



— TOHO GAS CO.,LTD. —

Consolidated Financial Results

Results for FY2023

(April 2023 - March 2024)

April 25, 2024

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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 FY2023

(1) Number of customers, Sales Volume



Number of customer accounts

| | FY2023 | FY2022 | Change | Rate of Change | Notes |
|---|--------------|--------|--------|----------------|-------|
| Number of customer accounts (thousand) | 3,000 | 2,921 | 79 | 2.7% | |
| City Gas | 1,747 | 1,741 | 6 | 0.4% | |
| LPG* | 615 | 604 | 11 | 1.8% | |
| Electricity | 638 | 576 | 62 | 10.7% | |

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

Energy Sales Volume

| | FY2023 | FY2022 | Change | Rate of Change | Notes |
|---|--------------|--------|--------|----------------|--|
| City Gas (million m³) | 3,370 | 3,454 | -84 | -2.4% | |
| Residential | 563 | 583 | -20 | -3.5% | Impact of temperature -14, etc. |
| Non-Residential | 2,806 | 2,871 | -64 | -2.2% | Capacity utilization of facilities -30 Demand development +26 Other specific factors -66, etc. |
| LPG (thousand tons) | 465 | 475 | -10 | -2.1% | High temperature, etc. |
| Electricity (million kWh) | 2,579 | 2,369 | 209 | 8.8% | Increase in customer base, etc. |
| <Ref> Average temperature (°C) | 17.4 | 17.3 | 0.1 | — | |

1. Consolidated Results for FY2023

(2) Sales, Incomes

(¥ billion)



| | FY2023 | FY2022 | Change | Rate of Change |
|--|--------------|--------|--------|----------------|
| Net Sales | 632.9 | 706.0 | -73.0 | -10.4% |
| Cost of sales | 461.4 | 525.8 | -64.4 | -12.3% |
| Selling, General and Administrative Expenses | 137.9 | 136.4 | 1.4 | 1.1% |
| Operating income | 33.5 | 43.7 | -10.1 | -23.2% |
| Ordinary Income | 40.7 | 48.1 | -7.3 | -15.3% |
| Net Income Attributable to Owners of the Parent | 27.3 | 33.7 | -6.4 | -19.0% |

【Appendix】

| | FY2023 | FY2022 | Change |
|---|--------------|---------------|---------------|
| Crude Oil Price (CIF national average) | \$ 86.0 /bbl | \$ 102.7 /bbl | -\$ 16.7 /bbl |
| Exchange Rate (TTM) | ¥ 144.6 /\$ | ¥ 135.5 /\$ | ¥ 9.1 /\$ |

1. Consolidated Results for FY2023

(3) Segment information

(¥ billion)



| Net Sales | | FY2023 | FY2022 | Change | Rate of Change |
|------------------------|--------------|--------------|--------------|---------------|----------------|
| | Gas | 419.0 | 460.3 | -41.3 | -9.0% |
| LPG and other Energies | 101.5 | 110.5 | -8.9 | -8.1% | |
| Electricity | 88.5 | 108.2 | -19.6 | -18.2% | |
| Others | 54.3 | 54.5 | -0.2 | -0.4% | |
| Adjustments | -30.5 | -27.7 | -2.8 | — | |
| Total Net Sales | 632.9 | 706.0 | -73.0 | -10.4% | |

| Segment income | | FY2023 | FY2022 | Change | Rate of Change |
|-------------------------------|-------------|-------------|--------------|---------------|----------------|
| | Gas | 29.8 | 46.1 | -16.2 | -35.3% |
| LPG and other Energies | 3.0 | 2.3 | 0.6 | 29.3% | |
| Electricity | -5.9 | -10.5 | 4.6 | — | |
| Others | 5.0 | 4.2 | 0.7 | 18.5% | |
| Adjustments | 1.6 | 1.5 | 0.0 | — | |
| Total Operating Income | 33.5 | 43.7 | -10.1 | -23.2% | |

1. Consolidated Results for FY2023

(4) YoY Factorization in Ordinary Income



(¥ billion)

Ordinary Income
-7.3
 (48.1⇒40.7)

Operating Income
-10.1
 (43.7⇒33.5)

Non-operating income
+2.7
 (4.4⇒7.2)

Gas
-16.2
 (46.1⇒29.8)

LPG etc
+0.6
 (2.3⇒3.0)

