



— TOHO GAS CO.,LTD. —

# Consolidated Financial Results

Results for  
the 3<sup>rd</sup> Quarter of FY2023  
(April - December 2023)

January 30, 2024



# Contents



<b>1. Consolidated Results for the 3<sup>rd</sup> Quarter of FY2023</b>	<b>.....</b>	<b>3</b>
<b>2. Consolidated Forecast for FY2023</b>	<b>.....</b>	<b>8</b>
<b>3. Approach for Realization of Cost of Capital &amp; Stock Price-Conscious Management</b>	<b>.....</b>	<b>11</b>
<b>Reference 1.</b> Return to Shareholders	<b>.....</b>	<b>12</b>
<b>Reference 2.</b> Medium-term Management Plan(from FY2022 to FY2025)	<b>.....</b>	<b>13</b>

Earning forecasts and other forward-looking statements in this document are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.



# 1. Consolidated Results for the 3rd Quarter of FY2023

## (1) Number of customers, Sales Volume



### Number of customer accounts

	FY2023 Q3	FY2022 Q3	Change	Rate of Change	Notes
Number of customer accounts (thousand)	2,986	2,908	79	2.7%	
City Gas	1,756	1,747	10	0.6%	
LPG*	614	600	14	2.3%	
Electricity	616	561	55	9.8%	Development

\* Including the number of customers based on commissioned business for delivery

<Ref> Number of Gas meters(thousand)	2,594	2,571	23	0.9%	Development
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### Energy Sales Volume

	FY2023 Q3	FY2022 Q3	Change	Rate of Change	Notes
City Gas (million m <sup>3</sup> )	2,421	2,490	△69	△2.8%	
Residential	331	349	△17	△4.9%	Impact of temperature -8, etc.
Non-Residential	2,090	2,141	△52	△2.4%	Capacity utilization of facilities -24 Demand development +19 Other specific factors -51, etc.
LPG (thousand tons)	325	332	△7	△2.2%	High temperature, etc.
Electricity (million kWh)	1,820	1,661	160	9.6%	Increase in customer base, etc.
<Ref> Average temperature (°C)	20.6	20.3	0.3	—	



# 1. Consolidated Results for the 3rd Quarter of FY2023

## (2) Sales, Incomes



(¥ billion)



	FY2023 Q3	FY2022 Q3	Change	Rate of Change
Net Sales	449.5	486.0	-36.4	-7.5%
Cost of sales	324.3	371.4	-47.1	-12.7%
Selling, General and Administrative Expenses	96.8	93.3	3.4	3.7%
Operating income	28.4	21.2	7.2	34.0%
Ordinary Income	33.2	24.0	9.1	38.3%
Net Income Attributable to Owners of the Parent	25.4	17.2	8.2	47.8%

【Appendix】

	FY2023 Q3	FY2022 Q3	Change
Crude Oil Price (CIF national average)	\$ 86.6 /bbl	\$ 107.9 /bbl	- \$ 21.3 /bbl
Exchange Rate (TTM)	¥ 143.3 / \$	¥ 136.5 / \$	¥ 6.8 / \$



# 1. Consolidated Results for the 3rd Quarter of FY2023

## (3) Segment information



(¥ billion)

### Net Sales

		FY2023 Q3	FY2022 Q3	Change	Rate of Change
	Gas	298.8	310.8	-12.0	-3.9%
	LPG and other Energies	71.3	78.6	-7.2	-9.2%
	Electricity	63.1	78.5	-15.3	-19.5%
	Others	36.4	36.3	0.1	0.3%
	Adjustments	-20.2	-18.2	-1.9	—
	Total Net Sales	449.5	486.0	-36.4	-7.5%

### Segment income

		FY2023 Q3	FY2022 Q3	Change	Rate of Change
	Gas	24.9	25.4	-0.4	-2.0%
	LPG and other Energies	1.6	-0.3	1.9	—
	Electricity	-3.3	-8.3	5.0	—
	Others	3.9	3.2	0.6	19.7%
	Adjustments	1.2	1.1	0.0	—
	Total Operating Income	28.4	21.2	7.2	34.0%



# 1. Consolidated Results for the 3rd Quarter of FY2023

## (4) YoY Factorization in Ordinary Income



(¥ billion) 

