



Flash Report for the First Quarter of 2021 [Japan GAAP] (Consolidated)

May 12, 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 for presentation of the quarterly report: May 13, 2021
 Date of dividend payment: —
 Preparation of supplemental explanatory materials: **Yes**
 Holding of quarterly results briefing session: **No**

1. Consolidated Business Results for the First Quarter (January 1 through March 31, 2021)

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

(1) Operating Results

	Net sales (¥ million)		Operating profit (¥ million)		Ordinary profit (¥ million)	
Reporting First Quarter	31,479	(13.3)%	3,512	14.9%	4,200	42.9%
Previous First Quarter	36,320	(14.8)%	3,057	(10.4)%	2,940	(16.9)%

Note: Total comprehensive income (¥ million)

Reporting First Quarter: 4,121 (—%)

Previous First Quarter: (239) (—%)

	Profit attributable to owners of parent (¥ million)		Profit per share (¥)	Diluted profit per share (¥)
Reporting First Quarter	2,874	58.1%	38.81	38.74
Previous First Quarter	1,817	(20.8)%	24.56	24.51

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
Reporting First Quarter	112,464	90,626	75.8	1,151.34
Previous full term	118,177	87,673	69.4	1,108.38

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

Reporting First Quarter: 85,259

Previous full term: 82,073

2. Dividend Payment

	Annual dividend per share (¥)				
	1Q	2Q	3Q	Term-end	Total
FY 2020	—	8.50	—	8.50	17.00
FY 2021	—	/	/	/	/
FY 2021 (forecast)	/	9.00	—	9.00	18.00

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

3. Consolidated Business Forecast for Current Term (January 1 through 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	128,830	6.2%	5,130	(24.9)%	6,460	(12.6)%	4,070	9.7%	54.96

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 Quarter 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 Quarter: 76,192,950

Previous full term: 76,192,950

b) Number of treasury shares at end of period

Reporting First Quarter: 2,140,748

Previous full term: 2,145,148

c) Average number of shares outstanding during the term

Reporting First Quarter: 74,052,006

Previous First Quarter: 74,009,207

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, 2020	March 31, 2021
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	5,892	5,581
Distribution facilities	34,213	34,002
Service and maintenance facilities	5,135	5,093
Other facilities	7,481	7,531
Construction in progress	2,096	2,318
Total property, plant and equipment	54,819	54,526
Intangible assets	935	970
Investments and other assets		
Investment securities	8,218	9,661
Long-term loans receivable	4,463	4,283
Deferred tax assets	987	731
Other investments and other assets	1,810	1,912
Allowance for doubtful accounts	(73)	(78)
Total investments and other assets	15,406	16,509
Total non-current assets	71,160	72,006
Current assets		
Cash and deposits	31,732	23,642
Notes and accounts receivable-trade	8,492	10,231
Merchandise and finished goods	307	335
Raw materials and supplies	4,863	4,455
Other current assets	1,646	1,819
Allowance for doubtful accounts	(25)	(27)
Total current assets	47,016	40,457
Total assets	118,177	112,464

Note: Amounts under one million yen are omitted.

	(¥ million)	
	December 31,2020	March 31,2021
Liabilities		
Non-current liabilities		
Long-term borrowings	4,373	3,887
Deferred tax liabilities	172	214
Retirement benefit liability	3,045	3,071
Other non-current liabilities	99	99
Total non-current liabilities	7,691	7,273
Current liabilities		
Current portion of non-current liabilities	1,712	1,609
Accounts payable-trade	9,571	6,297
Accounts payable-other	3,140	2,421
Income taxes payable	2,089	1,039
Provision for bonuses	423	735
Allowance for ship allocation adjustment	2,900	—
Other current liabilities	2,976	2,460
Total current liabilities	22,812	14,564
Total liabilities	30,503	21,838
Net assets		
Shareholders' equity		
Share capital	6,279	6,279
Capital surplus	4,948	4,950
Retained earnings	69,583	71,827
Treasury shares	(1,090)	(1,088)
Total shareholders' equity	79,721	81,968
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,341	3,035
Deferred gains or losses on hedges	(218)	—
Foreign currency translation adjustment	(104)	(63)
Remeasurements of defined benefit plans	333	318
Total accumulated other comprehensive income	2,352	3,290
Share acquisition rights	108	103
Non-controlling interests	5,491	5,262
Total net assets	87,673	90,626
Total liabilities and net assets	118,177	112,464

