

Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2022 (Six Months Ended September 30, 2021)

Toho Gas Co., Ltd.

Code No.: 9533 (URL <https://www.tohogas.co.jp/>)

Representative: Nobuyuki Masuda, President

Contact: Katsuhiko Kozawa, Executive officer/
General Manager, Finance Dept.

Tel: +81-52-872-9341

Date of filing quarterly financial report: November 12, 2021

Commencement of dividend payments: November 30, 2021

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes (for institutional investors)

Shares listed on:

Tokyo Stock Exchange, Nagoya Stock Exchange

(Rounded down to the nearest million yen)

1. Consolidated Results for the 2nd Quarter Ended September 30, 2021 (April 1 – September 30, 2021)

(1) Consolidated business results (Percentage figures indicate the percentage change on the results for the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1 – September 30, 2021	207,880	2.6	2,805	-81.1	4,194	-74.0	2,922	-75.1
April 1 – September 30, 2020	202,693	-11.9	14,859	-18.2	16,143	-15.8	11,760	-20.5

Note: Comprehensive income 2nd Quarter ended September 2021: ¥10,506 million (-37.3%), 2nd Quarter ended September 2020: ¥16,758 million (35.9%)

	Net income per share	Diluted earnings per share
	(Unit: yen)	(Unit: yen)
April 1 – September 30, 2021	27.68	-
April 1 – September 30, 2020	111.37	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
2nd Quarter ended September 2021	593,919	368,108	62.0
FY2020 ended March 2021	601,835	359,492	59.7

Reference: Net assets (excluding minority interests)

2nd Quarter ended September 2021: ¥368,108 million, FY2020 ended March 2021: ¥359,492 million

2. Dividends

	Dividend per share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of 4th Quarter	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2020 ended March 2021	-	27.50	-	27.50	55.00
FY2021 ending March 2022	-	27.50	-	-	-
FY2021 ending March 2022 (forecasts)	-	-	-	27.50	55.00

Notes: Revision of previously announced dividend forecasts: No

3. Consolidated Results Forecasts for the Year Ending March 2022 (April 1, 2021 - March 31, 2022)

(Percentage figures indicate the percentage change on the results for the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	480,000	10.4	11,000	-18.6	13,500	-18.8	9,000	4.7	85.23

Notes: Revision of previously announced forecasts during this period: Yes

* Notes

(1) Changes in significant consolidated subsidiaries: Yes

The new subsidiary: Toho Gas Canada Ltd.

(2) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation: Yes*

* Basis for the calculation of corporation tax: Calculated by multiplying quarterly income before tax, etc., by the estimated effective tax rate at the end of the fiscal year.

(3) Changes in accounting treatment principles, changes in accounting estimates, and retrospective restatements

- Changes accompanied by reform of accounting standards: Yes

- Other changes: No

- Changes in accounting estimates: No

- Retrospective restatements: No

(4) Number of outstanding shares (common stock)

Number of outstanding shares at the end of the term (Inclusive of treasury stock)	2nd Quarter ended September 2021	105,606,285 shares	FY2020 ended March 2021	105,606,285 shares
Number of treasury stock at the end of the term	2nd Quarter ended September 2021	4,508 shares	FY2020 ended March 2021	7,792 shares
Average number of outstanding shares during the term	2nd Quarter ended September 2021	105,599,355 shares	2nd Quarter ended September 2020	105,602,204 shares

* This report of consolidated financial results is not subject to audit.

* Notes on proper use of forecasts and other matters

The forecasts in this document are based on the information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecast data.

Reference: Non- Consolidated Results Forecasts for the Year Ending March 2022 (April 1, 2021 - March 31, 2022)

(Percentage figures indicate the percentage change on the results for the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	365,000	7.4	5,000	-22.3	11,000	-13.5	8,000	-23.9	75.76

