Consolidated Financial Results for the Nine Months Ended December 31, 2020 [Japanese GAAP]

January 28, 2021

Company name: NIPPON GAS CO., LTD.
Code number: 8174
URL: http://www.nichigas.co.jp/en/
Stock exchange listing: Tokyo Stock Exchange
Representative: Wada Shinji, President and Representative Director
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Scheduled date of filing quarterly securities report: Feburuary 12, 2021
Scheduled date of commencing dividend payments: —
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of quarterly financial results briefing session: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)

(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. 31, 2020	95,042	4.1	6,831	23.8	7,120	40.7	4,484	38.6
Nine Months ended Dec. 31, 2019	91,325	10.5	5,519	95.6	5,062	152.5	3,235	227.1

(Note) Comprehensive income: Nine Months ended Dec. 31, 2020 ¥4,595 million [50.9%]
Nine Months ended Dec. 31, 2019 ¥3,045 million [4,689.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine Months ended Dec. 31, 2020	112.82	—
Nine Months ended Dec. 31, 2019	78.88	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2020	135,223	65,684	48.6
As of Mar. 31, 2020	132,521	68,355	51.6

(Reference) Equity: As of Dec. 31, 2020 ¥65,681 million As of Mar. 31, 2020 ¥68,350 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. 31, 2020	—	35.00	—	35.00	70.00
Fiscal year ending Mar. 31, 2021	—	62.50	—		
Fiscal year ending Mar. 31, 2021 (Forecast)				62.50	125.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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	140,000	5.7	13,500	17.2	13,600	27.3	8,800	13.7	221.40

(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):

Dec. 31, 2020	40,197,166 shares
Mar. 31, 2020	41,773,466 shares

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

Dec. 31, 2020	946,148 shares
Mar. 31, 2020	1,863,980 shares

3) Average number of shares during the period:

Nine months ended Dec. 31, 2020	39,746,530 shares
Nine months ended Dec. 31, 2019	41,011,829 shares

(Note) The number of treasury shares includes the shares of the Company held by the "Directors' Compensation BIP (Board Incentive Plan) Trust" (As of December 31, 2021: 491,398 shares, as of March 31, 2020: 240,498 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 "Notice of Revision to the Full-Year Consolidated Forecast," which was disclosed separately today, 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

During the third quarter under review, there were no signs of an end to the global spread of the novel coronavirus disease (COVID-19) and it was likely to be prolonged. Economic activities were restricted, and, although showing some signs of recovery, there were concerns about an economic recession worldwide. Meanwhile, recent changes in the way people live, called the new normal, such as prevalence of remote learning and telework, brought about an unprecedented acceleration of digital transformation (DX) in Japan. We are in the midst of a pivotal moment in history, and the energy industry is also required to redefine its business at an unprecedented speed.

The Company believes that now is the time to launch initiatives to fundamentally redefine the concept of energy business and substantially change the business foundation, or to create a new platform for the benefit of society. In the infrastructure industry, a conservative industry, the Company is taking on the challenge of fundamentally changing the scheme of business through digitalization, and building a new social system. For the most recent example, the Company started in some municipalities digital collaboration with local government services by utilizing new innovation technology, encryption authentication technology and blockchain technology from Estonia. The Company has made a move aiming for unprecedented, new contribution to local communities.

The spread of COVID-19 has made steadier the global trend of emphasizing Sustainable Development Goals (SDGs) and Environment, Society and Governance (ESG) in corporate management, balancing capitalism and democracy through redefinition of the social system and evolution of technology, and realizing a co-creative society. The Company has a policy of solving new social issues with digital power and achieving sustainable enhancement of corporate value over the medium to long term, and is also actively working on SDGs and ESG initiatives.

For our specific efforts, the Company plans to (1) complete installation of "*Space Hotaru*," an unmanned automatic meter-reading device, at all users of the Group's LP gas of 910,000 households by the end of March 2021; and (2) complete construction of "Yume no Kizuna Kawasaki," one of the world's largest automated LP gas hub filling plant, that incorporates DX technologies, by the end of March 2021, these being to be operated on "New Kumo no Uchusen," a digital platform. Once "Yume no Kizuna Kawasaki" is operated and linked to "*Space Hotaru*," all the traceability will be visualized in real-time, which will enable realization of overwhelmingly efficient deliveries, strengthened safety, and secured toughness in the event of disaster. Furthermore, paper-based meter-reading slips and manual meter-reading operations and security work are all digitalized and made paperless on the smartphone app (MyNICIGAS), which makes it possible to enhance an approach to contactless business during the COVID-19 pandemic. In addition, under the fair and equitable system that ensures data security with the latest technology, the Company will start from April 2021 offering a service (including functions such as filling, delivery, security, meter-reading, and billing and settlement) for outside businesses, as "Open Innovation for Value Co-Creation."

