

Consolidated Financial Results for the Three Months Ended June 30th, 2022 [Japanese GAAP]



August 2nd, 2022

Company name: NIPPON GAS CO., LTD.

Code number: 8174

URL: <http://www.nichigas.co.jp/en/>

Stock exchange listing: Tokyo Stock Exchange

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Scheduled date of filing quarterly securities report: August 12th, 2022

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Three Months Ended June 30th, 2022 (April 1st, 2022 to June 30th, 2022)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three Months ended Jun. 30th, 2022	44,789	29.1	3,804	48.3	3,838	48.9	2,658	50.0
Three Months ended Jun. 30th, 2021	34,697	—	2,565	—	2,577	—	1,772	—

(Note) Comprehensive income: Three Months ended Jun. 30th, 2022 ¥2,438 million [45.2%]
Three Months ended Jun. 30th, 2021 ¥1,679 million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three Months ended Jun. 30th, 2022	23.18	—
Three Months ended Jun. 30th, 2021	15.18	—

(Note) The Company has adopted the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31st, 2020), etc., from the beginning of the first quarter of the consolidated fiscal year ended March 31st, 2022. Due to a significant impact on net sales and profit, percentage changes from the previous corresponding period for the three months ended June 30th, 2021 are not stated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30th, 2022	143,325	69,805	48.7
As of Mar. 31st, 2022	153,811	71,890	46.7

(Reference) Equity: As of Jun. 30th, 2022 ¥69,802 million As of Mar. 31st, 2022 ¥71,887 million

2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31st, 2022	—	25.00	—	25.00	50.00
Fiscal year ending Mar. 31st, 2023	—				
Fiscal year ending Mar. 31st, 2023 (Forecast)		32.50	—	32.50	65.00

(Note) Revision of dividend projection from recently announced figures: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31st, 2023 (April 1st, 2022 to March 31st, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sep. 30th, 2022	80,000	22.3	3,200	37.8	3,200	36.6	2,200	(10.1)	19.26
Full-year	190,000	16.9	16,500	29.1	16,500	27.6	11,000	10.3	96.67

(Note) Revision of financial results projection from recently announced figures: Yes

4. Notes

- (1) Significant changes of subsidiaries during the period under review: No
- (2) Adoption of special accounting processes for preparing quarterly consolidated financial statements: No
- (3) Changes to accounting policies, changes to accounting estimates, and revision restatements
 - 1) Changes to accounting policies accompanying the revision of accounting standards, etc.: No
 - 2) Changes to accounting policies other than 1) above: No
 - 3) Changes to accounting estimates: No
 - 4) Revision restatements: No
- (4) Total number of issued shares (common shares)

- 1) Total number of issued shares (including treasury shares):

Jun. 30th, 2022	116,603,698 shares
Mar. 31st, 2022	118,603,698 shares

- 2) Total number of treasury shares at the end of the period:

Jun. 30th, 2022	2,393,599 shares
Mar. 31st, 2022	3,544,616 shares

- 3) Average number of shares during the period:

Three months ended Jun. 30th, 2022	114,689,077 shares
Three months ended Jun. 30th, 2021	116,806,315 shares

* These financial results are outside the scope of quarterly review by a certified public accountant or an audit corporation.

* Explanation of the proper use of performance forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document, but not

intended to deliver the Company's commitment to fulfilling them. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to "1. Qualitative Information on Consolidated Performance for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 8 of the attached Appendix for the notes on the use of preconditions for the earnings forecast and the use of the earnings forecast.

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1. Qualitative Information on Consolidated Performance for the Period under Review

(1) Explanation of Results of Operations

[Business Environment Surrounding the Group]

In Japan, there is a high possibility that COVID-19, which seemed to be under control, will spread again and economic and social activities will stagnate again. In the energy sector, the Paris Agreement (adopted at COP21) of 2015 has triggered a rapid growth of the zero-carbon (carbon neutrality) movement aimed at solving the issue of global warming, while the supply chain of energy resources has become unstable on a global scale due to factors such as the COVID-19 pandemic and Russia's invasion of Ukraine, and raw material prices continue to rise.

