

Consolidated Financial Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2022 (Nine Months Ended December 31, 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 of Finance Dept.

Tel: +81-52-872-9341

Date of filing quarterly financial report: February 10, 2022

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 3rd Quarter Ended December 31, 2021 (April 1 – December 31, 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 – December 31, 2021	336,124	11.1	2,845	-81.4	5,536	-68.6	3,904	-69.9
April 1 – December 31, 2020	302,569	-11.0	15,308	-20.3	17,617	-16.9	12,964	-20.0

Note: Comprehensive income 3rd Quarter ended December 2021: ¥10,393 million (-59.5%), 3rd Quarter ended December 2020: ¥25,662 million (31.5%)

	Net income per share	Diluted earnings per share
	(Unit: yen)	(Unit: yen)
April 1 – December 31, 2021	37.00	-
April 1 – December 31, 2020	122.77	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
3rd Quarter ended December 2021	622,883	363,492	58.4
FY2020 ended March 2021	601,835	359,492	59.7

Reference: Net assets (excluding minority interests)

3rd Quarter ended December 2021: ¥363,492 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	495,000	13.9	15,500	14.7	18,000	8.3	13,000	51.3	123.69

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, by the estimated effective tax rate at the third quarter 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)	3rd Quarter ended December 2021	105,606,285 shares	FY2020 ended March 2021	105,606,285 shares
Number of treasury stock at the end of the term	3rd Quarter ended December 2021	504,921 shares	FY2020 ended March 2021	7,792 shares
Average number of outstanding shares during the term	3rd Quarter ended December 2021	105,509,865 shares	3rd Quarter ended December 2020	105,601,648 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	375,000	10.3	8,500	32.1	15,000	17.9	11,000	4.6	104.66

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 December 31, 2021
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	67,644	65,006
Distribution facilities	149,271	142,420
Service and maintenance facilities	26,368	26,232
Other facilities	44,506	47,899
Construction in progress	15,063	15,291
Total property, plant and equipment	302,855	296,850
Intangible assets		
Other	8,726	10,693
Total intangible assets	8,726	10,693
Investments and other assets		
Investment securities	101,469	114,423
Net defined benefit asset	13,762	16,178
Other	27,134	27,506
Allowance for doubtful accounts	-110	-100
Total investments and other assets	142,256	158,008
Total noncurrent assets	453,838	465,553
Current assets		
Cash and deposits	40,731	24,732
Notes and accounts receivable-trade	51,383	64,791
Securities	10,000	-
Inventories	18,358	31,372
Other	27,745	36,697
Allowance for doubtful accounts	-223	-264
Total current assets	147,996	157,330
Total assets	601,835	622,883

(Unit: million yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Noncurrent liabilities		
Bonds payable	70,000	50,000
Long-term loans payable	49,108	47,629
Provision for gas holder repairs	1,472	1,496
Reserve for safety measures	16,782	14,907
Provision for gas appliance warranties	2,323	529
Net defined benefit liability	5,801	5,983
Other	14,236	15,946
Total noncurrent liabilities	159,725	136,492
Current liabilities		
Current portion of noncurrent liabilities	2,612	24,232
Notes and accounts payable-trade	30,158	35,678
Short-term loans payable	4,709	4,170
Income taxes payable	3,551	2,016
Other	41,585	56,800
Total current liabilities	82,617	122,897
Total liabilities	242,342	259,390
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,388
Retained earnings	258,850	257,943
Treasury stock	-40	-1,622
Total shareholders' equity	300,270	297,781
Other comprehensive income		
Valuation difference on available-for-sale securities	45,179	45,857
Deferred gains or losses on hedges	6,198	10,771
Foreign currency translation adjustment	1,005	2,520
Remeasurements of defined benefit plans	6,838	6,561
Total other comprehensive income	59,222	65,711
Total net assets	359,492	363,492
Total liabilities and net assets	601,835	622,883

