

FY2020 Financial Results



SHIZUOKA GAS CO.,LTD.

TSE:9543

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- Forecasts are based on information available to the management when this was drafted.
 - Actual financial results may significantly differ from these forecasts due to any unforeseen economic and business circumstances.
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I . Summary Financial Results

FY2020 Financial Highlights

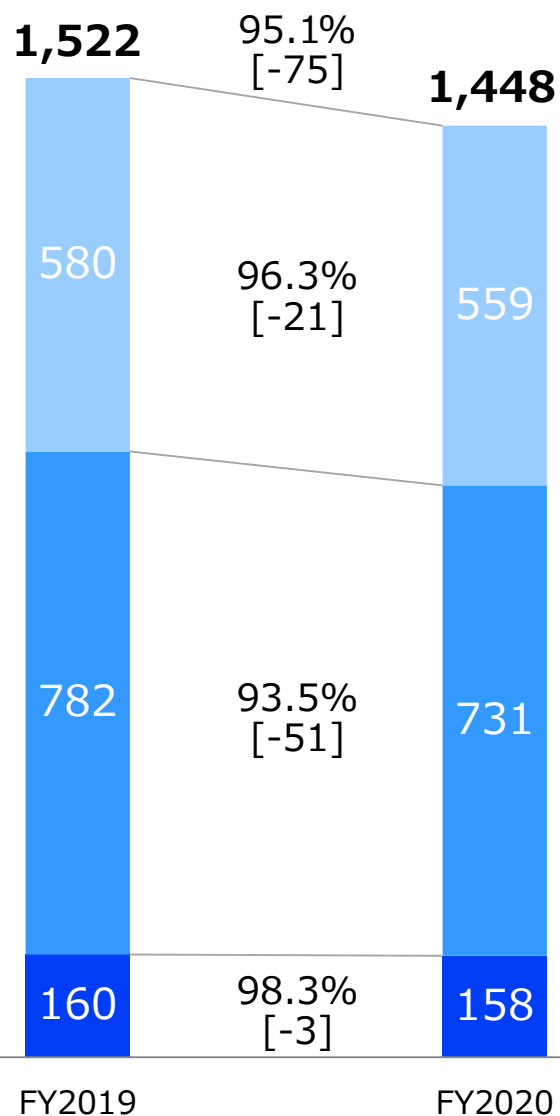


◎ Results : Lower sales, Lower profits

- Gas sales volume -4.9% year on year
→ Decrease in city gas sales volume from the impact of COVID-19
- Net sales decreased by 14.3% due to lower gas sales volume and decrease in city gas unit price.
Operating profit decreased by 13.0% due to an allowance for ship allocation adjustment despite the effect of sliding time lag adjustment.

	FY2019	FY2020	Change	Change (%)
● Gas sales volume (Non-Consolidated) (million m ³ , 45MJ)	1,522	1,448	-75	95.1
Wholesale	580	559	-21	96.3
Large-lot-sale	782	731	-51	93.5
Small-lot-sale	160	158	-3	98.3
● Net sales (billion yen)	141.5	121.3	-20.2	85.7
● Operating profit after Sliding time lag adjustment (billion yen)	5.6	3.9	-1.6	70.1
Operating profit	7.8	6.8	-1.0	87.0
Sliding time lag	+2.2	+2.8	+0.6	—

Gas Sales Volume (Non-consolidated)



Unit; million m³(45MJ/m³)

* Figures in [] are the difference from the results in FY2019

Wholesale

- Decrease due to demand fluctuation [-21]

Large-lot-sale

- Additional customers in 2020 [+3]
- Decrease due to demand fluctuation [-54]

Small-lot-sale

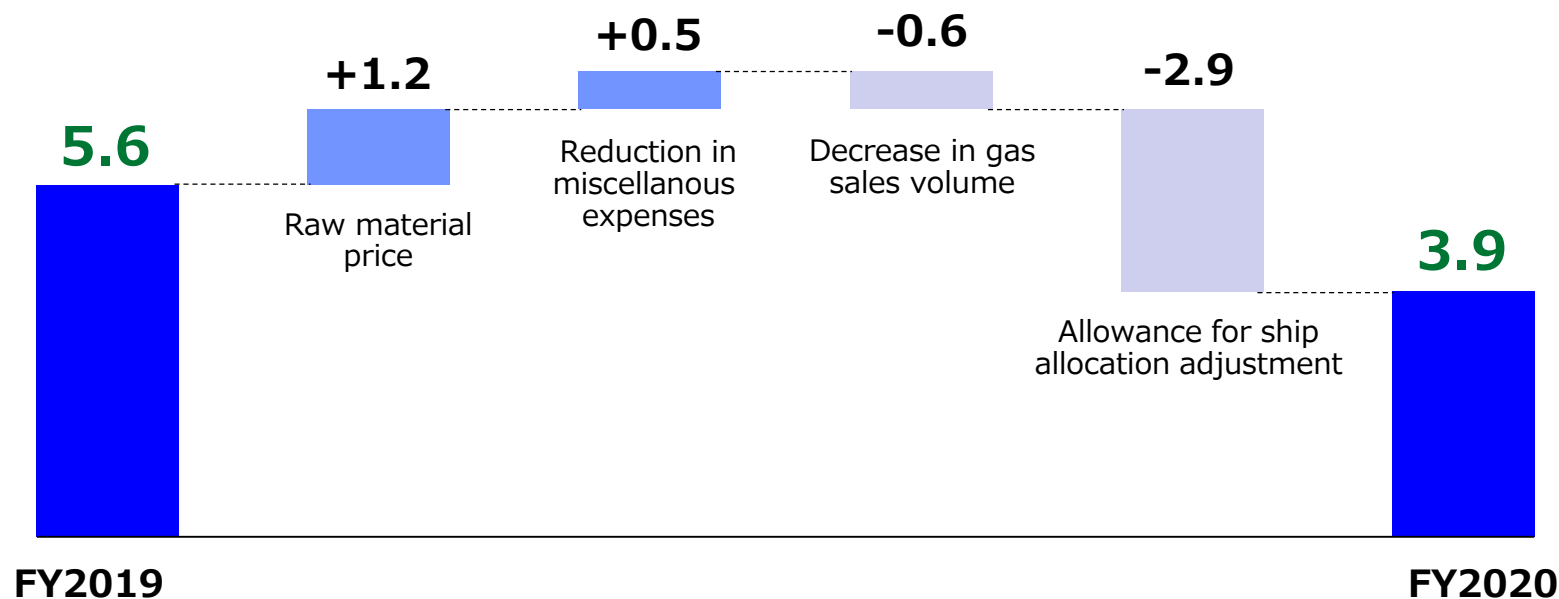
- Decreased in sales volume to commercial customers [-5]
- Increased in sales volume to residential customers [+2]