[Energy Solutions]

Under these circumstances, in May 2022, the Group shifted to a new management structure to accelerate the evolution of its business model toward energy solutions ("NICIGAS 3.0"). What will be most important for local communities in the future will be gas, the most important energy source to support the transition period to decarbonization, and the construction of a resilient distributed energy system that can provide energy independently even during a disaster. To meet this challenge, the Company is taking on a new challenge by reforming its existing business model and evolving its business into energy solutions.

In the energy solutions (Nippon Gas version of a smart city) that we are aiming for, we will promote distributed energy sources such as solar power generation and storage batteries (for home use, stationary use, and EVs) through alliances with other companies to realize optimal energy use in each household. We will also take advantage of the disaster-resistant characteristics of LP gas to realize an energy supply that adapts to the needs of local communities (making homes smart houses). In addition, by linking the data of each household, we will optimize the energy use of the entire community at large.

As a preparatory step toward the Nippon Gas version of a smart city, we have been actively promoting gas and electricity bundled service plans, and have grown them to a scale that accounts for about 20% of our customer base (290,000 customers). Furthermore, in February 2022, we released a rate menu ("Degawari 007") that provides EV users with the benefit of power storage between midnight and 7:00 a.m., while emitting virtually zero CO₂ emissions by procuring from non-fossil power sources. We will continue to aggressively market this product as a major advance in the hybridization of gas and electricity for the smart city that we are aiming for.

In order to promote energy storage batteries, in May 2022, we entered into a capital and business alliance agreement with PowerX, Inc., a company that develops, manufactures, and sells high-performance storage batteries based on cutting-edge technology. PowerX possesses advanced technology for controlling storage batteries, and in the future will jointly provide storage batteries to our customers, install storage batteries in our sales offices, and work on energy management systems and other initiatives to contribute to society more broadly through co-creation in partnership with other companies.

[Sustainable Growth, ESG, and Shareholder Value]

Continuing to provide new solutions for optimal usage of energy to increasingly complex social issues and being a company that is needed by the local community are prerequisites for the creation of sustainable corporate value. We have adopted a management policy to address ESG as part of our efforts to enhance corporate value. Under this policy, we will continue to reconfigure our balance sheet into highly efficient assets with a strong focus on return on invested capital (ROIC) and increase ROE, the return on investment for our shareholders. We will also strive to create shareholder value by solving new social issues through co-creation in partnership with other companies, and by pursuing shareholder performance (ROE) that exceeds the cost of shareholders' equity while contributing to the community.

[Consolidated Financial Results]

During the three months ended June 30th, 2022, both sales and income increased over the same period last year.

	(Millions of yen)			
	Three months ended June 30th, 2021	Three months ended June 30th, 2022	YoY change	YoY change (%)
Net sales	34,697	44,789	10,091	29.1%
Gross profit	15,842	16,842	999	6.3%
Operating income	2,565	3,804	1,239	48.3%
Ordinary income	2,577	3,838	1,260	48.9%
Profit attributable to owners of parent	1,772	2,658	886	50.0%

The main reasons for the year-on-year increase in net sales and gross profit are the appropriate passing-on of higher gas prices to selling prices and the expansion of our LP gas and electricity customer base. In all stages of profits from operating income on down, we have been able to significantly increase profits by reducing selling, general and administrative expenses through a thorough sales strategy that focuses on customers who can combine gas and electricity.

[Results by Segment]

◇ LP Gas Business (including platform business as well as LP equipment and construction as ancillary business)

Gross profit from the LP gas business segment was ¥10,147 million (up ¥853 million year on year), and gross profit from the ancillary business was ¥846 million (up ¥29 million year on year).

