



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

Results for  
the 3rd Quarter of FY2022  
(April - December 2022)

January 27, 2023

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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 3rd Quarter of FY2022

## (1) Summary

- **Number of customer accounts\*** increased by 1.5%

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

- **City gas sales volume** decreased by 2.9%, **LPG sales volume** decreased by 0.9%, **Electricity sales volume** increased by +14.5%
- **Sales** increased by ¥ 149.8 billion, **Ordinary Income** increased by ¥ 18.4 billion

Number of customer accounts		FY2022 Q3	FY2021 Q3	Change	Rate of change
		<b>Number of customer accounts (thousand)</b>	<b>2,908</b>	2,865	43

Energy Sales Volume		FY2022 Q3	FY2021 Q3	Change	Rate of change	
		<b>City Gas (million m<sup>3</sup>)</b>	<b>2,490</b>	2,564	-74	-2.9%
		<b>LPG (thousand tons)</b>	<b>332</b>	335	-3	-0.9%
	<b>Electricity (million kWh)</b>	<b>1,661</b>	1,451	210	14.5%	

Sales, Income		FY2022 Q3	FY2021 Q3	Change	Rate of change
		<b>Sales (billion yen)</b>	<b>486.0</b>	336.1	149.8
	<b>Ordinary Income (billion yen)</b>	<b>24.0</b>	5.5	18.4	333.7%

# 1. Results for the 3rd Quarter of FY2022

## (2) Number of customers, Sales Volume



Number of customer accounts		FY2022 Q3	FY2021 Q3	Change	Rate of change	Notes
	Number of customer accounts (thousand)	2,908	2,865	43	1.5%	
	City Gas* <sup>1</sup>	1,747	1,769	-22	-1.3%	Competitive effect
	LPG* <sup>2</sup>	600	602	-2	-0.3%	Competitive effect
	Electricity	561	494	67	13.6%	New development

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

Number of Gas meters(thousand)	2,571	2,548	23	0.9%	
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Energy Sales Volume		FY2022 Q3	FY2021 Q3	Change	Rate of change	Notes
	City Gas (million m <sup>3</sup> )	2,490	2,564	-74	-2.9%	
	Residential	349	378	-29	-7.7%	Due to a decrease in demand, by high temperatures, etc.
	Non-Residential	2,141	2,186	-45	-2.0%	Due to a decrease in production by shortage of parts supply, etc.
	LPG (thousand tons)	332	335	-3	-0.9%	
	Electricity (million kWh)	1,661	1,451	210	14.5%	
	Average Temperature (°C)	20.3	19.7	0.6	—	Average temperature over FY2021 (YoY) Q1: +0.8°C, Q2: +1.0°C, Q3: -0.1°C

# 1. Results for the 3rd Quarter of FY2022

## (3) Sales, Incomes



(¥ billion)

	FY2022 Q3	FY2021 Q3	Change	Rate of Change
<b>Sales</b>	<b>486.0</b>	336.1	149.8	44.6%
<b>Cost of sales</b>	<b>371.4</b>	239.3	132.0	55.2%
<b>Selling, general and administrative expenses</b>	<b>93.3</b>	93.9	-0.5	-0.6%
<b>Operating income</b>	<b>21.2</b>	2.8	18.3	645.3%
<b>Ordinary Income</b>	<b>24.0</b>	5.5	18.4	333.7%
<b>Net income attributable to owners of the parent</b>	<b>17.2</b>	3.9	13.3	341.6%

	FY2022 Q3	FY2021 Q3	Change
<b>Crude oil price (CIF national average)</b>	\$ 107.9 /bbl	\$ 74.0 /bbl	\$ 33.9/bb
<b>Currency exchange rate (TTM)</b>	¥ 136.5 /\$	¥ 111.1 /\$	¥ 25.4/\$

