



— TOHO GAS CO.,LTD. —

Consolidated Financial Results

Results for FY2022

(April 2022 - March 2023)

April 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. Consolidated Results for FY2022

(1) Number of customers, Sales Volume



Number of customer accounts		FY2022	FY2021	Change	Rate of Change	Notes
	Number of customer accounts (thousand)	2,921	2,873	48	1.7%	
	City Gas	1,741	1,756	△15	△0.9%	
	LPG*	604	603	1	0.2%	
	Electricity	576	514	62	12.0%	Development

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

Number of Gas meters(thousand)	2,579	2,555	24	1.0%	Development
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Energy Sales Volume		FY2022	FY2021	Change	Rate of Change	Notes
	City Gas (million m ³)	3,454	3,613	△159	△4.4%	
	Residential	583	640	△56	△8.8%	Due to a decrease in demand by high temperatures, energy-saving, etc.
	Non-Residential	2,871	2,973	△102	△3.4%	Due to a decrease in production by shortage of parts supply, etc.
	LPG (thousand tons)	475	486	△10	△2.1%	Due to a decrease in demand by high temperatures, etc.
	Electricity (million kWh)	2,369	2,126	243	11.4%	Increase in customer base, etc
	Average Temperature (°C)	17.3	16.4	0.9	—	

1. Consolidated Results for FY2022

(2) Sales, Incomes

(¥ billion)



	FY2022	FY2021	Change	Rate of Change
Sales	706.0	515.3	190.7	37.0%
Cost of sales	525.8	361.6	164.2	45.4%
Selling, General and Administrative Expenses	136.4	135.8	0.6	0.4%
Operating income	43.7	17.8	25.8	144.9%
Ordinary Income	48.1	21.9	26.2	119.8%
Net Income Attributable to Owners of the Parent	33.7	15.4	18.2	118.1%

【Appendix】

	FY2022	FY2021	Change
Crude Oil Price (CIF national average)	\$ 102.7 /bbl	\$ 77.2 /bbl	+ \$ 25.5/bb
Exchange Rate (TTM)	¥ 135.5 /\$	¥ 112.4 /\$	+ ¥ 23.1/\$

1. Consolidated Results for FY2022

(3) Segment information

(¥ billion)



Net Sales		FY2022	FY2021	Change	Rate of Change
	Gas	460.3	324.4	135.9	41.9%
LPG and other Energies	110.5	95.5	14.9	15.6%	
Electricity	108.2	71.4	36.8	51.5%	
Others	54.5	47.6	6.9	14.6%	
Adjustments	△27.7	△23.8	△3.8	—	
Total	706.0	515.3	190.7	37.0%	

Segment income or loss		FY2022	FY2021	Change	Rate of Change
	Gas	46.1	9.0	37.1	412.1%
LPG and other Energies	2.3	2.0	0.3	17.6%	
Electricity	△10.5	2.4	△12.9	—	
Others	4.2	3.1	1.1	36.9%	
Adjustments	1.5	1.3	0.2	—	
Total	43.7	17.8	25.8	144.9%	

1. Consolidated Results for FY2022

(4) YoY Factorization in Ordinary Income

(¥ billion)



Operating Income +25.8 (17.8⇒43.7)

**Gas
+37.1
(9.0⇒46.1)**

- Effect of gas sales volume $\triangle 5.0$
- Effect of Time lag in fuel cost adjustment system, etc. +17.5
- Others +24.6

**Other than Gas
 $\triangle 11.2$
(8.8⇒ $\triangle 2.3$)**

- Electricity $\triangle 12.9$
- Others +1.7

Non-operating income +0.3 (4.0⇒4.4)

**Ordinary Income
+26.2
(21.9⇒48.1)**

1. Consolidated Results for FY2022

(5) Financial Position



(¥ billion)

	FY2022	FY2021	Change
Total assets	693.5	655.5	37.9
Net assets	402.5	382.7	19.7
Interest-bearing debts	146.6	140.8	5.8
Equity ratio (Point)	58.0%	58.4%	△0.4
D/E ratio (times)	0.36	0.37	△0.01
ROA (Point)	5.0%	2.5%	2.5
ROE (Point)	8.6%	4.2%	4.4