The increase in gross profit from the LP gas business was due to the price revision in May implemented in light of soaring raw material prices and an increase in gas sales volume for commercial use, which is on a recovery trend. In sales, we are expanding our customer base by narrowing our focus to family households, who are expected to use electricity as a package. With an increasing number of LP gas companies considering the sale of their businesses against the backdrop of high raw material prices, we have gradually implemented discussions on customer acquisition, and the number of customers has increased by 28 thousand households from the end of the same period of the previous fiscal year to 954 thousand households.

		Three months ended June 30th, 2021	Three months ended June 30th, 2022	YoY change	YoY change (%)
Gross profit (millions of yen)	LP gas	9,293	10,147	853	9.2%
	Equipment, construction, platform, etc.	816	846	29	3.7%
Gas sales volume (1,000 tons)*	Household use	44.1	44.4	0.3	0.7%
	Commercial use	27.9	29.3	1.4	5.2%
No. of customers (1,000 customers)		926	954	28	3.0%

* In accordance with the adoption of the Accounting Standard for Revenue Recognition, sales volume on a meter reading basis is adjusted to the sales volume until the end of the fiscal year.

◇ Electricity Business

Gross profit from the electricity business segment totaled ¥751 million, (up ¥189 million year on year).

The increase in gross profit from the electricity business was due to the steady accumulation of customers, mainly existing gas-using customers, through bundled service sales. Bankruptcies of new electric power companies and suspension of acceptance of new contracts due to price hikes in the wholesale electricity market also provided a tailwind, and the percentage of customers of package service of gas and electricity increased from 14.8% at the end of the first three months of the previous fiscal year to 17.5% at the end of the period under review, while the number of customers increased by 48 thousand households from the end of first three months of the previous fiscal year to 292 thousand households.

		Three months ended June 30th, 2021	Three months ended June 30th, 2022	YoY change	YoY change (%)
Gross profit (millions of yen)	Electricity	562	751	189	33.7%
Electricity sales volume (GWh)*	Household use	197	252	55	27.9%
	No. of customers (1,000 customers)	244	292	48	19.7%

* In accordance with the adoption of the Accounting Standard for Revenue Recognition sales volume on a meter reading basis is adjusted to the sales volume until the end of the fiscal year.

◇ City Gas Business (including city gas equipment and construction as ancillary business)

Gross profit from the city gas business segment was ¥4,842 million (down ¥35 million year on year), and gross profit from the ancillary business was ¥254 million (down ¥37 million year on year).

The decrease in gross profit from the city gas business was due to the negative impact of the slide time lag caused by the rising price of raw materials.

		Three months ended June 30th, 2021	Three months ended June 30th, 2022	YoY change	YoY change (%)
Gross profit (millions of yen)	Gas	4,878	4,842	(35)	(0.7)%
	Equipment, construction, etc.	291	254	(37)	(12.8)%

Gas sales volume (1,000 tons)	Household use	45.7	45.9	0.2	0.5%
	Commercial use	47.3	48.6	1.4	0.8%
No. of customers (1,000 customers)		728	711	(17)	(2.3)%

(2) Explanation of Financial Position and Cash Flows

[Analysis of Assets, Liabilities and Net Assets]

With the aim of increasing the return on equity, or ROE, the Company has set return on invested capital (ROIC) as a KPI and is working to improve it in order to increase the profitability of our assets.

