



—TOHO GAS CO.,LTD.—
**Consolidated
Financial Results**

Results for
the 2nd Quarter of FY2022
(April - September 2022)

October 27, 2022

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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. Results for the 2nd Quarter of FY2022

(1) Summary



- **Number of customer accounts*** increased by 1.7%

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

- **City gas sales volume** decreased by 1.4%, **LPG sales volume** decreased by 0.2%, **Electricity sales volume** increased by +17.7%
- **Sales** increased by ¥ 94.9 billion, **Ordinary Income** increased by ¥ 5.6 billion

| Number of customer accounts | | FY2022 Q2 | FY2021 Q2 | Change | Rate of change |
|-----------------------------|--|---|--------------|--------|----------------|
| | | Number of customer accounts (thousand) | 2,896 | 2,847 | +49 |

| Energy Sales Volume | | FY2022 Q2 | FY2021 Q2 | Change | Rate of change | |
|---------------------|----------------------------------|---|--------------|--------|----------------|-------|
| | | City Gas (million m³) | 1,663 | 1,688 | -24 | -1.4% |
| | | LPG (thousand tons) | 214 | 214 | -0 | -0.2% |
| | Electricity (million kWh) | 1,112 | 945 | +167 | +17.7% | |

(¥ billion)

| Sales, Income | | FY2022 Q2 | FY2021 Q2 | Change | Rate of change | |
|---------------|--|------------------------|--------------|--------|----------------|--------|
| | | Sales | 302.8 | 207.8 | 94.9 | 45.7% |
| | | Ordinary Income | 9.8 | 4.1 | 5.6 | 133.7% |

1. Results for the 2nd Quarter of FY2022

(2) Number of customers, Sales Volume



| Number of customer accounts | | FY2022 Q2 | FY2021 Q2 | Change | Rate of change | Notes |
|-----------------------------|--|-----------|-----------|--------|----------------|--------------------|
| | Number of customer accounts (thousand) | 2,896 | 2,847 | +49 | +1.7% | |
| | City Gas*1 | 1,743 | 1,772 | -28 | -1.6% | Competitive effect |
| | LPG*2 | 605 | 602 | +3 | +0.6% | New development |
| | Electricity | 548 | 474 | +74 | +15.6% | New development |

*1 Number of retail contracts *2 Including the number of customers based on commissioned business for delivery

| | | | | | |
|--------------------------------|-------|-------|-----|--------|--|
| Number of Gas meters(thousand) | 2,564 | 2,543 | +22 | + 0.9% | |
|--------------------------------|-------|-------|-----|--------|--|

| Energy Sales Volume | | FY2022 Q2 | FY2021 Q2 | Change | Rate of change | Notes |
|---------------------|------------------------------------|-----------|-----------|--------|----------------|---|
| | City Gas (million m ³) | 1,663 | 1,688 | -24 | -1.4% | |
| | Residential | 218 | 237 | -19 | -8.1% | Due to a decrease in demand for, by high temperatures, etc. |
| | Non-Residential | 1,446 | 1,451 | -5 | -0.3% | Due to a decrease in customer facilities' operation rates, etc. |
| | LPG (thousand tons) | 214 | 214 | -0 | -0.2% | |
| | Electricity (million kWh) | 1,112 | 945 | +167 | +17.7% | |
| | Average Temperature (°C) | 23.8 | 22.9 | +0.9 | — | Average temperature of FY2021 (YoY) Q1: +0.8°C、Q2: +1.0°C |

1. Results for the 2nd Quarter of FY2022

(3) Sales, Incomes

(¥ billion)

| | FY2022 Q2 | FY2021 Q2 | Change | Rate of Change |
|--|--------------|-----------|--------|----------------|
| Sales | 302.8 | 207.8 | 94.9 | 45.7% |
| Cost of sales | 232.8 | 143.5 | 89.3 | 62.2% |
| Selling, general and administrative expenses | 61.5 | 61.5 | 0 | 0.1% |
| Operating income | 8.4 | 2.8 | 5.6 | 200.1% |
| Ordinary Income | 9.8 | 4.1 | 5.6 | 133.7% |
| Net income attributable to owners of the parent | 6.8 | 2.9 | 3.9 | 135.8% |

| | FY2022 Q2 | FY2021 Q2 | Change |
|---|---------------|--------------|--------------|
| Crude oil price (CIF national average) | \$ 111.9 /bbl | \$ 70.3 /bbl | + \$ 41.6/bb |
| Currency exchange rate (TTM) | ¥ 134.0 / \$ | ¥ 109.8 / \$ | + ¥ 24.2/ \$ |