As an energy business operator who supports local communities, precisely during the COVID-19 pandemic, it is necessary that the Company meets the needs and requests of customers and that our staff is able to make real-time and quick responses. Therefore, the Company will further thoroughly promote DX, considering that, for

the operations with no needs of human intervention, developing digital HR internally when possible is important.
As “MyNICIGAS,” the Company’s application, can be a very important digital UI with customers, the Company will evolve it into the UI interface (UX/UI) that “solves diversifying social issues with digital power” more than just the function of checking the energy consumption, so that every communication can be made interactively on the application.
These projects with full use of leading edge technologies are efforts made possible as the Company anticipated a data-driven society and recognized that secure protection of big data is a major prerequisite for promoting data democratization. Through these efforts, the Company strives to realize a co-creative society in which with “peace and justice for all,” which is sought after in SDG 16, “the goals are achieved through partnership,” which is pursued in SDG 17. Instead of using big data, which is common property of society, for the benefit of an individual company, the Company will share the big data and collaborate with the entire energy industry regardless of whether they are partners or competitors, break away from the “in-house development principle,” and strive to contribute to local communities through partnership. The Company will face diversifying issues of local communities, accelerate the speed of sustainable growth as a company, and continue to strive to achieve real liberalization of energy, by using the fruits of its efforts in ICT as a resource for co-creation with other suppliers rather than using them to differentiate itself from (or compete with) other suppliers.
While promoting business innovation and DX, the Company continued to invest management resources in the mainstay LP gas business, positioned as a top priority business for the third quarter under review. Currently we are also actively performing non-face-to-face new marketing activities using digital technology in keeping with the needs of the “with-COVID-19” era. In addition, business integration in the industry is becoming very active. Our activities responding to this trend have steadily borne fruit in the form of an increase in the number of customers. The Company foresees that the city gas business post-liberalization will grow through profitability in line with the progress in liberalization. The electric power business has steadily expanded business profitably, with a growing number of customers centering on the family segment that matches the product characteristics of this business. The Company recognizes that this electricity retailing extends the contract period while offering customers convenience through package sales with gas and certainly drives growth of the core business through evolution of the co-creative environment with other different businesses.
In quantitative terms, gross profit increased by ¥2,928 million or 6.7% year on year to ¥46,584 million, operating income increased by ¥1,312 million or 23.8% year on year to ¥6,831 million, and profit attributable to owners of parent increased by ¥1,248 million or 38.6% year on year to ¥4,484 million, resulting in a significant increase in every level of profit.
The increase in gross profit resulted from, in addition to an increase in the number of customers, an increase in the sales volume of both LP and city gas for household use and the steady expansion of the electricity business and the platform business. In addition, the increase in operating income stemmed from control of growth in operating expenses through operational efficiency by incorporating ICT into operations, and proper control of selling, general and administrative expenses in the scope of the plan.

Business performance by segment for the period under review is as follows:

[LP Gas Business (including electricity business and platform business as well as LP equipment and construction as ancillary business)]
Gross profit from the LP gas business segment amounted to ¥27,890 million (up by ¥1,462 million year on year) from the LP gas business and ¥3,391 million (up by ¥1,134 million year on year) from the ancillary business. The increase in gross profit from the LP gas business arose from an increase in the sales volume of household gas (up by 5.9% year on year) due to changes in the way people live, called the new normal, in addition to an increase in the number of customers, and continued lower prices of raw materials for LP gas. For marketing activities of the LP gas business, while taking thorough measures against infection of COVID-19, the Company has organized its normal marketing system. We have also actively performed non-face-to-face marketing activities using digital technology. With a good effect of customer acquisition in the first half of this fiscal year, the Company achieved an increase of 33,000 households in the number of customers in the nine months under review, compared to the annual target of 40,000 households.
Additionally, the increase in gross profit from the ancillary business came from an increase in gross profit from the electricity business (up by ¥699 million year on year) and from the platform business (up by ¥237 million year on year). In the electricity business, the Company increased the number of customers by 93,000 households through bundling sales centering on existing customers of gas. As a result, the ratio of customers bundling electricity with gas rose to 12.0% from 6.4% at the end of the previous fiscal year.

