



## Flash Report for the Term Ended December 31, 2021 [Japan GAAP] (Consolidated)

February 8, 2022

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 23, 2022  
 Date for presentation of the financial statements report: March 24, 2022  
 Date of dividend payment: March 24, 2022  
 Preparation of supplemental explanatory materials: Yes  
 Holding of FY2021 financial briefing session: Yes (for institutional investors)

### 1. Consolidated Business Results (January 1 to December 31, 2021)

(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	132,988	9.6%	4,989	(26.9)%	6,474	(12.4)%	4,115	11.0%
Previous term	121,320	(14.3)%	6,828	(13.0)%	7,391	(13.4)%	3,709	(32.8)%

Note: Total comprehensive income (¥ million) Reporting term: 6,339 (74.3%) Previous term: 3,637 ((42.8%))

	Profit per share (¥)	Diluted profit per share (¥)	Return on equity (ROE) (%)	Ordinary profit / Total assets (%)	Operating profit / Net sales (%)
Reporting term	55.55	55.46	4.9	5.3	3.8
Previous term	50.09	50.00	4.6	6.3	5.6

Reference: Share of profit of entities accounted for using equity method (¥ million) Reporting term: 604 Previous term: 172

#### (2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
Reporting term	123,996	92,150	69.6	1,164.72
Previous term	118,177	87,673	69.4	1,108.38

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

Reporting term: 86,308 Previous term: 82,073

#### (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	(6,909)	(9,797)	(1,412)	13,548
Previous term	20,303	(8,428)	(4,490)	31,615

### 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 2020	—	8.50	—	8.50	17.00	1,221	33.9	1.5
FY 2021	—	9.00	—	9.00	18.00	1,333	32.4	1.6
FY 2022 (forecast)	—	9.50	—	9.50	19.00	/	32.5	/

### 3. Consolidated Business Forecast for the Term Ended December 31, 2022

(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	171,660	29.1 %	5,920	18.7 %	7,140	10.3 %	4,330	5.2%	58.44

#### ※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: 2,090,713

Previous term: 2,145,148

c) Average number of shares outstanding during the term

Reporting term: 74,087,885

Previous term: 74,037,997

※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 December31	(¥ million)	
	2020	2021
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	5,892	4,736
Distribution facilities	34,213	33,926
Service and maintenance facilities	5,135	6,000
Other facilities	7,481	7,984
Construction in progress	2,096	2,343
Total property, plant and equipment	54,819	54,992
Intangible assets	935	1,266
Investments and other assets		
Investment securities	8,218	10,113
Long-term loans receivable	4,463	4,030
Deferred tax assets	987	703
Other investments and other assets	1,810	1,937
Allowance for doubtful accounts	(73)	(71)
Total investments and other assets	15,406	16,713
Total non-current assets	71,160	72,972
Current assets		
Cash and deposits	31,732	13,658
Notes and accounts receivable - trade	8,492	15,013
Merchandise and finished goods	307	565
Raw materials and supplies	4,863	9,193
Accounts receivable - other	257	10,478
Other current assets	1,388	2,167
Allowance for doubtful accounts	(25)	(53)
Total current assets	47,016	51,024
Total assets	118,177	123,996

Note: Amounts under one million yen are omitted.

As of December 31	(¥ million)	
	2020	2021
<b>Liabilities</b>		
Non-current liabilities		
Long-term borrowings	4,373	5,124
Deferred tax liabilities	172	389
Retirement benefit liability	3,045	2,739
Other non-current liabilities	99	98
<b>Total non-current liabilities</b>	<b>7,691</b>	<b>8,352</b>
Current liabilities		
Current portion of non-current liabilities	1,712	1,500
Accounts payable-trade	9,571	15,189
Accounts payable-other	3,140	1,882
Income taxes payable	2,089	1,724
Provision for bonuses	423	411
Allowance for ship allocation adjustment	2,900	—
Other current liabilities	2,976	2,784
<b>Total current liabilities</b>	<b>22,812</b>	<b>23,494</b>
<b>Total liabilities</b>	<b>30,503</b>	<b>31,846</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,279	6,279
Capital surplus	4,948	4,984
Retained earnings	69,583	72,403
Treasury shares	(1,090)	(1,062)
<b>Total shareholders' equity</b>	<b>79,721</b>	<b>82,604</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,341	2,938
Deferred gains or losses on hedges	(218)	320
Foreign currency translation adjustment	(104)	(59)
Remeasurements of defined benefit plans	333	503
<b>Total accumulated other comprehensive income</b>	<b>2,352</b>	<b>3,703</b>
Share acquisition rights	108	91
Non-controlling interests	5,491	5,749
<b>Total net assets</b>	<b>87,673</b>	<b>92,150</b>
<b>Total liabilities and net assets</b>	<b>118,177</b>	<b>123,996</b>