# 1. Results for the 3rd Quarter of FY2022

## (4) Factors for change in Ordinary Income

### ◆ Change from the previous year

**Ordinary Income ( ¥ 5.5 billion ⇒ ¥ 24.0 billion )  
+ ¥ 18.4 billion**

■ **Effect of gas sales volume** **- ¥ 2.0 billion**

■ **Impact of time lag in fuel cost adjustment system** **- ¥ 15.0 billion**

(FY2021 Q3 - ¥ 25.0 billion ⇒ FY2022 Q3 - ¥ 40.0 billion)

■ **Difference between purchase price and consumption price of gas resources** **+ ¥ 5.0 billion**

(FY2021 Q3 + ¥ 4.5 billion ⇒ FY2022 Q3 + ¥ 9.5 billion)

■ **Change in fixed costs, etc.** **+ ¥ 30.4 billion**

# 1. Results for the 3rd Quarter of FY2022

## (5) Balance Sheet



(¥ billion)

	FY2022 Q3	FY2021	Change
<b>Total assets</b>	<b>718.1</b>	655.5	62.5
<b>Net assets</b>	<b>390.3</b>	382.7	7.6
<b>Interest-bearing debts</b>	<b>180.9</b>	140.8	40.0
<b>Equity ratio</b>	<b>54.4%</b>	58.4%	-4.0 Point
<b>D/E ratio (times)</b>	<b>0.46</b>	0.37	0.09

	FY2022 Q3	FY2021 Q3	Change
<b>CAPEX</b> (Including investment)	<b>35.9</b>	37.8	-1.8
<b>Depreciation</b>	<b>27.2</b>	27.3	-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 32.3%

Number of customer accounts		FY2022 Forecasts	FY2021	Change	Rate of Change	Notes
		Number of customer accounts (thousand)	<b>2,937</b>	2,873	63	2.2%

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

Sales, Income		FY2022 Forecasts	FY2021	Change	Rate of Change	Notes	
		Sales (billion yen)	<b>680.0</b>	515.3	164.6	32.0%	The forecasts have not changed.
		Ordinary Income (billion yen)	<b>29.0</b>	21.9	7.0	32.3%	Previous forecasts: ¥23.0 billion

Based on crude oil price of 90 dollars/barrel and exchange rate of ¥135/dollar for Q4 FY2022.



## 2. Forecasts for FY2022

### (2) Number of Customers, Sales Volume

The forecasts have not changed.



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 <sup>3</sup> )	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) Sales, Incomes

(¥ billion)



	FY2022 Forecasts	FY2021	Change	Rate of Change	Notes
<b>Sales</b>	<b>680.0</b>	515.3	164.6	32.0%	The forecasts have not changed
<b>Operating income</b>	<b>25.0</b>	17.8	7.1	40.0%	Previous: ¥ 19.0 billion
<b>Ordinary Income</b>	<b>29.0</b>	21.9	7.0	32.3%	Previous: ¥ 23.0 billion
<b>Net income attributable to owners of the parent</b>	<b>21.0</b>	15.4	5.5	35.8%	Previous: ¥ 16.0 billion
<b>CAPEX</b> (Including investment)	<b>71.4</b>	60.3	11.0	18.3%	The forecasts have not changed
<b>Depreciation</b>	<b>36.8</b>	36.5	0.3	1.0%	"

#### 【Assumption】

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

	FY2022	FY2021 (Results)	Change	Notes		Gross profit of Gas business
<b>Crude oil price</b>	103.4	77.2	26.2	for Q4 FY2022 : \$ 90/bbl	<b>Crude oil price +1\$/bbl</b>	-¥ 0.2 billion
<b>Exchange rate</b>	136.1	112.4	23.7	for Q4 FY2022 : ¥ 135/\$	<b>Exchange rate +1¥/\$</b>	-¥ 0.4 billion

## 2. Forecasts for FY2022

### (4) Factors for change in Ordinary Income



#### ◆ Change from the previous year

**Ordinary Income ( ¥ 21.9 billion ⇒ ¥ 29.0 billion)**

**+ ¥ 7.0 billion**

■ **Effect of gas sales volume** **- ¥ 1.0 billion**

■ **Impact of time lag in fuel cost adjustment system** **+ ¥ 23.0 billion**

(FY2021 : - ¥ 35.0 billion ⇒ FY2022 : - ¥ 12.0 billion)

