

Annual Securities Report

Fiscal Year	From April 1, 2024
(179th)	To March 31, 2025

HOKKAIDO GAS CO., LTD.

Annual Securities Report

1. This report is a printed version of the annual securities report prepared in accordance with Article 24, Paragraph 1 of the Financial Instruments and Exchange Act, using the electronic data processing system for disclosure (EDINET) specified in Article 27-30-2 of the same Act, with a table of contents and page numbers added.
2. This report includes the audit report attached to the annual securities report submitted by the above method and the internal control report and the confirmation letter submitted together with the above annual securities report, which are bound at the end of this report.

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[Document title]	Annual Securities Report
[Clause of stipulation]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 19, 2025
[Fiscal year]	179th Fiscal Year (April 1, 2024 to March 31, 2025)
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Part 1 [Company Information]

I. [Overview of Company]

1. [Key financial data]

(1) Key financial data of group

Fiscal Year	175th	176th	177th	178th	179th
Year End	March 2021	March 2022	March 2023	March 2024	March 2025
Net sales (Millions of yen)	118,161	126,957	174,840	173,885	170,295
Ordinary profit (Millions of yen)	5,456	7,303	13,395	15,883	14,428
Profit attributable to owners of parent (Millions of yen)	4,289	5,237	9,963	11,627	10,404
Comprehensive income (Millions of yen)	4,696	5,632	10,134	12,312	11,050
Net assets (Millions of yen)	54,234	59,195	67,996	79,001	88,486
Total assets (Millions of yen)	151,223	160,433	183,797	186,366	195,431
Net assets per share (Yen)	2,961.32	3,240.25	3,736.41	871.91	978.72
Basic earnings per share (Yen)	243.59	297.39	565.62	131.98	118.07
Diluted earnings per share (Yen)	242.93	296.45	563.55	131.46	117.57
Equity-to-asset ratio (%)	34.5	35.6	35.8	41.2	44.1
Return on equity (%)	8.5	9.6	16.2	16.3	12.8
Price earnings ratio (Times)	6.6	4.9	3.4	3.8	4.3
Cash flows from operating activities (Millions of yen)	22,399	19,713	6,695	31,677	29,832
Cash flows from investing activities (Millions of yen)	(10,249)	(11,105)	(22,561)	(16,755)	(20,059)
Cash flows from financing activities (Millions of yen)	(7,545)	(5,183)	9,032	(8,171)	(7,918)
Cash and cash equivalents at end of period (Millions of yen)	6,141	9,565	2,719	9,469	11,324
Number of employees (Persons)	1,425	1,459	1,476	1,536	1,563
[Number of temporary employees]	[600]	[607]	[610]	[589]	[492]

(Notes) 1. The number of employees represents the number of employed personnel.

- The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the 176th fiscal year, and the key financial data for the 176th fiscal year and beyond are based on the application of these accounting standards.
- The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. Net assets per share, basic earnings per share, and diluted earnings per share are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.
- Each item is calculated in accordance with the Financial Instruments and Exchange Act and related laws and regulations.
- The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, hereinafter the “Revised Accounting Standard of 2022”) and other standards have been applied from the beginning of the fiscal year ended March 31, 2025, and the key financial data for the fiscal year ended March 31, 2024 are presented after applying the relevant accounting standards retroactively. For the Revised Accounting Standard of 2022, the transitional treatment specified in the proviso of Paragraph 20-3 is applied, and for the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022), the transitional treatment specified in the proviso of Paragraph 65-2(2) is applied. As a result, the key financial data for the fiscal year ended March 31, 2025 are those calculated after applying the relevant accounting standards.

(2) Key financial data of reporting company

Fiscal Year		175th	176th	177th	178th	179th
Year End		March 2021	March 2022	March 2023	March 2024	March 2025
Net sales	(Millions of yen)	99,933	107,076	154,206	151,255	148,475
Ordinary profit	(Millions of yen)	3,761	5,961	11,927	13,876	12,965
Profit	(Millions of yen)	3,112	4,360	8,958	10,110	9,397
Share capital	(Millions of yen)	7,515	7,515	7,515	7,515	7,515
Total number of issued shares	(Thousands of shares)	17,737	17,737	17,737	17,737	88,689
Net assets	(Millions of yen)	41,995	46,068	54,154	63,578	71,481
Total assets	(Millions of yen)	134,816	142,624	165,741	165,310	174,945
Net assets per share	(Yen)	2,382.34	2,612.81	3,070.48	720.82	810.02
Dividend per share	(Yen)	50.00	60.00	70.00	80.00	55.00
[Interim dividend per share]	(Yen)	[25.00]	[30.00]	[30.00]	[35.00]	[45.00]
Basic earnings per share	(Yen)	176.78	247.63	508.57	114.76	106.65
Diluted earnings per share	(Yen)	176.30	246.85	506.71	114.31	106.20
Equity-to-asset ratio	(%)	31.1	32.3	32.6	38.4	40.8
Return on equity	(%)	7.7	9.9	17.9	17.2	13.9
Price earnings ratio	(Times)	9.1	5.9	3.8	4.4	4.7
Payout ratio	(%)	28.3	24.2	13.8	13.9	17.8
Number of employees		800	808	823	851	865
[Number of temporary employees]	(Persons)	[179]	[162]	[156]	[148]	[163]
Total shareholder return	(%)	107.1	102.4	137.4	180.5	186.7
[Comparison index: TOPIX (including dividends)]	(%)	[142.1]	[145.0]	[153.4]	[216.8]	[213.4]
Highest stock price	(Yen)	1,718	1,636	1,963	2,585	637 [3,785]
Lowest stock price	(Yen)	1,450	1,444	1,453	1,877	499 [2,502]

(Notes) 1. The number of employees represents the number of employed personnel.

2. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the 176th fiscal year, and the key financial data for the 176th fiscal year and beyond are based on the application of these accounting standards.
3. The dividend per share of 60 yen for the 176th fiscal year includes a commemorative dividend of 5 yen for the 110th anniversary of Hokkaido Gas Co., Ltd.
4. The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. Net assets per share, basic earnings per share, and diluted earnings per share are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024. The dividend per share for the fiscal year ended March 31, 2025 was 55.00 yen, consisting of an interim dividend of 45.00 yen and a year-end dividend of 10.00 yen. The dividend per share for the fiscal year ended March 31, 2025, calculated based on the standards after the stock split, was 19.00 yen.
5. The highest and lowest stock prices are those on the First Section of the Tokyo Stock Exchange prior to April 3, 2022, and those on the Prime Market of the Tokyo Stock Exchange on and after April 4, 2022.
6. The stock prices for the 179th fiscal year are the highest and lowest stock prices after the stock split, with the highest and lowest stock prices before the stock split shown in brackets.

7. Each item is calculated in accordance with the Financial Instruments and Exchange Act and related laws and regulations.
8. The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, hereinafter the “Revised Accounting Standard of 2022”) and other standards have been applied from the beginning of the fiscal year ended March 31, 2025, and the key financial data for the fiscal year ended March 31, 2024 are presented after applying the relevant accounting standards retroactively. For the Revised Accounting Standard of 2022, the transitional treatment specified in the proviso to Paragraph 20-3 is applied. As a result, the key financial data for the fiscal year ended March 31, 2025 are those calculated after applying the relevant accounting standards.

2. [History]

Date	History
July 1911	Hokkaido Gas Co., Ltd. was founded with 3 million yen of share capital (12th day)
September 1912	Gas distribution began in Sapporo, Otaru and Hakodate. Number of customers: 3,600
May 1949	Listed on the Tokyo Stock Exchange
March 1950	Listed on the Sapporo Stock Exchange
November 1961	Started conversion of gas sources from coal to petroleum-based raw materials
September 1963	Head office relocated from Tokyo to Sapporo
September 1965	Completed conversion of gas sources to petroleum-based raw materials
December 1967	Established KITAGAS Fuel Co., Ltd. (currently Kitagas Genex Co., Ltd.) in Sapporo (currently a consolidated subsidiary).
September 1969	Number of city gas customers exceeded 100,000
July 1972	Established KITAGAS Construction Co., Ltd. (currently Kitagas Z-Plex, Co., Ltd.) in Sapporo (currently a consolidated subsidiary).
April 1974	Established Kitagas Service Co., Ltd. in Sapporo (currently a consolidated subsidiary)
October 1974	Changed heat supply to the Sapporo area
March 1976	Transferred Hakodate Sales Branch to Shin-Hakodate City Gas Co., Ltd.
April 1986	Absorbed and merged with Shin-Hakodate City Gas Co., Ltd.
March 1993	Number of city gas customers exceeded 500,000
April 1996	Commenced introduction of natural gas
May 1996	Commenced conversion to natural gas in the Sapporo area
June 1997	Took over gas business of Chitose City
March 2002	Commenced conversion to natural gas in the Chitose area and completed in May 2002
June 2005	Completed conversion to natural gas in the Sapporo area Commenced conversion to natural gas in the Otaru area and completed in December 2005
September 2005	Established Energy Solution Co., Ltd. in Sapporo (currently a consolidated subsidiary)
February 2006	Hakodate Minato Plant began commercial operations Commenced conversion to natural gas in the Hakodate area and completed in December 2006
April 2006	Took over gas business of Kitami City
March 2009	Kitami LNG satellite facility began commercial operations Commenced conversion to natural gas in the Kitami area and completed in August 2009
April 2009	Acquired additional shares of Hokkaido Heat Supply Co., Ltd. (currently a consolidated subsidiary)
January 2010	New regional comprehensive channel brand “Kitagas Freast” began operations
June 2011	Established Hokkaido LNG Co., Ltd. in Sapporo (currently a consolidated subsidiary)
July 2011	The 100th Anniversary of Hokkaido Gas Co., Ltd.
November 2012	Ishikari LNG Terminal began operations
September 2013	Changed the standard calorific value of the gas (46.04655 MJ/m ³ to 45 MJ/m ³)
April 2015	Electric power distribution to some facilities of the Company and Group companies began
April 2016	Commenced electricity retail sales
October 2017	Established “Kitagas Freast Co., Ltd.” (currently a consolidated subsidiary) by integrating three consolidated subsidiaries of Kitagas Freast in the Sapporo area
March 2018	Number of electricity customers exceeded 100,000
October 2018	Kitagas Ishikari Power Plant began commercial operation
April 2019	The “46 Energy Center,” which distributes heat and electricity to the Kita 4 East 6 area of Sapporo, began operation
June 2019	Head Office relocated from Chuo-ku to Higashi-ku, Sapporo with the completion of the Kitagas Group Head Office Building
July 2019	Kitagas Sapporo Power Plant began commercial operation
November 2019	Commenced solar power generation (post-FIT) surplus electricity purchase service
March 2021	Hokkaido’s first acceptance of carbon-neutral LNG
June 2021	Number of electricity customers exceeded 200,000
April 2022	Transition from the First Section to the Prime Market due to the Tokyo Stock Exchange’s market classification review
June 2022	New Sapporo Energy Center began operation in the Shin-Sapporo station area development project
October 2023	Achieved sales of 50,000 units of Eco-Jozu energy-saving gas central water heating system (for detached houses) Release of the “Xzilla” information platform

3. [Description of business]

The main business activities of the Group (the Company, 11 subsidiaries, and 9 affiliated companies, totaling 21 companies), the position of each subsidiary and associate in relation to those business activities, and their relationship with the segments are as follows.

Gas

The Company produces, distributes, and sells gas mainly in Sapporo, Otaru, Hakodate, Chitose, and Kitami.

The Company outsources LNG shipping and transportation operations to Hokkaido LNG Co., Ltd. (a consolidated subsidiary), meter reading and other gas sales-related operations to Kitagas Service Co., Ltd. (a consolidated subsidiary), and safety and inspection operations related to gas distribution to Kitagas Freast Co., Ltd. (a consolidated subsidiary), Kitagas Freast North Co., Ltd. (an affiliate accounted for using equity method), Kitagas Freast Hakodate South Co., Ltd. (an affiliate accounted for using equity method), and Kitagas Freast Hakodate North Co., Ltd. (an affiliate accounted for using equity method).

Hokkaido LNG Co., Ltd. transports LNG and leases its LNG-related facilities to the Company.

Kushiro LNG Co., Ltd. (an affiliate accounted for using equity method) manages base operations at the Kushiro LNG Terminal, and the Company entrusts LNG to Kushiro LNG Co., Ltd.

Ishikari LNG Sambashi Co., Ltd. (an affiliate accounted for using equity method) leases its LNG receiving facilities to the Company.

Muroran Gas Co., Ltd. (an affiliate accounted for using equity method) distributes and sells gas mainly in Muroran.

Electricity

The Company generates and sells electricity in Hokkaido.

Kitagas Genex Co., Ltd. (a consolidated subsidiary) engages in the solar power generation business and sells electricity to the Company.

In addition, Tomakomai Biomass Power Co., Ltd. (an affiliate accounted for using equity method) engages in the wood biomass power generation business and sells electricity to the Company.

Energy-related

The Company and Kitagas Genex Co., Ltd. engage in the community gas utility business and LPG sales mainly in emerging housing complexes in and around Sapporo and Hakodate.

In addition, Kitagas Genex Co., Ltd. outsources the delivery of LPG cylinders to Energy Supply Co., Ltd. (an affiliate accounted for using equity method).

Similarly to “gas,” the Company outsources meter reading and other operations related to the community gas utility business and LPG sales to Kitagas Service Co., Ltd., while Kitagas Genex Co., Ltd. outsources safety and inspection operations related to the community gas utility business and LPG sales to Kitagas Freast Co., Ltd. and Kitagas Freast North Co., Ltd., respectively.

The Company, Kitagas Genex Co., Ltd. and Muroran Gas Co., Ltd. conduct gas connecting construction work.

Kitagas Z-Plex Co., Ltd. (a consolidated subsidiary) conducts gas piping construction work ordered by the Company and Kitagas Genex Co., Ltd., as well as construction and civil engineering work.

In addition, the Company and Kitagas Genex Co., Ltd. sell and lease gas appliances, and provide wholesale of gas appliances to Kitagas Freast Co., Ltd., Kitagas Freast North Co., Ltd., Kitagas Freast Hakodate South Co., Ltd., and Kitagas Freast Hakodate North Co., Ltd.

The Company operates a business distributing cooling and heating energy in the areas around the Kita 4 East 6 area and Shin-Sapporo Station in Sapporo.

Energy Solution Co., Ltd. (a consolidated subsidiary) operates energy service businesses, etc. using gas distributed by the Company.

Hokkaido Heat Supply Co., Ltd. (a consolidated subsidiary) produces and distributes cold and hot water, steam, and electricity using gas distributed by the Company.

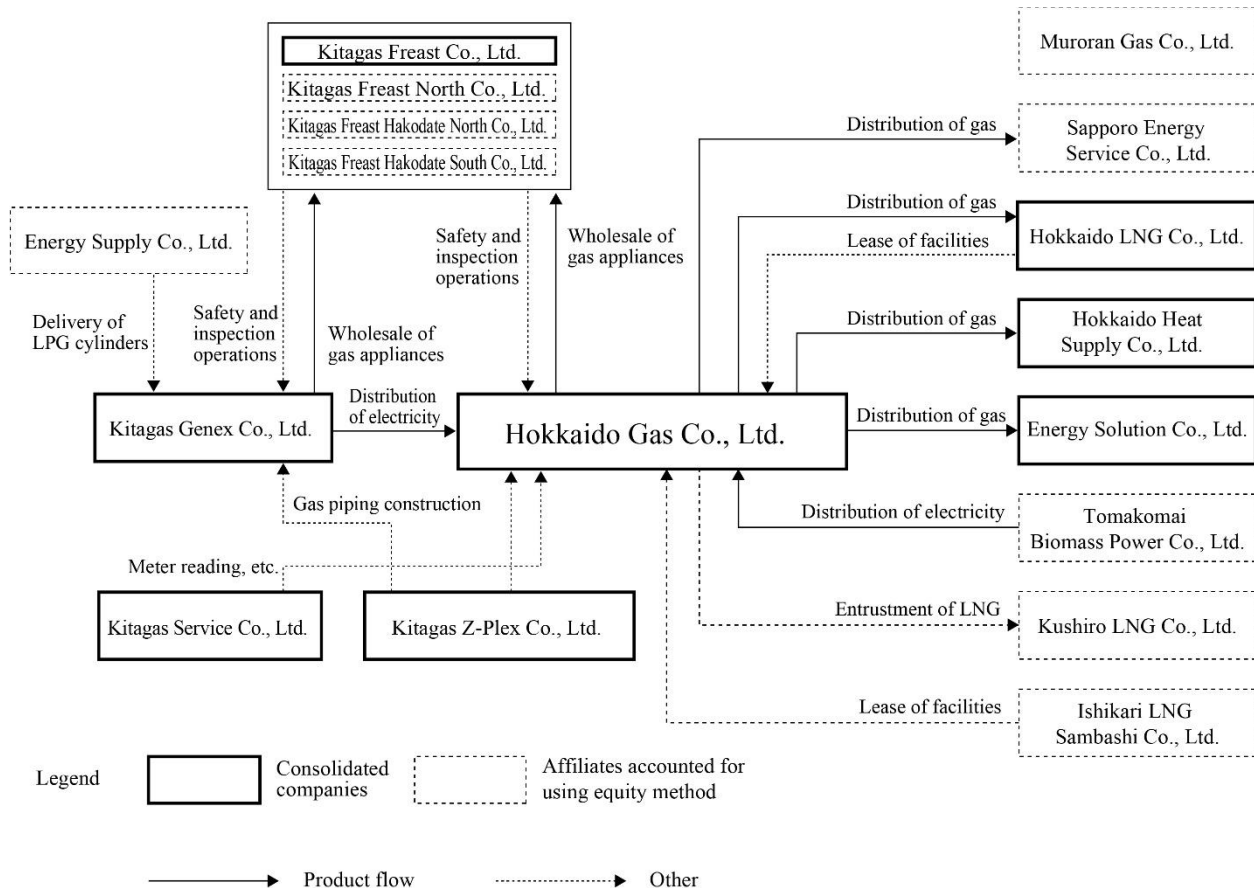
Sapporo Energy Service Co., Ltd. (an affiliate accounted for using equity method) distributes cold water, steam, and other heat using gas distributed by the Company.

Other

Kitagas Service Co., Ltd. engages in business support services and sales of system equipment, in addition to services outsourced from the Company.

Kitagas Z-Plex Co., Ltd. engages in the real estate business.

The business structure chart is as follows.



(Note) In addition to the companies listed in the above business structure chart, the Group has four non-consolidated subsidiaries that are not accounted for using the equity method.

4. [Subsidiaries and associates]

Name	Location	Share capital or investments in capital (Millions of yen)	Main business	Ratio of voting rights ownership/owned (%)	Relationship
(Consolidated subsidiaries)					
Kitagas Genex Co., Ltd.	Higashi-ku, Sapporo, Hokkaido	80	Electricity Energy-related Other	100.0	In addition to the solar power generation business, it engages in the sale of LPG cylinders to the Company, etc. Concurrent officers, etc.: 3 concurrent positions, 2 seconded
Kitagas Service Co., Ltd.	Higashi-ku, Sapporo, Hokkaido	46	Gas Other	100.0	It engages in meter reading services outsourced from the Company and the business support services. Concurrent officers, etc.: 2 concurrent positions, 3 seconded
Kitagas Z-Plex Co., Ltd.	Shiroishi-ku, Sapporo, Hokkaido	300	Energy-related	100.0	It engages in the construction of gas facilities and gas distribution pipelines ordered by the Company. Concurrent officers, etc.: 1 concurrent position, 5 seconded
Energy Solution Co., Ltd.	Higashi-ku, Sapporo, Hokkaido	350	Energy-related	100.0	It engages in the energy services business, etc., using gas distributed by the Company. Concurrent officers, etc.: 2 concurrent positions, 3 seconded
Hokkaido Heat Supply Co., Ltd. (Note 3)	Higashi-ku, Sapporo, Hokkaido	3,025	Energy-related	78.51	It engages in producing and distributing cold and hot water, steam, and electricity using gas supplied by the Company. Concurrent officers, etc.: 3 concurrent positions, 3 seconded
Hokkaido LNG Co., Ltd. (Note 3)	Higashi-ku, Sapporo, Hokkaido	2,000	Gas	70.0	It engages in the transportation of LNG outsourced from the Company and the leasing of facilities to the Company. Concurrent officers, etc.: 3 concurrent positions, 2 seconded
Kitagas Freast Co., Ltd.	Toyohira-ku, Sapporo, Hokkaido	23	Energy-related	100.0	It engages in the sale of gas appliances, etc. through wholesale from the Company. Concurrent officers, etc.: 2 concurrent positions, 4 seconded
(Affiliates accounted for using equity method)					
Energy Supply Co., Ltd.	Kitahiroshima, Hokkaido	80	Energy-related	40.0 (30.0)	It engages in the delivery of LPG cylinders. Concurrent officers, etc.: 1 concurrent position, 1 seconded
Sapporo Energy Service Co., Ltd.	Chuo-ku, Sapporo, Hokkaido	200	Energy-related	30.0	It engages in distributing cold water, steam, and other heat using gas distributed by the Company. Concurrent officers, etc.: 1 seconded
Kitagas Freast North Co., Ltd.	Higashi-ku, Sapporo, Hokkaido	37	Energy-related	34.0	It engages in the sale of gas appliances, etc. through wholesale from the Company. Concurrent officers, etc.: 2 seconded
Kitagas Freast Hakodate South Co., Ltd.	Hakodate, Hokkaido	25	Energy-related	34.0	It engages in the sale of gas appliances, etc. through wholesale from the Company. Concurrent officers, etc.: 3 seconded
Kitagas Freast Hakodate North Co., Ltd.	Hakodate, Hokkaido	25	Energy-related	34.0	It engages in the sale of gas appliances, etc. through wholesale from the Company. Concurrent officers, etc.: 3 seconded
Tomakomai Biomass Power Co., Ltd.	Tomakomai, Hokkaido	100	Electricity	20.0	It engages in the sale of electricity to the Company. Concurrent officers, etc.: 1 seconded
Kushiro LNG Co., Ltd.	Kushiro, Hokkaido	10	Gas	50.0	It is entrusted with LNG by the Company. Concurrent officers, etc.: 2 concurrent positions, 1 seconded
Ishikari LNG Sambashi Co., Ltd.	Higashi-ku, Sapporo, Hokkaido	240	Gas	50.0	It engages in leasing equipment to the Company. Concurrent officers, etc.: 2 concurrent positions, 1 seconded
Muroran Gas Co., Ltd.	Muroran, Hokkaido	132	Gas	39.9	It engages in gas distribution, sale, gas facility construction, and gas distribution pipeline construction. Concurrent officers, etc.: 1 concurrent position, 4 seconded

- (Notes)
1. “Main business” column represents the names of the segments.
 2. The entry in parentheses in “Ratio of voting rights ownership/owned” column indicates indirect ownership.
 3. It is a specified subsidiary company.
 4. There are no companies that have filed the securities registration statement or the annual securities report.

5. [Employees]

(1) Information about group

As of March 31, 2025

Name of segment	Number of employees (Persons)
Gas	752 (283)
Electricity	62 (13)
Energy-related	590 (152)
Other	47 (23)
Corporate (shared)	112 (21)
Total	1,563 (492)

(Note) The number of employees represents the number of employed personnel, and the number of temporary employees is shown in parentheses.

(2) Information about reporting company

As of March 31, 2025

Number of employees (Persons)	Average age (Years)	Average length of service (Years)	Average annual salary (Thousands of yen)
865 (163)	40.6	18.6	7,220

Name of segment	Number of employees (Persons)
Gas	656 (119)
Electricity	60 (13)
Energy-related	37 (10)
Other	– (–)
Corporate (shared)	112 (21)
Total	865 (163)

(Notes) 1. The number of employees represents the number of employed personnel, and the number of temporary employees is shown in parentheses.

2. Average annual salary includes bonuses and non-standard wages. Employees in managerial positions are included in the calculation.

(3) Labor unions

- a. Name Hokkaido Gas labor union, Kitagas Genex labor union, Kitagas Service labor union, Kitagas Z-Plex labor union
- b. Superior organization The Federation of Gas Workers' Unions of JAPAN (excluding Kitagas Z-Plex labor union)
- c. Number of union members 1,070 members as of March 31, 2025
- d. Special matters Labor-management relations are progressing smoothly. There are no special matters.

(4) Ratio of female employees in managerial positions, ratio of male employees taking childcare leave and differences in wages between male and female employees

(i) Reporting company

Fiscal year ended March 31, 2025					Supplemental explanation
Ratio of female employees in managerial positions (%) (Note 1)	Ratio of male employees taking childcare leave (%) (Note 2)	Differences in wages between male and female employees (%) (Note 1)			
		All employees	Regular employees	Part-time and fixed-term employees	
1.7	85.7	67.0	67.7	56.7	Differences in wages between male and female employees aged 30 and under All employees: 84.1% Regular employees: 84.5% Part-time and fixed-term employees: 78.1%

(Notes) 1. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. Ratio of employees taking childcare leave is calculated as set forth in Article 71-6, item (1) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

(ii) Consolidated subsidiaries

Fiscal year ended March 31, 2025				
Name	Ratio of male employees taking childcare leave (%) (Note 2)	Differences in wages between male and female employees (%) (Note 1)		
		All employees	Regular employees	Part-time and fixed-term employees
Kitagas Service Co., Ltd.	—	63.9	95.9	100.9
Kitagas Freast Co., Ltd.	85.7	79.6	79.1	89.6

(Notes) 1. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. Ratio of employees taking childcare leave is calculated as set forth in Article 71-6, item (1) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

II. [Overview of Business]

1. [Management policy, business environment, issues to address]

Matters in the text concerning the future are based on the judgment of the Group as of March 31, 2025.

The business environment surrounding the Group remains uncertain due to prolonged geopolitical risks, policy trends in the United States, and the trend toward carbon neutrality, etc.

The Group is promoting measures under the Kitagas Group Business Plan “Challenge 2030,” which sets 2030 as the midpoint, with sights set on the carbon-neutral era after 2050. FY2025 is the first year of Phase 2. We will evolve the measures implemented in Phase 1, while responding to environmental changes, and continue to implement the three main policies to realize “Creating a Comfortable Society through Optimization of Energy and Environment.”

<Basic approach to the Kitagas Group Business Plan “Challenge 2030”>

Challenge 1

Looking ahead to a carbon-neutral era beyond 2050, we position 2030 as the midpoint and will strive for further growth of the Kitagas Group and prepare for a decarbonized society by exploring all measures and possibilities based on energy conservation.

Challenge 2

With increasing resource and environmental constraints, we will strive to quantify and monetize energy savings through digitization based on the establishment of next-generation platforms, promote the development of total energy service business through the utilization of demand-side data, and build a solid business foundation that creates value without relying on volume expansion.

Challenge 3

Through cooperation with local governments, etc., we will work to utilize local resources with the full force of the Kitagas Group, and pursue expansion throughout Hokkaido and new business opportunities.

Challenge 4

We will break away from conventional practices, eliminate inefficiencies and irrationalities, pursue what is best for the business, and maximize the utilization and functionality of DX to carry out operational reforms.

Challenge 5

As human resources who will lead the next generation, we will promote human resource development throughout the Kitagas Group, including building practical and highly skilled professional groups through the acquisition of qualifications, etc. and fostering human resources who will promote DX, with the aim of strengthening the Kitagas Group’s functions.

Challenge 6

To prepare for rapid and flexible responses to sudden changes in society and economy, as well as disasters, we will establish a foundation for faster and clearer decision-making by developing preparations into our daily operations through the utilization of DX.

<Three main policies>

I. Create distributed society through the evolution of total energy service business

In addition to acquiring gas customers, which form the foundation of the business, we have steadily increased the number of electricity customers through group-wide efforts. We have also achieved results in LNG sales by actively capturing new demand, such as for ships. In the 7th Strategic Energy Plan, natural gas is positioned as an important energy source. In Phase 2, we will promote the further expansion of natural gas use, which contributes to carbon neutrality, and the standardization of energy management systems.

■ Expansion of natural gas use

We will deepen area marketing, promote the conversion of fuel to natural gas within city gas distribution areas, and implement LNG bunkering supply (supply of LNG as marine fuel) with the aim of further expanding demand and increasing our energy share.

■ Standardization of energy management systems

We will evolve and develop a home energy management system EMINEL and create a new model that can be introduced in housing complexes. We will strive to expand energy conservation through the standardization of energy management systems, while also working on demand response through interactive communication to pursue the optimization of energy use.

■ Commercial-scale introduction of gas smart meters

We will begin commercial-scale introduction of gas smart meters that enable remote shut-off, meter reading, initial safety measures, etc. to improve customer convenience, safety, and resilience.

II. Challenges to carbon neutral

In Phase 1, we have steadily accumulated know-how on creating and utilizing environmental value throughout Hokkaido by promoting the development of renewable power sources and regional cooperation. We will continuously aim to establish business models that deliver environmental value to customers, such as local production and consumption of renewable power sources, while promoting measures for next-generation technologies toward the realization of carbon neutrality in the future.

■ Acceleration of developing renewable power sources

We will strive to improve the efficiency of power source development and maximize the value of power sources by utilizing the knowledge and power generation data obtained in Phase 1. We will also promote the in-house development of large capacity high-voltage solar power and onshore wind power generation while utilizing the FIP system, subsidies, etc.

■ Creation and utilization of credit in cooperation with local communities

We will provide comprehensive management of regional environmental value creation, management, and utilization, resolve various issues such as administrative procedures related to environmental value creation and securing users, and support local production and consumption of energy and environmental value.

■ Demonstration of next-generation technologies for future carbon neutrality

We are participating in a joint demonstration of a methanation facility with Saibu Gas Co., Ltd., etc. at the Hibiki LNG Terminal (in Fukuoka Prefecture). We will obtain operational knowledge through the operation of this methanation facility.

III. Leverage digital technologies to achieve business structure reforms

In Phase 1, we released the Xzilla information platform in 2023 and completed the development of an important foundation for business structure reforms. In addition, we renewed the membership website TagTag in 2024 to further enhance interactive communication with customers. In the future, we will continue to promote fundamental reforms in the business structure through the utilization of Xzilla, which connects all data related to digital technology and business, improve customer service and establish a high value-added business foundation.

■ Maximizing the utilization of the Xzilla information platform and transforming the business structure

We will expand the systems linked to Xzilla to connect all big data related to business, and analyze and utilize this data to improve customer service and transform business processes centered on labor-intensive operations. We will strive to reform the business structure to make it sustainable and robust, and promote the creation of human resources and their assignment to strategic areas.

In addition to the above, we will actively work to expand investment in human capital. We will strive to secure diverse human resources and enhance the Company's sustainable competitiveness through initiatives such as the establishment of the personnel treatment systems that maximizes various abilities of employees, the recruitment of diverse human resources, the expansion of career opportunities for women, the promotion of senior human resources through extended retirement ages, and work style reforms, as well as the implementation of training programs for DX human resources, further diversification of various training programs, and provision of career support.

In order to ensure the safe, secure, and stable distribution of energy, which is the core of the Company's business, we will consider infrastructure development in the Tomakomai area, where energy infrastructure is concentrated. In response to new demand driven by industrial hubs in sectors such as semiconductors, as well as expanding demand resulting from the accelerated transition of fuel sources by carbon neutralization and low carbon, we will enhance the supply security of Hokkaido's overall natural gas supply chain. In addition, we will consider the construction of a new LNG terminal with a view to establishing demonstration fields for future e-methane introduction, etc.

○ Target management indicators (Challenge 2030)

Item	Target (FY2030)
Consolidated net sales	200.0 billion yen
Consolidated operating profit	16.0 billion yen
Consolidated interest-bearing liabilities	50.0 billion yen level
Equity-to-asset ratio	More than 50%

2. [Disclosure of sustainability-related financial information]

The Group's approach to and initiatives for sustainability are as follows. Matters in the text concerning the future are based on the judgment of the Group as of March 31, 2025.

Governance

The Group, which operates an energy services business, conducts business activities with continuous awareness of climate change-related risks and revenue opportunities. We confirm the impact and status of activities at the Management Meeting and submit important matters to the Board of Directors or the Executive Meeting.

Strategy

In the Kitagas Group Business Plan "Challenge 2030," we will promote the following initiatives as key strategies under the policy to prepare for a decarbonized society by exploring all measures and possibilities based on energy conservation.

- Creation of distributed society through the evolution of total energy service business and establishment of an energy model with local production and consumption in cooperation with local communities
- Challenges to carbon neutral
- Leverage digital technologies to achieve business structure reforms

We will promote total energy services to achieve thorough energy conservation, expand the introduction of renewable power sources, utilize local resources, and develop next-generation technologies such as hydrogen and methanation, in order to lead the way in the decarbonization of Hokkaido.

