

Consolidated Financial Results for the Six Months Ended September 30th, 2022 [Japanese GAAP]



November 1st, 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: November 14th, 2022

Scheduled date of commencing dividend payments: November 17th, 2022

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 Six Months Ended September 30th, 2022 (April 1st, 2022 to September 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	%
Six Months ended Sep. 30th, 2022	85,115	30.1	2,737	17.9	2,800	19.5	1,875	(23.4)
Six Months ended Sep. 30th, 2021	65,410	–	2,322	–	2,342	–	2,448	–

(Note) Comprehensive income: Six Months ended Sep. 30th, 2022 ¥1,630 million [(28.8)%]
Six Months ended Sep. 30th, 2021 ¥2,289 million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six Months ended Sep. 30th, 2022	16.40	–
Six Months ended Sep. 30th, 2021	21.08	–

(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 six months ended September 30th, 2021 are not stated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30th, 2022	141,979	68,408	48.2
As of Mar. 31st, 2022	153,811	71,890	46.7

(Reference) Equity: As of Sep. 30th, 2022 ¥68,405 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	—	32.50			
Fiscal year ending Mar. 31st, 2023 (Forecast)			—	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
Full-year	190,000	16.9	16,500	29.1	16,500	27.6	11,000	10.3	96.52

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

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):

Sep. 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:

Sep. 30th, 2022	2,694,699 shares
Mar. 31st, 2022	3,544,616 shares

3) Average number of shares during the period:

Six months ended Sep. 30th, 2022	114,358,172 shares
Six months ended Sep. 30th, 2021	116,141,744 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 7 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]

Japan at present continues to move into a new stage of the pandemic—one where society must learn to live with COVID-19—and social activities are gradually returning to pre-pandemic levels. In the energy sector, the Paris Agreement (adopted at COP21) of 2015 has triggered a rapid growth of the carbon neutrality movement, aimed at solving the issue of global warming. Meanwhile, disruptions in global supply chains have become worse due to the pandemic and Russia's invasion of Ukraine, and raw material prices continue to rise. In addition, as credit crunches continue around the world, in Japan the government's policies of monetary easing and maintaining very low interest rates remain in place, and rapid drops in the value of the Japanese yen alongside rising prices, among other factors, have led to stagnation, where neither consumption nor earnings are growing. This cost-push inflation is progressing amid stagnation and tipping over into stagflation. The Company faces a management environment whose outlook remains uncertain and fluid.

[Energy Solutions]

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. In response to these medium- and long-term social issues, the Company has taken on new challenges of reforming its existing business model and evolving its business into energy solutions.

The energy solutions that the Company is aiming for will utilize distributed energy resources (DER), including solar power generation equipment, using electric vehicles as storage batteries, large storage batteries, and hybrid water heaters, to make customers' houses smart homes and connect these through power distribution networks, and achieve the Nippon Gas version of the "smart city" concept, which will provide community-wide energy management. Smart city projects will involve the Company in providing not only traditional electricity and gas supplies, but also equipment and DER optimal control services that can adapt to different energy supply and demand circumstances.

Efforts to bring about such smart cities are making steady progress. The Company is the industry leader in Japan for converting LP gas into gas form within housing complexes and supplying it to the individual homes as community gas, covering more than 300 sites. The housing complexes to which the Company supplies community gas are candidates for the smart city project. As a preparatory step toward offering customers energy solutions, the Company is expanding its energy solution customer base, on the condition that both electricity and gas are bundled in service plans, and as of the end of September 2022, as much as around 20% (300,000 customers) of the overall customer base are registered for the bundled service. The Company has also started discussions with a general power transmission and distribution business as the Company looks to itself acquire a power distribution business license, which is necessary for coordinating electric power supply and demand within a community. In order to promote energy storage batteries, in May 2022, the Company 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 the Company's customers and install storage batteries in its sales offices, and the two companies will work together on energy management systems and other initiatives.

