

Consolidated Financial Results for the Three Months Ended June 30, 2022 (1Q FY2022)

Toho Gas Co., Ltd.

Code No.: 9533 (URL <https://www.tohogas.co.jp/>) Shares listed on:
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 Date of filing quarterly financial report: August 10, 2022
 Commencement of dividend payments: -
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings presentation: Yes (for institutional investors)

(Rounded down to the nearest million yen)

1. Consolidated Results for the Three Months Ended June 30, 2022

(1) Consolidated business results (Percentage figures indicate the percentage change on the results for the previous fiscal year)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of the parent | |
|-------------------------|---------------------|------|---------------------|-------|---------------------|-------|---|-------|
| | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: million yen) | (%) |
| April 1 – June 30, 2022 | 144,515 | 40.6 | 13,022 | 103.0 | 14,297 | 91.2 | 10,321 | 93.9 |
| April 1 – June 30, 2021 | 102,789 | 1.1 | 6,413 | -26.8 | 7,479 | -23.2 | 5,324 | -21.0 |

Note: Comprehensive income 1st Quarter ended June 2022: ¥11,925 million (47.8%), 1st Quarter ended June 2021: ¥8,070 million (-21.5%)

| | Net income per share | Diluted earnings per share |
|-------------------------|----------------------|----------------------------|
| | (Unit: yen) | (Unit: yen) |
| April 1 – June 30, 2022 | 98.21 | - |
| April 1 – June 30, 2021 | 50.42 | - |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-----------------------------|---------------------|---------------------|--------------|
| | (Unit: million yen) | (Unit: million yen) | (%) |
| 1st Quarter ended June 2022 | 673,020 | 391,168 | 58.1 |
| FY2021 ended March 2022 | 655,593 | 382,751 | 58.4 |

Reference: Net assets (excluding minority interests)

1st Quarter ended June 2022: ¥391,168 million, FY2021 ended March 2022: ¥382,751 million

2. Dividends

| | Dividend per share | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| | End of 1st Quarter | End of 2nd Quarter | End of 3rd Quarter | End of 4th Quarter | Total |
| FY2021 ended March 2022 | (Unit: yen) | (Unit: yen) | (Unit: yen) | (Unit: yen) | (Unit: yen) |
| FY2022 ending March 2023 | - | 27.50 | - | 30.00 | 57.50 |
| FY2022 ending March 2023 (forecasts) | - | 30.00 | - | 30.00 | 60.00 |

Notes: Revision of previously announced dividend forecasts: No

3. Consolidated Results Forecasts for the fiscal Year Ending March 2023 (April 1, 2022 - March 31, 2023)

(Percentage figures indicate the percentage change on the results for the previous fiscal year)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of the parent | | Net income per share |
|-----------|---------------------|------|---------------------|-----|---------------------|-----|---|-----|----------------------|
| | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: yen) |
| Full term | 680,000 | 32.0 | 19,000 | 6.4 | 23,000 | 5.0 | 16,000 | 3.5 | 152.24 |

Note: Revision of previously announced forecasts during this period: Yes

*Notes

(1) Changes in significant consolidated subsidiaries: No

(2) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation: Yes*

* Basis for the calculation of corporation tax: Calculated by multiplying quarterly income before tax, etc., by the estimated effective tax rate at the end of the fiscal year.

(3) Changes in accounting treatment principles, changes in accounting estimates, and retrospective restatements

- Changes accompanied by reform of accounting standards: Yes
- Other changes: No
- Changes in accounting estimates: No
- Retrospective restatements: No

(4) Number of outstanding shares (common stock)

| | | | | |
|---|-----------------------------|--------------------|-----------------------------|--------------------|
| Number of outstanding shares at the end of the term (Inclusive of treasury stock) | 1st Quarter ended June 2022 | 105,256,285 shares | FY2021 ended March 2022 | 105,256,285 shares |
| Number of treasury stock at the end of the term | 1st Quarter ended June 2022 | 155,763 shares | FY2021 ended March 2022 | 155,339 shares |
| Average number of outstanding shares during the term | 1st Quarter ended June 2022 | 105,100,666 shares | 1st Quarter ended June 2021 | 105,598,163 shares |

* This report of consolidated financial results is not subject to audit.

* Notes on proper use of forecasts and other matters

The forecasts in this document are based on the information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecast data.