2. Consolidated statements of income and comprehensive income

Consolidated statements of income for the Nine Months

(Unit: million yen)

	3 rd Quarter of FY2020 (April – December 2020)	3 rd Quarter of FY2021 (April – December 2021)
Net sales	302,569	336,124
Cost of sales	191,335	239,329
Gross profit	111,234	96,794
Selling, general and administrative expenses	95,926	93,948
Operating income	15,308	2,845
Non-operating income		
Interest income	246	152
Dividend income	1,988	2,140
Rent income	455	451
Miscellaneous income	542	728
Total non-operating income	3,232	3,472
Non-operating expenses		
Interest expenses	572	551
Miscellaneous expenses	349	229
Total non-operating expenses	922	781
Ordinary income	17,617	5,536
Extraordinary income		
Gain on sales of investment securities	671	-
Total extraordinary income	671	-
Income before income taxes	18,289	5,536
Income taxes	5,324	1,632
Net income	12,964	3,904
Net income attributable to owners of the parent	12,964	3,904

Consolidated statements of comprehensive income for the Nine Months

(Unit: million yen)

	3 rd Quarter of FY2020 (April – December 2020)	3 rd Quarter of FY2021 (April – December 2021)
Net income	12,964	3,904
Other comprehensive income		
Valuation difference on available-for-sale securities	10,009	677
Deferred gains or losses on hedges	2,215	4,554
Foreign currency translation adjustment	-377	1,294
Remeasurements of defined benefit plans, net of tax	528	-275
Share of other comprehensive income of entities accounted for using equity method	322	237
Total other comprehensive income	12,697	6,488
Comprehensive income	25,662	10,393
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	25,662	10,393
Comprehensive income attributable to non-controlling interests	-	-

3. Notes about consolidated statements

- Note of going concerns' premise: No

- Significant change in shareholders' equity: Yes

- Purchase of treasury stock

The Company repurchased its shares as follow, pursuant to Article 156 of the Corporation Code as applied pursuant to Article 165, paragraph 3. With this transaction, the Company's share repurchase plan approved at the Board of Directors' meeting held on October 29, 2021 has been terminated.

1. Types of shares repurchased	Common stock
2. Number of shares repurchased	500,000 shares
3. Total value of shares repurchased	¥1,596 million
4. Period of repurchase	From November 2, 2021 to December 10, 2021 (Commitment basis)
5. Method of repurchase	Market purchase on Tokyo Stock Exchange

- Change in accounting policy

Adopting Accounting Standard for Revenue Recognition

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has 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 4,870 million yen and a decrease in cost of sales of 4,926 million yen in the third quarter of the current consolidated cumulative period, operating income, ordinary income and income before income taxes have increased by 55 million yen respectively.

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

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. has been applied from the beginning of the first quarter consolidated accounting period. "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 19, July 4, 2019) 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 third 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

Nine months ended December 31, 2020 (April 1 – December 31, 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	205,319	49,965	28,920	284,205	18,364	302,569	-	302,569
(2) Intersegment	1,615	695	196	2,508	12,469	14,978	-14,978	-
Total	206,934	50,661	29,117	286,713	30,834	317,547	-14,978	302,569
Segment income	10,710	415	500	11,626	2,651	14,278	1,029	15,308

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” (1,029 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.

Nine months ended December 31, 2021 (April 1 – December 31, 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	210,992	63,274	42,473	316,741	19,382	336,124	-	336,124
(2) Intersegment	1,670	1,267	200	3,139	13,210	16,350	-16,350	-
Total	212,663	64,541	42,674	319,880	32,593	352,474	-16,350	336,124
Segment income or loss	-2,057	-192	1,803	-447	2,326	1,878	966	2,845

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” (966 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 650 million yen, and sales and segment income of “LPG and other Energies” segment increased by 55 million yen respectively, and sales of “Electricity” segment decreased by 4,275 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 third quarter consolidated cumulative period is based on the revised reporting segment.