



## Flash Report for the First Quarter of 2022[Japan GAAP](Consolidated)

May 11, 2022

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: May 13, 2022  
 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, 2022)

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

#### (1) Operating Results

	Net sales (¥ million)		Operating profit (¥ million)		Ordinary profit (¥ million)	
Reporting First Quarter	48,429	53.8%	2,934	(16.5)%	3,257	(22.5)%
Previous First Quarter	31,479	(13.3)%	3,512	14.9%	4,200	42.9%

Note: Total comprehensive income (¥ million)

Reporting First Quarter: 2,789 ((32.3%))

Previous First Quarter: 4,121 (—)

	Profit attributable to owners of parent (¥ million)		Profit per share (¥)	Diluted profit per share (¥)
Reporting First Quarter	2,082	(27.6)%	28.10	28.05
Previous First Quarter	2,874	58.1%	38.81	38.74

#### (2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
Reporting First Quarter	117,223	94,327	75.7	1,196.80
Previous full term	123,996	92,150	69.6	1,164.72

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

Reporting First Quarter: 88,694

Previous full term: 86,308

### 2. Dividend Payment

	Annual dividend per share (¥)				
	1Q	2Q	3Q	Term-end	Total
FY 2021	—	9.00	—	9.00	18.00
FY 2022	—	/	/	/	/
FY 2022(forecast)	/	9.50	—	9.50	19.00

Note: Revision of previously announced dividend forecast: No

### 3. Consolidated Business Forecast for Current Term (January 1 through 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

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 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 “(3)Notes 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: **Yes**

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: 2,083,713

Previous full term: 2,090,713

c) Average number of shares outstanding during the term

Reporting First Quarter: 74,108,770

Previous First Quarter: 74,052,006

## 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 yen)

	As of December 31,2021	As of March 31,2022
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	4,736	4,465
Distribution facilities	33,926	34,015
Service and maintenance facilities	6,000	5,938
Other facilities	7,984	8,327
Construction in progress	2,343	3,263
Total property, plant and equipment	54,992	56,010
Intangible assets	1,266	1,564
Investments and other assets		
Investment securities	10,113	12,253
Long-term loans receivable	4,030	3,871
Deferred tax assets	703	590
Other investments	1,937	1,935
Allowance for doubtful accounts	(71)	(74)
Total investments and other assets	16,713	18,576
Total non-current assets	72,972	76,151
Current assets		
Cash and deposits	13,658	14,516
Notes and accounts receivable - trade	15,013	-
Notes and accounts receivable - trade, and contract assets	-	17,715
Merchandise and finished goods	565	589
Raw materials and supplies	9,193	3,608
Accounts receivable-other	10,478	2,500
Other current assets	2,167	2,185
Allowance for doubtful accounts	(53)	(42)
Total current assets	51,024	41,072
<b>Total assets</b>	<b>123,996</b>	<b>117,223</b>

	As of December 31,2021	As of March 31,2022
<b>Liabilities</b>		
Non-current liabilities		
Long-term borrowings	5,124	4,884
Deferred tax liabilities	389	307
Retirement benefit liability	2,739	2,781
Other noncurrent liabilities	98	190
<b>Total non-current liabilities</b>	<b>8,352</b>	<b>8,163</b>
Current liabilities		
Current portion of non-current liabilities	1,500	1,378
Accounts payable - trade	15,189	3,542
Short-term borrowings	-	1,506
Accounts payable - other	1,882	3,222
Income taxes payable	1,724	1,436
Provision for bonuses	411	716
Other current liabilities	2,784	2,930
<b>Total current liabilities</b>	<b>23,494</b>	<b>14,732</b>
<b>Total liabilities</b>	<b>31,846</b>	<b>22,896</b>
Net assets		
Shareholders' equity		
Share capital	6,279	6,279
Capital surplus	4,984	4,987
Retained earnings	72,403	74,411
Treasury shares	(1,062)	(1,059)
<b>Total shareholders' equity</b>	<b>82,604</b>	<b>84,618</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,938	3,401
Deferred gains or losses on hedges	320	136
Foreign currency translation adjustment	(59)	59
Remeasurements of defined benefit plans	503	478
<b>Total accumulated other comprehensive income</b>	<b>3,703</b>	<b>4,076</b>
Share acquisition rights	91	85
Non-controlling interests	5,749	5,547
<b>Total net assets</b>	<b>92,150</b>	<b>94,327</b>
<b>Total liabilities and net assets</b>	<b>123,996</b>	<b>117,223</b>

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

### Consolidated Statements of Income

(Million yen)

	For the three months ended March 31,2021	For the three months ended March 31,2022
Net sales	31,479	48,429
Cost of sales	21,188	38,539
Gross profit	10,291	9,889
Selling, general and administrative expenses	6,778	6,955
Operating profit	3,512	2,934
Non-operating income		
Interest income	21	21
Dividend income	424	166
Share of profit of entities accounted for using equity method	172	212
Miscellaneous income	121	166
Total non-operating income	738	566
Non-operating expenses		
Interest expenses	19	19
Foreign exchange losses	21	45
Loss on investments in silent partnerships	-	174
Miscellaneous expenses	9	3
Total non-operating expenses	50	243
Ordinary profit	4,200	3,257
Profit before income taxes	4,200	3,257
Income taxes	1,025	835
Profit	3,175	2,421
Profit attributable to non-controlling interests	300	339
Profit attributable to owners of parent	2,874	2,082