[City Gas Business (including city gas equipment and construction as ancillary business)]
Gross profit from the city gas business segment amounted to ¥14,395 million (up by ¥397 million year on year) from the city gas business and ¥906 million (down by ¥65 million year on year) from the ancillary business. The increase in gross profit from the city gas business is owing to an increase in the sales volume of household gas (up by 5.5% year on year) that surpassed the effect of a decrease in the sales volume of commercial use gas (down by 9.3% year on year) due to the impact of COVID-19. The number of customers increased by 17,000 households as the Company reduced churn by promoting bundling sales with electricity and concentrated on increasing the number of profitable contracts.

(2) Explanation of Financial Position and Cash Flows

1) Analysis of Assets, Liabilities and Net Assets
The Company recognizes that enhancing the performance of shareholders' equity is the purpose of balance sheet control. Under this purpose, while taking into consideration the total size of assets, we strengthen profitability by increasing the ratio of highly profitable assets (LP gas and ICT) to total assets. In raising capital, while maintaining a high level of shareholder returns, we control equity ratio to the appropriate level, not retaining unnecessary shareholders' equity. As a result of continuing these policies, shareholders' equity has remained almost constant while profit has increased, and the performance of shareholders' equity, that is ROE, has

improved every year, which we project will reach 12.7% for this fiscal year.
As to specific changes, total assets as of the end of the third quarter of the fiscal year ending March 31, 2021 increased by ¥2,702 million or 2.0% from the end of the previous fiscal year and stood at ¥135,223 million. The increase in total assets is due to an increase in non-current assets as a result of partial payment associated with the construction of Yume no Kizuna, the installation of Space Hotaru, and investment for customer acquisition.
Total liabilities as of the end of the third quarter of the fiscal year ending March 31, 2021 increased by ¥5,372 million or 8.4% from the end of the previous fiscal year and stood at ¥69,538 million. Net assets as of the end of the third quarter of the fiscal year ending March 31, 2021 decreased by ¥2,670 million or 3.9% from the end of the previous fiscal year and stood at ¥65,684 million. The increase in total liabilities is attributable to an increase in short-term and long-term loans payables in addition to an increase in lease obligations associated with *Space Hotaru*. The decrease in net assets is owing to progress in shareholder returns through payment of dividends and purchase of treasury shares.
Equity ratio amounted to 48.6%, maintaining a sufficiently stable financial condition.

2) Analysis of Cash Flows
Balance of cash and cash equivalents as of the end of the third quarter of the fiscal year ending March 31, 2021 decreased by ¥1,835 million from the end of the previous fiscal year to ¥14,693 million.

(Net cash provided by (used in) operating activities)
Net cash provided by operating activities amounted to ¥8,923 million, up by ¥2,768 million year on year. This was mainly due to an increase in profit before income taxes (up by ¥1,668 million year on year).

(Net cash provided by (used in) investing activities)
Net cash used in investing activities amounted to ¥10,923 million, up by ¥3,364 million year on year. This was mainly due to an increase in investments in property, plant and equipment such as “Yume no Kizuna Kawasaki” (up by ¥4,221 million year on year) and an increase in customer acquisition (up by ¥977 million year on year).

(Net cash provided by (used in) financing activities)
Net cash provided by financing activities amounted to ¥138 million, (net cash used in financing activities of ¥6,457 million in the corresponding period of the previous fiscal year). The cash inflow was mainly due to an increase in proceeds from short-term and long-term loans payables compared to the corresponding period of the previous fiscal year.

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

For full-year financial results forecast for the fiscal year ending March 31, 2021, the Company revised the full-year forecast announced on November 2, 2020 by taking into consideration the results and other factors for the nine months ended December 31, 2020.