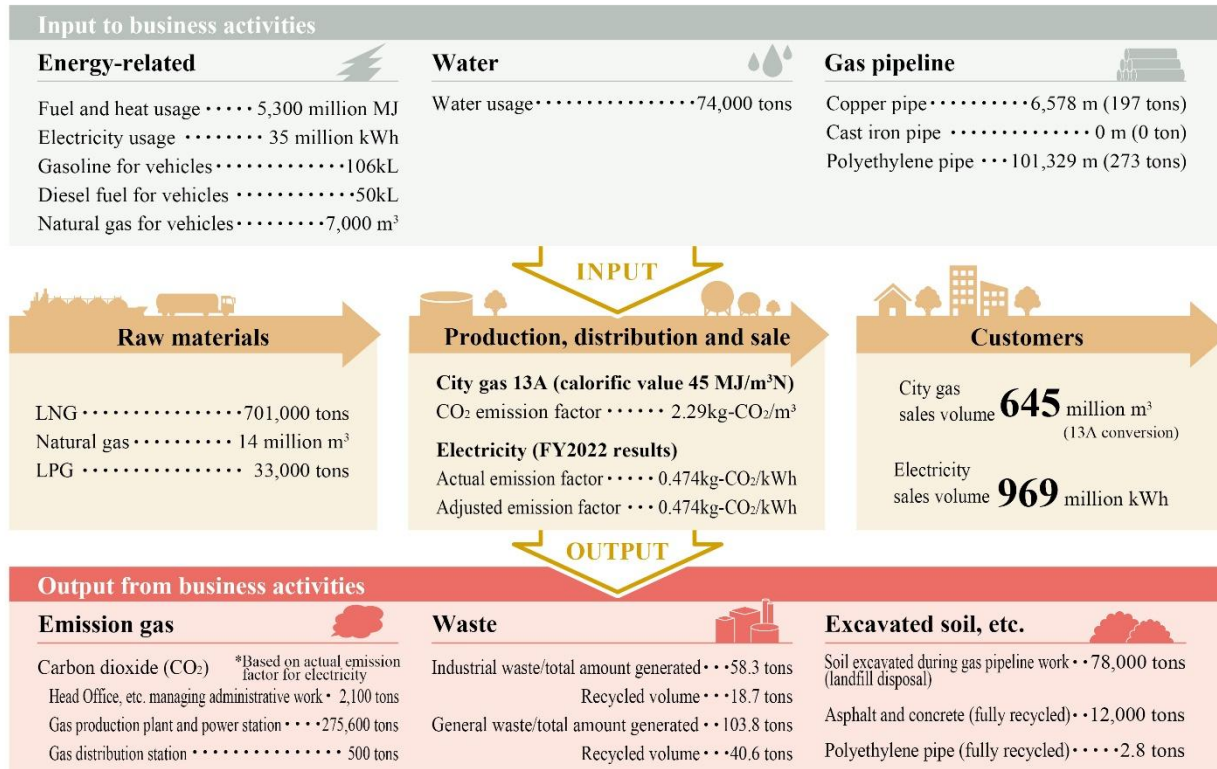
Risk management

The Group identifies and evaluates risks involving climate change, such as natural disasters and temperature effects, as one of the business risks. Each department and group company considers measures to reduce risks, conducts monitoring, reports to the Management Meeting, and submits important risks to the Board of Directors or the Executive Meeting.

Metrics and targets

Under the Kitagas Group Business Plan “Challenge 2030,” we are promoting initiatives toward a target for CO₂ avoided emissions of 1.40 million tons in FY2030. The result of CO₂ emissions for SCOPE 1 to 3 for the Group in FY2023 was approximately 3 million tons.

Environmental impact of business activities (FY2023 results, non-consolidated)



CO₂ emissions by category (FY2023 results, total of the Kitagas Group)

Category	Description	CO ₂ emission
SCOPE 1	Direct emissions from the use of gas, etc. in production plants, power stations, and offices	336,000 tons
SCOPE 2	Indirect emissions from the use of electricity, heat, etc. supplied by other companies	19,000 tons
SCOPE 3	Indirect emissions other than the above: emissions from LNG extraction, liquefaction, and transportation, gas usage at customer sites, etc.	2,645,000 tons

Basic policy on human capital

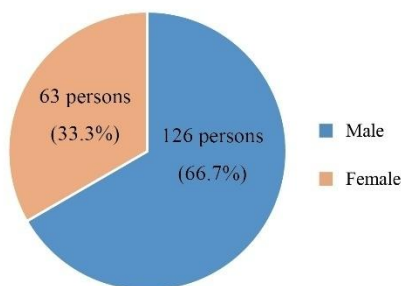
- (i) We respect diversity in terms of age, gender, individual living environment, etc., and will actively work to develop the personnel treatment systems that enable employees to demonstrate their abilities fully, recruit diverse human resources, and reform work styles.
- (ii) Through the diversification of training programs for the continuous improvement of employee skills and career support, we will facilitate the growth of employees toward our ideal human resources who “feel,” “think,” and “act” the Company aims for, and enhance sustainable corporate competitiveness.

Strategies, metrics, and targets related to human capital

(i) Promoting the participation of women

Hokkaido Gas Co., Ltd., the reporting company, has been actively recruiting female new graduates. As a result, the percentage of female employees has increased from 15.3% in FY2019 to 17.2% in FY2024. In addition, we have been actively assigning female employees to technical workplaces, where female employees have traditionally been a minority, in order to expand their career opportunities. Furthermore, we are promoting various initiatives aimed at improving skills, such as enhancing education and training to support female employees’ career development, and we will continue to promote the appointment of female employees to managerial positions.

■ Gender ratio of new graduates hired in the last five years



■ Gender ratio of employees aged 30s and under (trend)

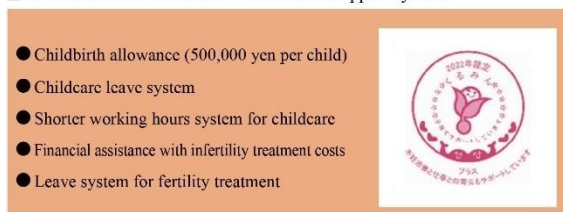


(ii) Promoting diverse work styles

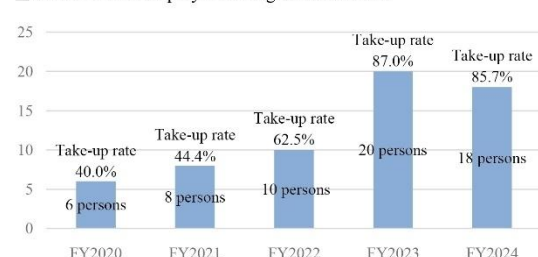
Hokkaido Gas Co., Ltd., the reporting company, has been enhancing our systems and environment creation to enable employees to balance childcare and work with peace of mind through facilitating the use of maternity leave and childcare leave, etc. We have been accredited by the Minister of Health, Labour and Welfare as a company that supports childcare (Kurumin certification) twice. Additionally, in July 2022, we became the first company in Hokkaido to obtain the Kurumin Plus certification, a new certification system established for companies that meet the Kurumin certification criteria and are working to develop an environment that makes it easier to balance infertility treatment and work.

Furthermore, we have been working to develop an environment that makes it easier to take childcare leave through conducting interviews with male employees to mitigate their concerns about childcare and leave, and to help them develop their careers, etc. As a result, the ratio of male employees taking childcare leave has steadily increased.

■ Enhancement of childbirth and childcare support systems



■ Status of male employees taking childcare leave



(iii) Human resource development and ability development

Hokkaido Gas Co., Ltd., the reporting company, has established the basic policy for human resource development, which is to maximize the development and demonstration of each employee’s abilities by linking “evaluation,” “training,” and

“development and interviews,” and to promote human resource development in a consistent manner. In 2022, we revised the personnel treatment systems with the aim of improving the knowledge level of employees. We are working to develop the abilities of employees while raising their motivation through treatments such as providing allowances for major qualifications.

3. [Business risks]

The following risks may affect the operating results and financial position of the Group. Matters in the text concerning the future are based on the judgment of the Group as of March 31, 2025.

(1) Risks caused by disasters and accidents

(i) Unforeseen events related to raw material procurement

When unforeseen events occur and prevent the procurement of raw materials such as LNG and natural gas for an extended period of time, there is a possibility that the distribution of city gas and electricity may be disrupted.

LNG, which is the majority of raw materials, is imported from overseas. However, as we are diversifying the suppliers through portfolio contracts that do not specify supply sources under multiple long-term contracts, this enables us to secure alternative procurement even in the event of problems with supply projects or LNG ships. In addition, we have established an emergency shared procurement system and combined it with rapid spot procurement to achieve more stable and flexible LNG procurement.

(ii) Natural disasters

When production facilities in LNG terminals, etc. or distribution facilities such as gas pipelines are damaged due to large-scale natural disasters, there is a possibility that the distribution of city gas may be disrupted. In addition, when unforeseen large-scale power outages occur, there is a possibility that the production and distribution of city gas may be disrupted. Furthermore, when there is a problem with the Company's power generation facilities, it will be necessary to procure electricity from the market, and there is a possibility that the costs associated with this may affect electricity income and expenses.

The Group has established a business continuity plan (BCP) to minimize the increasingly diverse and complex risks of business disruption. We are also implementing measures to minimize the impact of disasters by improving the earthquake resistance of production and distribution facilities, etc., implementing tsunami countermeasures, and strengthening the power outage response capabilities through the development of self-power generation facilities in emergencies.

(iii) Problems with gas production and distribution facilities

When there are problems or accidents such as leaks or malfunctions in city gas production or distribution facilities, resulting in disruption of city gas distribution or damage to customers, there is a possibility that, in addition to the incurrence of direct and indirect costs required for response, our performance may be affected due to a decline in social credibility, etc.

In addition to regular equipment inspections and renewal, the Group is working on measures to minimize the impact of unforeseen events, such as backup measures for production facilities, dual power sources for facilities and maintenance of piping networks.

In addition, we have formulated a business continuity plan (BCP) to prepare for large-scale disasters and supply disruptions. We have also established a supply disaster prevention center with high business continuity, where specialized employees are available 24 hours a day, 365 days a year to handle security commands for the entire company. Through the systematic implementation of various security measures and education and training programs, we strive to prevent gas accidents and secondary disasters.

(iv) Problems with gas consumption equipment or facilities

When a serious malfunction in gas consumption equipment or facilities occurs, there is a possibility that, in addition to the incurrence of direct and indirect costs required for response, this may affect operating income and expenses due to a decline in social credibility, etc.

The Group is working to enhance safety by improving the quality of gas equipment safety inspections for customers, facilitating the replacement of equipment with safer models and the installation of alarm devices, and raising awareness of the safe use of gas appliances.

(v) Outbreak of infectious diseases

There is a possibility that the spread of infectious diseases may temporarily suspend business operations and affect business activities and income and expenses. In addition, when the impact continues over a long period of time, there is a possibility that it may become difficult to produce and distribute city gas, and maintain security systems, and may also cause complex effects such as a decrease in sales volume, supply chain stagnation, and delays in collections of receivables.

Based on the Business plan for measures against new influenza, etc., the Group is working to minimize the risk of business interruption by adopting measures to enable business continuity even in the event of spreading infectious diseases in Japan or overseas.

(2) Risks associated with business execution

(i) Risks associated with changes in policies, regulations, etc. related to energy and environment

When national policies or regulations related to energy or environment are changed, there is a possibility that the Group's operating results may be affected by the loss of customers due to intensified market competition or the incurrence of costs required to comply with regulations, etc. In addition, if we fail to respond appropriately to social trends toward decarbonization and customer needs, there is a possibility that the operating results may be affected by a decline in our competitiveness in the market.

With an eye toward a carbon-neutral future, the Group strives to maintain close dialogue with customers and relevant organizations in order to accurately understand the needs of customers in addition to environmental changes including national policies, regulations, and industry trends. In addition, in order for us to be chosen by customers, the Group is developing a total energy service business that meets the requirements of society, including the promotion of energy conservation through the advanced use of digital technology and collaboration with customers, the expansion of renewable power sources such as solar and wind power, the utilization of local resources through collaboration with local governments, and initiatives for next-generation technologies such as hydrogen and methanation.

(ii) Fluctuations in procurement prices of raw materials

If raw material prices fluctuate due to changes in crude oil prices, exchange rates, market prices, etc., there is a possibility that this may affect operating results. When sales contracts of LNG, the main raw material for city gas, are linked to crude oil prices, there is a possibility that fluctuations in crude oil prices may affect operating results. In addition, when the relevant purchase and sales contracts are denominated in foreign currencies, there is a possibility that foreign exchange fluctuations may affect operating results.

However, even if raw material prices fluctuate, the fuel cost adjustment system to be applied will reflect the fluctuation in gas charges. Therefore, the impact on operating results will be insignificant in the medium to long term.

Similarly in the electricity business, there is a possibility that fluctuations in power procurement prices may affect operating results. The Group avoids procurement risks by utilizing in-house power sources and diversifying power suppliers, and strives to reduce power procurement costs.

(iii) Fluctuations in gas demand due to temperature effects

Since the majority of the Group's net sales are gained from the sale of city gas and LNG, there is a possibility that when gas demand changes beyond assumptions due to deviations in temperature from average levels, etc., it may affect the operating results. In particular, in Hokkaido, a snowy and cold region, demand increases from winter to early spring, and therefore the impact of temperature changes during this period on the operating results is likely to increase.

The Group is working to mitigate the impact of temperature on operating results through strengthening sales of gas for industrial use and cogeneration, which are less susceptible to weather conditions, expanding the energy share through total energy services, providing added value, etc.

(iv) Delay in product and technology development

We are developing products and next-generation energy technologies that are suitable for snowy and cold regions and contribute to energy conservation and CO₂ reduction. However, there is a possibility that delays in development may affect operating results.

The Group strives to understand customer needs, product issues, and changes in the social environment through regular questionnaire surveys to gather customer feedback on product usability and requests, measurement of data on the status of equipment usage, collection of various information on market conditions, etc. Based on these understandings, in order to launch new products and technologies on the market at the appropriate time without delay, we work closely with development manufacturers and local universities with sharing roadmaps for the next few years, and plan and develop products and technologies.

(v) Impact of capital investment

Due to the nature of infrastructure businesses, there is a possibility that large-scale capital investments aimed at expanding the scope of business or increasing the volume of production may cause increased expenses and temporarily affect operating results. In addition, when the capital investment does not produce the expected results due to changes in economic conditions, etc. afterward, there is a possibility that the degree of dependence on interest-bearing liabilities may increase.

When implementing investments, the Group conducts thorough risk and business feasibility assessments in advance, and then makes investment decisions based on comprehensive management judgments after consultation with the Management Meeting, Executive Meeting, and Board of Directors.

(vi) Impact of financing and asset management

When the environment for financing and asset management deteriorates due to economic or financial turmoil, there is a possibility that it may affect the financial situation, etc.

The Group is diversifying the sources of financing and pension asset management. In addition, for interest-bearing liabilities, we make preparations to limit interest rate risk during the borrowing period by making it long-term fixed financing.

(vii) Compliance violations

When there is inappropriate conduct in light of laws and regulations or the Articles of Incorporation, or conduct contrary to corporate ethics or social norms, there is a possibility that not only direct costs required for response, but also tangible and intangible losses such as a decline in social credibility may be incurred, which may affect the operating results of the Group.

The Group has established the Kitagas Group Ethics Policy and the Kitagas Group Code of Conduct as its basic principles for ethics and legal compliance, and is working to improve compliance throughout the Group through education and awareness programs. In addition, we strive to comply with the Gas Business Act and other relevant laws and regulations by quickly understanding legal revisions, establishing a system for sharing such information within the Company, and strengthening cooperation with our legal advisors. Furthermore, we conduct internal audits to confirm that operations are being executed appropriately.

(viii) Credit problems or accidents involving business partners

When there is bankruptcy or accidents at business partners, there is a possibility that receivables may become uncollectible and business disruptions may occur, which may affect operating results.

The Group thoroughly conducts credit management including credit investigation at the start of a transaction.

(3) Risks related to information management and system operation

(i) IT system and communication line malfunctions

When IT system or communication line malfunctions cause errors in business operations or business stagnation, there is a possibility that tangible and intangible losses are incurred. In particular, contracts, fee calculations, and receivables related to the distribution of gas and electricity, which account for a large portion of net sales, are managed by IT systems, and there is a possibility that malfunctions in these systems may affect the Group's operating results.

When constructing IT systems, we define system development standards and conduct system design, programming, testing, evaluation, etc. in accordance with these standards to maintain and improve the quality of IT systems.

In addition, the IT system servers are installed in facilities that have excellent earthquake-resistant and power supply, without the risk of tsunami, and data is backed up daily to ensure early recovery in the event of a malfunction.

Furthermore, communication facilities among major bases, including Group companies, are redundant to prevent communication interruptions in the event of a failure. In addition, even if communication facilities become unavailable for any reason, we have prepared routes that allow secure access from outside using Internet lines.

(ii) Leakage of personal information and other internal information

The Group possesses many personal information, including customer information, and confidential business information. When such internal information is leaked outside the Group in an inappropriate manner, there is a possibility that not only direct costs required for response, but also tangible and intangible losses such as a decline in social credibility may be incurred, which may affect the operating results of the Group.

The Group has developed various rules and regulations related to information management and has established an information security promotion system covering the entire Group. We are working to prevent the leakage of personal information, etc. and minimize the impact of any incidents through education and awareness-raising regarding information security, workplace checks regarding information management, implementation of systematic measures, etc.

(iii) Cyber attack

Cyber attacks are becoming increasingly complex and advanced. When countermeasures are not sufficient, there is a possibility that it may result in the suspension or malfunction of core systems, leakage of internal information, etc., which may not only cause stagnation in business operations and customer service, but also cause tangible and intangible losses such as a decline in social credibility, which may affect the operating results of the Group.

The Group implements measures against cyber attacks by conducting various systematic security measures and incident response drills, as well as reviewing defensive measures by confirming information security vulnerabilities as necessary. In addition, in order to prepare for attacks targeting the supply chain, we are working with business partners to reduce risks by conducting initiatives to improve security, particularly with those who hold large amounts of information.

Furthermore, we have established the Kitagas Group CSIRT (Computer Security Incident Response Team) as a system to respond to accidents caused by information systems and infrastructure, and have a system in place to minimize damage in the event of information leakage.

4. [Management analysis of financial position, operating results and cash flows]

The following is an overview of the financial position, operating results, and cash flows (hereinafter the “operating results, etc.”) of the Group (the Company, consolidated subsidiaries, and entities accounted for using equity method) for the fiscal year ended March 31, 2025, as well as the assessment, analysis, and review of the operating results, etc. from the management perspective.

Matters in the text concerning the future are based on the judgment of the Group as of March 31, 2025.

(1) Operating results

During the fiscal year ended March 31, 2025, the business environment surrounding the Group was characterized by sluggish growth in personal consumption amid rising prices, while the domestic economy continued to recover gradually due to improvements in wages and employment conditions and robust demand from foreign visitors to Japan. On the other hand, the prolonged geopolitical risks, policy trends in the United States, and the trend toward decarbonization had a significant impact on the energy situation, and the situation remains uncertain.

Under these circumstances, the Group has been promoting the spread of its unique energy management system, expanding local production and consumption of energy in collaboration with local governments in Hokkaido, developing power sources that utilize renewable energy, and promoting DX (digital transformation) initiatives, including the development of an information sharing platform, with the aim of “Creating a Comfortable Society through Optimization of Energy and Environment.”

Consolidated net sales were 170,295 million yen, a 2.1% decrease compared to the previous corresponding period, due to lower unit selling prices under the fuel cost adjustment system, despite an increase in gas sales volume and an increase in the number of residential customers and sales volume in the electricity business.

Ordinary profit was 14,428 million yen, a 9.2% decrease compared to the previous corresponding period, due to an increase in expenses related to the strengthening of digital infrastructure, etc., despite an increase in gas sales volume and an increase in residential sales volume in the electricity business. Profit attributable to owners of parent was 10,404 million yen, a 10.5% decrease compared to the previous corresponding period.

The consolidated results of the Group are subject to seasonal fluctuation factors in that a large amount of sales are recorded from winter to early spring due to the high demand for gas and LPG sales and other energy-related products.

Results by segment were as follows.

(i) Gas

As of March 31, 2025, the number of meters installed increased by 289 year on year to 604,618, mainly due to orders received for rental properties centered in the Chitose area, despite a decrease in the number of newly constructed single-family homes and condominiums. The number of retail customers decreased by 2,468 year on year to 488,500.

City gas sales volume increased by 2.6% year on year to 219 million cubic meters for residential use, mainly due to increased heating demand during the early spring and early winter due to low temperatures. For business use, although the operating rates of hotels and restaurants improved due to a recovery of the tourism industry, the sales volume decreased by 1.6% year on year to 395 million cubic meters due to the impact of renovation work on large-scale properties. As a result, the total sales volume, including wholesale supplies to other gas companies, increased by 0.3% year on year to 647 million cubic meters.

Total gas net sales decreased by 1.6% year on year to 104,856 million yen, due to lower unit selling prices under the fuel cost adjustment system, etc., despite an increase in city gas sales volume.

Segment profit decreased by 6.9% year on year to 12,626 million yen, due to an increase in expenses related to the strengthening of digital infrastructure.

(ii) Electricity

As of March 31, 2025, the overall number of customers increased by 2,653 year on year to 256,609, due to an increase in the number of low-voltage residential customers as a result of campaign initiatives and enhanced mass publicity, despite a decrease in the number of high-voltage and extra-high-voltage customers. Additionally, electricity sales volume decreased by 12.7% year on year to 846 million kWh, primarily due to a decrease in the number of high-voltage and extra-high-voltage customers, despite an increase in low-voltage sales volume driven by an increase in the number of residential customers.

Net sales decreased by 4.2% year on year to 29,131 million yen, due to a decrease in sales volume for high-voltage, extra-

high-voltage, and wholesale, among other factors, despite increases in the number of residential customers and sales volume.

Segment profit increased by 23.9% year on year to 3,607 million yen, due to the abolition of the adjustment ceiling for the fuel cost adjustment system as a result of the revision of electricity rates in the previous fiscal year and the continued low wholesale electricity market prices.

(iii) Energy-related

Net sales decreased by 0.6% year on year to 39,604 million yen due to a decrease in appliance sales resulting from a decline in the number of completed new condominium units, despite a higher LPG sales volume. Segment profit decreased by 31.6% year on year to 1,063 million yen.

(iv) Other

Net sales decreased by 13.4% year on year to 3,329 million yen due to the termination of the water meter reading business, among other factors. Segment profit decreased 40.1% year on year to 147 million yen.

(Results of target management indicators)

Results of target management indicators of the Group for FY2024 were as follows.

Item	FY2024
Consolidated net sales	170.2 billion yen
Consolidated operating profit	14.3 billion yen
Consolidated interest-bearing liabilities	69.1 billion yen
Equity-to-asset ratio	44.1%

(Note) 1. In this document, gas volume is expressed as 45 megajoules (10,750 kilocalories) per cubic meter.

(2) Financial position

Total assets as of March 31, 2025 increased by 9,065 million yen year on year to 195,431 million yen, primarily due to an increase in non-current assets resulting from capital investments. Liabilities decreased by 419 million yen year on year to 106,945 million yen, primarily due to a decrease in interest-bearing liabilities such as bonds payable and long-term borrowings. Net assets increased by 9,485 million yen year on year to 88,486 million yen, primarily due to an increase in retained earnings.

(3) Cash flows

Cash flows from operating activities decreased by 1,844 million yen year on year, resulting in a net inflow of 29,832 million yen, primarily due to a decrease in profit before income taxes. Cash flows from investing activities resulted in a net outflow of 20,059 million yen, due to an increase in expenditures of 3,304 million yen as a result of an increase in purchase of property, plant and equipment, etc. Free cash flow, the total of these cash flows, for the fiscal year ended March 31, 2025 was positive 9,773 million yen. In addition, cash flows from financing activities resulted in a net outflow of 7,918 million yen, mainly due to the redemption of bonds and repayments of long-term borrowings. Interest-bearing liabilities decreased by 6,007 million yen year on year to 69,154 million yen as a result of allocating free cash flow to the repayment of interest-bearing liabilities. Cash and cash equivalents at end of period increased by 1,854 million yen year on year to 11,324 million yen.

(Capital sources and liquidity)

The Group's capital requirements are mainly for capital investment, repayment of interest-bearing liabilities, and working capital.

Stable long-term financing is the basis. For working capital required during the fiscal year, our policy is to raise funds through short-term borrowings, short-term bonds payable (electronic commercial paper), etc., in consideration of market conditions. The balance of interest-bearing liabilities as of March 31, 2025 was 69,154 million yen.

In addition, in order to diversify funding sources, we have obtained credit ratings from two domestic credit rating organizations, in addition to maintaining good relationships with our major financial institutions. The rating assigned by Japan

Credit Rating Agency, Ltd. is “A+ (Stable),” and the rating assigned by Rating and Investment Information, Inc. is also “A+ (Stable).” Funds within the Group are managed efficiently through the introduction of a cash management system (CMS).

(4) Results of production, orders received, and sales

In the Group, the city gas business accounts for the majority of net sales and operating expenses of the consolidated financial statements, and this segment is the core of the Group’s production, orders received and sales activities.

The following are the results of the Company’s production, orders received, and sales in the city gas business.

(i) Production results

Production results for the fiscal year ended March 31, 2025 were as follows.

Category		Production volume (Thousand m ³)	Year-on-year change (%)
City gas	Ishikari LNG Terminal	593,177	(1.4)
	Hakodate Minato Plant LNG	52,105	(0.2)
	Kitami Plant	11,447	0.5
	Total	656,730	(1.3)

(ii) Orders received results

Due to the nature of the business, the city gas business does not accept orders for production.

(iii) Sales results

City gas sales results

City gas sales results for the fiscal year ended March 31, 2025 were as follows.

Category		Total sales volume	Year-on-year change (%)
City gas	Residential use	219,165 thousand m ³	2.6
	Other	395,948 thousand m ³	(1.6)
	Total	615,114 thousand m ³	(0.2)
	Supply to other companies	32,086 thousand m ³	9.1
	Total sales volume	647,200 thousand m ³	0.3
Monthly average number of billing of charges		449,600	(0.5)
Monthly average sales volume per billing of charges		114.0 m ³	0.3

Category		Sales amounts (Millions of yen)	Year-on-year change (%)
City gas	Residential use	36,245	(0.1)
	Other	47,228	(2.8)
	Total	83,473	(1.7)

Number of meters installed and penetration rate

The number of meters installed and the penetration rate in each region as of March 31, 2025 were as follows.

Region	Number of households (Household)	Number of meters installed (Number)	Penetration rate (%)
Sapporo area	913,822 [1.2]	469,305 [(0.1)]	51.4 [(1.2)]
Hakodate area	111,579 [(0.3)]	63,310 [(0.3)]	56.7 [0.0]
Otaru area	43,038 [(1.0)]	31,218 [(0.4)]	72.5 [0.6]
Chitose area	48,036 [0.6]	22,118 [3.4]	46.0 [2.7]
Kitami area	43,976 [(0.3)]	18,667 [0.7]	42.4 [1.0]
Total	1,160,451 [0.9]	604,618 [0.0]	52.1 [(0.8)]

(Notes) 1. The number of households is estimated based on the basic resident registration of the distribution area and data from each local government.

2. The figures in brackets are year-on-year changes (%).

City gas charges

The following charges are applicable to the distribution agreement charges. The total of a. basic charge and b. usage charge based on this classification is set to be applied to one of the A, B, C, D, or E charge tables according to the usage volume for each month. In addition to the charges specified in the general gas distribution agreement, there are charges based on optional agreements and charges for large customers negotiated individually.

a. Basic charge

The basic charges per month are as follows.

Charge table	Monthly usage	Basic charge (including tax) (per gas meter)
A	From 0 m ³ to 15 m ³	946.00 yen
B	Over 15 m ³ to 50 m ³	1,454.20 yen
C	Over 50 m ³ to 200 m ³	2,013.00 yen
D	Over 200 m ³ to 800 m ³	7,700.00 yen
E	Over 800 m ³	9,900.00 yen

b. Usage charge

Usage charges are calculated by multiplying the usage volume by the following unit charges.

Charge table	Monthly usage	Standard unit price (including tax) (per 1 m ³)
A	From 0 m ³ to 15 m ³	200.69 yen
B	Over 15 m ³ to 50 m ³	166.81 yen
C	Over 50 m ³ to 200 m ³	155.63 yen
D	Over 200 m ³ to 800 m ³	127.20 yen
E	Over 800 m ³	124.45 yen

- (Notes) 1. If payment is made after the payment due date (30th day from the day following the meter reading date), a past-due interest will be incurred at a rate of 0.0274% per day according to the number of days elapsed.
2. The above charge is 45 MJ per 1 m³. 10% consumption tax is included.
3. The Company has introduced the fuel cost adjustment system that reflects fluctuations in raw material prices due to external factors such as exchange rates and crude oil prices in gas charges. The adjustment amounts for the period from April 2024 to March 2025 were as follows.

Meter reading month	Adjustment amount per 1 m ³ (including tax)
April 2024	15.12 yen
May 2024	16.69 yen
June 2024	22.71 yen
July 2024	26.61 yen
August 2024	24.48 yen
September 2024	6.06 yen
October 2024	8.46 yen
November 2024	16.51 yen
December 2024	25.59 yen
January 2025	24.02 yen
February 2025	14.30 yen
March 2025	15.77 yen

* Adjustment amount per 1 m³ is the amount after the discount implemented after participating in the Program for Measures to Mitigate Drastic Changes in Electricity and Gas Prices of the Ministry of Economy, Trade and Industry.

April 2024 meter readings to May meter readings: Adjustment amount per 1 m³ of (15.00) yen
June 2024 meter readings: Adjustment amount per 1 m³ of (7.50) yen
September 2024 meter readings to October meter readings: Adjustment amount per 1 m³ of (17.50) yen
November 2024 meter readings: Adjustment amount per 1 m³ of (10.00) yen
February 2025 meter readings to March meter readings: Adjustment amount per 1 m³ of (10.00) yen

Customers with an annual contract volume of 10 million m³ or more are not eligible for this discount.

(5) Significant accounting estimates and assumptions used in those estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan. Significant accounting policies are described in “V. Financial Information, 1. Notes to consolidated financial statements, (Significant accounting policies for preparation of consolidated financial statements).” In preparing the consolidated financial statements, we have made accounting estimates based on prior year results, management plans, and assumptions based on available and reasonable information. However, estimates involve uncertainty, and accordingly, actual results may differ from the estimates.

5. [Critical contracts, etc.]

A lease agreement for the Ishikari LNG Terminal has been entered into as follows.

Name of the contract company	Name of the counterparty	Contract details	Contract items	Contract period
Hokkaido Gas Co., Ltd.	Ishikari LNG Sambashi Co., Ltd.	Lease agreement	Machinery, equipment, etc.	From July 31, 2018 to March 31, 2038

6. [Research and development activities]

The Group's research and development activities are mainly conducted by the Company in the city gas business, with the Technology Development Laboratory playing a central role. We develop energy utilization equipment suitable for snowy and cold regions and conduct research on energy utilization technologies. Research and development expenses for the fiscal year ended March 31, 2025 were 283 million yen.

The basic philosophy of the Technology Development Laboratory is as follows.

- (i) We will promote research and development of technologies suitable for cold regions and strive to accumulate and share such technologies.
- (ii) We will pursue the advancement of energy utilization technologies and strive to reduce the environmental impact.
- (iii) We will respond to energy technologies toward the realization of a carbon-neutral society.
- (iv) We will contribute to the lifestyle and culture of northern Japan while growing close relations with the local community.

Based on this basic philosophy, we promote research and development activities in cooperation with other companies, universities, and other external research institutions.

The main areas of research are as follows.

- (1) Technological development for the sustainable expansion of gas my home power generation
 - (i) Development of a residential fuel cell system ENE-FARM designed for cold regions
 - (ii) Development of COREMO, a residential gas engine cogeneration system
 - (iii) Construction of a virtual power plant through the networking of gas my home power generation
- (2) Research and development of the optimal systems that respond to environmental changes
 - (i) Optimization and value enhancement of gas central heating
 - (ii) Optimal operation through integration of gas my home power generation, solar power generation, storage batteries, heat pumps, etc.
 - (iii) Air conditioning system with ventilation and humidity control in highly insulated houses
 - (iv) Snow melting system using image recognition by AI (artificial intelligence)
- (3) Improvement of operational efficiency through the utilization of digital technology and the development of new technologies
 - (i) Advancement of information utilization by leveraging gas appliance IoT and big data
 - (ii) Development of new technologies and methods that contribute to improving the safety level, constructability, and cost reduction of gas pipelines
 - (iii) Low-cost operation and smart security of gas supply infrastructure utilizing IoT and satellite positioning technology
- (4) Initiatives to improve the quality of gas appliances
 - (i) Identification of causes of gas appliance malfunctions and implementation of countermeasures
- (5) Expansion of research areas through cooperation with universities and external organizations
 - (i) Promotion of cooperation and joint research with universities in the area
 - (ii) Implementation of the Hokkaido Gas University Research Support Program aimed at supporting young researchers and discovering seeds of new technologies

III. [Facilities]

1. [Overview of capital expenditures]

The Group conducted capital investments of 18,168 million yen (including property, plant and equipment, intangible assets, long-term prepaid expenses, and deferred assets) during the fiscal year ended March 31, 2025 mainly in the gas business in order to secure efficient and long-term stable distribution and production systems in response to increasing demand for gas. The breakdown of capital investment by segment was as follows.

	Fiscal year ended March 31, 2025	Year-on-year change
Gas	10,377 millions of yen	(2.7) %
Electricity	3,816	+50.0
Energy-related	3,157	+46.2
Other	55	+10.1
Total	17,406 millions of yen	+12.9 %
Corporate (shared) or elimination	762 millions of yen	(41.3) %
Total	18,168 millions of yen	+8.7 %

The main capital investments, etc., which were the majority of capital investments, for the fiscal year ended March 31, 2025 consisted of investments in pipelines of 6,894 million yen and introduction of renewable energy power generation facilities of 3,016 million yen. The funds required for these investments were financed from our own funds.

2. [Major facilities]

(1) Reporting company

Office name (Location)	Name of segment	Description of facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
			Land (Area: m ²)	Buildings and structures	Machinery and equipment	Pipelines and meters	Other	Total	
Ishikari LNG Terminal (Ishikari)	Gas and Electricity	Production facilities and facilities for incidental businesses	5,108 (102,226)	4,320	15,988	—	66	25,483	78 (10)
Hakodate Minato Plant (Hakodate)	Gas	Production facilities	338 (20,404)	1,236	673	—	19	2,267	15 (0)
Kitami Plant (Kitami)	Gas	Production facilities	[—] [7,607]	312	225	—	5	543	11 (2)
Pipelines and gas meters (all distribution areas)	Gas	Distribution facilities	—	—	—	38,840	—	38,840	—
Head Office Building (Higashi-ku, Sapporo)	Gas, Electricity, etc.	Production facilities and facilities for incidental businesses	—	3,269	1,896	—	5,275	10,440	591 (115)

(Notes) 1. “Other” in carrying amount refers to tools, furniture and fixtures, vehicles, leased assets, and software, and does not include construction in progress.