**Ordinary Income +9.1** (24.0⇒33.2)

**Operating Income +7.2**  
(21.2⇒28.4)

**Non-operating income +1.9**  
(2.8⇒4.7)

**Gas -0.4**  
(25.4⇒24.9)

**Non-Gas +7.7**  
(-4.2⇒3.4)

■ Effect of gas sales volume	-2.0
■ Effect of market fluctuations, etc. related to procurement cost	+ 4.5
<Major factor breakdown>	
➤ Time lag on cost adjustment system	+57.0 (-40.0⇒17.0)
➤ Difference between purchase price and consumption price	-12.5 (9.5⇒-3.0)
➤ Others	-40.0
■ Effect of other expenses, etc.	-3.0



# 1. Consolidated Results for the 3rd Quarter of FY2023

## (5) Financial Position



(¥ billion)

	FY2023 Q3	FY2022 Results	Change
Total assets	699.5	693.5	6.0
Net assets	437.4	402.5	34.9
Interest-bearing debts	137.3	146.6	-9.2
Equity ratio	62.5%	58.0%	4.5Pt
D/E ratio (times)	0.31	0.36	-0.05

	FY2023 Q3	FY2022 Q3	Change
CAPEX (Including investment)	31.0	35.9	-4.8
Depreciation	28.0	27.2	0.7



# 2. Consolidated Forecast for FY2023

## (1) Number of Customers, Sales Volume

\*Unchanged from the previous forecast.



Number of customer accounts

	FY2023 Forecast	FY2022 Results	Change	Rate of Change	Notes
Number of customer accounts (thousand)	2,975	2,921	54	1.8%	
City Gas	1,752	1,741	12	0.7%	
LPG*	619	604	15	2.4%	
Electricity	604	576	28	4.8%	Development

\* Including the number of customers based on commissioned business for delivery

<Ref> Number of Gas meters(thousand)	2,599	2,579	19	0.7%	Development
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Energy Sales Volume

	FY2023 Forecast	FY2022 Results	Change	Rate of Change	Notes
City Gas (million m³)	3,454	3,454	0	0.0%	
Residential	591	583	8	1.4%	Impact of temperature +14, etc.
Non-Residential	2,863	2,871	-8	-0.3%	Capacity utilization of facilities -50 Demand development +35 Other individual factors +8, etc.
LPG (thousand tons)	475	475	-0	-0.0%	
Electricity (million kWh)	2,492	2,369	123	5.2%	Increase in customer base, etc.
<Ref> Average temperature (°C)	17.2	17.3	-0.1	—	



# 2. Consolidated Forecast for FY2023

## (2) Sales, Incomes

\*Change from  
the previous forecast.

(¥ billion)

	FY2023 Forecast	FY2022 Results	Change	Rate of Change	Notes
Net Sales	660.0	706.0	-46.0	-6.5%	Unchanged from the previous forecast.
Operating income	28.0	43.7	-15.7	-36.0%	Previous forecast : 25billion
Ordinary Income	32.0	48.1	-16.1	-33.6%	Previous forecast : 29billion
Net income attributable to owners of the parent	24.0	33.7	-9.7	-28.8%	Previous forecast : 22billion
CAPEX (Including investment)	70.4	60.1	10.2	17.0%	Unchanged from the previous forecast.
Depreciation	38.2	36.2	2.0	5.6%	"

### 【Assumption】

(\$/bbl, ¥/\$)

	FY2023 Forecast	FY2022 Results	Change	Notes
Crude oil price	87.4	102.7	-15.3	for Q4 FY2023 : \$ 90/bbl
Exchange rate	145.0	135.5	9.5	for Q4 FY2023 : ¥ 150/\$

### 【Sensitivity (full-year)】

	Gross profit of Gas business
Crude oil price +1\$/bbl	-¥ 0.35 billion
Exchange rate +1¥/\$	-¥ 0.20 billion



## 2. Consolidated Forecast for FY2023

### (3) YoY Factorization in Ordinary Income

\*Change from  
the previous forecast.