- Total assets as of the end of the first quarter of the fiscal year ending March 31st, 2023 decreased by ¥10,400 million or 6.8% from the end of the previous fiscal year to ¥143,300 million. The decrease in assets was mainly due to a ¥4,400 million decrease in trade receivables caused by seasonal factors and a ¥6,000 million decrease in cash and deposits.
- Total liabilities as of the end of the first quarter of the fiscal year ending March 31st, 2023 decreased by ¥8,400 million or 10.2% from the end of the previous fiscal year to ¥73,500 million, and net assets decreased by ¥2,000 million or 2.9% from the end of the previous fiscal year to ¥69,800 million. The main decreases in liabilities were due to a ¥2,300 million decrease in notes and accounts payable - trade and a ¥2,700 million decrease in income taxes payable due to seasonal factors, and a ¥2,500 million decrease in interest-bearing liabilities to ¥43,400 million from the end of the previous fiscal year. The main reason for the decrease in net assets was due to the return of profits to shareholders, with a dividend payment of ¥2,900 million and a ¥1,700 million purchase of treasury shares.
- The debt-to-equity ratio was 0.6 times, and the shareholders' equity ratio was 48.7%. While ensuring the stability of its financial base, we are mindful of the optimal capital structure and raise capital with an awareness of its funding costs (WACC).

	(Millions of yen)		
	March 31st, 2022	June 30th, 2022	Change
Current assets	49,467	39,663	(9,803)
Of which, Cash and deposits	17,020	10,952	(6,067)
Trade receivables	21,474	16,998	(4,475)
Non-current assets	104,344	103,662	(682)
Interest-bearing liabilities	45,941	43,421	(2,519)
Equity (Equity ratio)	71,887 [46.7%]	69,802 [48.7%]	(2,084)
Total assets	153,811	143,325	(10,485)

[Analysis of Cash Flows]

Balance of cash and cash equivalents as of the end of the first quarter of the fiscal year ending March 31st, 2023 decreased by ¥6,103 million from the end of the previous fiscal year to ¥10,809 million.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities amounted to ¥3,539 million, down by ¥1,778 million year on year. This was due to an increase in income taxes and consumption taxes paid.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities amounted ¥2,334 million, down by ¥1,837 million year on year. This was due to the fact that payments for large-scale investments such as “Yume no Kizuna Kawasaki” have run their course.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities amounted to ¥7,316 million, up by ¥6,618 million year on year. The cash outflow is due to a decrease in borrowings, purchase of treasury shares and an increase in payment of dividends.

	(Millions of yen)		
	Three months ended June 30th, 2021	Three months ended June 30th, 2022	Change
Cash flows from operating activities	5,318	3,539	(1,778)
Cash flows from investing activities	(4,171)	(2,334)	1,837
Cash flows from financing activities	(698)	(7,316)	(6,618)
Net increase (decrease) in cash and cash equivalents	447	(6,103)	(6,550)
Cash and cash equivalents at end of period	12,858	10,809	(2,048)

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Company has revised its consolidated financial results forecast for the first six months of the fiscal year ending March 31st, 2023, which was announced on April 27th, 2022, as follows, in light of its recent performance. For details, please also refer to the “Financial Results Briefing Materials for the 1Q of FY Ending in March 2023,” separately disclosed today.

1. Revision of consolidated financial results forecast for the first six months of the fiscal year ending March 31st, 2023 (April 1st, 2022 to September 30th, 2022)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	80,000	2,500	2,500	1,700	14.88
Revised forecast (B)	80,000	3,200	3,200	2,200	19.26
Change (B-A)	0	700	700	500	
Change (%)	0.0	28.0	28.0	29.4	
(Reference) Results for the first six months of the previous fiscal year (Financial results for the six months ended September 30th, 2021)	65,410	2,322	2,342	2,448	21.08

2. Reasons for revision of financial results forecast

Based on the actual gross profit and changes in selling, general and administrative expenses during the three months ended June 30th, 2022, we have decided to revise our consolidated financial results forecast for the six months ending September 30th, 2022, as described above, for operating income, ordinary income, and profit attributable to owners of parent, respectively, to exceed the previous forecasts. The consolidated financial results forecast for the fiscal year ending March 31st, 2023 remains unchanged from the previously announced forecast.