2. A portion of the land and buildings is used under lease contracts. The area of land leased from companies other than consolidated companies is indicated in brackets.
3. There are no major facilities that are currently idle.
4. The number of temporary employees is shown in parentheses of the number of employees.
5. In addition to the above, the details of major leased facilities from companies other than consolidated companies were as follows.

Office name (Location)	Name of segment	Description of facilities	Annual rental or lease payments (Millions of yen)	Balance of rental or lease agreements (Millions of yen)
Kitami Branch office building (Kitami)	Gas	Building	5	50
Head Office Building (Higashi-ku, Sapporo)	Gas	Building	510	12,285

(2) Domestic subsidiaries

Company name	Office name (Location)	Name of segment	Description of facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
				Buildings and structures	Machinery and equipment	Pipelines and meters	Land (Area: m ²)	Other	Total	
Energy Solution Co., Ltd.	Energy Services Department (Higashi-ku, Sapporo)	Energy- related	Other facilities	4	54	—	—	2,668	2,726	— (13)
Kitagas Genex Co., Ltd.	Cylinder storage, etc. (various locations in Sapporo, etc.)	Energy- related	Other facilities	469	426	1,636	1,182 (41,622)	635	4,350	—
Hokkaido Heat Supply Co., Ltd.	Central energy center (Higashi-ku, Sapporo)	Energy- related	Other facilities	2,246	566	2,778	436 (11,641)	3	6,031	31 (1)

(Notes) 1. “Other” in carrying amount refers to tools, furniture and fixtures, vehicles, and leased assets, and does not include construction in progress. Amounts do not include consumption tax, etc.

2. There are no major facilities that are currently idle.

3. The number of temporary employees is shown in parentheses of the number of employees.

(3) Overseas subsidiaries

Not applicable.

3. [Planned addition, retirement, and other changes of facilities]

In the Group, the gas business accounts for the majority of net sales and operating expenses of the consolidated financial statements, and the Company’s production and sales activities are the core of the business. Therefore, facilities related to “Addition, etc. of significant facilities” are stated based on the Company’s capital investment plan.

The Group’s planned investment in new facilities and renovations for the year following the current fiscal year is 21,175 million yen. The required funds will mainly be covered by our own funds, with any shortfall covered by borrowings.

Planned addition, retirement, and other changes of significant facilities are as follows.

(1) Addition, etc. of significant facilities (Reporting company)

Name of segment	Description of facilities	Planned investment amount (Millions of yen)				Methods of financing	Start of construction	Scheduled completion date	Increased capacity after completion
		Total amount	Amount already paid	Payments scheduled for FY2025	Payments scheduled after FY2025				
Gas	Pipeline expansion, etc.	—	—	8,502	—	Own funds	April 2025	March 2026	FY2025 36 km

(2) Retirement, etc. of significant facilities (Reporting company)

There are no retirements, etc. of significant facilities other than those related to ordinary facility upgrades.

IV. [Information About Reporting Company]

1. [Company's shares, etc.]

(1) [Total number of shares]

(i) [Authorized shares]

Class	Total number of authorized shares (Shares)
Common shares	160,000,000
Total	160,000,000

(Note) Pursuant to the resolution of the meeting of the Board of Directors held on April 26, 2024, an amendment to the Articles of Incorporation was implemented on October 1, 2024, which was associated with a 5-for-1 stock split of the Company's common shares. As a result, the total number of authorized shares increased by 128,000,000 shares to 160,000,000 shares.

(ii) [Issued shares]

Class	Number of issued shares as of fiscal year end (March 31, 2025) (Shares)	Number of issued shares as of filing date (June 19, 2025) (Shares)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common shares	88,689,030	88,689,030	Tokyo Stock Exchange Prime Market, Sapporo Stock Exchange	The number of shares per unit is 100 shares.
Total	88,689,030	88,689,030	—	—

(Note) Pursuant to the resolution of the meeting of the Board of Directors held on April 26, 2024, the Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. As a result, the total number of issued shares increased by 70,951,224 shares to 88,689,030 shares.

(2) [Share acquisition rights]

(i) [Stock option scheme]

This scheme grants share acquisition rights as stock compensation-type stock options to Directors, Executive Officers, advisors, special advisors, and employees of the Company pursuant to the provisions of Articles 236, 238, and 240 of the Companies Act.

The description of this scheme is as follows.

	1st Share Acquisition Rights	2nd Share Acquisition Rights
Date of resolution	April 28, 2015	April 28, 2016
Category and number of eligible persons	Directors of the Company: 6 persons (excluding Outside Directors) Executive Officers of the Company: 5 persons Advisors of the Company: 2 persons Special advisors of the Company: 3 persons	Directors of the Company: 6 persons (excluding Outside Directors) Executive Officers of the Company: 7 persons Special advisors of the Company: 2 persons
Number of share acquisition rights (Units)*	133 [105] (Note 1)	170 [140] (Note 1)
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 13,300 [10,500] (Note 2)	Common shares: 17,000 [14,000] (Note 2)
Amount to be paid in upon exercise of share acquisition rights (Yen)*	1 per share (Note 3)	1 per share (Note 3)
Exercise period for share acquisition rights*	From May 14, 2017 to May 13, 2032	From May 14, 2018 to May 13, 2033
Share issue price and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 217 Amount to be incorporated into the stated capital: 108.5 (Note 4)	Issue price: 209 Amount to be incorporated into the stated capital: 104.5 (Note 4)
Conditions for exercising share acquisition rights*	(Note 6)	(Note 6)
Matters concerning the transfer of share acquisition rights*	The acquisition of share acquisition rights through transfer shall require approval by resolution of the Company's Board of Directors.	
Matters concerning the delivery of share acquisition rights in association with organization restructuring actions*	(Note 5)	(Note 5)

	3rd Share Acquisition Rights	4th Share Acquisition Rights
Date of resolution	April 28, 2017	April 27, 2018
Category and number of eligible persons	Directors of the Company: 6 persons (excluding Outside Directors) Executive Officers of the Company: 7 persons Special advisors of the Company: 2 persons	Directors of the Company: 6 persons (excluding Outside Directors) Executive Officers of the Company: 7 persons Special advisors of the Company: 2 persons
Number of share acquisition rights (Units)*	212 [168] (Note 1)	192 (Note 1)
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 21,200 [16,800] (Note 2)	Common shares: 19,200 (Note 2)
Amount to be paid in upon exercise of share acquisition rights (Yen)*	1 per share (Note 3)	1 per share (Note 3)
Exercise period for share acquisition rights*	From May 16, 2019 to May 15, 2034	From May 15, 2020 to May 14, 2035
Share issue price and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 206 Amount to be incorporated into the stated capital: 103 (Note 4)	Issue price: 233 Amount to be incorporated into the stated capital: 116.5 (Note 4)
Conditions for exercising share acquisition rights*	(Note 6)	(Note 6)
Matters concerning the transfer of share acquisition rights*	The acquisition of share acquisition rights through transfer shall require approval by resolution of the Company's Board of Directors.	
Matters concerning the delivery of share acquisition rights in association with organization restructuring actions*	(Note 5)	(Note 5)

	5th Share Acquisition Rights	6th Share Acquisition Rights
Date of resolution	April 26, 2019	April 30, 2020
Category and number of eligible persons	Directors of the Company: 6 persons (excluding Outside Directors) Executive Officers of the Company: 9 persons Special advisor of the Company: 1 person Employee of the Company: 1 person	Directors of the Company: 6 persons (excluding Outside Directors) Executive Officers of the Company: 10 persons
Number of share acquisition rights (Units)*	264 [244] (Note 1)	281 (Note 1)
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 26,400 [24,400] (Note 2)	Common shares: 28,100 (Note 2)
Amount to be paid in upon exercise of share acquisition rights (Yen)*	1 per share (Note 3)	1 per share (Note 3)
Exercise period for share acquisition rights*	From May 14, 2021 to May 13, 2036	From May 16, 2022 to May 15, 2037
Share issue price and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 217 Amount to be incorporated into the stated capital: 108.5 (Note 4)	Issue price: 233 Amount to be incorporated into the stated capital: 116.5 (Note 4)
Conditions for exercising share acquisition rights*	(Note 6)	(Note 6)
Matters concerning the transfer of share acquisition rights*	The acquisition of share acquisition rights through transfer shall require approval by resolution of the Company's Board of Directors.	
Matters concerning the delivery of share acquisition rights in association with organization restructuring actions*	(Note 5)	(Note 5)

	7th Share Acquisition Rights	8th Share Acquisition Rights
Date of resolution	April 28, 2021	April 28, 2022
Category and number of eligible persons	Directors of the Company: 6 persons (excluding Outside Directors) Executive Officers of the Company: 10 persons	Directors of the Company: 6 persons (excluding Outside Directors) Executive Officers of the Company: 12 persons
Number of share acquisition rights (Units)*	475 [434] (Note 1)	724 [570] (Note 1)
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 47,500 [43,400] (Note 2)	Common shares: 72,400 [57,000] (Note 2)
Amount to be paid in upon exercise of share acquisition rights (Yen)*	1 per share (Note 3)	1 per share (Note 3)
Exercise period for share acquisition rights*	From May 14, 2023 to May 13, 2038	From May 14, 2024 to May 13, 2039
Share issue price and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 224 Amount to be incorporated into the stated capital: 112 (Note 4)	Issue price: 226 Amount to be incorporated into the stated capital: 113 (Note 4)
Conditions for exercising share acquisition rights*	(Note 6)	(Note 6)
Matters concerning the transfer of share acquisition rights*	The acquisition of share acquisition rights through transfer shall require approval by resolution of the Company's Board of Directors.	
Matters concerning the delivery of share acquisition rights in association with organization restructuring actions*	(Note 5)	(Note 5)

	9th Share Acquisition Rights	10th Share Acquisition Rights
Date of resolution	April 28, 2023	April 26, 2024
Category and number of eligible persons	Directors of the Company: 6 persons (excluding Outside Directors) Executive Officers of the Company: 11 persons Special advisor of the Company: 1 person	Directors of the Company: 5 persons (excluding Outside Directors) Executive Officers of the Company: 12 persons
Number of share acquisition rights (Units)*	584 (Note 1)	463 (Note 1)
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 58,400 (Note 2)	Common shares: 46,300 (Note 2)
Amount to be paid in upon exercise of share acquisition rights (Yen)*	1 per share (Note 3)	1 per share (Note 3)
Exercise period for share acquisition rights*	From May 16, 2025 to May 15, 2040	From May 14, 2026 to May 13, 2041
Share issue price and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 314 Amount to be incorporated into the stated capital: 157 (Note 4)	Issue price: 587 Amount to be incorporated into the stated capital: 293.5 (Note 4)
Conditions for exercising share acquisition rights*	(Note 6)	(Note 6)
Matters concerning the transfer of share acquisition rights*	The acquisition of share acquisition rights through transfer shall require approval by resolution of the Company's Board of Directors.	
Matters concerning the delivery of share acquisition rights in association with organization restructuring actions*	(Note 5)	(Note 5)

* Due to the stock split, the number of shares subject to share acquisition rights has been adjusted from 20 shares to 100 shares per unit.

The descriptions as of March 31, 2025 are stated. For matters that were changed between March 31, 2025 and the end of the month preceding the filing date (May 31, 2025), the details as of the end of the month preceding the filing date are shown in brackets and for other matters, there were no changes in the details from March 31, 2025.

(Notes) 1. The number of shares to be issued upon exercise of each share acquisition right is 100 shares.

2. In the event that the Company conducts a stock split (including the allotment of common shares of the Company without consideration) or a reverse stock split, the number of shares to be granted shall be adjusted in accordance with the following formula. Fractions of less than one share resulting from the adjustment shall be rounded down.

$$\text{Number of shares granted after adjustment} = \text{Number of shares granted before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

In addition, if the Company conducts a merger or a company split after the allotment date, or if it becomes necessary to adjust the number of shares to be granted in cases similar to these, the Company may appropriately adjust the number of shares to be granted as deemed necessary by the Board of Directors.

3. The amount of property to be contributed upon the exercise of each share acquisition right shall be the amount obtained by multiplying the amount to be paid per share to be delivered upon the exercise of the share acquisition right by the number of shares to be granted, with the amount to be paid per share being one yen.
4. Matters concerning share capital and legal capital surplus to be increased in the event of issuing shares upon the exercise of the share acquisition rights
- (1) The amount of share capital to be increased in the event of issuing shares upon the exercise of share acquisition rights shall be calculated as half of the maximum amount of increase in stated capital specified in Article 17, Paragraph 1 of the Regulations for Corporate Accounting. If the calculation results in a fraction of less than one yen, such fraction shall be rounded up to the nearest yen.
 - (2) The amount of legal capital surplus to be increased in the event of issuing shares upon the exercise of share acquisition rights shall be the amount obtained by subtracting the amount of share capital to be increased as specified in (1) above from the maximum amount of increase in stated capital specified in (1) above.
5. In the event that the Company conducts a merger (limited to cases where the Company disappears in a merger), absorption-type company split or incorporation-type company split (limited to cases where the Company becomes the split company, respectively), share exchange or share transfer (limited to cases where the Company becomes wholly owned subsidiary, respectively) (hereinafter collectively referred to as the "Organization Restructuring Actions"), the Company shall deliver share acquisition rights of a stock company provided for in Article 236, Paragraph 1, Item (8), Subitems (a) to (e) of the Companies Act (hereinafter, the "Reorganized Company") to the holders of share acquisition rights who hold share acquisition rights that remain immediately before the effective date of the Organization Restructuring Actions (the effective date of the absorption-type merger for absorption-type mergers, the day of formation of the company incorporated in the consolidation-type merger for consolidation-type mergers, the effective date of the absorption-type company split for absorption-type company splits, the day of formation of the company incorporated in the incorporation-type split for incorporation-type company splits, the effective date of the share exchange for share exchanges, and the incorporation date of wholly-owning parent company incorporated in a share transfer for share transfer, the same applies below) (hereinafter, the "Residual Share Acquisition Rights"), in each case. However, this shall be limited to cases where the delivery of share acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.
- (1) Number of share acquisition rights of the Reorganized Company to be delivered
The same number as the number of the Residual Share Acquisition Rights held by the holder of the share acquisition rights shall be delivered.
 - (2) Class of shares of the Reorganized Company subject to share acquisition rights
Common shares of the Reorganized Company.
 - (3) Number of shares of the Reorganized Company subject to share acquisition rights
Taking into account the conditions of the Organization Restructuring Actions, the decision shall be made in accordance with Note 2.
 - (4) The amount of property to be contributed upon the exercise of share acquisition rights
The amount of property to be contributed upon the exercise of each share acquisition right to be delivered shall be the amount obtained by multiplying the exercise price after the reorganization as set forth below by the number of shares of the Reorganized Company subject to the relevant share acquisition rights as determined in accordance with (3) above. The exercise price after the reorganization shall be one yen per share of the Reorganized Company that may be delivered by exercising each of the share acquisition rights to be delivered.
 - (5) Period during which the share acquisition rights may be exercised
From the later of the commencement date of the exercise period of the share acquisition rights and the effective date of the Organization Restructuring Actions, as described above, until the expiration date of the exercise period of the share acquisition rights, as described above.
 - (6) Matters concerning the share capital and legal capital surplus to be increased in the event of issuing shares upon the exercise of the share acquisition rights
The decision shall be made in accordance with Note 4.
 - (7) Restrictions on the acquisition of share acquisition rights through transfer
The acquisition of share acquisition rights through transfer shall require approval by resolution of the Board of Directors of the Reorganized Company.

- (8) Other conditions for exercising share acquisition rights
The decision shall be made in accordance with Note 6.
- 6. Other conditions for exercising share acquisition rights
 - (1) At the time of exercising the rights, the holder of share acquisition rights must be in the position of a Director or Executive Officer of the Company or the Group company. In the event that the holders of the share acquisition rights lose their position as a Director or Executive Officer of the Company or the Group company due to the expiration of their term of office or for other valid reasons, they may exercise their rights only within five years from the date of such loss.
 - (2) In the event of the death of the holder of share acquisition rights, the heirs of that person may exercise the share acquisition rights only in a lump sum.
 - (3) Other conditions shall be as stipulated in the agreement on allocation of share acquisition rights to be concluded between the Company and the holder of share acquisition rights.

Matters resolved at the Board of Directors meeting held on April 28, 2025

Date of resolution	April 28, 2025
Category and number of eligible persons	Directors of the Company (excluding Outside Directors): 5 persons Executive Officers of the Company: 14 persons
Number of share acquisition rights (Units)	629
Class, description and number of shares subject to share acquisition rights (Shares)	Common shares: 62,900
Amount to be paid in upon exercise of share acquisition rights (Yen)	The amount shall be the amount obtained by multiplying the exercise price per share to be delivered upon the exercise of the share acquisition right by the number of shares to be granted, with the amount to be paid per share being one yen.
Exercise period for share acquisition rights	Described in item 6 of [Subscription requirements].
Share issue price and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)	Issue price: 396 Amount to be incorporated into the stated capital: 198
Conditions for exercising share acquisition rights	Described in item 7 of [Subscription requirements].
Matters concerning the transfer of share acquisition rights	Described in item 10 of [Subscription requirements].
Matters concerning the delivery of share acquisition rights in association with the Organization Restructuring Actions	Described in item 11 of [Subscription requirements].

The subscription requirements of share acquisition rights resolved on April 28, 2025 are as follows.

[Subscription requirements]

1. Name of share acquisition rights: 11th Share Acquisition Rights of Hokkaido Gas Co., Ltd.
2. Total number of share acquisition rights: 629 units

The above total number is the planned allotment number. If the total number of share acquisition rights to be allotted decreases due to factors such as no subscription applications being made, the total number of share acquisition rights to be issued shall be the total number of share acquisition rights to be allotted.

3. Class and number of shares subject to share acquisition rights

Class of shares subject to share acquisition rights shall be common shares. The number of shares subject to share acquisition rights (hereinafter, the “Number of Shares Granted”) shall be 100 shares per unit.

However, if, after the date on which the share acquisition rights are allotted (hereinafter, the “Allotment Date”), the Company conducts a stock split (including the allotment of common shares of the Company without consideration; the same shall apply hereinafter in reference to stock split) or a reverse stock split with respect to its common shares, the Number of Shares Granted shall be adjusted with respect to share acquisition rights that have not been exercised at the time of such stock split or reverse stock split in accordance with the following formula.

$$\text{Number of shares granted after adjustment} = \text{Number of shares granted before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

In addition to the above, if any unavoidable events arise that require an adjustment to the Number of Shares Granted, the Company may adjust the Number of Shares Granted as deemed necessary by the Board of Directors.

Fractions of less than one share resulting from the above adjustment shall be rounded down.

4. Payment amount for share acquisition rights

The payment amount for share acquisition rights shall be the amount obtained by multiplying the fair unit value of the stock option per share calculated using the Black-Scholes model on the Allotment Date of share acquisition rights by the Number of Shares Granted.

Persons who have been allotted share acquisition rights (hereinafter, the “Holders of Share Acquisition Rights”) shall offset the relevant payment with their compensation claims against the Company, and shall not be required to make any cash payment.

5. The amount of property to be contributed upon the exercise of share acquisition rights

The amount of property to be contributed upon the exercise of share acquisition rights shall be the amount obtained by multiplying the amount to be paid per share to be delivered upon the exercise of the share acquisition right by the Number of Shares Granted, with the amount to be paid per share being one yen.

6. Period during which the share acquisition rights may be exercised

From May 14, 2027 to May 13, 2042

7. Conditions for exercising share acquisition rights

- (i) At the time of exercising the rights, the Holders of Share Acquisition Rights must be in the position of a Director or Executive Officer of the Company or the Group company. In the event that the Holders of Share Acquisition Rights lose their position as a Director or Executive Officer of the Company or the Group company due to the expiration of their term of office or for other valid reasons, they may exercise their rights only within five years from the date of such loss.
- (ii) In the event of the death of the Holder of Share Acquisition Rights, the heirs of that person may exercise the share acquisition rights only in a lump sum.
- (iii) Other conditions shall be as stipulated in the agreement on allocation of share acquisition rights to be concluded between the Company and the Holder of Share Acquisition Rights.

8. Matters concerning share capital and legal capital surplus to be increased in the event of issuing shares upon the exercise of the share acquisition rights

- (i) The amount of share capital to be increased in the event of issuing shares upon the exercise of share acquisition rights shall be calculated as half of the maximum amount of increase in stated capital specified in Article 17, Paragraph 1 of the Regulations for Corporate Accounting. If the calculation results in a fraction of less than one yen, such fraction shall be rounded up to the nearest yen.
- (ii) The amount of legal capital surplus to be increased in the event of issuing shares upon the exercise of share acquisition rights shall be the amount obtained by subtracting the amount of share capital to be increased as specified in (i) above from the maximum amount of increase in stated capital specified in (i) above.

9. Acquisition provisions for share acquisition rights

- (i) If, before the Holders of Share Acquisition Rights exercise the rights, the Holders of Share Acquisition Rights become unable to exercise such share acquisition rights pursuant to item 7 above or the provisions of the agreement on allocation of share acquisition rights, the Company may acquire such share acquisition rights without consideration on a date separately determined by the Board of Directors of the Company.
- (ii) If the following proposal a, b, c, d, or e is approved by the General Meeting of Shareholders of the Company (or, if approved by the Board of Directors of the Company when a resolution of the General Meeting of Shareholders is not required), the Company may acquire the share acquisition rights without consideration on a date separately determined by the Board of Directors of the Company.
 - a. Proposal for approval of a merger agreement whereby the Company will become the disappearing company
 - b. Proposal for approval of a split agreement or split plan whereby the Company becomes the split company
 - c. Proposal for approval of a share exchange agreement or share transfer plan whereby the Company will become the wholly owned subsidiary company
 - d. Proposal for approval of an amendment to the Articles of Incorporation to establish a provision that the approval of the Company is required for the acquisition of relevant shares by transfer as the features of all shares issued by the Company.
 - e. Proposal for approval of an amendment to the Articles of Incorporation to establish a provision that the approval of the Company is required for the acquisition of relevant class shares by transfer as the features of class shares subject to share acquisition rights, or the Company acquires all of relevant class shares by the resolution of the General Meeting of Shareholders.

10. Restrictions on the acquisition of share acquisition rights through transfer

The acquisition of share acquisition rights through transfer shall require approval of the Company's Board of Directors.

11. Matters concerning the delivery of share acquisition rights in association with Organization Restructuring Actions

In the event that the Company conducts a merger (limited to cases where the Company disappears in a merger), absorption-type company split or incorporation-type company split (limited to cases where the Company becomes the split company, respectively), share exchange or share transfer (limited to cases where the Company becomes wholly owned subsidiary, respectively) (hereinafter collectively referred to as the "Organization Restructuring Actions"), the Company shall deliver share acquisition rights of a stock company provided for in Article 236, Paragraph 1, Item (8), Subitems (a) to (e) of the Companies Act (hereinafter, the "Reorganized Company") to the Holders of Share Acquisition Rights who hold share acquisition rights that remain immediately before the effective date of the Organization Restructuring Actions (the effective date of the absorption-type

merger for absorption-type mergers, the day of formation of the company incorporated in the consolidation-type merger for consolidation-type mergers, the effective date of the absorption-type company split for absorption-type company splits, the day of formation of the company incorporated in the incorporation-type split for incorporation-type company splits, the effective date of the share exchange for share exchanges, and the incorporation date of wholly-owning parent company incorporated in a share transfer for share transfer, the same applies below) (hereinafter, the “Residual Share Acquisition Rights”), in each case. However, this shall be limited to cases where the delivery of share acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.

(i) Number of share acquisition rights of the Reorganized Company to be delivered

The same number as the number of the Residual Share Acquisition Rights held by the Holder of Share Acquisition Rights shall be delivered.

(ii) Class of shares of the Reorganized Company subject to share acquisition rights

Common shares of the Reorganized Company.

(iii) Number of shares of the Reorganized Company subject to share acquisition rights

Taking into account the conditions of the Organization Restructuring Actions, the decision shall be made in accordance with item 3 above.

(iv) The amount of property to be contributed upon the exercise of share acquisition rights

The amount of property to be contributed upon the exercise of each share acquisition right to be delivered shall be the amount obtained by multiplying the exercise price after the reorganization as set forth below by the number of shares of the Reorganized Company subject to each relevant share acquisition right as determined in accordance with (iii) above. The exercise price after the reorganization shall be one yen per share of the Reorganized Company that may be delivered by exercising each of the share acquisition rights to be delivered.

(v) Period during which the share acquisition rights may be exercised

From the later of the commencement date of the exercise period of the share acquisition rights and the effective date of the Organization Restructuring Actions, as described in item 6 above, until the expiration date of the exercise period of the share acquisition rights, as described in item 6 above.

(vi) Matters concerning the share capital and legal capital surplus to be increased in the event of issuing shares upon the exercise of the share acquisition rights

The decision shall be made in accordance with item 8 above.

(vii) Restrictions on the acquisition of share acquisition rights through transfer

The acquisition of share acquisition rights through transfer shall require approval by resolution of the Board of Directors of the Reorganized Company.

(viii) Conditions for exercising share acquisition rights

The decision shall be made in accordance with item 7 above.

(ix) Acquisition provisions for share acquisition rights

The decision shall be made in accordance with item 9 above.

12. Determination of fractions of less than one share resulting from the exercise of share acquisition rights

If the number of shares to be delivered to the Holder of Share Acquisition Rights upon the exercise of share acquisition rights includes fractions of less than one share, such fractional shares shall be rounded down.

13. Allotment date of share acquisition rights

May 13, 2025

(ii) [Rights plans]

Not applicable.

(iii) [Share acquisition rights for other uses]

Not applicable.

(3) [Exercises of moving strike convertible bonds, etc.]

Not applicable.

(4) [Changes in total number of issued shares, share capital and legal capital surplus]

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
October 1, 2024 (Note)	70,951,224	88,689,030	—	7,515	—	5,275

(Note) This is a stock split based on the resolution on the matters concerning stock split of the Board of Directors meeting held on April 26, 2024.

(5) [Shareholding by shareholder category]

As of March 31, 2025

Category	Company’s shares (Number of shares constituting one unit: 100 shares)								Shares less than one unit (Shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	1	34	29	139	113	35	9,734	10,085	–
Number of shares held (Number of units)	22,444	322,516	18,339	112,455	77,803	637	331,956	886,150	74,030
Percentage of shareholdings (%)	2.532	36.395	2.069	12.69	8.779	0.071	37.460	100.00	–

(Notes) 1. 544,745 treasury shares are included in “Individuals and others” as 5,447 units and in “Shares less than one unit” as 45 shares.

The number of shares is the number of shares listed in the shareholder register and is the same as the number of shares actually held.

2. The above “Shares less than one unit” includes 400 shares held in the name of Japan Securities Depository Center, Incorporated.

(6) [Major shareholders]

As of March 31, 2025

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	7,542	8.55
TOKYO GAS CO., LTD.	1-5-20 Kaigan, Minato-ku, Tokyo	4,274	4.84
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	3,432	3.89
The Hokkaido Bank, Ltd.	4-1 Odori-nishi, Chuo-ku, Sapporo, Hokkaido	3,429	3.89
North Pacific Bank, Ltd.	3-7 Odori-nishi, Chuo-ku, Sapporo, Hokkaido	3,427	3.88
Hokkaido Gas Employee Shareholding Association	2-1-1 Kita-7jo-higashi, Higashi-ku, Sapporo, Hokkaido	2,770	3.14
Tomohiro Yoshida	Yodogawa-ku, Osaka	2,660	3.01
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo	2,629	2.98
JA-Hokkaido Shinren	1-1 Kita-4jo-nishi, Chuo-ku, Sapporo, Hokkaido	2,475	2.80
City of Sapporo	2-chome, Kita-1jo-nishi, Chuo-ku, Sapporo, Hokkaido	2,244	2.54
Total	—	34,886	39.57

(Notes) 1. 2,629 thousands of shares held by Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. are trust assets of a retirement benefit trust entrusted by Mizuho Bank, Ltd., and the right to give directions on exercising voting rights is retained by Mizuho Bank, Ltd.

2. According to the statement of changes related to the statement of large-volume holdings filed by Mizuho Bank, Ltd. on February 22, 2024, we have been informed that as of February 15, 2024, two companies, including the said bank, jointly hold the following shares. However, as we have not been able to confirm the number of shares actually owned by each company as of March 31, 2025, the above “Major shareholders” does not include this information. The details of the statement of large-volume holdings are as follows.

The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. Consequently, the total number of issued shares increased by 70,951,224 shares to 88,689,030 shares. The number of shares held in the statement of large-volume holdings (the statement of changes) is calculated based on the number of shares after the stock split.

Mizuho Bank, Ltd. 2,630 (Thousands of shares)

Asset Management One Co., Ltd. 1,352

(7) [Voting rights]

(i) [Issued shares]

As of March 31, 2025

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	—	—	—
Shares with restricted voting rights (Treasury shares, etc.)	—	—	—
Shares with restricted voting rights (Other)	—	—	—
Shares with full voting rights (Treasury shares, etc.)	(Treasury shares held) Common shares 544,700	—	—
Shares with full voting rights (Other)	Common shares 88,070,300	880,703	—
Shares less than one unit	Common shares 74,030	—	—
Total number of issued shares	88,689,030	—	—
Number of voting rights held by all shareholders	—	880,703	—

(Note) 1. The common shares in the “Shares less than one unit” column include 45 treasury shares owned by the Company and 400 shares held in the name of Japan Securities Depository Center, Incorporated.

(ii) [Treasury shares, etc.]

As of March 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' names (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
(Treasury shares held) Hokkaido Gas Co., Ltd.	2-1-1 Kita-7jo-higashi, Higashi-ku, Sapporo, Hokkaido, Japan	544,700	—	544,700	0.61
Total	—	544,700	—	544,700	0.61

2. [Acquisition and disposal of treasury shares]

[Class of shares, etc.] Acquisition of common shares falling under Article 155, Item 7 of the Companies Act

(1) [Acquisition by resolution of the General Meeting of Shareholders]

Not applicable.

(2) [Acquisition by resolution of the Board of Directors]

Not applicable.

(3) [Acquisition not based on resolution of the General Meeting of Shareholders or the Board of Directors]

Category	Number of shares (Shares)	Total amount (Millions of yen)
Treasury shares acquired in the fiscal year ended March 31, 2025	2,245	1
Treasury shares acquired in the period after March 31, 2025	15	0

(Note 1) Pursuant to the resolution of the meeting of the Board of Directors held on April 26, 2024, the Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. 2,245 treasury shares acquired in the fiscal year ended March 31, 2025 consisted of 1,940 shares before the stock split and 305 shares after the stock split.

(Note 2) Treasury shares acquired in the period after March 31, 2025 does not include the number of shares acquired that were purchased based on the demand for the purchase of shares less than one unit from June 1, 2025 to the filing date of the annual securities report.

(4) [Disposal of acquired treasury shares and number of treasury shares held]

Category	Fiscal year ended March 31, 2025		Period after March 31, 2025	
	Number of shares (Shares)	Total disposal value (Millions of yen)	Number of shares (Shares)	Total disposal value (Millions of yen)
Treasury shares acquired for which subscribers were solicited	—	—	—	—
Treasury shares acquired that were cancelled	—	—	—	—
Treasury shares acquired that were transferred due to a merger, share exchange, share issuance, or company split	—	—	—	—
Other (Due to the demand for the sale of shares less than one unit)	100	0	—	—
Other (Due to the exercise of stock compensation-type stock options)	40,300	9	31,700	7
Number of treasury shares held	544,745	—	513,060	—

(Note 1) The number of shares after the stock split is stated.

(Note 2) Number of treasury shares held in the period after March 31, 2025 does not include the number of treasury shares acquired that were disposed of due to the demand for the sale of shares less than one unit and the exercise of stock compensation-type stock options from June 1, 2025 to the filing date of the annual securities report.

3. [Dividend policy]

Based on the development of total energy service business and initiatives to enhance safety, the Group will strengthen its sales capabilities as one and strive to increase earnings, while promoting operational efficiency and cost reductions and working to secure free cash flow, with the aim of enhancing corporate value.

Regarding dividends of surplus, etc., our basic policy lies in providing continuous and stable dividends.

With regard to other factors, continuous investments are required for future growth, such as laying the foundations for an information platform, promoting the adoption of renewable energies, and technology development. In addition, it is imperative to quickly reduce interest-bearing liabilities, considering the recent global situation concerning politics and the economy. Taking the aforementioned into account, we set 30% as the target level for consolidated payout ratio, and shall keep endeavoring to realize an appropriate return on profit to all shareholders.

Based on this policy, as for the dividends of surplus for the fiscal year ended March 31, 2025, we provided an interim dividend of 9 yen per share based on the resolution of the Board of Directors meeting held on October 31, 2024. For the year-end dividend, taking into consideration the steady performance of our business due to the expansion of sales volume and progress in business reforms, etc. even though investments for future growth and the strengthening of our financial structure are required, we have decided the year-end dividend at 10 yen per share at the Board of Directors meeting held on May 19, 2025. Consequently, the annual dividends for the fiscal year ended March 31, 2025 increased by 3 yen per share year on year to 19 yen per share.

On October 1, 2024, we conducted a 5-for-1 stock split of our common shares. The dividend amount per share and the amount of increased dividend are calculated based on the assumption that this stock split took place at the beginning of the fiscal year ended March 31, 2024.