	FY2022	FY2021	Change
Cash flows from operating activities	56.4	35.4	20.9
Cash flows from investment activities	△52.4	△54.8	2.4
Free Cash Flows	3.9	△19.4	23.4
Cash flows from financing activities	△2.9	0.6	△3.5
Net (decrease) increase in cash and cash equivalents	1.7	△18.4	20.1
Cash and cash equivalents at end of period	33.8	32.1	1.7
CAPEX (Including investment)	60.1	60.3	△0.1
Depreciation	36.2	36.5	△0.2

2. Consolidated Forecast for FY2023

(1) Number of Customers, Sales Volume



Number of customer accounts		FY2023 Forecast	FY2022 Results	Change	Rate of Change	Notes
	Number of customer accounts (thousand)	2,975	2,921	54	1.8%	
	City Gas	1,752	1,741	12	0.7%	
	LPG*	619	604	15	2.4%	
	Electricity	604	576	28	4.8%	Development

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

Number of Gas meters(thousand)	2,599	2,579	19	0.7%	Development
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Energy Sales Volume		FY2023 Forecast	FY2022 Results	Change	Rate of Change	Notes
	City Gas (million m ³)	3,572	3,454	118	3.4%	
	Residential	607	583	24	4.1%	Bounce back from previous year's high temperature, etc.
	Non-Residential	2,965	2,871	95	3.3%	Increase in operation of customer facilities, etc.
	LPG (thousand tons)	480	475	4	0.9%	
Electricity (million kWh)	2,539	2,369	170	7.2%	Increase in customer base, etc.	

Average Temperature(°C): 16.5 (FY2023 Forecast), 17.3 (FY2022 Results)

2. Consolidated Forecast for FY2023

(2) Sales, Incomes

(¥ billion)

	FY2023 Forecasts	FY2022 Results	Change	Rate of Change
Sales	670.0	706.0	△36.0	△5.1%
Operating income	22.0	43.7	△21.7	△49.7%
Ordinary Income	26.0	48.1	△22.1	△46.0%
Net income attributable to owners of the parent	18.0	33.7	△15.7	△46.6%
CAPEX (Including investment)	70.4	60.1	10.2	17.0%
Depreciation	38.2	36.2	2.0	5.6%

【Assumption】

(\$/bbl, ¥/\$)

	FY2023 Forecast	FY2022 Results	Change
Crude oil price	90.0	102.7	-12.7
Exchange rate	140.0	135.5	4.5

【Sensitivity (full-year)】

	Gross profit of Gas business
Crude oil price +1\$/bbl	-¥ 0.35 billion
Exchange rate +1¥/\$	-¥ 0.20 billion

2. Consolidated Forecast for FY2023

(3) YoY Factorization in Ordinary Income

(¥ billion)



Operating Income **-21.7** (43.7⇒22.0)

Gas
-28.0
(46.1⇒18.0)

- Effect of gas sales volume +4.0
- Effect of Time lag in fuel cost adjustment system, etc. +10.5
- Others -42.5

Other than Gas
+6.3
(-2.3⇒4.0)

Non-operating income **-0.4** (4.4⇒4.0)

Ordinary Income
-22.1
(48.1⇒26.0)