*The above forecasts are based on information available as of the date of publication of this document, and actual results may differ from the forecasts due to various factors in the future.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (As of Mar. 31, 2022)	Three months ended Jun. 30, 2022 (As of Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	17,020	10,952
Notes and accounts receivable - trade	21,474	16,998
Merchandise and finished goods	5,999	6,938
Raw materials and supplies	196	125
Other	4,880	4,745
Allowance for doubtful accounts	(104)	(96)
Total current assets	49,467	39,663
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,908	15,756
Machinery, equipment and vehicles, net	31,314	30,730
Tools, furniture and fixtures, net	770	718
Land	30,175	30,173
Leased assets, net	6,091	5,914
Construction in progress	970	1,016
Total property, plant and equipment	85,230	84,311
Intangible assets		
Goodwill	2,981	2,736
Other	4,823	5,043
Total intangible assets	7,805	7,779
Investments and other assets		
Investment securities	2,091	2,619
Other	14,903	15,545
Allowance for doubtful accounts	(5,686)	(6,593)
Total investments and other assets	11,309	11,571
Total non-current assets	104,344	103,662
Total assets	153,811	143,325

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (As of Mar. 31, 2022)	Three months ended Jun. 30, 2022 (As of Jun. 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,651	11,831
Electronically recorded obligations - operating	2,868	3,384
Short-term loans payable	-	2,000
Current portion of long-term debt	14,764	12,951
Income taxes payable	3,602	827
Provision for bonuses	323	418
Other	9,541	8,610
Total current liabilities	45,751	40,023
Non-current liabilities		
Long-term loans payable	24,476	21,963
Provision for share-based compensation	1,052	1,042
Provision for gas holder repairs	267	282
Provision for loss on voluntary recall of products	306	277
Net defined benefit liability	3,067	3,134
Other	6,998	6,796
Total non-current liabilities	36,169	33,496
Total liabilities	81,921	73,520
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	5,860	5,860
Retained earnings	64,634	60,843
Treasury shares	(5,795)	(3,869)
Total shareholders' equity	71,769	69,904
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	35
Foreign currency translation adjustment	53	(111)
Remeasurements of defined benefit plans	(28)	(26)
Total accumulated other comprehensive income	118	(102)
Non-controlling interests	3	3
Total net assets	71,890	69,805
Total liabilities and net assets	153,811	143,325

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	For the three months ended Jun. 30, 2021 (from Apr. 1, 2021 to Jun. 30, 2021)	For the three months ended Jun. 30, 2022 (from Apr. 1, 2022 to Jun. 30, 2022)
Net sales	34,697	44,789
Cost of sales	18,854	27,946
Gross profit	15,842	16,842
Selling, general and administrative expenses	13,276	13,037
Operating income	2,565	3,804
Non-operating income		
Interest income	0	0
Dividend income	5	1
Real estate rent	13	16
Insurance income	4	3
Foreign exchange gains	-	18
Share of profit of entities accounted for using equity method	7	13
Other	17	16
Total non-operating income	48	70
Non-operating expenses		
Interest expenses	35	35
Other	1	1
Total non-operating expenses	36	37
Ordinary income	2,577	3,838
Extraordinary income		
Gain on sales of non-current assets	45	2
Total extraordinary income	45	2
Extraordinary losses		
Loss on sales of non-current assets	16	2
Loss on retirement of non-current assets	23	14
Loss on sales of investment securities	2	-
Total extraordinary losses	41	17
Profit before income taxes	2,580	3,823
Income taxes - current	1,610	1,014
Income taxes - deferred	(801)	150
Total income taxes	808	1,164
Profit	1,772	2,658
Loss attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	1,772	2,658

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	For the three months ended Jun. 30, 2021 (from Apr. 1, 2021 to Jun. 30, 2021)	For the three months ended Jun. 30, 2022 (from Apr. 1, 2022 to Jun. 30, 2022)
Profit	1,772	2,658
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	(58)
Remeasurements of defined benefit plans, net of tax	4	2
Share of other comprehensive income of entities accounted for using equity method	(83)	(164)
Total other comprehensive income	(92)	(220)
Comprehensive income	1,679	2,438
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,680	2,438
Comprehensive income attributable to non-controlling interests	(0)	(0)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

