

Consolidated Financial Results for the Three Months Ended June 30, 2020 (1Q FY2020)

Toho Gas Co., Ltd.

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

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Date of filing quarterly financial report: August 11, 2020

Commencement of dividend payments: -

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 Three Months Ended June 30, 2020

(1) Consolidated business results (Percentage figures indicate the percentage change on the results for the previous fiscal 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 – June 30, 2020	101,640	-15.5	8,760	-42.2	9,737	-39.5	6,736	-46.4
April 1 – June 30, 2019	120,297	19.4	15,144	116.6	16,094	91.0	12,565	108.5

Note: Comprehensive income 1st Quarter ended June 2020: ¥10,283 million (-2.3%), 1st Quarter ended June 2019: ¥10,521 million (127.3%)

	Net income per share	Diluted earnings per share
	(Unit: yen)	(Unit: yen)
April 1 – June 30, 2020	63.79	-
April 1 – June 30, 2019	118.17	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
1st Quarter ended June 2020	555,351	330,143	59.4
FY2019 ended March 2020	564,756	322,768	57.2

Reference: Net assets (excluding minority interests)

1st Quarter ended June 2020: ¥330,143 million, FY2019 ended March 2020: ¥322,768 million

2. Dividends

	Dividend per share				Total
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of 4th Quarter	
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2019 ended March 2020	-	27.50	-	27.50	55.00
FY2020 ending March 2021	-	-	-	-	-
FY2020 ending March 2021 (forecasts)	-	27.50	-	27.50	55.00

Notes: Revision of previously announced dividend forecasts: Yes

For details, please refer to “Announcement of Financial and Dividends Forecasts”, which was published today. (July 30, 2020)

3. Consolidated Results Forecasts for the fiscal Year Ending March 2021 (April 1, 2020 - March 31, 2021)

(Percentage figures indicate the percentage change on the results for the previous fiscal 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	430,000	-11.5	10,500	-50.8	13,000	-47.5	9,000	-44.7	85.23

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

For details, please refer to “Announcement of Financial and Dividends Forecasts”, which was published today. (July 30, 2020)

*Notes

(1) Changes in significant consolidated subsidiaries: No

(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: No
- 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)	1st Quarter ended June 2020	105,606,285 shares	FY2019 ended March 2020	105,606,285 shares
Number of treasury stock at the end of the term	1st Quarter ended June 2020	3,649 shares	FY2019 ended March 2020	2,773 shares
Average number of outstanding shares during the term	1st Quarter ended June 2020	105,602,877 shares	1st Quarter ended June 2019	106,334,787 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 2021 (April 1, 2020 - March 31, 2021)

(Percentage figures indicate the percentage change on the results for the previous fiscal 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	330,000	-11.5	6,000	-62.0	12,000	-42.4	8,500	-38.3	80.49

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

For details, please refer to “Announcement of Financial and Dividends Forecasts”, which was published today.

<Consolidated Financial Statements and Main Notes>

1. Consolidated balance sheet

(Unit: million yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	72,421	71,288
Distribution facilities	154,175	150,908
Service and maintenance facilities	26,476	25,945
Other facilities	47,372	46,735
Construction in progress	10,622	12,750
Total property, plant and equipment	311,068	307,627
Intangible assets		
Other	10,829	10,800
Total intangible assets	10,829	10,800
Investments and other assets		
Investment securities	76,879	83,612
Net defined benefit asset	323	273
Other	33,269	32,319
Allowance for doubtful accounts	-96	-96
Total investments and other assets	110,376	116,107
Total noncurrent assets	432,275	434,536
Current assets		
Cash and deposits	34,702	37,566
Notes and accounts receivable-trade	58,111	41,967
Inventories	23,912	25,166
Other	15,927	16,264
Allowance for doubtful accounts	-171	-150
Total current assets	132,481	120,814
Total assets	564,756	555,351

