



Consolidated Financial Statements

TOHO GAS Co., Ltd.

For the Years ended March 31,
2023 and 2024
Together with Independent
Auditor's Report

KPMG AZSA LLC
July 2024



Independent auditor's report

To the Board of Directors of TOHO GAS Co., Ltd.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of TOHO GAS Co., Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2024 and 2023, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of the reported gas revenue and electricity revenue

The key audit matter	How the matter was addressed in our audit
As described in Note 15. Segment information to the consolidated financial statements, Toho Gas Co., Ltd. (the “Company”) and its consolidated subsidiaries reported revenues of the Gas Sales and the	The primary procedures we performed to assess the accuracy of the reported gas revenue and electricity revenue included the following: (1) Internal control testing

Electricity segments amounting to ¥413,675 million (\$2,739,570 thousand) and ¥88,279 million (\$584,629 thousand), respectively, which in aggregate represented 79.3% of total revenue in the consolidated financial statements. Of these amounts, revenues from gas and electricity sales excluding those from wholesale customers (“gas revenue and electricity revenue”) were particularly material in terms of the number of transactions and the amount reported.

The amounts of gas revenue and electricity revenue are calculated using relevant data, such as the contract terms based on contracts with customers and sales volume based on metered data. Reporting gas revenue and electricity revenue involves risks of material misstatement in terms of the accuracy of the reported amount, mainly for the following reasons:

- while the values of individual transactions are small, the numbers of customers and contracts with them are significant and there are an enormous number of transactions to be processed;
- the reporting process, where the reported amounts are automatically calculated/aggregated in the application system and interfaced to the accounting system, is highly dependent on automated controls within the application systems; and
- any error in contract terms data, sales volume data or automatic calculation logic may have pervasive impact and cause a significant effect on financial reporting, due to the high dependency on automated controls.

We, therefore, determined that our assessment of the accuracy of the reported gas revenue and electricity revenue was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the process for reporting gas revenue and electricity revenue. In this assessment, which was performed based on our understanding of the reporting system and with the assistance of our IT specialists, we focused our testing on the following:

- procedures to approve the execution of contracts;
- automated controls in which error reports are generated showing abnormal metered data that has deviated from a certain range calculated with the values from the previous metering;
- procedures to review the error reports showing abnormal metered data;
- automated controls over billing amount calculations based on the relevant data such as the contract terms and sales volume;
- procedures to approve manual corrections of the results of automatic calculations; and
- automated controls over the accuracy and completeness of data interfaced from the application system to the accounting system.

In understanding the process for reporting gas revenue and electricity revenue, we developed and analyzed a process flow chart, in order to clearly identify where in the reporting process the risks of material misstatement existed and whether any controls were in place to address them.

(2) Performance of substantive procedures

We performed the following procedures, among others:

- developed our own estimates of gas revenue to be reported by disaggregating the population into each use and compared the estimates with the actual gas revenue;
- developed our own estimates of electricity revenue by disaggregating the population into each billing menu category and compared the estimates with the actual electricity revenue;
- identified commercial-scale gas customers who showed statistical outliers in the relationship between the sales volume and the unit prices, inquired of personnel in the relevant departments about such customers, and inspected contracts with

	<p>such customers; and</p> <ul style="list-style-type: none"> ● obtained responses to the account balance confirmations directly from customers selected based on the materiality of the amount from a population of receivable balances related to gas revenue and electricity revenue and agreed the balances in the responses to the book balances.
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Reasonableness of the estimates of the additional provision for safety measures recognized in the current fiscal year	
The key audit matter	How the matter was addressed in our audit
<p>Toho Gas Co., Ltd. (the “Company”) and its consolidated subsidiaries recognized a provision for safety measures of ¥21,666 million (\$143,483 thousand) in the consolidated balance sheet as of March 31, 2024. This is mainly attributed to Toho Gas Network Co., Ltd., a consolidated subsidiary of the Company.</p> <p>As described in Note 3. “Significant accounting estimates” to the consolidated financial statements, the provision for safety measures is recognized to prepare for expenditures required to replace the white-galvanized branch pipes, pipes buried under the main roads that are important in terms of disaster prevention, white-galvanized supply pipes and other aged pipes (collectively, “gas pipes”). The amount of the provision is estimated based on the length of such gas pipes, as well as the replacement cost calculated according to past results.</p> <p>While Toho Gas Network Co., Ltd. had been proceeding with the work to replace aged pipes with new pipes as previously planned, as described in Note 4. “Changes in accounting estimates” to the consolidated financial statements, Toho Gas Network Co., Ltd. decided to review its plans based on latest information such as the promotion of measures through the application of a newly developed construction method. Following the decision, the Company increased the provision for safety measures by ¥3,031</p>	<p>The primary procedures we performed to assess whether the Company’s estimate of the additional provision for safety measures recognized in the current fiscal year was reasonable included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the estimates of the provision for safety measures. In this testing, we focused on the controls related to the length of gas pipes requiring safety measures and the replacement cost, which were key assumptions used to estimate the amount of the provision for safety measures.</p> <p>(2) Assessment of the reasonableness of the provision for safety measures</p> <p>We performed the following procedures, among others:</p> <ul style="list-style-type: none"> ● assessed whether the gas pipes for which measures could be implemented based on the newly developed construction method were reflected in the provision for safety measures, by inspecting the documents regarding the approval of the application of the newly developed construction method; ● assessed whether all the length of gas pipes requiring safety measures were included in the calculation of the provision for safety measures by comparing the length with system data; ● assessed the appropriateness of the method used to estimate the length of gas pipes requiring safety measures and examined the consistency of the supporting data used for the estimation with the past results; and

million (\$20,073 thousand) in the current fiscal year. The estimated amount of the provision was based on the length of such gas pipes, the replacement cost calculated according to past results, and the estimates obtained from the contractor. Accordingly, management's judgment thereon had a significant effect on the estimated amount of the provision.

We, therefore, determined that our assessment of the reasonableness of the estimates of the additional provision for safety measures recognized in the current fiscal year was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

- assessed the appropriateness of the replacement cost by comparing the past replacement costs and the estimates obtained from the contractor which were used as the basis of estimating the replacement cost, with documents prepared by external parties.

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. The other information is expected to be made available to us after the date of this auditor's report. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of

accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 99 million yen and 4 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

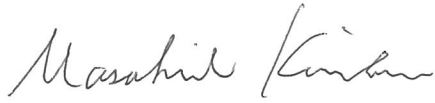
We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Noriko Shinke

Designated Engagement Partner

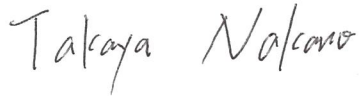
Certified Public Accountant



Masahide Kinbara

Designated Engagement Partner

Certified Public Accountant



Takaya Nakano

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Nagoya Office, Japan

July 30, 2024

Consolidated Balance Sheets

TOHO GAS CO., LTD. and Consolidated Subsidiaries

March 31, 2024 and 2023

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Property, plant and equipment (Notes 11 and 19):			
Production facilities -----	¥269,001	¥268,544	\$1,781,464
Distribution facilities -----	1,049,551	1,015,664	6,950,669
Service and maintenance facilities -----	77,203	78,953	511,278
Other facilities -----	131,920	133,840	873,642
Construction in progress -----	19,517	29,864	129,252
	1,547,192	1,526,865	10,246,305
Accumulated depreciation -----	(1,249,408)	(1,222,465)	(8,274,225)
Total property, plant and equipment -----	297,784	304,400	1,972,080
Intangible assets (Note 11): -----	14,681	12,937	97,225
Investments and other assets:			
Investment securities (Notes 7,8 and 11) -----	166,986	129,425	1,105,868
Long-term loans receivable -----	12,822	12,351	84,914
Net defined benefit assets (Note 10)-----	41,263	26,346	273,265
Deferred tax assets (Note 12) -----	2,432	2,567	16,106
Other (Note 18) -----	18,066	16,489	119,642
Allowance for doubtful accounts -----	(77)	(76)	(510)
Total investments and other assets -----	241,492	187,102	1,599,285
Current assets:			
Cash and cash equivalents (Notes 7 and 11) -----	25,431	33,825	168,417
Receivables:			
Trade notes and accounts receivable and contract assets (Note 7) ----	84,409	87,750	559,000
Allowance for doubtful accounts -----	(784)	(857)	(5,192)
Lease receivables and investment assets -----	16,689	15,093	110,523
Inventories (Note 9) -----	30,610	37,550	202,715
Other (Notes 7 and 18) -----	24,212	15,719	160,344
Total current assets -----	180,567	189,080	1,195,807
Deferred charges -----	-	-	-
Total assets -----	¥734,524	¥693,519	\$4,864,397

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
Liabilities and Net Assets	2024	2023	2024
Noncurrent liabilities:			
Long-term debt (Notes 7 and 11) -----	¥127,783	¥115,463	\$846,245
Provision for gas holder repairs -----	898	1,000	5,947
Reserve for safety measures -----	21,666	21,629	143,483
Deferred tax liabilities (Note 12) -----	13,661	2,305	90,470
Net defined benefit liability (Note 10) -----	6,184	5,943	40,954
Provision for gas appliance warranties -----	1,790	1,964	11,854
Other -----	12,644	10,564	83,736
Total noncurrent liabilities -----	184,626	158,868	1,222,689
Current liabilities:			
Short-term loans payable (Notes 7 and 11) -----	2,088	2,680	13,828
Current portion of noncurrent liabilities (Notes 7 and 11) ---	5,499	24,306	36,417
Trade notes and accounts payable (Note 7) -----	35,588	40,401	235,682
Income taxes payable -----	4,065	15,016	26,921
Other -----	45,805	49,745	303,344
Total current liabilities -----	93,045	132,148	616,192
Net assets (Notes 13 and 21):			
Shareholders' equity:			
Capital stock:			
Authorized - 160,000,000 shares			
Issued - 105,256,285 shares in 2024 and 105,256,285 shares in 2023 -----	33,073	33,073	219,026
Capital surplus -----	8,387	8,387	55,543
Retained earnings -----	316,408	295,429	2,095,416
Less treasury stock - 115,320 shares in 2024 and 135,913 shares in 2023 -----	(368)	(436)	(2,436)
Total shareholders' equity -----	357,500	336,453	2,367,549
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities -----	65,967	44,072	436,868
Deferred gains on hedges -----	2,890	3,185	19,139
Foreign currency translation adjustments -----	10,960	7,582	72,583
Remeasurements of defined benefit plans -----	19,536	11,211	129,377
Total accumulated other comprehensive income -----	99,353	66,050	657,967
Total net assets -----	456,853	402,503	3,025,516
Total liabilities and net assets -----	¥734,524	¥693,519	\$4,864,397