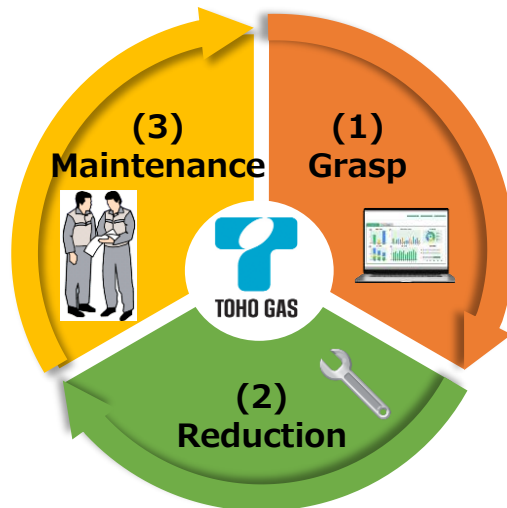
【Reference 1】 Promote carbon neutrality

Reductions of carbon and decarbonization at customer locations

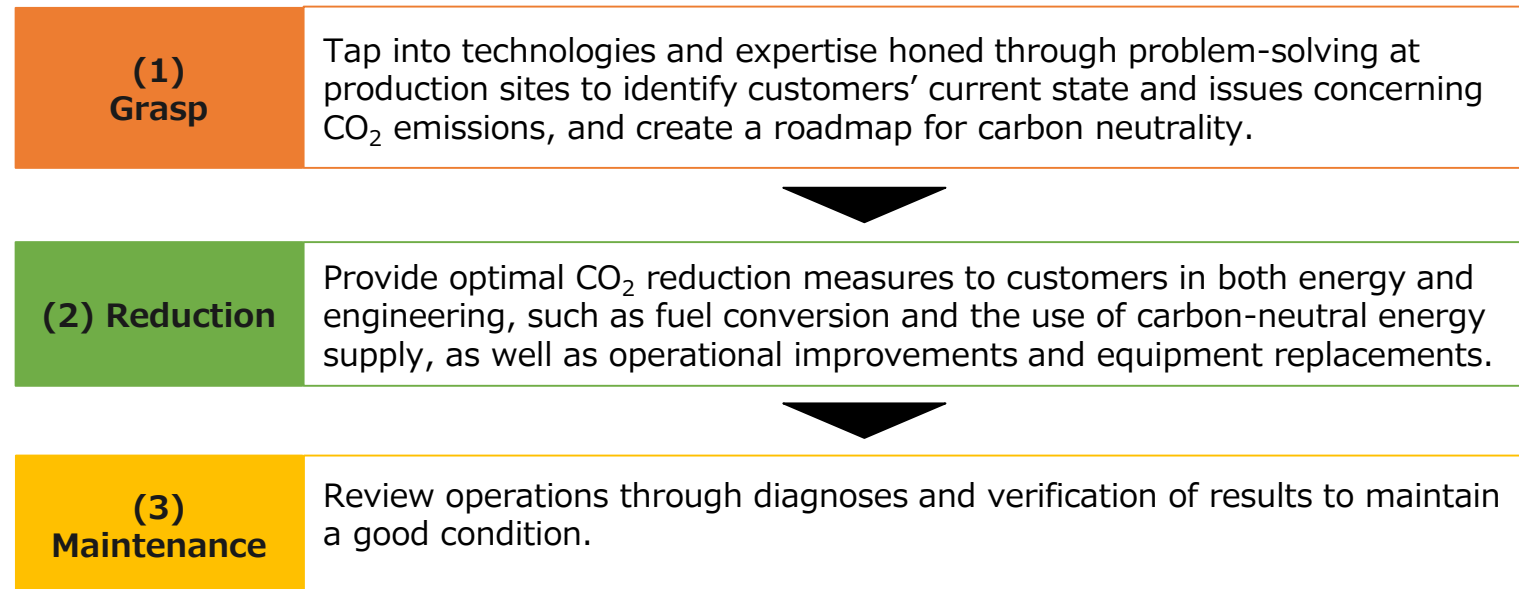
We will expand our CN×P business, which supports customers in achieving carbon neutrality based on the key concept of “Do everything we can to achieve carbon neutrality.”

CN×P business* that supports customers to achieve carbon neutrality

- The CN×P business is a service in which the Group, as an energy **Professional**, provides support with a one-stop **Package** from consulting to engineering, and works together with customers as a **Partner** in achieving carbon neutrality.
- Taking advantage of our strength in making proposals for integrated energy and engineering solutions, we will contribute to the realization of carbon neutrality by repeating the cycle: (1) Grasp, (2) Reduction and (3) Maintenance according to customers’ situations and technological innovations.



