



—TOHO GAS CO.,LTD.—
**Consolidated
Financial Results**
Results for FY2021
(April 2021 - March 2022)

April 27, 2022

Contents



1.	Results for FY2021	...	3
2.	Forecasts for FY2022	...	10
<Reference 1>	Return to Shareholders	...	14
<Reference 2>	Looking back on the Medium-term Management Plan (from FY2019 to FY2021)	...	15
<Reference 3>	Outline of the Medium-term Management Plan (from FY2022 to FY2025)	...	17

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. Results for FY2021

(1) Summary



- **Number of customer accounts*** were 2,873 thousands, an increase by 1.7%
- **City gas sales volume** was 3,613 million m³, an increase by 0.1%
- **LPG sales volume** was 486 thousand tons, an increase by 5.2%
- **Electricity sales volume** was 2,126 million kWh, an increase by 32.7%
- **Sales** were ¥515.3 billion, an increase by 18.5%
- **Ordinary income** was ¥21.9 billion, an increase by 31.8%

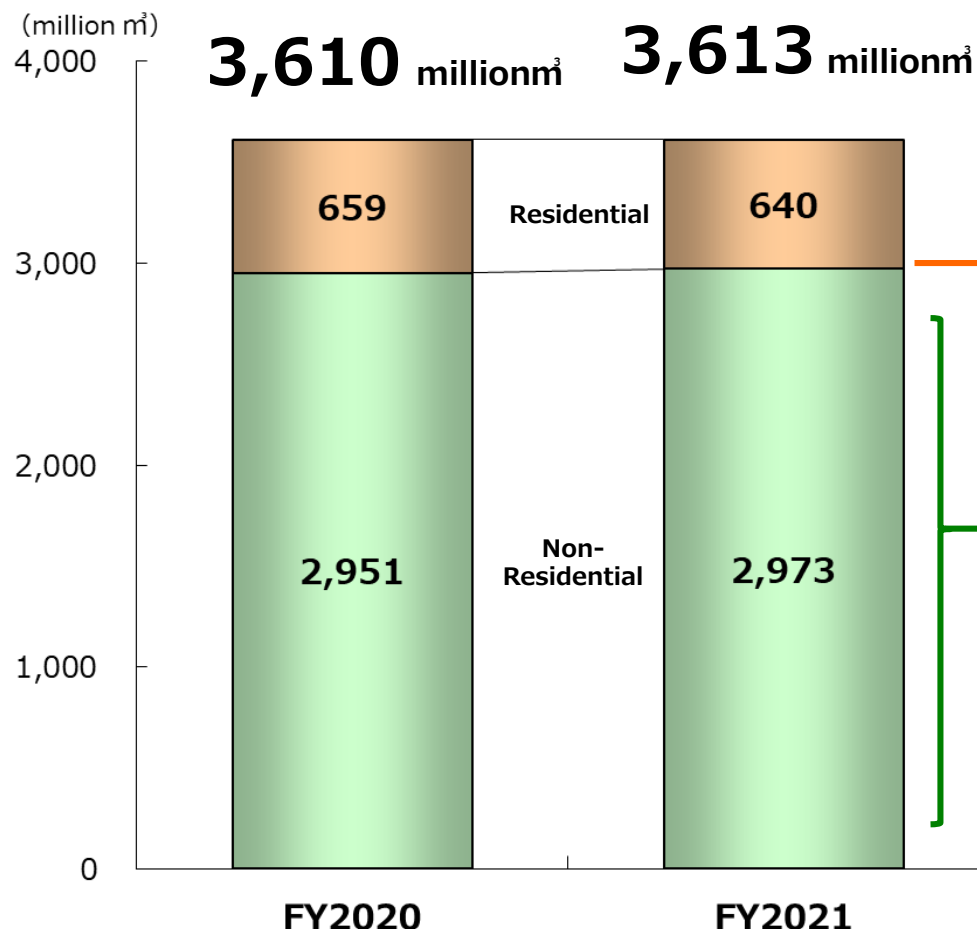
*Total number of customer accounts of City gas, LPG, and Electricity.

