

Consolidated Financial Results for the Nine Months Ended December 31st, 2022 [Japanese GAAP]



January 31st, 2023

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: February 14th, 2023

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 Nine Months Ended December 31st, 2022 (April 1st, 2022 to December 31st, 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	%
Nine Months ended Dec. 31st, 2022	140,422	31.1	6,043	(3.9)	6,132	(3.5)	4,195	(18.7)
Nine Months ended Dec. 31st, 2021	107,134	—	6,291	—	6,354	—	5,161	—

(Note) Comprehensive income: Nine Months ended Dec. 31st, 2022 ¥3,878 million [(21.5)%]
 Nine Months ended Dec. 31st, 2021 ¥4,938 million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine Months ended Dec. 31st, 2022	36.73	—
Nine Months ended Dec. 31st, 2021	44.56	—

(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 nine months ended December 31st, 2021 are not stated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31st, 2022	154,349	66,789	43.3
As of Mar. 31st, 2022	153,811	71,890	46.7

(Reference) Equity: As of Dec. 31st, 2022 ¥66,787 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	96.44

(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):

Dec. 31st, 2022	116,603,698 shares
Mar. 31st, 2022	118,603,698 shares

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

Dec. 31st, 2022	2,756,387 shares
Mar. 31st, 2022	3,544,616 shares

- 3) Average number of shares during the period:

Nine months ended Dec. 31st, 2022	114,211,921 shares
Nine months ended Dec. 31st, 2021	115,817,095 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 the economy is slowly picking up as economic activities normalize and supply constraints ease. 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 factors such as the rebound from the COVID-19 pandemic and Russia's invasion of Ukraine, and energy and raw material prices continued to rise at record levels. Amid continuing global monetary tightening in response to inflation, Japan's long-standing policy of monetary easing is taking steps toward normalization. As the international economic order is in turmoil due to the intensifying economic confrontation between the U.S. and China, the Company believes that responding with speed to the changing business environment, including the global spread of rising prices and the energy crisis, is the best opportunity for Japan to revive from its 30 years of stagnation.

[Energy Solutions]

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 sales and maintenance services, and energy management services using storage batteries. The projects will also earn revenue through arbitrage, in which storage batteries are recharged and discharged in accordance with market prices. In addition to combining distributed energy hardware, the Company will also link data to provide new value and develop new markets.

As a preparatory step toward offering customers energy solutions, the Company is expanding its energy solution customer base, while providing electricity and gas bundled in service plans, and as of the end of December 2022, as much as around 20% (310,000 customers) of the overall customer base are registered for the bundled service. At the Gas events held last fall, in the first year of the solutions business, the Company actively proposed solutions to its customers, focusing on distributed energy resources such as hybrid water heaters, storage batteries, and vehicle-to-home (V2H) equipment. In particular, sales of hybrid water heaters surged 300% to 400% compared to the previous fiscal year, and many orders for solar power generation and storage battery sets were also signed, convincing the Company of the great potential of the solutions business

based on its customers' growing environmental awareness. 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 fiscal year ending March 31st, 2024 it will install storage batteries for EV recharging at the Company's sales offices. In the future, PowerX will jointly provide storage batteries to the Company's customers, and the two companies will work together on energy management systems in smart cities.

[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 lower profit generating assets to higher profit generating assets. In order to further heighten the profitability of its investments, the Company will continue implementing a thorough policy of not holding unneeded shareholder equity and plan to reach its target for the fiscal year ending March 31st, 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 provide solutions to a regional society that is ever more diverse through the power of digital technology, to constantly evolve, and to raise its corporate value sustainably.

[Consolidated Financial Results]

Financial results during the nine months ended December 31st, 2022 are as follows.

	(Millions of yen)			
	Nine months ended December 31st, 2021	Nine months ended December 31st, 2022	YoY change	YoY change (%)
Net sales	107,134	140,422	33,287	31.1%
Gross profit	46,412	46,811	399	0.9%
Operating income	6,291	6,043	(247)	(3.9)%
Ordinary income	6,354	6,132	(222)	(3.5)%
Profit attributable to owners of parent	5,161	4,195	(966)	(18.7)%

For the nine months ended December 31st, 2022, gross profit increased in the LP gas business as the increase in raw material prices in the business was passed on to sales prices, but gross profit in the city gas business was affected by the significant negative impact of the slide time lag caused by the rising price of raw materials in the business, resulting in a decrease in the stages of profit under operating income.