Electricity
+4.6
 (-10.5⇒-5.9)

Others (including Adjustments)
+0.8

| | |
|---|-----------------------|
| ■ Effect of gas sales volume | -2.0 |
| ■ Effect of market fluctuations, etc. related to procurement cost | -14.5 |
| <Major factor breakdown> | |
| • Time lag on cost adjustment system | +31.0 (-18.0⇒13.0) |
| • Difference between purchase price and consumption price | -8.0 (4.5⇒-3.5) |
| • Others | -37.5 |
| ■ Effect of other expenses, etc. | +0.3 |

1. Consolidated Results for FY2023

(5) Financial Position

(¥ billion)



| | FY2023 | FY2022 | Change |
|-------------------------------|--------------|--------|--------|
| Total assets | 734.5 | 693.5 | 41.0 |
| Net assets | 456.8 | 402.5 | 54.3 |
| Interest-bearing debts | 140.5 | 146.6 | -6.1 |
| Equity ratio | 62.2% | 58.0% | 4.2Pt |
| D/E ratio (times) | 0.31 | 0.36 | -0.05 |
| ROA | 3.8% | 5.0% | -1.2Pt |
| ROE | 6.4% | 8.6% | -2.2Pt |

| | FY2023 | FY2022 | Change |
|---|--------------|--------|--------|
| Cash flows from operating activities | 47.3 | 56.4 | -9.0 |
| Cash flows from investment activities | -42.0 | -52.4 | 10.3 |
| Free Cash Flows | 5.2 | 3.9 | 1.3 |
| Cash flows from financing activities | -14.2 | -2.9 | -11.3 |
| Net (decrease) increase in cash and cash equivalents | -8.3 | 1.7 | -10.1 |
| Cash and cash equivalents at end of period | 25.4 | 33.8 | -8.3 |
| CAPEX (Including investment) | 49.8 | 60.1 | -10.3 |
| Depreciation | 38.4 | 36.2 | 2.1 |

2. Consolidated Forecast for FY2024

(1) Number of Customers, Sales Volume



Number of customer accounts

| | FY2024 Forecast | FY2023 Results | Change | Rate of Change | Notes |
|---|-----------------|----------------|--------|----------------|-------|
| Number of customer accounts (thousand) | 3,057 | 3,000 | 58 | 1.9% | |
| City Gas | 1,757 | 1,747 | 11 | 0.6% | |
| LPG* | 640 | 615 | 25 | 4.0% | |
| Electricity | 660 | 638 | 22 | 3.5% | |

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

Energy Sales Volume

| | FY2024 Forecast | FY2023 Results | Change | Rate of Change | Notes |
|---|-----------------|----------------|--------|----------------|--|
| City Gas (million m³) | 3,411 | 3,370 | 41 | 1.2% | |
| Residential | 595 | 563 | 32 | 5.6% | Impact of temperature +35, etc. |
| Non-Residential | 2,816 | 2,806 | 9 | 0.3% | Capacity utilization of facilities +30 Demand development +29 Other individual factors -53, etc. |
| LPG (thousand tons) | 486 | 465 | 20 | 4.4% | Increase in customer base, etc. |
| Electricity (million kWh) | 2,600 | 2,579 | 21 | 0.8% | Increase in customer base, etc. |
| <Ref> Average temperature (°C) | 16.5 | 17.4 | -0.9 | — | |

2. Consolidated Forecast for FY2024

(2) Sales, Incomes

(¥ billion)

| | FY2024 Forecast | FY2023 Results | Change | Rate of Change |
|--|--------------------|-------------------|--------|-------------------|
| Net Sales | 640.0 | 632.9 | 7.0 | 1.1% |
| Operating income | 21.0 | 33.5 | -12.5 | -37.5% |
| Ordinary Income | 27.0 | 40.7 | -13.7 | -33.8% |
| Net income attributable to owners of the parent | 21.0 | 27.3 | -6.3 | -23.1% |
| CAPEX (Including investment) | 68.0 | 49.8 | 18.2 | 36.6% |
| Depreciation | 38.9 | 38.4 | 0.4 | 1.2% |

【Assumption】

(\$/bbl, ¥/\$)

| | FY2024 Forecast | FY2023 Results | Change |
|------------------------|--------------------|-------------------|--------|
| Crude oil price | 90.0 | 86.0 | 4.0 |
| Exchange rate | 150.0 | 144.6 | 5.4 |