* CN stands for carbon neutrality.



【Reference 1】 Promote carbon neutrality

Reductions of carbon and decarbonization at customer locations

(1) Grasp CO₂ emissions

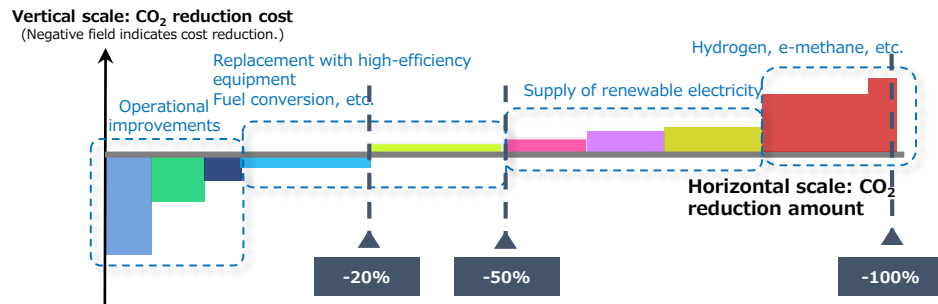
- Visualize the overall picture of CO₂ emissions (visualize the amounts and sources of emissions).
- Choose appropriate CO₂ reduction measures and prioritize them by cost effectiveness.
- Set CO₂ reduction targets and formulate a roadmap for the medium to long term.

Visualize CO₂ emissions for each product

- Identify CO₂ emissions for each product according to the situation of the production site.
- Enables the identification and implementation of more effective CO₂ reduction measures.

Support the formulation of an emissions reduction roadmap

- Present visual CO₂ reduction measures in order of cost effectiveness as tailored to the customer, and create our original CN curve as a medium-to long-term benchmark.



Visualize CO₂ reduction measures in order of cost effectiveness, as tailored to the customer.

Emissions reduction roadmap (example of our original CN curve)

(2) Reduce CO₂ emissions

- Promote reductions of carbon and decarbonization by switching fuel from coal and oil to natural gas.
- Improve operations, introduce energy-saving measures, and replace them with high-efficiency equipment.
- Utilize carbon-neutral energy.
 - Carbon-neutral LNG.
 - Supply renewable electricity (on-site solar power generation services, etc.).
 - Utilize hydrogen (technical support for hydrogen combustion or mixed combustion, future hydrogen supply).

Low carbonization through fuel conversion of heat demand (Example of Daio Paper Corporation)

- Fuel conversion from heavy fuel oil from the coal burning kiln at Kani Works led to CO₂ reduction worth approx. 11,000 tons per year (equivalent to 30% of lime combustion).

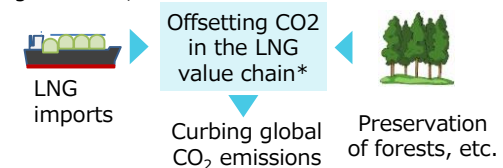


Overall view of lime combustion kiln

Combustion part

Carbon-neutral LNG

- After the start of supply in August 2021, gradually expand transaction volume in accordance with customer needs.
- Contribute to customer's CO₂ reduction through continued flexible procurement and research and examination of projects that lead to credit generation, etc.



* All stages from natural gas extraction to combustion at the customer's site

(3) Maintain a good condition

- On-site diagnosis and monitoring of CO₂ emissions, and maintenance of equipment introduced.
- Verify results and consider new CO₂ reduction measures.

【Reference 2】 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/share for FY2022 in annual base.