■ **Difference between purchase price and consumption price of gas resources** **- ¥ 5.5 billion**

(FY2021 : + ¥ 9.5 billion ⇒ FY2022 : + ¥ 4.0 billion)

■ **Change in fixed costs, etc.** **- ¥ 9.5 billion**

## 2. Forecasts for FY2022

### (5) Factors for change in Ordinary Income



#### ◆ Change from the previous Forecasts

**Ordinary Income ( ¥ 23.0 billion ⇒ ¥ 29.0 billion )**

**+ ¥ 6.0 billion**

■ **Effect of gas sales volume** **± ¥ 0.0 billion**

■ **Impact of time lag in fuel cost adjustment system** **+ ¥ 4.0 billion**

(Previous : - ¥ 16.0 billion ⇒ Revised : - ¥ 12.0 billion)

■ **Difference between purchase price and consumption price of gas resources** **- ¥ 0.5 billion**

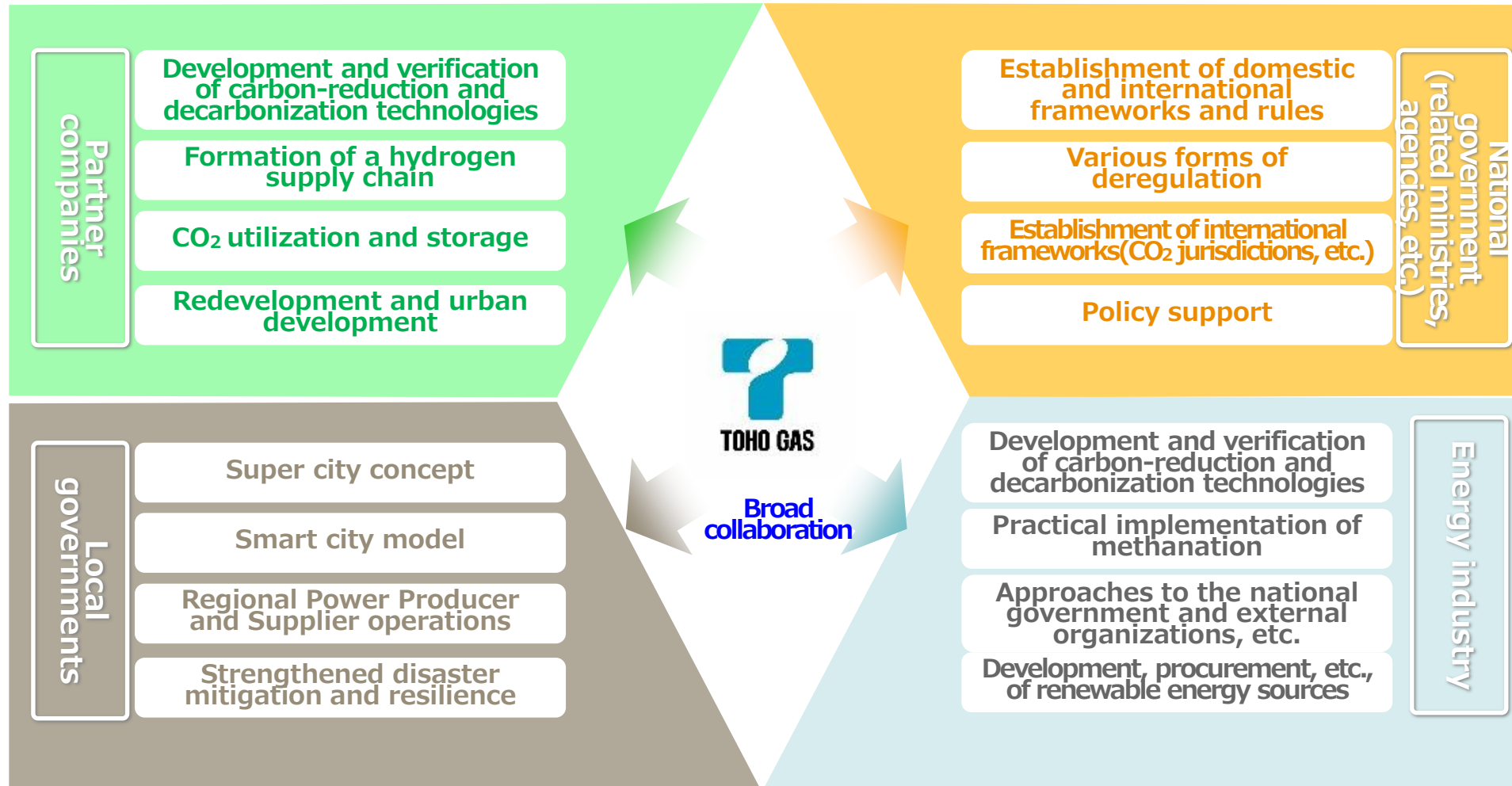
(Previous : + ¥ 4.5 billion ⇒ Revised : + ¥ 4.0 billion)