【Sensitivity (full-year)】

| | Gross profit of Gas business |
|---------------------------------|---------------------------------|
| Crude oil price +1\$/bbl | -¥ 0.1 billion |
| Exchange rate +1¥/\$ | -¥ 0.2 billion |

2. Consolidated Forecast for FY2024

(3) YoY Factorization in Ordinary Income

(¥ billion)



Ordinary Income
-13.7
(40.7⇒27.0)

Operating Income
-12.5
(33.5⇒21.0)

Non-operating income
-1.2
(7.2⇒6.0)

Gas
-18.4
(29.8⇒11.4)

LPG etc
±0.0
(3.0⇒3.0)

Electricity
+5.9
(-5.9⇒0.0)

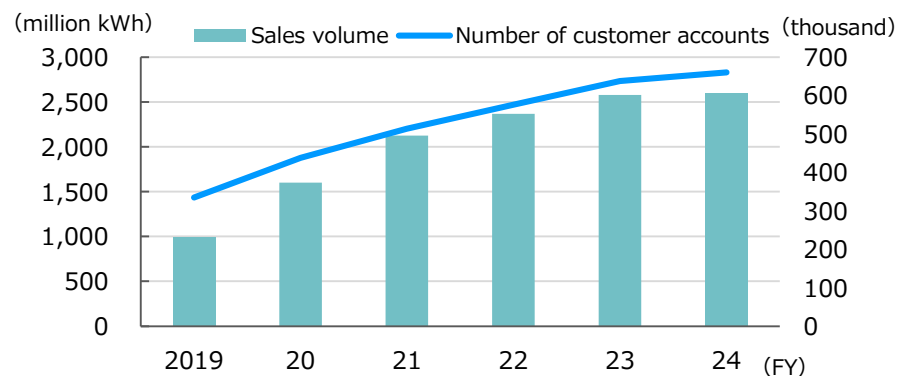
Others (including Adjustments)
±0.0

| | |
|---|---------------------|
| ■ Effect of gas sales volume | + 4.0 |
| ■ Effect of market fluctuations, etc. related to procurement cost | -26.5 |
| <Major factor breakdown> | |
| • Time lag on cost adjustment system | -11.0 (13.0⇒2.0) |
| • Difference between purchase price and consumption price | + 3.5 (-3.5⇒0.0) |
| • Others | -19.0 |
| ■ Effect of other expenses, etc. | + 4.1 |

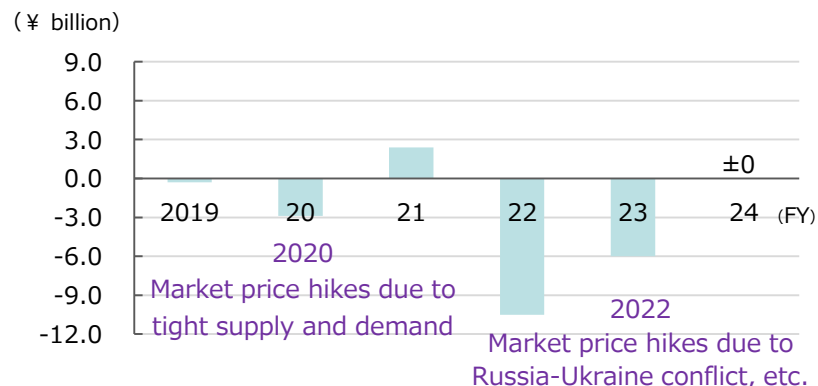
3. Status of Electricity business

Results / Forecast of Electricity business

Sales volume / Number of customer accounts



Income



Consideration for improving income

(i) Building a procurement portfolio that contributes to stabilization and improvement of income

- Procure from multiple companies, and diverse the contract year and term with each supplier
- Procure from appropriate combination of each contract and spot market
- Make cost adjustment for retails and composition of portfolio resemble

(ii) Consideration of owning in-house power sources

- Considerate the building of in-house power sources which is large scale, highly efficient, and competitive in power generation cost
- Utilize gas engines which is small scale, but flexible for output fluctuations and grid storage batteries which is able to discharge and charge flexibly

(iii) Expansion of pricing plans and services to respond diverse customer needs

4. Return to Shareholders



■ Share Buy-back (March 28, 2024)

- Number of shares to be repurchased: Up to 4 million shares
- Value of shares to be repurchased: Up to 10 billion yen
(This share Buy-back is based on medium to long term business performance and other conditions through FY2022.)
- Period of repurchase: From April 1, 2024 to September 30, 2024

■ Dividend of FY2023

Year-end dividend for FY2023 is ¥40/share. (+ ¥ 10/share compared to the previous projection)

The dividend for FY 2023 is ¥70/share on an annual basis.