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)	
	2020	2021
Net sales	121,320	<b>132,988</b>
Cost of sales	87,120	<b>100,332</b>
Gross profit	34,199	<b>32,655</b>
Selling, general and administrative expenses	27,371	<b>27,665</b>
Operating profit	6,828	<b>4,989</b>
Non-operating income		
Interest income	98	<b>87</b>
Dividend income	216	<b>660</b>
Share of profit of entities accounted for using equity method	172	<b>604</b>
Miscellaneous income	306	<b>305</b>
Total non-operating income	794	<b>1,657</b>
Non-operating expenses		
Interest expenses	90	<b>73</b>
Foreign exchange losses	121	<b>83</b>
Miscellaneous expenses	18	<b>16</b>
Total non-operating expenses	231	<b>172</b>
Ordinary profit	7,391	<b>6,474</b>
Extraordinary income		
Gain on sales of investment securities	30	<b>32</b>
Total extraordinary income	30	<b>32</b>
Extraordinary losses		
Loss on valuation of investment securities	143	—
Total extraordinary losses	143	—
Profit before income taxes	7,278	<b>6,506</b>
Income taxes-current	2,934	<b>1,513</b>
Income taxes-deferred	(115)	<b>13</b>
Total income taxes	2,819	<b>1,527</b>
Profit	4,458	<b>4,979</b>
Profit attributable to non-controlling interests	749	<b>863</b>
Profit attributable to owners of parent	3,709	<b>4,115</b>

Note: Amounts under one million yen are omitted.

## Consolidated Statements of Comprehensive Income

	(¥ million)	
Year ended December 31	2020	2021
Profit	4,458	<b>4,979</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	(686)	<b>605</b>
Deferred gains or losses on hedges	(224)	<b>538</b>
Foreign currency translation adjustment	(2)	7
Remeasurements of defined benefit plans, net of tax	153	<b>169</b>
Share of other comprehensive income of entities accounted for using equity method	(61)	<b>38</b>
Total other comprehensive income	(821)	<b>1,359</b>
Comprehensive income	3,637	<b>6,339</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,895	<b>5,467</b>
Comprehensive income attributable to non-controlling interests	742	<b>871</b>

*Note: Amounts under one million yen are omitted.*

### (3) Consolidated Statements of Changes in Net Assets

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)
Restricted Stock Compensation					—
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)
Restricted Stock Compensation								—
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

## Fiscal Year Ended December 31, 2021

(¥ million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,279	4,948	69,583	(1,090)	79,721
Changes during period					
Dividends of surplus			(1,296)		(1,296)
Profit attributable to owners of parent			4,115		4,115
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		6		10	16
Change in ownership interest of parent due to transactions with non-controlling interests		13			13
Restricted Stock Compensation		16		17	34
Net changes in items other than shareholders' equity					
Total changes during period	—	36	2,819	27	2,883
Balance at end of period	6,279	4,984	72,403	(1,062)	82,604

	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	2,341	(218)	(104)	333	2,352	108	5,491	87,673
Changes during period								
Dividends of surplus								(1,296)
Profit attributable to owners of parent								4,115
Purchase of treasury shares								(0)
Disposal of treasury shares								16
Change in ownership interest of parent due to transactions with non-controlling interests								13
Restricted Stock Compensation								34
Net changes in items other than shareholders' equity	596	538	45	169	1,351	(16)	258	1,593
Total changes during period	596	538	45	169	1,351	(16)	258	4,476
Balance at end of period	2,938	320	(59)	503	3,703	91	5,749	92,150



