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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

April 28, 2023

Company name: HOKKAIDO GAS CO., LTD.
 Stock exchange listing: Tokyo, Sapporo
 Code number: 9534
 URL: <https://www.hokkaido-gas.co.jp>
 Representative: Chisato Kawamura, President
 Contact: Takahiro Horita, General Manager Finance Dept
 Phone: +81-11-792-8312
 Scheduled date of Annual General Meeting of Shareholders: June 27, 2023
 Scheduled date of commencing dividend payments: June 6, 2023
 Scheduled date of filing annual securities report: June 28, 2023
 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, 2023 (April 1, 2022 to March 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	174,840	37.7	13,342	89.2	13,395	83.4	9,963	90.2
March 31, 2022	126,957	7.4	7,053	38.7	7,303	33.8	5,237	22.1

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 10,134 million [79.9%]
 Fiscal year ended March 31, 2022: ¥ 5,632 million [19.9%]

	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, 2023	565.62	563.55	16.2	7.8	7.6
March 31, 2022	297.39	296.45	9.6	4.7	5.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 86 million
 Fiscal year ended March 31, 2022: ¥ 97 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	183,797	67,996	35.8	3,736.41
March 31, 2022	160,433	59,195	35.6	3,240.25

(Reference) Equity: As of March 31, 2023: ¥ 65,828 million
 As of March 31, 2022: ¥ 57,065 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	6,695	(22,561)	9,032	2,719
March 31, 2022	19,713	(11,105)	(5,183)	9,565

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	Millions of yen	%	%
March 31, 2022	-	30.00	-	30.00	60.00	1,056	20.2	1.9
March 31, 2023	-	30.00	-	40.00	70.00	1,233	12.4	2.0
Fiscal year ending March 31, 2024 (Forecast)	-	35.00	-	35.00	70.00		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		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	165,500	(5.3)	13,500	1.2	13,500	0.8	9,700	(2.6)	550.57

* 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: No

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, 2023: 17,737,806 shares

March 31, 2022: 17,737,806 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 119,779 shares

March 31, 2022: 126,300 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 17,615,040 shares

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

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	154,206	44.0	12,089	109.5	11,927	100.1	8,958	105.4
March 31, 2022	107,076	7.1	5,771	67.0	5,961	58.5	4,360	40.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2023	508.57	506.71
March 31, 2022	247.63	246.85

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2023	165,741	54,154	32.6	3,070.48
March 31, 2022	142,624	46,068	32.3	2,612.81

(Reference) Equity: As of March 31, 2023: ¥ 54,095 million
As of March 31, 2022: ¥ 46,015 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	144,700	(6.2)	12,200	0.9	12,000	0.6	8,700	(2.9)	493.81

*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

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	19,255	24,651
Distribution facilities	39,791	41,277
Service and maintenance facilities	11,530	11,306
Other facilities	35,319	37,991
Construction in progress	4,254	1,550
Total property, plant and equipment	110,152	116,777
Intangible assets		
Other	1,910	3,294
Total intangible assets	1,910	3,294
Investments and other assets		
Investment securities	6,597	7,060
Retirement benefit asset	954	926
Deferred tax assets	1,811	2,073
Other	3,360	3,865
Allowance for doubtful accounts	(11)	(10)
Total investments and other assets	12,712	13,915
Total non-current assets	124,775	133,987
Current assets		
Cash and deposits	9,565	2,719
Notes and accounts receivable - trade, and contract assets	14,764	19,682
Merchandise and finished goods	448	683
Raw materials and supplies	6,647	18,745
Other	4,273	8,032
Allowance for doubtful accounts	(41)	(51)
Total current assets	35,657	49,810
Total assets	160,433	183,797

