

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]

April 28, 2022

Company name: HOKKAIDO GAS CO., LTD.
 Stock exchange listing: Tokyo, Sapporo
 Code number: 9534
 URL: <https://www.hokkaido-gas.co.jp>
 Representative: Hiroshi Otsuki, President
 Contact: Takahiro Horita, General Manager Finance Dept
 Phone: 011-792-8312
 Scheduled date of Annual General Meeting of Shareholders: June 24, 2022
 Scheduled date of commencing dividend payments: June 03, 2022
 Scheduled date of filing annual securities report: June 27, 2022
 Availability of supplementary briefing material on annual financial results: No
 Schedule of annual financial results briefing session: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	126,957	7.4	7,053	38.7	7,303	33.8	5,237	22.1
March 31, 2021	118,161	(6.5)	5,086	10.4	5,456	5.0	4,289	8.5

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 5,632 million [19.9%]
 Fiscal year ended March 31, 2021: ¥ 4,696 million [8.5%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	297.39	296.45	9.6	4.7	5.6
March 31, 2021	243.59	242.93	8.5	3.6	4.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ 97 million
 Fiscal year ended March 31, 2021: ¥ 89 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	160,433	59,195	35.6	3,240.25
March 31, 2021	151,223	54,234	34.5	2,961.32

(Reference) Equity: As of March 31, 2022: ¥ 57,065 million
 As of March 31, 2021: ¥ 52,146 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	19,713	(11,105)	(5,183)	9,565
March 31, 2021	22,399	(10,249)	(7,545)	6,141

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	25.00	-	25.00	50.00	880	20.5	1.8
March 31, 2022	-	30.00	-	30.00	60.00	1,056	20.2	1.9
Fiscal year ending March 31, 2023 (Forecast)	-	-	-	-	-		-	

(Note) The dividend forecast for the fiscal year ending March 31, 2023 is undecided. The forecast will be promptly released as soon as it is determined.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	156,000	22.9	7,700	9.2	7,500	2.7	5,300	1.2	300.94

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2022: 17,737,806 shares

March 31, 2021: 17,737,806 shares

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

March 31, 2022: 126,300 shares

March 31, 2021: 128,449 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022: 17,610,440 shares

Fiscal Year ended March 31, 2021: 17,608,745 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2022	107,076	7.1	5,771	67.0	5,961	58.5	4,360	40.1
March 31, 2021	99,933	(7.9)	3,456	16.3	3,761	14.6	3,112	27.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2022	247.63	246.85
March 31, 2021	176.78	176.30

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
March 31, 2022	142,624	46,068	32.3	2,612.81
March 31, 2021	134,816	41,995	31.1	2,382.34

(Reference) Equity: As of March 31, 2022: ¥ 46,015 million
As of March 31, 2021: ¥ 41,951 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	136,000	27.0	6,700	16.1	6,500	9.0	4,800	10.1	272.55

*Auditing procedures do not apply to the Consolidated Financial Results.

*Explanation related to appropriate use of results forecasts and other items warranting special mention

The above forecasts are based on the information available at the time this report was prepared, and Hokkaido Gas makes no guarantee that these figures will be achieved. Actual results may differ from these forecasts for a variety of reasons.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2021	As of March 31,2022
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	21,559,423	19,255,759
Distribution facilities	39,438,381	39,791,670
Service and maintenance facilities	11,696,313	11,530,863
Other facilities	35,753,733	35,319,453
Construction in progress	1,909,730	4,254,909
Total property, plant and equipment	110,357,582	110,152,657
Intangible assets		
Other	2,093,478	1,910,273
Total intangible assets	2,093,478	1,910,273
Investments and other assets		
Investment securities	6,002,963	6,597,939
Retirement benefit asset	929,492	954,585
Deferred tax assets	1,777,667	1,811,265
Other	3,492,831	3,360,205
Allowance for doubtful accounts	(16,047)	(11,243)
Total investments and other assets	12,186,907	12,712,753
Total non-current assets	124,637,968	124,775,685
Current assets		
Cash and deposits	6,141,036	9,565,657
Notes and accounts receivable - trade, and contract assets	-	14,764,558
Notes and accounts receivable - trade	12,554,850	-
Merchandise and finished goods	327,143	448,141
Raw materials and supplies	3,709,688	6,647,919
Other	3,902,845	4,273,186
Allowance for doubtful accounts	(50,157)	(41,793)
Total current assets	26,585,408	35,657,670
Total assets	151,223,376	160,433,355