Breakdown of Consolidated Operating Profit (Year-on-Year comparison)

SHIZUGAS

Unit : billion yen

	FY2019	FY2020	Change
Operating profit after sliding-time-lag adjustment	5.6	3.9	-1.6
Operating profit	7.8	6.8	-1.0
Sliding-time-lag	+2.2	+2.8	+0.6

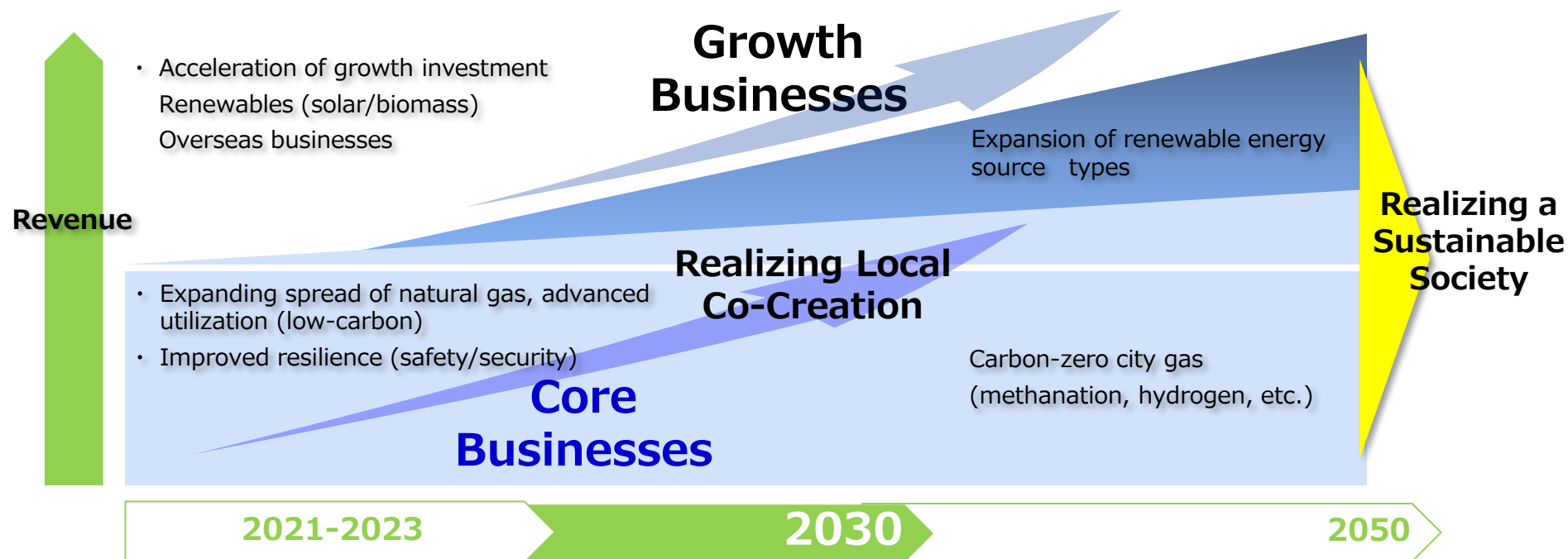


II. Medium-Term Management Plan FY2021 - FY2023

Investment and Business Activities Meeting Social Needs

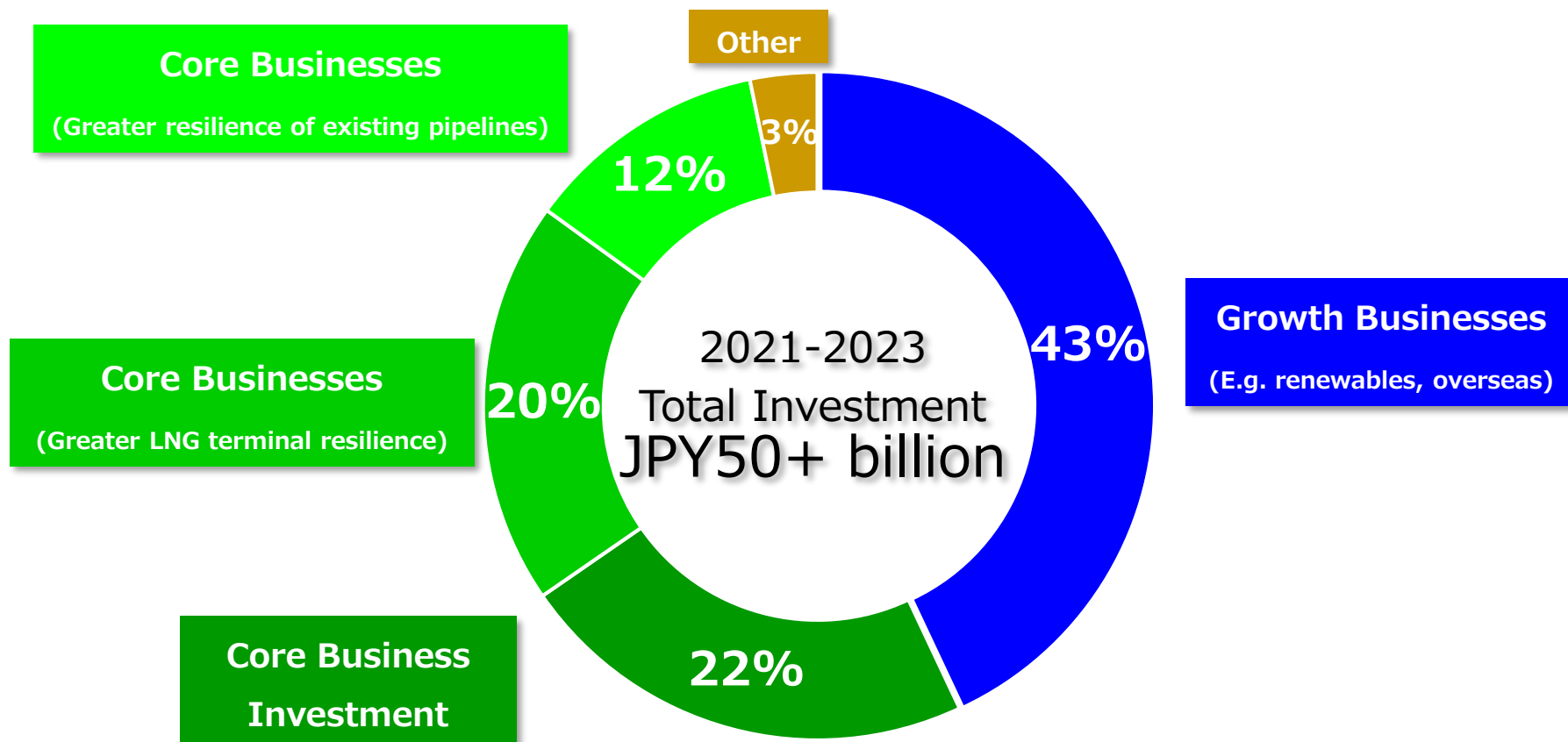
Core Businesses: Carbon reduction through expanding the spread of natural gas and more advanced utilization, etc.

Growth Businesses: Promoting renewables development given environmental/social needs, horizontal deployment overseas



Continued Investment in Core Businesses and Acceleration of Growth Investment

- Make advance investments to boost resilience of natural gas infrastructure while maintaining ongoing core business investment in core businesses