#### (4) Consolidated Statements of Cash Flows

Year ended December 31	(¥ million)	
	2020	2021
Cash flows from operating activities		
Profit before income taxes	7,278	6,506
Depreciation	8,561	8,462
Loss on retirement of property, plant and equipment	159	167
Loss (gain) on valuation of investment securities	143	—
Increase (decrease) in allowance for doubtful accounts	(28)	25
Increase (decrease) in retirement benefit liability	11	(73)
Increase (decrease) in provision for retirement benefits for directors	—	(6)
Increase (decrease) in provision for bonuses	(14)	(11)
Interest and dividend income	(315)	(747)
Interest expenses	90	73
Share of loss (profit) of entities accounted for using equity method	(172)	(604)
Loss (gain) on sales of investment securities	(30)	(32)
Decrease (increase) in trade receivables	1,967	(6,517)
Decrease (increase) in inventories	71	(4,588)
Increase (decrease) in trade payables	932	5,488
Increase (decrease) in allowance for ship allocation adjustment	2,900	(2,900)
Decrease/increase in consumption taxes receivable/payable	307	(1,828)
Loss (gain) on sale of property, plant and equipment	—	(1)
Decrease (increase) in accounts receivable - other	506	(8,439)
Other, net	347	582
Subtotal	22,718	(4,444)
Interest and dividends received	315	743
Interest paid	(98)	(75)
Income taxes paid	(2,631)	(3,133)
Net cash provided by (used in) operating activities	20,303	(6,909)
Cash flows from investing activities		
Payments into time deposits	(183)	(122)
Proceeds from withdrawal of time deposits	178	130
Purchase of property, plant and equipment and intangible assets	(9,135)	(9,208)
Proceeds from sales of property, plant and equipment and intangible assets	9	5
Purchase of investment securities	(4)	(1,291)
Proceeds from sales of investment securities	35	111
Proceeds from redemption of investment securities	339	706
Loan advances	—	(284)
Proceeds from collection of loans receivable	771	724
Other, net	(439)	(569)
Net cash provided by (used in) investing activities	(8,428)	(9,797)
Cash flows from financing activities		
Proceeds from long-term borrowings	350	2,194
Repayments of long-term borrowings	(2,444)	(1,710)
Dividends paid	(1,220)	(1,296)
Dividends paid to non-controlling interests	(1,067)	(537)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(106)	(62)
Other, net	0	0
Net cash provided by (used in) financing activities	(4,490)	(1,412)
Effect of exchange rate change on cash and cash equivalents	(156)	53
Net increase (decrease) in cash and cash equivalents	7,228	(18,066)
Cash and cash equivalents at beginning of period	24,386	31,615
Cash and cash equivalents at end of period	31,615	13,548

Note: Amounts under one million yen are omitted.

## **(5) Notes regarding Consolidated Financial Statements**

### **Note on Going Concerns' Premise**

Not applicable.

### **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 fiscal year 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 certain impacts will continue to some of our customers. The impact of COVID-19 on group consolidated financial statements is minimal.

However, this assumption involves a high degree of uncertainty, and any future changes in circumstances or impact may have an impact on our consolidated financial statements for the next consolidated fiscal year and thereafter.

## 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, 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 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 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.

**Fiscal Year Ended December 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	102,306	20,762	123,069	9,918	132,988	—	132,988
Inter-segment sales and transfers	2,179	321	2,500	5,320	7,820	(7,820)	—
<b>Total</b>	<b>104,485</b>	<b>21,083</b>	<b>125,569</b>	<b>15,239</b>	<b>140,808</b>	<b>(7,820)</b>	<b>132,988</b>
Segment income	5,884	896	6,781	1,083	7,865	(2,875)	4,989
Segment Assets	82,816	13,663	96,480	7,011	103,491	20,504	123,996
Others							
Depreciation expenses	7,418	629	8,048	285	8,333	128	8,462
Investments in entities accounted for using equity method	382	1,541	1,924	—	1,924	—	1,924
Increase in property, plant, equipment, and intangible assets	6,509	1,611	8,121	239	8,360	649	9,010

## Notes:

- 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.
- The adjusted amount is as follows.
  - The (¥2,875) million in segment income adjustments includes ¥274 million in eliminations of inter-segment transactions and (¥3,150) million of corporate expenses not allocated to the respective reportable segments. Corporate expenses are general and administrative expenses not allocable to a reportable segment.
  - The ¥20,504 million in segment asset adjustments includes (¥2,588) million in eliminations of inter-segment transactions and ¥23,093 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.
- Segment income is adjusted to reflect operating profit as recorded on the consolidated statements of income.