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Non-current liabilities		
Bonds payable	39,000	47,000
Long-term borrowings	17,610	19,031
Deferred tax liabilities for land revaluation	553	553
Retirement benefit liability	4,661	4,810
Provision for gas holder repairs	73	100
Provision for safety measures	1,027	939
Provision for appliance warranties	427	1,236
Reserve for repairs of heat supply facilities	194	184
Lease liabilities	1,898	1,750
Other	830	1,132
Total non-current liabilities	66,278	76,738
Current liabilities		
Current portion of non-current liabilities	11,705	8,764
Notes and accounts payable - trade	10,049	9,553
Other	13,205	20,745
Total current liabilities	34,959	39,063
Total liabilities	101,237	115,801
Net assets		
Shareholders' equity		
Share capital	7,515	7,515
Capital surplus	5,256	5,256
Retained earnings	41,924	50,539
Treasury shares	(169)	(160)
Total shareholders' equity	54,527	63,150
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,402	2,574
Revaluation reserve for land	248	248
Remeasurements of defined benefit plans	(112)	(146)
Total accumulated other comprehensive income	2,538	2,677
Share acquisition rights	52	58
Non-controlling interests	2,077	2,109
Total net assets	59,195	67,996
Total liabilities and net assets	160,433	183,797

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	126,957	174,840
Cost of sales	89,953	129,901
Gross profit	37,004	44,939
Selling, general and administrative expenses		
Supply and sales expenses	25,917	27,732
General and administrative expenses	4,032	3,863
Total selling, general and administrative expenses	29,950	31,596
Operating profit	7,053	13,342
Non-operating income		
Interest income	15	14
Dividend income	140	216
Share of profit of entities accounted for using equity method	97	86
Rental income	271	289
Other	250	295
Total non-operating income	776	902
Non-operating expenses		
Interest expenses	309	356
Personnel transfer expenses	108	188
Impairment loss	46	147
Other	61	158
Total non-operating expenses	526	849
Ordinary profit	7,303	13,395
Extraordinary income		
Reversal of special suspense account for reduction entry	-	408
Total extraordinary income	-	408
Profit before income taxes	7,303	13,803
Income taxes - current	2,302	4,122
Income taxes - deferred	(269)	(314)
Total income taxes	2,032	3,807
Profit	5,271	9,995
Profit attributable to non-controlling interests	33	32
Profit attributable to owners of parent	5,237	9,963

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	5,271	9,995
Other comprehensive income		
Valuation difference on available-for-sale securities	312	172
Remeasurements of defined benefit plans, net of tax	49	(33)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	361	138
Comprehensive income	5,632	10,134
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,598	10,102
Comprehensive income attributable to non-controlling interests	33	32

Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,515	5,256	37,366	(172)	49,967
Cumulative effects of changes in accounting policies			287		287
Restated balance	7,515	5,256	37,653	(172)	50,254
Changes during period					
Dividends of surplus			(968)		(968)
Profit attributable to owners of parent			5,237		5,237
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares			(0)	3	3
Reversal of revaluation reserve for land			2		2
Decrease by corporate division - split-off type					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	4,270	2	4,273
Balance at end of period	7,515	5,256	41,924	(169)	54,527

	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	251	(162)	2,179	44	2,043	54,234
Cumulative effects of changes in accounting policies							287
Restated balance	2,090	251	(162)	2,179	44	2,043	54,521
Changes during period							
Dividends of surplus							(968)
Profit attributable to owners of parent							5,237
Purchase of treasury shares							(1)
Disposal of treasury shares							3

	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			
Reversal of revaluation reserve for land							2
Decrease by corporate division - split-off type							-
Net changes in items other than shareholders' equity	311	(2)	49	358	8	33	400
Total changes during period	311	(2)	49	358	8	33	4,673
Balance at end of period	2,402	248	(112)	2,538	52	2,077	59,195

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,515	5,256	41,924	(169)	54,527
Cumulative effects of changes in accounting policies					-
Restated balance	7,515	5,256	41,924	(169)	54,527
Changes during period					
Dividends of surplus			(1,056)		(1,056)
Profit attributable to owners of parent			9,963		9,963
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares			(1)	10	8
Reversal of revaluation reserve for land					-
Decrease by corporate division - split-off type			(289)		(289)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	8,614	8	8,623
Balance at end of period	7,515	5,256	50,539	(160)	63,150