[Corporate Value and Sustainability Policy]

The Company recognizes that its capital policy is the strategy by which it can maximize the performance of its shareholders' equity, and so is highly conscious of ROIC and has reorganized the content of its balance sheets from low-efficiency assets to high-efficiency assets. In the future, in order to further heighten the profitability of its investments, the Company will implement a thorough policy of not holding unneeded shareholder equity in order to reach its target for the fiscal year ending March 31, 2025, of ROE of 20%. Providing energy solutions, to address increasingly complex social issues, and being a company that is needed by the local community, are prerequisites for the creation of corporate value in the medium to long term. As part of efforts to enhance corporate value, the Company's policy is to work toward a more sustainable society in a variety of forms and a greater range of areas through partnerships with other companies. Energy solutions are at the heart of the Company's sustainability transformation. The Company is the final leg of the electricity supply journey and so has the closest relationship with the customer. This has allowed the Company to construct robust relationships of trust with customers for 70 years. Going forward, the Company will aim to build on these relationships to face a regional society that is ever more diverse, to constantly evolve, and to raise its corporate value sustainably.

[Consolidated Financial Results]

Financial results during the six months ended September 30th, 2022 are as follows.

	(Millions of yen)			
	Six months ended September 30th, 2021	Six months ended September 30th, 2022	YoY change	YoY change (%)
Net sales	65,410	85,115	19,705	30.1%
Gross profit	29,231	29,275	44	0.2%
Operating income	2,322	2,737	415	17.9%
Ordinary income	2,342	2,800	457	19.5%
Profit attributable to owners of parent	2,448	1,875	(572)	(23.4)%

For the six months ended September 30th, 2022, the environment was challenging due to high temperatures and dramatic price increases of raw materials. However, the increase in raw material prices of gas was passed on to sales prices as appropriate. In addition, expenses were reduced by more precisely targeting strategies aimed at winning customers, and both net sales and ordinary income grew in each stage of profit.

[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 ¥17,551 million (up ¥315 million year on year), and gross profit from the ancillary business was ¥1,698 million (up ¥30 million year on year).

The increase in gross profit from the LP gas business was due to changing prices through a price revision implemented in light of soaring raw material prices, which exceeded the influence of a decrease in gas sales volume for household use due to hot weather that has persisted since July.

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 26 thousand households from the end of the same period of the previous fiscal year to 961 thousand households.

		Six months ended September 30th, 2021	Six months ended September 30th, 2022	YoY change	YoY change (%)
Gross profit (millions of yen)	LP gas	17,236	17,551	315	1.8%
	Equipment, construction, platform, etc.	1,667	1,698	30	1.8%
Gas sales volume (1,000 tons)*	Household use	73.9	70.7	(3.2)	(4.3)%
	Commercial use	53.5	55.3	1.7	3.3%
No. of customers (1,000 customers)		935	961	26	2.8%

* 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 ¥1,238 million, (up ¥63 million year on year).

The increase in gross profit from the electricity business was due to the accumulation of customers, mainly existing gas-using customers, through bundled electricity service sales.

Withdrawals of new electric power companies from the industry 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 15.5% at the end of the first six months of the previous fiscal year to 18.3% at the end of the period under review, while the number of customers increased by 46 thousand households from the end of first six months of the previous fiscal year to 304 thousand households. As part of efforts to provide energy solutions, proposals for hybrid water heaters and DER (storage batteries, etc.) were made, and this is leading to more contracts acquired for gas and electricity bundled service plans.

		Six months ended September 30th, 2021	Six months ended September 30th, 2022	YoY change	YoY change (%)
Gross profit (millions of yen)	Electricity	1,175	1,238	63	5.4%
Electricity sales volume (GWh)*	Household use	463	582	119	25.6%
	No. of customers (1,000 customers)	258	304	46	17.6%

* 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 ¥8,294 million (down ¥362 million year on year), and gross profit from the ancillary business was ¥493 million (down ¥1 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 and reduced gas sales volume for household use due to the hot weather.

		Six months ended September 30th, 2021	Six months ended September 30th, 2022	YoY change	YoY change (%)
Gross profit (millions of yen)	Gas	8,657	8,294	(362)	(4.2)%
	Equipment, construction, etc.	494	493	(1)	(0.3)%
Gas sales volume (1,000 tons)	Household use	71.4	68.2	(3.2)	(4.5)%
	Commercial use	95.5	99.1	3.6	3.8%
	No. of customers (1,000 customers)	729	698	(32)	(4.3)%

(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 newly set return on invested capital (ROIC) as a KPI and is working to improve it in order to increase the profitability of our assets as a priority.