For details, please refer to “Notice of Revision to the Full-Year Consolidated Forecast” released separately today.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2020 (As of Mar. 31, 2020)	Nine months ended Dec. 31, 2020 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	16,589	14,736
Notes and accounts receivable - trade	11,026	10,628
Merchandise and finished goods	4,830	4,537
Raw materials and supplies	182	220
Other	2,125	1,906
Allowance for doubtful accounts	(222)	(92)
Total current assets	34,532	31,936
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,445	9,613
Machinery, equipment and vehicles, net	32,439	32,173
Tools, furniture and fixtures, net	898	825
Land	29,875	30,351
Leased assets, net	2,397	4,760
Construction in progress	3,982	5,933
Total property, plant and equipment	79,038	83,658
Intangible assets		
Goodwill	3,017	4,476
Other	4,204	4,140
Total intangible assets	7,222	8,616
Investments and other assets		
Investment securities	2,399	1,882
Other	14,048	13,611
Allowance for doubtful accounts	(4,721)	(4,482)
Total investments and other assets	11,726	11,012
Total non-current assets	97,988	103,287
Total assets	132,521	135,223

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2020 (As of Mar. 31, 2020)	Nine months ended Dec. 31, 2020 (As of Dec. 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,566	6,115
Electronically recorded obligations - operating	3,887	4,269
Short-term loans payable	11,314	14,970
Income taxes payable	5,374	985
Provision for bonuses	346	161
Other	8,268	7,707
Total current liabilities	35,758	34,208
Non-current liabilities		
Long-term loans payable	20,679	25,346
Provision for share-based compensation	591	722
Provision for gas holder repairs	348	271
Provision for loss on voluntary recall of products	369	347
Net defined benefit liability	2,853	2,765
Other	3,564	5,877
Total non-current liabilities	28,407	35,330
Total liabilities	64,165	69,538
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	5,860	5,860
Retained earnings	61,020	56,576
Treasury shares	(6,075)	(4,412)
Total shareholders' equity	67,875	65,093
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	230	273
Foreign currency translation adjustment	303	356
Remeasurements of defined benefit plans	(58)	(42)
Total accumulated other comprehensive income	475	587
Non-controlling interests	4	3
Total net assets	68,355	65,684
Total liabilities and net assets	132,521	135,223

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	For the nine months ended Dec. 31, 2019 (from Apr. 1, 2019 to Dec. 31, 2019)	For the nine months ended Dec. 31, 2020 (from Apr. 1, 2020 to Dec. 31, 2020)
Net sales	91,325	95,042
Cost of sales	47,669	48,458
Gross profit	43,655	46,584
Selling, general and administrative expenses	38,136	39,752
Operating income	5,519	6,831
Non-operating income		
Interest income	341	5
Dividend income	37	24
Foreign exchange gains	–	14
Real estate rent	52	50
Insurance income	42	22
Dividend income of insurance	18	21
Other	213	286
Total non-operating income	706	425
Non-operating expenses		
Interest expenses	227	119
Share of loss of entities accounted for using equity method	387	–
Foreign exchange losses	29	–
Provision of allowance for doubtful accounts	509	–
Other	10	16
Total non-operating expenses	1,163	136
Ordinary income	5,062	7,120
Extraordinary income		
Gain on sales of non-current assets	23	40
Gain on sales of investment securities	69	276
Gain on extinguishment of tie-in shares	60	–
Total extraordinary income	153	316
Extraordinary losses		
Loss on sales of non-current assets	93	84
Loss on retirement of non-current assets	94	137
Loss on sales of investment securities	20	11
Impairment loss	–	464
Reorganization cost	–	64
Total extraordinary losses	209	762
Profit before income taxes	5,006	6,675
Income taxes - current	2,031	2,122
Income taxes - deferred	(259)	68
Total income taxes	1,772	2,191
Profit	3,234	4,483
Loss attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	3,235	4,484

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	For the nine months ended Dec. 31, 2019 (from Apr. 1, 2019 to Dec. 31, 2019)	For the nine months ended Dec. 31, 2020 (from Apr. 1, 2020 to Dec. 31, 2020)
Profit	3,234	4,483
Other comprehensive income		
Valuation difference on available-for-sale securities	(259)	43
Remeasurements of defined benefit plans, net of tax	16	16
Share of other comprehensive income of entities accounted for using equity method	53	52
Total other comprehensive income	(188)	112
Comprehensive income	3,045	4,595
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,046	4,596
Comprehensive income attributable to non-controlling interests	(0)	(0)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