As a result, for the fiscal year ended March 31, 2025, the payout ratio was 16.1% (non-consolidated payout ratio 17.8%), the return on equity was 12.8%, and the dividend on equity ratio was 2.1%.

The Company provides dividends twice a year, an interim and year-end dividend. Articles of incorporation of the Company stipulate that the record date for dividend payment is September 30 for the interim dividend and March 31 for the year-end dividend every year, based on the resolution of the Board of Directors.

(Note) Dividends of surplus, of which the record date belongs in the fiscal year ended March 31, 2025, were as follows.

Date of resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors on October 31, 2024	793	9.0
Board of Directors on May 19, 2025	881	10.0

4. [Corporate governance]

(1) [Overview of corporate governance]

(i) Basic approach to corporate governance

The Company strives to enhance corporate governance with the aim of creating corporate value and employment, as well as maintaining sound corporate management, through the establishment of smooth relationships with shareholders and other stakeholders.

In addition, under a management structure centered on the Board of Directors and the Board of Corporate Auditors, the Company has introduced an executive officer system to enable prompt decision-making and has in place an executive structure that can respond flexibly to changes in the external environment.

(ii) Overview of corporate governance structure and reasons for adopting such structure

The Company has established the Board of Corporate Auditors to conduct appropriate monitoring of management. At the same time, in order to strengthen the decision-making and supervisory functions of the Board of Directors, and to enhance the business execution functions and clarify responsibilities, the Company has introduced an executive officer system. In addition, we have appointed several outside officers to reflect fair and neutral perspectives in the management.

The Board of Directors, chaired by the Chairperson and Representative Director, makes decisions on the important matters of the Company and Group companies as stipulated in laws and regulations, the Articles of Incorporation, and the Regulations for the Board of Directors. In addition, we promote the implementation of policies decided by the Board of Directors and the business execution seeking the most optimal outcome for the entire company, including Group companies, through the Executive Meeting and the Management Meeting which are composed of Executive Officers and other members.

The Board of Directors of the Company consists of eight Directors, including three Outside Directors, and the Board members are described in “(2) Officers.”

In addition, we have established the Compensation Committee, as an advisory body to the Board of Directors, which plays a role in deliberating on matters such as remuneration for Directors and reporting its results to the Board of Directors. The Committee consists of three or more members, the majority of whom are Independent Outside Directors, thus ensuring independence and objectivity. The Committee consists of four members: Mr. Hiroshi Otsuki, Chairperson and Representative Director (Chairperson), and three Independent Outside Directors (Ms. Miyako Okada, Mr. Shuji Koiso, and Mr. Yasuyuki Watanuki).

(Note) The Company has proposed the “Election of Eight (8) Directors” as a proposal to be resolved at the Annual General Meeting of Shareholders scheduled to be held on June 20, 2025. If the proposal is approved and passed, the Board of Directors of the Company will consist of eight Directors (including three Outside Directors). In addition, the “Matters concerning concurrently serving as Executive Officers and responsibilities and appointments of Directors” and “Matters concerning the Compensation Committee” will be proposed as matters to be resolved at the meeting of the Board of Directors scheduled to be held immediately after such Annual General Meeting of Shareholders. In the event that these are approved and passed, the members of the Board of Directors and Executive Officers are as described in “(2) Officers” below, and the Compensation Committee will consist of four members: Mr. Hiroshi Otsuki, Chairperson and Representative Director (Chairperson), and three Independent Outside Directors (Ms. Miyako Okada, Mr. Shuji Koiso, and Mr. Yasuyuki Watanuki).

In addition, the Executive Meeting, which consists of Managing Executive Officers, and the Management Meeting, which consists of Executive Officers and is chaired by the Executive Officer and President, meet in principle once every two weeks. At these meetings, we make decisions on important matters related to business execution other than those submitted to the Board of Directors, and strive to make prompt decisions with clear responsibility.

(Name of member of the Executive Meeting)

Chairperson: Hiroshi Otsuki, Chairperson and Representative Director

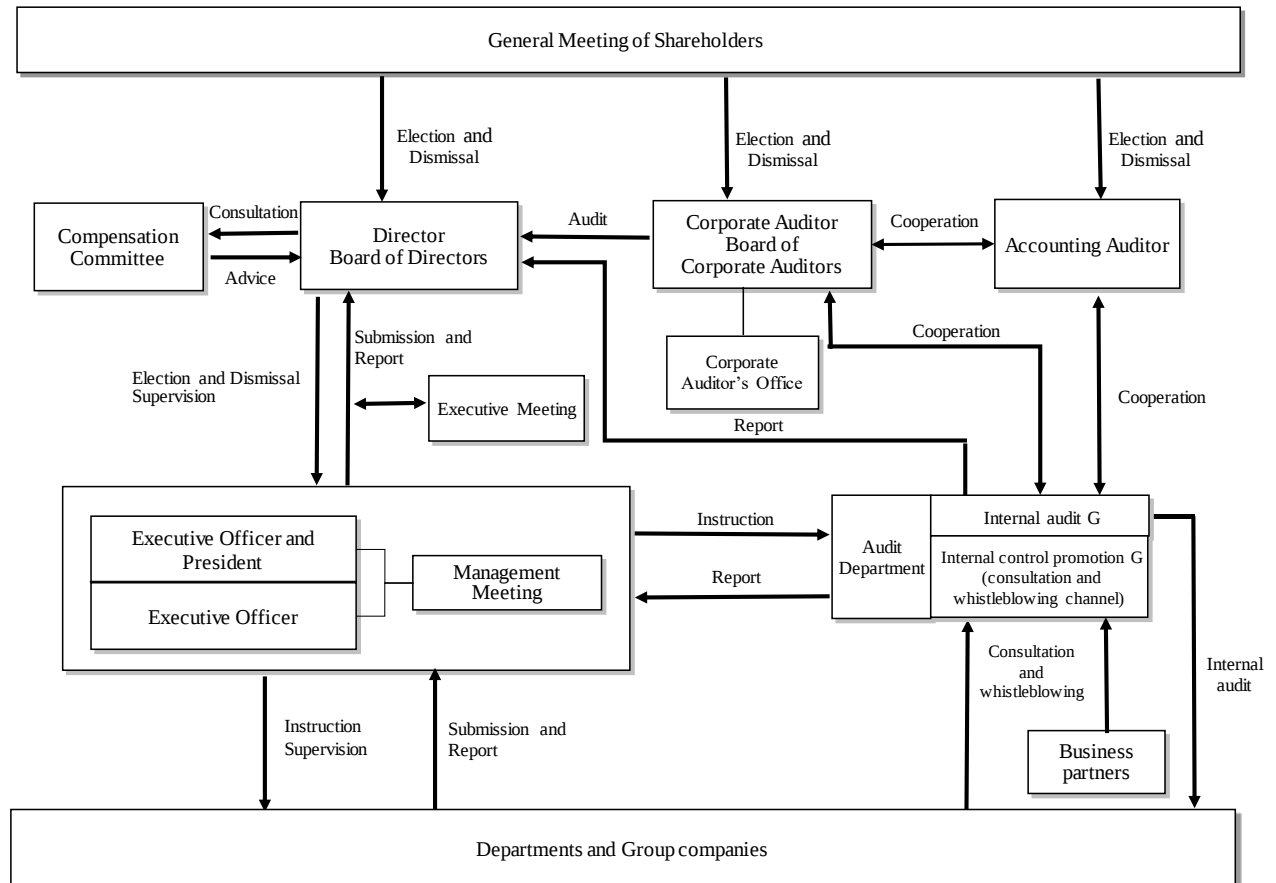
Chisato Kawamura, Fumitoshi Izawa, Hiroki Maeya, Akinori Kanazawa, and Wataru Yagi

(Name of member of the Management Meeting)

Chairperson: Chisato Kawamura, President and Representative Director, Executive Officer and President

Fumitoshi Izawa, Hiroki Maeya, Akinori Kanazawa, Wataru Yagi, Tetsuya Kurita, Ryuichiro Goto, Tadanori Imashiro, Satoshi Shibuya, Shinji Miyamoto, Naohiro Akutagawa, and Koichiro Kaneda

Corporate governance structure



(iii) Other matters concerning corporate governance

The Board of Directors has resolved to adopt the following “Basic Policy on the Development of Internal Control Systems” concerning our internal control systems.

a. Systems to ensure that the execution of duties by Directors and employees comply with laws and regulations and the Articles of Incorporation

- (a) Directors and employees shall comply with the Kitagas Group Ethics Policy and Kitagas Group Code of Conduct, including taking robust action against anti-social forces, and shall conduct business operations with integrity and fairness.
- (b) The Board of Directors shall formulate the Regulations for the Board of Directors, make decisions on important matters, and supervise the execution of duties by Directors and Executive Officers.
- (c) The Board of Directors shall ensure objectivity and transparency of management by appointing Outside Directors and Outside Corporate Auditors.
- (d) Directors shall develop a system for operating and evaluating internal controls related to financial reporting in accordance with laws and regulations to ensure the reliability of financial reporting.
- (e) Corporate Auditors shall conduct audits of the execution of duties by Directors in accordance with the Corporate Auditor Auditing Standards established by the Board of Corporate Auditors.
- (f) The Accounting Auditor shall conduct audits based on the auditing standards established by the Business Accounting Council with regard to the execution of duties by Directors concerning accounting matters.
- (g) The Audit Department shall conduct independent audits of various matters related to operations, accounting, information systems, etc., in accordance with internal audit regulations.
- (h) Based on the basic policy determined by the Board of Directors, the Management Meeting shall develop an internal control system. In order to effectively promote internal control, an internal control promotion group shall be established to oversee control functions and ensure thorough compliance.
- (i) With regard to compliance, a consultation and whistleblowing channel for employees and others shall be established to ensure the effectiveness of preventive measures and early resolution.

b. Systems to retain and manage information regarding the execution of duties by Directors

Information related to the execution of duties by Directors shall be documented in minutes, written requests for approval, or other specified documents in accordance with the Regulations for the Board of Directors, regulations for written request for approval, and other relevant regulations. Such documents shall be appropriately managed in accordance with regulations for document management, including their retention for the specified period.

c. Regulations and other systems for managing risks of loss

- (a) In the internal control promotion system specified in regulations for internal control, factors that obstruct the achievement of business targets at the Company and Group companies shall be identified, and continuous improvement shall be carried out.
- (b) For measures against risks such as disasters, the specified system and BCP (business continuity plans) shall be established in accordance with safety regulations, regulations for operation of disaster prevention, etc. to ensure prompt and appropriate response.
- (c) Within risks associated with the execution of business operations, compliance risks shall be addressed in accordance with the Kitagas Group Ethics Management Regulations, etc., and information security risks shall be addressed in accordance with the Kitagas Group Information Management Regulations, etc., to ensure prompt and appropriate response.
- (d) For other risks of loss, we shall develop manuals on risk hedging as necessary and work to mitigate such risks.

d. Systems to ensure the efficient execution of duties by Directors

- (a) We shall enhance the decision-making and supervisory functions of the Board of Directors and introduce an executive officer system to strengthen business execution functions.
- (b) We shall develop internal regulations such as regulations for office structure, regulations for division of duties and responsibilities and authority in order to execute the duties of Directors and Executive Officers efficiently.

- e. Systems to ensure the proper conduct of business within the corporate group consisting of the Company and its subsidiaries
 - (a) Important matters concerning Group companies shall be resolved by the Board of Directors of the Company.
 - (b) In order to ensure the sound development of the entire Group, the Group Management Meeting consisting of the Company and its major subsidiaries shall be held regularly.
 - (c) The Company's Corporate Planning Department, as the overall management department, shall manage and direct subsidiaries and associates in accordance with regulations for subsidiaries and associates management. In addition, the Company's Audit Department shall conduct internal audits of subsidiaries and associates in accordance with internal audit regulations and regulations for subsidiaries and associates management.
 - (d) Corporate Auditors and the Accounting Auditor of the Company shall conduct regular investigations of important subsidiaries in accordance with laws and regulations.
 - (e) We shall establish internal control regulations applicable to the entire Group and implement control as one group. The Kitagas Group internal control liaison committee shall be established to ensure thorough implementation in each Group company.
 - (f) The procedures for reporting important management matters such as sales performance, finance, accounting, human resources, and other matters by Group companies shall be stipulated in regulations for subsidiaries and associates management. In addition, the method of communicating information in the event that risks materialize shall be stipulated in the Kitagas Group Internal Control Regulations.
 - (g) A risk management system for the entire Group shall be established and the Kitagas Group Internal Control Regulations shall stipulate that each Group company shall implement risk management in accordance with that system.
 - (h) We shall formulate medium- to long-term management strategies and set key management targets based on those strategies. We shall confirm the progress by regularly reviewing achievements at the Group Management Meeting, etc. to ensure efficient and effective performance of duties.
 - (i) The Kitagas Group Ethics Policy applicable to the entire Group shall be formulated and the Kitagas Group ethical consultation and whistleblowing channel shall be established.
- f. Matters related to employees who should assist in the duties of Corporate Auditors, matters related to the independence of such employees from Directors, and matters to ensure the effectiveness of instructions given to such employees
 - (a) Designated staff, as employees who should assist in the duties of Corporate Auditors and the Board of Corporate Auditors, shall be appointed.
 - (b) Regulations for division of duties and responsibilities and authority shall stipulate that designated staff shall comply with the instructions of Corporate Auditors, and designated staff shall perform their duties in accordance with the instructions of Corporate Auditors.
 - (c) Matters concerning the personnel management of designated staff shall require the approval of Corporate Auditors.
- g. Systems to report to Corporate Auditors by Directors and employees, other systems to report to Corporate Auditors, and systems to ensure that those who report are not subject to unfavorable treatment by reason of making such report
 - (a) Corporate Auditors may request reports from Directors and employees at any time regarding matters necessary for the execution of their duties.
 - (b) Corporate Auditors may attend important meetings such as the Board of Directors meetings to understand important decisions and reports, and may view important documents such as minutes and written requests for approval.
 - (c) When a Director becomes aware of any facts regarding the execution of duties such as serious violations of laws and regulations or the Articles of Incorporation, and fraudulent acts, or any facts that may cause significant damage to the Company, the Director shall immediately report such facts to Corporate Auditors.
 - (d) Corporate Auditors of Group companies, the General Manager of Finance Department of the Company, and the General Manager of Corporate Planning Department in charge of managing subsidiaries and associates shall report to Corporate Auditors on the status of Group companies on a quarterly basis.
 - (e) The Company's Audit Department shall report to Corporate Auditors as necessary on matters such as risks, compliance, and internal whistleblowing information of Group companies.
 - (f) The Kitagas Group Internal Control Regulations shall stipulate that persons who report to Corporate Auditors shall not be subject to unfavorable treatment by reason of making such report.

- h. Matters concerning policies for the procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Corporate Auditors and for other treatments of expenses or reimbursement of expenses incurred in the execution of duties by Corporate Auditors

Expenses incurred in the execution of duties by Corporate Auditors shall be budgeted appropriately every year.

- i. Other systems to ensure that the audit work of Corporate Auditors is conducted effectively

Corporate Auditors may request reports from Directors and employees at any time regarding matters necessary for the execution of their duties. The Board of Directors shall ensure that Corporate Auditors conduct their audits effectively by coordinating with the Accounting Auditor, Corporate Auditors and internal audit departments, etc. of Group companies.

For the risk management of the Company, the Management Meeting has developed a system for managing risks across the entire company. The internal control promotion group serves as a promotion secretariat. In addition, the Company complies with the Kitagas Group Ethics Policy and the Kitagas Group Code of Conduct and strives to conduct business operations with integrity and fairness in order to promote compliance. The internal control promotion group is responsible for promoting and managing compliance throughout the company. The internal control promotion group is a specialized organization consisting of two members.

To ensure the proper conduct of business within the Group, important matters are resolved by the Board of Directors of the Company, and the relevant departments of the Company provide guidance on business management and compliance to subsidiaries and associates in accordance with regulations for subsidiaries and associates management.

- Overview of the content of the agreement limiting liability

The Company has concluded with each of Outside Director and Outside Corporate Auditors an agreement limiting liability as stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum liability amount for damages under the agreements is the minimum amount stipulated by laws and regulations, or 10 million yen, whichever is higher.

- Overview of the content of the directors and officers liability insurance contract, etc.

The Company has concluded a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The Company bears all of the insurance premiums. This contract is renewed annually.

- (i) Scope of insured persons under the insurance contract

All Directors and Corporate Auditors of the Company (including officers of its subsidiaries)

- (ii) Overview of the content of the insurance contract

This insurance contract covers damages, etc. incurred when an insured person is held liable for damages caused by his or her duties.

- Extraordinary resolution requirements at the General Meeting of Shareholders

In order to ensure the smooth operation of the General Meeting of Shareholders, the Company has stipulated in the Articles of Incorporation that resolutions specified in Article 309, Paragraph 2 of the Companies Act shall be resolved by a two-thirds majority or more of the voting rights of the shareholders present at the meeting, where the shareholders holding one-third or more of the voting rights of the shareholders who are entitled to exercise their voting rights are present.

- Proposals to be resolved at the General Meeting of Shareholders that can be resolved by the Board of Directors

Pursuant to the resolution adopted at the 162nd Annual General Meeting of Shareholders held in June 2008, the Company has stipulated in the Articles of Incorporation that for the matters specified in Article 459, Paragraph 1, each Item of the Companies Act, such as dividends of surplus, such matters shall be determined by resolution of the Board of Directors, except where otherwise provided by law, without requiring a resolution of the General Meeting of Shareholders, in order for the Company to enable to implement flexible dividend policies and capital policies, including the payment of interim dividends and the early payment of year-end dividends, while maintaining the basic principle of paying dividends on a continuous and stable basis.

(iv) Activities of the Board of Directors

The Board of Directors resolves matters concerning financial results and investments in accordance with laws and regulations, the Articles of Incorporation, and the Regulations for the Board of Directors, and reports on monthly financial results and matters concerning business execution.

The status of the Board of Directors meetings held during the fiscal year ended March 31, 2025 and the attendance of individual Directors were as follows.

Name	Status of meetings and attendance
Hiroshi Otsuki	100% (12/12)
Chisato Kawamura	100% (12/12)
Fumitoshi Izawa	100% (12/12)
Hiroki Maeya	100% (12/12)
Akinori Kanazawa	100% (12/12)
Miyako Okada	100% (12/12)
Shuji Koiso	100% (12/12)
Yasuyuki Watanuki	100% (12/12)

(v) Activities of the Compensation Committee

In order to determine remuneration for Directors, Executive Officers, etc. through a process that ensures fairness, transparency, and objectivity, the Company established the Compensation Committee as an advisory body to the Board of Directors on April 28, 2025. Therefore, there were no activities during the fiscal year ended March 31, 2025, but as of the filing date of this report, one meeting was held with all members in attendance.

In addition, the Compensation Committee deliberates on remuneration for Directors, Executive Officers, etc. in accordance with the provisions of the Compensation Committee Regulations and reports its results to the Board of Directors.

(2) [Officers]

(i) Officers

1. The status of the Company's officers as of June 19, 2025 (the filing date of the annual securities report) is as follows.

10 males and 1 female (Ratio of female officers: 9.0%)

Positions	Name	Date of birth	Career summary		Term of office (Years)	Number of shares held (Shares)
Chairperson and Representative Director	Hiroshi Otsuki	July 11, 1949	October 1972 June 1998 June 2000 June 2002 April 2008 October 2015 April 2021 June 2022	Joined the Company Director Managing Director Vice President and Representative Director President and Representative Director, Executive Officer and President, and Director of Sales Division President and Representative Director, Executive Officer and President, and Director of Energy Service Business Division President and Representative Director, Executive Officer and President In charge of Audit Department and Risk Management Chairperson and Representative Director (current position)	(Note 3)	267,200
President and Representative Director, Executive Officer and President in charge of Audit Department and Risk Management Director of Digital Transformation and Structural Reform Promotion Division	Chisato Kawamura	March 9, 1969	April 1992 April 2017 April 2020 April 2021 April 2022 June 2022	Joined the Company General Manager, Energy Planning Department General Manager, Next-generation Platform Examination Project Department Executive Officer, General Manager, Digital Transformation and Structural Reform Promotion Department Executive Officer, Director of Digital Transformation and Structural Reform Promotion Division General Manager, Digital Transformation and Structural Reform Promotion Department President and Representative Director, Executive Officer and President In charge of Audit Department and Risk Management Director of Digital Transformation and Structural Reform Promotion Division (current position)	(Note 3)	24,800

Positions	Name	Date of birth	Career summary		Term of office (Years)	Number of shares held (Shares)
Director, Managing Executive Officer, Director of Corporate Planning Division	Fumitoshi Izawa	December 19, 1964	April 1988 March 2014 April 2015 June 2017 June 2019 April 2021	Joined the Company Attached to Deputy Director of Sales Division The Company President, Kitagas Freast South Co., Ltd. (secondment) Executive Officer and General Manager, Planning Department, the Company Director, Managing Executive Officer, Director of Corporate Planning Division, and General Manager, Corporate Planning Department The Company President, Hokkaido LNG Co., Ltd. (current position) Director, Managing Executive Officer, Director of Corporate Planning Division (current position)	(Note 3)	65,600
Director, Managing Executive Officer, Director of Production and Supply Division In charge of Technology Development Laboratory and Human Resource Development Center	Hiroki Maeya	August 12, 1967	April 1991 April 2014 April 2015 April 2019 June 2019 April 2021 April 2023 April 2024	Joined the Company General Manager, Energy Vision Project Department Executive Officer, Deputy Director of Smart Energy Systems & Network Promotion Division, and General Manager, Energy Vision Project Department Managing Executive Officer, Director of Energy Service Business Division Director, Managing Executive Officer, and Director of Energy Services Business Division Director, Managing Executive Officer, and Director of Production and Supply Division In charge of Digital Transformation and Structural Reform Promotion Department Director, Managing Executive Officer, Director of Production and Supply Division, and General Manager, Supply Business Division In charge of Safety Promotion Department, Technology Development Laboratory and Human Resource Development Center (current position) Director, Managing Executive Officer, and Director of Production and Supply Division In charge of Safety Promotion Department, Technology Development Laboratory and Human Resource Development Center (current position)	(Note 3)	53,600
Director, Managing Executive Officer, and Director of Energy Service Business Division	Akinori Kanazawa	August 8, 1964	April 1988 July 2008 April 2012 April 2014 October 2017 June 2020	Joined the Company General Manager, Audit Office General Manager, Chitose Branch Executive Officer and General Manager, Sales Planning Department Executive Officer In charge of new Freast company The Company President, Kitagas Freast Co., Ltd. Director, Managing Executive Officer, and Director of Energy Service Business Division, the Company (current position)	(Note 3)	40,500

Positions	Name	Date of birth	Career summary		Term of office (Years)	Number of shares held (Shares)
Outside Director	Miyako Okada	July 31, 1964	April 2001 April 2003 April 2007 October 2018 June 2019	Lecturer, Graduate School of Economics and Business, Hokkaido University Assistant Professor Associate Professor Professor, Graduate School of Economics and Business, Hokkaido University (current position) Director, the Company (current position)	(Note 3)	14,600
Outside Director	Shuji Koiso	May 14, 1948	April 1972 April 1989 January 1992 June 1999 April 2008 September 2012 April 2017 April 2020 June 2020 June 2022 April 2023	Joined Hokkaido Development Agency Director, International Office, Hokkaido Regional Development Bureau Planning and Coordination Officer, Hokkaido Development Agency Professor at Kushiro Public University of Economics and Director, Kushiro Public University Research Center for Regional Economics President, Kushiro Public University of Economics Specially Appointed Professor, Hokkaido University Public Policy School President, Regional Research Laboratory (current position) Visiting Professor, Hokkaido University Public Policy School (current position) Chairman, Hokkaido Tourism Organization Director, the Company (current position) Specially Appointed Professor, Hokkaido Bunkyo University and Director, Regional Development Research Center (current position)	(Note 3)	7,000
Outside Director	Yasuyuki Watanuki	January 8, 1962	April 1985 June 2005 June 2011 June 2016 June 2018 June 2020 June 2021 June 2022 June 2023	Joined Japanese National Railways General Manager of Sales Department, Sales Promotion Division, Railway Business Headquarters, Hokkaido Railway Company Director, General Manager of General Affairs Department Director, General Manager of Hakodate Branch Office Managing Director, General Manager of General Planning Division Vice President and Director Corporate Auditor, the Company President and Representative Director, Hokkaido Railway Company (current position) Director, the Company (current position)	(Note 3)	—

Positions	Name	Date of birth	Career summary		Term of office (Years)	Number of shares held (Shares)
Corporate Auditor (full-time)	Hiroaki Tsuchiya	July 25, 1960	April 1984 June 2006 April 2007 April 2011 June 2014 April 2022 April 2023 June 2023	Joined the Company General Manager in charge of Human Resources General Manager in charge of Corporate Planning, General Manager in charge of Charge Planning Executive Officer, Deputy Director of Sales Division, General Manager, Customer Service Department and General Manager, Sales Planning Department Director, Managing Executive Officer In charge of ICT Promotion Department, General Affairs and Human Resources Division, Human Resource Development Center, Internal Control Promotion Office and Risk Management Director, Managing Executive Officer In charge of Industry-Academia Collaboration Promotion Director Corporate Auditor (current position)	(Note 4)	62,900
Outside Corporate Auditor (full-time)	Kazufusa Matsushima	August 26, 1965	April 1988 April 2012 April 2015 June 2019 May 2020 June 2022 June 2023	Joined Hokkaido-Tohoku Development Finance Public Corporation General Manager, Legal Affairs & Compliance Department, Development Bank of Japan Inc. Head of Hokkaido Branch Executive Officer (in charge of Internal Audit) Managing Executive Officer Member of the Board of Directors, Managing Executive Officer Resigned from Development Bank of Japan Inc. Corporate Auditor, the Company (current position)	(Note 4)	—
Outside Corporate Auditor	Kiyoshi Nozaki	March 15, 1958	April 1980 April 2008 April 2011 April 2013 May 2015 April 2017 March 2018 June 2018 June 2023	Joined City of Sapporo Director, Management Department, Management Office, Hospital Bureau Director, Community Promotion Department, Citizen Community Development Bureau Director General for Contract Management, Finance Bureau Director General, General Affairs Bureau Director General, Transportation Bureau Resigned from City of Sapporo Chairperson, Sapporo Youth and Women's Activity Association Resigned from Sapporo Youth and Women's Activity Association Corporate Auditor, the Company (current position)	(Note 4)	4,900
Total						541,100

- (Notes) 1. Directors Miyako Okada, Shuji Koiso, and Yasuyuki Watanuki are Outside Directors as defined in Article 2, Item 15 of the Companies Act.
2. Corporate Auditors Kazufusa Matsushima and Kiyoshi Nozaki are Outside Corporate Auditors as defined in Article 2, Item 16 of the Companies Act.
3. The term of office of the Directors is from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2024 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2025.
4. The term of office of the Corporate Auditors is from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2023 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2027.
5. To prepare for the possibility of not having the legally required number of Corporate Auditors, we have appointed one Substitute Corporate Auditor in accordance with Article 329, Paragraph 3 of the Companies Act. The career summary of the Substitute Corporate Auditor is as follows.

Name	Date of birth	Career summary		Number of shares held (Shares)
Yasushi Tomikawa	March 23, 1962	April 1996	Admitted to the bar (Daini Tokyo Bar Association) Worked at Noda Sogo Law Office	—
		April 2000	Changed registration to the Asahikawa Bar Association Established Tomikawa Law Office and assumed the position of representative (current position)	
		April 2009	President of Asahikawa Bar Association Governor, Japan Federation of Bar Associations	
		October 2015	Civil mediation commissioner, Asahikawa District Court and Asahikawa Summary Court (current position)	

6. The Company has introduced an executive officer system to separate corporate decision-making from business execution, strengthen the functions of the Board of Directors as a decision-making and supervisory body, and improve business execution functions by delegating significant authority to Executive Officers.

Executive Officers (excluding those who also serve as Directors) are as follows.

Managing Executive Officer	Wataru Yagi	In charge of General Affairs and Human Resources Division General Manager, General Affairs and Human Resources Division
Executive Officer	Tetsuya Kurita	The Company President, Kitagas Service Co., Ltd. General Manager, Energy System Department
Executive Officer	Ryuichiro Goto	General Manager, Facility Engineering Service Business Division General Manager, Facility Engineering Department
Executive Officer	Tadanori Imashiro	General Manager, Environment & Community Co-Creation Promotion Department
Executive Officer	Satoshi Shibuya	General Manager, Production Business Division General Manager, Production Engineering Department
Executive Officer	Shinji Miyamoto	General Manager, Audit Department
Executive Officer	Naohiro Akutagawa	General Manager, Corporate Planning Department
Executive Officer	Koichiro Kaneda	General Manager, Sales Department I

2. The Company has submitted the “Election of Eight (8) Directors” and “Election of One (1) Corporate Auditor” as proposals to be resolved at the Annual General Meeting of Shareholders scheduled to be held on June 20, 2025. If the proposals are approved and passed, the status of the Company’s officers and their terms of office will be as follows.

10 males and 2 females (Ratio of female officers: 16.6%)

Positions	Name	Date of birth	Career summary		Term of office (Years)	Number of shares held (Shares)
Chairperson and Representative Director	Hiroshi Otsuki	July 11, 1949	October 1972 June 1998 June 2000 June 2002 April 2008 October 2015 April 2021 June 2022	Joined the Company Director Managing Director Vice President and Representative Director President and Representative Director, Executive Officer and President, and Director of Sales Division President and Representative Director, Executive Officer and President, and Director of Energy Service Business Division President and Representative Director, Executive Officer and President In charge of Audit Department and Risk Management Chairperson and Representative Director (current position)	(Note 3)	267,200
President and Representative Director, Executive Officer and President in charge of Audit Department and Risk Management Director of Digital Transformation and Structural Reform Promotion Division	Chisato Kawamura	March 9, 1969	April 1992 April 2017 April 2020 April 2021 April 2022 June 2022	Joined the Company General Manager, Energy Planning Department General Manager, Next-generation Platform Examination Project Department Executive Officer, General Manager, Digital Transformation and Structural Reform Promotion Department Executive Officer, Director of Digital Transformation and Structural Reform Promotion Division General Manager, Digital Transformation and Structural Reform Promotion Department President and Representative Director, Executive Officer and President In charge of Audit Department and Risk Management Director of Digital Transformation and Structural Reform Promotion Division (current position)	(Note 3)	24,800

Positions	Name	Date of birth	Career summary		Term of office (Years)	Number of shares held (Shares)
Director, Managing Executive Officer, Director of Corporate Planning Division	Fumitoshi Izawa	December 19, 1964	April 1988 March 2014	Joined the Company Attached to Deputy Director of Sales Division The Company President, Kitagas Freast South Co., Ltd. (secondment)	(Note 3)	65,600
			April 2015	Executive Officer and General Manager, Planning Department, the Company		
			June 2017	Director, Managing Executive Officer, Director of Corporate Planning Division, and General Manager, Corporate Planning Department		
			June 2019	The Company President, Hokkaido LNG Co., Ltd. (current position)		
			April 2021	Director, Managing Executive Officer, Director of Corporate Planning Division (current position)		
Director, Managing Executive Officer, Director of Production and Supply Division In charge of Technology Development Laboratory and Human Resource Development Center	Hiroki Maeya	August 12, 1967	April 1991 April 2014	Joined the Company General Manager, Energy Vision Project Department	(Note 3)	53,600
			April 2015	Executive Officer, Deputy Director of Smart Energy Systems & Network Promotion Division, and General Manager, Energy Vision Project Department		
			April 2019	Managing Executive Officer, Director of Energy Service Business Division		
			June 2019	Director, Managing Executive Officer, and Director of Energy Services Business Division		
			April 2021	Director, Managing Executive Officer, and Director of Production and Supply Division		
			April 2023	In charge of Digital Transformation and Structural Reform Promotion Department Director, Managing Executive Officer, Director of Production and Supply Division, and General Manager, Supply Business Division		
			April 2024	In charge of Safety Promotion Department, Technology Development Laboratory and Human Resource Development Center (current position) Director, Managing Executive Officer, and Director of Production and Supply Division In charge of Safety Promotion Department, Technology Development Laboratory and Human Resource Development Center (current position)		
Director, Managing Executive Officer, and Director of Energy Service Business Division	Akinori Kanazawa	August 8, 1964	April 1988 July 2008 April 2012 April 2014	Joined the Company General Manager, Audit Office General Manager, Chitose Branch Executive Officer and General Manager, Sales Planning Department	(Note 3)	40,500
			October 2017	Executive Officer In charge of new Freast company The Company President, Kitagas Freast Co., Ltd.		
			June 2020	Director, Managing Executive Officer, and Director of Energy Service Business Division, the Company (current position)		

Positions	Name	Date of birth	Career summary		Term of office (Years)	Number of shares held (Shares)
Outside Director	Miyako Okada	July 31, 1964	April 2001 April 2003 April 2007 October 2018 June 2019	Lecturer, Graduate School of Economics and Business, Hokkaido University Assistant Professor Associate Professor Professor, Graduate School of Economics and Business, Hokkaido University (current position) Director, the Company (current position)	(Note 3)	14,600
Outside Director	Shuji Koiso	May 14, 1948	April 1972 April 1989 January 1992 June 1999 April 2008 September 2012 April 2017 April 2020 June 2020 June 2022 April 2023	Joined Hokkaido Development Agency Director, International Office, Hokkaido Regional Development Bureau Planning and Coordination Officer, Hokkaido Development Agency Professor at Kushiro Public University of Economics and Director, Kushiro Public University Research Center for Regional Economics President, Kushiro Public University of Economics Specially Appointed Professor, Hokkaido University Public Policy School President, Regional Research Laboratory (current position) Visiting Professor, Hokkaido University Public Policy School (current position) Chairman, Hokkaido Tourism Organization Director, the Company (current position) Specially Appointed Professor, Hokkaido Bunkyo University and Director, Regional Development Research Center (current position)	(Note 3)	7,000
Outside Director	Yasuyuki Watanuki	January 8, 1962	April 1985 June 2005 June 2011 June 2016 June 2018 June 2020 June 2021 June 2022 June 2023	Joined Japanese National Railways General Manager of Sales Department, Sales Promotion Division, Railway Business Headquarters, Hokkaido Railway Company Director, General Manager of General Affairs Department Director, General Manager of Hakodate Branch Office Managing Director, General Manager of General Planning Division Vice President and Director Corporate Auditor, the Company President and Representative Director, Hokkaido Railway Company (current position) Director, the Company (current position)	(Note 3)	—

Positions	Name	Date of birth	Career summary		Term of office (Years)	Number of shares held (Shares)
Corporate Auditor (full-time)	Hiroaki Tsuchiya	July 25, 1960	April 1984 June 2006 April 2007 April 2011 June 2014 April 2022 April 2023 June 2023	Joined the Company General Manager in charge of Human Resources General Manager in charge of Corporate Planning, General Manager in charge of Charge Planning Executive Officer, Deputy Director of Sales Division, General Manager, Customer Service Department and General Manager, Sales Planning Department Director, Managing Executive Officer In charge of ICT Promotion Department, General Affairs and Human Resources Division, Human Resource Development Center, Internal Control Promotion Office and Risk Management Director, Managing Executive Officer In charge of Industry-Academia Collaboration Promotion Director Corporate Auditor (current position)	(Note 4)	62,900
Outside Corporate Auditor (full-time)	Kazufusa Matsushima	August 26, 1965	April 1988 April 2012 April 2015 June 2019 May 2020 June 2022 June 2023	Joined Hokkaido-Tohoku Development Finance Public Corporation General Manager, Legal Affairs & Compliance Department, Development Bank of Japan Inc. Head of Hokkaido Branch Executive Officer (in charge of Internal Audit) Managing Executive Officer Member of the Board of Directors, Managing Executive Officer Resigned from Development Bank of Japan Corporate Auditor, the Company (current position)	(Note 4)	—
Outside Corporate Auditor	Kiyoshi Nozaki	March 15, 1958	April 1980 April 2008 April 2011 April 2013 May 2015 April 2017 March 2018 June 2018 June 2023	Joined City of Sapporo Director, Management Department, Management Office, Hospital Bureau Director, Community Promotion Department, Citizen Community Development Bureau Director General for Contract Management, Finance Bureau Director General, General Affairs Bureau Director General, Transportation Bureau Resigned from City of Sapporo Chairperson, Sapporo Youth and Women's Activity Association Resigned from Sapporo Youth and Women's Activity Association Corporate Auditor, the Company (current position)	(Note 4)	4,900

Positions	Name	Date of birth	Career summary		Term of office (Years)	Number of shares held (Shares)
Outside Corporate Auditor	Azumi Honma	February 20, 1974	April 1994	Joined SUMITOMO LIFE INSURANCE COMPANY	(Note 5)	—
			June 2002	Resigned from SUMITOMO LIFE INSURANCE COMPANY		
			August 2002	Established Homma Social Insurance and Labor Consultant Office (currently MIKATA Labor and Social Security Attorney Corp.)		
			December 2014	Established Work & Life Integration, Co., Ltd. and became Representative Director (current position)		
			January 2022	Established MIKATA Labor and Social Attorney Corp., and became Representative Partner (current position)		
			June 2025	Corporate Auditor, the Company (current position)		
Total						541,100

(Notes) 1. Directors Miyako Okada, Shuji Koiso, and Yasuyuki Watanuki are Outside Directors as defined in Article 2, Item 15 of the Companies Act.