1. Results for FY2021

(2) Number of customers, Sales Volume



<Reference> Number of Gas meters **2,533** thousand
2,555 thousand (+0.9%)



Average Temperature	17.0℃	16.4℃	-0.6℃
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City Gas

Number of customers **1,756 thousand** : -37 thousand (-2.1%)

Total sales volume +2 million m³ +0.1%

Residential use -19 million m³ -2.9%

Due to increased outing time and effect of competitors, etc.

Non-Residential use +21 million m³ +0.7%

Due to an increase in customer facilities' operation rates, etc.

L P G

Number of customers * **603 thousand** : +10 thousand(+1.6%)

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

Sales volume 486 thousand tons : +24 thousand tons (+5.2%)

Electricity

Number of customers **514 thousand** : +77 thousand (+17.5%)

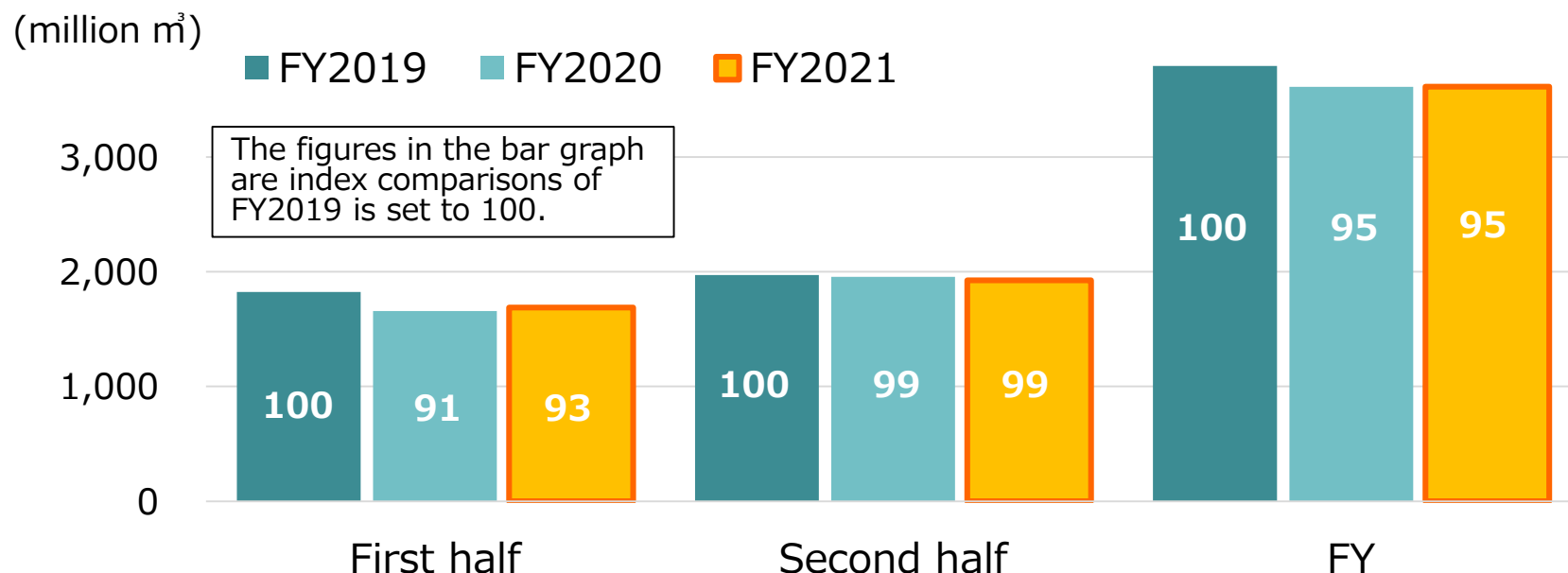
Sales volume 2,126 million kWh : +524 million kWh (+32.7%)

Number of customer accounts

2,873 thousand

+49thousand (+1.7%)

1. Results for FY2021 (Reference) Changes in City Gas Sales volume over the last three years



Year-on-Year rate of change in FY2020

	First half	Second half	FY2020
Residential	+0.5%	+3.4%	+2.3%
Non-Residential	-10.7%	-1.9%	-6.3%
Total	-9.1%	-0.8%	-4.8%

