

## Flash Report for the First Half of 2023 [Japan GAAP](Consolidated)

August 8, 2023

Company Name: SHIZUOKA GAS CO., LTD. Listing: Tokyo Stock Exchange  
 Code Number: 9543 URL: <https://ir.shizuokagas.co.jp/en/>  
 Representative: Kishida Hiroyuki, Representative Director and President  
 Contact: Shiozawa Hideaki, General Manager, Management Planning Dept.  
 Telephone: +81-54-284-4141  
 Date for presentation of the quarterly report: August 10, 2023  
 Date of dividend payment: September 1, 2023  
 Preparation of supplemental explanatory materials: Yes  
 Holding of quarterly results briefing session: Yes (for institutional investors)

### 1. Consolidated Business Results for the First Half (January 1 through June 30, 2023)

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

#### (1) Operating Results

	Net sales (¥ million)		Operating profit (¥ million)		Ordinary profit (¥ million)	
Reporting First Half	126,216	33.1%	17,847	124.2%	19,337	118.9%
Previous First Half	94,795	51.7	7,962	44.7	8,835	36.2

Note: Total comprehensive income (¥ million)

Reporting First Half: 14,748 (108.8%) Previous First Half: 7,063 (20.6%)

	Profit attributable to owners of parent (¥ million)		Profit per share (¥)	Diluted profit per share (¥)
Reporting First Half	13,838	132.1%	186.60	186.32
Previous First Half	5,961	37.7	80.42	80.30

#### (2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
Reporting First Half	154,909	113,280	68.8
Previous full term	159,497	99,608	58.2

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

Reporting First Half: 106,519 Previous full term: 92,847

### 2. Dividend Payment

	Annual dividend per share (¥)				
	1Q	2Q	3Q	Term-end	Total
FY 2022	—	9.50	—	9.50	19.00
FY 2023	—	10.00	/	/	/
FY 2023(forecast)	/	/	—	10.00	20.00

Note: Revision of previously announced dividend forecast: No

### 3. Consolidated Business Forecast for Current Term (January 1 through December 31, 2023)

(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	215,830	4.1%	16,040	85.9%	16,810	77.1%	10,950	83.2%	147.63

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 Half 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 “(4) Notes Application of Special Accounting Methods in Preparation of Quarterly Consolidated Financial Statements” on P9)

(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 Half: 76,192,950

Previous full term: 76,192,950

b) Number of treasury shares at end of period

Reporting First Half: 2,013,483

Previous full term: 2,043,820

c) Average number of shares outstanding during the term

Reporting First Half: 74,161,158

Previous First Half: 74,124,877

## 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, 2022	As of June 30, 2023
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	6,209	6,422
Distribution facilities	34,425	34,219
Service and maintenance facilities	5,792	5,694
Other facilities	9,789	10,458
Construction in progress	1,928	3,449
Total property, plant and equipment	58,146	60,244
Intangible assets	2,449	2,589
Investments and other assets		
Investment securities	14,333	15,935
Long-term loans receivable	3,323	2,953
Deferred tax assets	857	995
Other investments	2,091	2,819
Allowance for doubtful accounts	(78)	(75)
Total investments and other assets	20,527	22,628
Total non-current assets	81,124	85,462
Current assets		
Cash and deposits	27,649	38,127
Notes and accounts receivable - trade, and contract assets	25,887	18,768
Merchandise and finished goods	661	601
Raw materials and supplies	18,231	9,178
Accounts receivable - other	3,940	467
Securities	132	144
Other current assets	1,928	2,203
Allowance for doubtful accounts	(59)	(44)
Total current assets	78,373	69,447
Total assets	159,497	154,909

(Million yen)

	As of December 31, 2022	As of June 30, 2023
<b>Liabilities</b>		
Non-current liabilities		
Bonds payable	-	5,000
Long-term borrowings	12,218	11,771
Deferred tax liabilities	901	1,192
Retirement benefit liability	2,717	2,616
Other noncurrent liabilities	357	189
Total non-current liabilities	16,195	20,770
Current liabilities		
Current portion of non-current liabilities	1,784	1,587
Accounts payable - trade	13,429	2,592
Short-term borrowings	174	165
Commercial papers	17,999	-
Accounts payable - other	3,306	3,786
Income taxes payable	3,554	5,753
Provision for bonuses	416	418
Provision for inventory adjustment	-	3,098
Other current liabilities	3,028	3,455
Total current liabilities	43,693	20,858
Total liabilities	59,888	41,629
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,279	6,279
Capital surplus	5,004	5,026
Retained earnings	77,599	90,734
Treasury shares	(1,038)	(1,023)
Total shareholders' equity	87,844	101,016
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,371	5,199
Deferred gains or losses on hedges	118	(267)
Foreign currency translation adjustment	81	182
Remeasurements of defined benefit plans	431	389
Total accumulated other comprehensive income	5,002	5,503
Share acquisition rights	85	85
Non-controlling interests	6,674	6,675
Total net assets	99,608	113,280
<b>Total liabilities and net assets</b>	<b>159,497</b>	<b>154,909</b>