1. Results for the 2nd Quarter of FY2022

(4) Factors for change in Ordinary Income



◆ Change from the previous year

**Ordinary Income (¥ 4.1 billion ⇒ ¥ 9.8 billion)
+ ¥ 5.6 billion**

- | | |
|--|------------------|
| ■ Effect of gas sales volume | - ¥ 0.5 billion |
| ■ Impact of time lag in fuel cost adjustment system | - ¥ 28.0 billion |
| (FY2021 Q2 - ¥ 9.5 billion ⇒ FY2022 Q2 - ¥ 37.5 billion) | |
| ■ Difference between purchase price and consumption price of gas resources | + ¥ 11.0 billion |
| ■ Change in fixed costs, etc. | + ¥ 23.1 billion |

1. Results for the 2nd Quarter of FY2022

(5) Balance Sheet



(¥ billion)

| | FY2022 Q2 | FY2021 | Change |
|-------------------------------|--------------|--------|------------|
| Total assets | 705.8 | 655.5 | 50.2 |
| Net assets | 383.7 | 382.7 | 0.9 |
| Interest-bearing debts | 174.7 | 140.8 | 33.8 |
| Equity ratio | 54.4% | 58.4% | -4.0 Point |
| D/E ratio (times) | 0.46 | 0.37 | 0.09 |

| | FY2022 Q2 | FY2021 Q2 | Change |
|--|----------------|-----------|--------|
| Cash flows from operating activities | 4.9 | 5.3 | -0.3 |
| Cash flows from investment activities | -23.8 | -25.6 | 1.8 |
| (Free cash flows) | (-18.8) | (-20.3) | 1.5 |
| Cash flows from financing activities | 28.8 | -5.1 | 33.9 |
| Net (decrease) increase in cash and cash equivalents | 10.5 | -25.4 | 35.9 |
| Cash and cash equivalents at end of period | 42.6 | 25.1 | 17.5 |
| CAPEX (Including investment) | 26.5 | 29.1 | -2.6 |
| Depreciation | 17.7 | 17.7 | -0 |

2. Forecasts for FY2022

(1) Summary



- **Number of customer accounts*** will increase by 2.2%

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

- **City gas sales volume** will decrease by 1.0%, **LPG sales volume** will decrease by 0.9%, **Electricity sales volume** will increase by 10.9%
- **Sales** will increase by 32.0%, **Ordinary Income** will increase by 5.0%

| Number of customer accounts | | FY2022 Forecasts | FY2021 | Change | Rate of Change | Notes |
|-----------------------------|--|--|--------------|--------|----------------|-------|
| | | Number of customer accounts (thousand) | 2,937 | 2,873 | +63 | +2.2% |

| Energy Sales Volume | | FY2022 Forecasts | FY2021 | Change | Rate of Change | Notes | |
|---------------------|---------------------------|------------------------------------|--------------|--------|----------------|-------|---|
| | | City Gas (million m ³) | 3,575 | 3,613 | -38 | -1.0% | Previous : 3,626 million m ³ |
| | | LPG (thousand tons) | 481 | 486 | -5 | -0.9% | The forecasts have not changed. |
| | Electricity (million kWh) | 2,358 | 2,126 | +232 | +10.9% | " | |

| Sales, Income | | FY2022 Forecasts | FY2021 | Change | Rate of Change | Notes | |
|---------------|--|------------------|--------------|--------|----------------|-------|---------------------------------|
| | | Sales | 680.0 | 515.3 | 164.6 | 32.0% | The forecasts have not changed. |
| | | Ordinary Income | 23.0 | 21.9 | 1.0 | 5.0% | " |

Based on crude oil price of 110 dollars/barrel and exchange rate of ¥135/dollar for Q3/Q4 FY2022.