[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 was ¥28,867 million (up ¥845 million year on year), and gross profit from the ancillary business was ¥2,693 million (up ¥491 million year on year).

The increase in gross profit from the LP gas business was due to changing prices implemented in response to soaring raw material prices. The increase in gross profit from the ancillary business was due to the general normalization of the delays in gas appliance production that had continued from the previous year, and an increase in equipment sales, including hybrid water heaters connected to the solutions business.

Regarding sales, we are working to expand our customer base, focusing on families, who are more likely to be eligible for 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 implemented discussions on customer acquisition, and the number of customers increased by 26thousand from the end of the same period of the previous fiscal year to 968thousand households.

		Nine months ended December 31st, 2021	Nine months ended December 31st, 2022	YoY change	YoY change (%)
Gross profit (millions of yen)	LP gas	28,022	28,867	845	3.0%
	Equipment, construction, platform, etc.	2,201	2,693	491	22.3%
Gas sales volume (1,000 tons)*	Household use	125.9	121.7	(4.2)	(3.3)%
	Commercial use	84.3	86.4	2.1	2.4%
No. of customers (1,000 customers)		941	968	26	2.9%

* 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 ¥2,104 million (up ¥172 million year on year).

This is due to an increase in electricity subscriptions, mainly consisting of bundled subscriptions from existing gas-using customers. While the sharp rise in power supply prices continued, a reversal phenomenon occurred in which prices under contracts with regulated rates for sales became cheaper than those of post-liberalization products, and the competitiveness of regulated rates for new electric power users without power supply increased and acquisition grew. The number of customers increased by 44thousand from the end of the first nine months of the previous fiscal year to 313thousand and the percentage of customers of package service of gas and electricity increased from 16.1% from the end of the first nine months of the previous fiscal year to 18.9% at the end of the period under review. These contracts for package service of gas and electricity will lead to the sale of hybrid water heaters, solar power, and storage batteries, which will be a step toward future energy solutions.

		Nine months ended December 31st, 2021	Nine months ended December 31st, 2022	YoY change	YoY change (%)
Gross profit (millions of yen)	Electricity	1,932	2,104	172	8.9%
Electricity sales volume (GWh)*	Household use	767	913	146	19.0%
	No. of customers (1,000 customers)	269	313	44	16.5%

* 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 ¥12,331 million (down ¥1,106 million year on year), and gross profit from the ancillary business was ¥815 million (down ¥4 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. The negative impact was larger than in the previous fiscal year as the increase in the price of raw materials was more significant than in the previous year.

		Nine months ended December 31st, 2021	Nine months ended December 31st, 2022	YoY change	YoY change (%)
Gross profit (millions of yen)	Gas	13,437	12,331	(1,106)	(8.2)%
	Equipment, construction, etc.	819	815	(4)	(0.5)%
Gas sales volume (1,000 tons)	Household use	113.3	106.1	(7.2)	(6.4)%
	Commercial use	146.0	150.8	4.8	3.3%
	No. of customers (1,000 customers)	729	685	(44)	(6.0)%

(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 first set return on invested capital (ROIC) as a new 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 third quarter of the fiscal year ending March 31st, 2023 remained at the same level, increasing by ¥500 million or 0.4% from the end of the previous fiscal year to ¥154,300 million. Assets remained at the same level during the period under review due to an increase of ¥1,500 million in inventories caused by soaring raw material prices, and an increase of ¥5,000 million in trade receivables caused by higher sales prices, while cash and deposits on hand decreased by ¥6,600 million.
- Total liabilities as of the end of the third quarter of the fiscal year ending March 31st, 2023 increased by ¥5,600 million or 6.9% from the end of the previous fiscal year to ¥87,500 million, and net assets decreased by ¥5,100 million or 7.1% from the end of the previous fiscal year to ¥66,700 million. The main factor of the

increase in liabilities was a ¥7,300 million increase in notes and accounts payable - trade associated with soaring raw material prices, while the main factor for the decrease in net assets was the return of profits to shareholders, with a dividend payment of ¥6,600 million and a ¥2,400 million purchase of treasury shares.