	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	2,402	248	(112)	2,538	52	2,077	59,195
Cumulative effects of changes in accounting policies							-
Restated balance	2,402	248	(112)	2,538	52	2,077	59,195
Changes during period							
Dividends of surplus							(1,056)
Profit attributable to owners of parent							9,963
Purchase of treasury shares							(1)
Disposal of treasury shares							8

	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			
Reversal of revaluation reserve for land							-
Decrease by corporate division - split-off type							(289)
Net changes in items other than shareholders' equity	172	-	(33)	138	5	32	177
Total changes during period	172	-	(33)	138	5	32	8,800
Balance at end of period	2,574	248	(146)	2,677	58	2,109	67,996

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,303	13,803
Depreciation	13,634	13,607
Impairment losses	46	147
Increase (decrease) in provision for safety measures	328	(88)
Increase (decrease) in reserve for fixtures assurance	34	809
Increase (decrease) in retirement benefit liability	97	156
Increase (decrease) in allowance for doubtful accounts	(13)	9
Interest and dividend income	(156)	(231)
Interest expenses	309	356
Decrease (increase) in trade receivables	(1,769)	(5,420)
Decrease (increase) in inventories	(3,407)	(12,653)
Increase (decrease) in trade payables	6,065	718
Increase (decrease) in accrued consumption taxes	(939)	(1,336)
Other, net	72	(381)
Subtotal	21,605	9,495
Interest and dividends received	158	234
Interest paid	(310)	(291)
Income taxes paid	(1,757)	(2,744)
Income taxes refund	17	1
Net cash provided by (used in) operating activities	19,713	6,695
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,860)	(19,225)
Proceeds from sales of property, plant and equipment and expropriation	635	34
Purchase of intangible assets	(633)	(2,069)
Purchase of long-term prepaid expenses	(308)	(382)
Purchase of shares of subsidiaries and associates	(100)	(0)
Other, net	161	(918)
Net cash provided by (used in) investing activities	(11,105)	(22,561)
Cash flows from financing activities		
Net increase (decrease) in commercial papers	-	4,000
Proceeds from long-term borrowings	-	5,000
Repayments of long-term borrowings	(3,908)	(6,510)
Proceeds from issuance of bonds	-	12,925
Redemption of bonds	-	(5,000)
Dividends paid	(972)	(1,058)
Other, net	(302)	(323)
Net cash provided by (used in) financing activities	(5,183)	9,032
Net increase (decrease) in cash and cash equivalents	3,424	(6,833)
Cash and cash equivalents at beginning of period	6,141	9,565
Decrease in cash and cash equivalents resulting from corporate division with unconsolidated subsidiaries	-	(12)
Cash and cash equivalents at end of period	9,565	2,719

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	16,209	22,380
Distribution facilities	41,307	42,852
Service and maintenance facilities	11,140	10,930
Facilities for incidental businesses	15,805	18,017
Construction in progress	3,686	1,342
Total property, plant and equipment	88,150	95,523
Intangible assets		
Other intangible assets	1,721	3,169
Total intangible assets	1,721	3,169
Investments and other assets		
Investment securities	5,533	5,841
Investments in subsidiaries and associates	5,891	5,891
Long-term loans receivable from subsidiaries and associates	3,126	2,027
Long-term prepaid expenses	604	878
Prepaid pension costs	925	950
Deferred tax assets	890	1,076
Other investments	656	982
Allowance for doubtful accounts	(3)	(2)
Total investments and other assets	17,625	17,645
Total non-current assets	107,498	116,338
Current assets		
Cash and deposits	8,014	1,049
Notes receivable - trade	154	315
Accounts receivable - trade	10,563	14,235
Accounts receivable from subsidiaries and associates - trade	1,791	2,669
Accounts receivable - other	901	3,363
Finished goods	28	36
Raw materials	6,030	17,803
Supplies	526	833
Prepaid expenses	498	515
Short-term receivables from subsidiaries and associates	4,512	5,625
Other current assets	2,138	3,000
Allowance for doubtful accounts	(34)	(45)
Total current assets	35,126	49,402
Total assets	142,624	165,741