Account	For the nine months ended Dec. 31, 2019 (from Apr. 1, 2019 to Dec. 31, 2019)	For the nine months ended Dec. 31, 2020 (from Apr. 1, 2020 to Dec. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	5,006	6,675
Depreciation	6,740	7,201
Impairment loss	–	464
Amortization of goodwill	612	914
Increase (decrease) in allowance for doubtful accounts	510	(369)
Increase (decrease) in net defined benefit liability	116	(87)
Increase (decrease) in provision for share-based compensation	78	130
Increase (decrease) in allowance for loss on voluntary recall of products	(23)	(21)
Interest and dividend income	(379)	(29)
Interest expenses	227	119
Foreign exchange losses (gains)	14	238
Share of (profit) loss of entities accounted for using equity method	387	–
Loss (gain) on sales of non-current assets	70	44
Loss on retirement of non-current assets	94	137
Loss (gain) on sales of investment securities	(48)	(265)
Decrease (increase) in notes and accounts receivable - trade	(2,816)	398
Decrease (increase) in inventories	43	255
Increase (decrease) in notes and accounts payable - trade	57	(69)
Increase (decrease) in accrued consumption taxes	(272)	(657)
Increase (decrease) in advances received	41	63
Other, net	(122)	362
Subtotal	10,337	15,504
Interest and dividend income received	39	28
Interest expenses paid	(228)	(119)
Income taxes paid	(3,993)	(6,490)
Net cash provided by (used in) operating activities	6,155	8,923
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,981)	(9,202)
Proceeds from sales of property, plant and equipment	87	209
Purchase of intangible assets	(1,610)	(896)
Purchase of goodwill	(800)	(1,778)
Purchase of investment securities	(1)	(0)
Proceeds from sales of investment securities	331	836
Payments of loans receivable	(567)	(9)
Collection of loans receivable	13	12
Other, net	(30)	(94)
Net cash provided by (used in) investing activities	(7,558)	(10,923)

(Millions of yen)

Account	For the nine months ended Dec. 31, 2019 (from Apr. 1, 2019 to Dec. 31, 2019)	For the nine months ended Dec. 31, 2020 (from Apr. 1, 2020 to Dec. 31, 2020)
Cash flows from financing activities		
Increase in short-term loans payable	17,280	14,000
Decrease in short-term loans payable	(14,008)	(11,000)
Proceeds from long-term loans payable	10,000	15,000
Repayments of long-term loans payable	(11,282)	(9,677)
Purchase of treasury shares	(4,329)	(3,419)
Cash dividends paid	(3,398)	(3,914)
Other, net	(718)	(850)
Net cash provided by (used in) financing activities	(6,457)	138
Effect of exchange rate change on cash and cash equivalents	(10)	25
Net increase (decrease) in cash and cash equivalents	(7,871)	(1,835)
Cash and cash equivalents at beginning of period	18,193	16,528
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	56	–
Cash and cash equivalents at end of period	10,378	14,693

(4) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

None.

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

For the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

1) Purchase of treasury shares

The Company resolved at the meeting of the Board of Directors held on November 2, 2020 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 700,000 treasury shares on the market of the Tokyo Stock Exchange from November 4, 2020 to March 31, 2021, with the upper limit of ¥3,500 million in acquisition value.

As a result, the Company acquired 411,300 treasury shares in the nine months ended December 31, 2020, and treasury shares increased by ¥2,158 million to ¥4,412 million at the end of the third quarter of the fiscal year ending March 31, 2021.

2) Retirement of treasury shares

The Company resolved at the meeting of the Board of Directors held on November 2, 2020 to retire treasury shares pursuant to the provisions of Article 178 of the Companies Act and retired 1,576,300 treasury shares on November 27, 2020. As a result, retained earnings and treasury shares decreased by ¥5,010 million and ¥5,017 million, respectively.

(Significant Subsequent Events)

(Stock Split and Partial Amendment to the Articles of Incorporation associated with Stock Split)

The Company announces that it resolved at the meeting of the Board of Directors held on January 28, 2021 to conduct a stock split and make a partial amendment to the Articles of Incorporation.

1. Stock split

(1) Purpose of the stock split

The purpose of the stock split is to improve the liquidity of the Company's shares and expand the investor base by reducing the price of share-trading unit.

(2) Overview of the stock split

1) Method for the stock split

For each share of the common stock owned by shareholders recorded in the final shareholder registry as of March 31, 2021 (Wednesday), the Company will conduct a 3-for-1 stock split.

