

December 16, 2023

Company: Tokyo Gas Co., Ltd.  
 Representative: SASAYAMA Shinichi  
 Representative Corporate Executive Officer,  
 President and CEO  
 (Securities code: 9531, TSE Prime Market &  
 NSE Prime Market)  
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## Acquisition of Shares in Rockcliff Energy II LLC and Change in Subsidiaries

Tokyo Gas Co., Ltd. (“Tokyo Gas”) announced that Tokyo Gas America Ltd. (“Tokyo Gas America”), a wholly owned subsidiary of Tokyo Gas, decided to acquire all shares of Rockcliff Energy II LLC (“RC”), a portfolio company of Quantum Energy Partners, through its ownership interest in TG Natural Resources LLC (“TGNR”).

### 1. Background

Tokyo Gas has been expanding its upstream business in the U.S. through TGNR, which became its subsidiary in 2020. With demand for gas expected to increase in the U.S. due to the construction of new LNG export terminals, “Compass Transformation 23-25”, Tokyo Gas Group’s Medium-term Management Plan for FY 2023-2025, states that Tokyo Gas will expand its shale gas business. TGNR has been seeking to acquire superior assets around its existing assets in Texas and Louisiana. With this acquisition, the outcome from TGNR will become the base of overseas earnings.

### 2. Overview of TG Natural Resources LLC (before the acquisition)

(1)	Corporate Name	TG Natural Resources LLC	
(2)	Address	Houston, Texas, USA	
(3)	President	Chief Executive Officer, Craig Jarchow	
(4)	Main business	Upstream development in Texas and Louisiana targeting Haynesville and Cotton Valley formations	
(5)	Capital	Approximately 850 million USD	
(6)	Establishment	April, 2017	
(7)	Shareholder	TG East Texas Resources LLC (100% Subsidiary of Tokyo Gas America): 79% CCI U.S. Asset Holdings LLC (100% Subsidiary of Castleton Commodities International LLC): 21%	
(8)	Relationship with Tokyo Gas	Capital	Tokyo Gas America 79%
		Human Resources	Three directors from Tokyo Gas and some secondees
		Transaction	N/A

### 3. Overview of companies involved in the change

(1)	Corporate Name	Rockcliff Energy II LLC	
(2)	Address	Houston, Texas, USA	
(3)	President	Chief Executive Officer, Alan L. Smith	
(4)	Main business	Upstream development in Texas and Louisiana targeting Haynesville and Cotton Valley formations	
(5)	Establishment	October, 2015	
(6)	Shareholder	Rockcliff Intermediate Holdings LLC 100%	
(7)	Relationship with Tokyo Gas	Capital	N/A
		Human Resources	N/A
		Transaction	N/A

(1)	Corporate Name	Rockcliff Energy Operating LLC	
(2)	Address	Houston, Texas, USA	
(3)	President	Chief Executive Officer, Alan L. Smith	
(4)	Main business	Upstream development in Texas and Louisiana targeting Haynesville and Cotton Valley formations	
(5)	Establishment	August 2015	
(6)	Shareholder	Rockcliff Energy II LLC 100%	
(7)	Relationship with Tokyo Gas	Capital	N/A
		Human Resources	N/A
		Transaction	N/A

(1)	Corporate Name	Rockcliff Operating LA LLC	
(2)	Address	Houston, Texas, USA	
(3)	President	Chief Executive Officer, Alan L. Smith	
(4)	Main business	Upstream development in Texas and Louisiana targeting Haynesville and Cotton Valley formations	
(5)	Establishment	November, 2015	
(6)	Shareholder	Rockcliff Energy II LLC 100%	
(7)	Relationship with Tokyo Gas	Capital	N/A
		Human Resources	N/A
		Transaction	N/A

Consolidated operating results and consolidated financial position of the companies involved in the change for the last three years (in million US dollars)

	2020	2021	2022
Member's equity	932	777	899
Total assets	1,810	2,300	2,592
Total revenues	483	1,345	2,378
Operating income	116	803	1,709

Adjusted EBITDA	411	749	936
Net income	58	(70)	522

Figures corresponding to ordinary income, EBIT, member's equity per share and net income per share were not provided.

Adjusted EBITDA is calculated by RC. The following table sets forth a reconciliation of net income (loss) as determined in accordance with US-GAAP to Adjusted EBITDA.

Millions	2020	2021	2022
Net income (loss)	58	(70)	522
Interest expense, net	26	35	54
Depreciation, depletion, amortization and accretion	215	312	367
Loss on derivatives instruments	41	866	1,131
Settlement paid on derivative instruments	81	(365)	(1,139)
(Benefit) provision for deferred income taxes	2	(10)	1
Income on equity method investment	(12)	(19)	-
Adjusted EBITDA	411	749	936

#### 4. Overview of the counterparty to the share acquisition

(1)	Corporate Name	Rockcliff Intermediate Holdings LLC	
(2)	Address	Houston, Texas, USA	
(3)	President	Chief Executive Officer, Alan L. Smith	
(4)	Main business	Upstream development in Texas and Louisiana targeting Haynesville and Cotton Valley formations	
(5)	Establishment	September, 2021	
(6)	Shareholder	Rockcliff Holdings LLC 100%	
(7)	Relationship with Tokyo Gas	Capital	N/A
		Human Resources	N/A
		Transaction	N/A

#### 5. Number of shares acquired, acquisition price, and share ratio before and after the acquisition

(1)	Share before the acquisition	- (Voting right ratio: 0.0%)
(2)	Share	Acquisition of all shares
(3)	Purchase price	About 2,700 million USD
(4)	Share after the acquisition	100% All shares (Voting right ratio: 100.0%)

#### 6. Schedule (Plan)

(1)	December 15, 2023 (US local time)	Signing of contracts
(2)	December 29, 2023 (US local time)	Closing

## 7. Detail

As a result of this acquisition, the production volume of gas and natural gas liquid held by TGNR will increase by approximately 4 times from approximately 330 million cubic feet per day (9.3 million m<sup>3</sup>/day, gas equivalent) to 1,300 million cubic feet per day (37 million m<sup>3</sup>/day, gas equivalent).

Tokyo Gas Group is committed to tripling its overseas profits, based on the Tokyo Gas Group's Management Vision, Compass 2030. We will continue to invest in building a stable earnings base overseas, including North America. The impact of this transaction on consolidated results for the fiscal year and next year is being reviewed. We will promptly notify of any matters that need to be disclosed.