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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

April 26, 2024

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 21, 2024
 Scheduled date of commencing dividend payments: June 3, 2024
 Scheduled date of filing annual securities report: June 24, 2024
 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, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	173,885	(0.5)	15,595	16.9	15,883	18.6	11,627	16.7
March 31, 2023	174,840	37.7	13,342	89.2	13,395	83.4	9,963	90.2

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 12,312 million [21.5%]
 Fiscal year ended March 31, 2023: ¥ 10,134 million [79.9%]

	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, 2024	659.92	657.29	16.3	8.6	9.0
March 31, 2023	565.62	563.55	16.2	7.8	7.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ 298 million
 Fiscal year ended March 31, 2023: ¥ 86 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, 2024	186,366	79,001	41.2	4,359.53
March 31, 2023	183,797	67,996	35.8	3,736.41

(Reference) Equity: As of March 31, 2024: ¥ 76,820 million
 As of March 31, 2023: ¥ 65,828 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, 2024	31,677	(16,755)	(8,171)	9,469
March 31, 2023	6,695	(22,561)	9,032	2,719

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, 2023	-	30.00	-	40.00	70.00	1,233	12.4	2.0
March 31, 2024	-	35.00	-	45.00	80.00	1,409	12.1	2.0
Fiscal year ending March 31, 2025 (Forecast)	-	45.00	-	9.00	-		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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	166,000	(4.5)	13,200	(15.4)	13,500	(15.0)	9,800	(15.7)	111.23

* 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, 2024: 17,737,806 shares

March 31, 2023: 17,737,806 shares

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

March 31, 2024: 116,580 shares

March 31, 2023: 119,779 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 17,619,609 shares

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

(Reference) Summary of Non-consolidated Financial Results

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

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	151,255	(1.9)	14,065	16.3	13,876	16.3	10,110	12.9
March 31, 2023	154,206	44.0	12,089	109.5	11,927	100.1	8,958	105.4

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	573.81	571.53
March 31, 2023	508.57	506.71

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	165,310	63,578	38.4	3,604.09
March 31, 2023	165,741	54,154	32.6	3,070.48

(Reference) Equity: As of March 31, 2024: ¥ 63,508 million
As of March 31, 2023: ¥ 54,095 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

Full year	Net sales		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	144,000	(4.8)	12,000	(13.5)	8,700	(13.9)	98.74

*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, 2023	As of March 31, 2024
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	24,651	22,775
Distribution facilities	41,277	41,779
Service and maintenance facilities	11,306	12,033
Other facilities	37,991	38,861
Construction in progress	1,550	4,029
Total property, plant and equipment	116,777	119,479
Intangible assets		
Other	3,294	4,964
Total intangible assets	3,294	4,964
Investments and other assets		
Investment securities	7,060	8,201
Retirement benefit asset	926	944
Deferred tax assets	2,073	2,098
Other	3,865	4,025
Allowance for doubtful accounts	(10)	(16)
Total investments and other assets	13,915	15,254
Total non-current assets	133,987	139,697
Current assets		
Cash and deposits	2,719	9,469
Notes and accounts receivable - trade, and contract assets	19,682	21,072
Merchandise and finished goods	683	612
Raw materials and supplies	18,745	9,137
Other	8,032	6,427
Allowance for doubtful accounts	(51)	(51)
Total current assets	49,810	46,668
Total assets	183,797	186,366

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Non-current liabilities		
Bonds payable	47,000	43,500
Long-term borrowings	19,031	16,095
Deferred tax liabilities for land revaluation	553	553
Retirement benefit liability	4,810	4,813
Provision for gas holder repairs	100	126
Provision for safety measures	939	891
Provision for appliance warranties	1,236	1,343
Reserve for repairs of heat supply facilities	184	203
Lease liabilities	1,750	2,736
Other	1,132	1,659
Total non-current liabilities	76,738	71,922
Current liabilities		
Current portion of non-current liabilities	8,764	6,830
Notes and accounts payable - trade	9,553	4,150
Income taxes payable	2,988	3,000
Other	17,756	21,461
Total current liabilities	39,063	35,442
Total liabilities	115,801	107,365
Net assets		
Shareholders' equity		
Share capital	7,515	7,515
Capital surplus	5,256	5,256
Retained earnings	50,539	60,844
Treasury shares	(160)	(157)
Total shareholders' equity	63,150	73,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,574	3,199
Revaluation reserve for land	248	248
Remeasurements of defined benefit plans	(146)	(86)
Total accumulated other comprehensive income	2,677	3,361
Share acquisition rights	58	70
Non-controlling interests	2,109	2,110
Total net assets	67,996	79,001
Total liabilities and net assets	183,797	186,366