(Thousand yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Non-current liabilities		
Bonds payable	44,000,000	39,000,000
Long-term borrowings	24,001,172	17,610,442
Deferred tax liabilities for land revaluation	554,429	553,437
Retirement benefit liability	4,533,683	4,661,888
Provision for gas holder repairs	87,262	73,706
Provision for safety measures	699,192	1,027,916
Provision for appliance warranties	392,421	427,057
Reserve for repairs of heat supply facilities	239,008	194,662
Lease liabilities	1,497,213	1,898,842
Other	689,008	830,094
Total non-current liabilities	76,693,391	66,278,047
Current liabilities		
Current portion of non-current liabilities	4,165,120	11,705,076
Notes and accounts payable - trade	3,576,003	10,049,728
Other	12,554,120	13,205,044
Total current liabilities	20,295,244	34,959,848
Total liabilities	96,988,636	101,237,895
Net assets		
Shareholders' equity		
Share capital	7,515,830	7,515,830
Capital surplus	5,256,569	5,256,569
Retained earnings	37,366,855	41,924,303
Treasury shares	(172,076)	(169,320)
Total shareholders' equity	49,967,179	54,527,383
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,090,924	2,402,674
Revaluation reserve for land	251,249	248,687
Remeasurements of defined benefit plans	(162,368)	(112,983)
Total accumulated other comprehensive income	2,179,805	2,538,379
Share acquisition rights	44,419	52,568
Non-controlling interests	2,043,336	2,077,128
Total net assets	54,234,740	59,195,459
Total liabilities and net assets	151,223,376	160,433,355

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	118,161,853	126,957,975
Cost of sales	83,872,280	89,953,710
Gross profit	34,289,572	37,004,264
Selling, general and administrative expenses		
Supply and sales expenses	25,407,019	25,917,880
General and administrative expenses	3,796,425	4,032,657
Total selling, general and administrative expenses	29,203,445	29,950,537
Operating profit	5,086,127	7,053,726
Non-operating income		
Interest income	16,693	15,633
Dividend income	262,709	140,747
Share of profit of entities accounted for using equity method	89,977	97,964
Rental income	274,354	271,783
Other	289,762	250,086
Total non-operating income	933,497	776,215
Non-operating expenses		
Interest expenses	329,813	309,529
Loss on valuation of investment securities	60,311	-
Personnel transfer expenses	99,877	108,122
Other	72,935	108,550
Total non-operating expenses	562,938	526,203
Ordinary profit	5,456,687	7,303,739
Extraordinary income		
Compensation for expropriation	540,281	-
Total extraordinary income	540,281	-
Profit before income taxes	5,996,968	7,303,739
Income taxes - current	1,656,606	2,302,583
Income taxes - deferred	3,071	(269,885)
Total income taxes	1,659,678	2,032,698
Profit	4,337,290	5,271,041
Profit attributable to non-controlling interests	47,982	33,792
Profit attributable to owners of parent	4,289,308	5,237,248

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	4,337,290	5,271,041
Other comprehensive income		
Valuation difference on available-for-sale securities	364,558	312,226
Remeasurements of defined benefit plans, net of tax	(3,588)	49,384
Share of other comprehensive income of entities accounted for using equity method	(1,556)	(475)
Total other comprehensive income	359,412	361,135
Comprehensive income	4,696,703	5,632,176
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,648,721	5,598,383
Comprehensive income attributable to non-controlling interests	47,982	33,792

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,515,830	5,256,582	33,980,192	(173,136)	46,579,468
Changes during period					
Dividends of surplus			(880,446)		(880,446)
Profit attributable to owners of parent			4,289,308		4,289,308
Purchase of treasury shares				(2,538)	(2,538)
Disposal of treasury shares		(12)	(698)	3,598	2,887
Reversal of revaluation reserve for land			(21,500)		(21,500)
Net changes in items other than shareholders' equity					
Total changes during period	-	(12)	3,386,663	1,060	3,387,710
Balance at end of period	7,515,830	5,256,569	37,366,855	(172,076)	49,967,179

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,727,922	229,749	(158,779)	1,798,892	38,147	1,995,353	50,411,863
Changes during period							
Dividends of surplus							(880,446)
Profit attributable to owners of parent							4,289,308
Purchase of treasury shares							(2,538)
Disposal of treasury shares							2,887
Reversal of revaluation reserve for land							(21,500)
Net changes in items other than shareholders' equity	363,001	21,500	(3,588)	380,912	6,271	47,982	435,166
Total changes during period	363,001	21,500	(3,588)	380,912	6,271	47,982	3,822,876
Balance at end of period	2,090,924	251,249	(162,368)	2,179,805	44,419	2,043,336	54,234,740