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the three months ended March 31,2021	For the three months ended March 31,2022
Profit (loss)	3,175	2,421
Other comprehensive income		
Valuation difference on available-for-sale securities	700	458
Deferred gains or losses on hedges	218	(184)
Foreign currency translation adjustment	4	5
Remeasurements of defined benefit plans, net of tax	(14)	(24)
Share of other comprehensive income of entities accounted for using equity method	37	112
Other comprehensive income	945	367
Comprehensive income	4,121	2,789
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,812	2,454
Comprehensive income attributable to non-controlling interests	308	334

### **(3) Notes**

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

Not applicable.

#### **(Note on Significant Change in Shareholders' Equity)**

Not applicable.

#### **(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.

#### **(Changes in Accounting Policies)**

(Application of Accounting Standard for Revenue Recognition and Other Standards)

The Company has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, issued on March 31, 2020, hereinafter "Accounting Standard for Revenue Recognition") and other standards since the beginning of the first quarter of the current fiscal year. The new standard recognizes revenues for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is transferred to the customer. The main changes caused by adopting the new standard are described below.

Revenues associated with the electricity business and LPG business were previously recognized based on monthly meter readings, but the method of revenue recognition has been changed to recognize the revenue which reflects the estimated usage between the last meter reading day in the account closing month and the closing date. Also, we were previously recognizing revenue for the charges collected from customers under the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities based on the feed-in tariff system for renewable energy. However, we are no longer recognizing the charges as revenue from the beginning of the first quarter of the current fiscal year because it is collected on behalf of a third party.

The Company has applied the Accounting Standard for Revenue Recognition transitionally, in accordance with the proviso in Article 84 of the standard. The cumulative effect of retroactively applying the new accounting policy to before the start of the first quarter of the current fiscal year has been added to or deducted from the retained earnings at the start of the current fiscal year. The new accounting policy has been applied from said starting balance. However, the new accounting policy has not been applied retrospectively to the contracts in which almost all of revenues has been recognized before the beginning of the first quarter of the current fiscal year in accordance with the previous treatment by applying the method stipulated in Article 86 of the standard. Furthermore, using the method specified in explanatory note (1) of Article 86 in the standard, retained earnings at the beginning of the first quarter of the current fiscal year are adjusted by the cumulative effect of contract terms and conditions effective after applying all contractual changes made before the beginning of the first quarter of the current fiscal year.

As a result, retained earnings at the beginning of the first quarter of the current fiscal year increased by ¥591 million, net sales for the first three months of the current fiscal year decreased by ¥877 million, cost of sales decreased by ¥828 million, selling, general and administrative expenses decreased by ¥22 million, operating profit, ordinary profit and profit before income taxes decreased by ¥27 million respectively.

Due to the adoption of the Accounting Standard for Revenue Recognition and other standards, "Notes and accounts receivable - trade" which were included in "Current assets" in the consolidated balance sheet for the previous fiscal year, have been included in "Notes and accounts receivable - trade, and contract assets" since the first quarter of the current fiscal year.

In accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated. Moreover, in accordance with the transitional treatment stipulated in Article 28-15 of the Accounting Standard for Quarterly

Financial Reporting (Accounting Standards Board of Japan Statement No. 12, issued on March 31, 2020), a breakdown of income from contracts with customers has not been presented for the first three months of the previous fiscal year.

(Application of Accounting Standard for Fair Value Measurement and Other Standards)

The Company has applied the Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Statement No. 30, issued on July 4, 2019, hereinafter “Fair Value Accounting Standards”) and other standards since the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in Article 19 of Fair Value Accounting Standards and Article 44-2 of the Accounting Standard for Financial Instruments (Accounting Standards Board of Japan Statement No. 10, issued on July 4, 2019), the Fair Value Accounting Standards and others have been adopted prospectively. There is no impact on the quarterly consolidated financial statements by adopting the standard.

**(Additional Information)**

(Payment related to the LNG procurement contract)

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 paid \$24 million during the first quarter of the previous fiscal year.

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)

We have not made significant changes to the assumptions regarding the impact of COVID-19 described in the securities report for the previous consolidated fiscal year.

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, 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.

Three Months Ended March 31, 2022

(¥ 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	38,999	7,088	46,088	2,340	48,429	—	48,429
Inter-segment sales and transfers	929	124	1,054	1,069	2,123	(2,123)	—
Total	39,929	7,213	47,143	3,409	50,553	(2,123)	48,429
Segment income	3,025	548	3,573	103	3,677	(743)	2,934

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 (¥743) million in segment income adjustments include ¥75 million in inter-segment eliminations and (¥818) 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.