



Flash Report for the Term Ended December 31, 2020 [Japan GAAP] (Consolidated)

February 10, 2021

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 of annual general meeting of shareholders: March 26, 2021
 Date for presentation of the financial statements report: March 29, 2021
 Date of dividend payment: March 29, 2021
 Preparation of supplemental explanatory materials: Yes
 Holding of FY2020 financial briefing session: Yes (for institutional investors)

1. Consolidated Business Results (January 1 to December 31, 2020)

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

(1) Operating Results

	Net sales (¥ million)	Operating profit (¥ million)	Ordinary profit (¥ million)	Profit attributable to owners of parent (¥ million)
Reporting term	121,320 (14.3)%	6,828 (13.0)%	7,391 (13.4)%	3,709 (32.8)%
Previous term	141,544 (1.2)%	7,852 61.3%	8,537 52.7%	5,519 67.7%

Note: Total comprehensive income (¥ million) Reporting term: 3,637 ((42.8%)) Previous term: 6,361(225.2%)

	Profit per share (¥)	Diluted profit per share (¥)	Return on equity (ROE) (%)	Ordinary profit / Total assets (%)	Operating profit / Net sales (%)
Reporting term	50.09	50.00	4.6	6.3	5.6
Previous term	74.62	74.47	7.1	7.5	5.5

Reference: Share of profit of entities accounted for using equity method (¥ million) Reporting term: 172 Previous term: 233

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
Reporting term	118,177	87,673	69.4	1,108.38
Previous term	115,027	86,410	69.9	1,086.11

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

Reporting term: 82,073 Previous term: 80,382

(3) Cash Flows

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Reporting term	20,303	(8,428)	(4,490)	31,615
Previous term	21,921	(5,825)	(4,002)	24,386

2. Dividend Payment

	Dividend per share (¥)					Total amount for annual dividend payments (¥ million)	Pay-out ratio (consolidated) (%)	Dividend payments/ Net assets (consolidated) (%)
	End of Q1	End of Q2	End of Q3	End of Q4	Total			
FY 2019	—	8.00	—	8.00	16.00	1,145	21.4	1.5
FY 2020	—	8.50	—	8.50	17.00	1,221	33.9	1.5
FY 2021(forecast)	—	9.00	—	9.00	18.00	/	31.7	/

3. Consolidated Business Forecast for the Term Ended December 31, 2021

(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	120,090 (1.0) %	6,070 (11.1) %	6,850 (7.3) %	4,210 13.5%	56.86

※Notes

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

Note: Transfer of specified subsidiaries during the reporting period resulting in changes in the scope of consolidation

(2) 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**

(3) Number of issued shares (ordinary shares)

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

Reporting term: 76,192,950

Previous term: 76,192,950

b) Number of treasury shares at end of period

Reporting term: 2,145,148

Previous term: 2,183,743

c) Average number of shares outstanding during the term

Reporting term: 74,037,997

Previous term: 73,964,531

※This flash report is exempt from review procedures under the Financial Instruments and Exchange Act.

※Caution Concerning Forward-Looking Statements

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.

Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

As of December 31	(¥ million)	
	2019	2020
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	6,831	5,892
Distribution facilities	34,631	34,213
Service and maintenance facilities	5,066	5,135
Other facilities	7,763	7,481
Construction in progress	368	2,096
Total property, plant and equipment	54,661	54,819
Intangible assets	806	935
Investments and other assets		
Investment securities	9,545	8,218
Long-term loans receivable	5,235	4,463
Deferred tax assets	707	987
Other investments and other assets	1,760	1,810
Allowance for doubtful accounts	(93)	(73)
Total investments and other assets	17,155	15,406
Total non-current assets	72,623	71,160
Current assets		
Cash and deposits	24,498	31,732
Notes and accounts receivable-trade	10,458	8,492
Merchandise and finished goods	336	307
Raw materials and supplies	4,905	4,863
Other current assets	2,238	1,646
Allowance for doubtful accounts	(34)	(25)
Total current assets	42,404	47,016
Total assets	115,027	118,177

Note: Amounts under one million yen are omitted.