Notes: Revision of previously announced forecasts during this period: Yes

<Consolidated Financial Statements and Main Notes>

1. Consolidated balance sheet

(Unit: million yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	67,644	65,426
Distribution facilities	149,271	144,627
Service and maintenance facilities	26,368	26,319
Other facilities	44,506	47,691
Construction in progress	15,063	15,382
Total property, plant and equipment	302,855	299,447
Intangible assets		
Other	8,726	10,063
Total intangible assets	8,726	10,063
Investments and other assets		
Investment securities	101,469	115,400
Net defined benefit asset	13,762	15,502
Other	27,134	23,615
Allowance for doubtful accounts	-110	-108
Total investments and other assets	142,256	154,409
Total noncurrent assets	453,838	463,920
Current assets		
Cash and deposits	40,731	21,315
Notes and accounts receivable-trade	51,383	49,250
Securities	10,000	4,000
Inventories	18,358	21,459
Other	27,745	34,185
Allowance for doubtful accounts	-223	-212
Total current assets	147,996	129,998
Total assets	601,835	593,919

(Unit: million yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Noncurrent liabilities		
Bonds payable	70,000	60,000
Long-term loans payable	49,108	48,362
Provision for gas holder repairs	1,472	1,508
Reserve for safety measures	16,782	15,552
Provision for gas appliance warranties	2,323	529
Net defined benefit liability	5,801	5,781
Other	14,236	13,770
Total noncurrent liabilities	159,725	145,505
Current liabilities		
Current portion of noncurrent liabilities	2,612	13,919
Notes and accounts payable-trade	30,158	22,604
Short-term loans payable	4,709	4,116
Income taxes payable	3,551	2,891
Other	41,585	36,773
Total current liabilities	82,617	80,304
Total liabilities	242,342	225,810
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,388
Retained earnings	258,850	259,865
Treasury stock	-40	-23
Total shareholders' equity	300,270	301,302
Other comprehensive income		
Valuation difference on available-for-sale securities	45,179	47,078
Deferred gains or losses on hedges	6,198	10,701
Foreign currency translation adjustment	1,005	2,371
Remeasurements of defined benefit plans	6,838	6,654
Total other comprehensive income	59,222	66,806
Total net assets	359,492	368,108
Total liabilities and net assets	601,835	593,919

2. Consolidated statements of income and comprehensive income

Consolidated statements of income for the Six Months

(Unit: million yen)

	2nd Quarter of FY2020 (April – September 2020)	2nd Quarter of FY2021 (April – September 2021)
Net sales	202,693	207,880
Cost of sales	124,590	143,559
Gross profit	78,103	64,321
Selling, general and administrative expenses	63,243	61,515
Operating income	14,859	2,805
Non-operating income		
Interest income	195	103
Dividend income	982	1,108
Rent income	349	347
Miscellaneous income	365	448
Total non-operating income	1,892	2,007
Non-operating expenses		
Interest expenses	367	352
Miscellaneous expenses	241	266
Total non-operating expenses	608	618
Ordinary income	16,143	4,194
Income before income taxes	16,143	4,194
Income taxes	4,383	1,271
Net income	11,760	2,922
Net income attributable to owners of the parent	11,760	2,922

Consolidated statements of comprehensive income for the Six Months

(Unit: million yen)

	2nd Quarter of FY2020 (April – September 2020)	2nd Quarter of FY2021 (April – September 2021)
Net income	11,760	2,922
Other comprehensive income		
Valuation difference on available-for-sale securities	4,863	1,899
Deferred gains or losses on hedges	-256	4,482
Foreign currency translation adjustment	-159	1,203
Remeasurements of defined benefit plans, net of tax	352	-183
Share of other comprehensive income of entities accounted for using equity method	198	183
Total other comprehensive income	4,998	7,583
Comprehensive income	16,758	10,506
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	16,758	10,506
Comprehensive income attributable to non-controlling interests	-	-

3. Notes about consolidated statements

- Note of going concerns' premise: No

- Significant change in shareholders' equity: No

- Application of accounting treatment specific to the preparation of quarterly consolidated financial statements

Calculation of tax costs

Tax expenses are calculated by multiplying the quarterly net income before tax adjustment by the estimated effective tax rate for the current consolidated fiscal year.

The amount of corporate tax adjustment is included in the corporate tax.

- Change in accounting policy

Adopting Accounting Standard for Revenue Recognition

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been applied since the beginning of the first quarter consolidated accounting period. When control of a promised good or service is transferred to the customer, revenue will be recognized at the amount expected to be received in exchange for the good or service.

In the past, LPG sales were based on the meter reading date, but we have changed to a method of rationally estimating the amount of completion of delivery obligations to customers by the end of the fiscal year and recognizing profits.