■ **Change in fixed costs, etc.** **+ ¥ 2.5 billion**

# <Reference1> initiatives for carbon neutrality①

## Toho Gas Group 2050 Carbon Neutrality Initiative (July 2021)

### Broad External Cooperation and In-house Systems



《Glossary》Super city concept :

An initiative aiming at social implementation geared toward antecedent achievement of a desired future to be brought about by around 2030 through the national government, local regions, and private operators working in concert

# <Reference1> initiatives for carbon neutrality②

<b>Local governments</b>	Execution of an agreement with Chita City, Aichi Prefecture on a methanation demonstration experiment using CO <sub>2</sub> derived from biogas
	Notice of the supply of carbon-neutral city gas to Kuwana City (Mie Prefecture) public facilities
	Establishment of "Suzuka Green Energy Co., Ltd." Aiming for Local Production and Local Consumption of Electricity and Decarbonization
	Comprehensive Partnership Agreement Concluded with Okazaki City to Promote Carbon Neutrality -First Comprehensive Partnership Agreement with Okazaki City-
	Establishment of Kariya Chiryu Mirai Electric Power Co., Ltd.
	Establishment of Ichinomiya Mirai Energy Co., Ltd.
	Our Company and Hashima City Conclude Comprehensive Partnership Agreement to Realize Zero Carbon City
	Executed a comprehensive partnership agreement with Kuwana City to realize a zero-carbon city