- The debt-to-equity ratio was 0.7 times, and the shareholders' equity ratio was 43.3%. While ensuring the stability of its financial base, the Company is mindful of the appropriate capital structure and raises capital with an awareness of its funding costs (WACC).

(Millions of yen)			
	March 31st, 2022	December 31st, 2022	Change
Current assets	49,467	51,107	1,640
Of which, Cash and deposits	17,020	10,327	(6,692)
Trade receivables	21,474	26,536	5,061
Non-current assets	104,344	103,241	(1,103)
Interest-bearing liabilities	45,941	47,346	1,405
Equity (Equity ratio)	71,887 (46.7%)	66,787 (43.3%)	(5,100)
Total assets	153,811	154,349	537

[Analysis of Cash Flows]

Balance of cash and cash equivalents as of the end of the third quarter of the fiscal year ending March 31st, 2023, decreased by ¥6,771 million from the end of the previous fiscal year to ¥10,141 million.

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

Net cash provided by operating activities amounted to ¥8,497 million, down by ¥3,611 million year on year. This was due to increases in notes and accounts receivable – trade and consumption taxes paid.

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

Net cash used in investing activities amounted to ¥6,044 million, down by ¥881 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 ¥9,231 million, up by ¥5,106 million year on year. The cash outflow is due to a decrease in borrowings and an increase in payment of dividends.

(Millions of yen)

	Nine months ended December 31st, 2021	Nine months ended December 31st, 2022	Change
Cash flows from operating activities	12,108	8,497	(3,611)
Cash flows from investing activities	(6,926)	(6,044)	881
Cash flows from financing activities	(4,124)	(9,231)	(5,106)
Net increase (decrease) in cash and cash equivalents	1,060	(6,771)	(7,832)
Cash and cash equivalents at end of period	13,471	10,141	(3,330)

(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)	Nine months ended Dec. 31, 2022 (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	17,020	10,327
Notes and accounts receivable - trade	21,474	26,536
Merchandise and finished goods	5,999	7,560
Raw materials and supplies	196	135
Other	4,880	6,677
Allowance for doubtful accounts	(104)	(131)
Total current assets	49,467	51,107
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,908	15,455
Machinery, equipment and vehicles, net	31,314	29,983
Tools, furniture and fixtures, net	770	620
Land	30,175	30,144
Leased assets, net	6,091	6,511
Construction in progress	970	755
Total property, plant and equipment	85,230	83,471
Intangible assets		
Goodwill	2,981	2,306
Other	4,823	5,781
Total intangible assets	7,805	8,088
Investments and other assets		
Investment securities	2,091	2,695
Other	14,903	15,324
Allowance for doubtful accounts	(5,686)	(6,338)
Total investments and other assets	11,309	11,682
Total non-current assets	104,344	103,241
Total assets	153,811	154,349

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (As of Mar. 31, 2022)	Nine months ended Dec. 31, 2022 (As of Dec. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,651	20,084
Electronically recorded obligations - operating	2,868	4,811
Short-term loans payable	-	3,000
Current portion of long-term debt	14,764	12,577
Income taxes payable	3,602	748
Provision for bonuses	323	132
Other	9,541	9,458
Total current liabilities	45,751	50,813
Non-current liabilities		
Long-term loans payable	24,476	24,605
Provision for share-based compensation	1,052	1,157
Provision for gas holder repairs	267	196
Provision for loss on voluntary recall of products	306	212
Net defined benefit liability	3,067	3,275
Other	6,998	7,297
Total non-current liabilities	36,169	36,746
Total liabilities	81,921	87,559
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	5,860	5,860
Retained earnings	64,634	58,634
Treasury shares	(5,795)	(4,580)
Total shareholders' equity	71,769	66,984
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	28
Foreign currency translation adjustment	53	(204)
Remeasurements of defined benefit plans	(28)	(20)
Total accumulated other comprehensive income	118	(197)
Non-controlling interests	3	2
Total net assets	71,890	66,789
Total liabilities and net assets	153,811	154,349