As of December 31	(¥ million)	
	2019	2020
Liabilities		
Non-current liabilities		
Long-term borrowings	5,779	4,373
Deferred tax liabilities	229	172
Retirement benefit liability	3,245	3,045
Other non-current liabilities	119	99
Total non-current liabilities	9,373	7,691
Current liabilities		
Current portion of non-current liabilities	2,437	1,712
Accounts payable-trade	8,735	9,571
Accounts payable-other	2,888	3,140
Income taxes payable	2,077	2,089
Provision for bonuses	437	423
Allowance for ship allocation adjustment	—	2,900
Other current liabilities	2,668	2,976
Total current liabilities	19,243	22,812
Total liabilities	28,617	30,503
Net assets		
Shareholders' equity		
Share capital	6,279	6,279
Capital surplus	4,950	4,948
Retained earnings	67,095	69,583
Treasury shares	(1,109)	(1,090)
Total shareholders' equity	77,215	79,721
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,020	2,341
Deferred gains or losses on hedges	6	(218)
Foreign currency translation adjustment	(40)	(104)
Remeasurements of defined benefit plans	179	333
Total accumulated other comprehensive income	3,166	2,352
Share acquisition rights	114	108
Non-controlling interests	5,914	5,491
Total net assets	86,410	87,673
Total liabilities and net assets	115,027	118,177

Note: Amounts under one million yen are omitted.

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

Consolidated Statements of Income

Year ended December 31	(¥ million)	
	2019	2020
Net sales	141,544	121,320
Cost of sales	106,118	87,120
Gross profit	35,425	34,199
Selling, general and administrative expenses	27,573	27,371
Operating profit	7,852	6,828
Non-operating income		
Interest income	111	98
Dividend income	224	216
Share of profit of entities accounted for using equity method	233	172
Miscellaneous income	316	306
Total non-operating income	886	794
Non-operating expenses		
Interest expenses	118	90
Foreign exchange losses	52	121
Miscellaneous expenses	29	18
Total non-operating expenses	201	231
Ordinary profit	8,537	7,391
Extraordinary income		
Gain on sales of investment securities	183	30
Total extraordinary income	183	30
Extraordinary losses		
Loss on valuation of investment securities	14	143
Total extraordinary losses	14	143
Profit before income taxes	8,705	7,278
Income taxes-current	2,373	2,934
Income taxes-deferred	5	(115)
Total income taxes	2,378	2,819
Profit	6,326	4,458
Profit attributable to non-controlling interests	807	749
Profit attributable to owners of parent	5,519	3,709

Note: Amounts under one million yen are omitted.

Consolidated Statements of Comprehensive Income

Year ended December 31	(¥ million)	
	2019	2020
Profit	6,326	4,458
Other comprehensive income		
Valuation difference on available-for-sale securities	(95)	(686)
Deferred gains or losses on hedges	(5)	(224)
Foreign currency translation adjustment	0	(2)
Remeasurements of defined benefit plans, net of tax	26	153
Share of other comprehensive income of entities accounted for using equity method	109	(61)
Total other comprehensive income	34	(821)
Comprehensive income	6,361	3,637
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,537	2,895
Comprehensive income attributable to non-controlling interests	823	742

Note: Amounts under one million yen are omitted.

(3) Consolidated Statements of Changes in Net Assets

Fiscal Year Ended December 31, 2019

(¥ million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,279	4,712	62,722	(1,193)	72,520
Changes during period					
Dividends of surplus			(1,145)		(1,145)
Profit attributable to owners of parent			5,519		5,519
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		7		15	23
Change in ownership interest of parent due to transactions with non-controlling interests		230		68	298
Net changes in items other than shareholders' equity					
Total changes during period	—	237	4,373	83	4,694
Balance at end of period	6,279	4,950	67,095	(1,109)	77,215

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,132	11	(149)	153	3,148	115	6,572	82,356
Changes during period								
Dividends of surplus								(1,145)
Profit attributable to owners of parent								5,519
Purchase of treasury shares								(0)
Disposal of treasury shares								23
Change in ownership interest of parent due to transactions with non-controlling interests								298
Net changes in items other than shareholders' equity	(112)	(5)	109	26	18	(1)	(658)	(640)
Total changes during period	(112)	(5)	109	26	18	(1)	(658)	4,053
Balance at end of period	3,020	6	(40)	179	3,166	114	5,914	86,410