The dividend for FY 2024 is ¥80/share on an annual basis.

(¥ billion)

| FY | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 (Forecast) |
|---|--------------|--------------|----------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------------|
| Net income attributable to the parent(consolidated) | 43.0 | 17.7 | 18.0 | 14.8 | 16.2 | 8.5 | 15.4 | 33.7 | 27.3 | 21.0 |
| Cash dividend [Dividend per share] | 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] | 7.3 [¥70] | 8.4 [¥80] |
| Share buy-back | 4.5 | 2.9 | - | 2.9 | - | - | 1.5 | * 10.0 | - | - |
| Total return | 9.9 | 8.2 | 5.5 | 8.7 | 5.8 | 5.8 | 7.6 | 16.3 | 7.3 | 8.4 |

*This share Buy-back is based on medium to long term business performance and other conditions through FY2022.

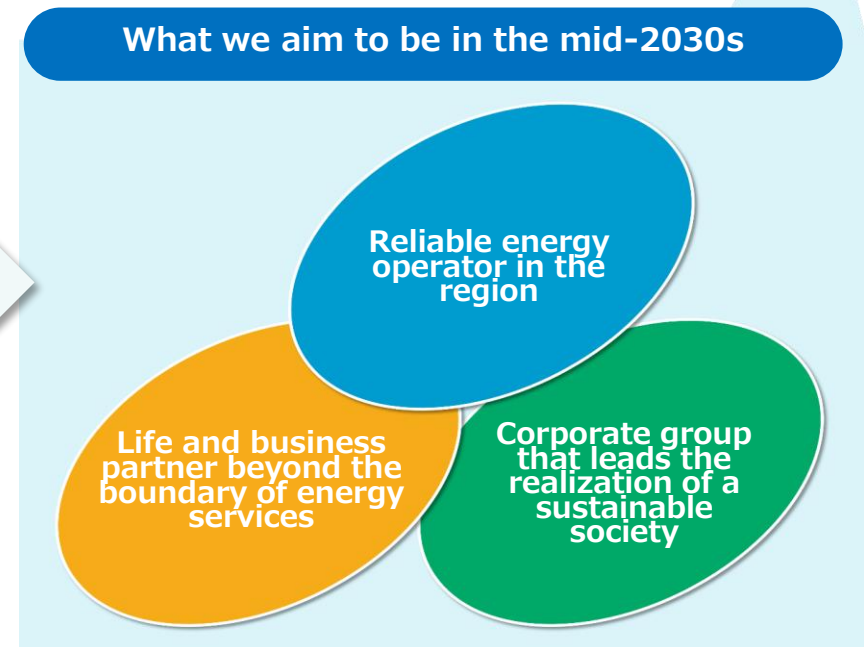
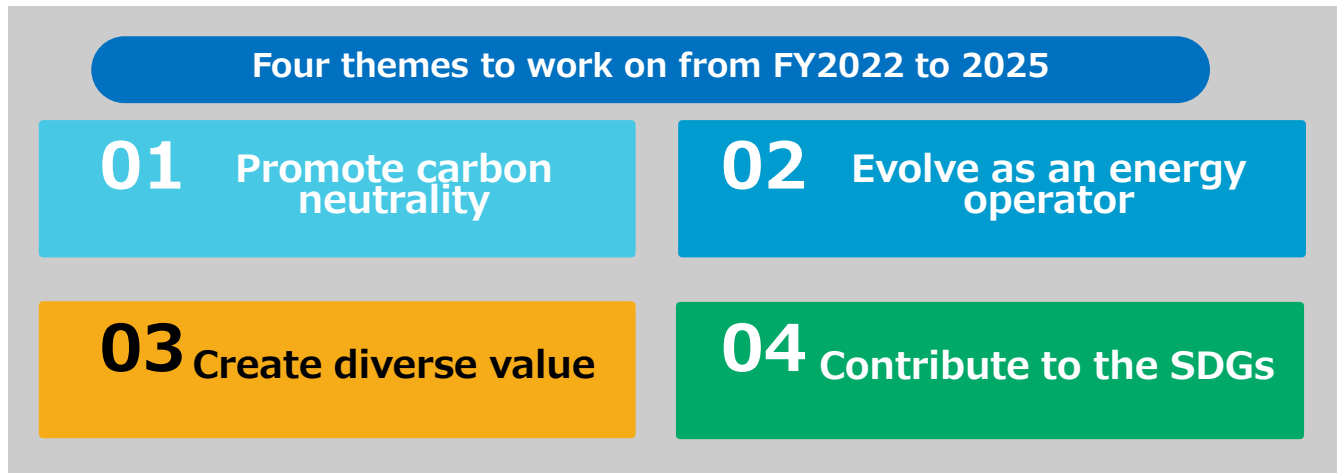
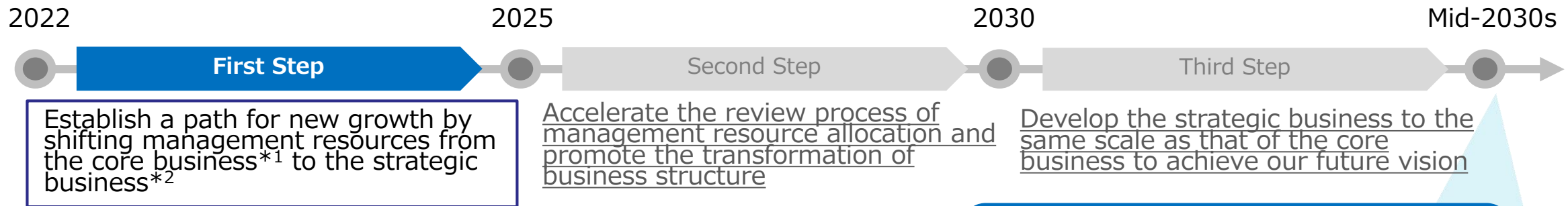
【Reference】