2. Forecasts for FY2022

(2) Number of Customers, Sales Volume

Change from
the previous year



| Number of customer accounts | | FY2022 Forecasts | FY2021 | Change | Rate of Change | Notes |
|---|--|------------------|--------|--------|--|---|
| | 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% | New development |
| *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% | New development |
| Energy Sales Volume | | FY2022 Forecasts | FY2021 | Change | Rate of Change | Notes |
| | City Gas (million m ³) | 3,575 | 3,613 | -38 | -1.0% | |
| | Residential | 616 | 640 | -24 | -3.8% | High temperatures, decrease in stay-at-home demand. |
| | Non-Residential | 2,959 | 2,973 | -13 | -0.5% | Due to a decrease in customer facilities' operation rates, etc. |
| | LPG (thousand tons) | 481 | 486 | -5 | -0.9% | Bounce back from past year's low temperature in winter. |
| Electricity (million kWh) | 2,358 | 2,126 | +232 | +10.9% | Due to an increase in number of customers. | |

Average temperature : FY2022 16.9°C (FY2021 16.4°C)

2. Forecasts for FY2022

(3) Number of Customers, Sales volume

Change from
the previous forecasts



| Number of customer accounts | | FY2022 Forecasts | Previous forecast | Change | Rate of Change | Notes |
|-----------------------------|--|------------------|-------------------|--------|----------------|---------------------------------|
| | Number of customer accounts (thousand) | 2,937 | 2,937 | – | – | The forecasts have not changed. |
| | City Gas*1 | 1,757 | 1,757 | – | – | '' |
| | LPG*2 | 606 | 606 | – | – | '' |
| | Electricity | 574 | 574 | – | – | '' |

*1 Number of retail contracts*2 Including the number of customers based on commissioned business for delivery

| | | | | | |
|---------------------------------|-------|-------|---|---|---------------------------------|
| Number of Gas meters (thousand) | 2,577 | 2,577 | – | – | The forecasts have not changed. |
|---------------------------------|-------|-------|---|---|---------------------------------|

| Energy Sales Volume | | FY2022 Forecasts | Previous forecasts | Change | Rate of Change | Notes |
|---------------------------|------------------------------------|------------------|--------------------|--------|----------------|---|
| | City Gas (million m ³) | 3,575 | 3,626 | -51 | -1.4% | Reflection of the 1st half year decrease. |
| | Residential | 616 | 627 | -11 | -1.8% | '' |
| | Non-Residential | 2,959 | 2,999 | -40 | -1.3% | '' |
| | LPG (thousand tons) | 481 | 481 | – | – | The forecasts have not changed. |
| Electricity (million kWh) | 2,358 | 2,358 | – | – | '' | |

2. Forecasts for FY2022

(4) Sales, Incomes *The forecasts have not changed from July 28, 2022.

(¥ billion)



| | FY2022 Forecasts | FY2021 | Change | Rate of Change | Notes |
|--|---------------------|--------|--------|-------------------|--------------------------------|
| Sales | 680.0 | 515.3 | 164.6 | 32.0% | The forecasts have not changed |
| 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% | The forecasts have not changed |
| Depreciation | 36.8 | 36.5 | 0.3 | 1.0% | " |

【Assumption】

(\$/bbl, ¥/\$) 【Sensitivity (full-year)】

| | FY2022 | FY2021 (Results) | Change | Notes | | Gross profit of Gas business |
|------------------------|--------|---------------------|--------|-------------------------------|---------------------------------|---------------------------------|
| Crude oil price | 111.0 | 77.2 | + 33.8 | for Q3/Q4 FY2022 : \$ 110/bbl | Crude oil price +1\$/bbl | -¥ 0.2 billion |
| Exchange rate | 134.5 | 112.4 | + 22.1 | for Q3/Q4 FY2022 : ¥ 135/\$ | Exchange rate +1¥/\$ | -¥ 0.4 billion |

2. Forecasts for FY2022

(5) 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 | - ¥ 1.0 billion |
| ■ Impact of time lag in fuel cost adjustment system | + ¥ 19.0 billion |
| (FY2021 : - ¥ 35.0 billion ⇒ FY2022 : - ¥ 16.0 billion) | |
| ■ Difference between purchase price and consumption price of gas resources | - ¥ 5.0 billion |
| ■ Change in fixed costs, etc. | - ¥ 12.0 billion |

2. Forecasts for FY2022

(6) Factors for change in Ordinary Income



◆ Change from the previous Forecasts

Ordinary Income (¥ 23.0 billion ⇒ ¥ 23.0 billion)