Fiscal Year Ended December 31, 2020

(¥ million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,279	4,950	67,095	(1,109)	77,215
Changes during period					
Dividends of surplus			(1,221)		(1,221)
Profit attributable to owners of parent			3,709		3,709
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		7		19	27
Change in ownership interest of parent due to transactions with non-controlling interests		(9)			(9)
Net changes in items other than shareholders' equity					
Total changes during period	—	(1)	2,487	19	2,505
Balance at end of period	6,279	4,948	69,583	(1,090)	79,721

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,020	6	(40)	179	3,166	114	5,914	86,410
Changes during period								
Dividends of surplus								(1,221)
Profit attributable to owners of parent								3,709
Purchase of treasury shares								(0)
Disposal of treasury shares								27
Change in ownership interest of parent due to transactions with non-controlling interests								(9)
Net changes in items other than shareholders' equity	(678)	(224)	(64)	153	(814)	(5)	(422)	(1,242)
Total changes during period	(678)	(224)	(64)	153	(814)	(5)	(422)	1,262
Balance at end of period	2,341	(218)	(104)	333	2,352	108	5,491	87,673

(4) Consolidated Statements of Cash Flows

Year ended December 31	(¥ million)	
	2019	2020
Cash flows from operating activities		
Profit before income taxes	8,705	7,278
Depreciation	8,540	8,561
Loss on retirement of property, plant and equipment	36	159
Loss (gain) on valuation of investment securities	14	143
Increase (decrease) in allowance for doubtful accounts	(7)	(28)
Increase (decrease) in retirement benefit liability	(80)	11
Increase (decrease) in provision for bonuses	25	(14)
Interest and dividend income	(336)	(315)
Interest expenses	118	90
Share of loss (profit) of entities accounted for using equity method	(233)	(172)
Loss (gain) on sales of investment securities	(183)	(30)
Decrease (increase) in trade receivables	2,741	1,967
Decrease (increase) in inventories	5,014	71
Increase (decrease) in trade payables	(2,886)	932
Increase (decrease) in Allowance for ship allocation adjustment	—	2,900
Decrease/increase in consumption taxes receivable/payable	834	307
Other, net	694	854
Subtotal	22,999	22,718
Interest and dividends received	336	315
Interest paid	(124)	(98)
Income taxes paid	(1,290)	(2,631)
Net cash provided by (used in) operating activities	21,921	20,303
Cash flows from investing activities		
Payments into time deposits	(125)	(183)
Proceeds from withdrawal of time deposits	131	178
Purchase of property, plant and equipment and intangible assets	(6,681)	(9,135)
Proceeds from sales of property, plant and equipment and intangible assets	15	9
Purchase of investment securities	(6)	(4)
Proceeds from sales of investment securities	244	35
Proceeds from redemption of investment securities	353	339
Collection of loans receivable	658	771
Proceeds from contribution received for construction	5	—
Other, net	(421)	(439)
Net cash provided by (used in) investing activities	(5,825)	(8,428)
Cash flows from financing activities		
Proceeds from long-term borrowings	930	350
Repayments of long-term borrowings	(2,602)	(2,444)
Dividends paid	(1,146)	(1,220)
Dividends paid to non-controlling interests	(1,079)	(1,067)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(104)	(106)
Other, net	(0)	0
Net cash provided by (used in) financing activities	(4,002)	(4,490)
Effect of exchange rate change on cash and cash equivalents	(45)	(156)
Net increase (decrease) in cash and cash equivalents	12,047	7,228
Cash and cash equivalents at beginning of period	12,338	24,386
Cash and cash equivalents at end of period	24,386	31,615

Note: Amounts under one million yen are omitted.

(5) Notes regarding Consolidated Financial Statements

Note on Going Concerns' Premise

Not applicable.

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 ¥2,900 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

1. Overview of reportable segments

Shizuoka Gas Group's reportable segments are those segments capable of providing separate financial information, and which the Board of Directors regularly reviews to determine the allocation of management resources and evaluate performance results.