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)

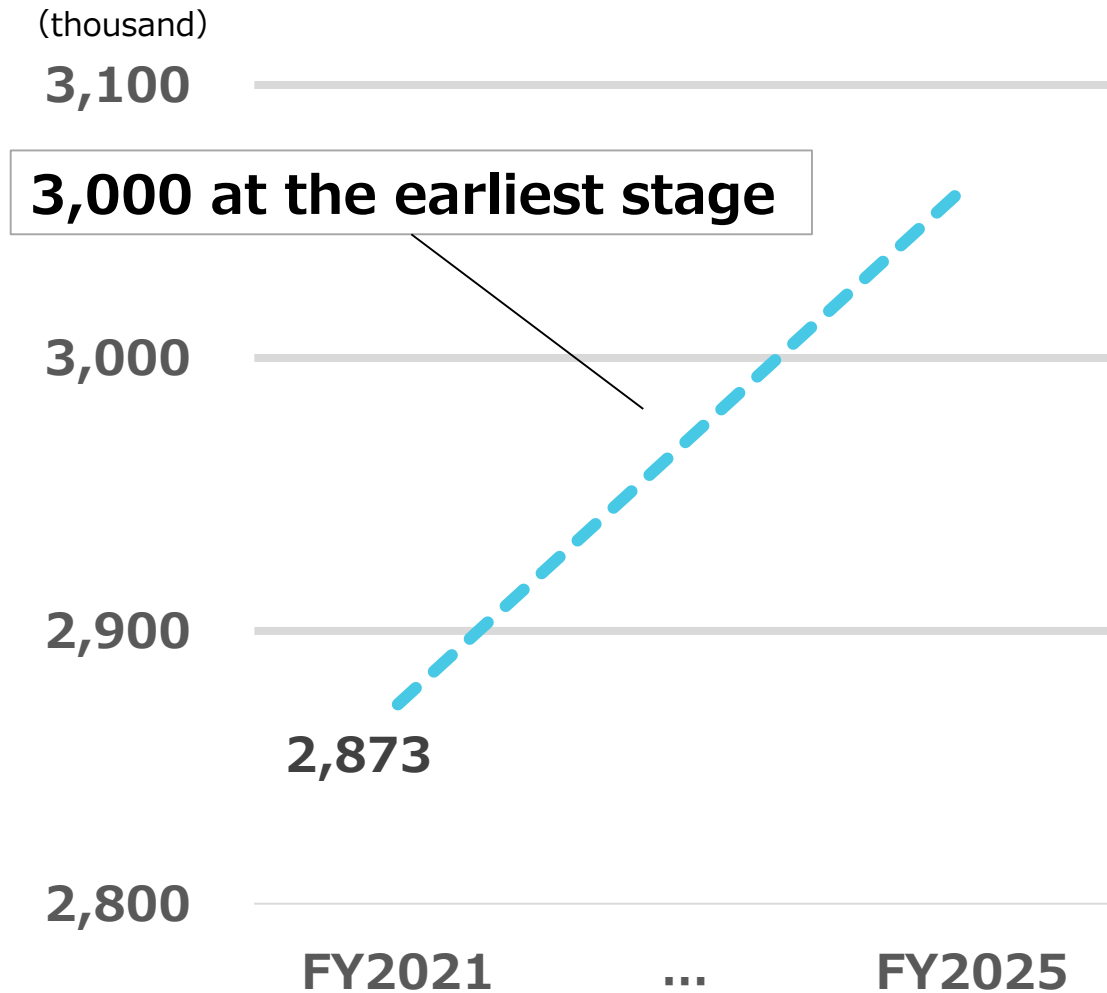
*2 Business that drives medium- to long-term growth (e.g., electricity, energy services, living/business support)