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	For the nine months ended Dec. 31, 2021 (from Apr. 1, 2021 to Dec. 31, 2021)	For the nine months ended Dec. 31, 2022 (from Apr. 1, 2022 to Dec. 31, 2022)
Net sales	107,134	140,422
Cost of sales	60,722	93,610
Gross profit	46,412	46,811
Selling, general and administrative expenses	40,120	40,767
Operating income	6,291	6,043
Non-operating income		
Interest income	1	1
Dividend income	10	1
Foreign exchange gains	11	13
Real estate rent	48	47
Insurance income	33	32
Dividend income of insurance	15	9
Share of profit of entities accounted for using equity method	21	39
Other	70	57
Total non-operating income	213	203
Non-operating expenses		
Interest expenses	111	108
Other	38	6
Total non-operating expenses	150	115
Ordinary income	6,354	6,132
Extraordinary income		
Gain on sales of non-current assets	72	20
Gain on sales of investment securities	1,287	-
Total extraordinary income	1,360	20
Extraordinary losses		
Loss on sales of non-current assets	27	25
Loss on retirement of non-current assets	101	58
Loss on sales of investment securities	21	-
Total extraordinary losses	149	84
Profit before income taxes	7,565	6,068
Income taxes - current	3,185	1,742
Income taxes - deferred	(779)	131
Total income taxes	2,405	1,873
Profit	5,159	4,194
Loss attributable to non-controlling interests	(1)	(0)
Profit attributable to owners of parent	5,161	4,195

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	For the nine months ended Dec. 31, 2021 (from Apr. 1, 2021 to Dec. 31, 2021)	For the nine months ended Dec. 31, 2022 (from Apr. 1, 2022 to Dec. 31, 2022)
Profit	5,159	4,194
Other comprehensive income		
Valuation difference on available-for-sale securities	(102)	(65)
Remeasurements of defined benefit plans, net of tax	14	7
Share of other comprehensive income of entities accounted for using equity method	(132)	(258)
Total other comprehensive income	(221)	(315)
Comprehensive income	4,938	3,878
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,940	3,879
Comprehensive income attributable to non-controlling interests	(1)	(0)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

Account	For the nine months ended Dec. 31, 2021 (from Apr. 1, 2021 to Dec. 31, 2021)	For the nine months ended Dec. 31, 2022 (from Apr. 1, 2022 to Dec. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	7,565	6,068
Depreciation	7,756	7,626
Amortization of goodwill	1,050	994
Increase (decrease) in allowance for doubtful accounts	155	678
Increase (decrease) in net defined benefit liability	144	208
Increase (decrease) in provision for share-based compensation	201	104
Increase (decrease) in allowance for loss on voluntary recall of products	(19)	(93)
Interest and dividend income	(12)	(3)
Interest expenses	111	108
Foreign exchange losses (gains)	(221)	(6)
Share of (profit) loss of entities accounted for using equity method	(21)	(39)
Loss (gain) on sales of non-current assets	(45)	5
Loss on retirement of non-current assets	101	58
Loss (gain) on sales of investment securities	(1,266)	-
Decrease (increase) in notes and accounts receivable - trade	1,084	(5,060)
Decrease (increase) in inventories	(2,000)	(1,519)
Decrease (increase) in accounts receivable - other	(1,667)	(571)
Increase (decrease) in notes and accounts payable - trade	3,559	7,375
Increase (decrease) in accrued consumption taxes	431	(1,739)
Other, net	136	(1,236)
Subtotal	17,043	12,958
Interest and dividend income received	12	3
Interest expenses paid	(104)	(108)
Income taxes paid	(4,843)	(4,356)
Net cash provided by (used in) operating activities	12,108	8,497
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,425)	(3,038)
Proceeds from sales of property, plant and equipment	98	46
Purchase of intangible assets	(1,461)	(2,086)
Purchase of goodwill	(226)	(291)
Purchase of investment securities	(1,126)	(598)
Proceeds from sales of investment securities	1,860	-
Payments of loans receivable	(9)	(5)
Collection of loans receivable	17	49
Other, net	345	(119)
Net cash provided by (used in) investing activities	(6,926)	(6,044)

(Millions of yen)