2) Increase in the number of shares resulting from the stock split

Total number of shares issued before the stock split	40,197,166 shares
Increase in the number of shares resulting from the stock split	80,394,332 shares
Total number of shares issued after the stock split	120,591,498 shares
Total number of authorized shares after the stock split	480,000,000 shares

(3) Schedule for the stock split

Date of public notice of the record date	March 12, 2021 (Friday)
Record date	March 31, 2021 (Wednesday)
Effective date	April 1, 2021 (Thursday)

(4) Effect on per share information

Per share information on the assumption that the stock split was conducted at the beginning of the previous fiscal year is as follows:

	For the nine months ended Dec. 31, 2019 (from Apr. 1, 2019 to Dec. 31, 2019)	For the nine months ended Dec. 31, 2020 (from Apr. 1, 2020 to Dec. 31, 2020)
Basic earnings per share	¥26.29	¥37.61

(5) Change in the amount of capital stock

There will be no change in the amount of capital stock as a result of the stock split.

2. Partial amendment to the Articles of Incorporation associated with the stock split

(1) Reasons for the amendment

In line with the stock split, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act, the Company will change, as of April 1, 2021 (Thursday), the total number of authorized shares set forth in Article 5 of the Articles of Incorporation of the Company.

(2) Description of the amendment

(The changes are underlined.)

Current Articles of Incorporation	Proposed amendment
(Total number of authorized shares) Article 5 The total number of authorized shares of the company shall be 179,846,100 shares.	(Total number of authorized shares) Article 5 The total number of authorized shares of the company shall be 480,000,000 shares.

(3) Schedule for the amendment

Effective date April 1, 2021 (Thursday)

3. Others

(1) Production, Order and Sales Status

The Group is mainly engaged in sales and consequently does not indicate amounts and volumes representing its production and orders received for each reportable segment. In terms of the net sales and profits of the Group, the gas business, which by nature is characterized by sharp seasonal fluctuations, accounts for a major part of the Group's business. Therefore, sales and profits tend to rise disproportionately in the second half of the year.

1) Sales results

Sales by reportable segment for the nine months ended December 31, 2020 are as follows:

Sales results by reportable segment (Millions of yen)

Reportable segments	For the nine months ended Dec. 31, 2019 (from Apr. 1, 2019 to Dec. 31, 2019)	For the nine months ended Dec. 31, 2020 (from Apr. 1, 2020 to Dec. 31, 2020)
LP gas Business	50,179	57,150
City gas Business	41,145	37,892
Total	91,325	95,042

2) Sales results of LP gas business (Millions of yen)

Reportable segments	For the nine months ended Dec. 31, 2019 (from Apr. 1, 2019 to Dec. 31, 2019)	For the nine months ended Dec. 31, 2020 (from Apr. 1, 2020 to Dec. 31, 2020)
Gas	38,448	38,180
Equipment, construction contracts, etc.	11,730	18,970
Total	50,179	57,150

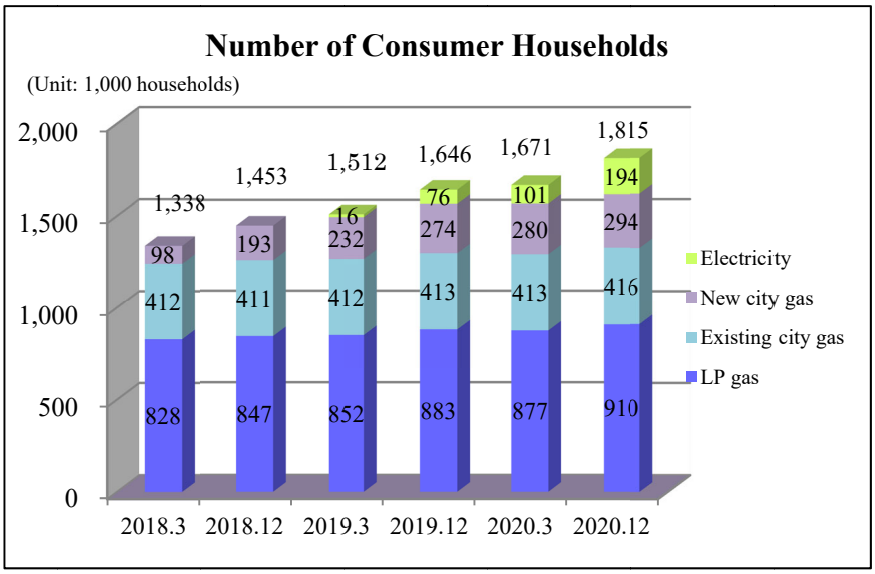
3) Sales results of city gas business (Millions of yen)