2. Corporate Auditors Kazufusa Matsushima, Kiyoshi Nozaki, and Azumi Honma are Outside Corporate Auditors as defined in Article 2, Item 16 of the Companies Act.

3. The term of office of the Directors is from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2025 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2026.

4. The term of office of the Corporate Auditors Hiroaki Tsuchiya, Kazufusa Matsushima, and Kiyoshi Nozaki is from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2023 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2027.

5. The term of office of the Corporate Auditor Azumi Honma is from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2025 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2029.

6. The Company has introduced an executive officer system to separate corporate decision-making from business execution, strengthen the functions of the Board of Directors as a decision-making and supervisory body, and improve business execution functions by delegating significant authority to Executive Officers.

Executive Officers (excluding those who also serve as Directors) are as follows.

Managing Executive Officer	Wataru Yagi	In charge of General Affairs and Human Resources Division General Manager, General Affairs and Human Resources Division
Executive Officer	Tetsuya Kurita	The Company President, Kitagas Service Co., Ltd. General Manager, Energy System Department
Executive Officer	Ryuichiro Goto	General Manager, Facility Engineering Service Business Division General Manager, Facility Engineering Department
Executive Officer	Tadanori Imashiro	General Manager, Environment & Community Co-Creation Promotion Department
Executive Officer	Satoshi Shibuya	General Manager, Production Business Division General Manager, Production Engineering Department
Executive Officer	Shinji Miyamoto	General Manager, Audit Department
Executive Officer	Naohiro Akutagawa	General Manager, Corporate Planning Department
Executive Officer	Koichiro Kaneda	General Manager, Sales Department I

(ii) Outside Officers

We believe that the role and function of Outside Directors is to reflect their experience, knowledge, etc. in the management of the Company from a neutral and fair standpoint, to supervise management, and to strengthen corporate governance. We have appointed three Outside Directors, each of whom attends the Board of Directors meetings, provides opinions as appropriate from a neutral and fair perspective and works to strengthen the supervisory function of the Board of Directors. Although the Company does not establish any criteria or policies concerning independence for appointing Outside Directors, the Company appoints them based on the requirement that they are able to appropriately execute their duties as Outside Directors from a specialized and objective standpoint after comprehensively considering each person's experience, insight, background, and other factors.

There are no special interests between each of the Outside Directors and the Company.

We believe that the role and function of Outside Corporate Auditors is to reflect their experience, knowledge, etc. in the audit of the Company from a neutral and fair standpoint, to enhance audit functions, and to strengthen corporate governance. Although the Company does not establish any criteria or policies concerning independence for appointing Outside Corporate Auditors, the Company appoints them based on the requirement that they are able to appropriately execute audits as Outside Corporate Auditors from a neutral and fair standpoint after comprehensively considering each person's experience, insight, background, and other factors.

There are no special interests between each of the Outside Corporate Auditors and the Company.

(iii) Cooperation between supervision or auditing by Outside Directors or Outside Corporate Auditors and internal audits, audits by Corporate Auditors, and accounting audits, and relationship with the internal control departments

As part of developing a system that ensures the effectiveness of audits by Corporate Auditors, we are strengthening their cooperation with the Accounting Auditor, Corporate Auditors of subsidiaries and associates, internal audit departments, and other relevant parties. The Board of Corporate Auditors, the Audit Department, and the Accounting Auditor enhance mutual cooperation by exchanging information as needed, including regular meetings on annual audit plans and audit reports.

(3) [Audits]

(i) Audits by Corporate Auditors

a. Organization and members

The Company is a company with a Board of Corporate Auditors, and as of the filing date of this Annual Securities Report, the Board of Corporate Auditors consists of three Corporate Auditors, two of whom are Outside Corporate Auditors (one of whom is a full-time Corporate Auditor).

In addition, the Company has established the “Corporate Auditor’s Office,” which is independent from the executive departments, with one employee exclusively assigned to the Corporate Auditors to assist them in their auditing operations.

The career summary, etc. of each of the Corporate Auditors is as follows.

Positions	Name	Career summary, etc.
Chairperson of the Board of Corporate Auditors, Corporate Auditor (full-time)	Hiroaki Tsuchiya	As a Director and Executive Officer, Mr. Hiroaki Tsuchiya has been in charge of areas such as corporate planning, sales, ICT, general affairs and human resources, and auditing, and has contributed to strengthening corporate governance in the Company. He also has extensive knowledge and experience in organizational management.
Outside Corporate Auditor (full-time)	Kazufusa Matsushima	Mr. Kazufusa Matsushima has worked for financial institutions for a long time, and has a high level of insight in finance and accounting, as well as extensive experience in legal and compliance areas and auditing.
Outside Corporate Auditor	Kiyoshi Nozaki	Mr. Kiyoshi Nozaki has worked in local government for a long time, and has a high level of insight into local communities and administrative operations, as well as experience in the management of local public corporations.

To prepare for the possibility of not having the legally required number of Corporate Auditors, we have appointed one Substitute Corporate Auditor in accordance with Article 329, Paragraph 3 of the Companies Act. The term of office of the Substitute Corporate Auditor is until the conclusion of the Annual General Meeting of Shareholders scheduled to be held on June 20, 2025. The Company has proposed the “Election of One (1) Corporate Auditor” as a proposal to be resolved at the above-mentioned Annual General Meeting of Shareholders. If the proposal is approved and passed, the Board of Corporate Auditors will consist of four Corporate Auditors (including three Outside Corporate Auditors).

b. Meetings of the Board of Corporate Auditors

The Board of Corporate Auditors meets monthly in principle and as needed in accordance with the “Regulations for the Board of Corporate Auditors.” The attendance of individual Corporate Auditors during the fiscal year ended March 31, 2025 was as follows.

Name	Number of meetings held	Number of attendance
Hiroaki Tsuchiya	13	13
Kazufusa Matsushima	13	13
Kiyoshi Nozaki	13	13

<Main agenda items for the Board of Corporate Auditors>

(Matters to be resolved) Audit plan, agreement on remuneration, etc. of the Accounting Auditor, appropriateness of reappointment of the Accounting Auditor, preparation of audit report by the Board of Corporate Auditors, etc.

(Matters to be reported) Monthly status of operational audits (reports from important meetings, matters related to review of important approval documents, etc.), operational audit evaluations, evaluation of the effectiveness of the Board of Corporate Auditors, etc.

In addition to the above, the Corporate Auditor Liaison Meeting held 20 meetings for the purpose of supplementing the Board of Corporate Auditors and sharing information among the Corporate Auditors, and conducted preliminary discussions on matters to be discussed by the Board of Corporate Auditors and information sharing and opinion exchange

on the status of operational auditing, etc.

c. Main activities of the Board of Corporate Auditors

The Board of Corporate Auditors operates under the basic policy of considering the interests of various stakeholders and working in cooperation with these stakeholders to contribute to the creation of the Kitagas Group's corporate value over the medium to long term, by playing a role in the supervision of the Company in cooperation with the Board of Directors, and, as an independent body entrusted by the shareholders, monitoring and inspecting the execution of duties by Directors, etc.

The fiscal year ended March 31, 2025 was the final year of Phase 1 of "Challenge 2030" and was an important period for formulating key measures for Phase 2 and thereafter. In order to quickly realize the achievements of business structure reforms and establish a strong business foundation, the audits were conducted with the following key audit items.

<Key audit items>

- (1) Status of progress on the business plan (company-wide, each company and each department)
- (2) Status of promotion of human capital management
- (3) Management decision-making process
- (4) Status of establishment and operation of internal control systems (especially in consolidated subsidiaries)
- (5) Response to external requests for corporate governance
- (6) Status of compliance with laws and regulations, Articles of Incorporation, etc.
- (7) Other matters deemed necessary

The methods of auditing include attending meetings of the Board of Directors, the Executive Meeting, and the Management Meeting, hearing from Directors and others about the status of business execution, reviewing important approval documents, and conducting on-site investigations of internal departments, subsidiaries, etc. in accordance with the Corporate Auditor Auditing Standards. In addition, regular meetings with the Accounting Auditor and the internal audit departments are held to hear reports, exchange opinions, etc., and mutual cooperation is promoted.

For the Company's 28 departments, based on the aforementioned key audit items, each Corporate Auditor evaluates each department after an on-site investigation. The Corporate Auditors then discuss with each other, together with important meetings, approval documents, and other audit facts, and provide feedback to the Director in charge of the department on the overall evaluation.

In addition, various issues identified throughout the audit activities are raised and recommendations are made to the Chairperson and Representative Director and the President and Representative Director at the interim end and the fiscal year-end.

For cooperation with the Accounting Auditor, regular meetings are held to hear reports and exchange opinions on the annual audit plan, major audit issues, the status of execution of audit duties, etc. With regard to the Key Audit Matters (KAM), we received suggestions from the Accounting Auditor and had discussions with them, and then confirmed that the KAM was appropriately set.

For cooperation with internal audit departments, close cooperation is maintained by holding monthly meetings to exchange opinions and to receive reports on activities related to internal audits.

For the purpose of further improving audit effectiveness, the Board of Corporate Auditors conducted an evaluation of the effectiveness of audit activities in the fiscal year ended March 31, 2025, and based on the results of this evaluation, reflected them in the audit plan for the next fiscal year.

As a measure to strengthen the governance structure of the entire Kitagas Group, full-time Corporate Auditors concurrently serve as Corporate Auditors of major subsidiaries, etc. The full-time Corporate Auditors, as Corporate Auditors of the parent company, have a broad overview of the risks of the entire Group, and by utilizing their insights in audits of subsidiaries, they are able to identify risks that are often overlooked by subsidiaries independently and important issues that may affect the entire Group at an early stage, and encourage appropriate responses.

<Overview of audit activities>

Audit item	Main audit activities	Full-time	Part-time
Status of execution of duties by Directors	Attendance at meetings of the Board of Directors	○	○
	Attendance at meetings of the Executive Meeting and the Management Meeting	○	
	Review of important approval documents	○	○
	On-site investigations of internal departments, subsidiaries, etc.	○	○*1
	Meetings with the Representative Directors and Outside Directors	○	○
	Feedback on audits of departments to Directors in charge of operations	○	
	Audit of proposals and documents to be submitted to the General Meeting of Shareholders	○	○
	Communication and information exchange with Corporate Auditors of subsidiaries, etc.	○	
	Meetings with employees from departments within the Company	○	○*1
Status of development and operation of internal control systems	Evaluation of the status of development of internal control system, promotion of company-wide risk management system, and the internal control reporting system	○	○
	Receipt of the progress report on internal control audits and hearing the explanation	○	
	Hearing reports and exchanging opinions with internal audit departments, etc.	○	
Appropriateness of accounting audits, etc., the methods and results of audits conducted by the Accounting Auditor	Audit of monthly and quarterly financial statements, etc. and non-consolidated financial statements, business reports, etc.	○	
	Hearing reports and exchanging opinions on the execution of duties by the Accounting Auditor, etc.	○	
	Exchanging opinions on the evaluation and judgment of the appointment, dismissal, and reappointment of the Accounting Auditor	○	○

*1 Part-time Corporate Auditors conduct on-site investigations of departments within the Company and subsidiaries, etc. as well as attending meetings with employees of departments within the Company, to the extent possible.

(ii) Internal audits

We have established an internal audit group consisting of three members as an internal audit organization to conduct internal audits to confirm that business activities, including those of subsidiaries and associates, are conducted appropriately and efficiently and that internal controls are achieved. The results of the audit are reported to the President, the Board of Directors, and the Management Meeting, as well as to the General Managers of the departments subject to audit, and continuous improvement recommendations are given.

In addition, the internal audit group reports audit plans in addition to the results of these audits to Corporate Auditors, and also conducts regular information sharing and exchange of opinions with them to ensure mutual cooperation.

With the Accounting Auditor, the internal audit group exchanges information regarding the content of audits based on the internal control report system for financial reporting under the Financial Instruments and Exchange Act, and reports the results of audits on a regular basis.

In addition, the internal control promotion group, which is an internal control department, and the internal audit group belong to the Audit Department and exchange information on their activities as necessary.

(iii) Accounting audits

a. Name of audit corporation

Gyosei & Co.

b. Continuing audit period

61 years

The above continuing audit period is the period that can be investigated by the Company, and the actual period of continuing audit may exceed the above period.

c. Certified public accountants who executed the service

Takayuki Nakagawa (Number of years of continuous auditing: 3 years)

Toshiya Shinshima (Number of years of continuous auditing: 4 years)

d. Composition of assistants for audits

The assistants involved in accounting audit services for the Company include nine certified public accountants and seven other staff (including persons who have passed the certified public accountant examination and systems auditors).

e. Evaluation of audit corporation, selection policy and reasons by Corporate Auditors and the Board of Corporate Auditors

The selection criteria for the Accounting Auditor established by the Board of Corporate Auditors of the Company are whether the Accounting Auditor is expected to conduct appropriate audits, taking into consideration comprehensively the quality, effectiveness and efficiency of the audits. As a result of evaluation and deliberation by the Board of Corporate Auditors, it is determined that the audit corporation is appropriate to be selected as the Accounting Auditor. In addition, the Board of Corporate Auditors shall submit a proposal to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the Accounting Auditor if it determines that the Accounting Auditor falls under any of the Items in Article 340, Paragraph 1 of the Companies Act, or if, after deliberation by the Board of Corporate Auditors in accordance with the aforementioned selection criteria, it determines that proper accounting audits cannot be expected.

(iv) Audit fees, etc.

a. Fees to primary auditor

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Audit fees (Millions of yen)	Non-audit fees (Millions of yen)	Audit fees (Millions of yen)	Non-audit fees (Millions of yen)
Reporting company	40	0	40	0
Consolidated subsidiaries	8	—	8	—
Total	48	0	48	0

The non-audit services for the Company were the issuance of certificates based on the Regulations for Transportation Accounting in the Gas Business. There were no non-audit services for consolidated subsidiaries.

b. Fees to the same network firms as primary auditor (excluding a.)

Not applicable.

c. Other important fees

Not applicable.

d. Policy for determining audit fees and reasons

Audit fees are determined in consideration of scale, characteristics, number of audit days, etc.

e. Reasons for the agreement of audit fees by Corporate Auditors

The Board of Corporate Auditors of the Company confirmed the appropriateness and adequacy of the content of the audit plan and the execution of duties up to date through obtaining necessary materials and hearing reports from Directors, relevant internal departments, and the Accounting Auditor, and carefully examined and considered the basis for calculating fee estimates. As a result, the Board of Corporate Auditors agreed to the fees for the Accounting Auditor.

(4) [Remuneration, etc. for officers]

The Company has decided to revise the officer remuneration system in the fiscal year ending March 31, 2026. Based on the deliberations of the Compensation Committee, an advisory body, and subject to the approval of Proposal 3 submitted at the 179th Annual General Meeting of Shareholders, the Board of Directors resolved at its meeting on May 19, 2025, to revise the policy for determining the details of remuneration, etc. for individual Directors. Remuneration, etc. for the fiscal year ended March 31, 2025 has been determined based on the policy for determination before the revision, and an overview of the policy before the revision is also described.

- (i) Matters concerning the policy for determining the amount of remuneration, etc. for officers, or the method for calculating such amounts before the revision

Basic policy

The basic policy of the Company on its Directors' remuneration is to set each Directors' remuneration at appropriate levels by considering their duties and responsibilities with the aim of contributing to the Group's sustained growth and the improvement of corporate value over the medium to long term. Specifically, it shall consist of basic remuneration as fixed remuneration and performance-linked stock compensation. Remuneration for Outside Directors who perform supervisory functions shall comprise basic remuneration only in light of their duties.

- a. Policy for determining the amounts of remuneration, etc. for basic remuneration (monetary remuneration) for each individual

Basic remuneration for Directors shall be a monthly fixed remuneration, and shall be determined comprehensively in consideration of their job positions, duties and responsibilities, performance, and employee salary levels.

- b. Policy for determining the details, amounts, or methods to calculate the number of non-monetary remuneration, etc.

Non-monetary remuneration shall be in the form of stock options, and shall be allotted annually at a certain time. To enhance awareness of performance for each fiscal year, the number of units to be allotted shall be calculated by reflecting the performance indicators, etc. based on the standard amounts established according to job position.

- c. Policy for determining the ratio of the amounts of monetary remuneration and non-monetary remuneration to the amounts of remuneration, etc. for individual Directors

With regard to the composition ratio of Directors' remuneration by type, the weight of non-monetary remuneration increases with the seniority of job positions. The ratio of remuneration, etc. by type shall be 10% or less for non-monetary remuneration. (In the event that performance indicators are achieved 100%)

- d. Matters concerning the determination of the details of remuneration, etc. for individual Directors

As for the amount of monetary remuneration for each individual, the Chairperson and Representative Director shall be delegated by a resolution of the Board of Directors the authority to determine the specific details, and the scope of such authority shall be the basic remuneration amount for each Director. In addition, as for non-monetary remuneration, the Board of Directors shall decide the number of shares to be allotted to each Director based on the proposal of the Chairperson and Representative Director.

In any case, if there is no Chairperson and Representative Director, the President and Representative Director shall assume the duties of the Chairperson and Representative Director.

Furthermore, the Board of Directors has confirmed that the remuneration, etc. for each Director for the fiscal year ended March 31, 2025 was consistent with the determination policies with regard to the methods of determining the details of remuneration, etc. and the determined details of remuneration, etc. Therefore, the Board of Directors has judged that it was in accordance with the determination policies.

- (ii) Total amount of remuneration, etc. by category of officers of the reporting company, total amount of remuneration, etc. by type, and number of recipient officers

Category of officers	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen)		Number of recipient officers
		Basic remuneration	Stock options	
Directors (excluding Outside Directors)	148	138	9	5
Corporate Auditors (excluding Outside Corporate Auditors)	18	18	—	1
Outside officers	53	53	—	5

(Note 1) The retirement benefit system for Directors and Corporate Auditors was abolished at the conclusion of the 160th Annual General Meeting of Shareholders held on June 29, 2006.

(Note 2) The amount of monetary remuneration for the Company's officers was resolved at the 160th Annual General Meeting of Shareholders held on June 29, 2006, to be no more than 300 million yen per year for Directors and no more than 100 million yen per year for Corporate Auditors. As of the conclusion of the said Annual General Meeting of Shareholders, the number of Directors was nine (including two Outside Directors) and the number of Corporate Auditors was five (including three Outside Corporate Auditors). In addition, at the 168th Annual General Meeting of Shareholders held on June 25, 2014, it was resolved to grant share acquisition rights as the stock-compensation type stock option to Directors (excluding Outside Directors) within the aforementioned monetary remuneration limits. As of the conclusion of the said Annual General Meeting of Shareholders, the number of Directors was eight (including two Outside Directors).

(Note 3) The Board of Directors delegated to Hiroshi Otsuki, Chairperson and Representative Director, the authority to determine the amounts of monetary remuneration for each Director for the fiscal year ended March 31, 2025. The reason for this delegation is that the Board of Directors believed that he is most familiar with the operational status, etc. of the Group and is deemed capable of comprehensively determining the amount of monetary remuneration for each Director.

- (iii) Total amount of consolidated remuneration, etc. for each officer of the reporting company

Since there were no individuals whose total amount of consolidated remuneration, etc. is 100 million yen or more, this information is not stated.

- (iv) Matters concerning the policy for determining the amount of remuneration, etc. for officers, or the method for calculating such amounts after the revision

Basic policy

The Company shall set each Directors' remuneration at appropriate levels by considering their duties and responsibilities with the aim of contributing to the Group's sustained growth and the improvement of corporate value over the medium to long term.

In order to determine Directors' remuneration through a fair, transparent, and objective process, the Compensation Committee, which is an advisory body to the Board of Directors, deliberates on the details.

Directors' remuneration shall be determined by the Board of Directors based on the reports of the Compensation Committee.

a. Remuneration system

Remuneration consists of monetary and non-monetary remuneration.

Monetary remuneration shall consist of basic remuneration and performance-linked remuneration, while non-monetary remuneration shall consist of stock compensation.

Remuneration for Outside Directors who perform supervisory functions shall comprise basic remuneration only in light of their job position.

b. Amounts of basic remuneration

Amounts of basic remuneration shall be a monthly fixed remuneration, and shall be determined comprehensively in consideration of their job positions, duties and responsibilities, and employee salary levels.

c. Amounts of performance-linked remuneration

Performance-linked remuneration is paid once a year as an incentive for improving performance in each fiscal year. The amount is calculated by reflecting the performance indicators in the remuneration amounts determined for each job position. The performance indicators shall be consolidated operating profit ratio, consolidated return on assets (ROA), and consolidated return on shareholders' equity (ROE).

d. Stock compensation

Stock compensation shall be in the form of restricted stock compensation as an incentive to contribute to corporate value improvement over the medium to long term. Restricted stock compensation shall be allotted at a certain time each year based on the number of restricted stock calculated using the remuneration amount determined for each job position and the stock price.

e. Composition ratio of remuneration

The ratio of incentive remuneration, which is the total amount of performance-linked remuneration and restricted stock compensation, to total remuneration shall be approximately 5% to 15%.

(v) Proposal to be submitted to the 179th Annual General Meeting of Shareholders (excerpt)

The Group has recently streamlined the remuneration system for the purpose of achieving the Group's sustained growth and improving corporate value over the medium to long term.

In this Proposal, the Company would like to request for approval of specific contents of restricted stock to be allotted to the Company's Directors (excluding Outside Directors. Hereinafter, "Eligible Directors") within the limit for remuneration of 300 million yen per year.

The Company believes that conditions for the allotment of restricted stock to Eligible Directors under this Proposal are appropriate because they were determined based on the purposes described above through deliberations by the Compensation Committee, the majority of whose members are Outside Directors.

Note

Specific details of remuneration, etc. regarding allotment of restricted stock to Eligible Directors

a. Allotment of and payment for restricted stock

Based on a resolution of the Board of Directors, the Company shall provide a monetary remuneration claim to Eligible Directors as remuneration regarding restricted stock within the limit for remuneration described above. Eligible Directors shall receive an allotment of restricted stock by means of a contribution in kind using the entire monetary remuneration claim. The amount of payment per share of restricted stock shall be the closing price of the Company's stock on Tokyo Stock Exchange on the business day immediately preceding the day of the resolution of the Company's Board of Directors regarding the issuance or disposal of the said shares (If no trading is reported on the said day, the closing price on the immediately preceding trading day).

b. Total number of restricted stock

The total number of shares of restricted stock to be allotted to Eligible Directors in each business year shall be no more than 80,000 shares; Provided, however, in the event of a share split (including gratis allotment of shares of the Company's common stock) or share consolidation of the Company's common stock with the effective date later than the day when this Proposal is approved and passed, the said total number shall be adjusted according to the split ratio, consolidation ratio, etc.

c. Outline of the restricted stock allotment agreement

Regarding the issuance or disposal of shares of the Company's common stock under the System, a restricted stock allotment agreement which includes the following conditions shall be concluded between the Company and each Eligible Director (the "Allotment Agreement"). (The common shares of the Company allotted pursuant to the Allotment Agreement shall hereinafter be referred to as the "Shares.")

(i) Transfer restriction period

An Eligible Director may not transfer, create any security interest over, or otherwise dispose of the Shares from the day of payment for the Shares (the "Payment Date") until he/she resigns or retires from any position as Director, Corporate Auditor, Executive Officer, etc. or employee of the Company and a subsidiary of the Company (the "Transfer Restriction Period").

(ii) Condition for cancellation of transfer restriction

In any of the following cases, the transfer restriction on all the Shares shall be cancelled; provided, however, that in the case of II and III below, a transfer restriction on the number of the Shares reasonably determined in light of the period until the subject case is approved or arises shall be cancelled.

- I Case where the transfer restriction period described in (1) above expires
- II Case where it becomes final that the Eligible Director, during the period from the day after a general meeting of shareholders which is held immediately preceding the Payment Date until the next general meeting of shareholders, will resign or retire from any position as Director, Corporate Auditor, Executive Officer, etc. or employee of the Company or a subsidiary of the Company due to his/her death, expiration of his/her term or other justifiable reason
- III Case where a general meeting of shareholders of the Company approves, during the Transfer Restriction Period, a merger agreement under which the Company will become a non-surviving company, a stock exchange agreement under which the Company will become a wholly owned subsidiary, a share transfer agreement, or another matter regarding organizational restructuring, etc. (provided, however, if such organizational restructuring, etc. does not require the approval of a general meeting of shareholders of the Company, approval of the Board of Directors) and where the Board of Directors of the Company resolves the cancellation of transfer restriction on the Shares
- IV Case where a tender offer for the Company's common stock is commenced, as prescribed in Article 27-2 of the Financial Instruments and Exchange Act (the "Tender Offer"), where the Company receives a proposal in writing from Eligible Directors requesting the lifting of the transfer restriction in order to subscribe to the Tender Offer, and where the Board of Directors separately determines the date when transfer restriction on the Shares will be cancelled
- V Case where a resolution of the Board of Directors is made

(iii) Reasons for acquisition without consideration

- I In the cases stipulated in (i) II and III above, the Company shall, by resolution of the Board of Directors, acquire the Shares for which the transfer restriction is not cancelled without consideration.
- II The Company may, in other cases by resolution of the Board of Directors, acquire the Shares without consideration.

(iv) Other matters

Other matters regarding the Allotment Agreement shall be determined at meetings of the Board of Directors.

(5) [Shareholdings]

(i) Criteria and views for classifying investment shares

The Company classifies shares held for the purpose of receiving profits from fluctuations in stock prices or dividends on shares as pure investment shares, and classifies shares other than the shares above, which are held based on the judgement that they contribute to “maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses” or “revitalizing the local economy and society,” as investment shares held for purposes other than pure investment.

(ii) Investment shares held for purposes other than pure investment

a. Policy for shareholdings, methods for verifying the reasonableness of shareholdings, and the details of verification by the Board of Directors, etc. regarding the appropriateness of holding individual issues

The purposes of shareholdings of the Company for policy reasons are involved in “maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses” and “revitalizing the local economy and society.” Every year, the Board of Directors verifies the appropriateness of the purpose of shareholdings and the profitability by each individual issue. As a result of verification, we are proceeding with reductions in issues that have been determined to be unreasonable to hold.

In addition, for the exercise of voting rights for such shares, we make a judgement each time after taking into comprehensive consideration including the content of the proposals of the relevant company and whether the content is consistent with the purpose of shareholdings.

b. Number of issues and carrying amount

	Number of issues (Issues)	Total of carrying amount (Millions of yen)
Shares not listed	43	1,569
Shares other than those not listed	13	5,159

(Issues whose number of shares increased for the fiscal year ended March 31, 2025)

	Number of issues (Issues)	Total acquisition cost for increased shares (Millions of yen)	Reason for increase in number of shares
Shares not listed	—	—	—
Shares other than those not listed	—	—	—

(Issues whose number of shares decreased for the fiscal year ended March 31, 2025)

	Number of issues (Issues)	Total sale amount for decreased shares (Millions of yen)
Shares not listed	2	32
Shares other than those not listed	—	—

c. Information about number of shares and carrying amounts of specified investment shares and deemed holdings of shares by issue

Specified investment shares

Issue	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding, and reason for increase in number of shares	Holdings of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
KDDI CORPORATION	704,400	704,400	Holdings for the purpose of revitalizing the local economy and society. *1	None
	3,324	3,157		
IINO KAIUN KAISHA, LTD.	392,600	392,600	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses. *1	Yes
	391	481		
AIR WATER INC.	165,258	165,258	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses and revitalizing the local economy and society. *1	None
	312	395		
North Pacific Bank, Ltd.	741,000	741,000	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses and revitalizing the local economy and society. *1	Yes
	383	329		
Japan Petroleum Exploration Co., Ltd. *3	200,000	40,000	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses. *1	Yes
	232	274		
TEIKOKU SEN-I CO., Ltd.	52,800	52,800	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses and revitalizing the local economy and society. *1	Yes
	135	123		
Hokuhoku Financial Group, Inc.	58,900	58,900	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses and revitalizing the local economy and society. *1	Yes *2
	151	114		
Mizuho Financial Group, Inc	34,781	34,781	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses. *1	Yes *2
	140	105		
TOKYO GAS CO., LTD.	8,000	8,000	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses. *1	Yes
	38	28		
JFE Holdings, Inc.	5,823	5,823	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses. *1	None
	10	14		
Dai-ichi Life Holdings, Inc.	3,600	3,600	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses. *1	Yes *2
	16	13		
Sumitomo Mitsui Trust Group, Inc.	3,630	3,630	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses. *1	Yes *2
	13	12		
Hokkaido Electric Power Co., Inc.	12,554	12,554	Holdings for the purpose of maintaining and strengthening cooperative relationships for the development of gas, electricity, and other businesses. *1	None
	9	10		

*1 Although there is a connection with the Company's business, it is difficult to quantitatively calculate the effects of shareholdings. However, the Board of Directors has verified the reasonableness of shareholdings based on qualitative and quantitative evaluations.

*2 A subsidiary of the issuer of the shares holds shares of the Company.

*3 Japan Petroleum Exploration Co., Ltd. conducted a 5-for-1 stock split of its common shares on October 1, 2024, and the number of shares for the fiscal year ended March 31, 2025 is stated as the number of shares after the split.

Deemed holdings of shares

Not applicable.

(iii) Investment shares held for pure investment

Not applicable.

Category	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2024	
	Number of issues (Issues)	Total of carrying amount (Millions of yen)	Number of issues (Issues)	Total of carrying amount (Millions of yen)
Shares not listed	—	—	—	—
Shares other than those not listed	—	—	1	10

Category	Fiscal year ended March 31, 2025		
	Total of dividend received (Millions of yen)	Total of gain (loss) on sale (Millions of yen)	Total of valuation gain (loss) (Millions of yen)
Shares not listed	—	—	—
Shares other than those not listed	—	—	—

(iv) Investment shares reclassified from held for pure investment to held for purposes other than pure investment for the fiscal year ended March 31, 2025

Issue	Number of shares (Shares)	Carrying amount (Millions of yen)
Hokkaido Electric Power Co., Inc.	12,554	9

V. [Financial Information]

1. Basis of preparation of consolidated financial statements and non-consolidated financial statements

(1) Consolidated financial statements of the Company have been prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976) and the Regulation on Gas Utility Accounting (Order of the Ministry of International Trade and Industry No. 15 of 1954).