Consolidated Statements of Income

TOHO GAS CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Net sales (Note 15 and 20) -----	¥632,986	¥706,074	\$4,191,960
Operating costs and expenses:			
Cost of sales -----	461,450	525,883	3,055,960
Selling, general and administrative expenses -----	137,939	136,448	913,503
	599,389	662,331	3,969,463
Operating income (Note 15) -----	33,597	43,743	222,497
Other income (expenses):			
Interest and dividend income -----	3,612	2,831	23,921
Interest expense -----	(843)	(955)	(5,583)
Loan modification loss -----	-	(642)	-
Gain on sales of non-current assets -----	2,328	-	15,417
Gain on sales of investment securities (Note 8) -----	1,599	-	10,589
Impairment loss on fixed assets (Note 2) -----	(4,574)	(768)	(30,291)
Equity in earnings of affiliates (Note 6) -----	-	818	-
Other, net -----	4,432	2,377	29,351
	6,554	3,661	43,404
Net income before income taxes -----	40,151	47,404	265,901
Income taxes (Note 12):			
Current -----	9,898	14,865	65,550
Income taxes for prior periods -----	2,019	-	13,371
Deferred -----	930	(1,182)	6,159
Total income taxes -----	12,847	13,683	85,080
Net income -----	27,304	33,721	180,821
Net income attributable to owners of the parent -----	¥27,304	¥33,721	\$180,821
	Yen		U.S. dollars
Per share:			
Net income attributable to owners of the parent -----	¥259.71	¥320.80	\$1.72
Cash dividends applicable to the year (Notes 2 and 21) -----	70.00	60.00	0.46

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

TOHO GAS CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Net income -----	¥27,304	¥33,721	\$180,821
Other comprehensive income (Note 14):			
Valuation difference on available-for-sale securities -----	21,895	341	145,000
Deferred gains on hedges -----	(285)	(12,458)	(1,889)
Foreign currency translation adjustments -----	2,004	3,810	13,272
Remeasurements of defined benefit plans -----	8,146	301	53,947
Share of other comprehensive income of entities accounted for using equity method -----	1,543	640	10,219
Total other comprehensive income -----	33,303	(7,366)	220,549
Comprehensive income -----	¥60,607	¥26,355	\$401,370
Comprehensive income attributable to:			
Owners of the parent -----	¥60,607	¥26,355	\$401,370
Noncontrolling interests -----	-	-	-

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

TOHO GAS CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2024 and 2023

	Millions of yen					
	Number of shares of common stock	Shareholders' equity				
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2022 -----	105,256,285	¥33,073	¥8,387	¥268,374	(¥499)	¥309,335
Dividends from surplus -----				(6,307)		(6,307)
Net income attributable to owners of the parent -----				33,721		33,721
Purchase of treasury stock -----					(8)	(8)
Disposal of treasury stock -----				(5)	71	66
Change in scope of equity method -----				(354)		(354)
Net changes in items other than shareholders' equity -----						
Total changes in items during the period -----		-	-	27,055	63	27,118
Balance at March 31, 2023 -----	105,256,285	¥33,073	¥8,387	¥295,429	(¥436)	¥336,453
Dividends from surplus -----				(6,308)		(6,308)
Net income attributable to owners of the parent -----				27,304		27,304
Purchase of treasury stock -----					(10)	(10)
Disposal of treasury stock -----				(17)	78	61
Net changes in items other than shareholders' equity -----						-
Total changes in items during the period -----		-	-	20,979	68	21,047
Balance at March 31, 2024 -----	105,256,285	¥33,073	¥8,387	¥316,408	(¥368)	¥357,500

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2023 -----	\$219,026	\$55,543	\$1,956,483	(\$2,887)	\$2,228,165
Dividends from surplus -----			(41,775)		(41,775)
Net income attributable to owners of the parent -----			180,821		180,821
Purchase of treasury stock -----				(66)	(66)
Disposal of treasury stock -----			(113)	517	404
Net changes in items other than shareholders' equity -----					
Total changes in items during the period -----	-	-	138,933	451	139,384
Balance at March 31, 2024 -----	\$219,026	\$55,543	\$2,095,416	(\$2,436)	\$2,367,549

See accompanying Notes to Consolidated Financial Statements.

	Millons of yen					Total net assets
	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit pension plan	Total accumulated other comprehensive income	
Balance at March 31, 2022 -----	¥43,732	¥15,512	¥3,252	¥10,920	¥73,416	¥382,751
Dividends from surplus -----						(6,307)
Net income attributable to owners of the parent -----						33,721
Purchase of treasury stock -----						(8)
Disposal of treasury stock -----						66
Change in scope of equity method-----						(354)
Net changes in items other than shareholders' equity -----	340	(12,327)	4,330	291	(7,366)	(7,366)
Total changes in items during the period -----	340	(12,327)	4,330	291	(7,366)	19,752
Balance at March 31, 2023 -----	44,072	3,185	7,582	11,211	66,050	402,503
Dividends from surplus -----						(6,308)
Net income attributable to owners of the parent -----						27,304
Purchase of treasury stock -----						(10)
Disposal of treasury stock -----						61
Net changes in items other than shareholders' equity -----	21,895	(295)	3,378	8,325	33,303	33,303
Total changes in items during the period -----	21,895	(295)	3,378	8,325	33,303	54,350
Balance at March 31, 2024 -----	¥65,967	¥2,890	¥10,960	¥19,536	¥99,353	¥456,853

	Thousands of U.S. dollars (Note 1)					
	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit pension plan	Total accumulated other comprehensive income	
Balance at March 31, 2023 -----	\$291,868	\$21,093	\$50,212	\$74,245	\$437,418	\$2,665,583
Dividends from surplus -----						(41,775)
Net income attributable to owners of the parent -----						180,821
Purchase of treasury stock -----						(66)
Disposal of treasury stock -----						404
Net changes in items other than shareholders' equity -----	145,000	(1,954)	22,371	55,132	220,549	220,549
Total changes in items during the period -----	145,000	(1,954)	22,371	55,132	220,549	359,933
Balance at March 31, 2024 -----	\$436,868	\$19,139	\$72,583	\$129,377	\$657,967	\$3,025,516

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

TOHO GAS CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Cash flows from operating activities:			
Net income before income taxes -----	¥40,151	¥47,404	\$265,901
Adjustments for:			
Depreciation and amortization -----	38,467	36,269	254,748
Impairment loss -----	4,574	768	30,291
Gain on sales of non-current assets -----	(2,328)	-	(15,417)
Gain on sales of investment securities -----	(1,599)	-	(10,589)
Increase (decrease) in other allowances -----	(311)	4,063	(2,060)
Interest and dividend income -----	(3,612)	(2,831)	(23,921)
Interest expense -----	843	955	5,583
Decrease (increase) in trade notes and accounts receivable -----	3,341	(14,637)	22,126
Decrease (increase) in inventories -----	6,940	(15,585)	45,960
Increase (decrease) in trade notes and accounts payable -----	(4,828)	3,543	(31,974)
Other -----	(10,626)	1,002	(70,371)
	71,012	60,951	470,277
Interests and dividends received -----	4,032	2,829	26,702
Interests paid -----	(859)	(894)	(5,688)
Income taxes paid -----	(26,809)	(6,472)	(177,543)
Net cash provided by operating activities -----	47,376	56,414	313,748
Cash flows from investment activities:			
Decrease in time deposits-----	(4,155)	(0)	(27,517)
Purchases of investment securities -----	(5,677)	(13,717)	(37,595)
Proceeds from sale of investment securities -----	2,035	42	13,477
Purchases of noncurrent assets -----	(37,535)	(39,729)	(248,576)
Proceeds from sale of noncurrent assets -----	3,186	228	21,099
Purchase of shares of subsidiaries (Note 20) -----	-	(655)	-
Loan advances-----	1,393	-	9,225
Other -----	(1,325)	1,396	(8,775)
Net cash used in investment activities -----	(42,078)	(52,435)	(278,662)
Cash flows from financing activities:			
Net decrease in short-term bank loans -----	(592)	(435)	(3,921)
Proceeds from long-term loans payable -----	4,284	12,512	28,371
Repayment of long-term loans payable -----	(1,614)	(5,605)	(10,689)
Proceeds from issuance from bonds -----	-	27,379	-
Redemption of bonds -----	(10,000)	(30,000)	(66,225)
Purchase of treasury stock -----	(10)	(8)	(66)
Cash dividends paid -----	(6,306)	(6,305)	(41,762)
Other -----	(6)	(476)	(39)
Net cash used in financing activities -----	(14,244)	(2,938)	(94,331)
Effect of exchange rate change on cash and cash equivalents -----	552	674	3,656
Net increase (decrease) in cash and cash equivalents -----	(8,394)	1,715	(55,589)
Cash and cash equivalents at beginning of year -----	33,825	32,110	224,006
Cash and cash equivalents at end of year -----	¥25,431	¥33,825	\$168,417