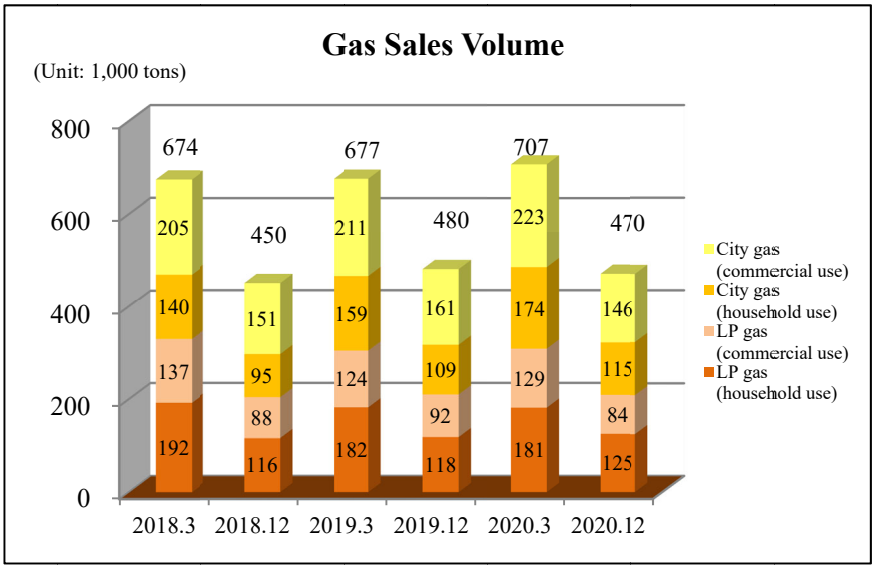
Reportable segments	For the nine months ended Dec. 31, 2019 (from Apr. 1, 2019 to Dec. 31, 2019)	For the nine months ended Dec. 31, 2020 (from Apr. 1, 2020 to Dec. 31, 2020)
Gas	35,081	32,681
Equipment, construction contracts, etc.	6,064	5,210
Total	41,145	37,892

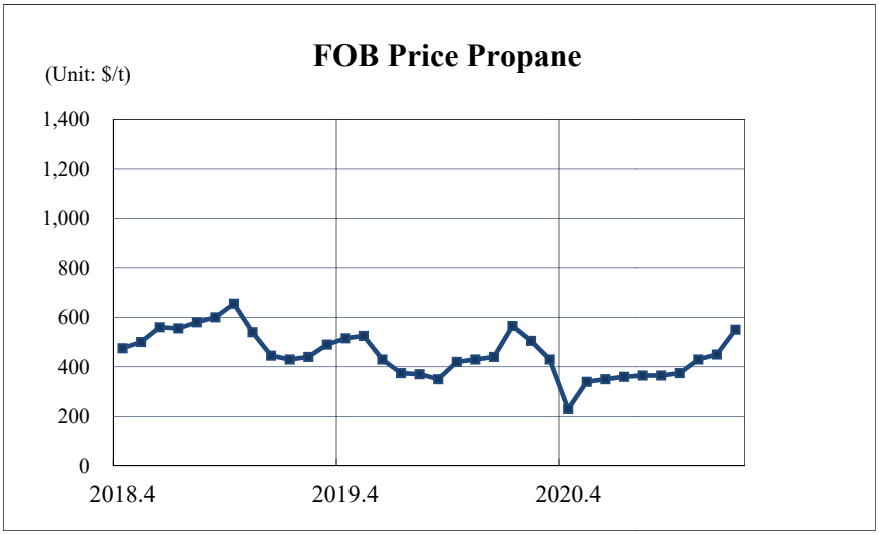
(Notes) 1. Above figures are stated net of consumption taxes, etc.

2. Inter-segment transactions are offset.

(2) Trends in the Number of Houses, etc.







(Note) Gas sales volume includes the sales volume of city gas (LNG) of the city gas business, which has been converted into the calorie value equivalent of LPG gas sales volume (1,000 tons).