For the fiscal year ended March 31,2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,515,830	5,256,569	37,366,855	(172,076)	49,967,179
Cumulative effects of changes in accounting policies			287,003		287,003
Restated balance	7,515,830	5,256,569	37,653,858	(172,076)	50,254,182
Changes during period					
Dividends of surplus			(968,550)		(968,550)
Profit attributable to owners of parent			5,237,248		5,237,248
Purchase of treasury shares				(1,119)	(1,119)
Disposal of treasury shares			(814)	3,875	3,061
Reversal of revaluation reserve for land			2,561		2,561
Net changes in items other than shareholders' equity					
Total changes during period	-	-	4,270,444	2,756	4,273,201
Balance at end of period	7,515,830	5,256,569	41,924,303	(169,320)	54,527,383

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,090,924	251,249	(162,368)	2,179,805	44,419	2,043,336	54,234,740
Cumulative effects of changes in accounting policies							287,003
Restated balance	2,090,924	251,249	(162,368)	2,179,805	44,419	2,043,336	54,521,743
Changes during period							
Dividends of surplus							(968,550)
Profit attributable to owners of parent							5,237,248
Purchase of treasury shares							(1,119)
Disposal of treasury shares							3,061
Reversal of revaluation reserve for land							2,561
Net changes in items other than shareholders' equity	311,750	(2,561)	49,384	358,573	8,148	33,792	400,515
Total changes during period	311,750	(2,561)	49,384	358,573	8,148	33,792	4,673,716
Balance at end of period	2,402,674	248,687	(112,983)	2,538,379	52,568	2,077,128	59,195,459

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	5,996,968	7,303,739
Depreciation	13,642,123	13,634,075
Loss (gain) on valuation of investment securities	60,311	-
Loss (gain) on sale of property, plant and equipment	(10,740)	(490)
Increase (decrease) in provision for safety measures	25,947	328,723
Increase (decrease) in reserve for fixtures assurance	37,270	34,636
Increase (decrease) in retirement benefit liability	148,183	97,334
Increase (decrease) in allowance for doubtful accounts	(10,335)	(13,168)
Interest and dividend income	(279,402)	(156,380)
Interest expenses	329,813	309,529
Decrease (increase) in trade receivables	313,826	(1,769,906)
Decrease (increase) in inventories	1,584,529	(3,407,889)
Increase (decrease) in trade payables	986,231	6,065,353
Increase (decrease) in accrued consumption taxes	1,292,701	(939,436)
Other, net	(325,452)	119,794
Subtotal	23,791,974	21,605,914
Interest and dividends received	281,960	158,938
Interest paid	(331,151)	(310,814)
Income taxes paid	(1,351,681)	(1,757,908)
Income taxes refund	8,117	17,247
Net cash provided by (used in) operating activities	22,399,219	19,713,376
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,240,046)	(10,860,555)
Proceeds from sales of property, plant and equipment and expropriation	645,476	635,914
Purchase of intangible assets	(497,144)	(633,868)
Purchase of long-term prepaid expenses	(353,035)	(308,582)
Purchase of shares of subsidiaries and associates	(12,800)	(100,000)
Other, net	208,207	161,754
Net cash provided by (used in) investing activities	(10,249,342)	(11,105,337)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,116,017)	-
Net increase (decrease) in commercial papers	(1,000,000)	-
Repayments of long-term borrowings	(4,213,810)	(3,908,974)
Dividends paid	(883,227)	(972,125)
Other, net	(332,812)	(302,319)
Net cash provided by (used in) financing activities	(7,545,867)	(5,183,418)
Net increase (decrease) in cash and cash equivalents	4,604,009	3,424,620
Cash and cash equivalents at beginning of period	1,537,027	6,141,036
Cash and cash equivalents at end of period	6,141,036	9,565,657

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Thousand yen)

	As of March 31,2021	As of March 31,2022
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	17,976,839	16,209,997
Distribution facilities	40,894,886	41,307,836
Service and maintenance facilities	11,284,394	11,140,544
Facilities for incidental businesses	15,953,859	15,805,549
Construction in progress	1,753,797	3,686,582
Total property, plant and equipment	87,863,778	88,150,511
Intangible assets		
Other intangible assets	1,858,934	1,721,928
Total intangible assets	1,858,934	1,721,928
Investments and other assets		
Investment securities	5,126,670	5,533,609
Investments in subsidiaries and associates	5,791,530	5,891,530
Long-term loans receivable from subsidiaries and associates	4,526,880	3,126,960
Long-term prepaid expenses	661,501	604,631
Prepaid pension costs	999,730	925,448
Deferred tax assets	824,425	890,294
Other investments	612,211	656,577
Allowance for doubtful accounts	(8,173)	(3,067)
Total investments and other assets	18,534,776	17,625,984
Total non-current assets	108,257,489	107,498,424
Current assets		
Cash and deposits	4,728,450	8,014,006
Notes receivable - trade	308,363	154,403
Accounts receivable - trade	8,707,132	10,563,193
Accounts receivable from subsidiaries and associates - trade	1,386,203	1,791,393
Accounts receivable - other	1,170,221	901,372
Finished goods	15,453	28,845
Raw materials	3,124,771	6,030,602
Supplies	490,418	526,944
Prepaid expenses	341,050	498,438
Short-term receivables from subsidiaries and associates	4,535,090	4,512,777
Other current assets	1,790,823	2,138,882
Allowance for doubtful accounts	(39,455)	(34,694)
Total current assets	26,558,522	35,126,165
Total assets	134,816,011	142,624,589