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

TOHO GAS CO., LTD. and Consolidated Subsidiaries

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of TOHO GAS CO., LTD. (the “Company”) and its consolidated subsidiaries (together with the Company, the “TOHO GAS Group”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards. The Company, as a regulated company, also complies with the GAS Business Law and its related accounting regulations for preparing the financial statements.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing approximate exchange rate at March 31, 2024, which was ¥151 to U.S. \$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of significant accounting policies

Consolidation

(1) Scope of Consolidation

- (i) The consolidated financial statements include the accounts of the Company and its consolidated subsidiaries (25 in March 31, 2024). Toho Gas Communications Co., Ltd. is included in the scope of consolidation from this consolidated fiscal year due to the establishment of the company. Also, Toeki Customer Service Co., Ltd. which was previously consolidated subsidiary, is excluded from the scope of consolidation from this consolidated fiscal year due to their merger with Toho Liquefied Gas Co., Ltd. Yamasa Yu-Rand Co., Ltd. which was previously consolidated subsidiary, is excluded from the scope of consolidation from this consolidated fiscal year due to the liquidation of the company.
- (ii) There are 2 non-consolidated subsidiaries including Toho Flower Co., Ltd., etc. The reason for excluding them from the scope of consolidation is that the non-consolidated subsidiaries are small companies, and their total assets, sales, net income, and retained earnings do not have a significant effect on the consolidated financial statements.

(2) Application of Equity Method

- (i) There are 5 affiliates in the scope of equity method application including MEET Europe Natural Gas, Lda., etc. Kanazawa Energy Co., Ltd., is included in the scope of equity method application from the current consolidated fiscal year due to its increased importance. Formosa Seagull Power Investment Co., Ltd. is included in the scope of equity method application from the current consolidated fiscal year due to newly acquired shares.
- (ii) Non-consolidated subsidiaries (Toho Flower Co., Ltd., etc.) and affiliates (Chita Tansan Co., Ltd., etc.) are not accounted for by the equity method because they do not have a material impact on net income or retained earnings, and are not significant as a whole.

(3) Fiscal Year of Consolidated Subsidiaries

Though the fiscal year-end of certain consolidated subsidiaries differ from the consolidated fiscal year-end of the Company, the Company has consolidated the subsidiaries' financial statements as of their respective year-end. Significant transactions for the period between a subsidiary's year-end and the Company's year-end are adjusted for on consolidation.

Property, plant and equipment

Depreciation of property, plant and equipment is computed mainly by the declining balance method over the estimated useful life of the asset. However, buildings (excluding facilities attached to buildings), which were acquired since April 1, 1998 and facilities attached to buildings and structures, which were acquired since April 1, 2016 are depreciated by the straight-line method.

Property, plant, and equipment that are capitalized under finance lease arrangements and that do not transfer ownership of the leased asset to the lessee are depreciated using the straight-line method over the term of the lease with the assumption of no residual value.

Impairment loss

(1) Grouping

For its calculation of impairment loss, the Group categorizes assets into the smallest units that generate independent cash flow effectively separate from the cash flow of other assets or asset groups. Idle assets are grouped individually in their respective asset groups.

(2) Details of impairment loss

In accordance with the grouping described in (1) above, an impairment loss of ¥4,574 million (\$30,291 thousand) and ¥768 million was recognized in the year ended March 31, 2024 and 2023. Significant properties included in this loss are listed in the table below.

For 2024 (ended March 2024)

Asset	Location	Type	Impairment loss	
			Millions of yen	Thousands of U.S. dollars
Facilities for incidental businesses	Nagoya-city, Aichi Prefecture, etc.	Property, plant and equipment (Machinery)	¥4,451	\$29,477

As for facilities for incidental businesses, profitability is expected to deteriorate due to changes in the business environment, so the book value was reduced to the memorandum value or the recoverable amount, and the reduced amount was recorded as an impairment loss as other expenses. The recoverable amount of the asset group is measured based on the value in use, and calculated by discounting future cash flows which can be projected with a discount ratio of 4.1%.

For 2023 (ended March 2023)

Asset	Location	Type	Impairment loss
Facilities for incidental businesses	Nagoya-city, Aichi Prefecture, etc.	Property, plant and equipment (Machinery)	Millions of yen
			¥465

As for facilities for incidental businesses, profitability is expected to deteriorate due to changes in the business environment, so the book value was reduced to the memorandum value, and the reduced amount was recorded as an impairment loss as other expenses. The recoverable amount of the asset group is measured based on the value in use, but no discount is calculated because future cash flows cannot be expected.

Investments

The TOHO GAS Group classifies certain investments in debt and equity securities as “held-to-maturity,” “trading” or “available-for-sale.” The classification determines the respective accounting method as stipulated by the accounting standard for financial instruments. Investments in debt securities that are classified as held-to-maturity are carried at amortized cost. Available-for-sale securities with available market quotations are stated at fair value,

and net unrealized gain or loss on these securities is reported as a separate component of net assets or shareholders' equity, net of applicable income taxes. Available-for-sale securities without available market quotations are carried at cost determined by the moving average method. Adjustments in carrying values from write-downs are charged to income when a decline in value is deemed other than temporary.

Inventories

Inventories are mostly stated at the moving average cost (balance sheet prices are calculated using the book value reduction method based on any reduction in profitability).

Deferred charges

Bond issue costs are charged to income as incurred.

Allowance for doubtful accounts

An allowance for doubtful accounts has been provided for at the aggregate amount of estimated credit loss based on an individual financial review of certain doubtful or troubled receivables and a general reserve for other receivables based on the historical loss experience of a certain past period.

Provision for gas holder repairs

The TOHO GAS Group provides for future repairs of gas holders by estimating future expenditures and charging them to income in equal annual amounts over the period to the next repair.

Provision for safety measures

The TOHO GAS Group provides an allowance for replacement of pipelines by estimating future expenditures and charging them to income to replace the aged white galvanized branch pipes, pipes buried under the roads that are important in terms of disaster prevention, white gas supply pipes, and other aged pipes.

Provision for gas appliance warranties

The TOHO GAS Group provides an allowance for gas appliance warranties by estimating future expenditures and charging them to income to provide the warranty service, etc.

Employees' retirement benefits

In the calculation of retirement benefit obligations, the expected retirement benefits are attributed to the period up to the end of the current fiscal year based on a benefit formula basis. Unrecognized actuarial differences from those which were assumed and from changes in the assumptions themselves are amortized on a straight-line basis over ten years, which is within the average remaining service years of employees, from the year following the year in which they arise.

Translation of foreign currency accounts

Receivables, payables and securities, other than stocks of subsidiaries and certain other securities, are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end. Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction date. Resulting translation gains and losses are included in net asset.

Derivatives

Derivatives are valued at fair value when hedge accounting is not appropriate or when there is no hedging designation,

and the gains and losses on the derivatives are recognized in current earnings. Certain transactions classified as hedging transactions such as commodity swaps, foreign exchange forward contracts, interest rate swaps and foreign currency borrowings are accounted for under a deferral method in which unrealized gains and losses on the hedging instruments are carried as net assets on the balance sheets until the gain or loss on the related hedged item is realized. According to the special treatment permitted by the accounting standards for financial instruments, hedging interest rate swaps are accounted for on an accrual basis and recorded net of interest expense generated from the hedged borrowings if certain conditions are met.

Method and period for amortization of goodwill

Goodwill is evenly amortized within 20 years according to the causes.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, readily available deposits and short-term highly liquid debt investments with original maturities of three months or less.

Income taxes

Income taxes are accounted for by the asset-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

Research and development expenses

Research and development expenses are charged to income as incurred. In the accompanying consolidated statements of income, research and development expenses included in cost of sales and selling, general and administrative expenses amounted to ¥1,628 million (\$10,781 thousand) and ¥1,578 million for the years ended March 31, 2024 and 2023, respectively.

Appropriation of surplus

Cash dividends are recorded in the fiscal year when the proposed appropriation of surplus is approved by the Board of Directors and/or shareholders.

Amounts per share

Net income per share is computed by dividing income available to shareholders by the weighted average number of shares of common stock outstanding during the respective year. Diluted net income per share is not disclosed as the Company had no dilutive common shares for the years ended March 31, 2024 or 2023.

Cash dividends per share applicable to the year are dividends declared by the Company applicable to the respective year and include dividends approved or to be approved after the balance sheet date.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's presentation.

Basis of material revenue and expenses

In the Group's major businesses related to revenue from contracts with customers, the details of major performance obligations, as well as the normal point in time when such performance obligations are satisfied (i.e., the normal point in time when revenue is recognized) are as follows:

(1) Gas Segment

The Gas Segment is primarily engaged in sales of city gas. Revenues associated with sales of city gas have been recognized on the basis of the date of meter reading in accordance with accounting rules for gas businesses.

(2) LPG and Other Energies Segment

The LPG and Other Energies Segment is primarily engaged in sales of LPG. Revenues associated with sales of LPG have been recognized on the basis of delivery by reasonably estimating the performance obligation that is fulfilled at the end of the term.

(3) Electricity Segment

The Electricity Segment is primarily engaged in sales of electricity. Revenues associated with sales of electricity have been recognized on the basis of the delivery date.

3. Significant accounting estimates

(1) Assessment of investments related to the overseas subsidiaries and affiliates

(i) Carrying amounts in the current year's consolidated financial statements

Total fixed assets: For 2024 ¥13,256 million yen (\$87,788 thousand)

For 2023 ¥12,567 million yen

(ii) Information on the nature of significant accounting estimates for identified items

• Calculation method

If there is an indication of impairment of an asset, the necessity of impairment is determined based on the future cash flow of the asset. Regarding the cash flow generation unit, which is the unit for determining the necessity of impairment, assets are grouped by the smallest unit that generates cash flows that are almost independent of the cash flows of other assets or asset groups.