(¥ billion)

FY	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (Forecast)
Net income attributable to the parent(consolidated)	19.0	43.0	17.7	18.0	14.8	16.2	8.5	15.4	33.7	18.0
Cash dividend [Dividend per share]	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]	6.3 [¥60]
Share buy-back	2.9	4.5	2.9	-	2.9	-	-	1.5	-	-
Total return	8.0	9.9	8.2	5.5	8.7	5.8	5.8	7.6	6.3	6.3

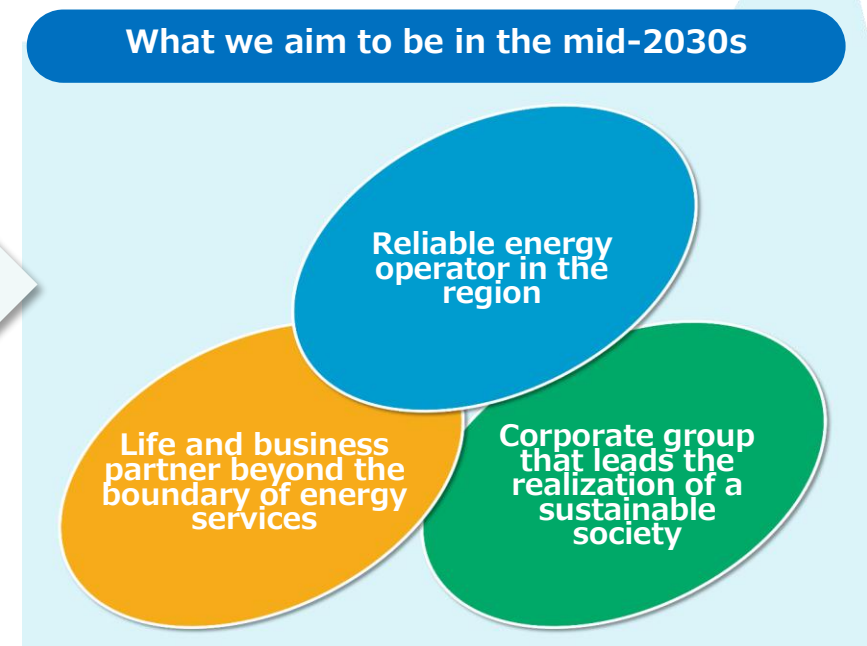
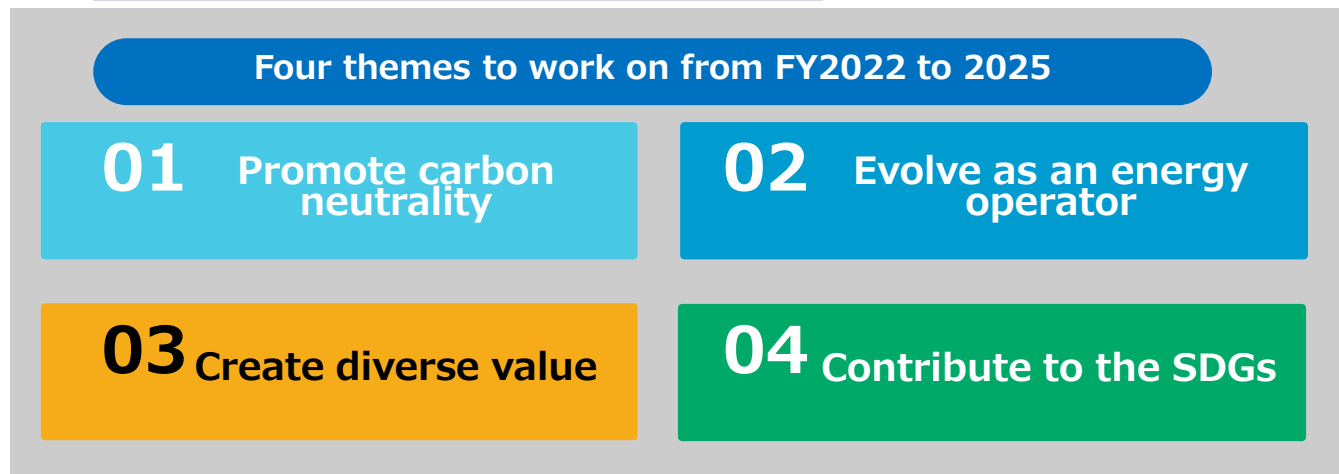
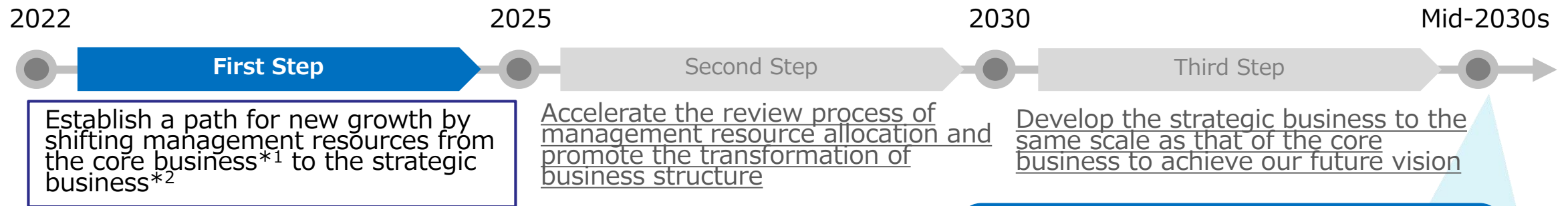
【Reference 3】