Account	For the three months ended Jun. 30, 2021 (from Apr. 1, 2021 to Jun. 30, 2021)	For the three months ended Jun. 30, 2022 (from Apr. 1, 2022 to Jun. 30, 2022)
Cash flows from operating activities		
Profit before income taxes	2,580	3,823
Depreciation	2,480	2,492
Amortization of goodwill	347	350
Increase (decrease) in allowance for doubtful accounts	(142)	898
Increase (decrease) in net defined benefit liability	17	67
Increase (decrease) in provision for share-based compensation	82	(10)
Increase (decrease) in allowance for loss on voluntary recall of products	(5)	(28)
Interest and dividend income	(5)	(2)
Interest expenses	35	35
Foreign exchange losses (gains)	6	(7)
Share of (profit) loss of entities accounted for using equity method	(7)	(13)
Loss (gain) on sales of non-current assets	(29)	(0)
Loss on retirement of non-current assets	23	14
Loss (gain) on sales of investment securities	2	-
Decrease (increase) in notes and accounts receivable - trade	4,815	4,475
Decrease (increase) in inventories	295	(868)
Decrease (increase) in accounts receivable - other	371	432
Increase (decrease) in notes and accounts payable - trade	(3,705)	(2,304)
Increase (decrease) in accrued consumption taxes	322	(1,018)
Other, net	758	(1,251)
Subtotal	8,244	7,085
Interest and dividend income received	5	2
Interest expenses paid	(36)	(37)
Income taxes paid	(2,895)	(3,510)
Net cash provided by (used in) operating activities	5,318	3,539
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,665)	(1,020)
Proceeds from sales of property, plant and equipment	57	4
Purchase of intangible assets	(469)	(602)
Purchase of goodwill	-	(105)
Purchase of investment securities	(1,125)	(598)
Proceeds from sales of investment securities	0	-
Payments of loans receivable	(0)	(4)
Collection of loans receivable	8	14
Other, net	23	(21)
Net cash provided by (used in) investing activities	(4,171)	(2,334)

(Millions of yen)

Account	For the three months ended Jun. 30, 2021 (from Apr. 1, 2021 to Jun. 30, 2021)	For the three months ended Jun. 30, 2022 (from Apr. 1, 2022 to Jun. 30, 2022)
Cash flows from financing activities		
Increase in short-term loans payable	15,500	4,500
Decrease in short-term loans payable	(9,000)	(2,500)
Repayments of long-term loans payable	(3,174)	(4,326)
Purchase of treasury shares	(1,226)	(1,703)
Cash dividends paid	(2,470)	(2,921)
Other, net	(327)	(365)
Net cash provided by (used in) financing activities	(698)	(7,316)
Effect of exchange rate change on cash and cash equivalents	(0)	7
Net increase (decrease) in cash and cash equivalents	448	(6,103)
Cash and cash equivalents at beginning of period	12,411	16,912
Cash and cash equivalents at end of period	12,858	10,809

(4) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

None.

(Notes in Case of Significant Changes in Shareholder's Equity)

1) Purchase of treasury shares

The Company resolved at the meeting of the Board of Directors held on April 27th, 2022 to purchase treasury shares pursuant to the provisions of Article 156 of the Companies Act applied mutatis mutandis pursuant to the provisions of Article 165, Paragraph 3 of the same Act. Therefore, the Company is advancing the purchase of up to 2,700,000 treasury shares on the market of the Tokyo Stock Exchange from April 28th, 2022 to March 31st, 2023, with the upper limit of ¥3,500 million in acquisition value. As a result, the Company acquired 912,100 treasury shares in the three months ended June 30th, 2022, and treasury shares increased by ¥1,703 million.