Regarding the application of “Accounting Standard for Revenue Recognition”, we follow the transitional treatment stipulated in the proviso of paragraph 84 of “Accounting Standard for Revenue Recognition”. Accumulated impact of retroactive application of new accounting policies prior to the beginning of the first quarter consolidated accounting period is added to or subtracted from retained earnings at the beginning of the first quarter consolidated accounting period from the balance at the beginning of the period.

As a result, retained earnings increased by 996 million yen at the beginning of the first quarter of the current consolidated fiscal year. In addition, as a result of a decrease in sales of 4,010 million yen and a decrease in cost of sales of 3,356 million yen in the second quarter of the current consolidated cumulative period, operating income, ordinary income and before income taxes has decreased by 653 million yen.

- The application of “Accounting Standard for Fair Value Measurement”, etc.

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. have been applied from the beginning of the first quarter consolidated accounting period. “Accounting Standard for Fair Value Measurement” statement No. 19, and “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, paragraph 44-2, July 4, 2019) of stipulated by the standards will be applied in accordance with the transitional handling stipulated in “Accounting Standard for Fair Value Measurement”, etc.

There will be no impact on the consolidated financial statements for the second quarter of the current fiscal year.

-Additional information

There are no significant changes to the assumptions about the impact of the spread of the COVID-19 infection in the additional information in the securities report for the previous consolidated fiscal year.

Depending on the future situation, it may affect the consolidated financial statements for the following fiscal year and thereafter.

- Segment information

Segment information by category of business

Six months ended September 30, 2020 (April 1 – September 30, 2020)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	LPG and other Energies	Electricity	Total				
Net sales								
(1) External customers	140,614	31,623	18,558	190,796	11,897	202,693	-	202,693
(2) Intersegment	973	457	133	1,564	7,799	9,364	-9,364	-
Total	141,588	32,081	18,691	192,360	19,696	212,057	-9,364	202,693
Segment income	11,359	505	573	12,438	1,767	14,205	654	14,859

- Notes: 1. The “Other” segment incorporates operations not included in reported segment, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, other leasing business, development of and investment in natural gas resources, etc.
2. The “Adjustments” column in “Segment income” (654 million yen) denotes eliminations of intersegment transactions.
3. Segment income in the table above is reconciled to operating income on the quarterly consolidated statements of income.

Six months ended September 30, 2021 (April 1 – September 30, 2021)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	LPG and other Energies	Electricity	Total				
Net sales								
(1) External customers	133,306	37,875	24,640	195,822	12,057	207,880	-	207,880
(2) Intersegment	1,066	771	131	1,969	7,779	9,748	-9,748	-
Total	134,372	38,647	24,772	197,791	19,837	217,629	-9,748	207,880
Segment income or loss	328	-485	1,012	856	1,270	2,127	678	2,805

- Notes: 1. The “Other” segment incorporates operations not included in reported segment, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, other leasing business, development of and investment in natural gas resources, etc.
2. The “Adjustments” column in “Segment income or loss” (678 million yen) denotes eliminations of intersegment transactions.
3. Segment income or loss in the table above is reconciled to operating income on the quarterly consolidated statements of income.
4. As described in the change in accounting policy, we have applied "Accounting Standard for Revenue Recognition" since the beginning of the first quarter consolidated accounting period, and also changed the way we measure income or losses in our business segment. As a results of this changes, sales of “Gas sales” for the first half of the current consolidated cumulative period decreased by 402 million yen, and sales and segment income of “LPG and other Energies” segment decreased by 653 million yen respectively, and sales of “Electricity” segment decreased by 2,954 million yen.

Notes: Information concerning changes to reporting segments, etc.

Due to the increase in sales of the electric power business, it has been changed to "Gas sales", "LPG and other Energies", and "Electricity" from the first quarter of this term.

The segment information for the previous second quarter consolidated cumulative period is based on the revised reporting segment.

- Material subsequent events

Purchase of treasury stock

The Company resolved at the meeting of Board of Directors held on October 29, 2021 that it will repurchase its shares pursuant to Article 156 of the Corporation Law as applied pursuant to Article 165, paragraph 3.

The repurchases of shares are to be carried out as described below:

1. Type of shares to be repurchased: Common stock
2. Number of shares to be repurchased: Up to 500 thousand shares
3. Total value of shares to be repurchased: Up to 2 billion yen
4. Period of repurchase: From November 1, 2021 to January 31, 2022