<Consolidated Financial Statements and Main Notes>

1. Consolidated balance sheet

(Unit: million yen)

| | As of March 31, 2022 | As of June 30, 2022 |
|-------------------------------------|----------------------|---------------------|
| Assets | | |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Production facilities | 64,266 | 63,227 |
| Distribution facilities | 145,329 | 137,121 |
| Service and maintenance facilities | 26,879 | 31,376 |
| Other facilities | 48,155 | 47,734 |
| Construction in progress | 20,989 | 21,752 |
| Total property, plant and equipment | 305,619 | 301,212 |
| Intangible assets | | |
| Other | 10,894 | 11,462 |
| Total intangible assets | 10,894 | 11,462 |
| Investments and other assets | | |
| Investment securities | 112,444 | 116,681 |
| Net defined benefit asset | 23,206 | 23,459 |
| Other | 32,957 | 41,057 |
| Allowance for doubtful accounts | -84 | -67 |
| Total investments and other assets | 168,524 | 181,131 |
| Total noncurrent assets | 485,038 | 493,806 |
| Current assets | | |
| Cash and deposits | 32,298 | 29,123 |
| Notes and accounts receivable-trade | 73,093 | 62,687 |
| Inventories | 21,942 | 37,711 |
| Other | 43,640 | 50,042 |
| Allowance for doubtful accounts | -420 | -350 |
| Total current assets | 170,555 | 179,214 |
| Total assets | 655,593 | 673,020 |

(Unit: million yen)

| | As of March. 31, 2022 | As of June 30, 2022 |
|---|-----------------------|---------------------|
| Liabilities | | |
| Noncurrent liabilities | | |
| Bonds payable | 50,000 | 67,500 |
| Long-term loans payable | 48,716 | 49,179 |
| Provision for gas holder repairs | 1,291 | 1,309 |
| Reserve for safety measures | 19,045 | 18,381 |
| Provision for gas appliance warranties | 620 | 607 |
| Net defined benefit liability | 5,919 | 5,951 |
| Other | 20,329 | 27,872 |
| Total noncurrent liabilities | 145,922 | 170,801 |
| Current liabilities | | |
| Current portion of noncurrent liabilities | 35,664 | 34,037 |
| Notes and accounts payable-trade | 36,822 | 29,135 |
| Short-term loans payable | 2,935 | 2,885 |
| Income taxes payable | 5,949 | 4,275 |
| Other | 45,549 | 40,717 |
| Total current liabilities | 126,919 | 111,050 |
| Total liabilities | 272,842 | 281,852 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 33,072 | 33,072 |
| Capital surplus | 8,387 | 8,387 |
| Retained earnings | 268,374 | 275,188 |
| Treasury stock | -499 | -500 |
| Total shareholders' equity | 309,335 | 316,148 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 43,731 | 40,328 |
| Deferred gains or losses on hedges | 15,511 | 19,073 |
| Foreign currency translation adjustment | 3,252 | 4,911 |
| Remeasurements of defined benefit plans | 10,920 | 10,706 |
| Total other comprehensive income | 73,416 | 75,019 |
| Total net assets | 382,751 | 391,168 |
| Total liabilities and net assets | 655,593 | 673,020 |

2. Consolidated statements of income and comprehensive income

Consolidated statements of income for the Three Months

(Unit: million yen)

| | 1 st Quarter of FY2021 (April – June 2021) | 1 st Quarter of FY2022 (April – June 2022) |
|---|--|--|
| Net sales | 102,789 | 144,515 |
| Cost of sales | 65,821 | 100,739 |
| Gross profit | 36,968 | 43,776 |
| Selling, general and administrative expenses | 30,554 | 30,753 |
| Operating income | 6,413 | 13,022 |
| Non-operating income | | |
| Interest income | 47 | 70 |
| Dividend income | 1,004 | 1,163 |
| Rent income | 110 | 109 |
| Miscellaneous revenues | 208 | 287 |
| Total non-operating income | 1,370 | 1,630 |
| Non-operating expenses | | |
| Interest expense | 182 | 210 |
| Amortization of bond issuance cost | - | 80 |
| Miscellaneous expenses | 122 | 63 |
| Total non-operating expenses | 304 | 355 |
| Ordinary income | 7,479 | 14,297 |
| Income before income taxes | 7,479 | 14,297 |
| Income taxes | 2,155 | 3,976 |
| Net income | 5,324 | 10,321 |
| Net income attributable to owners of the parent | 5,324 | 10,321 |