• Key assumptions

In determining the necessity of impairment of noncurrent assets, future cash flows are estimated based on certain assumptions such as the unit sales price and discount rate based on crude oil prices.

• Effect on the next year's consolidated financial statements

Changes in assumptions, such as when crude oil prices fall due to changes in economic conditions, may result in changes in estimates, which may lead to lower future cash flows and recoverable amounts, resulting in impairment losses.

(2) Accounting for retirement benefits

(i) Carrying amounts in the current year's consolidated financial statements

Assets related to retirement benefits: For 2024 ¥41,263 million (\$273,265 thousand)

For 2023 ¥26,346 million

Debt related to retirement benefits: For 2024 ¥6,184 million (\$40,954 thousand)

For 2023 ¥5,943 million

(ii) Information on the nature of significant accounting estimates for identified items

• Calculation method

In order to prepare for employee retirement benefits, the amount is recorded based on the estimated retirement benefit obligations and pension assets at the end of the current consolidated fiscal year.

In the calculation of retirement benefit obligations, the expected retirement benefits are attributed to the period up to the end of the current fiscal year on a benefit formula basis.

Unrecognized actuarial differences from those which were assumed and from changes in the assumptions themselves are amortized on a straight-line basis over ten years, which is within the average remaining service years of employees, from the year following the year in which they arise.

• Key assumptions

The calculation of retirement benefit obligations and expenses is based on the preconditions set in actuarial calculations such as the discount rate and the expected rate of return on pension assets.

• Effect on the next year's consolidated financial statements

If the actual actuarial calculation results differ from the preconditions, or if the preconditions are changed, future retirement benefit obligations and expenses may be affected.

(3) Provision for safety measures

(i) Carrying amounts in the current year's consolidated financial statements

Provision for safety measures: For 2024 ¥21,666 million (\$143,483 thousand)

For 2023 ¥21,629 million

(ii) Information on the nature of significant accounting estimates for identified items

• Calculation method

The TOHO GAS Group provides an allowance for the replacement of pipelines by estimating future expenditures and charging them to income to replace the aged white galvanized branch pipes, pipes buried under the roads that are important in terms of disaster prevention, and white gas supply pipes, and other aged pipes.

• Key assumptions

Based on preconditions such as extension of target gas vessel and construction cost based on past results

• Effect on the next year's consolidated financial statements

Future costs may be affected if the actual construction cost differs from the premise due to the expansion of construction targets, fluctuations in construction methods and prices, etc.

4. Change in accounting estimates

(Provision of safety measures)

The TOHO GAS Group has been taking measures to replace old pipes with new ones in organized way, but we will reconsider the plan based on latest information such as applying new developed construction method. Along with this, a provision for safety measures of ¥3,031 million (\$20,073 thousand) was incrementally recorded, and operating income, ordinary income and net income before income taxes decreased by the same amount.

5. Standards and guidance not yet adopted

Following accounting standards and guidance are those issued but not yet adopted.

- “Accounting Standard for Corporate, Inhabitant and Enterprise Taxes” (ASBJ Statement No. 27, October 28, 2022)
- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022)
- “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

The tax treatment of income taxes on sales of shares of subsidiaries and other securities in the case where other comprehensive income is subject to taxation and group corporate taxation is applied.

(2) Effective date

The standards and guidance will be effective from the beginning of the fiscal year ending March 31, 2025.

(3) Effects of application of the standards and guidance

The effects of application of Accounting Standard for Current Income Taxes, etc. on the consolidated financial statements are currently under evaluation.

6. Changes in presentation method

Decrease in time deposits, which was included in "Other" under "Cash-flows from investment activities" in the previous consolidated fiscal year, is separately presented in the current consolidated fiscal year due to its increased importance in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, ¥1,396 million (\$9,245 thousand) included in "Other" under "Cash-flows from interest activities" in the consolidated statement of income for the previous fiscal year has been reclassified as "Decrease in time deposits" of ¥0 million (\$6.81) and "Other" of ¥1,396 million (\$9,245 thousand) .

7. Fair values of financial instruments

1. Qualitative information on financial instruments

(1) Policies for using financial instruments

The TOHO GAS Group invests its excess cash in bank deposits and other safe financial instruments. Cash needed for operations and other business activities is acquired through the issuance of corporate bonds and commercial paper through financing from banks and other financial institutions.

(2) Details of financial instruments used and exposure to risks and how they arise

Trade notes and accounts receivable, which are operational credit, are exposed to customers' credit risk. Securities and investment securities comprise mainly equity securities of corporations with which the Company has business relations. These securities are exposed to the risk of market price fluctuations.

The due dates for most trade notes and accounts payable, which are operational debt, are within one year. Corporate bonds and loans payable are used to procure working capital and cash for capital investments. The longest redemption date is 35 years after the end of the current fiscal year. Long-term loans payable with variable interest rates are exposed to the risk of interest rate fluctuations. Variable interest rates on some of these liabilities mainly interest rate swap contracts, are hedged by derivative contracts.

The TOHO GAS Group uses commodity swaps and interest rate swaps only for the purpose of mitigating the risk of fluctuations in market prices of raw materials and interest rates. The TOHO GAS Group does not use derivatives for speculative trading purposes. The derivatives are executed with creditworthy financial institutions, and the Company's management believes there is little risk of default by the counterparties.

(3) Policies and processes for managing risk

(i) Management of credit risk

As for trade receivables, the TOHO GAS Group monitors the status of major customers in accordance with its risk management rules by monitoring the due dates and balances of receivables of individual customers, quickly identifying any deterioration in the financial position of customers and reducing the uncollectability of receivables. When derivative contracts are used, the TOHO GAS Group enters into derivative contracts only with highly rated financial institutions in order to reduce the credit risk of counterparty default.

(ii) Management of market risk

To hedge the risk of fluctuation in the purchase price of raw materials and interest rates, the Company uses commodity swap contracts and interest swap contracts to stabilize the cash flow of the hedged transactions and avoid or mitigate the impact of market price fluctuations. Market prices of investment securities are monitored on a quarterly basis.

Derivative transactions are executed and managed by the Company in accordance with its in-house regulations stipulating approval authority, management and reporting methods and other matters regarding derivative transactions. To ensure an effective cross-checking function, derivative transactions are administered and risk managed by a department separate from the department responsible for the execution of the relevant transactions.

(iii) Management of liquidity risk in funding

The liquidity risk of the TOHO GAS Group is managed by preparing and updating a cash management plan.

(4) Supplemental information on fair values

The current price of a financial product is based on its market price or a price calculated using an alternative method if the product does not have an available market price. Since the calculation of the current price reflects variable factors, the current price may vary if different factors and assumptions are used for the calculation. Contract prices of derivative contracts or other amounts indicated in the table below, do not necessarily reflect the market risk of the derivative contracts themselves.

2. Carrying values and fair values of the financial instruments included in the consolidated balance sheets at March 31, 2024 and 2023 were as follows:

	Millions of yen		
	Carrying value	Fair value	Difference
For 2024:			
Assets:			
Securities and investment securities-----	¥114,519	¥114,519	¥-
Total -----	¥114,519	¥114,519	¥-
Liabilities:			
Bonds payable, including current portion -----	¥67,500	¥56,716	(¥10,784)
Long-term loans payable -----	65,197	63,475	(1,722)
Total -----	¥132,697	¥120,191	(¥12,506)
Derivative transactions -----	¥2,531	¥2,531	¥-
For 2023:			
Assets:			
Securities and investment securities -----	¥83,977	¥83,977	¥-
Total -----	¥83,977	¥83,977	¥-
Liabilities:			
Bonds payable, including current portion -----	¥77,500	¥69,841	(¥7,659)
Long-term loans payable -----	61,864	60,893	(971)
Total -----	¥139,364	¥130,734	(¥8,630)
Derivative transactions -----	¥3,855	¥3,855	¥-
	Thousands of U.S. dollars		
	Carrying value	Fair value	Difference
For 2024:			
Assets:			
Securities and investment securities -----	\$758,404	\$758,404	\$-
Total -----	\$758,404	\$758,404	\$-
Liabilities:			
Bonds payable, including current portion -----	\$447,019	\$375,603	(\$71,416)
Long-term loans payable -----	431,769	420,364	(11,405)
Total -----	\$878,788	\$795,967	(\$82,821)
Derivative transactions -----	\$16,762	\$16,762	\$-

*1. The current portion of long-term loans payable is included in Long-term loans payable.

*2. Net debts and credits arising from derivative transactions are presented in each net value, and a value of a net debt after totaling of credit and debt is shown in parentheses.

*3. Investments in partnerships and other similar entities that are recorded on the consolidated balance sheets at a net amount equivalent to the Company's ownership interest are not included in investment securities. The amount of this investment in the consolidated balance sheet is 2,225 million yen (\$14,735 thousand).

