

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 2020

Name of Company: HIROSHIMA GAS CO., LTD.
 Stock Code: 9535 URL: http://www.hiroshima-gas.co.jp/english/index_e.htm
 Stock Exchange Listing: Tokyo Stock Exchange, First Section
 Representative: Title: President Name: Kensuke Matsufuji
 Contact Person: Title: Executive Officer and Manager of General Affair Department Name: Takaaki Funaki
 Tel: +81-(82) 252-3000
 Scheduled date of filing of quarterly securities report: February 12, 2020
 Scheduled date of commencement of dividend payment: -
 Supplementary materials for quarterly financial report: None
 Information meeting for quarterly financial report: None

(Yen in millions, rounded down)

1. Financial results for the third quarter of the fiscal year ending March 2020 (April 1, 2019 – December 31, 2019)

(1) Results of operations (Consolidated, year-to-date)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third quarter of FY3/2020	57,786	2.4	947	-	1,342	-	692	-
Third quarter of FY3/2019	56,439	11.5	(287)	-	103	(93.3)	(175)	-

Note: Comprehensive income: Third quarter of FY3/2020: 1,792 million yen [(-)%], Third quarter of FY3/2019: (2,112) million yen [(-)%]

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Third quarter of FY3/2020	10.21	-
Third quarter of FY3/2019	(2.59)	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2019	102,389	51,948	47.9
As of March 31, 2019	104,935	50,712	45.8

Reference: Shareholders' equity As of December 31, 2019: 49,076 million yen As of March 31, 2019: 48,019 million yen

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2019	-	4.00	-	4.00	8.00
Fiscal year ended March 2020	-	4.50			
Fiscal year ended March 2020 (forecast)				4.50	9.00

Note: Change in the estimation of dividend from the latest announcement: None

Breakdown of dividends at the end of the second quarter for the fiscal year ended March 2020: Ordinary dividend: 4.00 yen, 110th anniversary commemorative dividend: 0.50 yen

Breakdown of year-end dividends for the fiscal year ended March 2020 (forecast): Ordinary dividend: 4.00 yen, 110th anniversary commemorative dividend: 0.50 yen

3. Forecast for the fiscal year ending March 2020 (Consolidated, April 1, 2019 – March 31, 2020)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	86,000	5.1	2,700	40.1	3,100	23.5	2,000	1.5	29.53

Note: Change in the forecast from the latest announcement: None

* Notes

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles and estimates, and retrospective restatements
 - (a) Changes due to revision of accounting standards: None
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatements: None
- (4) Number of shares outstanding (common stock)
 - (a) Shares outstanding (including treasury shares)

As of December 31, 2019: 67,998,590	As of March 31, 2019: 67,998,590
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 - (b) Treasury shares

As of December 31, 2019: 171,770	As of March 31, 2019: 268,301
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 - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended December 31, 2019: 67,783,463	Period ended December 31, 2018: 67,626,291
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*Quarterly financial results are exempt from quarterly review.

*Cautionary statement regarding forecasts of operating results and special notes

Forecasts regarding future performance in these materials are based on judgments made in accordance with information available at the time this report was prepared. Actual results may differ significantly from these forecasts for a number of factors.

Reference: Non-consolidated forecast

Forecast for the fiscal year ending March 2020 (Non-consolidated, April 1, 2019 – March 31, 2020)

(Percentage figures represent year on year changes)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	66,000	5.8	2,500	44.0	1,800	5.6	26.58