Year-on-Year rate of change in FY2021

	First half	Second half	FY2021
Residential	-6.5%	-0.6%	-2.9%
Non-Residential	+3.4%	-1.7%	+0.7%
Total	+1.9%	-1.5%	+0.1%

1. Results for FY2021

(3) Sales, Incomes

(¥ billion)

	FY2021	FY2020	Change	Rate of Change
Sales	515.3	434.7	80.5	18.5%
Cost of sales	361.6	285.5	76.0	26.7%
Selling, general and administrative expenses	135.8	135.7	0.0	0.1%
Operating income	17.8	13.5	4.3	32.1%
Ordinary Income	21.9	16.6	5.2	31.8%
Extraordinary gain or loss	-0.5	-3.2	2.7	—
Net income attributable to owners of the parent	15.4	8.5	6.8	79.9%

(Notes)

	FY2021	FY2020	Change
Crude oil price (CIF national average)	\$77.2/bbl	\$43.4/bbl	+\$33.8/bbl
Currency exchange rate (TTM)	¥112.4 /\$	¥106.1/\$	+¥6.3/\$

1. Results for FY2021

(4) Factors for change in Ordinary Income

◆ Change from the previous year

**Ordinary Income (¥16.6 billion ⇒ 21.9 billion)
+ ¥5.2 billion**

■ Effect of gas sales volume	-¥0.5 billion
■ Impact of time lag in fuel cost adjustment system	-¥38.0 billion
(FY2020 : + ¥3.0 billion ⇒ FY2021 : -¥35.0 billion)	
■ Difference between purchase price and consumption price of gas resources	+ ¥11.0 billion
(FY2020 : -¥1.5 billion ⇒ FY2021 : + ¥9.5 billion)	
■ Change in profit / loss of electricity business	+ ¥5.3 billion
■ Change in fixed costs, etc.	+ ¥27.4 billion

1. Results for FY2021

(5) Factors for change in Ordinary Income

◆ Change from the forecasts (at the Q3)

**Ordinary Income (¥18.0 billion ⇒ ¥21.9 billion)
+ ¥3.9 billion**

■ Effect of gas sales volume **+ ¥1.5 billion**

■ Impact of time lag in fuel cost adjustment system **- ¥12.0 billion**

(Forecasts : -¥23.0 billion ⇒ FY2021 : -¥35.0 billion)

■ Difference between purchase price and consumption price of gas resources **+ ¥4.5 billion**

(Forecasts : +¥5.0 billion ⇒ FY2021 : + ¥9.5 billion)

■ Change in fixed costs, etc. **+ ¥9.9 billion**

1. Results for FY2021

(6) Balance Sheet and Cash Flows

(¥ billion)



	FY2021	FY2020	Change		FY2021	FY2020	Change
Total assets	655.5	601.8	53.7	Cash flows from operating activities	35.4	64.3	-28.9
(unrealized gain on investment securities)	(59.2)	(62.1)	(-2.8)	Cash flows from investment activities	-54.8	-40.9	-13.9
Net assets	382.7	359.4	23.2	(Free cash flows)	(-19.4)	(23.4)	(-42.8)
Equity ratio	58.4%	59.7%	-1.3 Point	Cash flows from financing activities	0.6	-6.7	7.4
Interest-bearing debts	140.8	129.9	10.9	Net (decrease) increase in cash and cash equivalents	-18.4	16.5	-34.9
				Cash and cash equivalents at end of period	32.1	50.5	-18.4
ROA	2.5%	1.5%	1.0 Point	CAPEX (Including investment)	60.3	44.5	15.8
ROE	4.2%	2.5%	1.7 Point	Depreciation	36.5	37.4	-0.9

2. Forecasts for FY2022

(1) Summary



- **Number of customer accounts*** will be 2,937 thousand, an increase by 2.2% from previous year.

*Total number of customer accounts of City gas, LPG, and Electricity.

- **City gas sales volume** will be 3,626 million m³, an increase by 0.4% from previous year.
- **LPG sales volume** will be 481 thousand tons, a decrease by 0.9% from previous year.
- **Electricity sales volume** will be 2,358 million kWh, an increase by 10.9% from previous year.
- **Sales** will be ¥580.0 billion, an increase by 12.6 from the previous year.
- **Ordinary** Income will be ¥23.0 billion, an increase by 5.0% from previous year.