- Total assets as of the end of the second quarter of the fiscal year ending March 31st, 2023 decreased by ¥11,800 million or 7.7% from the end of the previous fiscal year to ¥141,900 million. The decrease in assets was mainly due to a ¥3,900 million decrease in trade receivables caused by seasonal factors and a ¥6,300 million decrease in cash and deposits.

- Total liabilities as of the end of the second quarter of the fiscal year ending March 31st, 2023 decreased by ¥8,300 million or 10.2% from the end of the previous fiscal year to ¥73,500 million, and net assets decreased by ¥3,400 million or 4.8% from the end of the previous fiscal year to ¥68,400 million. The main factors of the decreases in liabilities were a ¥2,500 million decrease in notes and accounts payable - trade and a ¥2,900 million decrease in income taxes payable due to seasonal factors, and a ¥2,300 million decrease in interest-bearing liabilities to ¥43,500 million from the end of the previous fiscal year. The main factor 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 ¥2,300 million purchase of treasury shares.
- The debt-to-equity ratio was 0.6 times, and the shareholders' equity ratio was 48.2%. While ensuring the stability of its financial base, the Company is mindful of the optimal capital structure and raise capital with an awareness of its funding costs (WACC).

(Millions of yen)			
	March 31st, 2022	September 30th, 2022	Change
Current assets	49,467	38,957	(10,509)
Of which, Cash and deposits	17,020	10,680	(6,339)
Trade receivables	21,474	17,536	(3,937)
Non-current assets	104,344	103,021	(1,322)
Interest-bearing liabilities	45,941	43,591	(2,349)
Equity (Equity ratio)	71,887 (46.7%)	68,405 (48.2%)	(3,481)
Total assets	153,811	141,979	(11,832)

[Analysis of Cash Flows]

Balance of cash and cash equivalents as of the end of the second quarter of the fiscal year ending March 31st, 2023, decreased by ¥6,374 million from the end of the previous fiscal year to ¥10,538 million.

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

Net cash provided by operating activities amounted to ¥5,861 million, down by ¥2,415 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 to ¥4,076 million, down by ¥581 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 ¥8,171 million, up by ¥5,186 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)

	Six months ended September 30th, 2021	Six months ended September 30th, 2022	Change
Cash flows from operating activities	8,276	5,861	(2,415)
Cash flows from investing activities	(4,658)	(4,076)	581
Cash flows from financing activities	(2,984)	(8,171)	(5,186)
Net increase (decrease) in cash and cash equivalents	633	(6,374)	(7,008)
Cash and cash equivalents at end of period	13,045	10,538	(2,507)

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

Regarding the financial results forecasts for the full year ending March 31st, 2023, no change has been made to those stated in the full-year consolidated financial results forecast released on April 27th, 2022.

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)	Six months ended Sep. 30, 2022 (As of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	17,020	10,680
Notes and accounts receivable - trade	21,474	17,536
Merchandise and finished goods	5,999	6,416
Raw materials and supplies	196	91
Other	4,880	4,332
Allowance for doubtful accounts	(104)	(99)
Total current assets	49,467	38,957
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,908	15,616
Machinery, equipment and vehicles, net	31,314	30,198
Tools, furniture and fixtures, net	770	664
Land	30,175	30,174
Leased assets, net	6,091	5,974
Construction in progress	970	957
Total property, plant and equipment	85,230	83,586
Intangible assets		
Goodwill	2,981	2,570
Other	4,823	5,238
Total intangible assets	7,805	7,808
Investments and other assets		
Investment securities	2,091	2,592
Other	14,903	16,149
Allowance for doubtful accounts	(5,686)	(7,113)
Total investments and other assets	11,309	11,627
Total non-current assets	104,344	103,021
Total assets	153,811	141,979

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (As of Mar. 31, 2022)	Six months ended Sep. 30, 2022 (As of Sep. 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,651	12,090
Electronically recorded obligations - operating	2,868	4,060
Short-term loans payable	-	2,500
Current portion of long-term debt	14,764	12,409
Income taxes payable	3,602	691
Provision for bonuses	323	389
Other	9,541	7,678
Total current liabilities	45,751	39,819
Non-current liabilities		
Long-term loans payable	24,476	22,109
Provision for share-based compensation	1,052	1,097
Provision for gas holder repairs	267	240
Provision for loss on voluntary recall of products	306	246
Net defined benefit liability	3,067	3,207
Other	6,998	6,850
Total non-current liabilities	36,169	33,751
Total liabilities	81,921	73,571
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	5,860	5,860
Retained earnings	64,634	60,060
Treasury shares	(5,795)	(4,458)
Total shareholders' equity	71,769	68,532
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	8
Foreign currency translation adjustment	53	(111)
Remeasurements of defined benefit plans	(28)	(23)
Total accumulated other comprehensive income	118	(126)
Non-controlling interests	3	2
Total net assets	71,890	68,408
Total liabilities and net assets	153,811	141,979