The basic business of the Shizuoka Gas Group is the development of general energy businesses, mainly in city gas and the LPG adoption. We have identified two reportable segments along product/service lines: (1) Gas and (2) LPG and other energy services.

The following details the principal products and services offered by each reportable segment:

Gas: Natural gas and liquefied natural gas (LNG)
 LPG and other energy services: Liquefied petroleum gas (LPG), electric power, and on-site energy services

2. Accounting method of sales, profit or losses, assets and other items by each reportable segment

The accounting procedures of the reported business segments are the same as set forth in "Important items in the basis of presenting consolidated financial statements".

Reportable segment income is based on operating profit.

Inter-segment sales and transfers are transactions between consolidated companies and are based on market prices, etc.

3. Net Sales, Income (Loss), Assets, and Other Material Items by each Reportable Segment

Fiscal Year Ended December 31, 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	112,994	17,556	130,550	10,993	141,544	—	141,544
Inter-segment sales and Transfers	1,628	225	1,853	4,301	6,155	(6,155)	—
Total	114,623	17,781	132,404	15,295	147,699	(6,155)	141,544
Segment income	9,768	604	10,373	654	11,027	(3,175)	7,852
Segment Assets	66,822	10,507	77,330	6,105	83,435	31,592	115,027
Others							
Depreciation Expenses	7,521	564	8,085	306	8,392	148	8,540
Investments in entities accounted for using equity method	141	1,553	1,695	—	1,695	—	1,695
Increase in property, plant, equipment, and intangible assets	6,198	386	6,585	479	7,064	196	7,261

Notes:

1. The "Other businesses" classification consists of businesses not defined as reportable segments, and include gas construction of facilities/gas piping installations and gas appliance sales, remodeling and leasing.

2. The adjusted amount is as follows.

(1) The (¥3,175) million in segment income adjustments includes ¥283 million in eliminations of inter-segment transactions and (¥3,459) million of corporate expenses not allocated to the respective reportable segments. Corporate expenses are general and administrative expenses not allocable to a reportable segment.

(2) The ¥31,592 million in segment asset adjustments includes (¥1,890) million in eliminations of inter-segment transactions and ¥33,482 million of company-wide assets not allocated to the respective reportable segments. Company-wide assets are surplus funds (cash and deposits), long-term investments (investment securities) and assets related to administrative departments.

3. Segment income is adjusted to reflect operating profit as recorded on the consolidated statements of income.

Fiscal Year Ended December 31, 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	94,699	16,883	111,582	9,737	121,320	—	121,320
Inter-segment sales and transfers	1,210	270	1,480	4,796	6,277	(6,277)	—
Total	95,909	17,154	113,063	14,533	127,597	(6,277)	121,320
Segment income	8,489	740	9,229	716	9,946	(3,118)	6,828
Segment Assets	61,694	9,821	71,516	6,018	77,534	40,642	118,177
Others							
Depreciation expenses	7,552	570	8,122	299	8,422	139	8,561
Investments in entities accounted for using equity method	158	1,231	1,389	—	1,389	—	1,389
Increase in property, plant, equipment, and intangible assets	7,200	657	7,858	209	8,068	937	9,005

Notes:

1. The "Other businesses" classification consists of businesses not defined as reportable segments, and include gas construction of facilities/gas piping installations and gas appliance sales, remodeling and leasing.

2. The adjusted amount is as follows.

(1) The (¥3,118) million in segment income adjustments includes ¥273 million in eliminations of inter-segment transactions and (¥3,391) million of corporate expenses not allocated to the respective reportable segments.

Corporate expenses are general and administrative expenses not allocable to a reportable segment.

(2) The ¥40,642 million in segment asset adjustments includes (¥2,056) million in eliminations of inter-segment transactions and ¥42,698 million of company-wide assets not allocated to the respective reportable segments.

Company-wide assets are surplus funds (cash and deposits), long-term investments (investment securities) and assets related to administrative departments.

3. Segment income is adjusted to reflect operating profit as recorded on the consolidated statements of income.