*Based on crude oil price of 100 dollars/barrel and exchange rate of ¥120/dollar for FY2022

2. Forecasts for FY2022

(2) Number of Customers, Sales Volume

Number of customer accounts

	FY2022 Forecasts	FY2021	Change	Rate of Change
Number of customer accounts (thousand)	2,937	2,873	+ 63	+ 2.2%
City Gas* ¹	1,757	1,756	+ 1	+ 0.1%
LPG* ²	606	603	+ 2	+ 0.4%
Electricity	574	514	+ 60	+11.6%

<Reference>

*1 Number of retail contracts

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

Number of Gas meters (thousand)	2,577	2,555	+ 22	+ 0.9%
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Energy Sales Volume

	FY2022 Forecasts	FY2021	Change	Rate of Change
City Gas (million m ³)	3,626	3,613	+ 14	+ 0.4%
Residential	627	640	△ 13	△ 2.0%
Non-Residential	2,999	2,973	+ 27	+ 0.9%
LPG (thousand tons)	481	486	△ 5	△ 0.9%
Electricity (million kWh)	2,358	2,126	+232	+10.9%

Average temperature : FY2022 16.5℃ (FY2021 16.4℃)

2. Forecasts for FY2022

(3) Sales, Incomes

(¥ billion)

	FY2022 Forecasts	FY2020	Change	Rate of Change
Sales	580.0	515.3	64.6	12.6%
Operating income	19.0	17.8	1.1	6.4%
Ordinary Income	23.0	21.9	1.0	5.0%
Net income attributable to owners of the parent	16.0	15.4	0.5	3.5%
CAPEX (Including investment)	71.4	60.3	11.0	18.3%
Depreciation	36.8	36.5	0.3	1.0%

【Assumption】

(\$/bbl, ¥/\$)

	FY2022	FY2021 (Results)	Change
Crude oil price	100.0	77.2	+22.8
Exchange rate	120.0	112.4	+7.6

【Sensitivity (full-year)】

	Gross profit of Gas business
Crude oil price +1\$/bbl	-¥ 0.2 billion
Exchange rate +1¥/\$	-¥ 0.3 billion

2. Forecasts for FY2022

(4) Factors for change in Ordinary Income

◆ Change from the previous year

**Ordinary Income (¥21.9 billion ⇒ 23.0 billion)
+ ¥1.0 billion**

■ Effect of gas sales volume **+ ¥0.5 billion**

■ Impact of time lag in fuel cost adjustment system **+ ¥34.5 billion**

(FY2021 : -¥35.0 billion ⇒ FY2022 : -¥0.5 billion)

■ Difference between purchase price and consumption price of gas resources **-¥11.0 billion**

(FY2021 : + ¥9.5 billion ⇒ FY2022 : -¥1.5 billion)

■ Change in fixed costs, etc. **-¥23.0 billion**

<Reference1> 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.

- Year-end dividend for FY2021 : ¥30 per share. (increase by ¥2.5 compared to the previous period)

(In annual base ¥57.5 for FY2021, ¥60 for FY2022)

(¥ billion)

FY	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 (Forecast)
Net income attributable to the parent(consolidated)	11.2	19.0	43.0	17.7	18.0	14.8	16.2	8.5	15.4	16.0
Cash dividend [Divident per share]	4.9 [¥45]	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]
Share buy-back	-	2.9	4.5	2.9	-	2.9	-	-	1.5	-
Total return	4.9	8.0	9.9	8.2	5.5	8.7	5.8	5.8	7.6	6.3

<Reference2> Looking back on the Medium-term Management Plan (from FY2019 to FY2021) ①

- We expanded our business by setting our goal to grow up as a total energy provider covering 3 energy share (City gas, LPG gas, and Electricity).
- Gas sales volume underperformed the plan due to economic conditions. However, the number of total customers for 3 energies has increased steadily.