- Accelerate growth businesses with plan for investment to exceed those in core businesses in 2023



Improving Local Resilience

Toward More Disaster-Resistant Energy/a Safer, More Secure, More Stable Supply

- Further boosting of resilience at LNG terminals and high-pressure pipelines
(In addition to safe, secure, and stable supply, rapid recovery in the event of a disaster)
- Contribution to energy security through spreading distributed energy system



Shimizu LNG Co., Ltd., Sodeshi Terminal



High Pressure Pipeline Network

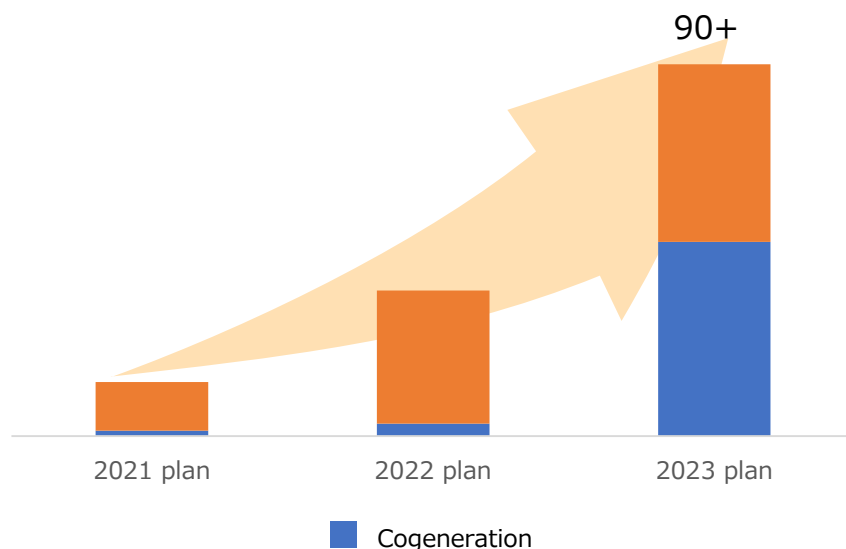
Sustainable Growth of Core Businesses (1)

Reducing CO₂ through Expanding Spread of Natural Gas and Promoting Advanced Utilization

- Develop over 90 million m³ in total over three years (industrial + commercial use)
- Expand cogeneration, promote advanced energy utilization

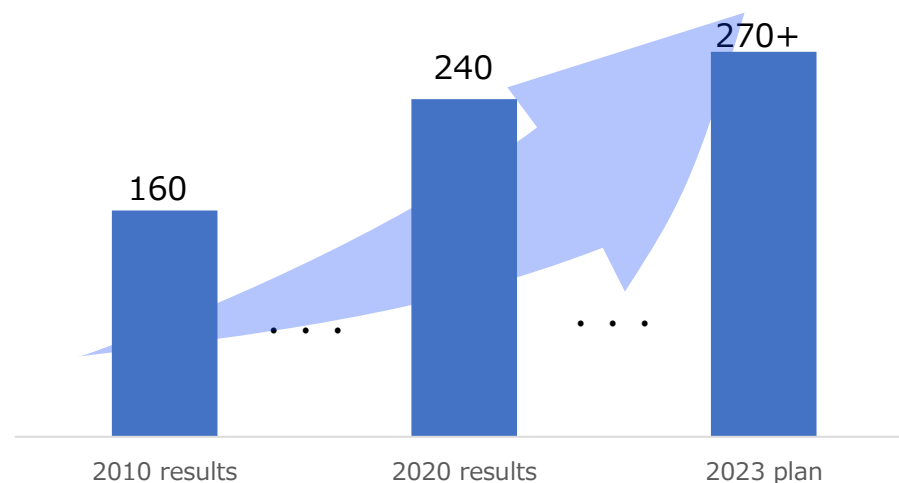
City Gas Sales Volume (Large-Lot Sales) [million m³]