(2) Non-consolidated financial statements of the Company have been prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963) and the Regulation on Gas Utility Accounting (Order of the Ministry of International Trade and Industry No. 15 of 1954).

2. Note on independent audit

The Company's consolidated financial statements for the fiscal year from April 1, 2024 to March 31, 2025 and the non-consolidated financial statements for the fiscal year from April 1, 2024 to March 31, 2025 have been audited by Gyosei & Co. in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Remarkable efforts to ensure fair presentation of consolidated financial statements, etc.

The Company has undertaken remarkable efforts to ensure the fair presentation of its consolidated financial statements, etc. Specifically, in order to develop a system to properly understand the content of accounting standards and related rules, or accurately respond to changes in accounting standards and related rules, the Company has joined the Financial Accounting Standards Foundation and participates in training programs conducted by Gyosei & Co. and various other organizations.

1. [Consolidated financial statements, etc.]

(1) [Consolidated financial statements]

(i) [Consolidated balance sheet]

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	22,775	20,236
Distribution facilities	*4 41,779	*4 42,856
Service and maintenance facilities	*5, *6 12,033	*5, *6 12,735
Other facilities	*3, *4, *5, *6 38,861	*3, *4, *5, *6 41,645
Construction in progress	4,029	4,784
Total property, plant and equipment	*1, *2 119,479	*1, *2 122,258
Intangible assets		
Other	4,964	5,377
Total intangible assets	*5 4,964	*5 5,377
Investments and other assets		
Investment securities	*7 8,201	*7 9,435
Retirement benefit asset	944	1,059
Deferred tax assets	2,098	2,292
Other	4,025	3,937
Allowance for doubtful accounts	(16)	(14)
Total investments and other assets	15,254	16,709
Total non-current assets	139,697	144,345
Current assets		
Cash and deposits	9,469	11,324
Notes and accounts receivable - trade, and contract assets	*8, *9 21,072	*8 19,922
Merchandise and finished goods	612	517
Raw materials and supplies	9,137	10,338
Other	6,427	9,043
Allowance for doubtful accounts	(51)	(59)
Total current assets	46,668	51,086
Total assets	186,366	195,431

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Non-current liabilities		
Bonds payable	43,500	35,000
Long-term borrowings	*3 16,095	*3 13,654
Deferred tax liabilities for land revaluation	*1 553	*1 548
Retirement benefit liability	4,813	4,443
Provision for gas holder repairs	126	152
Provision for safety measures	891	744
Provision for appliance warranties	1,343	1,335
Reserve for repairs of heat supply facilities	203	183
Lease liabilities	2,736	2,604
Other	1,659	2,637
Total non-current liabilities	71,922	61,303
Current liabilities		
Current portion of non-current liabilities	*3 6,830	*3 11,345
Notes and accounts payable - trade	4,150	10,291
Income taxes payable	3,000	2,417
Other	*10 21,461	*10 21,587
Total current liabilities	35,442	45,641
Total liabilities	107,365	106,945
Net assets		
Shareholders' equity		
Share capital	7,515	7,515
Capital surplus	5,256	5,256
Retained earnings	60,844	69,672
Treasury shares	(157)	(148)
Total shareholders' equity	73,458	82,296
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,199	3,268
Revaluation reserve for land	*1 248	*1 236
Remeasurements of defined benefit plans	(86)	466
Total accumulated other comprehensive income	3,361	3,971
Share acquisition rights	70	83
Non-controlling interests	2,110	2,134
Total net assets	79,001	88,486
Total liabilities and net assets	186,366	195,431

(ii) [Consolidated statements of income and comprehensive income]

[Consolidated statement of income]

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	*1 173,885	*1 170,295
Cost of sales	*2 124,797	*2 119,928
Gross profit	49,087	50,367
Selling, general and administrative expenses		
Supply and sales expenses	29,622	31,272
General and administrative expenses	3,869	4,765
Total selling, general and administrative expenses	*3, *4 33,492	*3, *4 36,038
Operating profit	15,595	14,328
Non-operating income		
Dividend income	248	180
Rental income	269	273
Other	632	459
Total non-operating income	1,151	913
Non-operating expenses		
Interest expenses	409	401
Personnel transfer expenses	195	216
Impairment losses	198	140
Other	59	55
Total non-operating expenses	863	813
Ordinary profit	15,883	14,428
Profit before income taxes	15,883	14,428
Income taxes - current	4,689	4,448
Income taxes - deferred	(434)	(449)
Total income taxes	4,255	3,999
Profit	11,628	10,428
Profit attributable to non-controlling interests	0	24
Profit attributable to owners of parent	11,627	10,404

[Consolidated statement of comprehensive income]

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	11,628	10,428
Other comprehensive income		
Valuation difference on available-for-sale securities	623	70
Remeasurements of defined benefit plans, net of tax	59	553
Share of other comprehensive income of entities accounted for using equity method	2	(2)
Total other comprehensive income	*1 684	*1 622
Comprehensive income	12,312	11,050
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,311	11,026
Comprehensive income attributable to non-controlling interests	0	24

(iii) [Consolidated statement of changes in equity]

Fiscal year ended March 31, 2024 (from April 1, 2023 to 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
Revaluation reserve for land					—
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
Revaluation reserve for land							—
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

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	60,844	(157)	73,458
Changes during period					
Dividends of surplus			(1,586)		(1,586)
Profit attributable to owners of parent			10,404		10,404
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares			(1)	11	9
Revaluation reserve for land			11		11
Net changes in items other than shareholders' equity					
Total changes during period	—	—	8,828	9	8,837
Balance at end of period	7,515	5,256	69,672	(148)	82,296

	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	3,199	248	(86)	3,361	70	2,110	79,001
Changes during period							
Dividends of surplus							(1,586)
Profit attributable to owners of parent							10,404
Purchase of treasury shares							(1)
Disposal of treasury shares							9
Revaluation reserve for land							11
Net changes in items other than shareholders' equity	68	(11)	553	610	13	24	647
Total changes during period	68	(11)	553	610	13	24	9,485
Balance at end of period	3,268	236	466	3,971	83	2,134	88,486

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	15,883	14,428
Depreciation	13,986	14,983
Impairment losses	198	140
Increase (decrease) in provision for safety measures	(47)	(146)
Increase (decrease) in provision for appliance warranties	107	(8)
Increase (decrease) in retirement benefit liability	38	310
Increase (decrease) in allowance for doubtful accounts	5	7
Interest and dividend income	(265)	(207)
Interest expenses	409	401
Decrease (increase) in trade receivables	(610)	1,007
Decrease (increase) in inventories	10,010	(1,477)
Increase (decrease) in trade payables	(5,064)	6,734
Increase (decrease) in accrued consumption taxes	2,071	(1,112)
Other, net	45	(31)
Subtotal	36,767	35,027
Interest and dividends received	268	211
Interest paid	(410)	(410)
Income taxes paid	(4,948)	(5,051)
Income taxes refund	0	55
Net cash provided by (used in) operating activities	31,677	29,832
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,326)	(15,098)
Proceeds from sale of property, plant and equipment	31	72
Purchase of intangible assets	(2,496)	(1,669)
Purchase of long-term prepaid expenses	(567)	(709)
Purchase of investments in unconsolidated subsidiaries	–	(1,111)
Loan advances to subsidiaries and associates	–	(1,734)
Other, net	(396)	191
Net cash provided by (used in) investing activities	(16,755)	(20,059)
Cash flows from financing activities		
Net increase (decrease) in commercial papers	2,000	–
Repayments of long-term borrowings	(3,458)	(2,936)
Redemption of bonds	(5,000)	(3,500)
Dividends paid	(1,323)	(1,590)
Other, net	(389)	108
Net cash provided by (used in) financing activities	(8,171)	(7,918)
Net increase (decrease) in cash and cash equivalents	6,750	1,854
Cash and cash equivalents at beginning of period	2,719	9,469
Cash and cash equivalents at end of period	*1 9,469	*1 11,324

[Notes]

(Significant accounting policies for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 7

Names of major consolidated subsidiaries

Kitagas Genex Co., Ltd., Kitagas Service Co., Ltd., Kitagas Z-Plex Co., Ltd., Energy Solution Co., Ltd.,
Hokkaido Heat Supply Co., Ltd., Hokkaido LNG Co., Ltd., and Kitagas Freast Co., Ltd.

(2) Names, etc. of major unconsolidated subsidiaries

Names of major unconsolidated subsidiaries

Kitagas Freast Kitami Co., Ltd., Rakunou-Kyouhan Co., Ltd., Kitagas Lifront Co., Ltd., and
Nichinan IND. Co., Ltd.

Reasons for exclusion from scope of consolidation

Unconsolidated subsidiaries are excluded from the scope of consolidation, because they are all small in scale, and any total amount in terms of their total assets, net sales and profit or loss (amount corresponding to the Company's ownership interest) as well as retained earnings (amount corresponding to the Company's ownership interest) and others do not significantly affect the consolidated financial statements.

2. Application of equity method

(1) Number of unconsolidated subsidiaries and affiliates accounted for using equity method and names of major entities accounted for using equity method

Number of unconsolidated subsidiaries accounted for using equity method: None

Number of affiliates accounted for using equity method: 9

Names of major associates accounted for using equity method

Energy Supply Co., Ltd., Sapporo Energy Service Co., Ltd., Kitagas Freast North Co., Ltd.,
Kitagas Freast Hakodate North Co., Ltd., Kitagas Freast Hakodate South Co., Ltd., Tomakomai Biomass Power Co., Ltd.,
Kushiro LNG Co., Ltd., Ishikari LNG Sambashi Co., Ltd., and Muroran Gas Co., Ltd.

(2) Names, etc. of unconsolidated subsidiaries not accounted for using equity method

Unconsolidated subsidiaries not accounted for using equity method

Names of major unconsolidated subsidiaries not accounted for using equity method

Kitagas Freast Kitami Co., Ltd., Rakunou-Kyouhan Co., Ltd., Kitagas Lifront Co., Ltd., and
Nichinan IND. Co., Ltd.

Reasons for not applying equity method

Unconsolidated subsidiaries not accounted for using the equity method were excluded from the scope of application of equity method, because such exclusion has only an immaterial effect on the consolidated financial statements in terms of each company's profit or loss (amount corresponding to the Company's ownership interest) and retained earnings (amount corresponding to the Company's ownership interest), and they are not significant as a whole.

3. Fiscal years, etc. of consolidated subsidiaries

Among consolidated subsidiaries, the fiscal year end of Kitagas Freast Co., Ltd. is December 31.

For Kitagas Freast Co., Ltd., when preparing the consolidated financial statements, the Company uses its financial statements as of December 31. For material transactions during the fiscal year end and the consolidated balance sheet date, necessary adjustments are made for consolidation purposes.

4. Accounting policies

(1) Basis and methods of valuation for significant assets

(i) Securities

Available-for-sale securities

Securities other than shares, etc. without market price

Stated at fair value

(Valuation differences are recorded directly in a separate component of net assets, and cost of securities sold is determined by the moving-average method)

Shares, etc. without market price

Stated at cost determined by the moving-average method

(ii) Derivatives

Stated at fair value

(iii) Inventories

Inventories held for ordinary sales

Mainly stated at cost determined by the moving-average method (the carrying amounts are determined based on the method of writing down the book value based on a decline in profitability)

(2) Accounting methods for depreciation and amortization of significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

Depreciated by the declining-balance method. However, the straight-line method is applied for natural gas facilities, heat supply facilities, and facilities related to renewable energy power generation in the Chitose Branch of the Company, the Ishikari LNG Terminal, and distribution facilities, and in certain consolidated subsidiaries.

In addition, the Company applies the straight-line method to buildings (excluding facilities attached to buildings) acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016.

The main useful lives are as follows.

Buildings and structures:	3 to 50 years
Pipelines:	13 to 22 years
Machinery and equipment and tools, furniture and fixtures:	2 to 22 years

(ii) Intangible assets (excluding leased assets)

Amortized by the straight-line method.

However, software (for internal use) is amortized using the straight-line method based on the period of use within the company (five years).

(iii) Leased assets

Leased assets in finance lease transactions that do not transfer ownership

Depreciated using the straight-line method assuming that lease periods are useful lives and residual values are zero.

(iv) Long-term prepaid expenses

Amortized on a straight-line basis.

(3) Accounting policy for significant provisions

(i) Allowance for doubtful accounts

To prepare for credit losses on trade receivables, loans receivable, etc., an estimated uncollectable amount is provided at the amount estimated by using the historical rate of credit loss for general receivables, and based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(ii) Provision for gas holder repairs

To prepare for expenses incurred for periodic maintenance and repair of spherical gas holding tanks, an estimated amount of expenses required for the next maintenance and repair is provided by allocating them to each fiscal term during the period until the next scheduled maintenance and repair.

(iii) Provision for safety measures

To prepare for expenses incurred for ensuring safety in the gas business, an estimated amount of expenses required for

measures against aging pipes, etc. is provided.

(iv) Provision for appliance warranties

To prepare for expenses incurred for services within the warranty period for sold appliances, an estimated amount of expenses to be incurred in the next fiscal year and thereafter is provided.

(v) Reserve for repairs of heat supply facilities

To prepare for expenses incurred for periodic maintenance and repair of heat supply facilities, an estimated amount of expenses required for the next maintenance and repair is provided by allocating them to each fiscal term during the period until the next scheduled maintenance and repair.

(4) Accounting methods for retirement benefits

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the current fiscal year on a straight-line attribution.

Past service costs are recorded as expenses using the straight-line method over a certain number of years (one year) within the average remaining service period of employees at the time when past service costs are incurred in each fiscal year.

Actuarial differences are amortized using the straight-line method over a certain number of years (mainly 15 years) within the average remaining service period of employees from the fiscal year following the fiscal year in which actuarial differences are incurred in each fiscal year.

Certain retirement benefit plans of the Company and consolidated subsidiaries apply the simplified method that treats the amount of benefits to be paid as calculated assuming that all employees voluntarily retire at the end of the fiscal year as retirement benefit obligations for the calculation of retirement benefit liability and retirement benefit expenses.

(5) Accounting policy for recognition of significant revenues and expenses

Information about the main performance obligations in key businesses of the Company and its consolidated subsidiaries concerning revenue from contracts with customers and the usual timing for satisfying such performance obligations (that is, when revenue is recognized) is summarized as follows.

(i) City gas business

In the city gas business, the Company and its consolidated subsidiaries mainly distribute and sell city gas to customers. Revenue from the gas distribution and sales is recognized based on meter reading dates in accordance with the Regulation on Gas Utility Accounting (Order of the Ministry of International Trade and Industry No. 15 of 1954).

*Meter reading date basis: The amount of gas used is measured based on monthly meter readings, and the charges calculated based on this measurement are recognized as revenue for the current month.

(ii) Electricity business

In the electricity business, the Company and its consolidated subsidiaries mainly sell electricity to customers. Revenue from the electricity sales is recognized at the point where the customer consumes the electric power. The actual electricity usage by customers is determined through monthly meter readings. Therefore, revenue arising from the period between the meter reading date and the fiscal year-end is estimated and recognized using the method specified in Paragraph 103-2 of the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021).

Consideration for these performance obligations is collected within approximately one year after the performance obligations are satisfied, without involving a significant financing component.

(6) Method of significant hedge accounting

(i) Hedge accounting

Deferred hedge accounting is applied. In addition, if the applicable requirements are satisfied, special treatment for interest rate swaps and appropriation treatment for forward exchange contracts are adopted.

(ii) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Interest rate swaps	Borrowings
Forward exchange contracts	Foreign currency denominated monetary receivables and payables

(iii) Hedging policy

In accordance with internal regulations, the Company hedges interest rate fluctuation risk and foreign exchange fluctuation risk.

The Company does not implement derivative transactions unrelated to actual demand.

(iv) Evaluation method for effectiveness of hedge

The effectiveness of hedges is evaluated by confirming the corresponding relationship between hedging instruments and hedged items. However, the evaluation of effectiveness is omitted for interest rate swaps that meet the requirements for special treatment and forward exchange contracts that meet the requirements for appropriation treatment.

(7) Scope of funds in the consolidated statement of cash flows

Funds (cash and cash equivalents) in the consolidated statement of cash flows refer to cash on hand, readily available deposits and readily marketable short-term investments with maturities not exceeding three months at the date of purchase and with insignificant risks of change in value.

(Changes in accounting policies)

Application of the Accounting Standard for Current Income Taxes, etc.

The Company has adopted the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (“ASBJ”) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant regulations from the beginning of the fiscal year ended March 31, 2025.

Revisions to categories for recording current income taxes, etc. (taxation on other comprehensive income) conform to the transitional treatment prescribed in the proviso to Paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”). These changes in accounting policies have no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares, etc. of subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Guidance of 2022 has been adopted from the beginning of the fiscal year ended March 31, 2025. This change in accounting policies is applied retrospectively, and the consolidated financial statements for the fiscal year ended March 31, 2024 are after the retrospective application. This change in accounting policies has no impact on the consolidated financial statements for the fiscal year ended March 31, 2024.

(New accounting standards not yet applied)

(Accounting Standard for Leases, etc.)

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)

- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

In addition, other revisions to relevant accounting standards, implementation guidance, practical solutions, and transferred guidance.

(1) Overview

Consistent with internationally accepted accounting standards, the standards and guidance require lessees to recognize assets and liabilities for all leases.

(2) Scheduled date of adoption

The standards and guidance will be adopted effective from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of the adoption of the standards and guidance

The impact of the adoption of the standards and guidance on the consolidated financial statements is under evaluation at the time of preparing these consolidated financial statements.

(Changes in presentation)

(Consolidated statement of income)

“Interest income” and “share of profit of entities accounted for using equity method” under “non-operating income” were presented separately in the fiscal year ended March 31, 2024. However, as these amounts have been less than 10% of non-operating income, they have been included in “other” from the fiscal year ended March 31, 2025. To reflect these changes in presentation, the consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, ¥13 million of “interest income,” ¥298 million of “share of profit of entities accounted for using equity method” and ¥320 million of “other” under “non-operating income” presented in the consolidated statement of income for the fiscal year ended March 31, 2024 have been reclassified into ¥632 million of “other.”

(Consolidated statement of cash flows)

“Purchase of shares of subsidiaries not resulting in change in scope of consolidation” under “cash flows from financing activities” was presented separately in the fiscal year ended March 31, 2024. However, as the amount has been less significant, it has been included in “other, net” from the fiscal year ended March 31, 2025. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, ¥(28) million of “purchase of shares of subsidiaries not resulting in change in scope of consolidation” and ¥(361) million of “other, net” under “cash flows from financing activities” presented in the consolidated statement of cash flows for the fiscal year ended March 31, 2024 have been reclassified into ¥(389) million of “other, net.”

(Notes related to consolidated balance sheet)

*1 Revaluation of land

The Group executed a revaluation of its land for business use in accordance with the Act on Revaluation of Land (Act No. 34, March 31, 1998). The amount equivalent to the tax on the revaluation differences is recorded as “deferred tax liabilities for land revaluation” in liabilities. The remainder of such excess, net of the tax, is recorded as a “revaluation reserve for land” in net assets.

- Method of revaluation

The revaluation is executed in accordance with the method published for the purpose of calculating the land value tax prescribed in Article 2, Item 4 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, March 31, 1998), with reasonable adjustments, and the appraisal value calculated by a real estate appraiser as prescribed in Item 5.

- Date of revaluation

March 31, 2002

	As of March 31, 2024	As of March 31, 2025
The difference between the total of the market value of land for business use at the end of the current fiscal year, as determined by the revaluation prescribed in Article 10 of the said Act, and the total of the book value of such land for business use after the revaluation	¥562 million	¥1,166 million

*2 Accumulated depreciation of property, plant and equipment

	As of March 31, 2024	As of March 31, 2025
	¥275,840 million	¥287,612 million

*3 Pledged assets

	As of March 31, 2024	As of March 31, 2025
Other facilities (factory foundation, etc.)	¥2,010 million	¥1,926 million

Secured liabilities

	As of March 31, 2024	As of March 31, 2025
Long-term borrowings	¥111 million	¥71 million
(Current portion of non-current liabilities)	¥39 million	¥19 million

*4 The acquisition cost of distribution facilities and other facilities has been reduced by the following amounts due to the receipt of contributions for construction.

	As of March 31, 2024	As of March 31, 2025
Reduction entries for the current fiscal year	¥71 million	¥1,052 million
Accumulated reduction	¥14,625 million	¥15,594 million

*5 The acquisition cost of service and maintenance facilities, other facilities, and intangible assets has been reduced by the following amounts due to the receipt of national subsidies, etc.

	As of March 31, 2024	As of March 31, 2025
Reduction entries for the current fiscal year	¥42 million	¥2 million
Accumulated reduction	¥5,495 million	¥5,479 million

- *6 The acquisition cost of service and maintenance facilities and other facilities has been reduced by the following amounts due to expropriation.

	As of March 31, 2024	As of March 31, 2025
Reduction entries for the current fiscal year	¥– million	¥– million
Accumulated reduction	¥664 million	¥664 million

- *7 Shares, etc., of unconsolidated subsidiaries and affiliates

	As of March 31, 2024	As of March 31, 2025
Investment securities (Shares)	¥1,529 million	¥2,697 million

- *8 The balances of receivables from contracts with customers and contract assets included in notes and accounts receivable - trade, and contract assets were as follows.

	As of March 31, 2024	As of March 31, 2025
Notes receivable - trade	¥195 million	¥226 million
Accounts receivable - trade	¥19,486 million	¥18,301 million
Contract assets	¥1,296 million	¥1,298 million

- *9 Notes receivable and notes payable with a maturity at the balance sheet date are settled on the clearing date.
As the end of the fiscal year ended March 31, 2024 was a bank holiday, the following notes receivable maturing on that day was included in the ending balance.

	As of March 31, 2024	As of March 31, 2025
Notes receivable - trade	¥37 million	¥– million

- *10 Contract liabilities included in other were as follows.

	As of March 31, 2024	As of March 31, 2025
Contract liabilities	¥850 million	¥1,142 million

(Notes related to consolidated statement of income)

- *1 Revenue from contracts with customers

Net sales are not divided into revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is as stated in “Consolidated financial statements, Notes, (Notes related to revenue recognition) 1. Information on disaggregated revenue from contracts with customers.”

- *2 Ending inventories are the amounts after writing down the book value based on a decline in profitability, and the following loss on valuation of inventories is included in cost of sales.

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
	¥49 million	¥117 million

*3 Major items and amounts included in selling, general and administrative expenses were as follows.

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Supply and sales expenses		
Salaries	¥4,758 million	¥4,942 million
Retirement benefit expenses	¥415 million	¥559 million
Outsourcing expenses	¥2,952 million	¥3,709 million
Provision for gas holder repairs	¥13 million	¥13 million
Provision for safety measures	¥100 million	¥11 million
Provision for appliance warranties	¥200 million	¥252 million
Provision of allowance for doubtful accounts	¥3 million	¥19 million
Depreciation	¥7,875 million	¥8,418 million
General and administrative expenses		
Retirement benefit expenses	¥50 million	¥62 million

*4 Research and development expenses included in selling, general and administrative expenses were as follows.

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
	¥244 million	¥283 million

(Notes related to consolidated statement of comprehensive income)

*1 Reclassification adjustments, income taxes and tax effects relating to other comprehensive income (Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Valuation difference on available-for-sale securities		
Amount incurred during the period	863	98
Reclassification adjustment	—	—
Amount before income taxes and tax effect	863	98
Income taxes and tax effect	(240)	(27)
Valuation difference on available-for-sale securities	623	70
Revaluation reserve for land		
Income tax effect	—	—
Remeasurements of defined benefit plans, net of tax		
Amount incurred during the period	36	790
Reclassification adjustment	45	(14)
Amount before income taxes and tax effect	82	776
Income taxes and tax effect	(22)	(222)
Remeasurements of defined benefit plans, net of tax	59	553
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred during the period	2	(2)
Total other comprehensive income	684	622

(Notes related to consolidated statement of changes in equity)

Fiscal year ended March 31, 2024

1. Matters concerning issued shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares (Shares)	17,737,806	—	—	17,737,806

(Note) 1. The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. The number of shares stated above is the number of shares before the stock split.

2. Matters concerning treasury shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares (Shares)	119,779	1,441	4,640	116,580

(Note) 1. The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. The number of shares stated above is the number of shares before the stock split.

(Overview of reasons for changes)

The breakdown of the increase in treasury shares is as follows.

Increases from the purchase of shares less than one unit: 1,441 shares

The breakdown of the decrease in treasury shares is as follows.

Decrease due to the exercise of share acquisition rights: 4,640 shares

3. Matters concerning share acquisition rights

Category	Details of share acquisition rights	Class of shares to be issued upon exercise of share acquisition rights	Number of shares to be issued upon exercise of share acquisition rights (Shares)				Balance at end of period (Millions of yen)
			Beginning of period	Increase during period	Decrease during period	End of period	
Reporting company	1st Share Acquisition Rights as Stock Options	—	—	—	—	—	4
	2nd Share Acquisition Rights as Stock Options	—	—	—	—	—	4
	3rd Share Acquisition Rights as Stock Options	—	—	—	—	—	4
	4th Share Acquisition Rights as Stock Options	—	—	—	—	—	5
	5th Share Acquisition Rights as Stock Options	—	—	—	—	—	7
	6th Share Acquisition Rights as Stock Options	—	—	—	—	—	7
	7th Share Acquisition Rights as Stock Options	—	—	—	—	—	13
	8th Share Acquisition Rights as Stock Options	—	—	—	—	—	15
	9th Share Acquisition Rights as Stock Options	—	—	—	—	—	8
Total		—	—	—	—	—	70

4. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 31, 2023 Board of Directors	Common shares	704	40.0	March 31, 2023	June 6, 2023
October 31, 2023 Board of Directors	Common shares	616	35.0	September 30, 2023	December 1, 2023

(2) Dividends of which the record date falls in the fiscal year ended March 31, 2024 and the effective date comes in the subsequent fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 28, 2024 Board of Directors	Common shares	Retained earnings	792	45.0	March 31, 2024	June 3, 2024

(Note) 1. The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. The dividend per share is the amount of dividends before the stock split.

Fiscal year ended March 31, 2025

1. Matters concerning issued shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares (Shares)	17,737,806	70,951,224	—	88,689,030

(Note) 1. The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024.

(Overview of reasons for changes)

The breakdown of the increase in issued shares is as follows.

Increase due to stock split: 70,951,224 shares

2. Matters concerning treasury shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares (Shares)	116,580	456,765	28,600	544,745

(Note) 1. The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024.

(Overview of reasons for changes)

The breakdown of the increase in treasury shares is as follows.

Increase due to the purchase of shares less than one unit: 693 shares

Increase due to stock split: 456,072 shares

The breakdown of the decrease in treasury shares is as follows.

Decrease due to the demand for the sale of shares less than one unit: 60 shares

Decrease due to the exercise of share acquisition rights: 28,540 shares

3. Matters concerning share acquisition rights

Category	Details of share acquisition rights	Class of shares to be issued upon exercise of share acquisition rights	Number of shares to be issued upon exercise of share acquisition rights (Shares)				Balance at end of period (Millions of yen)
			Beginning of period	Increase during period	Decrease during period	End of period	
Reporting company	1st Share Acquisition Rights as Stock Options	—	—	—	—	—	2
	2nd Share Acquisition Rights as Stock Options	—	—	—	—	—	3
	3rd Share Acquisition Rights as Stock Options	—	—	—	—	—	4
	4th Share Acquisition Rights as Stock Options	—	—	—	—	—	4
	5th Share Acquisition Rights as Stock Options	—	—	—	—	—	5
	6th Share Acquisition Rights as Stock Options	—	—	—	—	—	6
	7th Share Acquisition Rights as Stock Options	—	—	—	—	—	10
	8th Share Acquisition Rights as Stock Options	—	—	—	—	—	16
	9th Share Acquisition Rights as Stock Options	—	—	—	—	—	16
	10th Share Acquisition Rights as Stock Options	—	—	—	—	—	11
Total		—	—	—	—	—	83

4. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 28, 2024 Board of Directors	Common shares	792	9.0	March 31, 2024	June 3, 2024
October 31, 2024 Board of Directors	Common shares	793	9.0	September 30, 2024	December 2, 2024

(Note) 1. The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. Dividend per share is calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year.

(2) Dividends of which the record date falls in the fiscal year ended March 31, 2025 and the effective date comes in the subsequent fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 19, 2025 Board of Directors	Common shares	Retained earnings	881	10.0	March 31, 2025	June 5, 2025

(Notes related to consolidated statement of cash flows)

*1 Relationship between the balance of cash and cash equivalents at the end of the period and the amount of items stated in the consolidated balance sheet

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash and deposits	¥9,469 million	¥11,324 million
Cash and cash equivalents	¥9,469 million	¥11,324 million

(Notes related to leases)

1. Finance leases (Lessee)

(i) Description of leased assets

- Property, plant and equipment

Mainly service and maintenance facilities (office buildings) in the city gas business and facilities for distributing cooling and heating energy in the ESP business.

(ii) Depreciation method of leased assets

As stated in “Significant accounting policies for preparation of consolidated financial statements, 4. Accounting policies, (2) Accounting methods for depreciation and amortization of significant depreciable assets.”

2. Operating leases (Lessee)

Future minimum lease payments related to non-cancellable operating lease transactions

	As of March 31, 2024	As of March 31, 2025
Due within one year	¥482 million	¥516 million
Due after one year	¥11,276 million	¥11,819 million
Total	¥11,759 million	¥12,336 million

(Notes related to financial instruments)

1. Matters concerning status of financial instruments

(1) Policy for financial instruments

The Group implements group finance through a cash management system with the aim of improving the efficiency of funds within the entire group. The Group concentrates the working capital of each Group company at the Company, and any shortfalls are financed mainly through direct financing such as bonds payable issued by the Company and indirect financing from financial institutions.

(2) Details and risks of financial instruments and risk management system

The credit risks associated with notes and accounts receivable - trade are mitigated through credit investigations at the beginning of the credit relationship.

Shares, which are investment securities, are exposed to the fluctuation risks of market prices; however, for the listed shares, the market values are confirmed on a quarterly basis.

Bonds payable and borrowings are mainly used for long-term funds for capital investment. Borrowings with floating interest rates are exposed to the risks of interest rate fluctuations; however, there were no borrowings with floating interest rates as of March 31, 2025. When borrowing with floating interest rates, interest rate swap transactions may be used for the purpose of hedging such risks.

Foreign currency denominated trade payables are exposed to the risks of exchange rate fluctuations, however, forward exchange contracts are entered into for the purpose of hedging such risks.

Derivative transactions such as interest rate swaps and forward exchange contracts are used within the scope of actual demand in accordance with internal regulations.

In addition, trade payables and short-term borrowings are exposed to liquidity risks, which the Group manages through methods such as the preparation of monthly cash management plans by each company.

(3) Supplementary explanation of matters concerning fair value, etc., of financial instruments

The contract amounts of derivative transactions in the “Notes related to derivative transactions” do not in themselves indicate market risks involved in derivative transactions.

2. Matters concerning fair value, etc. of financial instruments

Carrying amount, fair value and their differences were as follows.

As of March 31, 2024

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Investment securities (*2)			
Available-for-sale securities	5,064	5,064	—
Total assets	5,064	5,064	—
(2) Bonds payable (*3)	47,000	45,715	(1,284)
(3) Long-term borrowings (*4)	19,031	18,810	(221)
Total liabilities	66,031	64,525	(1,506)

(*1) Description of cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, and commercial papers are omitted because these financial instruments are cash and those of which the fair values approximate their carrying amounts due to the short-term settlements.

(*2) Shares, etc. without market price are not included in “(1) Investment securities.” The carrying amounts of those financial instruments were as follows.

(Millions of yen)

Category	Carrying amount
Unlisted shares	3,137

(*3) Bonds payable included in current portion of non-current liabilities are collectively presented as bonds payable in the notes.

(*4) Long-term borrowings included in current portion of non-current liabilities are collectively presented as long-term borrowings in the notes.

As of March 31, 2025

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Investment securities (*2)			
Available-for-sale securities	5,162	5,162	—
Total assets	5,162	5,162	—
(2) Bonds payable (*3)	43,500	40,489	(3,010)
(3) Long-term borrowings (*4)	16,095	15,679	(415)
Total liabilities	59,595	56,169	(3,426)

(*1) Description of cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, and commercial papers are omitted because these financial instruments are cash and those of which the fair values approximate their carrying amounts due to the short-term settlements.

(*2) Shares, etc. without market price are not included in “(1) Investment securities.” The carrying amounts of those financial instruments were as follows.

(Millions of yen)

Category	Carrying amount
Unlisted shares	4,272

(*3) Bonds payable included in current portion of non-current liabilities are collectively presented as bonds payable in the notes.

(*4) Long-term borrowings included in current portion of non-current liabilities are collectively presented as long-term borrowings in the notes.

(Note) Scheduled redemption amounts after the consolidated balance sheet date for bonds payable, long-term borrowings, lease liabilities, and other interest-bearing debt

As of March 31, 2024

(Millions of yen)

	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years
Bonds payable	3,500	8,500	4,000	3,000	5,000	23,000
Long-term borrowings	2,936	2,441	5,028	4,410	1,212	3,002
Lease liabilities	394	377	316	293	272	1,475
Commercial papers	6,000	—	—	—	—	—
Total	12,830	11,318	9,345	7,704	6,484	27,478

As of March 31, 2025

(Millions of yen)

	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years
Bonds payable	8,500	4,000	3,000	5,000	5,000	18,000
Long-term borrowings	2,441	5,028	4,410	1,212	1,720	1,832
Lease liabilities	404	346	323	302	265	1,366
Commercial papers	6,000	—	—	—	—	—
Total	17,345	9,375	7,734	6,514	6,985	21,198

3. Fair value information of financial instruments by level of inputs

The fair values of financial instruments are categorized into the following three levels based on the observability and significance of the inputs used to calculate fair values.