<Management goals>

		FY2019	FY2020	FY2021	Medium-term Management Plan FY2021
City Gas	Number of Customers* ¹	2.51 million	2.53 million	2.56 million	2.55 million
	Sales Volume* ²	3.88 billion m ³	3.70 billion m ³	3.71 billion m ³	4.1 billion m ³
L P G	Number of Customers* ³	589 thousand	594 thousand	603 thousand	590 thousand
	Sales Volume	486 thousand tons	462 thousand tons	486 thousand tons	535 thousand tons
Electricity	Number of Customers	335 thousand	438 thousand	514 thousand	300 thousand
	Sales Volume	0.99 billion kWh	1.60 billion kWh	2.13 billion kWh	1.0 billion kWh

*1 Number of meters installed

*2 Including the sales volume of LNG

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

<Reference2> Looking back on the Medium-term Management Plan (from FY2019 to FY2021) ②



- We secured operating cash flow of 160 billion yen and over, which was the target for the cumulative total of three years, and invested into the city gas business and growth business (renewable energy etc.).
- Although ROA underperformed the management goal, it secured an average of about 3% for three years excluding temporary effects.

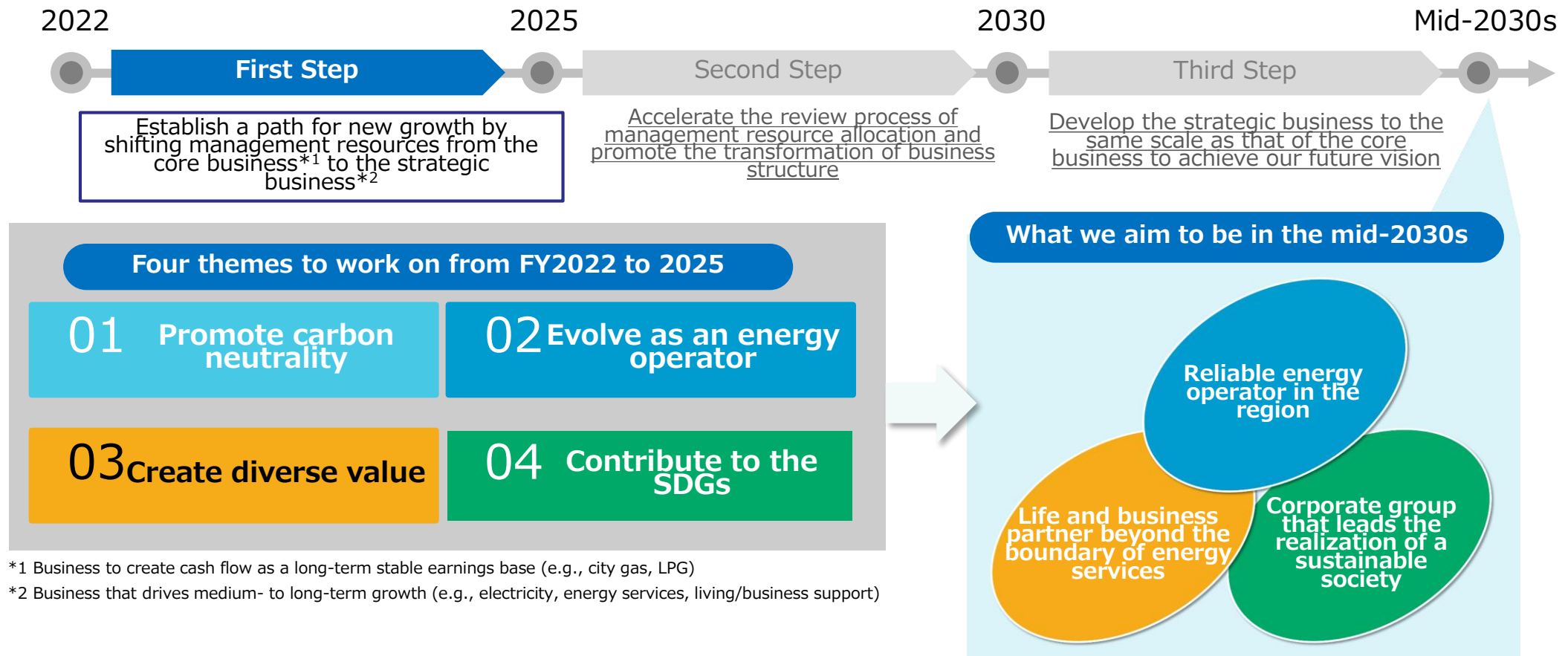
<Management goals>

					Medium-term Management Plan FY2019 - 2021
	FY2019	FY2020	FY2021	Cumulative total from FY2019 to FY2021	
Operating Cash Flow	68.3 billion yen	64.3 billion yen	35.4 billion yen	168.2 billion yen	Cumulative total 160 billion yen and over
Investment into the city gas business	27.7 billion yen	27.7 billion yen	32.0 billion yen	87.5 billion yen	Cumulative total 80 billion yen and over
Investment into growth businesses	20.7 billion yen	16.7 billion yen	28.2 billion yen	65.7 billion yen	Cumulative total 60 billion yen and over
R O A	2.9%	1.5%	2.5%	Average 2.3%	Average 3% and over

<Reference3> Outline of the Medium-term Management Plan (from FY2022 to FY2025) ①

■ Positioning Medium-Term Management Plan

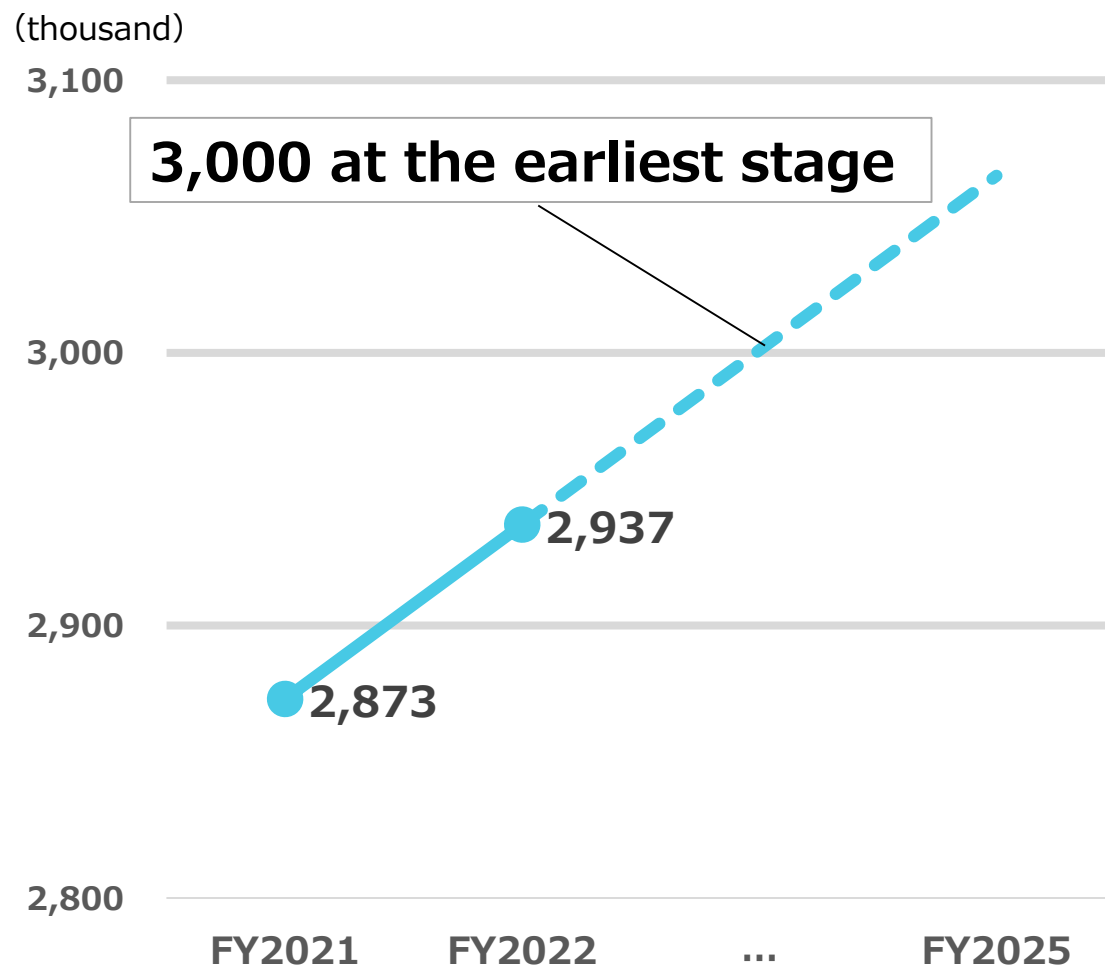
The Medium-term Management Plan is positioned as the first step toward the realization of the vision set forth in the Group Vision, and by tackling the four themes, we will solidify the path to new growth.