Total over three years



Generation Capacity of Customer-Installed Cogeneration

Systems [MW]



Reduction of Raw Materials Procurement Prices and Leveraging Terminals

- Revise the prices in existing LNG contracts
- Utilize the advantages of the Sodeshi Terminal
 - ✓ Increase the LNG sales by using containers
 - ✓ Implement reloading by using medium or small sized ships
 - ✓ Trades that leverage seasonal pricing differences



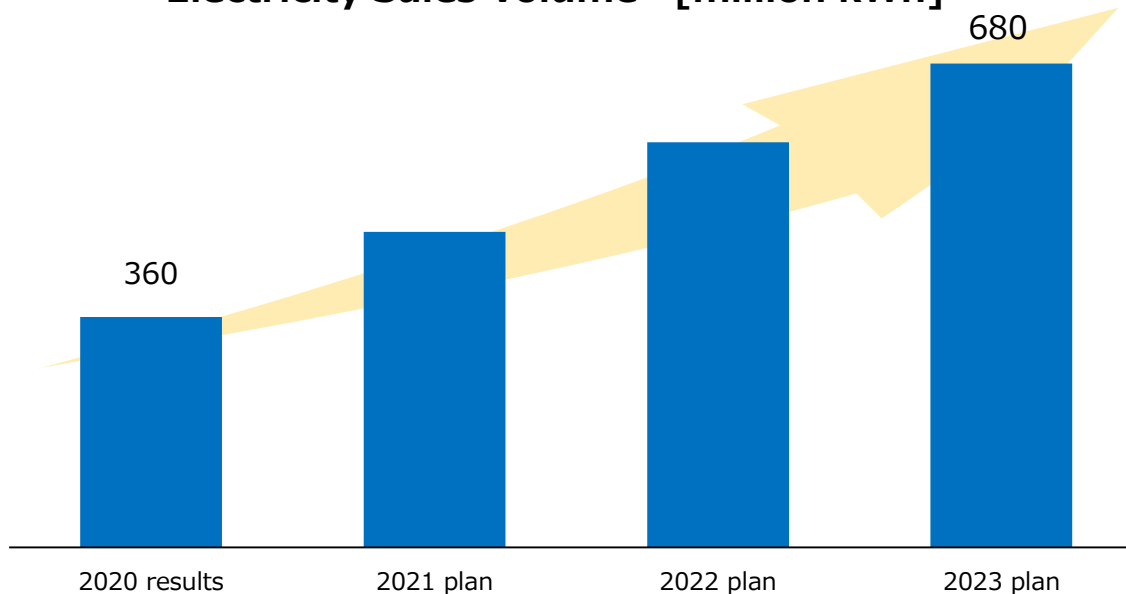
Shimizu LNG Co., Ltd.,
Sodeshi Terminal

Stronger Core Business
Profitability

Expanding the share of electricity sales, primarily with low-voltage customers

- Aim to increase the number of customers and electricity sales volume by 20-30% annually

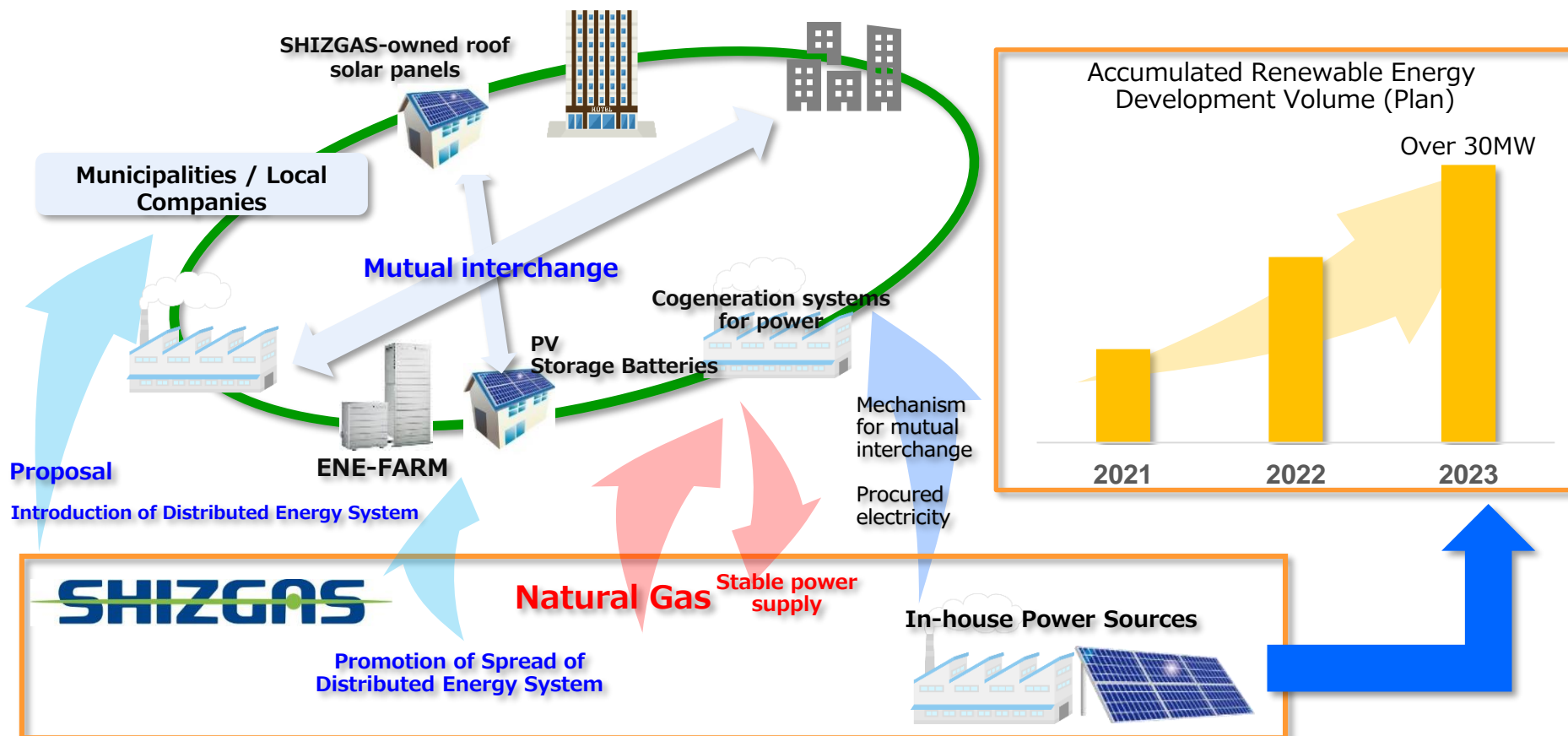
Electricity Sales Volume [million kWh]