(¥ billion)



**Ordinary Income -16.1** (48.1⇒32.0)

**Operating Income -15.7**  
(43.7⇒28.0)

**Non-operating income -0.4**  
(4.4⇒4.0)

**Gas -22.5**  
(46.1⇒23.5)

**Non-Gas +6.8**  
(-2.3⇒4.5)

■ Effect of gas sales volume	+1.5
■ Effect of market fluctuations, etc. related to procurement cost	-24.0
<Major factor breakdown>	
➤ Time lag on cost adjustment system	+30.0 (-18.0⇒12.0)
➤ Difference between purchase price and consumption price	-6.5 (4.5⇒-2.0)
➤ Others	-47.5



### 3. Approach for Realization of Cost of Capital & Stock Price-Conscious Management

- As an approach for realization of cost of capital & stock price-conscious management, direction to the consideration of improving P/B Ratio is organized as follows:  
(Reprint from the presentation material on the previous (2nd) quarter)



P/B Ratio	ROE	<b>Improvement of Capital efficiency</b>
		<ul style="list-style-type: none"> <li>✓ Maintain profitability of city gas business and stable growth of LPG business</li> <li>✓ Shift resources to strategic businesses and make them profitable</li> <li>✓ Manage return on capital by business portfolio (e.g., introduction of ROIC)</li> <li>✓ Reduce assets (reduction of stock holdings, utilization/sale of business assets, etc.)</li> </ul>
	×	<b>Optimal Capital Structure</b>
	P/E Ratio	<ul style="list-style-type: none"> <li>✓ Consider adequacy levels of capital</li> <li>✓ Conduct appropriate measures in line with our shareholder return policy</li> </ul>
		<b>Improvement of P/E Ratio (Reduction of Shareholder's Equity Cost)</b>
		<ul style="list-style-type: none"> <li>✓ Strengthen IR activities and promote dialogue with capital markets to dispel concerns about management risks surrounding us</li> </ul>

⇒ Continue to discuss at Board of Directors meetings, etc., and move forward with efforts to disclose specific details.



# 【Reference 1】

## Return to Shareholders



### ■ Shareholder return policy

Based on stable dividends, we will combine flexible acquisition and cancellation of treasury stocks and deliver shareholder returns approximately 40 to 50% of the current net income over the medium to long term.

### ■ Dividend ¥60/share for FY2023 in annual base. (interim dividend ¥30/share)

( ¥ billion)

FY	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (Forecast)※
Net income attributable to the parent(consolidated)	19.0	43.0	17.7	18.0	14.8	16.2	8.5	15.4	33.7	24.0
Cash dividend [Dividend per share]	5.1 [¥47.5]	5.4 [¥50]	5.3 [¥50]	5.5 [¥52.5]	5.8 [¥55]	5.8 [¥55]	5.8 [¥55]	6.0 [¥57.5]	6.3 [¥60]	6.3 [¥60]
Share buy-back	2.9	4.5	2.9	-	2.9	-	-	1.5	-	-
Total return	8.0	9.9	8.2	5.5	8.7	5.8	5.8	7.6	6.3	6.3