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

### Consolidated Statements of Income

(Million yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Net sales	94,795	126,216
Cost of sales	72,795	94,022
Gross profit	22,000	32,194
Selling, general and administrative expenses	14,037	14,346
Operating profit	7,962	17,847
Non-operating income		
Interest income	43	43
Dividend income	295	315
Share of profit of entities accounted for using equity method	402	66
Foreign exchange gains	-	124
Gain on investments in silent partnerships	-	875
Miscellaneous income	263	190
Total non-operating income	1,004	1,616
Non-operating expenses		
Interest expenses	43	74
Foreign exchange losses	50	-
Miscellaneous expenses	37	50
Total non-operating expenses	131	125
Ordinary profit	8,835	19,337
Profit before income taxes	8,835	19,337
Income taxes	2,317	5,101
Profit	6,518	14,236
Profit attributable to non-controlling interests	556	397
Profit attributable to owners of parent	5,961	13,838

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Profit	6,518	14,236
Other comprehensive income		
Valuation difference on available-for-sale securities	670	839
Deferred gains or losses on hedges	(285)	(386)
Foreign currency translation adjustment	13	9
Remeasurements of defined benefit plans, net of tax	(49)	(42)
Share of other comprehensive income of entities accounted for using equity method	196	92
Total other comprehensive income	545	511
Comprehensive income	7,063	14,748
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,516	14,338
Comprehensive income attributable to non-controlling interests	546	409

### (3) Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	8,835	19,337
Depreciation	4,210	4,495
Loss on retirement of property, plant and equipment	12	6
Increase (decrease) in allowance for doubtful accounts	(11)	(17)
Increase (decrease) in retirement benefit liability	(141)	(159)
Increase (decrease) in provision for bonuses	4	2
Interest and dividend income	(338)	(359)
Interest expenses	43	74
Share of loss (profit) of entities accounted for using equity method	(402)	(66)
Decrease (increase) in trade receivables and contract assets	(2,041)	7,123
Decrease (increase) in inventories	(3,440)	9,113
Increase (decrease) in trade payables	(4,482)	(10,989)
Increase(decrease)in provision for inventory adjustment	-	3,098
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	1,320	2,576
Decrease (increase) in accounts receivable - other	8,446	2,805
Other, net	781	(2,343)
Subtotal	12,796	34,699
Interest and dividends received	338	353
Interest paid	(59)	(77)
Income taxes refund (paid)	46	(1,798)
Net cash provided by (used in) operating activities	13,121	33,177
<b>Cash flows from investing activities</b>		
Payments into time deposits	(76)	(70)
Proceeds from withdrawal of time deposits	73	70
Purchase of property, plant and equipment and intangible assets	(5,608)	(7,997)
Proceeds from sale of property, plant and equipment and intangible assets	2	8
Purchase of investment securities	(2,104)	(420)
Proceeds from sale of investment securities	1	-
Proceeds from collection of loans receivable	361	391
Proceeds from contribution received for construction	0	181
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(118)	-
Other, net	(377)	(193)
Net cash provided by (used in) investing activities	(7,846)	(8,028)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	1,100	(18)
Net increase (decrease) in commercial papers	-	(17,999)
Proceeds from long-term borrowings	119	-
Repayments of long-term borrowings	(803)	(754)
Proceeds from issuance of bonds	-	5,000
Dividends paid	(667)	(703)
Dividends paid to non-controlling interests	(536)	(538)
Proceeds from share issuance to non-controlling shareholders	-	90
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(0)	(0)
Other, net	0	(0)
Net cash provided by (used in) financing activities	(788)	(14,925)

(Million yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Effect of exchange rate change on cash and cash equivalents	178	248
Net increase (decrease) in cash and cash equivalents	4,664	10,472
Cash and cash equivalents at beginning of period	13,548	27,264
Cash and cash equivalents at end of period	18,213	37,737



## **(4) 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 Half. 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 Implementation Guidance Accounting Standard for Fair Value Measurement)

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Guidance No. 31, issued on June 17, 2021, hereinafter "Implementation Guidance on Fair Value Accounting Standard") since the beginning of the current consolidated fiscal year. In accordance with the transitional treatment set forth in Article 27-2 of the Implementation Guidance on the Fair Value Accounting Standard, the Implementation Guidance on Fair Value Accounting Standard has been adopted prospectively. There is no impact on the quarterly consolidated financial statements by adopting the guidance.

### **(Additional Information)**

(Provision for inventory adjustment)

In the current consolidated fiscal year, we have made inventory adjustments for a portion of the LNG we purchase based on the LNG procurement contract, and we have recorded the estimated payment for this as a provision for inventory adjustment.

(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 US\$24 million during the first quarter of the 2021 fiscal year. This payment does not affect the consolidated financial statements for the First Half of the current 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 Half and the circumstances surrounding LNG procurement contracts, we have not yet determined the timing of said delivery.

## Segment Information

### Net Sales and Income (Loss) by Reportable Segment

Six Months Ended June 30, 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	77,031	12,920	89,952	4,843	94,795	—	94,795
Inter-segment sales and transfers	1,879	204	2,084	2,291	4,375	(4,375)	—
Total	78,911	13,125	92,036	7,135	99,171	(4,375)	94,795
Segment income	8,438	782	9,220	277	9,497	(1,535)	7,962

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 (¥1,535) million in segment income adjustments include ¥157 million in inter-segment eliminations and (¥1,692) 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.

Six Months Ended June 30, 2023

(¥ 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	106,381	13,845	120,226	5,989	126,216	—	126,216
Inter-segment sales and transfers	1,157	408	1,566	2,542	4,109	(4,109)	—
Total	107,538	14,253	121,792	8,532	130,325	(4,109)	126,216
Segment income	18,368	722	19,091	429	19,520	(1,673)	17,847

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 (¥1,673) million in segment income adjustments include ¥158 million in inter-segment eliminations and (¥1,831) 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.