± ¥ 0 billion

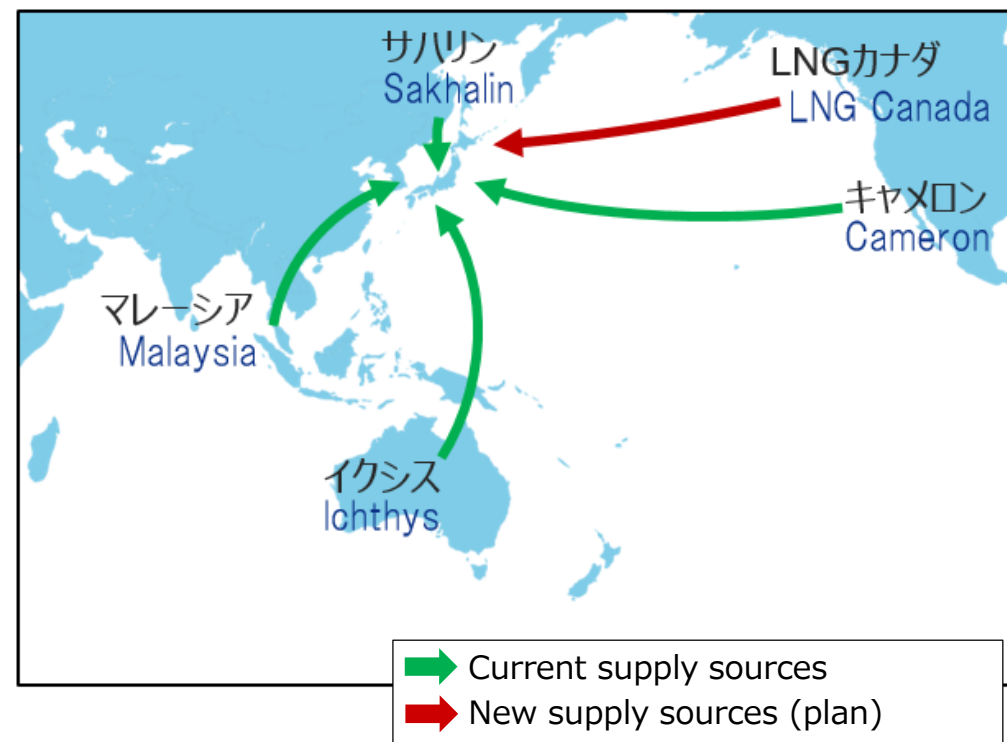
| | |
|---|------------------------|
| ■ Effect of gas sales volume | - ¥ 1.5 billion |
| ■ Impact of time lag in fuel cost adjustment system | + ¥ 3.5 billion |
| (Previous : - ¥ 19.5 billion ⇒ Revised : - ¥ 16.0 billion) | |
| ■ Difference between purchase price and consumption price of gas resources | ± ¥ 0 billion |
| ■ Change in fixed costs, etc. | - ¥ 2.0 billion |

<Reference 1> Toho Gas long-term LNG project



- Although there have been changes in the seller of Sakhalin II and troubles with production facilities in some parts of Malaysia, there has been no concrete impact on our LNG procurement at this time.

| Country | Project | Volume (thousand tons/year) | Term |
|-----------|------------------------------|-----------------------------|------------------|
| Australia | NWS Expansion | 300 | 2004-2029 |
| | Ichthys | 280 | 2018-2032 |
| Malaysia | III (Tiga) | 340 | 2004-2024 |
| | | 400 | 2007-2027 |
| | Petronas Portfolio | 420~540 | 2017-2027 |
| Russia | Sakhalin II | 500 | 2009-2033 |
| U.S. | Cameron (Mitsui & Co., Ltd.) | 300 | 2019-2039 |
| | Cameron (DGI) | 200 | 2020-2038 |
| Canada | LNG Canada | 300 | 2024-2039 (Plan) |



<Reference 2> Issuance of 1st Transition Bonds

Outline of the Bonds



| Issue No. | No. 47 Unsecured Corporate Bond (Transition Bond) |
|-------------------------------|--|
| Period | 10 years (planned) |
| Amount of Issue | 10 billion yen (planned) |
| Issue Date | November 2022 (planned) |
| Lead Managing Underwriter | Daiwa Securities Co., Ltd. Nomura Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Mizuho Securities Co., Ltd. |
| Structuring Agent* | Daiwa Securities Co., Ltd. |
| Expected Rating | AA (R&I) |
| Financial Agent | Sumitomo Mitsui Banking Corporation |
| Third-party evaluation agency | DNV BUSINESS ASSURANCE JAPAN K.K. (DNV) |
| Other matters | In obtaining the second-party opinion for this framework, DNV has received notification from Green Investment Promotion Organization that it is eligible for a subsidy from the Ministry of Economy, Trade and Industry's "Fiscal 2022 Subsidy for Global Warming Countermeasures Promotion Project (Climate Innovation Finance Promotion Project)". |

*Structuring agent: A person who supports the implementation of green/transition finance by providing advice on the development of frameworks for green/transition finance, etc. and on obtaining second-party opinions, etc.

