

November 14, 2024

Press Release

Company: Tokyo Gas Co., Ltd.
SASAYAMA Shinichi,
Representative: Representative Corporate Executive Officer,
President and CEO
(Securities code: 9531, TSE Prime Market & NSE Prime
Market)
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Notice Regarding an Absorption-type Company Split (Simplified Absorption-type Demerger, Short Form Absorption-type Demerger) with Wholly-owned Subsidiary (Tokyo Gas Engineering Solutions Corporation)

Tokyo Gas Co., Ltd. (hereinafter, the “Company”) hereby announces, as detailed below (hereinafter, the “corporate demerger”), its decision regarding the succession by Tokyo Gas Engineering Solutions Corporation (TGES) of various services (hereinafter, the “Businesses”), mainly GHP* maintenance services operated by the Company, in accordance with the absorption-type demerger method on April 1, 2025 (scheduled), and the signing of an absorption-type demerger agreement with TGES.

Note that given this corporate demerger entails the succession of an operating unit to a wholly-owned subsidiary of the Company, some of the disclosure items and details of the corporate demerger have been omitted from this release.

*An air conditioning system where the gas engine is used to drive the compressor to realize highly efficient air conditioning and heating

1. Background and purpose of the demerger

The Company, in accordance with its transition to a holdings group structure in FY2022, aims to maximize profit in the field of BtoB by concentrating its solutions businesses for corporate clients (BtoB) into Tokyo Gas Engineering Solutions (TGES) and integrating its dispersed operations-related resources with TGES to fortify the deployment of its solutions nationwide.

This time around, given that preparations have been put in place to concentrate the Businesses into TGES, it was decided that TGES would succeed these businesses in accordance with this corporate demerger.

2. Outline of the demerger

(1) Demerger schedule

Date of approval for the absorption-type demerger	November 14, 2024
Date of signing of the absorption-type demerger agreement	November 14, 2024
Date the absorption-type demerger takes effect	April 1, 2025 (scheduled)

Note: Given that this corporate demerger is a simplified absorption-type demerger for the Company pursuant to Article 784-2 of the Companies Act, and a short form absorption-type demerger for TGES pursuant to

Article 796-1, the approval of a general meeting of shareholders, in either case, has been omitted.

(2) Demerger method

In this absorption-type demerger, the Company will be demerged and TGES will be the succeeding company.

(3) Allotment pertaining to the demerger

Regarding the corporate demerger of the Company, there will be no allotment of shares or delivery of other considerations.

(4) Treatment of share acquisition rights and bonds with share acquisition rights accompanying the demerger

The Company shall issue neither share acquisition rights nor corporate bonds with share acquisition rights.

(5) Changes in paid-in capital due to the demerger

There will be no change in the Company's capital due to the corporate demerger.

(6) Succession rights and obligations for the succeeding company

The succeeding company, in accordance with the stipulations in the absorption-type demerger agreement, signed and dated November 14, 2024 by the Company and succeeding company, will assume the rights and obligations pertaining to the Businesses from the Company on the effective date.

That being said, any assumption of debt due to the demerger by the succeeding company shall be undertaken without recourse.

(7) Prospect of fulfillment of obligations

No problems are foreseen in the fulfillment of obligations by the Company and the succeeding company after the corporate demerger given the assets of both the Company and the succeeding company are expected to exceed liabilities after the corporate demerger, and at present, there are no circumstances anticipated that could impede the fulfillment of obligations that arise after the corporate demerger.

3. Outline of companies involved in the demerger

(1) Demerged company (As of October 31, 2024)

(1) Company name	Tokyo Gas Co., Ltd.
(2) Address	1-5-20 Kaigan, Minato-ku, Tokyo
(3) Name and title of representative	SASAYAMA Shinichi, Representative Corporate Executive Officer, President and CEO
(4) Business	Gas business, etc.
(5) Capital	141,844 million yen
(6) Establishment	October 1, 1885
(7) Number of shares outstanding	388,893,859 shares
(8) Closing date	March 31

(9) Major shareholder(s) and shareholding ratio (As of September 30, 2024)	The Master Trust Bank of Japan, Ltd. (Trust Account)	15.18%
	Nippon Life Insurance Company	8.07%
	Custody Bank of Japan, Ltd. (Trust Account)	4.67%
	BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC)	3.34%
	STATE STREET BANK WEST CLIENT-TREATY 505234	2.27%
(10) Financial position and operating results of the latest fiscal year (Fiscal year ended March 31, 2024)		
Net assets	1,733,218 million yen (Consolidated)	
Total assets	3,888,855 million yen (Consolidated)	
Net assets per share	4,249.83 yen (Consolidated)	
Net sales	2,664,518 million yen (Consolidated)	
Operating profit	220,308 million yen (Consolidated)	
Ordinary profit	228,179 million yen (Consolidated)	
Profit attributable to owners of	169,936 million yen (Consolidated)	
Profit per share	411.88 yen (Consolidated)	

(2) Succeeding company (as of March 31, 2024)

(1) Company name	Tokyo Gas Engineering Solutions Corporation (TGES)
(2) Address	1-2-3 Kaigan, Minato-ku, Tokyo
(3) Name and title of representative	KONISHI Yasuhiro, Representative Director, President & Chief Executive Officer
(4) Business	Heat supply business, etc.
(5) Capital	14,000 million yen
(6) Establishment	April 1, 2015
(7) Number of shares outstanding	700,001 shares
(8) Closing date	March 31
(9) Major shareholder(s) and shareholding ratio	Tokyo Gas Co., Ltd. 100%
(10) Financial position and operating results of the latest fiscal year (Fiscal year ended March 31, 2024)	
Net assets	107,065 million yen
Total assets	228,286 million yen
Net assets per share	152,951.15 yen
Net sales	169,483 million yen
Operating profit	8,559 million yen
Ordinary profit	8,683 million yen
Net profit for the Fiscal Year ended March 31, 2024	5,107 million yen
Profit per share	8,935.10 yen

4. Outline of businesses to be assumed

(1) Description of operations to be absorbed

Various services, mainly GHP maintenance services

(2) Financial results of the business to be assumed (Results for the Fiscal Year ended March 31, 2024)

Description of operations to be absorbed	Sales of businesses that are subject for absorption (a)	The Company's net sales (b)	Ratio (a/b)
Various services, mainly GHP	20,244 million yen	2,376,447 million yen	0.85%

(3) Asset and liability items to be spun off and the respective monetary value (As of March 31, 2024)

Assets		Liabilities	
Item	Value	Item	Value
Fixed assets	866 million yen	Fixed liabilities	—
Current assets	6,164 million yen	Current liabilities	2,926 million yen
Total	7,030 million yen	Total	2,926 million yen

Note: The aforementioned values were calculated based on the balance sheet statement as of March 31, 2024. In light of this, the actual value to be succeeded will reflect fluctuations to the above values up to the business day prior to the date the corporate demerger takes effect.

5. Status of the Company after the demerger

There will be no changes to the name, address, name and title of representative, business description, capital, and fiscal year of the Company after the corporate demerger.

6. Status of the succeeding company after the demerger

There will be no changes to the name, address, name and title of representative, business description, capital, and fiscal year of the succeeding company after the demerger.

7. Financial outlook

The corporate demerger will have minimal impact to the consolidated financial performance of the Company given the corporate demerger is between the Company and its wholly-owned subsidiary.