*4. Stocks and other securities that have no market price are not included in "Securities and investment securities". The financial instruments whose fair value cannot be reliably determined were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Nonmarketable securities			
Unlisted equity securities -----	¥20,793	¥17,648	\$137,702
Investments in affiliates -----	29,449	25,726	195,027

Note 1 : A maturity analysis for cash and time deposits, trade notes and accounts receivable and investment securities is as follows:

Millions of yen				
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
For 2024:				
Cash and time deposits -----	¥29,775	¥-	¥-	¥-
Trade notes and accounts receivable -----	84,371	-	-	-
Investment securities				
Available-for-sale securities with maturities(bonds)-----	-	420	100	-
	¥114,146	¥420	¥100	¥-
For 2023:				
Cash and time deposits -----	¥34,014	¥-	¥-	¥-
Trade notes and accounts receivable -----	87,692	-	-	-
Investment securities				
Available-for-sale securities with maturities(bonds)-----	-	420	100	-
	¥121,706	¥420	¥100	¥-
Thousands of U.S. dollars				
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
For 2024:				
Cash and time deposits -----	\$197,186	\$-	\$-	\$-
Trade notes and accounts receivable -----	558,748	-	-	-
Investment securities				
Available-for-sale securities with maturities(bonds)-----	-	2,781	662	-
	\$755,934	\$2,781	\$662	\$-

Note 2 : A maturity analysis for short-term bank loans payable, bonds payable and long-term bank loans payable is as follows:

Millions of yen						
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
For 2024:						
Short-term bank loans payable -----	¥2,088	¥-	¥-	¥-	¥-	¥-
Bonds payable -----	-	-	-	-	-	67,500
Long-term bank loans payable -----	4,914	20,161	3,988	2,935	380	32,819
	¥7,002	¥20,161	¥3,988	¥2,935	¥380	¥100,319
For 2023:						
Short-term bank loans payable -----	¥2,680	¥-	¥-	¥-	¥-	¥-
Bonds payable -----	10,000	-	-	-	-	67,500
Long-term bank loans payable -----	13,901	4,589	5,351	3,988	2,935	31,100
	¥26,581	¥4,589	¥5,351	¥3,988	¥2,935	¥98,600
Thousands of U.S. dollars						
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
For 2024:						
Short-term bank loans payable -----	\$13,828	\$-	\$-	\$-	\$-	\$-
Bonds payable -----	-	-	-	-	-	447,019
Long-term bank loans payable -----	32,543	133,517	26,411	19,437	2,517	217,344
	\$46,371	\$133,517	\$26,411	\$19,437	\$2,517	\$664,363

3. Breakdown of the fair value of financial instruments by the level of the fair value hierarchy and other items are as follows:

The Company and its subsidiaries classify and prioritize inputs used in valuation techniques to measure fair value into the following three levels:

Level 1 — Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 — Unobservable inputs for the assets or liabilities.

When multiple inputs that have a significant influence on the market value calculation are used, the market value is classified into the lowest priority level in the market value calculation among the levels to which those inputs belong.

(1) The following tables present recorded amounts of major financial assets and liabilities measured at fair value as of March 31, 2024 and 2023

Millions of yen				
	Level 1	Level 2	Level 3	Total
For 2024:				
Investment securities				
Other securities				
Equity Securities-----	¥113,982	¥-	¥-	¥113,982
Bonds-----	-	524	-	524
Other-----	13	-	-	13
Derivative transactions -----	-	2,531	-	2,531
	¥113,995	¥3,055	¥-	¥117,050

Millions of yen				
	Level 1	Level 2	Level 3	Total
For 2023:				
Investment securities				
Other securities				
Equity Securities-----	¥83,439	¥-	¥-	¥83,439
Bonds-----	-	527	-	527
Other-----	11	-	-	11
Derivative transactions -----	-	3,855	-	3,855
	¥83,450	¥4,382	¥-	¥87,832

Thousands of U.S. dollars				
	Level 1	Level 2	Level 3	Total
For 2024:				
Investment securities				
Other securities				
Equity Securities-----	\$754,848	\$-	\$-	\$754,848
Bonds-----	-	3,470	-	3,470
Other-----	86	-	-	86
Derivative transactions -----	-	16,762	-	16,762
	\$754,934	\$20,232	\$-	\$775,166

(2) The following tables present recorded amounts of major financial assets and liabilities other than (1) as of March 31, 2024 and 2023

Millions of yen				
	Level 1	Level 2	Level 3	Total
For 2024:				
Bonds -----	¥-	¥56,716	¥-	¥56,716
Long-term loans payable -----	-	63,475	-	63,475
	¥-	¥120,191	¥-	¥120,191

Millions of yen				
	Level 1	Level 2	Level 3	Total
For 2023:				
Bonds -----	¥-	¥69,841	¥-	¥69,841
Long-term loans payable -----	-	60,893	-	60,893
	¥-	¥130,734	¥-	¥130,734

Thousands of U.S. dollars				
	Level 1	Level 2	Level 3	Total
For 2024:				
Bonds -----	\$-	\$375,603	\$-	\$375,603
Long-term loans payable -----	-	420,364	-	420,364
	\$-	\$795,967	\$-	\$795,967

(Note) Explanation of valuation techniques used and inputs related to the calculation of fair value.

Investment securities

Listed equity securities and bonds are measured using quoted prices. Since listed equity securities are measured in active markets, their fair value is classified as level 1.

Bonds held by the group are classified as level 2 because the transaction volume in the market is low and not active.

Derivative transactions

Derivative transactions are measured using quoted prices obtained by the financial institutions, so classified as level 2.

Items given special treatment as interest rate swaps are treated together with long-term loans payable that are subject to hedging; therefore, their market values are presented together with the market value of the related long-term loans payable.

Bonds

Corporate bonds issued by the company are valued using quoted market prices and classified as level 2 because the transaction volume in the market is low and not active.

Long-term loans payable

The fair values of long-term loans are measured based upon the present values obtained by discounting the total amount of principal and interest at a rate with term to maturity applicable to new borrowings under the same conditions, and are terms and classified as level 2.

With respect to long-term loans payable with floating interest, exceptional handling of interest swap shall be adopted. The present value of the long-term loans payable is calculated from principal and interest, which is handled together with the interest swap, with interest rates reasonably estimated to be applied for similar borrowings.

8. Securities and investments

In accordance with the accounting standard for financial instruments, investment securities include equity securities, bonds and other of which the aggregate cost, gross unrealized gains/losses and fair value pertaining to available-for-sale securities at March 31, 2024 and 2023 were as follows.

Available-for-sale securities

Securities with fair and carrying value exceeding cost:

	Millions of yen			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
March 31, 2024				
Equity securities -----	¥21,538	¥91,782	¥-	¥113,320
Other -----	5	8	-	13
	¥21,543	¥91,790	¥-	¥113,333
March 31, 2023				
Equity securities -----	¥21,161	¥61,263	¥-	¥82,424
Other -----	5	6	-	11
	¥21,166	¥61,269	¥-	¥82,435
	Thousands of U.S. dollars			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
March 31, 2024				
Equity securities -----	\$142,636	\$607,828	\$-	\$750,464
Other -----	33	53	-	86
	\$142,669	\$607,881	\$-	\$750,550

Securities with fair and carrying value not exceeding cost:

	Millions of yen			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
March 31, 2024				
Equity securities -----	¥730	¥-	(¥68)	¥662
Bonds -----	567	-	(43)	524
	¥1,297	¥-	(¥111)	¥1,186
March 31, 2023				
Equity securities -----	¥1,230	¥-	(¥215)	¥1,015
Bonds -----	567	-	(40)	527
	¥1,797	¥-	(¥255)	¥1,542
	Thousands of U.S. dollars			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
March 31, 2024				
Equity securities -----	\$4,834	\$-	(\$450)	\$4,384
Bonds -----	3,755	-	(285)	3,470
	\$8,589	\$-	(\$735)	\$7,854

Available-for-sale securities sold

	Millions of yen		
	Total sales	Total gain on sales	Total loss on sales
March 31, 2024			
Stocks-----	¥2,035	¥1,599	¥-
	¥2,035	¥1,599	¥-
March 31, 2023			
Stocks-----	¥43	¥14	¥0
	¥43	¥14	¥0
	Thousands of U.S. dollars		
	Total sales	Total gain on sales	Total loss on sales
March 31, 2024			
Stocks-----	\$13,477	\$10,589	\$-
	\$13,477	\$10,589	\$-

9. Inventories

Inventories at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Finished products -----	¥6,762	¥7,481	\$44,782
Work-in-process -----	1,199	1,122	7,940
Raw materials and supplies -----	22,649	28,947	149,993
	¥30,610	¥37,550	\$202,715

10. Employees' retirement benefits liability

The TOHO GAS Group principally has a defined benefit pension plan and a lump-sum retirement benefit plan which substantially cover all employees. The projected benefit obligation of certain subsidiaries was calculated using the simplified method as permitted by the accounting standard for employee retirement benefits. The Company has established a retirement benefit trust for its lump-sum retirement benefit plan and corporate pension plan.