【Reference】

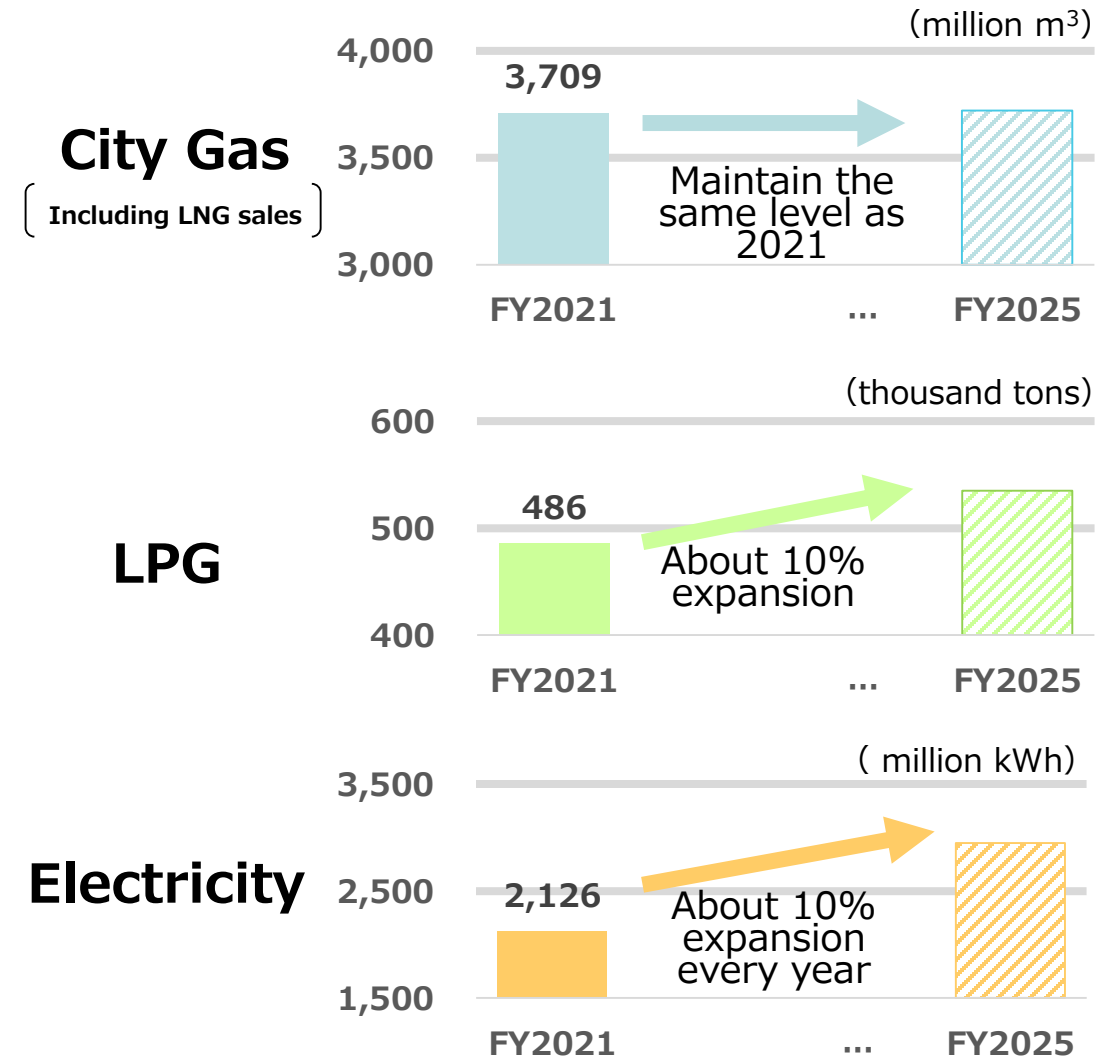
Medium-Term Management Plan (From FY2022 to FY2025)