(Thousand yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Non-current liabilities		
Bonds payable	44,000,000	39,000,000
Long-term borrowings	23,545,006	17,271,048
Deferred tax liabilities for land revaluation	554,429	553,437
Provision for retirement benefits	3,190,580	3,348,970
Asset retirement obligations	-	123,653
Provision for gas holder repairs	87,262	73,706
Provision for safety measures	699,192	1,027,916
Provision for appliance warranties	392,421	427,057
Other noncurrent liabilities	339,000	349,550
Total non-current liabilities	72,807,892	62,175,340
Current liabilities		
Current portion of non-current liabilities	3,750,982	11,297,108
Accounts payable - trade	1,812,882	7,852,427
Accounts payable - other	3,228,890	2,338,108
Accrued expenses	2,976,767	3,312,672
Income taxes payable	1,074,578	1,872,470
Advances received	698,044	1,143,916
Deposits received	55,144	72,121
Short-term debt to subsidiaries and associates	5,021,833	5,179,728
Provision for loss on construction contracts	75,320	79,197
Provision for loss on remove noncurrent assets	88,381	30,000
Other current liabilities	1,229,425	1,203,393
Total current liabilities	20,012,252	34,381,145
Total liabilities	92,820,145	96,556,485
Net assets		
Shareholders' equity		
Share capital	7,515,830	7,515,830
Capital surplus		
Legal capital surplus	5,275,595	5,275,595
Total capital surplus	5,275,595	5,275,595
Retained earnings		
Legal retained earnings	775,775	775,775
Other retained earnings		
General reserve	13,600,000	13,600,000
Retained earnings brought forward	12,615,762	16,367,401
Total retained earnings	26,991,537	30,743,176
Treasury shares	(172,076)	(169,320)
Total shareholders' equity	39,610,886	43,365,281
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,089,310	2,401,566
Revaluation reserve for land	251,249	248,687
Total valuation and translation adjustments	2,340,560	2,650,254
Share acquisition rights	44,419	52,568
Total net assets	41,995,866	46,068,104
Total liabilities and net assets	134,816,011	142,624,589

Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Sales from gas business		
Gas sales	50,873,978	61,502,088
Revenue from interoperator settlement	116,944	122,085
Sales from gas business	50,990,922	61,624,173
Cost of sales		
Beginning inventories	21,729	15,453
Cost of products manufactured	27,863,171	36,131,916
Costs of gas for own use	1,527,869	1,520,711
Ending inventories	15,453	28,845
Cost of sales	26,341,578	34,597,813
Gross profit (loss)	24,649,344	27,026,360
Supply and sales expenses	21,193,344	21,549,094
General and administrative expenses	2,501,757	2,621,521
Profit (loss) on core business	954,241	2,855,744
Miscellaneous operating revenue		
Revenue from installation work	3,197,428	2,721,974
Other miscellaneous operating revenue	8,498,689	7,338,283
Miscellaneous operating revenue	11,696,117	10,060,257
Miscellaneous operating expenses		
Installation work expenses	3,044,383	2,666,726
Other miscellaneous operating expenses	7,953,616	6,751,080
Miscellaneous operating expenses	10,998,000	9,417,806
Revenue from incidental businesses	37,246,725	35,392,223
Expenses for incidental businesses	35,442,167	33,118,940
Operating profit (loss)	3,456,917	5,771,478
Non-operating income		
Interest income	62,463	50,213
Dividend income	274,530	152,569
Rental income	309,933	320,141
Miscellaneous income	260,708	211,614
Non-operating income	907,635	734,539
Non-operating expenses		
Interest expenses	145,933	130,993
Interest on bonds	183,005	183,135
Loss on valuation of investment securities	60,311	-
Personnel transfer expenses	183,118	187,737
Miscellaneous expenses	30,254	42,718
Non-operating expenses	602,624	544,584
Ordinary profit (loss)	3,761,928	5,961,433
Extraordinary income		
Compensation for expropriation	540,281	-
Extraordinary income	540,281	-
Profit (loss) before income taxes	4,302,209	5,961,433
Income taxes - current	1,227,711	1,929,630
Income taxes - deferred	(38,350)	(329,155)
Income taxes	1,189,360	1,600,474
Profit (loss)	3,112,849	4,360,958