



Flash Report for the First Three Quarters of 2020[Japan GAAP] (Consolidated)

November 4, 2020

Company Name: SHIZUOKA GAS CO., LTD. Listing: Tokyo Stock Exchange (1st section)
 Code Number: 9543 URL: <https://ir.shizuokagas.co.jp/en/>
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 Date for presentation of the quarterly report: November 9, 2020
 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, 2020)

(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	94,838	(14.1) %	6,575	(20.4) %	6,872	(21.5) %
Previous First Three Quarters	110,417	7.7	8,259	36.8	8,752	32.3

Note: Total comprehensive income (¥ million)

Reporting First Three Quarters: 2,515 ((59.5%)) Previous First Three Quarters: 6,220 (65.9%)

	Profit attributable to owners of parent (¥ million)		Profit per share (¥)	Diluted profit per share (¥)
Reporting First Three Quarters	3,579	(37.2) %	48.34	48.25
Previous First Three Quarters	5,699	36.7	77.07	76.92

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
Reporting First Three Quarters	116,409	86,624	69.7
Previous full term	115,027	86,410	69.9

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

Reporting First Three Quarters: 81,130 Previous full term: 80,382

2. Dividend Payment

	Annual dividend per share (¥)				
	1Q	2Q	3Q	Term-end	Total
FY 2019	—	8.00	—	8.00	16.00
FY 2020	—	8.50	—	/	/
FY 2020 (forecast)	/	/	/	8.50	17.00

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

3. Consolidated Business Forecast for Current Term (January 1 through December 31, 2020)

(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	119,250 (15.8) %	6,110 (22.2) %	6,430 (24.7) %	3,180 (42.4) %	42.95

Note: Revision of previously announced consolidated business forecast: **Yes**

※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: **No**

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: 2,145,148

Previous full term: 2,183,743

c) Average number of shares outstanding during the term

Reporting First Three Quarters: 74,034,705

Previous First Three Quarters: 73,949,455

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)	
	December 31, 2019	September 30, 2020
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	6,831	6,055
Distribution facilities	34,631	33,924
Service and maintenance facilities	5,066	5,171
Other facilities	7,763	7,502
Construction in progress	368	759
Total property, plant and equipment	54,661	53,413
Intangible assets	806	936
Investments and other assets		
Investment securities	9,545	7,771
Long-term loans receivable	5,235	4,745
Deferred tax assets	707	1,170
Other investments and other assets	1,760	1,804
Allowance for doubtful accounts	(93)	(95)
Total investments and other assets	17,155	15,396
Total non-current assets	72,623	69,745
Current assets		
Cash and deposits	24,498	32,281
Notes and accounts receivable - trade	10,458	9,045
Merchandise and finished goods	336	288
Raw materials and supplies	4,905	2,987
Other current assets	2,238	2,088
Allowance for doubtful accounts	(34)	(27)
Total current assets	42,404	46,664
Total assets	115,027	116,409

Note: Amounts under one million yen are omitted.

	(¥ million)	
	December 31, 2019	September 30, 2020
Liabilities		
Non-current liabilities		
Long-term borrowings	5,779	4,336
Deferred tax liabilities	229	158
Retirement benefit liability	3,245	3,183
Other non-current liabilities	119	96
Total non-current liabilities	9,373	7,774
Current liabilities		
Current portion of non-current liabilities	2,437	1,832
Accounts payable - trade	8,735	9,297
Accounts payable - other	2,888	2,626
Income taxes payable	2,077	1,663
Provision for bonuses	437	1,081
Allowance for ship allocation adjustment	—	2,960
Other current liabilities	2,668	2,550
Total current liabilities	19,243	22,010
Total liabilities	28,617	29,784
Net assets		
Shareholders' equity		
Share capital	6,279	6,279
Capital surplus	4,950	4,974
Retained earnings	67,095	69,454
Treasury shares	(1,109)	(1,090)
Total shareholders' equity	77,215	79,617
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,020	2,020
Deferred gains or losses on hedges	6	(521)
Foreign currency translation adjustment	(40)	(139)
Remeasurements of defined benefit plans	179	152
Total accumulated other comprehensive income	3,166	1,512
Share acquisition rights	114	108
Non-controlling interests	5,914	5,386
Total net assets	86,410	86,624
Total liabilities and net assets	115,027	116,409

Note: Amounts under one million yen are omitted.