2) Retirement of treasury shares

The Company resolved at the meeting of the Board of Directors held on April 27th, 2022 to retire treasury shares pursuant to the provisions of Article 178 of the Companies Act and retired 2,000,000 treasury shares on May 19th, 2022. As a result, retained earnings and treasury shares decreased by ¥3,538 million each.

As a result, treasury shares amounted to ¥3, 869 million at the end of the first quarter of the fiscal year ending March 31st, 2023.

(Segment Information)

1. Information on net sales and income (loss) by reportable segment and breakdown of revenue

For the three months ended June30th, 2021 (from April 1st, 2021 to June 30th, 2021)

(Millions of yen)

	Reportable segments			Total
	LP gas Business	Electricity Business	City gas Business	
Net sales				
(1) LP gas, electricity and city gas				
a. Revenue generated during April 1st, 2021 and the June meter reading date	11,663	3,576	11,838	27,077
b. Revenue generated during the June meter reading date and June 30th, 2021	2,836	883	–	3,719
Total	14,499	4,459	11,838	30,796
(2) Equipment, construction contracts, platform, etc.	2,538	–	1,361	3,900
Revenue from contracts with customer	17,037	4,459	13,200	34,697
Net sales to outside customers	17,037	4,459	13,200	34,697
Segment income	10,110	562	5,169	15,842

For the three months ended June30th, 2022 (from April 1st, 2022 to June 30th, 2022)

(Millions of yen)