Account	For the nine months ended Dec. 31, 2021 (from Apr. 1, 2021 to Dec. 31, 2021)	For the nine months ended Dec. 31, 2022 (from Apr. 1, 2022 to Dec. 31, 2022)
Cash flows from financing activities		
Increase in short-term loans payable	57,520	47,950
Decrease in short-term loans payable	(59,520)	(44,950)
Proceeds from long-term loans payable	16,700	9,200
Repayments of long-term loans payable	(8,823)	(11,258)
Purchase of treasury shares	(3,549)	(2,435)
Cash dividends paid	(5,389)	(6,626)
Other, net	(1,063)	(1,111)
Net cash provided by (used in) financing activities	(4,124)	(9,231)
Effect of exchange rate change on cash and cash equivalents	2	6
Net increase (decrease) in cash and cash equivalents	1,060	(6,771)
Cash and cash equivalents at beginning of period	12,411	16,912
Cash and cash equivalents at end of period	13,471	10,141

(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 1,286,600 treasury shares in the nine months ended December 31st, 2022, and treasury shares increased by ¥2,435 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 ¥4,580 million at the end of the third 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 nine months ended December 31st, 2021 (from April 1st, 2021 to December 31st, 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 from April 1st, 2021 to the December meter reading date	39,050	15,658	33,859	88,568
b. Revenue generated from the December meter reading date to December 31st, 2021	5,118	2,039	–	7,158
Total	44,168	17,698	33,859	95,726
(2) Equipment, construction contracts, platform, etc.	7,537	–	3,870	11,408
Revenue from contracts with customers	51,706	17,698	37,730	107,134
Net sales to outside customers	51,706	17,698	37,730	107,134
Segment income	30,223	1,932	14,256	46,412

For the nine months ended December 31st, 2022 (from April 1st, 2022 to December 31st, 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 from April 1st, 2022 to the December meter reading date	45,711	25,468	46,622	117,802
b. Revenue generated from the December meter reading date to December 31st, 2022	5,751	3,504	–	9,255
Total	51,462	28,972	46,622	127,058
(2) Equipment, construction contracts, platform, etc.	8,963	–	4,400	13,364
Revenue from contracts with customers	60,426	28,972	51,023	140,422
Net sales to outside customers	60,426	28,972	51,023	140,422
Segment income	31,561	2,104	13,146	46,811