Introducing Distributed Energy System and Renewable Energy Initiatives

Optimizing Local Power Supply and Contributing to Energy Security

- Promoting the spread of distributed energy system (cogeneration, ENE-FARM, SHIZGAS-owned customer premise roof solar panels, etc.)
- Securing stable power sources supporting renewables through cogeneration and in-house power sources
- Building a future-minded mechanism for mutual interchange of electricity/energy



Taking on the Establishment of a Local, Circular System

- Building a system to interlink within local areas alongside customers, local municipalities, partner companies, etc., and solving various issues faced by customers and local communities
- Providing new services by leveraging digital contact points on top of conventional physical points

**Municipalities / Partner
Companies**



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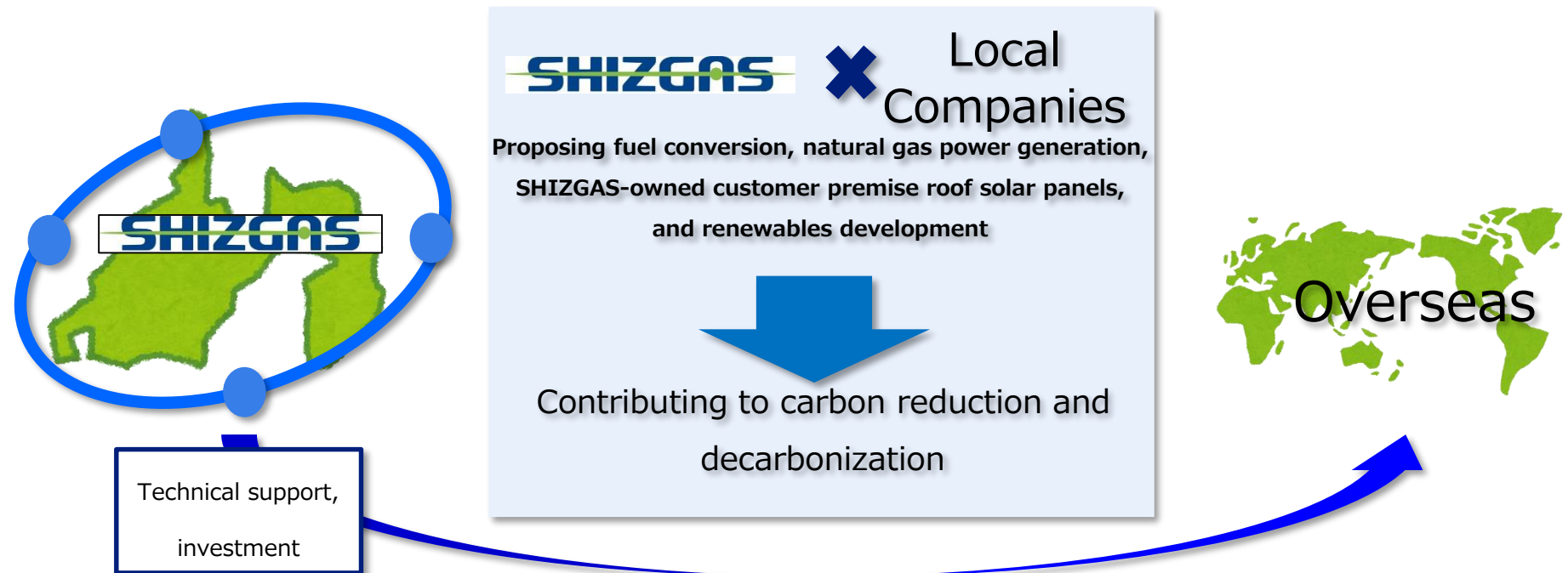