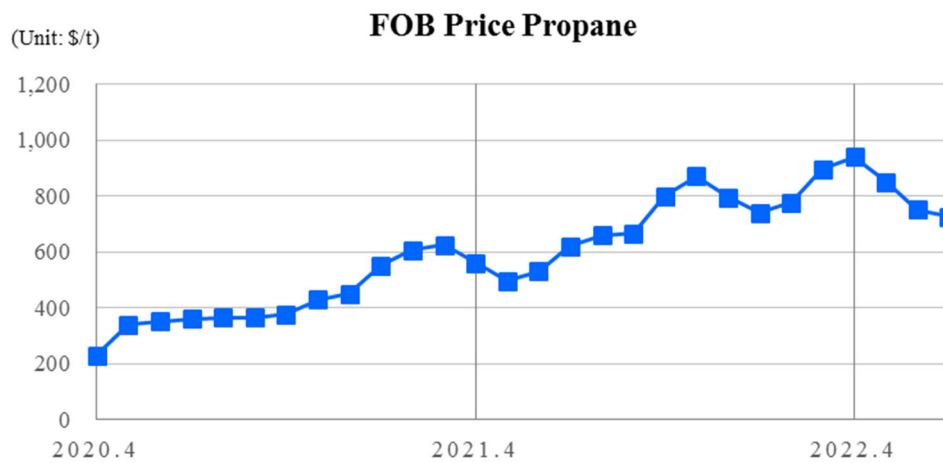
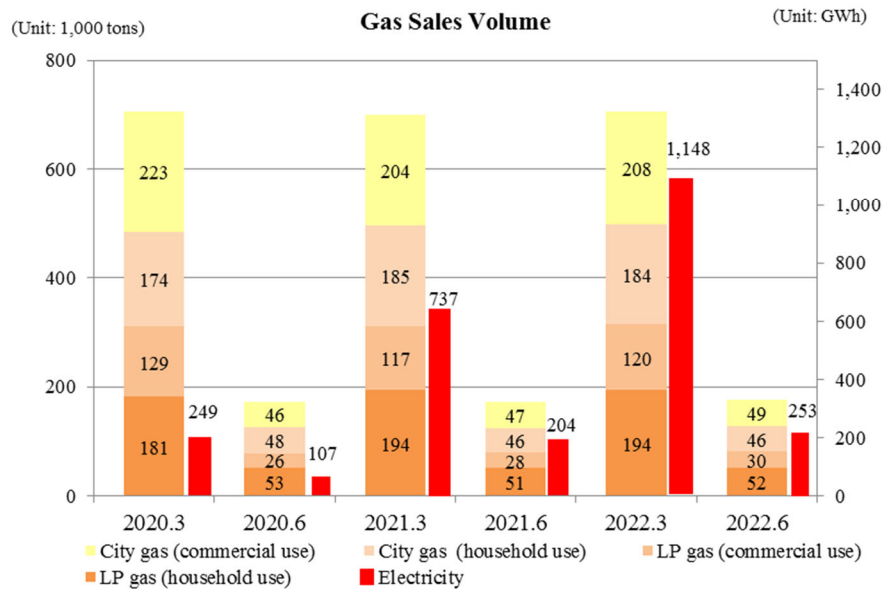
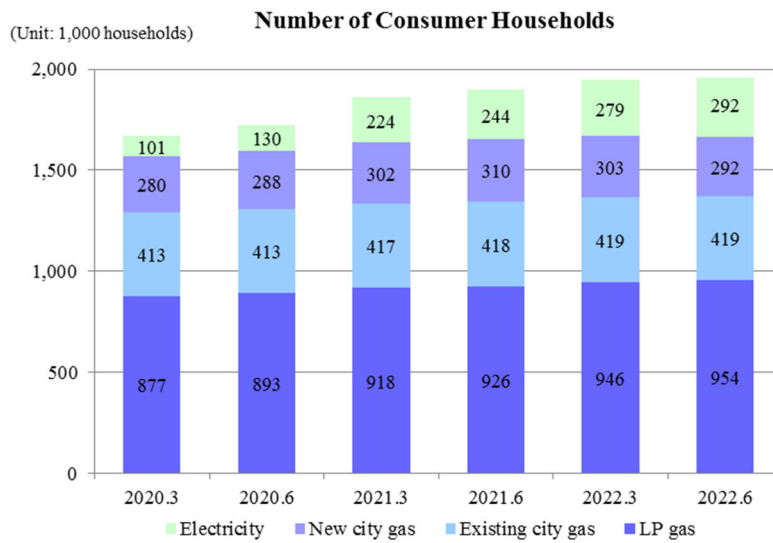
	Reportable segments			Total
	LP gas Business	Electricity Business	City gas Business	
Net sales				
(1) LP gas, electricity and city gas				
a. Revenue generated during April 1st, 2022 and the June meter reading date	14,535	5,598	15,747	35,881
b. Revenue generated during the June meter reading date and June 30th, 2022	3,512	1,680	–	5,193
Total	18,048	7,278	15,747	41,074
(2) Equipment, construction contracts, platform, etc.	2,510	–	1,204	3,714
Revenue from contracts with customer	20,558	7,278	16,952	44,789
Net sales to outside customers	20,558	7,278	16,952	44,789
Segment income	10,994	751	5,096	16,842

(Note) For sales in the LP gas and electricity businesses, revenue is recognized from the date of meter reading to the end of the fiscal year based on a reasonable estimate of revenue from the date of meter reading to the end of the fiscal year in accordance with the adoption of the Accounting Standard for Revenue Recognition, and for sales in the city gas business, revenue is recognized based on the meter reading date standard in accordance with the Regulation on Accounting at Gas Utilities.

2. Differences between income (loss) of reportable segment totals and amounts in the quarterly consolidated statement of income and the main components of those differences (matters related to difference adjustments)
(Millions of yen)

Income	Three months ended June 30th, 2021	Three months ended June 30th, 2022
Reporting segment total	15,842	16,842
Selling, general and administrative expenses	13,276	13,037
Operating income in the consolidated statement of income	2,565	3,804

3. Others



(Note) Gas/Electricity volume is the sales volume based on the meter reading sales date standard.