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	174,840	173,885
Cost of sales	129,901	124,797
Gross profit	44,939	49,087
Selling, general and administrative expenses		
Supply and sales expenses	27,732	29,622
General and administrative expenses	3,863	3,869
Total selling, general and administrative expenses	31,596	33,492
Operating profit	13,342	15,595
Non-operating income		
Interest income	14	13
Dividend income	216	248
Share of profit of entities accounted for using equity method	86	298
Rental income	289	269
Other	295	320
Total non-operating income	902	1,151
Non-operating expenses		
Interest expenses	356	409
Personnel transfer expenses	188	195
Impairment loss	147	198
Other	158	59
Total non-operating expenses	849	863
Ordinary profit	13,395	15,883
Extraordinary income		
Reversal of special suspense account for reduction entry	408	-
Total extraordinary income	408	-
Profit before income taxes	13,803	15,883
Income taxes - current	4,122	4,689
Income taxes - deferred	(314)	(434)
Total income taxes	3,807	4,255
Profit	9,995	11,628
Profit attributable to non-controlling interests	32	0
Profit attributable to owners of parent	9,963	11,627

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	9,995	11,628
Other comprehensive income		
Valuation difference on available-for-sale securities	172	623
Remeasurements of defined benefit plans, net of tax	(33)	59
Share of other comprehensive income of entities accounted for using equity method	(0)	2
Total other comprehensive income	138	684
Comprehensive income	10,134	12,312
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,102	12,311
Comprehensive income attributable to non-controlling interests	32	0

Consolidated Statements of Changes in Equity

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
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
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
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
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

For the fiscal year ended March 31, 2024

(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	50,539	(160)	63,150
Changes during period					
Dividends of surplus			(1,321)		(1,321)
Profit attributable to owners of parent			11,627		11,627
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares			(1)	6	5
Decrease by corporate division - split-off type					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	10,304	2	10,307
Balance at end of period	7,515	5,256	60,844	(157)	73,458

	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	2,574	248	(146)	2,677	58	2,109	67,996
Changes during period							
Dividends of surplus							(1,321)
Profit attributable to owners of parent							11,627
Purchase of treasury shares							(3)
Disposal of treasury shares							5
Decrease by corporate division - split-off type							-
Net changes in items other than shareholders' equity	625	-	59	684	11	0	697
Total changes during period	625	-	59	684	11	0	11,004
Balance at end of period	3,199	248	(86)	3,361	70	2,110	79,001

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	13,803	15,883
Depreciation	13,607	13,986
Impairment losses	147	198
Increase (decrease) in provision for safety measures	(88)	(47)
Increase (decrease) in reserve for fixtures assurance	809	107
Increase (decrease) in retirement benefit liability	156	38
Increase (decrease) in allowance for doubtful accounts	9	5
Interest and dividend income	(231)	(265)
Interest expenses	356	409
Decrease (increase) in trade receivables	(5,420)	(610)
Decrease (increase) in inventories	(12,653)	10,010
Increase (decrease) in trade payables	718	(5,064)
Increase (decrease) in accrued consumption taxes	(1,336)	2,071
Other, net	(381)	45
Subtotal	9,495	36,767
Interest and dividends received	234	268
Interest paid	(291)	(410)
Income taxes paid	(2,744)	(4,948)
Income taxes refund	1	0
Net cash provided by (used in) operating activities	6,695	31,677
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,225)	(13,326)
Proceeds from sale of property, plant and equipment	34	31
Purchase of intangible assets	(2,069)	(2,496)
Purchase of long-term prepaid expenses	(382)	(567)
Other, net	(919)	(396)
Net cash provided by (used in) investing activities	(22,561)	(16,755)
Cash flows from financing activities		
Net increase (decrease) in commercial papers	4,000	2,000
Proceeds from long-term borrowings	5,000	-
Repayments of long-term borrowings	(6,510)	(3,458)
Proceeds from issuance of bonds	12,925	-
Redemption of bonds	(5,000)	(5,000)
Dividends paid	(1,058)	(1,323)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(28)
Other, net	(323)	(361)
Net cash provided by (used in) financing activities	9,032	(8,171)
Net increase (decrease) in cash and cash equivalents	(6,833)	6,750
Cash and cash equivalents at beginning of period	9,565	2,719
Decrease in cash and cash equivalents resulting from corporate division with unconsolidated subsidiaries	(12)	-
Cash and cash equivalents at end of period	2,719	9,469

