



Flash Report for the First Three Quarters of 2023[Japan GAAP] (Consolidated)

November 8, 2023

Company Name: SHIZUOKA GAS CO., LTD. Listing: Tokyo Stock Exchange
 Code Number: 9543 URL: <https://ir.shizukagas.co.jp/en/>
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 Date for presentation of the quarterly report: November 10, 2023
 Date of dividend payment: —
 Preparation of supplemental explanatory materials: **Yes**
 Holding of quarterly results briefing session: **No**

1. Consolidated Business Results for the First Three Quarters (January 1 through September 30, 2023)

(Amounts under one million yen are omitted; YoY % change)

(1) Operating Results

	Net sales (¥ million)		Operating profit (¥ million)		Ordinary profit (¥ million)	
Reporting First Three Quarters	168,439	17.0%	19,586	189.4%	21,198	186.1%
Previous First Three Quarters	143,972	51.3	6,768	19.5	7,410	9.4

Note: Total comprehensive income (¥ million)

Reporting First Three Quarters: 17,361 (209.1%) Previous First Three Quarters: 5,617 ((12.0%))

	Profit attributable to owners of parent (¥ million)		Profit per share (¥)	Diluted profit per share (¥)
Reporting First Three Quarters	14,905	230.3%	200.96	200.66
Previous First Three Quarters	4,513	3.7	60.87	60.78

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
Reporting First Three Quarters	158,544	115,155	68.3
Previous full term	159,497	99,608	58.2

Note: Net assets excluding share acquisition rights and non-controlling interests (¥ million)

Reporting First Three Quarters: 108,257 Previous full term: 92,847

2. Dividend Payment

	Annual dividend per share (¥)				
	1Q	2Q	3Q	Term-end	Total
FY 2022	—	9.50	—	9.50	19.00
FY 2023	—	10.00	—	/	/
FY 2023(forecast)	/	/	/	10.00	20.00

Note: Revision of previously announced dividend forecast: **No**

3. Consolidated Business Forecast for Current Term (January 1 through December 31, 2023)

(Amounts under one million yen are omitted; YoY % change)

	Net sales (¥ million)		Operating profit (¥ million)		Ordinary profit (¥ million)		Profit attributable to owners of parent (¥ million)		Profit per share (¥)
Full term	215,830	4.1%	16,040	85.9%	16,810	77.1%	10,950	83.2%	147.63

Note: Revision of previously announced consolidated business forecast: **No**

※Notes

(1) Major changes in subsidiaries: **No**

Note: Transfer of specified subsidiaries during the reporting First Three Quarters resulting in changes in the scope of consolidation

(2) Simplified accounting and special accounting methods for quarterly financial reporting: **Yes**

(Please refer to the section “Notes(3) Application of Special Accounting Methods in Preparation of Quarterly Consolidated Financial Statements” on P7)

(3) Changes in accounting policies, estimates, or retrospective restatements

a) Changes in accounting policies due to revisions of accounting standards: **Yes**

b) Other: **No**

c) Changes in accounting estimates: **No**

d) Retrospective restatements: **No**

(4) Number of issued shares (ordinary shares)

a) Number of shares issued at end of period (including treasury shares)

Reporting First Three Quarters: 76,192,950

Previous full term: 76,192,950

b) Number of treasury shares at end of period

Reporting First Three Quarters: 2,013,483

Previous full term: 2,043,820

c) Average number of shares outstanding during the term

Reporting First Three Quarters: 74,167,328

Previous First Three Quarters: 74,133,054

Quarterly Review

Quarterly financial results are exempt from quarterly review.

Notes on proper use of forecast, and other matters

Business forecast and other forward-looking statements contained in this document are assumptions based on information available to the company and judgments deemed rational at the time this document was published. Forward-looking statements are not a guarantee that forecast will be achieved. Actual earnings may differ significantly from business forecast due to various factors.