Reconciliation of the beginning and ending balances for retirement benefit obligations at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Beginning balance of the retirement benefit obligation -----	¥91,123	¥97,887	\$603,464
Service cost -----	3,005	2,893	19,901
Interest cost -----	766	552	5,073
Accruals of actuarial gains and losses -----	(4,818)	(4,753)	(31,907)
Payment of retirement benefits -----	(5,248)	(5,456)	(34,756)
Ending balance of the retirement benefit obligation -----	¥84,828	¥91,123	\$561,775

Note: Including a system for the application of the simplified method

Reconciliation of the beginning and ending balances for pension plan assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Fair value of pension plan assets at beginning of year -----	¥111,526	¥115,175	\$738,583
Expected return on pension plan assets -----	2,230	2,304	14,768
Accruals of actuarial gains and losses -----	8,666	(3,191)	57,391
Contributions from the employer -----	1,430	1,468	9,470
Payment of retirement benefits -----	(3,945)	(4,230)	(26,126)
Fair value of pension plan assets at ending of year -----	¥119,907	¥111,526	\$794,086

Reconciliation of the retirement benefit obligation and fair value of pension plan assets at the end of year, net defined benefit liability and the fair valued pension plan assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Projected benefit obligation of funded plans -----	¥78,644	¥85,180	\$520,821
Fair value of pension plan assets -----	(119,907)	(111,526)	(794,086)
	(41,263)	(26,346)	(273,265)
Projected benefit obligation of unfunded obligation -----	6,184	5,943	40,954
Net of assets and liabilities -----	(35,079)	(20,403)	(232,311)
Net defined benefit liability -----	6,184	5,943	40,954
Net defined benefit assets -----	(41,263)	(26,346)	(273,265)
Net of assets and liabilities -----	(¥35,079)	(¥20,403)	(\$232,311)

Note 1: Including a system for the application of the simplified method

Note 2: Because a retirement benefit trust was established for the lump-sum retirement benefit plans, the projected benefit obligation of funded plans include lump-sum payment plans. Similarly, pension assets include a retirement

Retirement benefit expense and amount of the detailed items

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Components of net periodic retirement benefit expense:			
Service cost -----	¥3,005	¥2,893	\$19,901
Interest cost -----	766	552	5,073
Expected return on pension plan assets -----	(2,230)	(2,304)	(14,768)
Recognized actuarial differences -----	(2,202)	(1,145)	(14,583)
Net periodic retirement benefit expense related to defined benefit pension plan -----	(¥661)	(¥4)	(\$4,377)

Remeasurements of defined benefit plans included in other comprehensive income (before tax effects) at March 31, 2024 and 2023 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Actuarial differences -----	¥11,282	¥417	\$74,715

Total remeasurement of defined benefit pension plan included in other comprehensive income (before tax effects) at March 31, 2024 and 2023 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Actuarial differences -----	¥27,053	¥15,771	\$179,159

Plan assets

	2024	2023
Bond -----	49%	54%
Equity securities -----	28%	24%
General account -----	15%	14%
Other -----	8%	8%
Total -----	100%	100%

For the fiscal year ended March 31, 2024 and 2023, assets in the retirement benefit trust, which was established for the lump-sum payment plans accounted for 13% and 12% of the total pension plan assets.

To determine the expected long-term rate of return on pension plan assets, we considered the composition of plan assets and the expected current return, and the rate of return on long-term expected current and future assets from a variety of assets that make up the plan assets.

Major assumptions used in the calculations above for the years ended March 31, 2024 and 2023 were as follows:

	2024	2023
Discount rate -----	1.3%	0.9%
Expected long-term rate of return on pension plan assets -----	2.0%	2.0%

11. Bank loans and long-term debt

Short-term bank loans consisted of short-term notes payable bearing interest at an annual average rate of 0.6% at March 31, 2024.

Long-term debt and other interest-bearing liabilities at March 31, 2024 and 2023 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Domestic unsecured notes due 2027 at a rate of 1.628% -----	¥-	¥-	-
Domestic unsecured notes due 2023 at a rate of 0.933% -----	-	10,000	-
Domestic unsecured notes due 2046 at a rate of 0.804% -----	10,000	10,000	66,225
Domestic unsecured notes due 2048 at a rate of 1.026% -----	10,000	10,000	66,225
Domestic unsecured notes due 2059 at a rate of 0.861% -----	10,000	10,000	66,225
Domestic unsecured notes due 2042 at a rate of 0.835% -----	10,000	10,000	66,225
Domestic unsecured notes due 2032 at a rate of 0.394% -----	9,000	9,000	59,603
Domestic unsecured notes due 2042 at a rate of 0.967% -----	8,500	8,500	56,291
Domestic unsecured notes due 2032 at a rate of 0.639% -----	10,000	10,000	66,225
Loans from banks, insurance companies and government agencies due through 2047 at interest rates ranging from 0.14% to 6.39% per annum at March 31, 2024 -----	65,197	61,864	431,769
Capitalized lease obligations -----	5,437	4,325	36,007
Others -----	-	-	-
	138,134	143,689	914,795
Less amounts due within one year -----	(5,429)	(24,306)	(35,954)
	¥132,705	¥119,383	\$878,841

The Company entered into debt assumption agreements for 1.628% notes payable due in 2027 in the amount of ¥10,000 million (\$66,225 thousand), and treated the bonds as having been redeemed. The Company remains contingently liable on the bond redemption obligation.

Assets pledged as collateral were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Other facilities -----	¥7,144	¥6,979	\$47,311
Construction in progress -----	858	725	5,682
Intangible assets -----	1,840	1,803	12,185
Investment securities -----	7,752	5,213	51,338
Cash and deposits -----	2,299	4,246	15,225
Other -----	9,231	8,705	61,132
	¥29,124	¥27,671	\$192,873

Liabilities pledged as collateral in the aggregate amounts of ¥47 million (\$311 thousand) and ¥74 million at March 31, 2024 and 2023, respectively, were as follows:

The annual maturities of long-term debt and other interest bearing liabilities at March 31, 2024 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2024 -----	¥5,429	\$35,954
2025 -----	20,637	136,669
2026 -----	4,429	29,331
2027 -----	3,379	22,377
2028 -----	828	5,483
2029 and thereafter -----	103,432	684,981
	¥138,134	\$914,795

12. Income tax

Income taxes of the TOHO GAS Group consist of corporate income taxes, inhabitants taxes and enterprise taxes. Enterprise taxes for the gas business are included in selling, general and administrative expenses in the accompanying consolidated statements of income.

Components of deferred tax assets and liabilities at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets:			
Reserve for safety measures -----	¥6,065	¥6,515	40,166
Accrued expense-----	3,752	3,698	24,848
Impairment loss-----	2,037	898	13,490
Net defined benefit liability -----	1,366	2,486	\$9,046
Other -----	12,389	11,837	82,046
Less valuation allowance -----	(3,367)	(2,271)	(22,298)
	22,242	23,163	147,298
Deferred tax liabilities:			
Unrealized gains on			
Available-for-sale securities -----	(24,780)	(16,310)	(164,106)
Net defined benefit assets -----	(7,521)	(4,384)	(49,808)
Other -----	(1,170)	(2,207)	(7,748)
	(33,471)	(22,901)	(221,662)
Net deferred tax liabilities -----	(¥11,229)	¥262	(\$74,364)

Reconciliation of the difference between the Japanese statutory tax rate and the effective income tax rate on income before income taxes in the accompanying consolidated statements of income for the year ended March 31, 2024 were as follows:

	2024	2023
Japanese statutory tax rate	27.8%	-
Tax rate differences with subsidiaries	1.1	-
Permanently nondeductible expenses	0.5	-
Tax exempt income	(4.1)	-
Research credit	(0.4)	-
Income taxes for prior periods	5.0	-
Others	2.1	-
Effective income tax rate	32.0%	-

For the fiscal year ended March 31, 2023, the disclosure was omitted because the difference between the tax rate after application of tax effect accounting and the statutory tax rate was below 5% of the statutory tax rate.

The Company and its domestic consolidated subsidiaries have adopted the group tax sharing system from the fiscal year ended March 31, 2024. In addition, corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (PITF No.42, August 12, 2021).

13. Net assets

Under the Japanese Corporate Law (“the Law”), the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of capital stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets. Under the Law, legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends. At March 31, 2024 and 2023, respectively, capital surplus consisted principally of additional paid-in capital. In addition, retained earnings included legal earnings reserve in the amount of ¥8,780 million (\$58,146 thousand) at both March 31, 2024 and 2023.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws.

The number of issued shares of common stock is 105,256,285 shares for the year ended March 31, 2024. In November 2023, the Company paid interim dividends of ¥3,154 million (\$20,887 thousand), ¥30 per share. For year-end dividends, see Note 21.

14. Statements of comprehensive income

The amount of reclassification adjustments and the tax effects concerning other comprehensive income at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Net changes in valuation difference on available-for-sale securities			
Increase (decrease) during the year -----	¥32,148	¥411	\$212,901
Reclassification adjustments -----	(1,598)	(13)	(10,583)
Subtotal before tax -----	30,550	398	202,311
Tax benefit or (expense) -----	(8,655)	(57)	(57,318)
Subtotal net of tax -----	21,895	341	145,000
Net changes in deferred gains on hedges			
Increase during the year -----	8,277	4,090	54,815
Reclassification adjustments -----	(8,552)	(18,782)	(56,636)
Adjustments for amounts transferred to initial carrying amount of hedged items -----	(1,071)	(2,672)	(7,093)
Subtotal before tax -----	(1,346)	(17,364)	(8,914)
Tax expense -----	1,061	4,906	7,025
Subtotal net of tax -----	(285)	(12,458)	(1,889)
Net changes in foreign currency translation adjustments			
Increase during the year -----	2,004	3,810	13,272
Subtotal net of tax -----	2,004	3,810	13,272
Net changes in remeasurements of defined benefit plans			
Increase during the year -----	13,484	1,562	89,298
Reclassification adjustments -----	(2,202)	(1,145)	(14,583)
Subtotal before tax -----	11,282	417	74,715
Tax expense -----	(3,136)	(116)	(20,768)
Subtotal net of tax -----	8,146	301	53,947
Net changes in share of other comprehensive income of entities accounted for using equity method			
Increase during the year -----	1,543	638	10,219
Reclassification adjustments -----	-	2	-
Subtotal net of tax -----	1,543	640	10,219
Total other comprehensive income -----	33,303	(7,366)	220,549

15. Segment information

1. General information about reportable segments

The TOHO GAS Group defines reportable segments as constituent business units of the TOHO GAS Group for which discrete financial information is available and reviewed regularly by the Board of Directors to determine the best allocation of managerial resources and to evaluate business performance. The three reportable segments of the TOHO GAS Group are “Gas,” “LPG and Other Energies” and “Electricity.” They are determined based on the GAS Business Law and its related accounting regulations.

The main products and services of each reporting segment are as follows:

Gas: Products, supplies and sales of gas, gas appliance sales, gas transportationsales and related construction

LPG and Other Energies: LPG sales, LPG appliance sales, LNG sales, District heating and cooling, and sales of coke

Electricity: Sales of electricity

2. Basis of measurement for reported segment income or loss, segment assets and other material items

The accounting methods for the reporting segments are consistent with the accounting methods described in Note 2, “Summary of significant accounting policies”.