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	22,380	20,681
Distribution facilities	42,852	43,435
Service and maintenance facilities	10,930	11,632
Facilities for incidental businesses	18,017	18,087
Construction in progress	1,342	3,578
Total property, plant and equipment	95,523	97,415
Intangible assets		
Other intangible assets	3,169	4,954
Total intangible assets	3,169	4,954
Investments and other assets		
Investment securities	5,841	6,664
Investments in subsidiaries and associates	5,891	5,920
Long-term loans receivable from subsidiaries and associates	2,027	1,887
Long-term prepaid expenses	878	865
Prepaid pension costs	950	922
Deferred tax assets	1,076	1,065
Other investments	982	1,039
Allowance for doubtful accounts	(2)	(4)
Total investments and other assets	17,645	18,359
Total non-current assets	116,338	120,729
Current assets		
Cash and deposits	1,049	6,854
Notes receivable - trade	315	110
Accounts receivable - trade	14,235	17,419
Accounts receivable from subsidiaries and associates - trade	2,669	1,034
Accounts receivable - other	3,363	516
Finished goods	36	29
Raw materials	17,803	8,080
Supplies	833	936
Prepaid expenses	515	462
Short-term receivables from subsidiaries and associates	5,625	6,448
Other current assets	3,000	2,730
Allowance for doubtful accounts	(45)	(42)
Total current assets	49,402	44,580
Total assets	165,741	165,310

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Non-current liabilities		
Bonds payable	47,000	43,500
Long-term borrowings	18,795	15,939
Deferred tax liabilities for land revaluation	553	553
Provision for retirement benefits	3,502	3,695
Asset retirement obligations	168	271
Provision for gas holder repairs	100	126
Provision for safety measures	939	891
Provision for appliance warranties	1,236	1,343
Provision for loss on remove noncurrent assets	136	181
Other noncurrent liabilities	453	453
Total non-current liabilities	72,885	66,956
Current liabilities		
Current portion of non-current liabilities	8,364	6,369
Accounts payable - trade	7,460	1,711
Accounts payable - other	3,033	4,774
Accrued expenses	4,004	4,113
Income taxes payable	2,646	2,460
Advances received	1,351	1,192
Deposits received	61	65
Short-term debt to subsidiaries and associates	6,302	6,457
Provision for loss on construction contracts	122	160
Provision for loss on remove noncurrent assets	-	21
Commercial papers	4,000	6,000
Other current liabilities	1,354	1,447
Total current liabilities	38,702	34,775
Total liabilities	111,587	101,731
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	24,267	33,054
Total retained earnings	38,642	47,430
Treasury shares	(160)	(157)
Total shareholders' equity	51,273	60,064
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,573	3,195
Revaluation reserve for land	248	248
Total valuation and translation adjustments	2,822	3,444
Share acquisition rights	58	70
Total net assets	54,154	63,578
Total liabilities and net assets	165,741	165,310

Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Sales from gas business		
Gas sales	90,782	84,876
Revenue from interoperator settlement	123	136
Total sales on gas business	90,906	85,012
Cost of sales		
Beginning inventories	28	36
Cost of products manufactured	60,644	53,037
Costs of gas for own use	2,461	2,914
Ending inventories	36	29
Total cost of sales	58,174	50,131
Gross profit	32,731	34,881
Supply and sales expenses	23,326	24,944
General and administrative expenses	2,364	2,367
Profit on core business	7,040	7,570
Miscellaneous operating revenue		
Revenue from installation work	3,102	3,552
Other miscellaneous operating revenue	8,697	9,401
Total miscellaneous operating revenue	11,799	12,953
Miscellaneous operating expenses		
Installation work expenses	3,011	3,386
Other miscellaneous operating expenses	7,990	8,782
Total miscellaneous operating expenses	11,002	12,169
Revenue from incidental businesses	51,500	53,288
Expenses for incidental businesses	47,249	47,577
Operating profit	12,089	14,065
Non-operating income		
Interest income	41	38
Dividend income	227	260
Rental income	329	315
Trial operation income	59	92
Miscellaneous income	147	157
Total non-operating income	806	864
Non-operating expenses		
Interest expenses	111	96
Interest expenses on bonds	251	322
Amortization of bond issuance costs	74	-
Personnel transfer expenses	256	267
Inpairment loss	147	133
Burden charge payment	82	205
Miscellaneous expenses	43	27
Total non-operating expenses	968	1,053
Ordinary profit	11,927	13,876
Extraordinary income		
Reversal of special suspense account for reduction entry	408	-
Total extraordinary income	408	-
Profit before income taxes	12,335	13,876
Income taxes - current	3,629	3,995
Income taxes - deferred	(252)	(229)
Total income taxes	3,376	3,765
Profit	8,958	10,110