Quarterly Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	6,209	6,115
Distribution facilities	34,425	34,064
Service and maintenance facilities	5,792	5,627
Other facilities	9,789	10,800
Construction in progress	1,928	4,112
Total property, plant and equipment	58,146	60,721
Intangible assets	2,449	2,573
Investments and other assets		
Investment securities	14,333	17,002
Long-term loans receivable	3,323	2,757
Deferred tax assets	857	989
Other investments	2,091	3,682
Allowance for doubtful accounts	(78)	(81)
Total investments and other assets	20,527	24,350
Total non-current assets	81,124	87,644
Current assets		
Cash and deposits	27,649	40,307
Notes and accounts receivable - trade, and contract assets	25,887	14,332
Merchandise and finished goods	661	627
Raw materials and supplies	18,231	12,614
Accounts receivable - other	3,940	658
Securities	132	149
Other current assets	1,928	2,248
Allowance for doubtful accounts	(59)	(38)
Total current assets	78,373	70,899
Total assets	159,497	158,544

	As of December 31, 2022	As of September 30, 2023
Liabilities		
Non-current liabilities		
Bonds payable	-	5,000
Long-term borrowings	12,218	11,592
Deferred tax liabilities	901	1,771
Retirement benefit liability	2,717	2,680
Other noncurrent liabilities	357	200
Total non-current liabilities	16,195	21,245
Current liabilities		
Current portion of non-current liabilities	1,784	850
Accounts payable - trade	13,429	8,281
Short-term borrowings	174	146
Commercial papers	17,999	-
Accounts payable - other	3,306	2,976
Income taxes payable	3,554	5,831
Provision for bonuses	416	1,070
Other current liabilities	3,028	2,986
Total current liabilities	43,693	22,143
Total liabilities	59,888	43,389
Net assets		
Shareholders' equity		
Share capital	6,279	6,279
Capital surplus	5,004	5,027
Retained earnings	77,599	91,058
Treasury shares	(1,038)	(1,023)
Total shareholders' equity	87,844	101,341
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,371	6,124
Deferred gains or losses on hedges	118	234
Foreign currency translation adjustment	81	189
Remeasurements of defined benefit plans	431	367
Total accumulated other comprehensive income	5,002	6,915
Share acquisition rights	85	85
Non-controlling interests	6,674	6,811
Total net assets	99,608	115,155
Total liabilities and net assets	159,497	158,544

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Net sales	143,972	168,439
Cost of sales	115,974	127,475
Gross profit	27,998	40,964
Selling, general and administrative expenses	21,229	21,378
Operating profit	6,768	19,586
Non-operating income		
Interest income	64	56
Dividend income	303	326
Foreign exchange gains	-	144
Gain on investments in silent partnerships	165	1,234
Miscellaneous income	304	245
Total non-operating income	837	2,007
Non-operating expenses		
Interest expenses	66	117
Foreign exchange losses	11	-
Share of loss of entities accounted for using equity method	104	223
Miscellaneous expenses	13	53
Total non-operating expenses	196	395
Ordinary profit	7,410	21,198
Profit before income taxes	7,410	21,198
Income taxes	2,161	5,763
Profit	5,248	15,434
Profit attributable to non-controlling interests	734	529
Profit attributable to owners of parent	4,513	14,905

Consolidated Statements of Comprehensive Income

(Million yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Profit	5,248	15,434
Other comprehensive income		
Valuation difference on available-for-sale securities	536	1,767
Deferred gains or losses on hedges	(246)	115
Foreign currency translation adjustment	17	12
Remeasurements of defined benefit plans, net of tax	(73)	(63)
Share of other comprehensive income of entities accounted for using equity method	135	96
Total other comprehensive income	369	1,926
Comprehensive income	5,617	17,361
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,891	16,817
Comprehensive income attributable to non-controlling interests	725	544

(3) Notes

(Note on Going Concerns' Premise)

Not applicable.