<Reference 2> Issuance of 1st Transition Bonds

Outline of Use of Proceeds

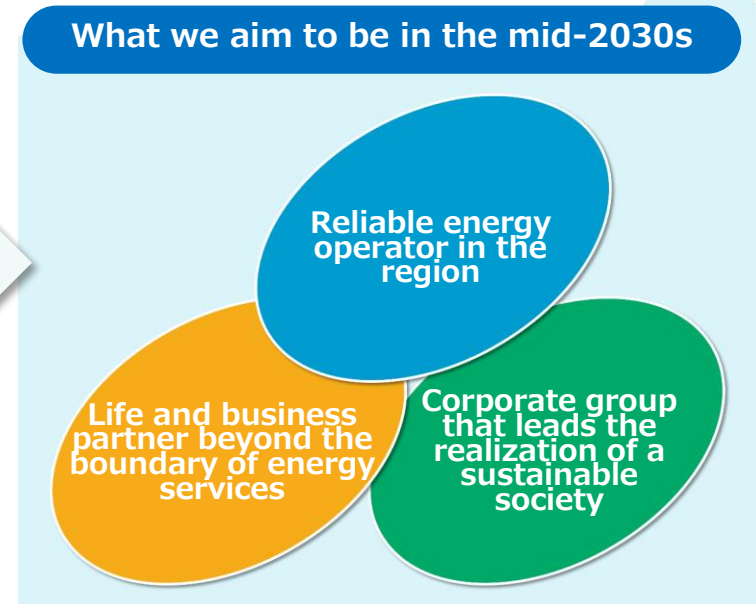
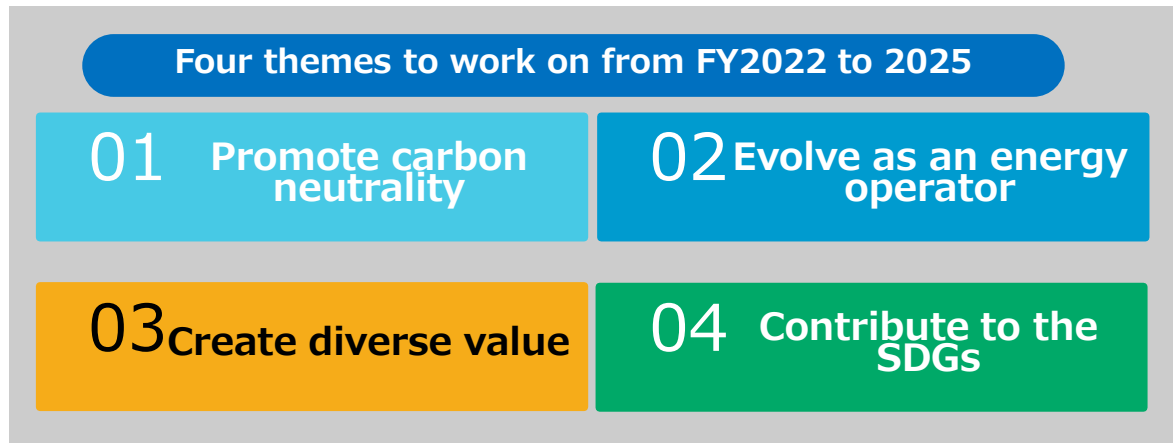
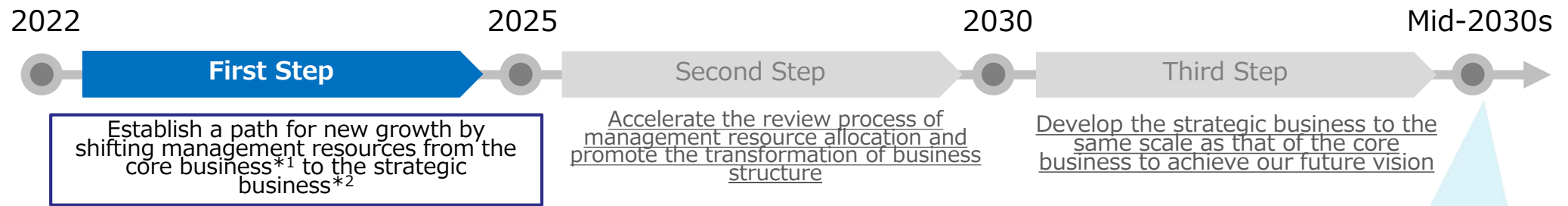