Consolidated statements of comprehensive income for the Three Months

(Unit: million yen)

| | 1 st Quarter of FY2021 (April – June 2021) | 1 st Quarter of FY2022 (April – June 2022) |
|---|--|--|
| Net income | 5,324 | 10,321 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | -2,261 | -3,403 |
| Deferred gains or losses on hedges | 3,574 | 3,505 |
| Foreign currency translation adjustment | 1,258 | 1,240 |
| Remeasurements of defined benefit plans | -91 | -206 |
| Share of other comprehensive income of entities accounted for using equity method | 267 | 467 |
| Total other comprehensive income | 2,746 | 1,603 |
| Comprehensive income | 8,070 | 11,925 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 8,070 | 11,925 |
| Comprehensive income attributable to non-controlling interests | - | - |

3. Notes about Consolidated Statements

- Note of going concerns' premise: No

- Significant change in shareholders' equity: No

- Application of accounting treatment specific to the preparation of quarterly consolidated financial statements

Calculation of tax costs

Tax expenses are calculated by multiplying the quarterly net income before tax adjustment by the estimated effective tax rate for the current consolidated fiscal year.

The amount of corporate tax adjustment is included in the corporate tax.

- Change in accounting policy

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), have been applied from the beginning of the first quarter consolidated accounting period of the current fiscal year. The new accounting policy will be applied in accordance with the transitional handling stipulated in "Implementation Guidance on tax rates used in applying Tax Effect Accounting" (ASBJ Guidance No. 27-2).

There will be no impact on the consolidated financial statements for the first quarter of the current fiscal year.

- Segment information

Segment information by category of business

Three months ended June 30, 2021 (April – June 2021)

(Unit: million yen)

| | Business segment reported | | | | Other (Note.1) | Total | Adjustments (Note.2) | Consolidated statements of income (Note.3) |
|------------------------|---------------------------|------------------------------|-------------|--------|-------------------|---------|-------------------------|---|
| | Gas sales | LPG and other Energies | Electricity | Total | | | | |
| Net sales | | | | | | | | |
| (1) External customers | 68,329 | 19,467 | 9,493 | 97,289 | 5,499 | 102,789 | - | 102,789 |
| (2) Intersegment | 529 | 352 | 60 | 942 | 3,709 | 4,652 | -4,652 | - |
| Total | 68,859 | 19,819 | 9,553 | 98,232 | 9,208 | 107,441 | -4,652 | 102,789 |
| Segment income | 4,390 | 260 | 628 | 5,279 | 767 | 6,047 | 366 | 6,413 |

Notes: 1. The "Other" segment incorporates operations not included in reported segment, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, other leasing business, development of and investment in natural gas resources, etc.

2. The "Adjustments" column in "Segment income" (366 million yen) denotes eliminations of intersegment transactions.

3. Segment income in the table above is reconciled to operating income on the quarterly consolidated statements of income.

Three months ended June 30, 2022 (April – June 2022)

(Unit: million yen)

| | Business segment reported | | | | Other (Note.1) | Total | Adjustments (Note.2) | Consolidated statements of income (Note.3) |
|------------------------|---------------------------|------------------------------|-------------|---------|-------------------|---------|-------------------------|---|
| | Gas sales | LPG and other Energies | Electricity | Total | | | | |
| Net sales | | | | | | | | |
| (1) External customers | 93,104 | 25,855 | 18,730 | 137,690 | 6,824 | 144,515 | - | 144,515 |
| (2) Intersegment | 1,076 | 465 | 85 | 1,626 | 4,164 | 5,790 | -5,790 | - |
| Total | 94,181 | 26,320 | 18,815 | 139,317 | 10,988 | 150,306 | -5,790 | 144,515 |
| Segment income | 11,425 | 245 | 17 | 11,688 | 993 | 12,681 | 340 | 13,022 |

Notes: 1. The "Other" segment incorporates operations not included in reported segment, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, other leasing business, development of and investment in natural gas resources, etc.

2. The "Adjustments" column in "Segment income" (340 million yen) denotes eliminations of intersegment transactions.

3. Segment income in the table above is reconciled to operating income on the quarterly consolidated statements of income.