※ as of January 30, 2024



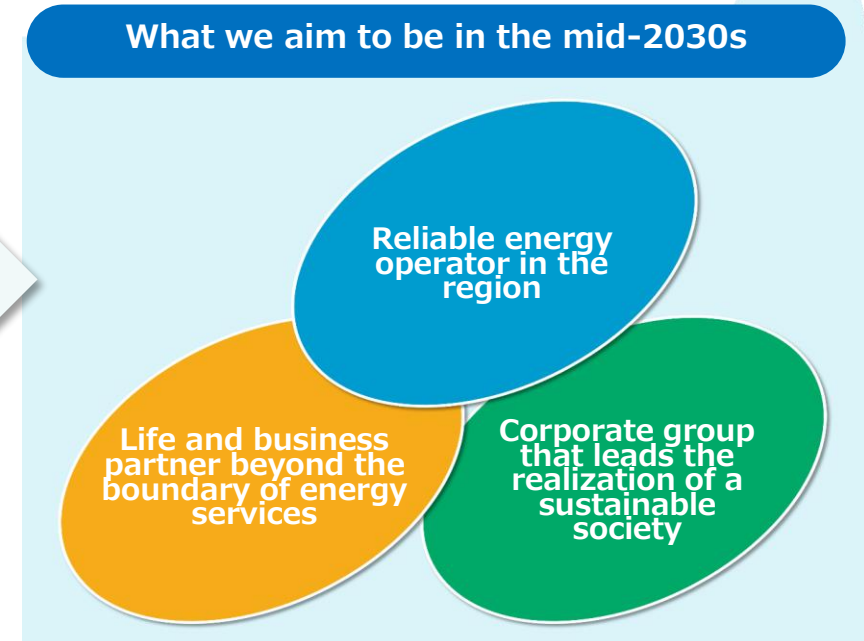
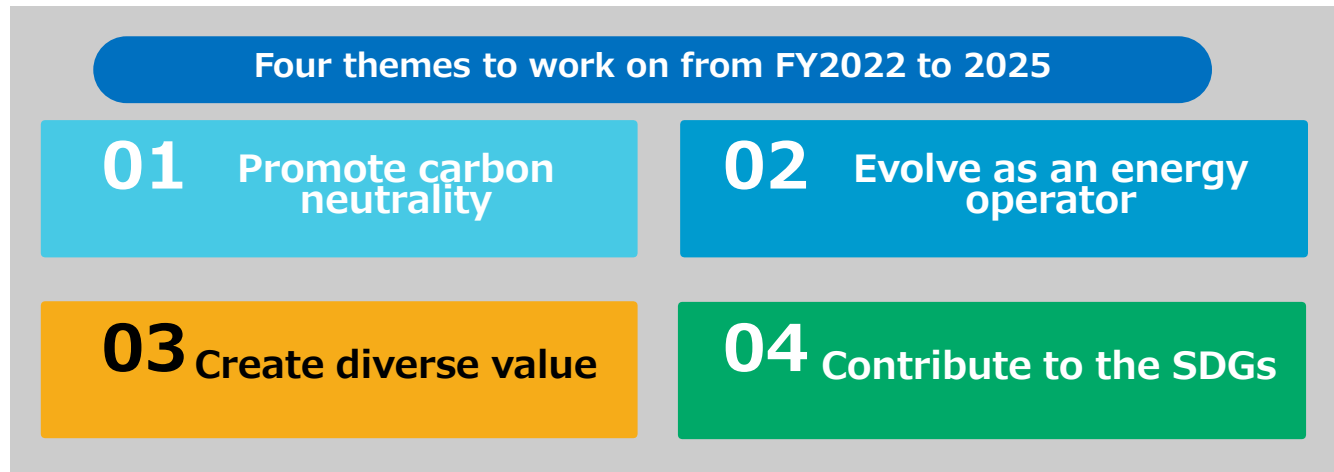
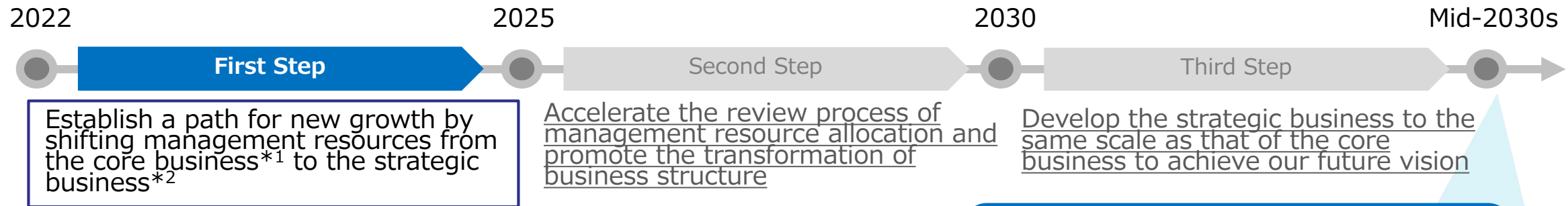
# 【Reference 2】

## Medium-Term Management Plan (From FY2022 to FY2025)

### - Steps to Our Group Vision -



The Medium-term Management Plan is positioned as the first step toward the realization of the vision set forth in the Group Vision, and by tackling the four themes, we will make sure the path to new growth.