## <State of the regional new electric power establishment ceremony>



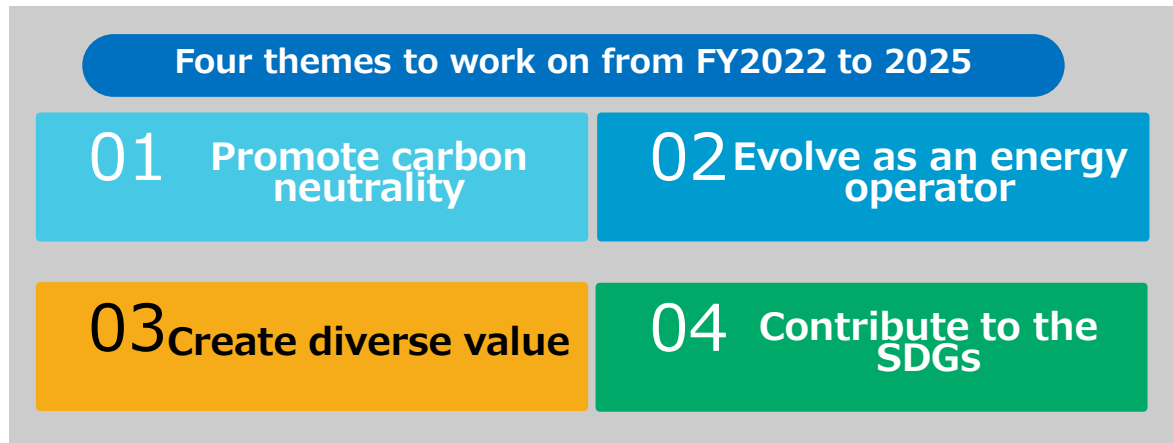
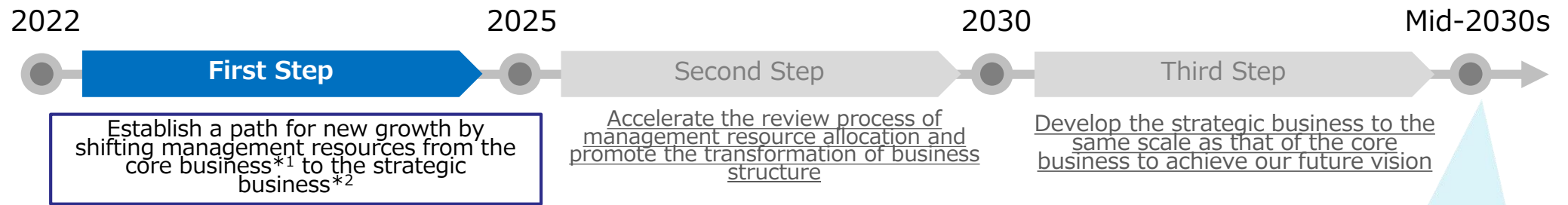
# <Reference1> initiatives for carbon neutrality③



Partner companies	Collaboration for the realization of carbon neutrality with Toyota Tsusyo Corporation and TotalEnergies (Building a value chain for hydrogen and synthetic methane)
	Launch of consulting services to support the realization of carbon neutrality for commercial customers
	Installation of NAS batteries for promoting the widespread use of renewable energy -First attempt in the Tokai Region-
	Participation in sales operation of natural gas for industrial use in Thailand
	Achieving fuel conversion for coal firing kilns -Reducing CO2 emissions by switching from heavy oil to city gas- ( Kani Plant of Daio Paper Corporation)
	Participation in sales business of natural gas for industrial use in Vietnam
National government	A Smart Town “minato AQUUS” Certificated as “Carbon Neutral Leading Area” by Ministry of the Environment
	Large-scale gas cogeneration hydrogen retrofit model dissemination issue survey adopted by NEDO "Hydrogen society construction technology development project / regional hydrogen utilization technology development"
Energy industry	Construction of biomass power plant in Yatsushiro City, Kumamoto Prefecture
	Established a consortium for offshore wind power generation business development in the Sea of Japan off the coast of Aomori Prefecture (VENA ENERGY, Shikoku Electric Power CO.,Inc., Toho Gas)
	Development and demonstration of CO2 separation and capture technology utilizing unused LNG cold energy selected for NEDO's "Green Innovation Fund Project"
	Construction of Hydrogen Generating Plant at Chita-Midorihama factory (Building hydrogen supply chain for contributions to Carbon Neutrality)
	Construction of the Biomass Power Plant in Tahara City (Aichi Prefecture), one of the largest 112,000KW woody biomass power plants in Japan, has started.
	Implementation of demand response service to promote power saving
	Issue Our First Transition Bond
	Tokyo Gas, Osaka Gas, Toho Gas and Mitsubishi Collaborate to Produce e-methane in the US and Transport It to Japan, Utilizing Cameron LNG, in Louisiana.