Level 1 fair value: The fair values that are measured by using observable inputs that reflect the quoted market prices in active markets for assets or liabilities subject to fair value measurement

Level 2 fair value: The fair values that are measured by using observable inputs that are not included in Level 1

Level 3 fair value: The fair values that are measured by using unobservable inputs

If multiple inputs that have a significant impact on the fair value measurement are used, the fair values are categorized in the lowest priority level in fair value measurement among the levels to which these inputs belong.

(1) Financial instruments carried at fair value in the consolidated balance sheet

As of March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities	5,064	—	—	5,064
Total assets	5,064	—	—	5,064

As of March 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities	5,162	—	—	5,162
Total assets	5,162	—	—	5,162

(2) Financial instruments other than those carried at fair value in the consolidated balance sheet

As of March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds payable	—	45,715	—	45,715
Long-term borrowings	—	18,810	—	18,810
Total liabilities	—	64,525	—	64,525

As of March 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds payable	—	40,489	—	40,489
Long-term borrowings	—	15,679	—	15,679
Total liabilities	—	56,169	—	56,169

(Note) Description of the valuation techniques and inputs used to measure fair value

Investment securities

Listed shares are valued using quoted market prices. As listed shares are traded in active markets, the fair values are classified as Level 1.

Bonds payable

The fair values of bonds payable issued by the Company are valued using market prices. The fair values of bonds payable are classified as Level 2 because bonds payable have a market price but are not traded in an active market.

Long-term borrowings

The fair values of long-term borrowings are calculated using the discounted cash flow method based on the total amount of principal and interest and an interest rate that takes into account the remaining term of the long-term borrowings and credit risks, and are classified as Level 2.

(Notes related to securities)

1. Available-for-sale securities with fair value

As of March 31, 2024

Category	Carrying amount as of March 31, 2024 (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities with carrying amount exceeding acquisition cost			
(1) Shares	5,064	631	4,432
Subtotal	5,064	631	4,432
Securities with carrying amount not exceeding acquisition cost			
(1) Shares	—	—	—
Subtotal	—	—	—
Total	5,064	631	4,432

As of March 31, 2025

Category	Carrying amount as of March 31, 2025 (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities with carrying amount exceeding acquisition cost			
(1) Shares	5,162	631	4,531
Subtotal	5,162	631	4,531
Securities with carrying amount not exceeding acquisition cost			
(1) Shares	—	—	—
Subtotal	—	—	—
Total	5,162	631	4,531

2. Available-for-sale securities sold during the fiscal year

For the fiscal year ended March 31, 2024

This note is omitted due to the immateriality of the total amount of gains (losses) on sales.

For the fiscal year ended March 31, 2025

This note is omitted due to the immateriality of the total amount of gains (losses) on sales.

(Notes related to derivative transactions)

As of March 31, 2024

1. Derivative transactions to which hedge accounting was not applied

Not applicable.

2. Derivative transactions to which hedge accounting was applied

Not applicable.

As of March 31, 2025

1. Derivative transactions to which hedge accounting was not applied

Not applicable.

2. Derivative transactions to which hedge accounting was applied

Currency-related transactions

(Millions of yen)

Method of hedge accounting	Type, etc. of derivative transactions	Main hedged items	Contract amount, etc.		Fair value
				Due after one year	
Appropriation treatment for forward exchange contracts, etc.	Forward exchange contracts Bought USD	Accounts payable - trade	4,611	—	(*)
Appropriation treatment for forward exchange contracts, etc.	Forward exchange contracts Sold USD	Accounts receivable - other	156	—	(*)
Total			4,767	—	

(*) The fair value of forward exchange contracts, etc., accounted for under the appropriation treatment is included in the fair value of accounts payable - trade and accounts receivable - other, because they are accounted for together with accounts payable - trade and accounts receivable - other, which are hedged items.

(Notes related to retirement benefits)

1. Overview of pension plans adopted

The Company and its consolidated subsidiaries have funded and unfunded defined benefit plans and defined contribution plans to provide for employee retirement benefits.

Defined benefit corporate pension plans provide lump-sum payments or annuities based on benefits and length of service.

Part of the Company's lump-sum benefit plans, and the defined benefit pension plans and lump-sum benefit plans of certain consolidated subsidiaries calculate retirement benefit liability and retirement benefit expenses using the simplified method, but one of these consolidated subsidiaries has changed from the simplified method to the principle method as of March 31, 2025.

The Company had adopted a defined benefit corporate pension plan as its retirement benefit plan, but on September 30, 2014, transferred the active employee portion to a defined contribution pension plan.

2. Defined benefit plans

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding plans to which the simplified method is applied)

	(Millions of yen)	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Beginning balance of retirement benefit obligations	5,102	5,102
Service cost	201	201
Interest expenses	11	11
Actuarial differences	(29)	(784)
Past service cost	—	—
Retirement benefits paid	(184)	(212)
Transfer due to change from the simplified method to the principle method	—	63
Cost associated with the change from the simplified method to the principle method	—	170
Ending balance of retirement benefit obligations	5,102	4,551

(2) Reconciliation of beginning and ending balances of plan assets (excluding plans to which the simplified method is applied)

	(Millions of yen)	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Beginning balance of plan assets	2,412	2,278
Actuarial differences	6	6
Retirement benefits paid	(140)	(144)
Ending balance of plan assets	2,278	2,141

(3) Reconciliation of beginning and ending balances of retirement benefit liabilities of plans to which the simplified method is applied

	(Millions of yen)	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Beginning balance of retirement benefit liability	1,193	1,045
Retirement benefit expenses	253	221
Retirement benefits paid	(321)	(149)
Contribution from the employer	(80)	(81)
Transfer due to change from the simplified method to the principle method	—	(63)
Ending balance of retirement benefit liability	1,045	972

- (4) Reconciliations of ending balances of retirement benefit obligations and plan assets and the retirement benefits liability and retirement benefit asset recorded in the consolidated balance sheet

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Funded retirement benefit obligations	3,209	2,966
Plan assets	(3,242)	(3,131)
	(32)	(164)
Unfunded retirement benefit obligations	3,901	3,547
Net liability and asset recorded in the consolidated balance sheet	3,868	3,383
Retirement benefit liability	4,813	4,443
Retirement benefit asset	(944)	(1,059)
Net liability and asset recorded in the consolidated balance sheet	3,868	3,383

(Note) Includes plans to which the simplified method is applied.

- (5) Retirement benefit expenses and their components

	(Millions of yen)	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Service cost	201	201
Interest expenses	11	11
Actuarial differences recorded as expenses	45	(14)
Past service cost recorded as expenses	—	—
Retirement benefit expenses calculated by the simplified method	253	221
Cost associated with the change from the simplified method to the principle method	—	170
Other	34	55
Retirement benefit expenses on defined benefit plans	547	645

- (6) Remeasurements of defined benefit plans

Item recorded in remeasurements of defined benefit plans (before income taxes and tax effect) was as follows.

	(Millions of yen)	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Actuarial differences	82	776
Remeasurements of defined benefit plans	82	776

- (7) Accumulated remeasurements of defined benefit plans

Item recorded in remeasurements of defined benefit plans (before income taxes and tax effect) was as follows.

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Unrecognized actuarial differences	120	(655)
Accumulated remeasurements of defined benefit plans	120	(655)

(8) Matters concerning plan assets

(i) Major components of plan assets

The ratio of each major category to total plan assets was as follows.

	As of March 31, 2024	As of March 31, 2025
Life insurance (general account)	50%	53%
Life insurance (special account)	7%	4%
Other	43%	43%
Total	100%	100%

(Note) "Other" is a pension trust and consists of cash and deposits.

(ii) Method for determining the long-term expected rate of return

Current and expected plan asset allocations, as well as current and long-term expected rate of return on diverse plan assets have been considered in determining the long-term expected rate of return on plan assets.

(9) Matters concerning actuarial assumptions

Principal actuarial assumptions

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Discount rate	0.2%	1.33% – 1.73%
Long-term expected rate of return	0.0%	0.2%

3. Defined contribution plans

The required contribution amounts to the defined contribution plans of the Company and its consolidated subsidiaries were as follows.

Fiscal year ended March 31, 2024	¥159 million
Fiscal year ended March 31, 2025	¥160 million

(Notes related to stock options, etc.)

1. Amounts of expenses and name of recorded accounts related to stock options

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
General and administrative expenses	¥16 million	¥22 million

2. Details and size of stock options and their changes

(1) Details of stock options

	1st Share Acquisition Rights	2nd Share Acquisition Rights
Category and number of eligible persons	Directors of the Company (excluding Outside Directors): 6 persons Executive Officers of the Company: 5 persons Advisors of the Company: 2 persons Special advisors of the Company: 3 persons	Directors of the Company (excluding Outside Directors): 6 persons Executive Officers of the Company: 7 persons Special advisors of the Company: 2 persons
Number of stock options by class of shares (Note 1)	Common shares of the Company: 45,900 shares	Common shares of the Company: 43,200 shares
Date of grant	May 13, 2015	May 13, 2016
Vesting conditions	(Note 2)	(Note 2)
Requisite service period	From May 13, 2015 to May 13, 2017	From May 13, 2016 to May 13, 2018
Exercise period	From May 14, 2017 to May 13, 2032	From May 14, 2018 to May 13, 2033

	3rd Share Acquisition Rights	4th Share Acquisition Rights
Category and number of eligible persons	Directors of the Company (excluding Outside Directors): 6 persons Executive Officers of the Company: 7 persons Special advisors of the Company: 2 persons	Directors of the Company (excluding Outside Directors): 6 persons Executive Officers of the Company: 7 persons Special advisors of the Company: 2 persons
Number of stock options by class of shares (Note 1)	Common shares of the Company: 42,700 shares	Common shares of the Company: 35,800 shares
Date of grant	May 15, 2017	May 14, 2018
Vesting conditions	(Note 2)	(Note 2)
Requisite service period	From May 15, 2017 to May 15, 2019	From May 14, 2018 to May 14, 2020
Exercise period	From May 16, 2019 to May 15, 2034	From May 15, 2020 to May 14, 2035

	5th Share Acquisition Rights	6th Share Acquisition Rights
Category and number of eligible persons	Directors of the Company (excluding Outside Directors): 6 persons Executive Officers of the Company: 9 persons Special advisor of the Company: 1 person Employee of the Company: 1 person	Directors of the Company (excluding Outside Directors): 6 persons Executive Officers of the Company: 10 persons
Number of stock options by class of shares (Note 1)	Common shares of the Company: 42,100 shares	Common shares of the Company: 39,400 shares
Date of grant	May 13, 2019	May 15, 2020
Vesting conditions	(Note 2)	(Note 2)
Requisite service period	From May 13, 2019 to May 13, 2021	From May 15, 2020 to May 15, 2022
Exercise period	From May 14, 2021 to May 13, 2036	From May 16, 2022 to May 15, 2037

	7th Share Acquisition Rights	8th Share Acquisition Rights
Category and number of eligible persons	Directors of the Company (excluding Outside Directors): 6 persons Executive Officers of the Company: 10 persons	Directors of the Company (excluding Outside Directors): 6 persons Executive Officers of the Company: 12 persons
Number of stock options by class of shares (Note 1)	Common shares of the Company: 60,500 shares	Common shares of the Company: 72,400 shares
Date of grant	May 13, 2021	May 13, 2022
Vesting conditions	(Note 2)	(Note 2)
Requisite service period	From May 13, 2021 to May 13, 2023	From May 13, 2022 to May 13, 2024
Exercise period	From May 14, 2023 to May 13, 2038	From May 14, 2024 to May 13, 2039

	9th Share Acquisition Rights	10th Share Acquisition Rights
Category and number of eligible persons	Directors of the Company (excluding Outside Directors): 6 persons Executive Officers of the Company: 11 persons Special advisor of the Company: 1 person	Directors of the Company (excluding Outside Directors): 5 persons Executive Officers of the Company, etc.: 12 persons
Number of stock options by class of shares (Note 1)	Common shares of the Company: 58,400 shares	Common shares of the Company: 46,300 shares
Date of grant	May 15, 2023	May 13, 2024
Vesting conditions	(Note 2)	(Note 2)
Requisite service period	From May 15, 2023 to May 15, 2025	From May 13, 2024 to May 13, 2026
Exercise period	From May 16, 2025 to May 15, 2040	From May 14, 2026 to May 13, 2041

(Note 1) The number of options is converted into and is shown as the number of shares. In addition, the number of shares is converted into and is shown as the number of shares after the stock split (5-for-1 common share split) implemented on October 1, 2024.

(Note 2) (i) At the time of exercising the rights, the holder of the share acquisition rights must be in the position of a Director or Executive Officer of the Company or the Group company. In the event that the holders of the share acquisition rights lose their position as a Director or Executive Officer of the Company or the Group company due to the expiration of their term of office or for other acceptable reasons, they may exercise their rights only within five years from the date of such loss.

(ii) In the event of the death of the holder of share acquisition rights, the heirs of that person may exercise the share acquisition rights only in a lump sum.

(iii) Other conditions shall be as stipulated in the agreement on allocation of share acquisition rights concluded between the Company and the holder of share acquisition rights.

(2) Size of stock options and its change

Stock options that existed during the fiscal year ended March 31, 2025 are included, and the number of stock options is converted into and is shown as the number of shares.

(i) Number of stock options

	1st Share Acquisition Rights	2nd Share Acquisition Rights	3rd Share Acquisition Rights	4th Share Acquisition Rights
Nonvested (Shares)				
Outstanding at March 31, 2024	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding balance	—	—	—	—
Vested (Shares)				
Outstanding at March 31, 2024	20,300	21,400	21,200	24,900
Vested	—	—	—	—
Exercised	7,000	4,400	—	5,700
Forfeited	—	—	—	—
Outstanding balance	13,300	17,000	21,200	19,200

	5th Share Acquisition Rights	6th Share Acquisition Rights	7th Share Acquisition Rights	8th Share Acquisition Rights
Nonvested (Shares)				
Outstanding at March 31, 2024	—	—	—	72,400
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	72,400
Outstanding balance	—	—	—	—
Vested (Shares)				
Outstanding at March 31, 2024	31,200	33,500	60,500	—
Vested	—	—	—	72,400
Exercised	4,800	5,400	13,000	—
Forfeited	—	—	—	—
Outstanding balance	26,400	28,100	47,500	72,400

	9th Share Acquisition Rights	10th Share Acquisition Rights
Nonvested (Shares)		
Outstanding at March 31, 2024	58,400	—
Granted	—	46,300
Forfeited	—	—
Vested	—	—
Outstanding balance	58,400	46,300
Vested (Shares)		
Outstanding at March 31, 2024	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
Outstanding balance	—	—

(Note) The number of shares is converted into and is shown as the number of shares after the stock split (5-for-1 common share split) implemented on October 1, 2024.

(ii) Unit price information

	1st Share Acquisition Rights	2nd Share Acquisition Rights	3rd Share Acquisition Rights	4th Share Acquisition Rights
Exercise price (Yen)	1 per share	1 per share	1 per share	1 per share
Average stock price at exercise (Yen)	587	530	—	678
Fair unit value at grant date (Yen)	217	209	206	233

	5th Share Acquisition Rights	6th Share Acquisition Rights	7th Share Acquisition Rights	8th Share Acquisition Rights
Exercise price (Yen)	1 per share	1 per share	1 per share	1 per share
Average stock price at exercise (Yen)	677	533	523	—
Fair unit value at grant date (Yen)	217	233	224	226

	9th Share Acquisition Rights	10th Share Acquisition Rights
Exercise price (Yen)	1 per share	1 per share
Average stock price at exercise (Yen)	—	—
Fair unit value at grant date (Yen)	314	587

(Note) The unit price is adjusted to reflect the stock split (5 for 1 common share split) implemented on October 1, 2024.

3. Method of estimating the fair unit value of stock options

The method of estimating the fair unit value of the 10th Share Acquisition Rights granted during the fiscal year ended March 31, 2025 is as follows.

(1) Evaluation techniques used: Black-Scholes model

(2) Main basic figures and their estimation methods

		10th Share Acquisition Rights
Volatility of stock price	(Note) 1	16.71%
Estimated remaining outstanding period	(Note) 2	9.5 years
Estimated dividend	(Note) 3	¥15 per share
Risk free interest rate	(Note) 4	0.86%

(Notes) 1. Volatility was computed based on actual stock prices in 9.5 years (from November 13, 2014 through May 13, 2024).

2. The estimated remaining outstanding period was determined based on the difference between the average period of service of Directors or Executive Officers in office in the past and the average period of service of eligible persons on the grant date.

3. The estimated dividend was determined using the actual year-end dividend payments for the fiscal year ended March 31, 2023 and the actual interim dividend payments for the fiscal year ended March 31, 2024. The amount shown is the amount after adjustment for the stock split (5-for-1 common share split) implemented on October 1, 2024.

4. The risk free interest rate is the yield on Japanese government bonds corresponding to the estimated remaining outstanding period.

4. Method of estimating the number of stock options vested

Basically, since it is difficult to reasonably estimate the number of future forfeitures, only the actual number of forfeitures is reflected.

(Notes related to tax effect accounting)

1. Major components of deferred tax assets and deferred tax liabilities

	As of March 31, 2024		As of March 31, 2025	
Deferred tax assets				
Retirement benefit liability	¥1,343	million	¥1,491	million
Deferred assets	167		201	
Impairment losses	235		231	
Provision for safety measures	248		213	
Accrued bonuses	375		403	
Other	2,116		2,619	
Subtotal	4,487		5,160	
Valuation allowance	(395)		(455)	
Total	4,091		4,705	
Offset with deferred tax liabilities	(1,993)		(2,412)	
Net deferred tax assets	2,098		2,292	
Deferred tax liabilities				
Retirement benefit asset	¥(257)	million	¥(271)	million
Valuation difference on available-for-sale securities	(1,235)		(1,262)	
Other	(500)		(878)	
Total	(1,993)		(2,412)	
Offset with deferred tax assets	1,993		2,412	
Deferred tax assets for land revaluation				
Deferred tax assets for land revaluation	¥329	million	¥329	million
Valuation allowance	(329)		(329)	
Total	—		—	
Deferred tax liabilities for land revaluation				
Deferred tax liabilities for land revaluation	¥(553)	million	¥(548)	million
Net deferred tax liabilities for land revaluation	(553)		(548)	

2. Breakdown of major components causing the difference between the statutory tax rate and the effective income tax rate

This note is omitted since the difference between the statutory tax rate and the effective income tax rate was less than 5% of the statutory tax rate in the fiscal years ended March 31, 2024 and 2025.

3. Revision of the amounts of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates

In accordance with the Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025) enacted by the Diet on March 31, 2025, the Special Corporation Tax for Defense will be imposed from fiscal years beginning on or after April 1, 2026.

Accordingly, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 27.91% to 28.84% for temporary differences, etc. expected to be reversed in fiscal years beginning on or after April 1, 2026.

As a result of this tax rate change, for the fiscal year ended March 31, 2025, deferred tax assets (net of deferred tax liabilities) increased by ¥74 million and income taxes - deferred decreased by ¥80 million.

(Notes related to asset retirement obligations)

Asset retirement obligations recorded in the consolidated balance sheet

1. Overview of asset retirement obligations

Asset retirement obligations are recognized for asbestos removal costs at the time of demolition of buildings owned by the Company and demolition costs for renewable energy power generation facilities, etc.

2. Calculation method of the amount of asset retirement obligations

The amount of the asset retirement obligation is calculated using the discount rate corresponding to the expected period of use, which is deemed as the useful life of the asset.

3. Change in total amount of asset retirement obligations

	As of March 31, 2024	As of March 31, 2025
Balance at beginning of period	¥394 million	¥852 million
Increase due to purchase of property, plant and equipment	¥132 million	¥185 million
Increase due to changes in estimates	¥324 million	¥— million
Decrease due to changes in estimates	¥— million	¥(10) million
Balance at end of period	¥852 million	¥1,027 million

(Notes related to revenue recognition)

1. Information on disaggregated revenue from contracts with customers

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable Segment				Others (Note)	Total
	Gas	Electricity	Energy-related	Total		
Goods and services transferred at a point in time	19,814	–	20,588	40,402	1,207	41,609
Goods and services transferred over a period of time	84,421	30,190	16,088	130,700	157	130,857
Revenue from contracts with customers	104,235	30,190	36,676	171,102	1,364	172,466
Other revenue	–	–	1,419	1,419	–	1,419
Sales to outside customers	104,235	30,190	38,095	172,521	1,364	173,885

(Note) The “others” section is a business segment that is not included in the reportable segments and includes IT solution, real estate, and insurance agency businesses.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable Segment				Others (Note)	Total
	Gas	Electricity	Energy-related	Total		
Goods and services transferred at a point in time	19,637	–	19,683	39,321	946	40,267
Goods and services transferred over a period of time	82,827	28,914	16,624	128,366	161	128,527
Revenue from contracts with customers	102,465	28,914	36,308	167,687	1,108	168,795
Other revenue	–	–	1,499	1,499	–	1,499
Sales to outside customers	102,465	28,914	37,807	169,187	1,108	170,295

(Note) The “others” section is a business segment that is not included in the reportable segments and includes IT solution, real estate, and insurance agency businesses.

2. Useful information in understanding revenue from contracts with customers

This information is omitted as it is presented in “Significant accounting policies for preparation of consolidated financial statements, 4. Accounting Policies, (5) Accounting policy for recognition of significant revenues and expenses.”

3. Information related to the relationship between the satisfaction of performance obligations based on contracts with customers and the cash flows arising from such contracts, as well as the amounts and timing of revenue from contracts with customers that existed as of March 31, 2025, which is expected to be recognized in or after the fiscal year ending March 31, 2026

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Balances, etc. of contract assets and contract liabilities

	(Millions of yen)
	Fiscal year ended March 31, 2024
Receivables from contracts with customers (Beginning balance)	18,523
Receivables from contracts with customers (Ending balance)	19,682
Contract assets (Beginning balance)	1,079
Contract assets (Ending balance)	1,296
Contract liabilities (Beginning balance)	1,377
Contract liabilities (Ending balance)	850

Contract assets mainly consist of unbilled accounts receivable - trade for revenues in the period from the date of meter reading in the closing month to the date of closing, recognized in electricity sales based on a reasonable estimate. Contract assets are transferred to receivables from contracts with customers at the time of billing based on the next month's meter reading. Contract liabilities mainly relate to advances received from customers under gas construction and appliance sales contracts. Contract liabilities are reversed upon recognition of revenue.

Revenue recognized in the fiscal year ended March 31, 2024 that was included in the contract liabilities at the beginning of the fiscal year ended March 31, 2024 was ¥1,186 million.

(2) Transaction price allocated to the remaining performance obligations

Since the Company and its consolidated subsidiaries do not have any critical contracts with an initially expected contract period exceeding one year, the practical expedient is applied in the notes to the transaction prices allocated to the remaining performance obligations and the notes are omitted. In addition, there were no material amounts of consideration arising from contracts with customers that were not included in the transaction price.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Balances, etc. of contract assets and contract liabilities

	(Millions of yen)
	Fiscal year ended March 31, 2025
Receivables from contracts with customers (Beginning balance)	19,682
Receivables from contracts with customers (Ending balance)	18,527
Contract assets (Beginning balance)	1,296
Contract assets (Ending balance)	1,298
Contract liabilities (Beginning balance)	850
Contract liabilities (Ending balance)	1,142

Contract assets mainly consist of unbilled accounts receivable - trade for revenues in the period from the date of meter reading in the closing month to the date of closing, recognized in electricity sales based on a reasonable estimate. Contract assets are transferred to receivables from contracts with customers at the time of billing based on the next month's meter reading. Contract liabilities mainly relate to advances received from customers under gas construction and appliance sales contracts. Contract

liabilities are reversed upon recognition of revenue.

Revenue recognized in the fiscal year ended March 31, 2025 that was included in the contract liabilities at the beginning of the fiscal year ended March 31, 2025 was ¥776 million.

(2) Transaction price allocated to the remaining performance obligations

Since the Company and its consolidated subsidiaries do not have any critical contracts with an initially expected contract period exceeding one year, the practical expedient is applied in the notes to the transaction prices allocated to the remaining performance obligations and the notes are omitted. In addition, there were no material amounts of consideration arising from contracts with customers that were not included in the transaction price.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Group are business units for which separate financial information is available and whose results are regularly reviewed by the Board of Directors to make decisions about allocation of management resources and assess performance.

The Group develops a new energy model combining energy sources such as gas, electricity and heat throughout Hokkaido as a total energy service business, aiming for the achievement of a compact and efficient energy society based on distributed energy and energy management.

Based on this business development, the three reportable segments have been defined: “Gas,” which is an energy business centered on natural gas, the core of business; “Electricity,” an important business for covering the entire Hokkaido; and “Energy-related,” including LPG, heat supply, the supply of other kinds of energy, construction works, and equipment.

The main products and services of each reportable segment are as follows.

“Gas”:	Sale of city gas and LNG
“Electricity”:	Electric power
“Energy-related”:	LPG, heat supply, oil products, gas construction works, gas equipment, energy services, etc.

2. Calculation method for net sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting method for reported business segments is generally the same as the one described in “Significant accounting policies for preparation of consolidated financial statements.”

The profit of reportable segments is based on operating profit. Inter-segment sales and transfers are based on prevailing market prices.

3. Information on the amounts of net sales, profit (loss), assets, liabilities and other items for each reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable Segment				Others (Note) 1	Total	Adjustment (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Gas	Electricity	Energy-related	Total				
Net sales								
Sales to outside customers	104,235	30,190	38,095	172,521	1,364	173,885	—	173,885
Inter-segment sales or transfers	2,365	208	1,757	4,332	2,479	6,812	(6,812)	—
Total	106,601	30,399	39,853	176,853	3,844	180,697	(6,812)	173,885
Segment profit	13,557	2,911	1,554	18,023	246	18,269	(2,673)	15,595
Segment assets	112,697	20,418	42,958	176,073	752	176,826	9,539	186,366
Other items								
Depreciation (Note) 4	9,974	1,330	2,570	13,875	27	13,903	82	13,986
Increase in property, plant and equipment and intangible assets (Note) 5	10,670	2,543	2,159	15,373	50	15,423	1,298	16,722

(Notes) 1. The “others” section is a business segment that is not included in the reportable segments and includes IT solution, real estate, and insurance agency businesses.

2. (1) The ¥(2,673) million of adjustment in segment profit includes ¥(23) million in the elimination of intersegment transactions, ¥(298) million in share of profit (loss) of entities accounted for using equity method, and ¥(2,350) million in corporate expenses not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segments.

(2) The ¥9,539 million of adjustment in segment assets includes corporate assets of ¥17,534 million, which consist mainly of funds for long-term investments of the reporting company and assets pertaining to administrative departments.

3. Segment profit is adjusted with the operating profit in the consolidated statement of income.

4. Depreciation includes the amortization of long-term prepaid expenses, and the adjustment consists mainly of depreciation for corporate assets not allocated to any reportable segment.

5. The increase in property, plant and equipment and intangible assets includes long-term prepaid expenses, and the adjustment consists mainly of corporate assets not allocated to any reportable segment.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable Segment				Others (Note) 1	Total	Adjustment (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Gas	Electricity	Energy-related	Total				
Net sales								
Sales to outside customers	102,465	28,914	37,807	169,187	1,108	170,295	—	170,295
Inter-segment sales or transfers	2,391	217	1,796	4,406	2,221	6,627	(6,627)	—
Total	104,856	29,131	39,604	173,593	3,329	176,923	(6,627)	170,295
Segment profit	12,626	3,607	1,063	17,297	147	17,445	(3,116)	14,328
Segment assets	116,622	21,897	44,565	183,085	682	183,767	11,664	195,431
Other items								
Depreciation (Note) 4	10,632	1,454	2,719	14,806	13	14,819	163	14,983
Increase in property, plant and equipment and intangible assets (Note) 5	10,377	3,816	3,157	17,351	55	17,406	762	18,168

(Notes) 1. The “others” section is a business segment that is not included in the reportable segments and includes IT solution, real estate, insurance agency businesses.

2. (1) The ¥(3,116) million adjustment in segment profit includes ¥74 million in the elimination of intersegment transactions, ¥(74) million in share of profit (loss) of entities accounted for using equity method, and ¥(3,116) million in corporate expenses not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segments.

(2) The ¥11,664 million of adjustment in segment assets includes corporate assets of ¥21,181 million, which consist mainly of funds for long-term investments of the reporting company and assets pertaining to administrative departments.

3. Segment profit is adjusted with the operating profit in the consolidated statement of income.

4. Depreciation includes the amortization of long-term prepaid expenses, and the adjustment consists mainly of depreciation for corporate assets not allocated to any reportable segment.

5. The increase in property, plant and equipment and intangible assets includes long-term prepaid expenses, and the adjustment consists mainly of corporate assets not allocated to any reportable segment.

[Related information]

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

As the same information is disclosed in segment information, this part has been omitted.

2. Information by region

(1) Net sales

As there are no sales to outside customers in countries other than Japan, there is nothing to mention.

(2) Property, plant and equipment

As there are no property, plant and equipment located in countries other than Japan, there is nothing to mention.

3. Information by major customers

As no customer in sales to outside customers accounts for 10% or more of net sales on the consolidated statement of income, this information has been omitted.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

1. Information by product and service

As the same information is disclosed in segment information, this part has been omitted.

2. Information by region

(1) Net sales

As there are no sales to outside customers in countries other than Japan, there is nothing to mention.

(2) Property, plant and equipment

As there are no property, plant and equipment located in countries other than Japan, there is nothing to mention.

3. Information by major customers

As no customer in sales to outside customers accounts for 10% or more of net sales on the consolidated statement of income, this information has been omitted.

[Information on impairment losses on non-current assets by reportable segment]

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Omitted due to its immateriality.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Omitted due to its immateriality.

[Information on amortization of goodwill and balance of unamortized goodwill by reportable segment]

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Omitted due to its immateriality.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Omitted due to its immateriality.

[Information on gain on negative goodwill by reportable segment]

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

[Information on related parties]

1. Transactions between the reporting company and related parties

(i) Affiliated companies, etc. of the reporting company

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Category	Name of company, etc.	Location	Share capital or investments in capital (Millions of yen)	Description of business	Ratio of voting rights ownership/ owned (%)	Relationship with related party	Description of transaction	Transaction amount (Millions of yen)	Account item	Balance as of March 31, 2024 (Millions of yen)
Affiliate	Ishikari LNG Sambashi Co., Ltd.	Higashi-ku, Sapporo	240	Ownership, leasing, etc. of facilities	Direct ownership 50	Lease of facilities Concurrent officers	Collection of loans receivable	139	Long-term loans receivable from subsidiaries and associates	1,887
							Receipt of interest *1	13		

Among the amounts above, no consumption taxes are included in the transaction amount and the balance as of March 31, 2024.

Terms and conditions of transactions, policy for determining terms and conditions of transactions, etc.

*1 For loans of funds, interest rates are reasonably determined in consideration of market interest rates.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Omitted due to its immateriality.

(ii) Officers, major individual shareholders, etc. of the reporting company

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	¥871.91	¥978.72
Basic earnings per share	¥131.98	¥118.07
Diluted earnings per share	¥131.46	¥117.57

(Notes) 1. The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. Net assets per share, basic earnings per share, and diluted earnings per share are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

2. The basis for calculating basic earnings per share and diluted earnings per share is outlined below.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	11,627	10,404
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent for common shares (Millions of yen)	11,627	10,404
Average number of common shares outstanding during the period (Thousand shares)	88,098	88,121
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	—	—
[Of which, interest expenses (after the deduction of the amount equivalent to tax) (Millions of yen)]	[—]	[—]
Increase in common shares (Thousand shares)	352	371
[Of which, convertible bonds (Thousand shares)]	[—]	[—]
[Of which, share acquisition rights (Thousand shares)]	[352]	[371]

2. The basis for calculating net assets per share is outlined below.

	As of March 31, 2024	As of March 31, 2025
Total amount of net assets (Millions of yen)	79,001	88,486
Amount deducted from total amount of net assets (Millions of yen)	2,180	2,217
[Of which, share acquisition rights (Millions of yen)]	[70]	[83]
[Of which, non-controlling interests (Millions of yen)]	[2,110]	[2,134]
Net assets related to common shares at the end of the period (Millions of yen)	76,820	86,268
Number of common shares at the end of the period used in the calculation of net assets per share (Thousand shares)	88,106	88,144

(v) [Consolidated supplementary schedules]

[Schedule of bonds payable]

Company name	Name of bonds	Date of issue	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (%)	Collateral	Maturity
Hokkaido Gas Co., Ltd.	15th unsecured corporate bond (with an inter-bond pari passu clause)	March 16, 2016	5,000	5,000 (5,000)	0.395	None	March 16, 2026
	18th unsecured corporate bond (with an inter-bond pari passu clause)	November 15, 2017	3,500	—	0.401	None	November 15, 2024
	19th unsecured corporate bond (with an inter-bond pari passu clause)	November 28, 2018	3,500	3,500 (3,500)	0.360	None	November 28, 2025
	20th unsecured corporate bond (with an inter-bond pari passu clause)	December 13, 2018	5,000	5,000	0.800	None	December 13, 2033
	21st unsecured corporate bond (with an inter-bond pari passu clause)	December 13, 2018	5,000	5,000	0.405	None	December 13, 2028
	22nd unsecured corporate bond (with an inter-bond pari passu clause)	November 27, 2019	4,000	4,000	0.270	None	November 27, 2026
	23rd unsecured corporate bond (with an inter-bond pari passu clause)	December 12, 2019	3,000	3,000	0.510	None	December 12, 2034
	24th unsecured corporate bond (with an inter-bond pari passu clause)	December 12, 2019	5,000	5,000	0.280	None	December 12, 2029
	25th unsecured corporate bond (with an inter-bond pari passu clause)	October 14, 2022	10,000	10,000	1.450	None	October 14, 2042
	26th unsecured corporate bond (with an inter-bond pari passu clause)	February 28, 2023	3,000	3,000	0.634	None	February 28, 2028
Total	—	—	47,000	43,500 (8,500)	—	—	—

(Notes) 1. Parentheses () in the “Balance at end of period” column indicate the amounts scheduled to be redeemed within one year.