\*1 Business to create cash flow as a long-term stable earnings base (e.g., city gas, LPG)

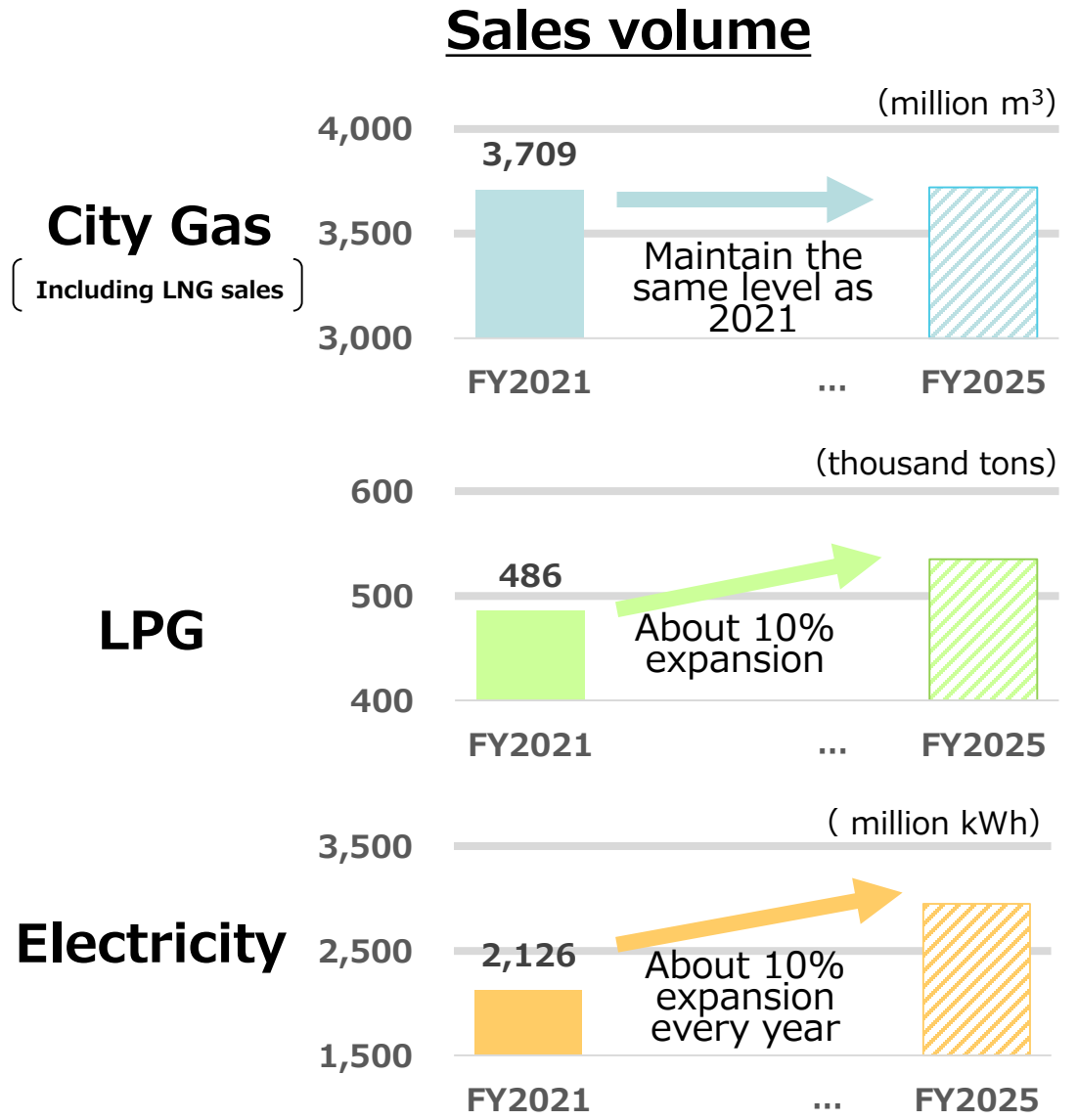
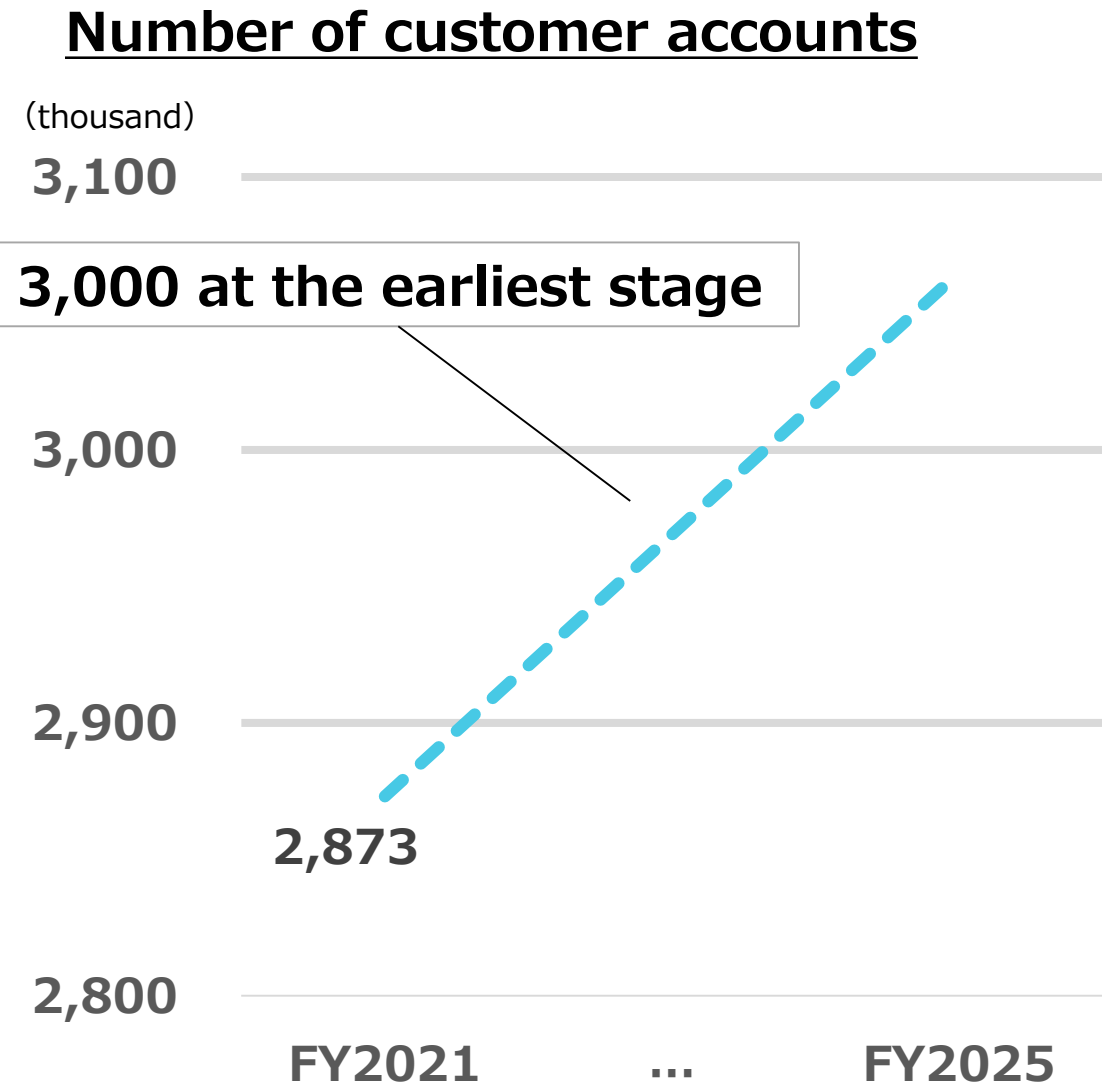
\*2 Business that drives medium- to long-term growth  
(e.g., electricity, energy services, living/business support)



# 【Reference 2】

## Medium-Term Management Plan (From FY2022 to FY2025)

### - Sales Targets -





## - Management Index -



- Accelerate investment for sustainable growth while maintaining the ability to generate operating cash flow
- Even in an investment expansion phase, balance between efficiency and soundness to manage the entire system

Management Index		Management Goal
Profitability	Operating cash flow	<b>210 billion yen</b> and over (Cumulative total from FY2022 to FY2025)
Efficiency	R O A	<b>About 3%<sup>*1</sup></b> > WACC <sup>*2</sup> (FY 2025)
Soundness	Debt to Equity ratio	<b>About 0.6</b> (FY 2025)

\*1 Consolidated ordinary income for FY2025 is approximately 25 billion yen  
\*2 WACC= Cost of capital: Mid 2%

Based on stable dividends, we will combine flexible acquisition and cancellation of treasury stocks and deliver shareholder returns approximately 40 to 50% of the current net income over the medium to long term

Shareholder return  
26 billion yen +  $\alpha$

Investment  
230 billion yen

Core business :  
Strategic business  
= 1 : 1

15