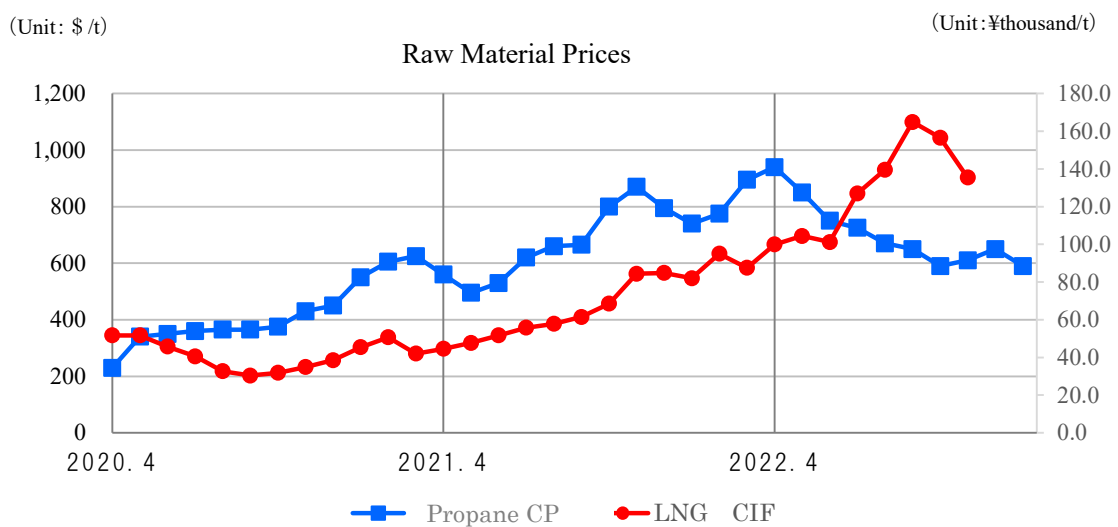
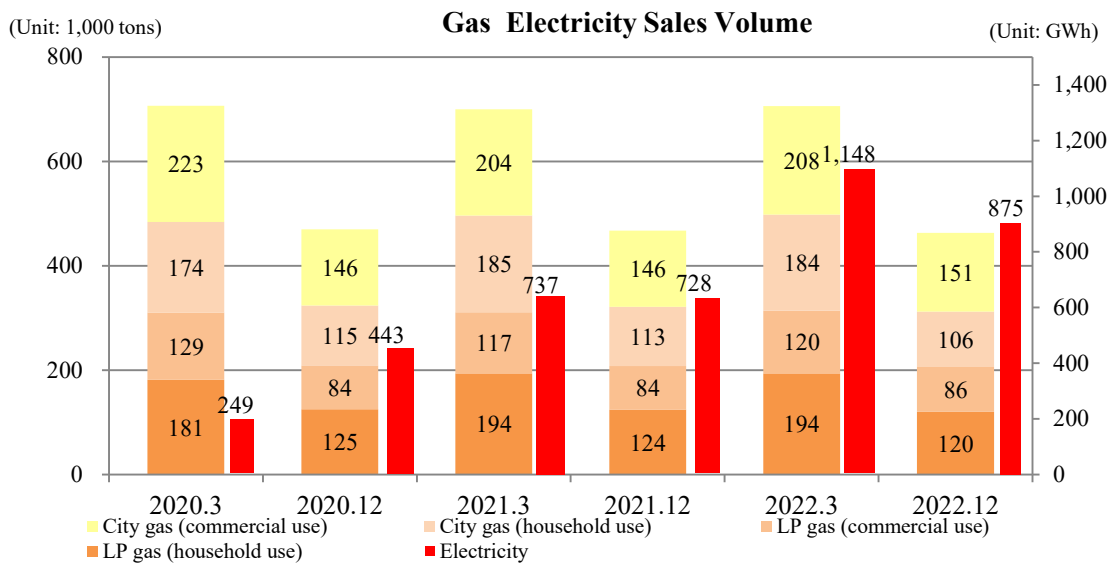
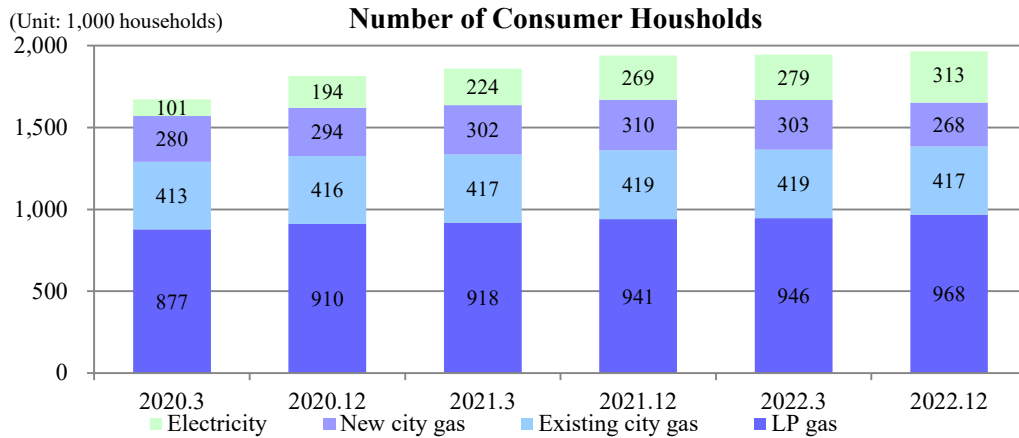
(Note) For sales in the LP gas and electricity businesses, revenue is recognized from the date of meter reading to the end of the fiscal year based on a reasonable estimate of revenue from the date of meter reading to the end of the fiscal year in accordance with the adoption of the Accounting Standard 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	Nine months ended December 31st, 2021	Nine months ended December 31st, 2022
Reporting segment total	46,412	46,811
Selling, general and administrative expenses	40,120	40,767
Operating income in the consolidated statement of income	6,291	6,043

3. Others



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