Clean energy manufacturing base

| | Clean energy manufacturing base | |
|---------------------------|--|---|
| | Methanation Demonstration Test Using Biogas-derived CO ₂ | Construction of Hydrogen Generating Plant at Chita-Midorihama factory |
| Image | | |
| Outline | Synthetic methane production and use as a raw material for city gas through methanation demonstration tests using biogas-derived CO ₂ and LNG cryogenic power generation. | Toho Gas set forth the goal to build up a firm position as a hydrogen supplier in Tokai region at an early stage by taking initiative from the view point of demand creation and supply system development toward establishing a hydrogen supply chain. |
| Place | At Chita LNG Terminal (in Chita-city, Aichi Prefecture) | At Chita-Midorihama factory (in Chita-city, Aichi Prefecture) |
| Amount to be appropriated | About ¥ 2.5 billion | |
| | Installation of NAS batteries for promoting the widespread use of renewable energy | Investment Participation in Offshore Wind Power Business in Taiwan |
| Outline | Toho Gas will install NAS batteries for the contribution to promoting widespread use of renewable energy, which will mark the first attempt in the Tokai region. | Mitsui O.S.K. Lines, Ltd., Toho Gas Co.,Ltd. and Hokuriku Electric Power Company have participated in Taiwan's offshore wind power business. |
| Place | At former site of Toho Gas's Tsu LNG station (in Tsu-city, Mie Prefecture) | Miaoli County, Taiwan |
| Amount to be appropriated | About ¥ 2.5 billion | About ¥ 5.0 billion |

<Reference 3> Outline of the Medium-term Management Plan (from FY2022 to FY2025) 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 make sure the path to new growth.



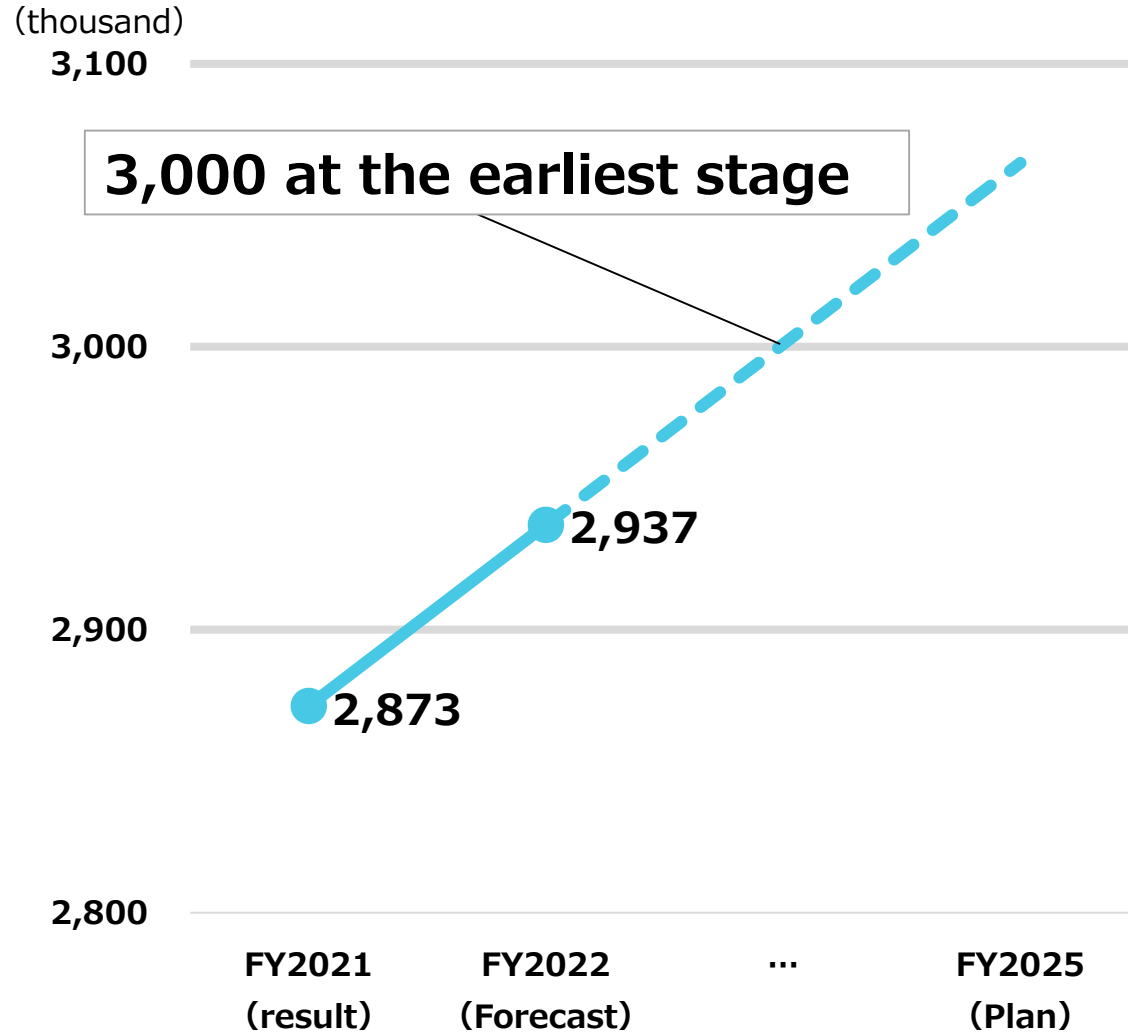
*1 Business to create cash flow as a long-term stable earnings base (e.g., city gas, LPG)