2. Scheduled redemption amounts per year within five years from the consolidated balance sheet date were as follows.

Within one year (Millions of yen)	After one year through two years (Millions of yen)	After two years through three years (Millions of yen)	After three years through four years (Millions of yen)	After four years through five years (Millions of yen)
8,500	4,000	3,000	5,000	5,000

[Schedule of borrowings, etc.]

Category	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Period of repayment
Short-term borrowings	—	—	—	—
Long-term borrowings due within one year	2,936	2,441	0.4	—
Lease liabilities due within one year	394	404	—	—
Long-term borrowings (excluding those due within one year)	16,095	14,204	0.4	From April 2026 to December 2032
Lease liabilities (excluding those due within one year)	2,736	2,604	—	From April 2026 to September 2034
Other interest-bearing debt Commercial papers (due within one year)	6,000	6,000	0.5	—
Total	28,162	25,654	—	—

(Notes) 1. The average interest rate is the weighted average interest rate on the balance of borrowings, etc. at the end of the fiscal year.

2. For those with floating interest rates, the interest rate as of March 31, 2025 is applied.

3. The average interest rate for lease liabilities is not stated because lease liabilities are recorded in the consolidated balance sheet before the deduction of the amount equivalent to interest included in total lease payments.

4. Scheduled repayment amounts of long-term borrowings and lease liabilities (excluding those due within one year) within five years after the consolidated balance sheet date were as follows.

	After one year through two years (Millions of yen)	After two years through three years (Millions of yen)	After three years through four years (Millions of yen)	After four years through five years (Millions of yen)
Long-term borrowings	5,028	4,410	1,212	1,720
Lease liabilities	346	323	302	265

[Schedule of asset retirement obligations]

As amounts of asset retirement obligations at the beginning and the end of the fiscal year ended March 31, 2025 are less than or equal to 1% of total liabilities and net assets at the beginning and the end of the fiscal year ended March 31, 2025, the preparation of this schedule is omitted in accordance with Article 92-2 of the Regulation on Consolidated Financial Statements.

(2) [Other]

Semi-annual information for the fiscal year ended March 31, 2025, etc.

	Interim accounting period (from April 1, 2024 to September 30, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Net sales (Millions of yen)	68,024	170,295
Profit before income taxes (Millions of yen)	4,892	14,428
Profit attributable to owners of parent (Millions of yen)	3,485	10,404
Basic earnings per share (Yen)	39.56	118.07

Note: The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. Basic earnings per share is calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2025.

2. [Non-consolidated financial statements, etc.]

(1) Non-consolidated financial statements

(i) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	20,681	18,317
Distribution facilities	*1 43,435	*1 44,610
Service and maintenance facilities	*2, *3 11,632	*2, *3 12,250
Facilities for incidental businesses	*1, *2, *3 18,087	*1, *2, *3 20,718
Construction in progress	3,578	4,184
Total property, plant and equipment	97,415	100,082
Intangible assets		
Other intangible assets	4,954	5,297
Total intangible assets	*2 4,954	*2 5,297
Investments and other assets		
Investment securities	6,664	6,728
Investments in subsidiaries and associates	5,920	5,820
Long-term loans receivable from subsidiaries and associates	1,887	1,607
Long-term prepaid expenses	865	1,081
Prepaid pension costs	922	941
Deferred tax assets	1,065	1,478
Other investments	1,039	1,116
Allowance for doubtful accounts	(4)	(2)
Total investments and other assets	18,359	18,772
Total non-current assets	120,729	124,152
Current assets		
Cash and deposits	6,854	10,229
Notes receivable - trade	110	163
Accounts receivable - trade	17,419	16,039
Accounts receivable from subsidiaries and associates - trade	1,034	841
Accounts receivable - other	516	1,473
Finished goods	29	29
Raw materials	8,080	9,151
Supplies	936	1,038
Prepaid expenses	462	619
Short-term receivables from subsidiaries and associates	6,448	8,014
Other current assets	2,730	3,241
Allowance for doubtful accounts	(42)	(48)
Total current assets	44,580	50,793
Total assets	165,310	174,945

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Non-current liabilities		
Bonds payable	43,500	35,000
Long-term borrowings	15,939	13,540
Deferred tax liabilities for land revaluation	553	548
Provision for retirement benefits	3,695	3,857
Asset retirement obligations	271	456
Provision for gas holder repairs	126	152
Provision for safety measures	891	744
Provision for appliance warranties	1,343	1,335
Provision for loss on remove noncurrent assets	181	169
Other noncurrent liabilities	453	746
Total non-current liabilities	66,956	56,551
Current liabilities		
Current portion of non-current liabilities	*4 6,369	*4 10,913
Accounts payable - trade	1,711	8,244
Accounts payable - other	4,774	4,284
Accrued expenses	4,113	4,266
Income taxes payable	*5 2,460	*5 2,242
Advances received	1,192	1,167
Deposits received	65	77
Short-term debt to subsidiaries and associates	6,457	7,335
Provision for loss on construction contracts	160	265
Provision for loss on remove noncurrent assets	21	136
Provision for repairs	—	267
Commercial papers	6,000	6,000
Other current liabilities	1,447	1,711
Total current liabilities	34,775	46,912
Total liabilities	101,731	103,464
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	33,054	40,876
Total retained earnings	47,430	55,252
Treasury shares	(157)	(148)
Total shareholders' equity	60,064	67,895
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,195	3,265
Revaluation reserve for land	248	236
Total valuation and translation adjustments	3,444	3,502
Share acquisition rights	70	83
Total net assets	63,578	71,481
Total liabilities and net assets	165,310	174,945

(ii) [Non-consolidated statement of income]

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Sales from gas business		
Gas sales	84,876	83,473
Revenue from interoperator settlement	136	134
Total sales on gas business	85,012	83,608
Cost of sales		
Beginning inventories	36	29
Cost of products manufactured	53,037	49,783
Costs of gas for own use	2,914	1,708
Ending inventories	29	29
Total cost of sales	50,131	48,075
Gross profit	34,881	35,533
Supply and sales expenses	24,944	26,510
General and administrative expenses	2,367	3,121
Profit on core business	7,570	5,901
Miscellaneous operating revenue		
Revenue from installation work	3,552	3,857
Other miscellaneous operating revenue	9,401	9,208
Total miscellaneous operating revenue	12,953	13,065
Miscellaneous operating expenses		
Installation work expenses	3,386	3,678
Other miscellaneous operating expenses	8,782	8,659
Total miscellaneous operating expenses	12,169	12,338
Revenue from incidental businesses	53,288	51,800
Expenses for incidental businesses	47,577	45,088
Operating profit	14,065	13,341
Non-operating income		
Interest income	38	61
Dividend income	260	193
Rental income	315	317
Miscellaneous income	249	204
Total non-operating income	*1 864	*1 778
Non-operating expenses		
Interest expenses	96	119
Interest expenses on bonds	322	305
Personnel transfer expenses	267	408
Impairment losses	133	140
Miscellaneous expenses	232	180
Total non-operating expenses	*1 1,053	*1 1,154
Ordinary profit	13,876	12,965
Profit before income taxes	13,876	12,965
Income taxes - current	3,995	4,012
Income taxes - deferred	(229)	(444)
Total income taxes	3,765	3,567
Profit	10,110	9,397

[Schedule of operating expenses]

Account item	Notes	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)				Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)			
		Manufacturing costs (Millions of yen)	Supply and sales expenses (Millions of yen)	General and administrative expenses (Millions of yen)	Total (Millions of yen)	Manufacturing costs (Millions of yen)	Supply and sales expenses (Millions of yen)	General and administrative expenses (Millions of yen)	Total (Millions of yen)
Raw material costs		49,121	—	—	49,121	45,319	—	—	45,319
Raw material costs		48,118	—	—	48,118	44,372	—	—	44,372
Supplemental material costs		1,002	—	—	1,002	947	—	—	947
Labor costs		805	5,467	1,103	7,376	846	5,684	1,177	7,709
Salaries for officers		—	—	229	229	—	—	233	233
Salaries		428	3,072	468	3,969	468	3,216	493	4,178
Other salaries		31	228	43	302	31	273	51	356
Bonuses and allowances		140	995	140	1,277	156	1,033	168	1,358
Legal welfare expenses		103	662	132	898	114	682	135	932
Welfare expenses		43	193	51	288	40	197	53	291
Retirement allowance	*2	58	314	37	410	36	280	41	357
Overhead costs		2,431	12,243	1,128	15,803	2,569	12,960	1,748	17,278
Repair expenses	*3	1,132	1,875	8	3,017	1,235	1,732	15	2,983
Electricity expenses		403	125	4	533	469	133	4	607
Water expenses		19	7	1	28	21	12	1	35
Gas usage expenses		7	281	—	288	6	77	—	84
Supplies expenses		54	622	30	708	51	621	39	712
Freight costs		2	18	3	24	2	17	4	25
Travel and transportation expenses		11	102	44	157	12	112	59	185
Communication expenses		4	420	5	431	6	337	6	350
Insurance expenses		67	12	17	98	67	11	18	97
Rent expenses		380	1,263	113	1,757	383	1,461	138	1,983
Outsourcing expenses		181	3,319	191	3,692	162	4,075	226	4,464
Taxes and dues	*4	155	943	79	1,179	139	1,026	86	1,252
Enterprise tax		—	—	341	341	—	—	306	306
Experimentation and research expenses		—	59	—	59	—	76	—	76
Education expenses		4	34	31	71	2	44	54	101
Demand development expenses		—	1,737	—	1,737	—	1,740	—	1,740
Inventory depletion expenses		—	0	—	0	—	3	—	3
Loss on retirement of non-current assets		0	523	0	525	2	584	1	588
Bad debts written off		—	8	—	8	—	17	—	17
Provision of allowance for doubtful accounts		—	9	—	9	—	5	—	5
Miscellaneous expenses		5	118	253	377	4	134	784	923
Expenses on interoperator settlement		—	755	—	755	—	733	—	733
Depreciation		2,159	7,233	135	9,528	2,214	7,865	195	10,275
Transfer of LNG contract processing		(1,479)	—	—	(1,479)	(1,166)	—	—	(1,166)
Total		53,037	24,944	2,367	80,349	49,783	26,510	3,121	79,416

(Note) 1. The single process costing is applied to manufacturing cost accounting.

*2 Provision for retirement benefits were ¥252 million and ¥198 million for the 178th fiscal year and the 179th fiscal year, respectively.

*3 Provision for gas holder repairs were ¥26 million and ¥26 million for the 178th fiscal year and the 179th fiscal year, respectively.

*4 The details of taxes and dues are as follows.

Item	Fiscal year ended March 31, 2024 (Millions of yen)	Fiscal year ended March 31, 2025 (Millions of yen)
Property taxes	664	662
Road occupancy fees	431	507
Other	83	82
Total	1,179	1,252

(iii) [Non-consolidated statement of changes in equity]

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	7,515	5,275	5,275	775	13,600	24,267	38,642
Changes during period							
Dividends of surplus						(1,321)	(1,321)
Profit						10,110	10,110
Purchase of treasury shares							
Disposal of treasury shares						(1)	(1)
Revaluation reserve for land							
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	—	8,787	8,787
Balance at end of period	7,515	5,275	5,275	775	13,600	33,054	47,430

	Shareholders' equity		Valuation and translation adjustments			Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	(160)	51,273	2,573	248	2,822	58	54,154
Changes during period							
Dividends of surplus		(1,321)					(1,321)
Profit		10,110					10,110
Purchase of treasury shares	(3)	(3)					(3)
Disposal of treasury shares	6	5					5
Revaluation reserve for land		—					—
Net changes in items other than shareholders' equity			622	—	622	11	633
Total changes during period	2	8,790	622	—	622	11	9,424
Balance at end of period	(157)	60,064	3,195	248	3,444	70	63,578

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	7,515	5,275	5,275	775	13,600	33,054	47,430
Changes during period							
Dividends of surplus						(1,586)	(1,586)
Profit						9,397	9,397
Purchase of treasury shares							
Disposal of treasury shares						(1)	(1)
Revaluation reserve for land						11	11
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	—	7,821	7,821
Balance at end of period	7,515	5,275	5,275	775	13,600	40,876	55,252

	Shareholders' equity		Valuation and translation adjustments			Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	(157)	60,064	3,195	248	3,444	70	63,578
Changes during period							
Dividends of surplus		(1,586)					(1,586)
Profit		9,397					9,397
Purchase of treasury shares	(1)	(1)					(1)
Disposal of treasury shares	11	9					9
Revaluation reserve for land		11					11
Net changes in items other than shareholders' equity			70	(11)	58	13	71
Total changes during period	9	7,831	70	(11)	58	13	7,902
Balance at end of period	(148)	67,895	3,265	236	3,502	83	71,481

[Notes]

(Significant accounting policies)

1. Depreciation method of non-current assets

(1) Property, plant and equipment (excluding leased assets)

Depreciated by the declining-balance method.

However, the straight-line method is applied for natural gas facilities, heat supply facilities, and facilities for renewable energy power generation in the Chitose Branch, the Ishikari LNG Terminal, and distribution facilities.

In addition, the Company applies the straight-line method to buildings (excluding facilities attached to buildings) acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016.

The main useful lives are as follows.

Buildings and structures:	3 to 50 years
Pipelines:	13 to 22 years
Machinery and equipment and tools, furniture and fixtures:	2 to 22 years

(2) Intangible assets (excluding leased assets)

Amortized by the straight-line method.

However, software (for internal use) is amortized using the straight-line method based on the period of use within the company (five years).

(3) Leased assets

Leased assets in finance lease transactions that do not transfer ownership

Depreciated using the straight-line method assuming that lease periods are useful lives and residual values are zero.

(4) Long-term prepaid expenses

Amortized on a straight-line basis.

2. Basis and methods of valuation for assets

(1) Securities

(i) Shares of subsidiaries and affiliates

Stated at cost determined by the moving-average method

(ii) Available-for-sale securities

Securities other than shares, etc. without market price

Stated at fair value (valuation differences are recorded directly in a separate component of net assets, and cost of securities sold is determined by the moving-average method)

Shares, etc. without market price

Stated at cost determined by the moving-average method

(2) Derivatives

Stated at fair value

(3) Inventories

Inventories held for ordinary sales

Mainly stated at cost determined by the moving-average method (the carrying amounts are determined based on the method of writing down the book value based on a decline in profitability)

3. Accounting policy for provisions

(1) Allowance for doubtful accounts

To prepare for credit losses on trade receivables, loans receivable, etc., an estimated uncollectable amount is provided at the amount estimated by using the historical rate of credit loss for general receivables, and based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(2) Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, an amount recognized to be accrued at the end of the current fiscal year is provided based on projected retirement benefit obligations and pension assets at the end of the current fiscal year.

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the current fiscal year on a straight-line attribution.

Past service costs are recorded as expenses using the straight-line method over a certain number of years (one year) within the average remaining service period of employees at the time when past service costs are incurred in each fiscal year.

Actuarial differences are amortized using the straight-line method over a certain number of years (mainly 15 years) within the average remaining service period of employees from the fiscal year following the fiscal year in which actuarial differences are incurred in each fiscal year.

Certain retirement benefit plans adopt the simplified method that treats the amount of benefits to be paid as calculated assuming that all employees voluntarily retire at the end of the fiscal year as retirement benefit obligations for the calculation of provision for retirement benefits and retirement benefit expenses.

(3) Provision for gas holder repairs

To prepare for expenses incurred for periodic maintenance and repair of spherical gas holding tanks, an estimated amount of expenses required for the next maintenance and repair is provided by allocating them to each fiscal term during the period until the next scheduled maintenance and repair.

(4) Provision for safety measures

To prepare for expenses incurred for ensuring safety in the gas business, an estimated amount of expenses required for measures against aging pipes, etc. is provided.

(5) Provision for loss on construction contracts

To prepare for future losses related to gas appliances construction, the estimated amount of losses to be incurred in the next fiscal year and thereafter is provided for the undelivered construction work at the end of the current fiscal year.

(6) Provision for loss on remove noncurrent assets

To prepare for expenses related to the removal of property, plant and equipment, an estimated amount of such expenses is provided.

(7) Provision for appliance warranties

To prepare for expenses incurred for services within the warranty period for sold appliances, an estimated amount of expenses to be incurred in the next fiscal year and thereafter is provided.

(8) Provision for repairs

To prepare for expenses for dredging work at the Ishikari LNG Terminal, an amount to be borne in the current fiscal year is provided based on the estimated amount of such expenses.

4. Accounting policy for recognition of revenues and expenses

Information about the main performance obligations in key businesses of the Company concerning revenue from contracts with customers and the usual timing for satisfying such performance obligations (that is, when revenue is recognized) is summarized as follows.

(i) City gas business

In the city gas business, the Company mainly distributes and sells city gas to customers. Revenue from the gas distribution and sales is recognized based on meter reading dates in accordance with the Regulation on Gas Utility Accounting (Order of the Ministry of International Trade and Industry No. 15 of 1954).

*Meter reading date basis: The amount of gas used is measured based on monthly meter readings, and the charges calculated based on this measurement are recognized as revenue for the current month.

(ii) Electricity business

In the electricity business, the Company mainly sells electricity to customers. Revenue from the electricity sales is recognized at the point where the customer consumes the electric power. The actual electricity usage by customers is determined through monthly meter readings. Therefore, revenue arising from the period between the meter reading date and the fiscal year-end is estimated and recognized using the method specified in Paragraph 103-2 of the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021).

Consideration for these performance obligations is collected within approximately one year after the performance obligations are satisfied, without involving a significant financing component.

5. Method of hedge accounting

(1) Hedge accounting

Deferred hedge accounting is applied. In addition, if the applicable requirements are satisfied, special treatment for interest rate swaps and appropriation treatment for forward exchange contracts are adopted.

(2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Interest rate swaps	Borrowings
Forward exchange contracts	Foreign currency denominated monetary receivables and payables

(3) Hedging policy

In accordance with internal regulations, the Company hedges interest rate fluctuation risk and foreign exchange fluctuation risk. The Company does not implement derivative transactions unrelated to actual demand.

(4) Evaluation method for effectiveness of hedge

The effectiveness of hedges is evaluated by confirming the corresponding relationship between hedging instruments and hedged items. However, the evaluation of effectiveness is omitted for interest rate swaps that meet the requirements for special treatment and forward exchange contracts that meet the requirements for appropriation treatment.

6. Other significant accounting policies for preparation of non-consolidated financial statements

Accounting for retirement benefits

The method of accounting for unrecognized past service costs and unrecognized actuarial differences related to retirement benefits differs from the method of accounting for these items in the consolidated financial statements.

(Changes in accounting policies)

Application of the Accounting Standard for Current Income Taxes, etc.

The Company has adopted the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant regulations from the beginning of the fiscal year ended March 31, 2025.

For the revisions to categories for recording income taxes, the transitional treatment prescribed in the proviso to Paragraph 20-3 of the Revised Accounting Standard of 2022 is applied. This change in accounting policies has no impact on the non-consolidated financial statements.

(Changes in presentation)

(Non-consolidated statement of income)

“Test run income” under “non-operating income” was presented separately in the fiscal year ended March 31, 2024. However, as this amount has been less than 10% of non-operating income, it has been included in “miscellaneous income” from the fiscal year ended March 31, 2025. To reflect this change in presentation, the non-consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, ¥92 million of “test run income” under “non-operating income” presented in the non-consolidated statement of income for the fiscal year ended March 31, 2024 has been reclassified into ¥249 million of “miscellaneous income.”

“Contribution paid” under “non-operating expenses” was presented separately in the fiscal year ended March 31, 2024. However, as this amount has been less than 10% of non-operating expenses, it has been included in “miscellaneous expenses” from the fiscal year ended March 31, 2025. To reflect this change in presentation, the non-consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, ¥205 million of “contribution paid” under “non-operating expenses” presented in the non-consolidated statement of income for the fiscal year ended March 31, 2024 has been reclassified into ¥232 million of “miscellaneous expenses.”

(Notes related to non-consolidated balance sheet)

- *1 The acquisition cost of distribution facilities and facilities for incidental businesses has been reduced by the following amounts due to the receipt of contributions for construction.

	As of March 31, 2024	As of March 31, 2025
Reduction entries for the current fiscal year	¥71 million	¥1,011 million
Accumulated reduction	¥13,887 million	¥14,814 million

- *2 The acquisition cost of service and maintenance facilities, facilities for incidental businesses, and intangible assets has been reduced by the following amounts due to the receipt of national subsidies, etc.

	As of March 31, 2024	As of March 31, 2025
Reduction entries for the current fiscal year	¥23 million	¥2 million
Accumulated reduction	¥1,263 million	¥1,265 million

- *3 The acquisition cost of service and maintenance facilities and facilities for incidental businesses has been reduced by the following amounts due to expropriation.

	As of March 31, 2024	As of March 31, 2025
Reduction entries for the current fiscal year	¥– million	¥– million
Accumulated reduction	¥664 million	¥664 million

*4 The details of current portion of non-current liabilities were as follows.

	As of March 31, 2024	As of March 31, 2025
Bonds payable	¥3,500 million	¥8,500 million
Long-term borrowings	¥2,856 million	¥2,399 million
Lease liabilities	¥13 million	¥14 million
Total	¥6,369 million	¥10,913 million

*5 The details of income taxes payable were as follows.

	As of March 31, 2024	As of March 31, 2025
Corporate income taxes	¥1,986 million	¥1,805 million
Inhabitant tax	¥200 million	¥182 million
Enterprise tax	¥274 million	¥254 million
Total	¥2,460 million	¥2,242 million

(Notes related to non-consolidated statement of income)

*1 The transactions with subsidiaries and associates were included as follows.

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Non-operating income	¥217 million	¥247 million
Non-operating expenses	¥219 million	¥78 million

(Notes related to securities)

As of March 31, 2024

The fair values of shares of subsidiaries and affiliates are not stated because such shares are the shares, etc. without a market price.

The carrying amounts of shares of subsidiaries and affiliates, which are shares, etc. without market price, were as follows.

(Millions of yen)

Category	Fiscal year ended March 31, 2024
Shares of subsidiaries	5,326
Shares of affiliates	593
Total	5,920

As of March 31, 2025

The fair values of shares of subsidiaries and affiliates are not stated because such shares are the shares, etc. without a market price.

The carrying amounts of shares of subsidiaries and affiliates, which are shares, etc. without market price, were as follows.

(Millions of yen)

Category	Fiscal year ended March 31, 2025
Shares of subsidiaries	5,326
Shares of affiliates	493
Total	5,820

(Notes related to tax effect accounting)

1. Major components of deferred tax assets and deferred tax liabilities

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Provision for retirement benefits	¥1,034 million	¥1,116 million
Excess of depreciation	87	269
Provision for safety measures	248	213
Impairment losses	206	202
Enterprise tax payable	76	70
Accrued bonuses	238	256
Other	1,036	1,454
Subtotal	2,929	3,583
Valuation allowance	(300)	(339)
Total	2,629	3,243
Deferred tax liabilities		
Prepaid pension costs	¥(257) million	¥(271) million
Valuation difference on available-for-sale securities	(1,235)	(1,262)
Other	(71)	(230)
Total	(1,564)	(1,765)
Net deferred tax assets	1,065	1,478
Deferred tax assets for land revaluation		
Deferred tax assets for land revaluation	¥329 million	¥329 million
Valuation allowance	(329)	(329)
Total	—	—
Deferred tax liabilities for land revaluation		
Deferred tax liabilities for land revaluation	¥(553) million	¥(548) million
Net deferred tax liabilities for land revaluation	(553)	(548)

2. Breakdown of major components causing the difference between the statutory tax rate and the effective income tax rate

This note is omitted since the difference between the statutory tax rate and the effective income tax rate was less than 5% of the statutory tax rate in the fiscal years ended March 31, 2024 and 2025.

3. Revision of the amounts of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates

In accordance with the Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025) enacted by the Diet on March 31, 2025, the Special Corporation Tax for Defense will be imposed from fiscal years beginning on or after April 1, 2026.

Accordingly, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 27.91% to 28.84% for temporary differences, etc. expected to be reversed in fiscal years beginning on or after April 1, 2026.

As a result of this tax rate change, for the fiscal year ended March 31, 2025, deferred tax assets (net of deferred tax liabilities) increased by ¥68 million and income taxes - deferred decreased by ¥68 million.

(Notes related to revenue recognition)

Useful information in understanding revenue from contracts with customers

This information is omitted as it is presented in “Significant accounting policies, 4. Accounting policy for recognition of revenues and expenses.”

(iv) [Supplementary schedules]

[Schedule of non-current assets, etc.]

Type of assets	Balance at beginning of period (Millions of yen)	Increase during period (Millions of yen)	Decrease during period (Millions of yen)	Balance at end of period (Millions of yen)	Accumulated depreciation or amortization at end of period (Millions of yen)	Amortization during period (Millions of yen)	Net balance at end of period (Millions of yen)
Property, plant and equipment							
Production facilities [of which land] <Revaluation for land>	40,299 [5,497] <->	420 [-]	29 [-]	40,691 [5,497] <->	22,374	2,782	18,317 [5,497]
Distribution facilities [of which land] <Revaluation for land>	232,070 [3,594] <(133)>	7,700 [35]	600 [17] <16>	239,171 [3,613] <(150)>	194,560	6,430	44,610 [3,613]
Service and maintenance facilities [of which land] <Revaluation for land>	19,374 [4,987] <896>	1,358 [-]	172 [-]	20,560 [4,986] <896>	8,309	719	12,250 [4,986]
Facilities for incidental businesses [of which land] <Revaluation for land>	27,392 [414] <39>	4,340 [196]	180 [-]	31,552 [610] <39>	10,834	1,665	20,718 [610]
Construction in progress [of which land]	3,578 [7]	13,820 [250]	13,213 [232]	4,184 [25]	-	-	4,184 [25]
Total property, plant and equipment [of which land] <Revaluation for land>	322,716 [14,501] <802>	27,640 [482]	14,195 [250] <16>	336,160 [14,733] <785>	236,078	11,598	100,082 [14,733]
Intangible assets							
Other intangible assets	13,860	1,573	-	15,434	10,136	1,229	5,297
Total intangible assets	13,860	1,573	-	15,434	10,136	1,229	5,297
Long-term prepaid expenses	1,291	653	278	1,666	585	436	1,081

- (Notes) 1. The amount of reduction due to the receipt of contributions for construction was ¥1,011 million (¥1,011 million for distribution facilities) and the accumulated reduction was ¥14,814 million (¥14,348 million for distribution facilities and ¥465 million for facilities for incidental businesses).
2. The amount of reduction due to the receipt of national subsidies, etc. was ¥2 million (¥2 million for intangible assets) and the accumulated reduction was ¥1,265 million (¥2 million for service and maintenance facilities, ¥1,247 million for facilities for incidental businesses, and ¥15 million for intangible assets).
3. The accumulated reduction due to expropriation was ¥664 million (¥517 million for service and maintenance facilities and ¥146 million for facilities for incidental businesses).
4. Long-term prepaid expenses are amortized on a straight-line basis.
5. Figures in angle brackets < > are the revaluation differences related to the revaluation of land conducted in accordance with the Act on Revaluation of Land (Act No. 34, March 31, 1998), and are included in land.
6. The accumulated depreciation or amortization at end of period column includes accumulated impairment losses.
7. Main items in increase and decrease during period were as follows.

(Millions of yen)

Type of assets	Increase during period				Decrease during period			
	Item	Time of recording	Acquisition cost	Accumulated depreciation	Item	Time of decrease	Acquisition cost	Accumulated depreciation
Production facilities	-	-	-	-	-	-	-	-
Distribution facilities	Pipelines	April to March	7,310	589	-	-	-	-
Service and maintenance facilities	-	-	-	-	-	-	-	-
Facilities for incidental businesses	Ishikari Wind Power Plant	March	1,621	7	-	-	-	-
Construction in progress	Pipelines	April to March	6,894	-	-	-	-	-

[Schedule of securities]

[Shares]

Issue			Number of shares (Shares)	Carrying amount (Millions of yen)
Investment securities	Available-for-sale securities	KDDI CORPORATION	704,400	3,324
		Sapporo Station General Development Co., Ltd.	1,409,680	1,010
		IINO KAIUN KAISHA, LTD.	392,600	391
		North Pacific Bank, Ltd.	741,000	383
		AIR WATER INC.	165,258	312
		Japan Petroleum Exploration Co., Ltd.	200,000	232
		Hokuhoku Financial Group, Inc.	58,900	151
		Mizuho Financial Group, Inc	34,781	140
		TEIKOKU SEN-I CO., Ltd.	52,800	135
		Hokuhoku Financial Group, Inc. (preferred shares)	240,000	120
		Other 46 issues	509,367	527
Total			4,508,786	6,728

[Schedule of provisions]

Classification		Balance at beginning of period (Millions of yen)	Increase during period (Millions of yen)	Decrease during period (designated use) (Millions of yen)	Decrease during period (other) (Millions of yen)	Balance at end of period (Millions of yen)
Allowance for doubtful accounts	Investments and other assets	4	2	3	0	2
	Current assets	42	48	26	15	48
Subtotal		46	50	30	15	51
Provision for retirement benefits		3,695	1,148	986		3,857
Provision for gas holder repairs		126	26	—	—	152
Provision for repairs		—	267	—	—	267
Provision for safety measures		891	11	140	18	744
Provision for loss on construction contracts		160	265	160	—	265
Provision for loss on remove noncurrent assets	Non-current liabilities	181	78	—	90	169
	Current liabilities	21	136	21	—	136
Subtotal		203	214	21	90	305
Provision for appliance warranties		1,343	349	172	185	1,335
Total		6,468	2,333	1,822		6,979

(Notes) 1. The reasons for recording provisions and the calculation method are described in “Significant accounting policies, 3

Accounting policy for provisions.”

2. The amount of “decrease during period (other)” of allowance for doubtful accounts is a reversal of the balance at the beginning of the period.
3. The amount of “decrease during period (other)” of provision for safety measures is due to a reversal.
4. The amount of “decrease during period (other)” of provision for loss on remove noncurrent assets under non-current liabilities is a transfer amount from non-current liabilities to current liabilities.
5. The amount of “decrease during period (other)” of provision for appliance warranties is a reversal due to a review of the subject appliance inspections.

(2) [Major assets and liabilities]

As the Company prepares the consolidated financial statements, this part has been omitted.

(3) [Other]

Not applicable.

VI. [Outline of Share-Related Administration of Reporting Company]

Fiscal year	From April 1 of each year to March 31 of the following year
Annual General Meeting of Shareholders	In June
Record date	March 31
Record date for dividends of surplus	September 30 and March 31 of each fiscal year
Number of shares per unit	100 shares
Purchase and sale of shares less than one unit	
Handling office	1-4-1 Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited
Shareholder registry administrator	1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Agent	—
Purchase/sale fee	No charge
Method of public notice	The method of public notice of the Company shall be by electronic public notice. However, in the event that electronic public notice becomes impossible due to an accident or any other unavoidable circumstances, announcements shall be posted in the Nikkei. URL for public notice (https://www.hokkaido-gas.co.jp/)
Special benefits to shareholders	Shareholders holding 5 units (500 shares) or more, listed or recorded in the Company's shareholder registry as of March 31 of each year, will receive the following gifts. 500 shares to less than 1,000 shares: Nationwide common rice coupon ("OKOMEKEN") (1 piece) 1,000 shares to less than 5,000 shares: Nationwide common rice coupon ("OKOMEKEN") (2 pieces) 5,000 shares or more: Hokkaido specialties (worth ¥3,000)

(Note) In accordance with the Company's Articles of Incorporation, shareholders (including beneficial shareholders) may not exercise any rights other than those listed below with respect to shares less than one unit held by them.

- (1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act.
- (2) The right to make a demand for acquisition pursuant to Article 166, Paragraph 1 of the Companies Act.
- (3) The right to receive allotment of shares for subscription and share acquisition rights for subscription in proportion to the number of shares held by shareholders.
- (4) The right to make a demand for sale pursuant to Article 194, Paragraph 1 of the Companies Act.

VII. [Reference Information of Reporting Company]

1. [Information about parent of reporting company]

The Company has no parent company.

2. [Other reference information]

The following documents were submitted in the period from the beginning of the fiscal year ended March 31, 2025 to the filing date of the annual securities report.

(1)	Annual securities report and attached documents, and confirmation letter	Fiscal year (178th)	From April 1, 2023 to March 31, 2024	Filed to Director-General of the Kanto Local Finance Bureau on June 24, 2024
(2)	Internal control report and attached documents	Fiscal Year (178th)	From April 1, 2023 to March 31, 2024	Filed to Director-General of the Kanto Local Finance Bureau on June 24, 2024
(3)	Semiannual securities report and confirmation letter	During 179th fiscal year	From April 1, 2024 to September 30 2024	Filed to Director-General of the Kanto Local Finance Bureau on November 13, 2024
(4)	Extraordinary report	The extraordinary report based on the provisions of Article 19, Paragraph 2, item (9)-2 (results of exercise of voting rights at a general meeting of shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs		Filed to Director-General of the Kanto Local Finance Bureau on June 25, 2024
(5)	Amended shelf registration statement			Filed to Director-General of the Kanto Local Finance Bureau on June 25, 2024

Part 2 [Information About Reporting Company's Guarantor, etc.]

Not applicable.