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

Consolidated Statements of Income

	(¥ million)	
First Three Quarters ended September 30	2019	2020
Net sales	110,417	94,838
Cost of sales	81,636	68,002
Gross profit	28,781	26,836
Selling, general and administrative expenses	20,521	20,260
Operating profit	8,259	6,575
Non-operating income		
Interest income	85	75
Dividend income	118	117
Share of profit of entities accounted for using equity method	245	67
Miscellaneous income	227	241
Total non-operating income	676	501
Non-operating expenses		
Interest expenses	91	70
Foreign exchange losses	69	118
Miscellaneous expenses	22	16
Total non-operating expenses	182	204
Ordinary profit	8,752	6,872
Extraordinary income		
Gain on sales of investment securities	—	30
Total extraordinary income	—	30
Profit before income taxes	8,752	6,902
Income taxes	2,389	2,724
Profit	6,363	4,177
Profit attributable to non-controlling interests	663	598
Profit attributable to owners of parent	5,699	3,579

Note: Amounts under one million yen are omitted.

Consolidated Statements of Comprehensive Income

	(¥ million)	
First Three Quarters ended September 30	2019	2020
Profit	6,363	4,177
Other comprehensive income		
Valuation difference on available-for-sale securities	(145)	(1,007)
Deferred gains or losses on hedges	(38)	(527)
Foreign currency translation adjustment	(3)	(3)
Remeasurements of defined benefit plans, net of tax	(24)	(26)
Share of other comprehensive income of entities accounted for using equity method	68	(95)
Total other comprehensive income	(143)	(1,661)
Comprehensive income	6,220	2,515
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,555	1,925
Comprehensive income attributable to non-controlling interests	664	590

Note: Amounts under one million yen are omitted.

(3) Notes

(1) Note on Going Concerns' Premise

Not applicable.

(2) Note on Significant Change in Shareholders' Equity

Not applicable.

(3) 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.

Additional Information

A high degree of uncertainty exists regarding the impact of COVID-19. However, it is assumed that group demand will gradually recover toward the second half of 2021 regarding any impact on accounting estimates.

Also, in the current consolidated fiscal year, a portion of contracted volume based on LNG procurement contracts will be postponed to a later year in response to the sudden decrease in demand caused by the impact of COVID-19. We anticipate the payment amount for this response will be ¥2,960 million. We can apply this payment when the amount in question is received in a later year. However, the timing for such payments remains uncertain at this time due to demand forecasts based on the above assumptions and the status of LNG procurement contracts. As the timing for receipt of the amount in question is undetermined and highly uncertain at the moment, we have recorded the entire amount of the expected payment as an allowance for ship allocation adjustment and have expensed it as cost of sales for the current fiscal year. There have been no significant changes to the assumptions regarding the impact of COVID-19 since the second quarter of the current consolidated fiscal year. However, future consolidated financial statements could be affected if the situation or level of impact changes.

Segment Information

Net Sales and Income (Loss) by Reportable Segment

Nine Months Ended September 30, 2019

(¥ million)

	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	88,301	13,510	101,811	8,606	110,417	—	110,417
Inter-segment sales and transfers	1,320	170	1,490	2,990	4,481	(4,481)	—
Total	89,621	13,681	103,302	11,596	114,899	(4,481)	110,417
Segment income	9,594	623	10,217	452	10,670	(2,410)	8,259

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 (¥2,410) million in segment income adjustments include ¥198 million in inter-segment eliminations and (¥2,609) 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, 2020

(¥ million)

	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	75,126	12,807	87,933	6,904	94,838	—	94,838
Inter-segment sales and transfers	878	213	1,092	3,285	4,377	(4,377)	—
Total	76,004	13,021	89,026	10,189	99,216	(4,377)	94,838
Segment income	7,842	723	8,566	344	8,910	(2,335)	6,575

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 (¥2,335) million in segment income adjustments include ¥202 million in inter-segment eliminations and (¥2,537) 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.