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	For the six months ended Sep. 30, 2021 (from Apr. 1, 2021 to Sep. 30, 2021)	For the six months ended Sep. 30, 2022 (from Apr. 1, 2022 to Sep. 30, 2022)
Net sales	65,410	85,115
Cost of sales	36,178	55,839
Gross profit	29,231	29,275
Selling, general and administrative expenses	26,909	26,538
Operating income	2,322	2,737
Non-operating income		
Interest income	1	1
Dividend income	7	1
Real estate rent	31	32
Insurance income	25	13
Foreign exchange gains	-	28
Share of profit of entities accounted for using equity method	13	24
Other	49	37
Total non-operating income	129	140
Non-operating expenses		
Interest expenses	71	71
Other	38	6
Total non-operating expenses	109	78
Ordinary income	2,342	2,800
Extraordinary income		
Gain on sales of non-current assets	69	14
Gain on sales of investment securities	1,255	-
Total extraordinary income	1,324	14
Extraordinary losses		
Loss on sales of non-current assets	16	2
Loss on retirement of non-current assets	67	40
Loss on sales of investment securities	2	-
Total extraordinary losses	86	43
Profit before income taxes	3,581	2,771
Income taxes - current	1,963	802
Income taxes - deferred	(829)	94
Total income taxes	1,134	896
Profit	2,446	1,874
Loss attributable to non-controlling interests	(1)	(0)
Profit attributable to owners of parent	2,448	1,875

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	For the six months ended Sep. 30, 2021 (from Apr. 1, 2021 to Sep. 30, 2021)	For the six months ended Sep. 30, 2022 (from Apr. 1, 2022 to Sep. 30, 2022)
Profit	2,446	1,874
Other comprehensive income		
Valuation difference on available-for-sale securities	(69)	(85)
Remeasurements of defined benefit plans, net of tax	9	5
Share of other comprehensive income of entities accounted for using equity method	(97)	(164)
Total other comprehensive income	(157)	(244)
Comprehensive income	2,289	1,630
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,290	1,630
Comprehensive income attributable to non-controlling interests	(1)	(0)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

Account	For the six months ended Sep. 30, 2021 (from Apr. 1, 2021 to Sep. 30, 2021)	For the six months ended Sep. 30, 2022 (from Apr. 1, 2022 to Sep. 30, 2022)
Cash flows from operating activities		
Profit before income taxes	3,581	2,771
Depreciation	5,055	5,022
Amortization of goodwill	698	706
Increase (decrease) in allowance for doubtful accounts	(54)	1,422
Increase (decrease) in net defined benefit liability	74	139
Increase (decrease) in provision for share-based compensation	136	44
Increase (decrease) in allowance for loss on voluntary recall of products	(11)	(60)
Interest and dividend income	(9)	(2)
Interest expenses	71	71
Foreign exchange losses (gains)	(61)	(12)
Share of (profit) loss of entities accounted for using equity method	(13)	(24)
Loss (gain) on sales of non-current assets	(53)	(12)
Loss on retirement of non-current assets	67	40
Loss (gain) on sales of investment securities	(1,252)	-
Decrease (increase) in notes and accounts receivable – trade	8,061	3,938
Decrease (increase) in inventories	(118)	(319)
Decrease (increase) in accounts receivable - other	(2,908)	625
Increase (decrease) in notes and accounts payable – trade	(2,611)	(1,368)
Increase (decrease) in accrued consumption taxes	128	(1,580)
Other, net	414	(1,960)
Subtotal	11,195	9,442
Interest and dividend income received	8	2
Interest expenses paid	(73)	(73)
Income taxes paid	(2,854)	(3,510)
Net cash provided by (used in) operating activities	8,276	5,861
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,158)	(2,016)
Proceeds from sales of property, plant and equipment	89	19
Purchase of intangible assets	(1,041)	(1,187)
Purchase of goodwill	(81)	(268)
Purchase of investment securities	(1,125)	(598)
Proceeds from sales of investment securities	1,736	-
Payments of loans receivable	(2)	(4)
Collection of loans receivable	9	20
Other, net	(84)	(41)
Net cash provided by (used in) investing activities	(4,658)	(4,076)