**Local Customers /
Companies**



Contributing to Global Carbon Reduction and Decarbonization

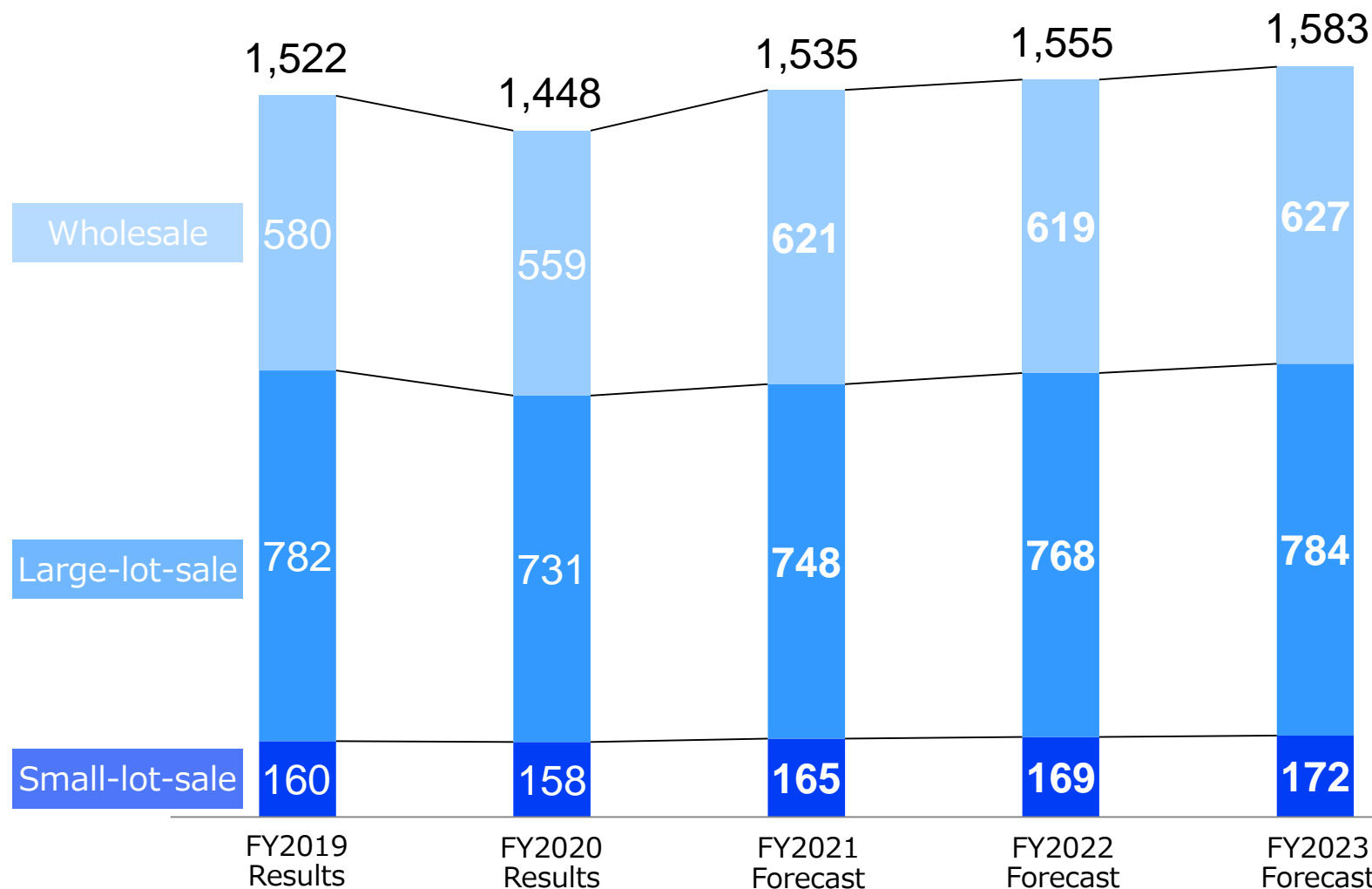
- Proposing energy solutions leveraging domestic expertise, primarily in Asia
- Promoting overseas renewable energy project development



Forecast : Gas Sales Volume (Non-consolidated)



Unit; million m³(45MJ/m³)