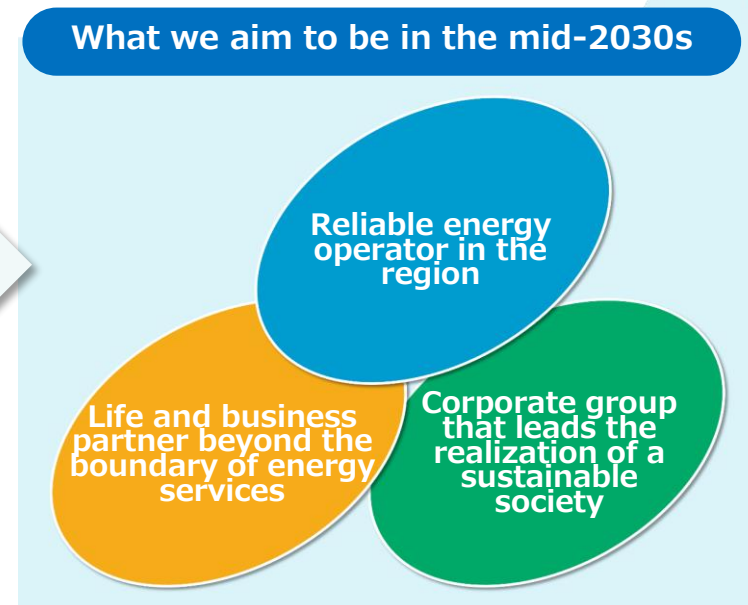
# <Reference 2> Outline of the Medium-term Management Plan (from FY2022 to FY2025) Positioning Medium-Term Management Plan

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)