(Millions of yen)

Account	For the six months ended Sep. 30, 2021 (from Apr. 1, 2021 to Sep. 30, 2021)	For the six months ended Sep. 30, 2022 (from Apr. 1, 2022 to Sep. 30, 2022)
Cash flows from financing activities		
Increase in short-term loans payable	47,520	23,400
Decrease in short-term loans payable	(38,000)	(20,900)
Proceeds from long-term loans payable	–	3,100
Repayments of long-term loans payable	(5,808)	(7,822)
Purchase of treasury shares	(3,548)	(2,298)
Cash dividends paid	(2,473)	(2,921)
Other, net	(673)	(729)
Net cash provided by (used in) financing activities	(2,984)	(8,171)
Effect of exchange rate change on cash and cash equivalents	0	12
Net increase (decrease) in cash and cash equivalents	633	(6,374)
Cash and cash equivalents at beginning of period	12,411	16,912
Cash and cash equivalents at end of period	13,045	10,538

(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 1,216,700 treasury shares in the six months ended September 30th, 2022, and treasury shares increased by ¥2,297 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 ¥4,458 million at the end of the second 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 six months ended September 30th, 2021 (from April 1st, 2021 to September 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 September meter reading date	23,617	9,569	21,244	54,432
b. Revenue generated during the September meter reading date and September 30th, 2021	2,805	796	–	3,601
Total	26,423	10,365	21,244	58,034
(2) Equipment, construction contracts, platform, etc.	4,883	–	2,492	7,375
Revenue from contracts with customer	31,307	10,365	23,737	65,410
Net sales to outside customers	31,307	10,365	23,737	65,410
Segment income	18,904	1,175	9,152	29,231

For the six months ended September 30th, 2022 (from April 1st, 2022 to September 30th, 2022)

(Millions of yen)