- Sales Targets -

Number of customer accounts



Sales volume



【Reference】

Medium-Term Management Plan (From FY2022 to FY2025)

- Management Index -

Policy

- 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

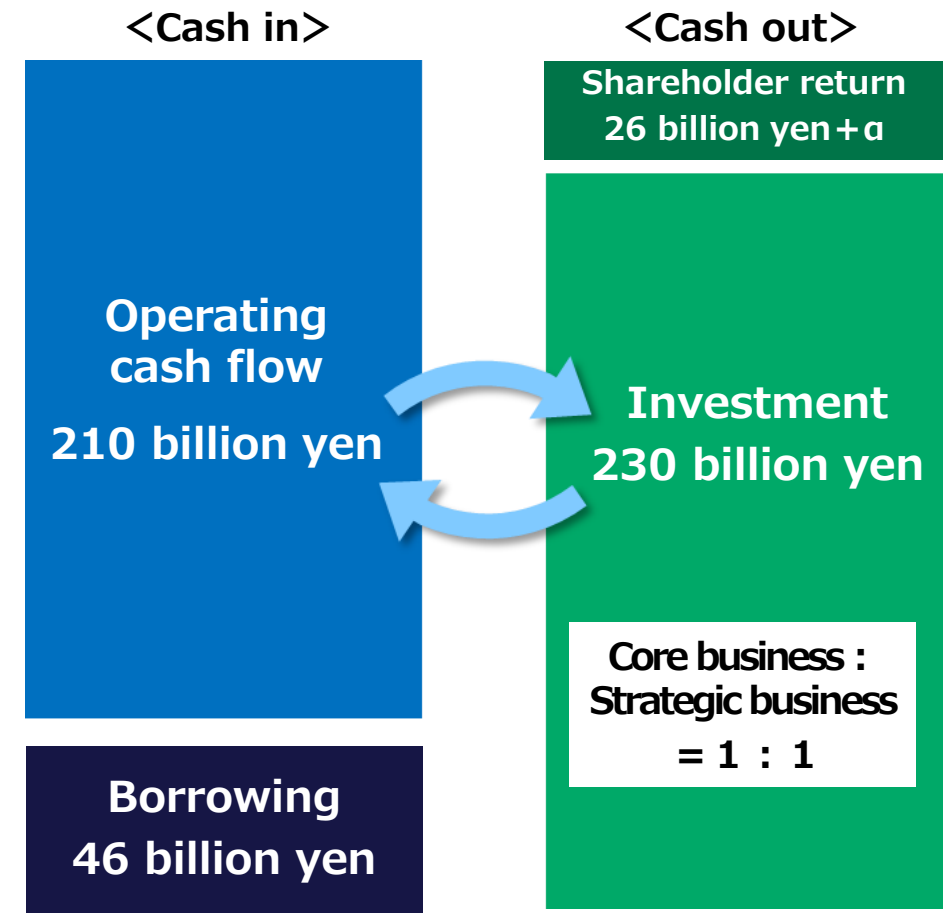
| Management Index | | Management Goal |
|------------------|----------------------|--|
| Profitability | Operating cash flow | 210 billion yen and over (Cumulative total from FY2022 to FY2025) |
| Efficiency | R O A | About 3%^{*1} > WACC ^{*2} (FY 2025) |
| Soundness | Debt to Equity ratio | About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

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

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 consolidated net income over the medium to long term

Cash flow during the medium-term management period



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