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)

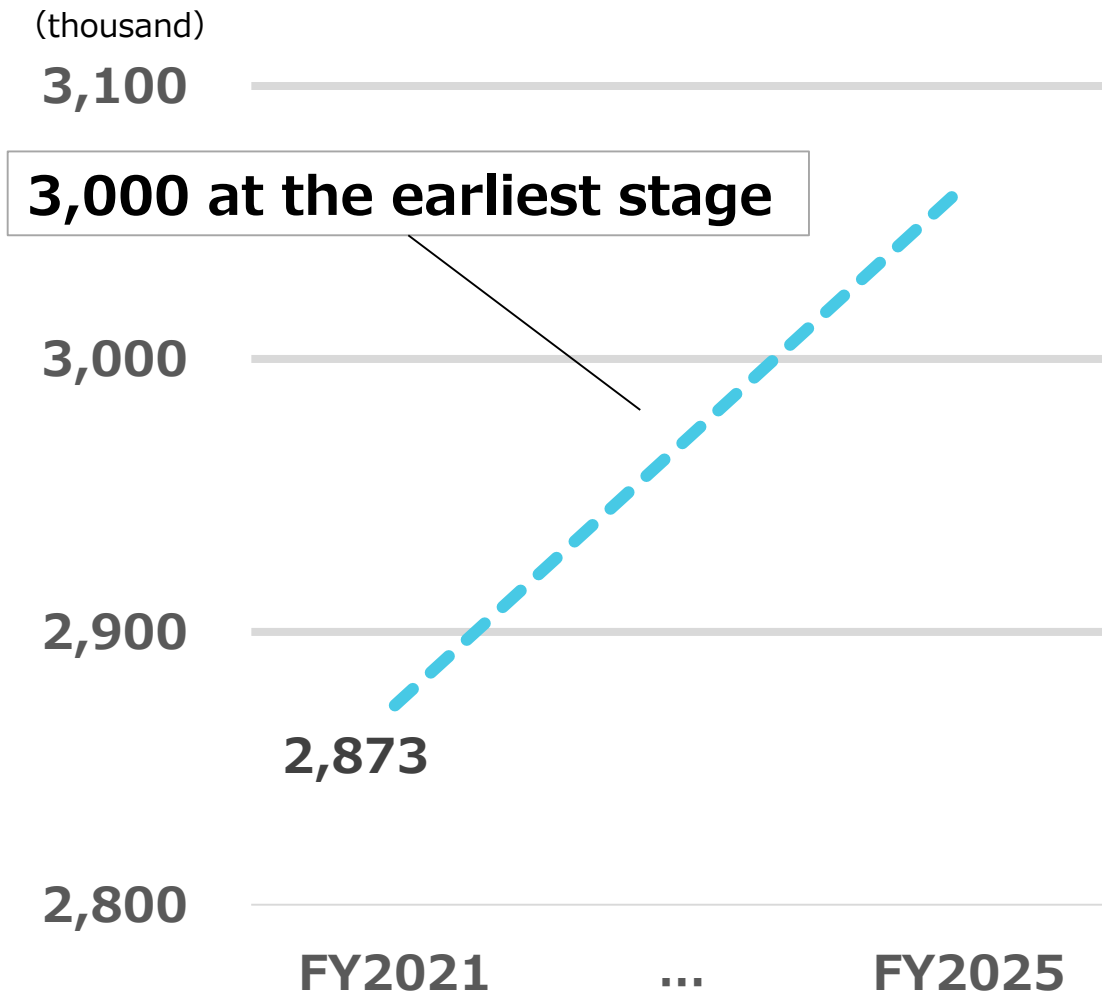
*2 Business that drives medium- to long-term growth (e.g., electricity, energy services, living/business support)

