

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

November 10, 2021

Company Name: SHIZUOKA GAS CO., LTD. Listing: Tokyo Stock Exchange (1st section)
 Code Number: 9543 URL: <https://ir.shizuokagas.co.jp/en/>
 Representative: Kishida Hiroyuki, Representative Director and President
 Inquiries to: Taniguchi Katsumi, Accounting and Finance Manager, Management Strategy Dept.
 Telephone: +81-54-284-7990
 Date for presentation of the quarterly report: November 12, 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 Three Quarters (January 1 through September 30, 2021)

(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	95,150	0.3 %	5,662	(13.9)%	6,772	(1.4) %
Previous First Three Quarters	94,838	(14.1)	6,575	(20.4)	6,872	(21.5)

Note: Total comprehensive income (¥ million)

Reporting First Three Quarters: 6,384 (153.8%)

Previous First Three Quarters: 2,515 ((59.5%))

	Profit attributable to owners of parent (¥ million)		Profit per share (¥)	Diluted profit per share (¥)
Reporting First Three Quarters	4,353	21.6 %	58.76	58.66
Previous First Three Quarters	3,579	(37.2)	48.34	48.25

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
Reporting First Three Quarters	115,582	92,196	74.8
Previous full term	118,177	87,673	69.4

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

Reporting First Three Quarters: 86,505

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	—	9.00	—	/	/
FY 2021(forecast)	/	/	/	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	132,670	9.4 %	4,400	(35.6) %	5,840	(21.0) %	3,600	(2.9) %	48.59

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: **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: 2,090,713

Previous full term: 2,145,148

c) Average number of shares outstanding during the term

Reporting First Three Quarters: 74,083,048

Previous First Three Quarters: 74,034,705

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	September 30,2021
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	5,892	4,976
Distribution facilities	34,213	33,505
Service and maintenance facilities	5,135	6,142
Other facilities	7,481	7,591
Construction in progress	2,096	2,085
Total property, plant and equipment	54,819	54,301
Intangible assets	935	1,113
Investments and other assets		
Investment securities	8,218	10,094
Long-term loans receivable	4,463	4,158
Deferred tax assets	987	597
Other investments and other assets	1,810	1,940
Allowance for doubtful accounts	(73)	(75)
Total investments and other assets	15,406	16,716
Total non-current assets	71,160	72,131
Current assets		
Cash and deposits	31,732	20,123
Notes and accounts receivable - trade	8,492	12,530
Merchandise and finished goods	307	417
Raw materials and supplies	4,863	6,295
Other current assets	1,646	4,112
Allowance for doubtful accounts	(25)	(28)
Total current assets	47,016	43,451
Total assets	118,177	115,582

Note: Amounts under one million yen are omitted.

	(¥ million)	
	December 31,2020	September 30,2021
Liabilities		
Non-current liabilities		
Long-term borrowings	4,373	4,907
Deferred tax liabilities	172	252
Retirement benefit liability	3,045	2,998
Other non-current liabilities	99	98
Total non-current liabilities	7,691	8,256
Current liabilities		
Current portion of non-current liabilities	1,712	1,512
Accounts payable - trade	9,571	8,260
Accounts payable - other	3,140	1,349
Income taxes payable	2,089	999
Provision for bonuses	423	1,067
Allowance for ship allocation adjustment	2,900	—
Other current liabilities	2,976	1,941
Total current liabilities	22,812	15,130
Total liabilities	30,503	23,386
Net assets		
Shareholders' equity		
Share capital	6,279	6,279
Capital surplus	4,948	4,984
Retained earnings	69,583	72,640
Treasury shares	(1,090)	(1,062)
Total shareholders' equity	79,721	82,841
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,341	3,136
Deferred gains or losses on hedges	(218)	331
Foreign currency translation adjustment	(104)	(93)
Remeasurements of defined benefit plans	333	289
Total accumulated other comprehensive income	2,352	3,663
Share acquisition rights	108	91
Non-controlling interests	5,491	5,598
Total net assets	87,673	92,196
Total liabilities and net assets	118,177	115,582

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	2020	2021
Net sales	94,838	95,150
Cost of sales	68,002	69,086
Gross profit	26,836	26,064
Selling, general and administrative expenses	20,260	20,401
Operating profit	6,575	5,662
Non-operating income		
Interest income	75	62
Dividend income	117	548
Share of profit of entities accounted for using equity method	67	432
Miscellaneous income	241	236
Total non-operating income	501	1,278
Non-operating expenses		
Interest expenses	70	56
Foreign exchange losses	118	97
Miscellaneous expenses	16	13
Total non-operating expenses	204	168
Ordinary profit	6,872	6,772
Extraordinary income		
Gain on sales of investment securities	30	—
Total extraordinary income	30	—
Profit before income taxes	6,902	6,772
Income taxes	2,724	1,706
Profit	4,177	5,066
Profit attributable to non-controlling interests	598	713
Profit attributable to owners of parent	3,579	4,353

Note: Amounts under one million yen are omitted.

Consolidated Statements of Comprehensive Income

	(¥ million)	
First Three Quarters ended September 30	2020	2021
Profit	4,177	5,066
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,007)	801
Deferred gains or losses on hedges	(527)	549
Foreign currency translation adjustment	(3)	4
Remeasurements of defined benefit plans, net of tax	(26)	(44)
Share of other comprehensive income of entities accounted for using equity method	(95)	7
Total other comprehensive income	(1,661)	1,318
Comprehensive income	2,515	6,384
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,925	5,664
Comprehensive income attributable to non-controlling interests	590	720

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

(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 consolidated 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 Three Quarters 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 First Three Quarters 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

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.

Nine Months Ended September 30, 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	72,643	15,170	87,814	7,336	95,150	—	95,150
Inter-segment sales and transfers	1,449	225	1,674	3,657	5,332	(5,332)	—
Total	74,092	15,396	89,489	10,993	100,483	(5,332)	95,150
Segment income	6,136	983	7,120	713	7,834	(2,171)	5,662

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 (¥2,171) million in segment income adjustments include ¥203 million in inter-segment eliminations and (¥2,375) 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.