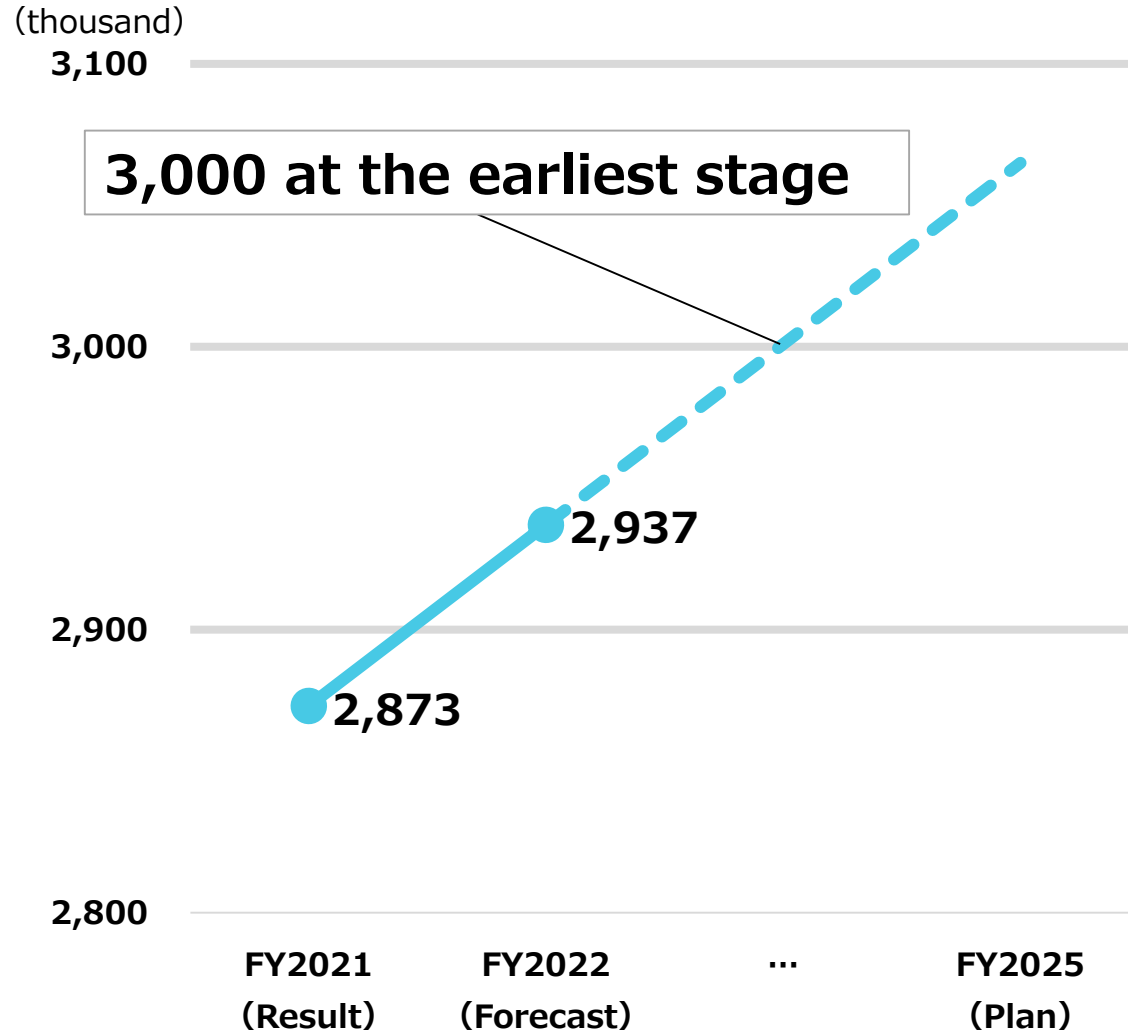




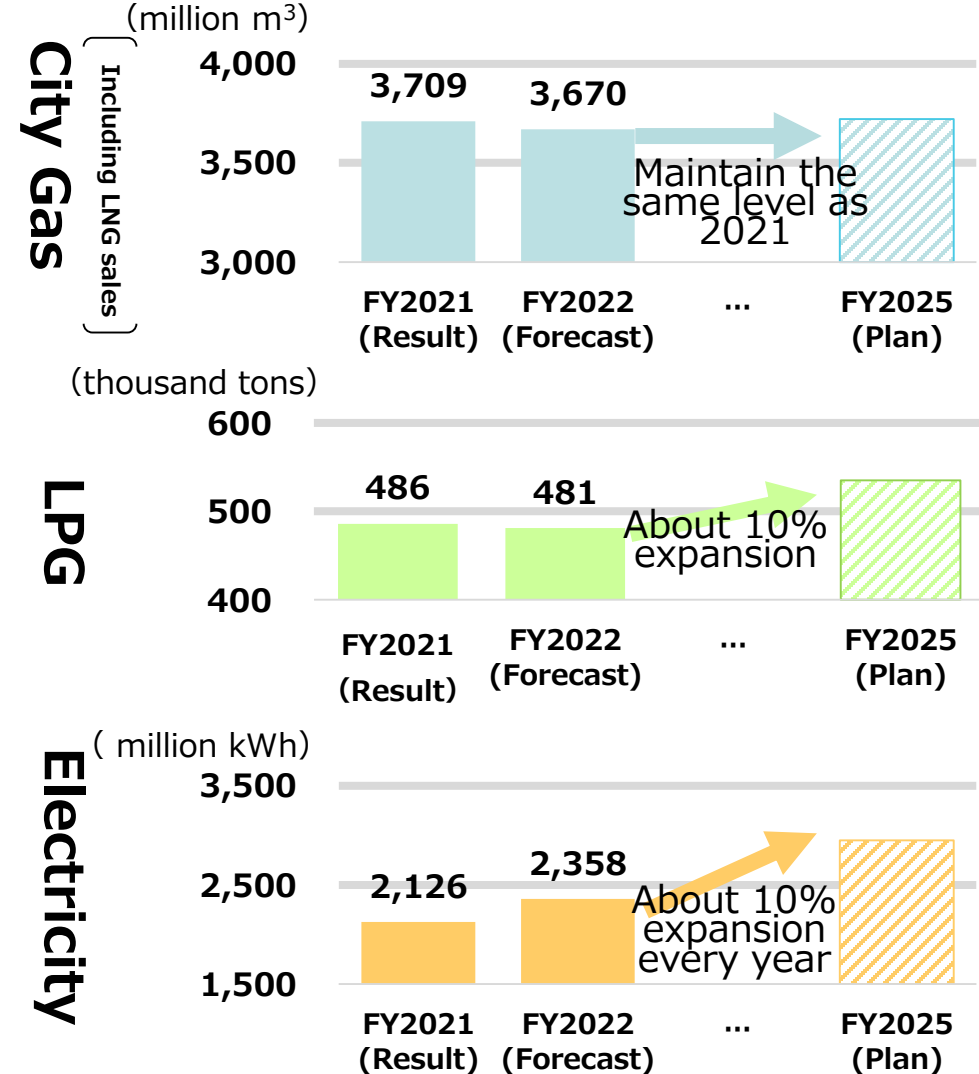
# <Reference 2> Outline of the Medium-term Management Plan (from FY2022 to FY2025) Goals by FY2025