【Reference 3】

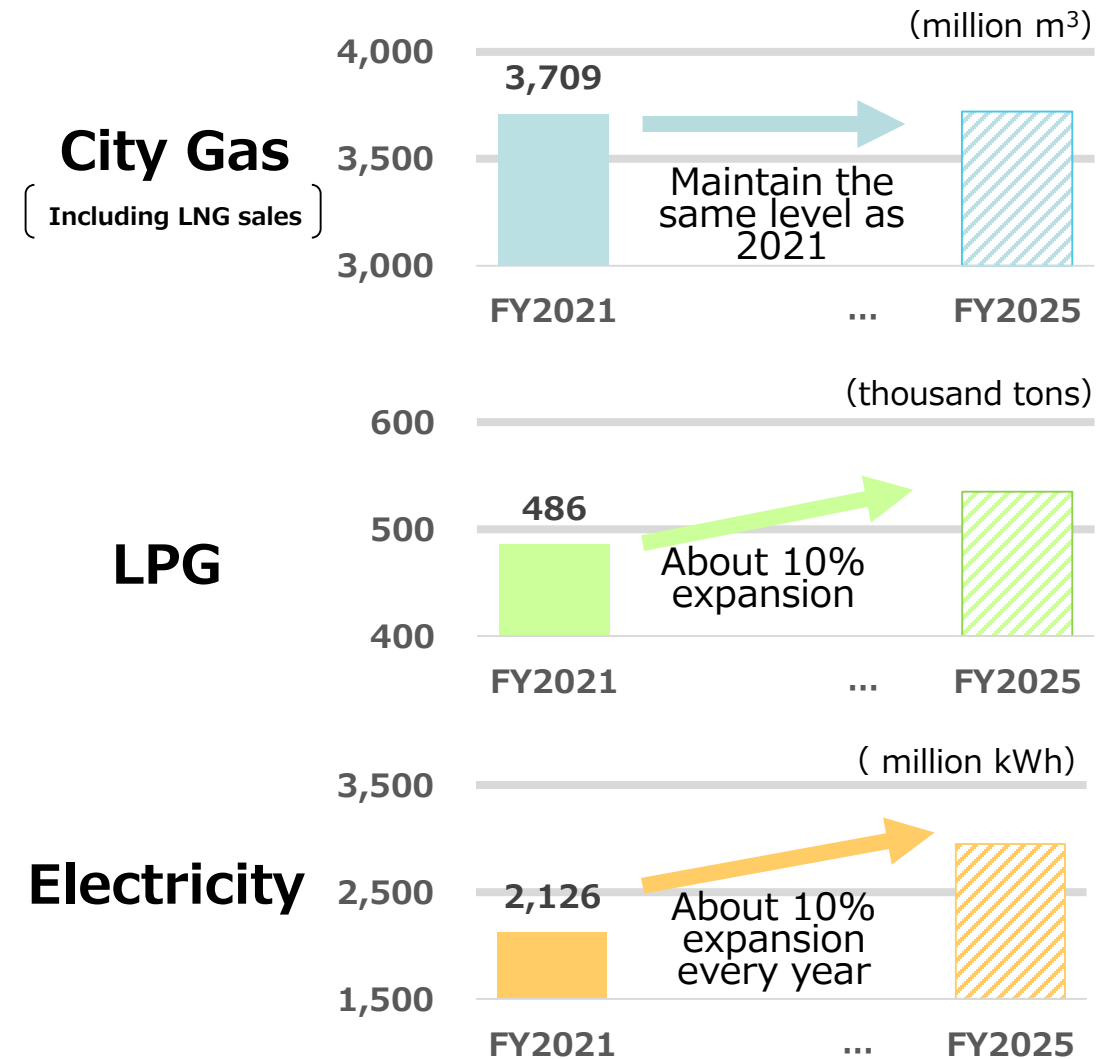
Medium-Term Management Plan (From FY2022 to FY2025)