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

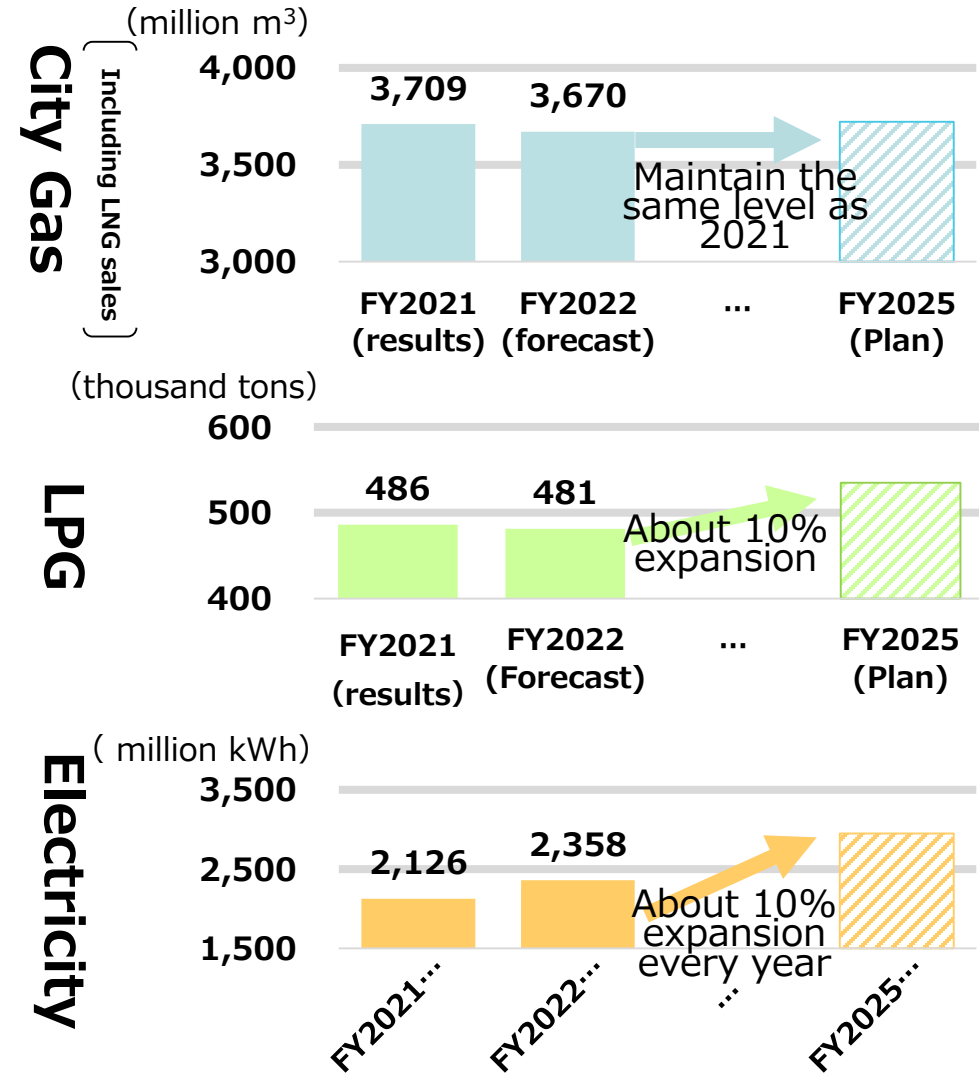
<Reference 3> Outline of the Medium-term Management Plan (from FY2022 to FY2025) Goals by FY2025