Income for reportable segments are based on operating income.

Intersegment sales and transfers are attributable to transactions among group companies and calculated based on the market value.

3. Information for reported segment income or loss, segment assets and other material items

Information for reported segments as of and for the years ended March 31, 2024 and 2023 was as follows:

	Millions of yen							
	Reported segments							
	Gas	LPG and Other Energies	Electricity	Segment Total	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
For 2024:								
Net sales:								
External customers -----	¥413,675	¥100,124	¥88,279	¥602,078	¥30,908	¥632,986	¥-	¥632,986
Intersegment -----	5,359	1,427	318	7,105	23,457	30,561	(30,561)	-
Total net sales -----	419,034	101,551	88,597	609,183	54,365	663,547	(30,561)	632,986
Segment income -----	¥29,833	¥3,076	(¥5,975)	¥26,934	¥5,044	¥31,978	¥1,619	¥33,597
Segment assets -----	¥437,680	¥59,666	¥21,059	¥518,405	¥114,917	¥633,322	¥101,202	¥734,524
Other items:								
Depreciation expense -----	32,666	2,490	1,524	36,680	1,845	38,525	(58)	38,467
Investment in entities accounted for using equity method -----	-	-	-	-	-	-	18,677	18,677
Capital expenditures -----	35,295	2,227	2,331	39,853	1,101	40,954	(83)	40,871
For 2023:								
Net sales:								
External customers -----	¥455,696	¥108,854	¥107,890	¥672,440	¥33,634	¥706,074	¥-	¥706,074
Intersegment -----	4,684	1,657	394	6,735	20,966	27,701	(27,701)	-
Total net sales -----	460,380	110,511	108,284	679,175	54,600	733,775	(27,701)	706,074
Segment income -----	¥46,123	¥2,380	(¥10,583)	¥37,920	¥4,255	¥42,175	¥1,568	¥43,743
Segment assets -----	¥429,090	¥59,937	¥28,116	¥517,143	¥104,234	¥621,377	¥72,142	¥693,519
Other items:								
Depreciation expense -----	31,710	2,079	780	34,569	1,753	36,322	(53)	36,269
Investment in entities accounted for using equity method -----	-	-	-	-	-	-	17,794	17,794
Capital expenditures -----	31,059	3,230	2,482	36,771	1,043	37,814	-	37,814
	Thousands of U.S. dollars							
	Reported segments							
	Gas	LPG and Other Energies	Electricity	Segment Total	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
For 2024:								
Net sales:								
External customers -----	\$2,739,570	\$663,073	\$584,629	\$3,987,272	\$204,688	\$4,191,960	\$-	\$4,191,960
Intersegment -----	35,490	9,450	2,106	47,053	155,344	202,390	(202,390)	-
Total net sales -----	2,775,060	672,523	586,735	4,034,325	360,032	4,394,350	(202,390)	4,191,960
Segment income -----	\$197,570	\$20,371	(\$39,570)	\$178,371	\$33,404	\$211,775	\$10,722	\$222,497
Segment assets -----	\$2,898,543	\$395,139	\$139,464	\$3,433,146	\$761,039	\$4,194,185	\$670,212	\$4,864,397
Other items:								
Depreciation expense -----	216,331	16,490	10,093	242,914	12,218	255,132	(384)	254,748
Investment in entities accounted for using equity method -----	-	-	-	-	-	-	123,689	123,689
Capital expenditures -----	233,742	14,748	15,437	263,927	7,291	271,218	(550)	270,668

Notes:

- The “Other” segment incorporates operations not included in reported segments, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, leasing, development and investment of Natural Gas and other business.
- The “Adjustments” column in “Segment income” denotes eliminations of intersegment transactions. “Segment assets” in the “Adjustments” column denotes unallocated general corporate items which were not assigned to specific segments, such as long-term investments in securities.
- Segment income in the table above is reconciled to operating income on the accompanying consolidated statements of income.

Enterprise-wide information for the year ended March 31, 2024 and 2023

(1) Information about products and services:

	Millions of yen				
	Gas	LPG	Electricity	Other	Total
For 2024:					
Net sales to external customers -----	¥387,257	¥71,372	¥88,279	¥86,078	¥632,986
	Millions of yen				
	Gas	LPG	Electricity	Other	Total
For 2023:					
Net sales to external customers -----	¥424,941	¥76,632	¥107,890	¥96,611	¥706,074
	Thousands of U.S. dollars				
	Gas	LPG	Electricity	Other	Total
For 2024:					
Net sales to external customers -----	\$2,564,616	\$472,662	\$584,629	\$570,053	\$4,191,960

(2) Information about geographic areas:

•Operating revenues

The Company has omitted the disclosure of operating revenues by geographic area because sales in Japan account for more than 90% of the sales reported in the consolidated statements of income.

•Property, plant and equipment

The Company has omitted the disclosure of property, plant and equipment because property, plant and equipment in Japan account for more than 90% of the amount of property, plant and equipment reported in the consolidated balance sheets.

(3) Information about major customers:

Not applicable

(4) Information about impairment losses on fixed assets in reportable segments

	Millions of yen							
	Reported segments							
	Gas	LPG and Other Energies	Electricity	Segment Total	Other	Total	Adjustments (Note)	Consolidated
For 2024:								
Impairment loss -----	¥-	¥498	¥4,076	¥4,574	¥-	¥4,574	¥-	¥4,574
	Millions of yen							
	Reported segments							
	Gas	LPG and Other Energies	Electricity	Segment Total	Other	Total	Adjustments (Note)	Consolidated
For 2023:								
Impairment loss -----	¥-	¥465	¥-	¥465	¥65	¥530	¥238	¥768
	Thousands of U.S. dollars							
	Reported segments							
	Gas	LPG and Other Energies	Electricity	Segment Total	Other	Total	Adjustments (Note)	Consolidated
For 2024:								
Impairment loss -----	¥-	\$3,298	¥26,993	\$30,291	\$-	\$30,291	\$-	\$30,291

Notes: The "Adjustments" column denotes impairment loss related to companywide assets that do not belong to the reportable segments.

(5) Information about the amortized amount and unamortized balance of goodwill by reportable segments

	Millions of yen							
	Reported segments					Total	Adjustments (Note)	Consolidated
	Gas	LPG and Other	Electricity	Segment Total	Other			
		Energies						
For 2024:								
Amortized amount during year-----	¥-	¥-	¥-	¥-	¥63	¥63	¥-	¥63
Unamortized balance at end of year--	-	-	-	-	1,136	1,136	-	1,136
	Millions of yen							
	Reported segments					Total	Adjustments (Note)	Consolidated
	Gas	LPG and Other	Electricity	Segment Total	Other			
		Energies						
For 2023:								
Amortized amount during year-----	¥-	¥715	¥-	¥715	¥60	¥775	¥-	¥775
Unamortized balance at end of year--	-	-	-	-	1,123	1,123	-	1,123
	Thousands of U.S. dollars							
	Reported segments					Total	Adjustments (Note)	Consolidated
	Gas	LPG and Other	Electricity	Segment Total	Other			
		Energies						
For 2024:								
Amortized amount during year-----	\$-	\$-	\$-	\$-	\$417	\$417	\$-	\$417
Unamortized balance at end of year--	-	-	-	-	7,523	7,523	-	7,523

16. Certain lease transactions

As lessor:

Some of the consolidated subsidiaries have entered into finance lease contracts as lessor. A summary of the contracts under finance leases on a pro forma basis were as follows:

1. Finance lease

(1) Lease investment assets (current assets)

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Lease receivables -----	¥13,527	¥11,738	\$89,583
Estimated residual value -----	1,677	1,479	11,106
Interest income -----	(2,339)	(2,034)	(15,490)
Lease investment assets -----	¥12,865	¥11,183	\$85,199

(2) Recovery plans amount of lease receivables related to lease receivables and investment assets after the end of current fiscal year (current assets)

	Millions of yen					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
For 2024:						
Lease receivables -----	¥788	¥718	¥612	¥458	¥399	¥1,720
Lease investment assets -----	2,115	1,913	1,683	1,427	1,219	5,170
	¥2,903	¥2,631	¥2,295	¥1,885	¥1,618	¥6,890
For 2023:						
Lease receivables -----	¥788	¥727	¥657	¥551	¥396	¥1,660
Lease investment assets -----	1,899	1,682	1,475	1,275	1,059	4,348
	¥2,687	¥2,409	¥2,132	¥1,826	¥1,455	¥6,008

	Thousands of U.S. dollars					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
For 2024:						
Lease receivables -----	\$5,219	\$4,755	\$4,053	\$3,033	\$2,642	\$11,391
Lease investment assets -----	14,007	12,669	11,146	9,450	8,073	34,238
	\$19,226	\$17,424	\$15,199	\$12,483	\$10,715	\$45,629

Finance lease transactions that do not transfer the ownership of the leased property, commenced before April 1, 2008, the beginning date of the application of the accounting standard for lease transactions, and were accounted for with accounting treatment similar to that used for operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Lease income -----	¥120	¥120	\$795
Future lease commitments to be received (inclusive of imputed interests):			
Due within one year -----	120	120	795
Due after one year -----	480	600	3,179
	¥600	¥720	\$3,974

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net value
For 2024:			
Other facilities -----	¥1,900	¥1,371	¥529
For 2023:			
Other facilities -----	¥1,900	¥1,299	¥601

	Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Net value
For 2024:			
Other facilities -----	\$12,583	\$9,079	\$3,504

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Lease depreciation -----	¥72	¥72	\$477