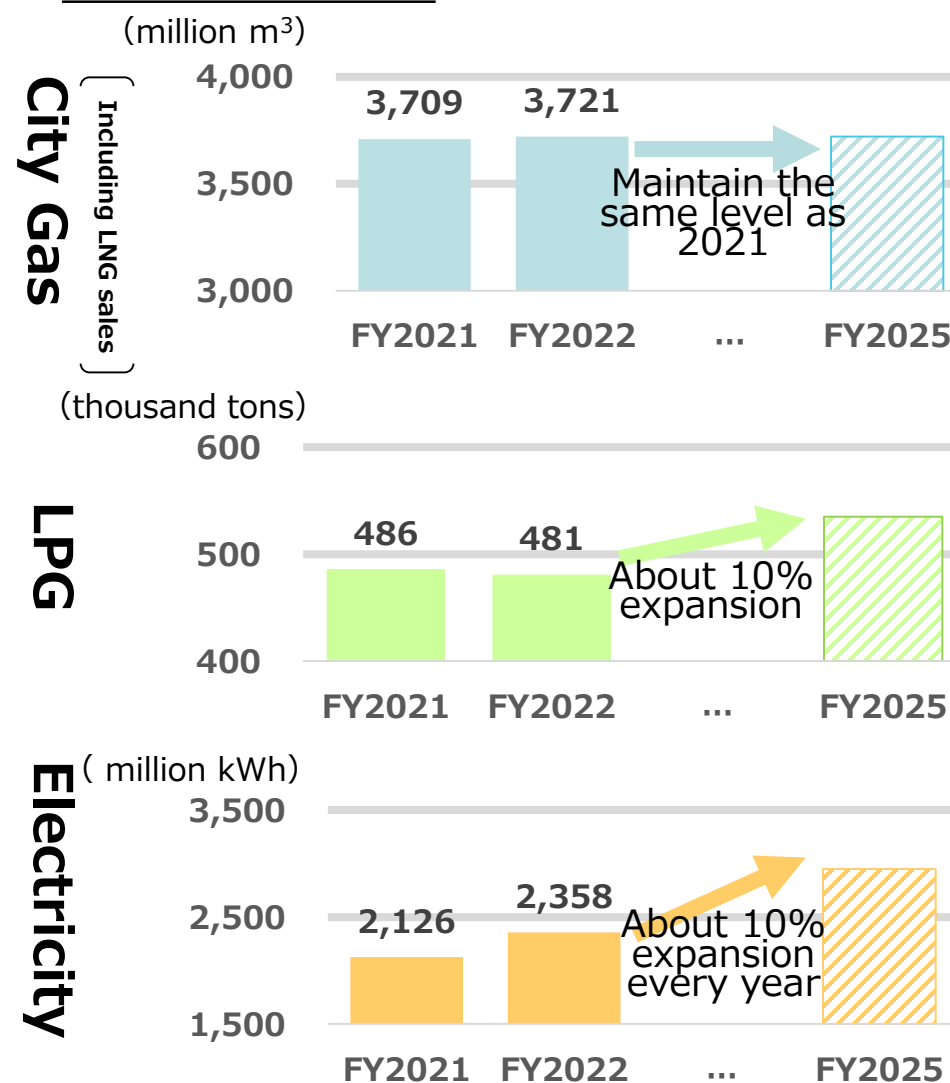
<Reference3> Outline of the Medium-term Management Plan (from FY2022 to FY2025) ②

■ Goals by FY2025

Number of customer accounts



Sales volume



<Reference3> Outline of the Medium-term Management Plan (from FY2022 to FY2025) ③

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 current net income over the medium to long term

Cash flow during the medium-term management period

<Cash in>

Operating cash flow
210 billion yen

Borrowing
46 billion yen

<Cash out>

Shareholder return
26 billion yen + α

Investment
230 billion yen

Core business :
Strategic business
= 1 : 1