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Non-current liabilities		
Bonds payable	39,000	47,000
Long-term borrowings	17,271	18,795
Deferred tax liabilities for land revaluation	553	553
Provision for retirement benefits	3,348	3,502
Asset retirement obligations	123	168
Provision for gas holder repairs	73	100
Provision for safety measures	1,027	939
Provision for appliance warranties	427	1,236
Provision for loss on remove noncurrent assets	-	136
Other noncurrent liabilities	349	453
Total non-current liabilities	62,175	72,885
Current liabilities		
Current portion of non-current liabilities	11,297	8,364
Accounts payable - trade	7,852	7,460
Accounts payable - other	2,338	3,033
Accrued expenses	3,312	4,004
Income taxes payable	1,872	2,646
Advances received	1,143	1,351
Deposits received	72	61
Short-term debt to subsidiaries and associates	5,179	6,302
Provision for loss on construction contracts	79	122
Provision for loss on remove noncurrent assets	30	-
Commercial papers	-	4,000
Other current liabilities	1,203	1,354
Total current liabilities	34,381	38,702
Total liabilities	96,556	111,587
Net assets		
Shareholders' equity		
Share capital	7,515	7,515
Capital surplus		
Legal capital surplus	5,275	5,275
Total capital surplus	5,275	5,275
Retained earnings		
Legal retained earnings	775	775
Other retained earnings		
General reserve	13,600	13,600
Retained earnings brought forward	16,367	24,267
Total retained earnings	30,743	38,642
Treasury shares	(169)	(160)
Total shareholders' equity	43,365	51,273
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,401	2,573
Revaluation reserve for land	248	248
Total valuation and translation adjustments	2,650	2,822
Share acquisition rights	52	58
Total net assets	46,068	54,154
Total liabilities and net assets	142,624	165,741

Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Sales from gas business		
Gas sales	61,502	90,782
Revenue from interoperator settlement	122	123
Total sales on gas business	61,624	90,906
Cost of sales		
Beginning inventories	15	28
Cost of products manufactured	36,131	60,644
Costs of gas for own use	1,520	2,461
Ending inventories	28	36
Total cost of sales	34,597	58,174
Gross profit	27,026	32,731
Supply and sales expenses	21,549	23,326
General and administrative expenses	2,621	2,364
Profit on core business	2,855	7,040
Miscellaneous operating revenue		
Revenue from installation work	2,721	3,102
Other miscellaneous operating revenue	7,338	8,697
Total miscellaneous operating revenue	10,060	11,799
Miscellaneous operating expenses		
Installation work expenses	2,666	3,011
Other miscellaneous operating expenses	6,751	7,990
Total miscellaneous operating expenses	9,417	11,002
Revenue from incidental businesses	35,392	51,500
Expenses for incidental businesses	33,118	47,249
Operating profit	5,771	12,089
Non-operating income		
Interest income	50	41
Dividend income	152	227
Rental income	320	329
Miscellaneous income	211	206
Total non-operating income	734	806
Non-operating expenses		
Interest expenses	130	111
Interest expenses on bonds	183	251
Amortization of bond issuance costs	-	74
Personnel transfer expenses	187	256
Impairment loss	15	147
Miscellaneous expenses	27	126
Total non-operating expenses	544	968
Ordinary profit	5,961	11,927
Extraordinary income		
Reversal of special suspense account for reduction entry	-	408
Total extraordinary income	-	408
Profit before income taxes	5,961	12,335
Income taxes - current	1,929	3,629
Income taxes - deferred	(329)	(252)
Total income taxes	1,600	3,376
Profit	4,360	8,958