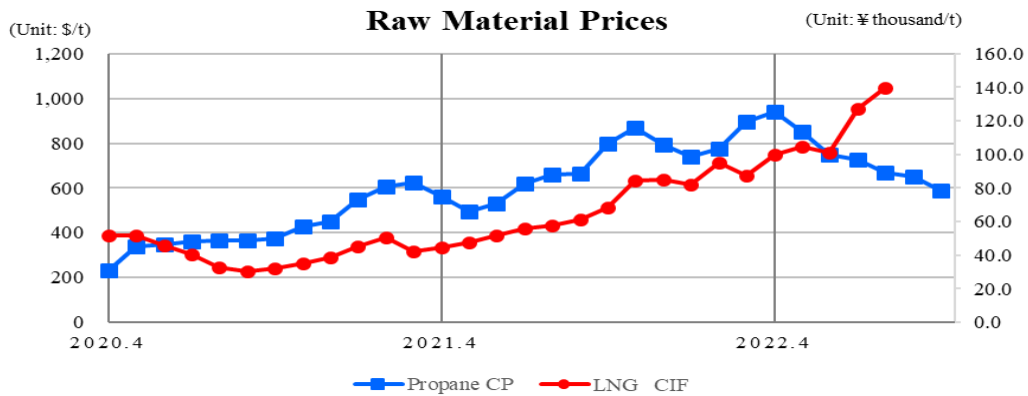
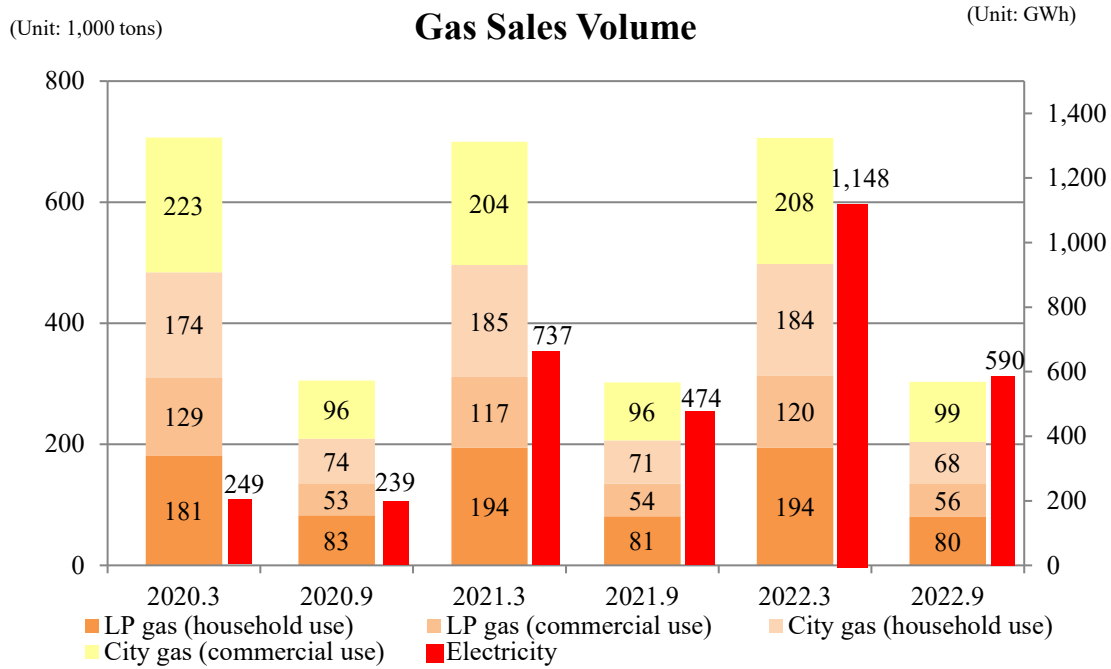
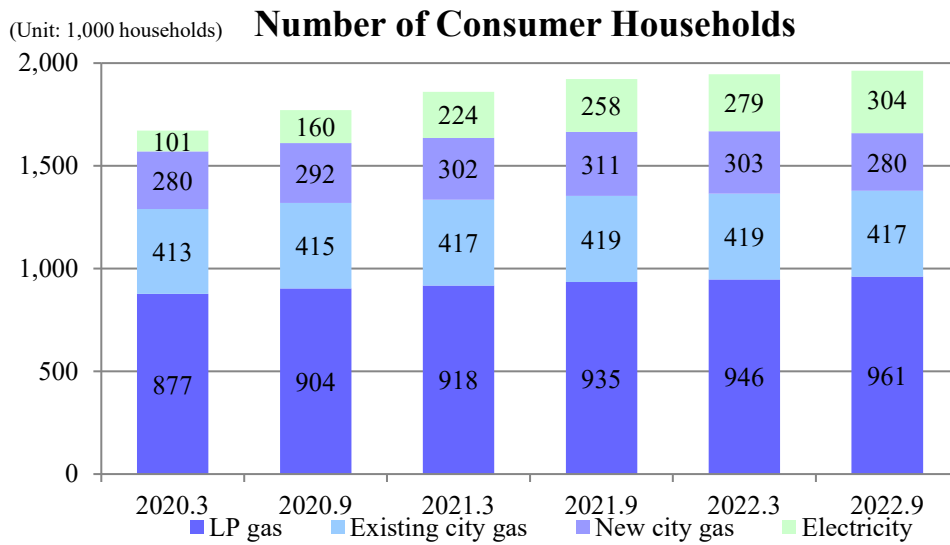
	Reportable segments			Total
	LP gas Business	Electricity Business	City gas Business	
Net sales				
(1) LP gas, electricity and city gas				
a. Revenue generated during April 1st, 2022 and the September meter reading date	28,408	15,538	28,335	72,283
b. Revenue generated during the September meter reading date and September 30th, 2022	3,099	1,603	–	4,702
Total	31,508	17,141	28,335	76,985
(2) Equipment, construction contracts, platform, etc.	5,535	–	2,593	8,129
Revenue from contracts with customer	37,044	17,141	30,929	85,115
Net sales to outside customers	37,044	17,141	30,929	85,115
Segment income	19,249	1,238	8,787	29,275

(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	Six months ended September 30th, 2021	Six months ended September 30th, 2022
Reporting segment total	29,231	29,275
Selling, general and administrative expenses	26,909	26,538
Operating income in the consolidated statement of income	2,322	2,737

3. Others



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