## Number of customer accounts



## Sales volume



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

## Management index



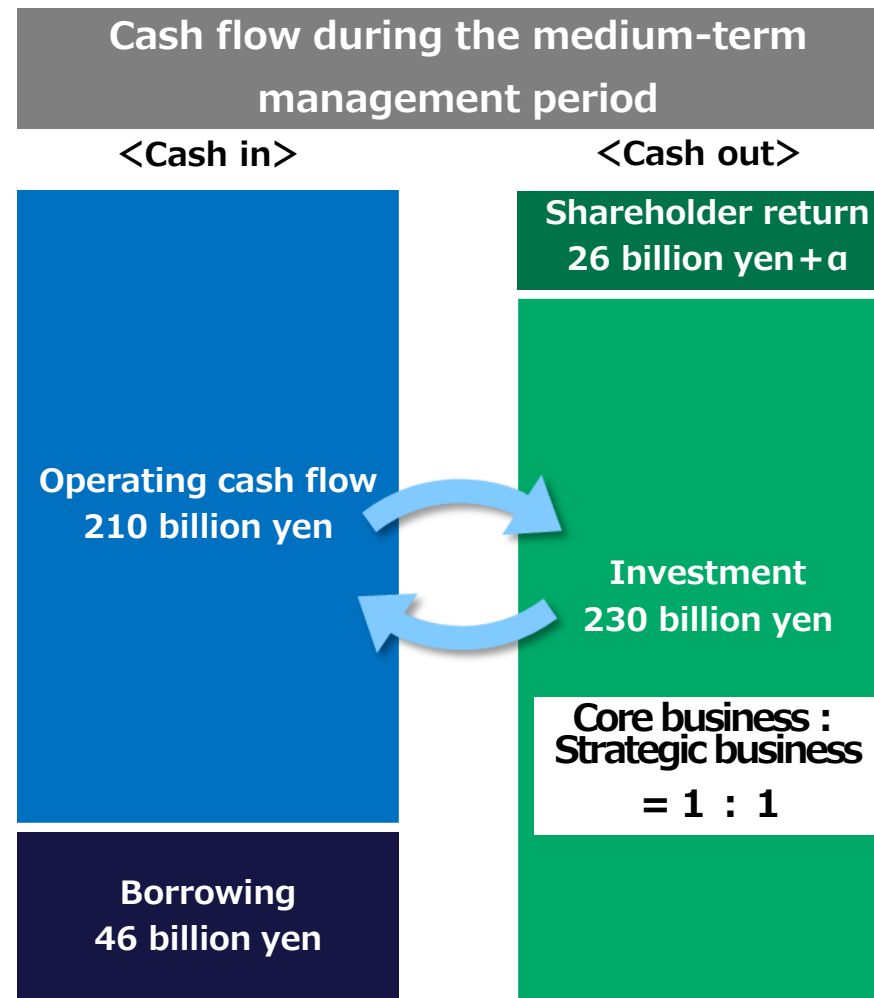
- |               |   |
|---------------|---|
| <b>Policy</b> | <ul style="list-style-type: none"> <li>Accelerate investment for sustainable growth while maintaining the ability to generate operating cash flow</li> <li>Even in an investment expansion phase, balance between efficiency and soundness to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

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%

<b>Shareholder return policy</b>	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
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## <Reference 3> 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	21.0
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



東邦ガス

100<sup>th</sup>  
anniversary