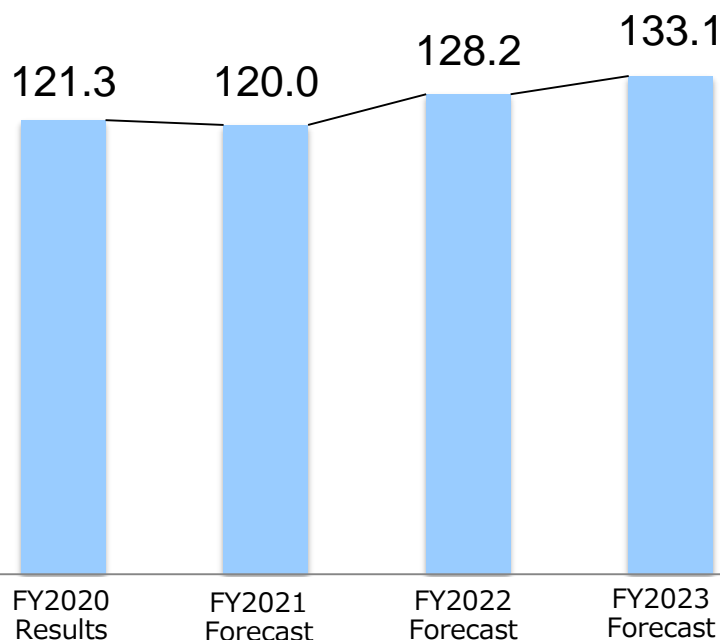


Forecast : Net Sales and Operating Profit



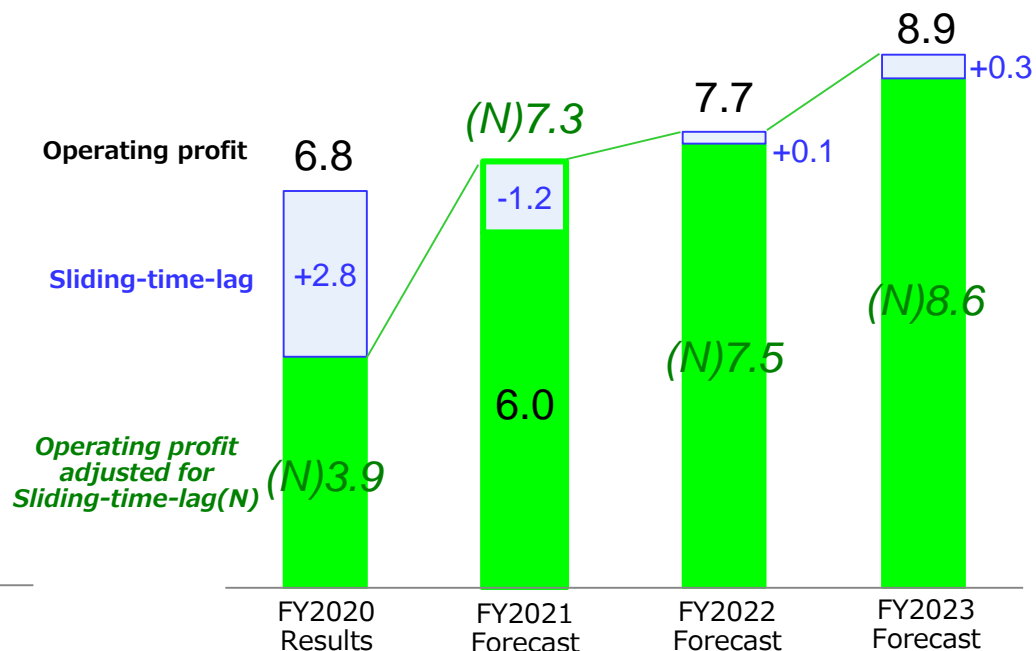
Net Sales

Unit; Billion yen



Operating profit & Sliding time lag

Unit; Billion yen



	FY2020 Results	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
Exchange rate (Yen/US \$)	106.9	110	110	110
Crude oil price C I F (J C C) (\$ / b b l)	45.7	50	50	50

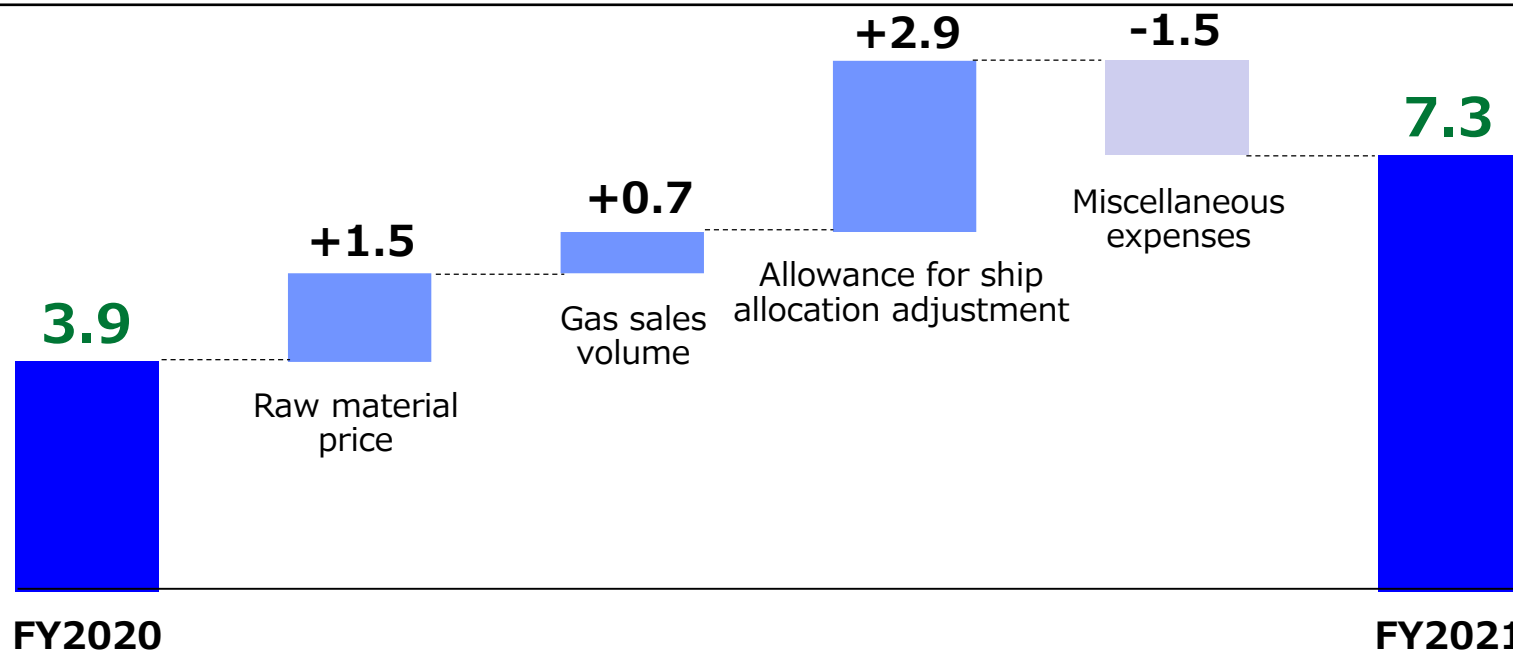
Gross Profit Sensitivity (FY2021)	
(+) 1yen/US\$	-100 million yen
(+) \$1/bbl	-200 million yen

Forecast : Breakdown of Consolidated Operating Profit (Year on Year)

