of 1st and 2nd Hybrid Bonds (Subordinated Bonds) in Transition Bond Format

Tokyo Gas Co., Ltd.

Tokyo Gas Co., Ltd. (President: Takashi Uchida; hereinafter, “Tokyo Gas”), is pleased to announce that it has decided today to issue publicly offered hybrid bonds (subordinated bonds, the “Hybrid Bonds”)*¹ in transition bond format, as detailed below.

In addition to raising 19.8 billion yen through the Hybrid Bonds, Tokyo Gas plans to raise 63.5 billion yen through a hybrid loan that has equity characteristics equivalent to those of the Hybrid Bonds, and expects to raise funds of 83.3 billion yen in total to obtain funding for our business and invest in growth areas.

In its Group Management Vision “Compass 2030,”*² Tokyo Gas outlines its commitment to take on the challenge of achieving net-zero CO₂ emissions in its entire business activities, including those of its clients, and to lead the transition to a decarbonized society. Going forward, Tokyo Gas will make investments of approx. 2 trillion yen in growth areas that include decarbonization by 2030, while continuing to utilize ESG financing, in order to contribute to the achievement of carbon neutrality and a decarbonized society by 2050.

*1: [Issuance of Japan's First Hybrid Bonds \(Subordinated Bonds\) in Transition Bond Format \(released on November 24, 2022\)](#)

*2: [Tokyo Gas Group Management Vision Compass 2030 \(announced on November 27, 2019\)](#)

[Compass Action - A detailed roadmap for achieving Compass 2030 \(announced on November 26, 2021\)](#)

Name of bond	Tokyo Gas Co., Ltd. unsecured, notes with interest payment deferral clause and early redemption clause (subordinated, transition bonds)	
	1st	2nd
Total value of notes	¥10.1 billion	¥9.7 billion
Initial coupon rate	0.735%* ³	1.149%* ⁴
Pay-in deadline	December 20, 2022	
Maturity date	December 18, 2082	
Early redemption	Early redemption is possible at the discretion of Tokyo Gas on an interest payment date on after December 20, 2027.	Early redemption is possible at the discretion of Tokyo Gas on an interest payment date on after December 20, 2032.
Interest payment date	June 20 and December 20 every year	
Optional suspension of interest payment	Tokyo Gas may defer all or part of the payment of interest from the Hybrid Bonds on a certain interest payment date at its discretion	
Order of priority	The order of payment of the Hybrid Bonds is subordinate to Tokyo Gas’s general debt and takes precedence over its common stock.	
Rating	AA- (Rating and Investment Information, Inc.)	
Equity characteristics	Received capitalization certification from Rating and Investment Information, Inc., and S&P Global Ratings Japan Inc. for 50% of the respective funds raised.	

Usage of funds	Development of low-cost water electrolysis cell stack, methanation verification testing, onshore wind project in Denmark, biomass power project
Underwriters	Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Daiwa Securities Co. Ltd., Nomura Securities Co., Ltd. SMBC Nikko Securities Inc.
Fiscal agent	Mizuho Bank, Ltd.

*Details on transition bonds can be found on the ["Tokyo Gas Transition Bond Website"](#) (in Japanese only).

*3: Fixed rate from the day after December 20, 2022, through December 20, 2027; variable rate from the day after December 20, 2027 (There will be a step up of interest rate on the day after December 20, 2032, and the day after December 20, 2047.)

*4: Fixed rate from the day after December 20, 2022, through December 20, 2032; variable rate from the day after December 20, 2032 (There will be a step up of interest rate on the day after December 20, 2032, and the day after December 20, 2052.)