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 quarter ended March 31	2020	2021
Net sales	36,320	31,479
Cost of sales	26,320	21,188
Gross profit	9,999	10,291
Selling, general and administrative expenses	6,942	6,778
Operating profit	3,057	3,512
Non-operating income		
Interest income	26	21
Dividend income	3	424
Share of profit of entities accounted for using equity method	—	172
Miscellaneous income	105	121
Total non-operating income	136	738
Non-operating expenses		
Interest expenses	25	19
Share of loss of entities accounted for using equity method	154	—
Foreign exchange losses	66	21
Miscellaneous expenses	6	9
Total non-operating expenses	253	50
Ordinary profit	2,940	4,200
Profit before income taxes	2,940	4,200
Income taxes	858	1,025
Profit	2,081	3,175
Profit attributable to non-controlling interests	263	300
Profit attributable to owners of parent	1,817	2,874

Note: Amounts under one million yen are omitted.

Consolidated Statements of Comprehensive Income

	(¥ million)	
First quarter ended March 31	2020	2021
Profit	2,081	3,175
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,088)	700
Deferred gains or losses on hedges	(1,102)	218
Foreign currency translation adjustment	(4)	4
Remeasurements of defined benefit plans, net of tax	(8)	(14)
Share of other comprehensive income of entities accounted for using equity method	(117)	37
Total other comprehensive income	(2,320)	945
Comprehensive income	(239)	4,121
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(487)	3,812
Comprehensive income attributable to non-controlling interests	247	308

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 quarter. We multiply this effective tax rate by the quarterly profit before income taxes for the cumulative period to calculate tax expenses.

Additional Information

(Allowance for ship allocation adjustment)

During the previous consolidated fiscal year, 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 recorded ¥2,900 million yen as an allowance for ship allocation adjustment in unpaid amounts related to this development. During the current first quarter, we finalized and paid said amount.

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 quarter and the circumstances surrounding LNG procurement contracts, we have not yet determined the timing of said delivery.

(Impact of COVID-19 on Accounting Estimates)

While the impact of COVID-19 remains highly uncertain, we have made accounting estimates based on the assumption that group demand will recover gradually during the second half of the current consolidated fiscal year. The impact of COVID-19 on group consolidated financial statements for the current consolidated first quarter was minimal.

However, assumptions regarding the impact of COVID-19 involve a high degree of uncertainty, and any future changes in circumstances or impact may have an impact on our consolidated financial statements.

Segment Information

Net Sales and Income (Loss) by Reportable Segment

Three Months Ended March 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	28,693	4,931	33,625	2,695	36,320	—	36,320
Inter-segment sales and transfers	400	129	529	1,046	1,576	(1,576)	—
Total	29,094	5,061	34,155	3,741	37,896	(1,576)	36,320
Segment income	3,293	349	3,642	223	3,866	(808)	3,057

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 (¥808) million in segment income adjustments include ¥62 million in inter-segment eliminations and (¥871) 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.

Three Months Ended March 31, 2021

(¥ 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	23,089	5,682	28,772	2,707	31,479	—	31,479
Inter-segment sales and transfers	532	79	612	1,133	1,745	(1,745)	—
Total	23,622	5,762	29,384	3,840	33,225	(1,745)	31,479
Segment income	3,355	686	4,042	260	4,302	(789)	3,512

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 (¥789) million in segment income adjustments include ¥67 million in inter-segment eliminations and (¥857) 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.