Note: Change in the forecast from the latest announcement: None

Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2019	As of December 31, 2019
ASSETS		
Non-current assets		
Property, plant and equipment		
Production facilities	15,680	15,564
Distribution facilities	31,994	31,352
Service and maintenance facilities	4,130	3,960
Other facilities	7,913	7,813
Construction in progress	3,294	3,175
Total property, plant and equipment	63,012	61,866
Intangible assets	988	868
Investments and other assets		
Investment securities	7,835	7,899
Long-term loans receivable	4	3
Deferred tax assets	1,951	1,567
Other investments and other assets	5,258	4,964
Allowance for doubtful accounts	(143)	(69)
Total investments and other assets	14,906	14,366
Total non-current assets	78,907	77,101
Current assets		
Cash and deposits	10,436	8,982
Notes and accounts receivable - trade	8,029	6,752
Merchandise and finished goods	863	791
Raw materials and supplies	4,419	5,254
Other current assets	2,304	3,522
Allowance for doubtful accounts	(25)	(13)
Total current assets	26,028	25,288
Total assets	104,935	102,389

	As of March 31, 2019	As of December 31, 2019
LIABILITIES		
Non-current liabilities		
Bonds payable	23,000	18,000
Long-term loans payable	11,458	10,824
Provision for directors' retirement benefits	337	304
Provision for gas holder repairs	365	412
Provision for safety measures	600	460
Provision for appliances warranties	280	264
Net defined benefit liability	2,082	1,651
Asset retirement obligations	114	116
Other non-current liabilities	307	275
Total non-current liabilities	38,546	32,310
Current liabilities		
Current portion of non-current liabilities	1,623	6,102
Notes and accounts payable - trade	7,806	6,168
Income taxes payable	330	366
Commercial papers	-	1,000
Other current liabilities	5,916	4,493
Total current liabilities	15,676	18,131
Total liabilities	54,223	50,441
NET ASSETS		
Shareholders' equity		
Capital stock	5,181	5,181
Capital surplus	1,149	1,149
Retained earnings	41,529	41,643
Treasury shares	(104)	(66)
Total shareholders' equity	47,756	47,907
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,700	1,716
Deferred gains or losses on hedges	(784)	38
Remeasurements of defined benefit plans	(651)	(585)
Total accumulated other comprehensive income	263	1,169
Non-controlling interests	2,693	2,871
Total net assets	50,712	51,948
Total liabilities and net assets	104,935	102,389

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

Quarterly consolidated statements of income
(Third quarter ended December 2019)

(Million yen)

	Third quarter ended December 2018 (Apr. 1, 2018 – December 31, 2018)	Third quarter ended December 2019 (Apr. 1, 2019 – December 31, 2019)
Net sales	56,439	57,786
Cost of sales	38,246	38,820
Gross profit	18,192	18,965
Selling, general and administrative expenses	18,480	18,018
Operating income	(287)	947
Non-operating income		
Interest income	2	2
Dividends income	175	149
Share of profit of entities accounted for using equity method	78	71
Miscellaneous income	411	390
Total non-operating income	667	613
Non-operating expenses		
Interest expenses	147	129
Miscellaneous expenses	128	89
Total non-operating expenses	276	219
Ordinary income	103	1,342
Extraordinary losses		
Loss on valuation of investment securities	—	37
Total extraordinary losses	—	37
Income before income taxes and minority interests	103	1,304
Income taxes-current	394	409
Income taxes-deferred	(265)	8
Total income taxes	129	418
Profit	(25)	886
Profit attributable to non-controlling interests	149	194
Profit attributable to owners of parent	(175)	692

Quarterly consolidated statements of comprehensive income
Third quarter ended December 2019)

(Million yen)

	Third quarter ended December 2018 (Apr. 1, 2018 – December 31, 2018)	Third quarter ended December 2019 (Apr. 1, 2019 – December 31, 2019)
Profit	(25)	886
Other comprehensive income		
Valuation difference on available-for-sale securities	(813)	17
Deferred gains or losses on hedges	(1,363)	823
Remeasurements of defined benefit plans	90	65
Total other comprehensive income	(2,086)	905
Comprehensive income	(2,112)	1,792
Comprehensive income attributable to owners of parent	(2,261)	1,597
Comprehensive income attributable to non-controlling interests	149	194