- Sales Targets -

Number of customer accounts



Sales volume



【Reference 3】

Medium-Term Management Plan (From FY2022 to FY2025)

- Management Index -



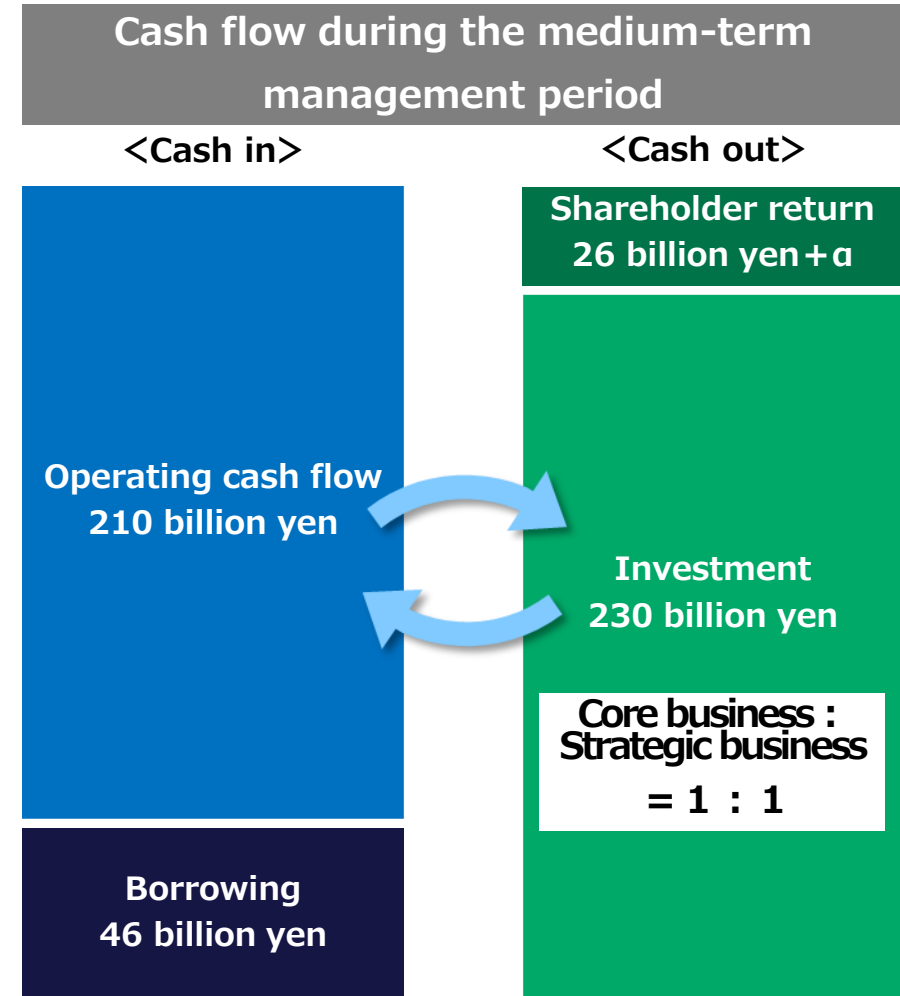
Policy	<ul style="list-style-type: none"> Accelerate investment for sustainable growth while maintaining the ability to generate operating cash flow Even in an investment expansion phase, balance between efficiency and soundness to manage the entire system
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Management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