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Unit : billion yen

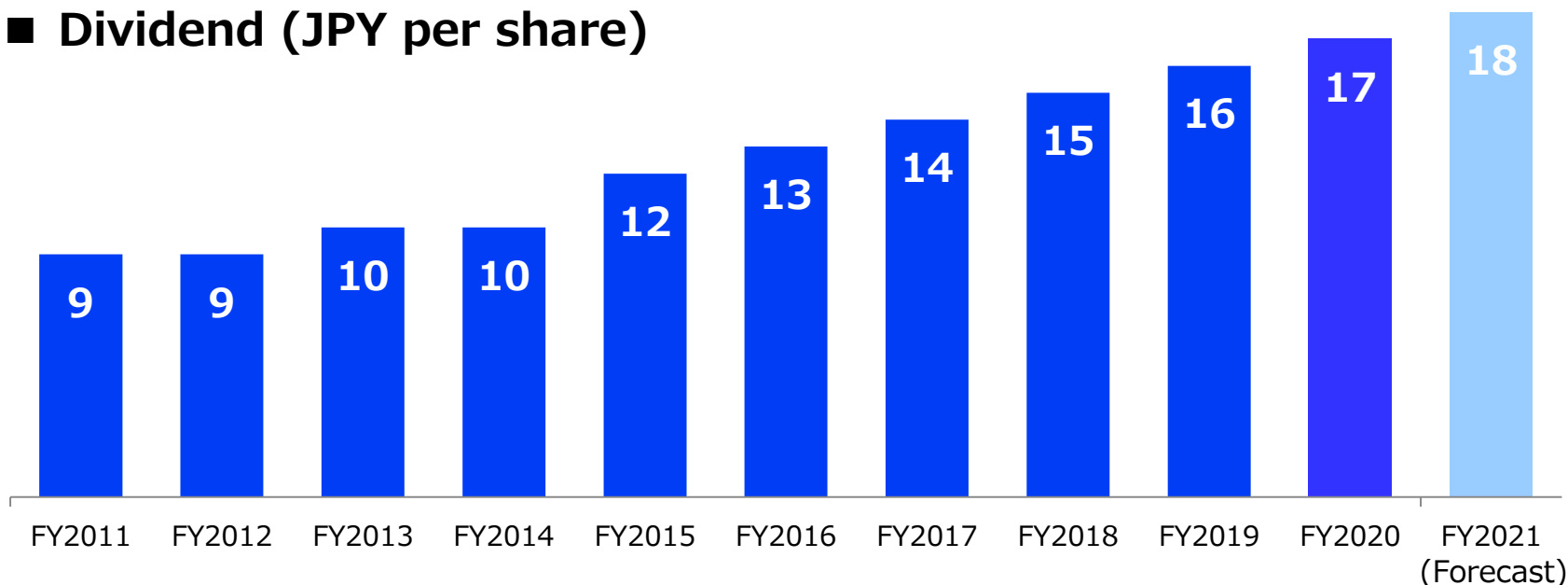
	FY2020	FY2021	Change
Operating profit after Sliding time lag adjustment	3.9	7.3	+3.4
Operating profit	6.8	6.0	-0.7
Sliding time lag	+2.8	-1.2	-4.1



Returns to Shareholders

Dividend policy	<ul style="list-style-type: none">➢ Stable dividend➢ Based on performance and Dividend on Equity (DOE)➢ DOE; FY2020 1.55% → FY2021(Forecast) 1.60%
Interim Dividend per share	JPY 9.0
Year-end Dividend per share	JPY 9.0 (Forecast)

■ Dividend (JPY per share)



III. Supplementary Information

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Gas Sales Volume (Non-Consolidated)



Unit : million m³

	2020 Results	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
Gas sales volume	1,448	1,535	1,555	1,583
Direct sale	888	914	937	957
Residential	85	86	87	88
Commercial	64	69	71	72
Industrial	740	758	778	796
Wholesale	559	621	619	627

〈 Breakdown of Direct sale 〉

Large-lot-sale	731	748	768	784
Small-lot-sale	158	165	169	172

※ Large-lot-sale : Annual contract quantity are 100 thousand m³ or more

Statements of Income



Unit : billion yen

	FY2020 Results	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
Net sales	121.3	120.0	128.2	133.1
Cost of sales	87.1	84.8	90.1	93.2
Gross Profit	34.1	35.2	38.0	39.8
Selling, general and administrative expenses	27.3	29.1	30.2	30.8
Salaries	11.0	11.4	11.3	11.4
Other expenses	9.4	10.8	11.4	11.5
Depreciation	6.8	6.9	7.4	7.9
Operating profit	6.8	6.0	7.7	8.9
Ordinary profit	7.3	6.8	8.7	9.6
Profit attributable to owners of parent	3.7	4.2	5.5	5.9

Balance Sheets



Unit : billion yen

	FY2020 Results	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
Assets	118.1	112.6	117.6	123.0
Non-current assets	71.1	79.6	88.1	93.6
Current assets	47.0	33.0	29.5	29.3
Liabilities	30.5	21.8	22.3	22.5
Long-term loans payable	6.0	5.9	5.4	5.5
Net assets	87.6	90.8	95.3	100.4

Statements of Cash Flows



Unit : billion yen

	FY2020 Results	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
Cash flows from operating activities	20.3	6.9	15.2	16.4
Cash flows from investing activities	-8.4	-17.6	-17.8	-15.6
Cash flows from financing activities	-4.4	-2.1	-2.3	-1.6
Depreciation	8.5	8.7	9.3	10.0

Fiscal 2020 Highlights



- March 2020
 - Achieved an accumulated total of 300 LNG ships
 - Acquired Platinum Kurumin certification as a Childcare Support Company
- April
 - **Marked 110th anniversary since founding**
 - Electric power business has built a base of more than 50,000 customers.
 - Concluded a basic agreement with Shimada City on community development with SDGs leadership
 - Created face shields using PE gas pipes, donated to local medical institutions
- July
 - Launched four-party joint local fresh vegetable delivery service (partners: Shizuoka Railway, WFrontier, Vegi-Bus)
 - Concluded a comprehensive cooperation agreement on global warming countermeasures with Fuji City
- August
 - Began test drives in a V2G business proof of concept utilizing electric vehicles
 - Launched a proof of concept for Shizuoka Share Kitchen, a shared service for restaurants
- September
 - Concluded a long-term partnership agreement related to the revitalization of Izu and the SDGs with Izu Peninsula UNESCO Geopark
 - Launched operations at Shizuoka Gas Living's Drone School, teaching skills and knowledge for using flying drones
 - Launched a crime prevention support service for residential users
 - Launched new CO₂-free electricity rate plans
- October
 - Installed third-party models of solar power generation equipment at Shizuoka Salesio Elementary School
- November
 - Established business partnership with pro basketball team Veltex Shizuoka
 - Launched provision of integrated management system for body temperature/health to educational institutions
- December
 - Launched a membership education service targeted at supporting learning and social interactions primarily for seniors
 - Launched a proof of concept for automatic water/city gas meter reading in Shizuoka City