(Note on Significant Change in Shareholders' Equity)

Not applicable.

(Application of Special Accounting Methods in Preparation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

The Company calculates tax expenses based on a reasonable estimate of the effective tax rate after the application of tax effect accounting to profit before income taxes for the current consolidated fiscal year including the consolidated first three quarters. We multiply this effective tax rate by the quarterly profit before income taxes for the cumulative period to calculate tax expenses.

(Changes in Accounting Policies)

(Application of Implementation Guidance Accounting Standard for Fair Value Measurement)

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Guidance No. 31, issued on June 17, 2021, hereinafter "Implementation Guidance on Fair Value Accounting Standard") since the beginning of the current consolidated fiscal year. In accordance with the transitional treatment set forth in Article 27-2 of the Implementation Guidance on the Fair Value Accounting Standard, the Implementation Guidance on Fair Value Accounting Standard has been adopted prospectively. There is no impact on the quarterly consolidated financial statements by adopting the guidance.

(Additional Information)

(Payment related to the LNG procurement contract)

We postponed the delivery of a certain portion of contracted volume to subsequent years based on the LNG procurement contract in response to the dramatic decrease in demand caused by COVID-19. We paid US\$24 million during the first quarter of the 2021 fiscal year. This payment does not affect the consolidated financial statements for the current first three quarters.

This payment may be used to reduce future payments by allocating said payment to the price when taking delivery of the volume in question in subsequent years. However, based on projected demand as of the end of the current consolidated first three quarters and the circumstances surrounding LNG procurement contracts, we have not yet determined the timing of said delivery.

Segment Information

Net Sales and Income (Loss) by Reportable Segment

Nine Months Ended September 30, 2022

(Million yen)

	Reportable segment			Other businesses (Note1)	Total	Adjustments (Note2)	Amount recorded on consolidated statement of income (Note3)
	Gas	LPG and other energy services	Total				
Net sales							
Sales to external customers	116,621	19,732	136,353	7,618	143,972	—	143,972
Inter-segment sales and transfers	2,929	289	3,219	3,370	6,589	(6,589)	—
Total	119,551	20,021	139,573	10,989	150,562	(6,589)	143,972
Segment income	7,363	1,127	8,490	494	8,984	(2,216)	6,768

Notes:

1. The Other businesses category consists of businesses not categorized as individual reportable segments. Other businesses include orders for construction related to the gas business, sales of gas appliances, remodeling, and leasing.
2. The (¥2,216) million in segment income adjustments include ¥229 million in inter-segment eliminations and (¥2,445) million in corporate expenses not allocable to a reportable segment. Corporate expenses are general and administrative expenses not allocable to a reportable segment.
3. Segment income is adjusted to reflect operating profit as recorded on the Company's quarterly consolidated statements of income.

Nine Months Ended September 30, 2023

(Million yen)

	Reportable segment			Other businesses (Note1)	Total	Adjustments (Note2)	Amount recorded on consolidated statement of income (Note3)
	Gas	LPG and other energy services	Total				
Net sales							
Sales to external customers	139,207	20,195	159,403	9,036	168,439	—	168,439
Inter-segment sales and transfers	1,652	471	2,124	3,637	5,761	(5,761)	—
Total	140,860	20,667	161,527	12,673	174,201	(5,761)	168,439
Segment income	20,249	1,058	21,308	670	21,979	(2,392)	19,586

Notes:

1. The Other businesses category consists of businesses not categorized as individual reportable segments. Other businesses include orders for construction related to the gas business, sales of gas appliances, remodeling, and leasing.
2. The (¥2,392) million in segment income adjustments include ¥219 million in inter-segment eliminations and (¥2,612) million in corporate expenses not allocable to a reportable segment. Corporate expenses are general and administrative expenses not allocable to a reportable segment.
3. Segment income is adjusted to reflect operating profit as recorded on the Company's quarterly consolidated statements of income.