(Unit: million yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Noncurrent liabilities		
Bonds payable	70,000	70,000
Long-term loans payable	36,541	35,879
Provision for gas holder repairs	1,690	1,716
Reserve for safety measures	15,173	14,655
Provision for gas appliance warranties	2,808	2,741
Net defined benefit liability	7,959	7,331
Other	10,092	10,089
Total noncurrent liabilities	144,265	142,414
Current liabilities		
Current portion of noncurrent liabilities	13,833	13,755
Notes and accounts payable-trade	23,432	16,720
Short-term loans payable	6,862	5,858
Income taxes payable	6,480	3,353
Other	47,113	43,104
Total current liabilities	97,721	82,793
Total liabilities	241,987	225,207
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	256,066	259,898
Treasury stock	-11	-16
Total shareholders' equity	297,514	301,342
Other comprehensive income		
Valuation difference on available-for-sale securities	29,790	32,989
Deferred gains or losses on hedges	-3,422	-3,235
Foreign currency translation adjustment	1,852	1,838
Remeasurements of defined benefit plans	-2,967	-2,791
Total other comprehensive income	25,253	28,800
Total net assets	322,768	330,143
Total liabilities and net assets	564,756	555,351

2. Consolidated statements of income and comprehensive income

Consolidated statements of income for the Three Months

(Unit: million yen)

	1 st Quarter of FY2019 (April – June 2019)	1 st Quarter of FY2020 (April – June 2020)
Net sales	120,297	101,640
Cost of sales	74,475	62,116
Gross profit	45,821	39,524
Selling, general and administrative expenses	30,677	30,763
Operating income	15,144	8,760
Non-operating income		
Interest income	69	103
Dividend income	925	912
Rent income	102	106
Miscellaneous revenues	212	188
Total non-operating income	1,309	1,311
Non-operating expenses		
Interest expense	213	204
Miscellaneous expenses	146	129
Total non-operating expenses	359	334
Ordinary income	16,094	9,737
Extraordinary income		
Gain on sales of investment securities	1,430	-
Total extraordinary income	1,430	-
Income before income taxes	17,525	9,737
Income taxes	4,959	3,001
Net income	12,565	6,736
Net income attributable to owners of the parent	12,565	6,736

Consolidated statements of comprehensive income for the Three Months

(Unit: million yen)

	1 st Quarter of FY2019 (April – June 2019)	1 st Quarter of FY2020 (April – June 2020)
Net income	12,565	6,736
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,793	3,199
Deferred gains or losses on hedges	-426	187
Foreign currency translation adjustment	241	-77
Remeasurements of defined benefit plans	50	176
Share of other comprehensive income of entities accounted for using equity method	-115	61
Total other comprehensive income	-2,044	3,547
Comprehensive income	10,521	10,283
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,521	10,283
Comprehensive income attributable to non-controlling interests	-	-

3. Notes about Consolidated Statements

- Note of going concerns' premise: No

- Significant change in shareholders' equity: No

- Segment information

Segment information by category of business

Three months ended June 30, 2019 (Apr. – June 2019)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	LPG, Electricity and other Energies	Gas appliance sales and related construction	Total				
Net sales								
(1) External customers	78,828	22,579	9,536	110,944	9,353	120,297	-	120,297
(2) Intersegment	23	262	324	611	3,322	3,933	-3,933	-
Total	78,851	22,841	9,861	111,555	12,675	124,230	-3,933	120,297
Segment income	12,670	1,142	311	14,123	668	14,792	351	15,144

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" (351 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.

Three months ended June 30, 2020 (Apr. – June 2020)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	LPG, Electricity and other Energies	Gas appliance sales and related construction	Total				
Net sales								
(1) External customers	65,819	23,823	7,124	96,766	4,873	101,640	-	101,640
(2) Intersegment	18	265	418	702	3,683	4,385	-4,385	-
Total	65,838	24,089	7,542	97,469	8,556	106,026	-4,385	101,640
Segment income	6,528	1,265	155	7,949	597	8,546	214	8,760

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" (214 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.