Number of customer accounts



Sales volume



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



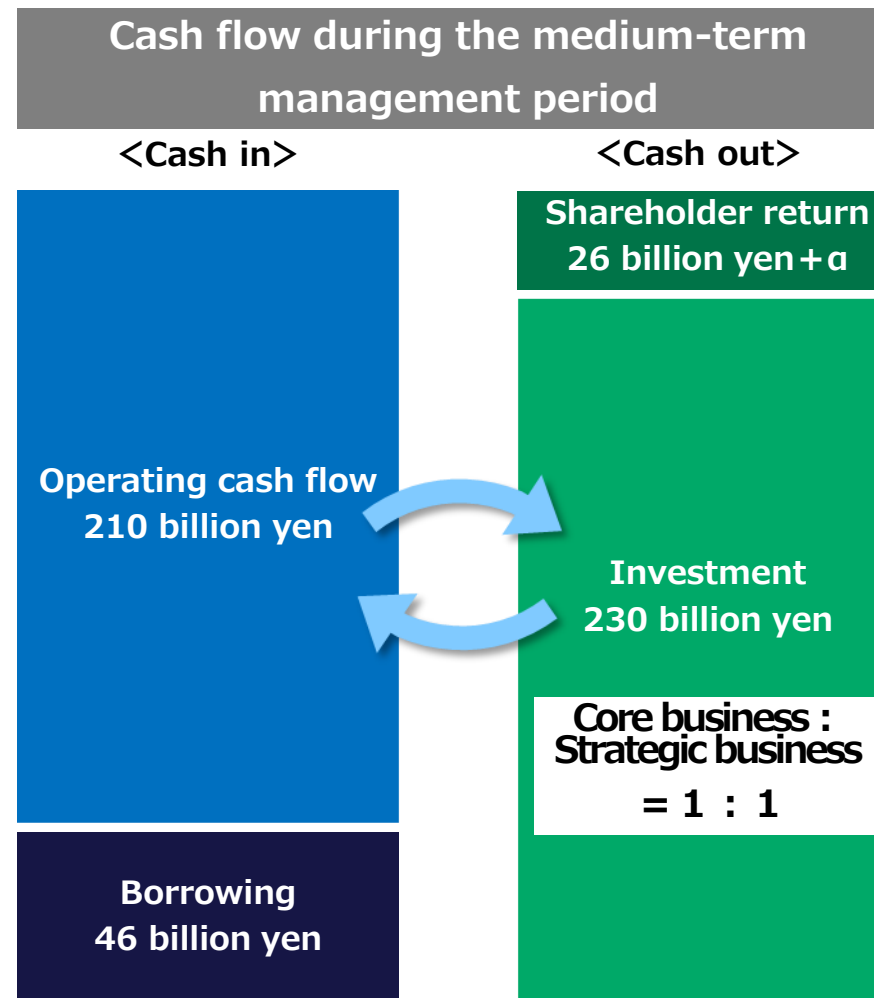
- | | |
|---------------|---|
| Policy | <ul style="list-style-type: none"> Accelerate investment for sustainable growth while maintaining the ability to generate operating cash flow Even in an investment expansion phase, balance between efficiency and soundness to manage the entire system |
|---------------|---|

| 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 |
|----------------------------------|--|



<Reference 4> 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 for FY2022 in annual base.

(¥ 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 | 8.1 | 9.9 | 8.3 | 5.5 | 8.8 | 5.8 | 5.8 | 7.6 | 6.3 |