17. Contingent liabilities

The TOHO GAS Group was contingently liable for bank loans with respect to guarantees for joint and several liabilities upon the default of others, for bank loans with respect to guarantees for housing loans of employees and for fulfillment of contracts. At March 31, 2024 and 2023, these contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Guarantees for bank loans of Ichthys LNG Pty Ltd.	¥795	¥645	\$5,265
Guarantees for bank loans of MEET Europe Natural Gas, Lda.	3,919	3,497	25,954
Guarantees for bank loans of Thai ST Energy Investment Company, Ltd.	291	274	1,927
Guarantees for housing loans of employees	20	30	132
Domestic unsecured notes due 2027 at a rate of 1.628%	10,000	10,000	66,225
Guarantees for fulfillment of contract with Mitsubishi Corporation.	7,061	8,085	46,762
Guarantees for fulfillment of contract with DIAMOND LNG CANADA Ltd.	-	32	-
Guarantees for fulfillment of contract with Kellogg Brown & Root LLC.	52	-	344
Guarantees for fulfillment of contract with Maxis Advisors LLC.	12	-	79
Guarantees for fulfillment of contract with T.K. LNG Shipping Pte. Ltd.	26,485	-	175,397

18. Derivative transactions

The TOHO GAS Group has adopted policies restricting the use of derivatives and requiring the reporting of such transactions to the responsible officials of the Company. All derivative transactions outstanding at March 31, 2024 and 2023 were accounted for by hedge accounting in accordance with the accounting standard for financial instruments. The effectiveness of a hedge is evaluated by confirming the relationship between the hedge contract and the transaction hedged by that contract.

<u>Hedge contract</u>	<u>Object of hedged transaction</u>
Commodity swap	Purchase price of raw materials
Foreign exchange forward contract	Foreign currency denominated transactions
Interest rate swap	Bank loans
Foreign currency borrowing	Equity of foreign subsidiary

Derivative transactions to which hedge accounting was applied that were outstanding as of March 31, 2024 and 2023 are summarized as follows:

<u>Hedge contract</u>	<u>Notional principal or contract amounts</u>		<u>Fair value (*1)</u>
	<u>Total</u>	<u>Over 1 year</u>	
	<u>Millions of yen</u>		
For 2024:			
Commodity swap contracts			
(fixed rate payment, floating rate receipt)	¥21,660	¥5,204	¥2,531
Interest rate swap contracts			
(fixed rate payment, floating rate receipt)	4,000	4,000	(*2) -
For 2023:			
Commodity swap contracts			
(fixed rate payment, floating rate receipt)	¥21,355	¥1,843	¥3,855
Interest rate swap contracts			
(fixed rate payment, floating rate receipt)	4,000	4,000	(*2) -
	<u>Thousands of U.S. dollars</u>		
For 2024:			
Commodity swap contracts	\$143,444	\$34,464	\$16,762
(fixed rate payment, floating rate receipt)			
Interest rate swap contracts	26,490	26,490	(*2) -
(fixed rate payment, floating rate receipt)			

*1. Fair value was based principally on prices provided by the corresponding financial institutions.

*2. Derivative transactions such as interest rate swap contracts are accounted for by special hedge accounting such that the derivatives are not separated from the hedged bank loans. Therefore, the fair value of such derivative instruments is reflected in the calculation of the related bank loan.

19. Fair value of investment and rental property

The Company and some of its subsidiaries own land and office buildings for rent in Aichi and other prefectures. For the years ended March 2024 and 2023, in connection with those rental properties, the Company recorded rent revenues of ¥2,171 million (\$14,377 thousand) and ¥1,955 million, respectively. Rent revenues were included in the net sales account and the non-operating income account in the accompanying consolidated statements of income. Major rent expenses were included in the cost of sales and selling, general and administrative expenses account.

Information about fair value of rental property as of and for the years ended March 31, 2024 and 2023 was as follows;

Millions of yen				
	Carrying value at the beginning of year	Net changes during the year	Carrying value at the end of year	Fair value at the end of year *
March 31, 2024 -----	¥15,391	(¥264)	¥15,127	¥42,653
March 31, 2023 -----	¥15,357	¥34	¥15,391	¥41,267

Thousands of U.S. dollars				
	Carrying value at the beginning of year	Net changes during the year	Carrying value at the end of year	Fair value at the end of year *
March 31, 2024 -----	\$101,927	(\$1,748)	\$100,179	\$282,470

*Fair value was based principally on real estate appraisal standards.

20. Revenue recognition

1. Disaggregation information of revenue recognized from contracts with customers

Information about revenue recognition as of and for the years ended March 31, 2024 and 2023 was as follows:

	Millions of yen					
	Reported segments				Other	Total
	LPG and Other					
	Gas	Energies	Electricity	Segment Total		
For 2024:						
GAS -----	¥387,257	¥-	¥-	¥387,257	¥-	¥387,257
LPG -----	-	71,372	-	71,372	-	71,372
Electricity -----	-	-	88,279	88,279	-	88,279
Others -----	26,418	28,752	-	55,170	25,998	81,168
Revenue recognized from contracts with customers ---	413,675	100,124	88,279	602,078	25,998	628,076
Revenue recognized from other sources -----	-	-	-	-	4,910	4,910
Net sales to external customers	¥413.675	¥100.124	¥88.279	¥602.078	¥30.908	¥632.986

(Note) The “Other” segment incorporates operations not included in reported segments, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, leasing, development & investment of Natural Gas and other business.

In addition, in the Gas, LPG, Other Energy, and Electricity reporting segments, subsidies received from the "Electricity and Gas Price Alleviation Program," which is a measure implemented by the Japanese government, are included in revenues from contracts with customers.

	Millions of yen					
	Reported segments				Other	Total
	LPG and Other					
	Gas	Energies	Electricity	Segment Total		
For 2023:						
GAS -----	¥424,941	¥-	¥-	¥424,941	¥-	¥424,941
LPG -----	-	76,632	-	76,632	-	76,632
Electricity -----	-	-	107,890	107,890	-	107,890
Others -----	30,755	32,222	-	62,977	29,029	92,006
Revenue recognized from contracts with customers --	455,696	108,854	107,890	672,440	29,029	701,469
Revenue recognized from other sources -----	-	-	-	-	4,605	4,605
Net sales to external customers	¥455,696	¥108,854	¥107,890	¥672,440	¥33,634	¥706,074

(Note) The “Other” segment incorporates operations not included in reported segments, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, leasing, development & investment of Natural Gas and other business.

In addition, in the Gas, LPG, Other Energy, and Electricity reporting segments, subsidies received from the "Electricity and Gas Price Alleviation Program," which is a measure implemented by the Japanese government, are included in revenues from contracts with customers.

	Thousands of U.S. dollars					
	Reported segments				Other	Total
	LPG and Other					
	Gas	Energies	Electricity	Segment Total		
For 2024:						
GAS -----	\$2,564,616	\$-	\$-	\$2,564,616	\$-	\$2,564,616
LPG -----	-	472,662	-	472,662	-	472,662
Electricity -----	-	-	584,629	584,629	-	584,629
Others -----	174,954	190,411	-	365,365	172,172	537,537
Revenue recognized from contracts with customers --	2,739,570	663,073	584,629	3,987,272	172,172	4,159,444
Revenue recognized from other sources -----	-	-	-	-	32,516	32,516
Net sales to external customers	\$2,739,570	\$663,073	\$584,629	\$3,987,272	\$204,688	\$4,191,960

2. Basic information for understanding the recognition of revenue from contracts with customers

Basic information for understanding the recognition of revenue from contracts with customers is described in “2. Summary of significant accounting policies”.

3. Information regarding the relationship with the satisfaction of performance obligation and cash flows arising from the obligation based on contracts with customers, and the amount and the timing of revenue deemed to be recognized after the following consolidated fiscal year arising from contracts with customers at the end of this consolidated fiscal year

(1) Balance of Assets and Liabilities from contracts with customers

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2024	2023	2024
Assets from contracts with customers (Beginning Balance)			
Trade Notes	¥4,354	¥3,404	\$28,834
Accounts receivable	83,185	69,545	550,894
	87,539	72,949	579,728
Assets from contracts with customers (Ending Balance)			
Trade Notes	3,804	4,354	25,192
Accounts receivable	80,430	83,185	532,649
	84,234	87,539	557,841
Contract Assets (Beginning Balance)	57	-	377
Contract Assets (Ending Balance)	38	57	252
Contract liabilities (Beginning Balance)	3,929	2,758	26,020
Contract liabilities (Ending Balance)	¥2,917	¥3,929	\$19,318

Contract assets relate to consideration for services that have been recognized by the consolidated subsidiaries based on the percentage of completion of performance obligations, mainly for construction contracts, but not yet invoiced as of the balance sheet date. The contract asset is reclassified to a receivable arising from a contract with a customer when the right to consideration becomes unconditional.

Contractual liabilities are primarily related to advances received from customers under gas equipment maintenance contracts at the Company and its consolidated subsidiaries. The contract liabilities are reversed when the performance obligations are satisfied upon completion of gas appliance maintenance.

The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was 2,289 million yen (\$15,159 thousand). There were no significant changes in the balances of contract assets and contract liabilities during the period. The amount of revenue recognized in the current period from performance obligations that were satisfied (or partially satisfied) in prior periods was not material.

(2) Balance of Assets and Liabilities from contracts with customers

The Company and its consolidated subsidiaries apply the practical expedient method and omit the transaction price allocated to the remaining performance obligations because there are no material contracts with an initially expected contract term of more than one year. In addition, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

21. Subsequent events

Appropriation of surplus

On June 25, 2024 at the annual general meeting of shareholders of the company, the following appropriation of surplus were approved:

		Millions of yen	Thousands of U.S. dollars
Cash dividends	¥40.00 (\$0.27) per share	¥4,205	\$27,848