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

May 11, 2022

Company name: HIROSHIMA GAS CO.,LTD.

Stock exchange listing: Tokyo

Code number: 9535

URL: <https://www.hiroshima-gas.co.jp/>

Representative: Kensuke Matsufuji

President

Contact: Takaaki Funaki

Senior Executive Officer and Manager of General Affair
Department

Phone: 082-252-3000

Scheduled date of Annual General Meeting of Shareholders: June 23, 2022

Scheduled date of commencing dividend payments: June 03, 2022

Scheduled date of filing annual securities report: June 24, 2022

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: Yes

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

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	76,802	4.8	3,207	(2.6)	4,616	33.1	3,662	(30.5)
March 31, 2021	73,250	(11.0)	3,293	10.9	3,467	0.4	5,272	144.9

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 5,716 million [(30.4) %]
Fiscal year ended March 31, 2021: ¥ 8,210 million [319.8%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	53.71	-	6.2	3.9	4.2
March 31, 2021	77.50	-	9.9	3.1	4.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ 920 million
Fiscal year ended March 31, 2021: ¥ (78) million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	123,802	65,067	50.0	906.61
March 31, 2021	115,477	59,805	49.2	833.38

(Reference) Equity: As of March 31, 2022: ¥ 61,867 million
As of March 31, 2021: ¥ 56,769 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	7,910	(7,145)	3,804	18,031
March 31, 2021	13,967	(13,316)	715	13,439

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	4.50	-	5.50	10.00	681	12.9	1.3
March 31, 2022	-	5.00	-	5.00	10.00	682	18.6	1.1
Fiscal year ending March 31, 2023 (Forecast)	-	5.00	-	5.00	10.00		23.5	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	87,300	13.7	3,400	6.0	4,200	(9.0)	2,900	(20.8)	42.50

* Notes:

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

New	-	(Company name:)
Exclusion:	-	(Company name:)

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

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

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

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

March 31, 2022:	68,242,319 shares
March 31, 2021:	68,120,955 shares

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

March 31, 2022:	1,686 shares
March 31, 2021:	1,578 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022:	68,193,625 shares
Fiscal Year ended March 31, 2021:	68,041,030 shares

(Reference) Summary of Non-consolidated Financial Results

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

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	57,818	3.8	1,876	107.0	2,830	21.7	2,381	(49.9)
March 31, 2021	55,717	(12.1)	906	14.8	2,326	(4.5)	4,752	162.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2022	34.92	-
March 31, 2021	69.85	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	101,769	44,445	43.7	651.30
March 31, 2021	95,408	41,152	43.1	604.12

(Reference) Equity: As of March 31, 2022: ¥ 44,445 million
As of March 31, 2021: ¥ 41,152 million

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

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	67,200	16.2	2,900	2.5	2,100	(11.8)	30.77

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	14,729	14,352
Distribution facilities	32,392	31,575
Service and maintenance facilities	4,152	4,191
Other facilities	7,502	7,495
Construction in progress	3,287	5,666
Total property, plant and equipment	62,063	63,281
Intangible assets	468	262
Investments and other assets		
Investment securities	13,881	14,196
Long-term loans receivable	1	0
Deferred tax assets	808	648
Other investments	4,716	4,577
Allowance for doubtful accounts	(65)	(32)
Total investments and other assets	19,343	19,390
Total non-current assets	81,876	82,933
Current assets		
Cash and deposits	15,568	20,202
Notes and accounts receivable - trade	5,529	-
Notes receivable - trade	-	289
Accounts receivable - trade	-	6,833
Contract assets	-	892
Securities	10	-
Merchandise and finished goods	877	964
Raw materials and supplies	3,837	4,920
Other current assets	7,795	6,780
Allowance for doubtful accounts	(17)	(15)
Total current assets	33,601	40,868
Total assets	115,477	123,802

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Non-current liabilities		
Bonds payable	21,000	16,000
Long-term borrowings	12,884	16,618
Provision for retirement benefits for directors (and other officers)	333	316
Provision for gas holder repairs	401	467
Provision for safety measures	561	449
Provision for gas appliance warranties	288	263
Retirement benefit liability	866	682
Asset retirement obligations	119	171
Other noncurrent liabilities	332	1,645
Total non-current liabilities	36,787	36,615
Current liabilities		
Current portion of non-current liabilities	5,947	5,856
Notes and accounts payable - trade	5,357	4,955
Income taxes payable	1,966	338
Asset retirement obligations	37	36
Commercial papers	-	6,000
Other current liabilities	5,574	4,932
Total current liabilities	18,884	22,119
Total liabilities	55,671	58,735
Net assets		
Shareholders' equity		
Share capital	5,203	5,225
Capital surplus	1,171	1,195
Retained earnings	47,765	50,897
Treasury shares	(0)	(0)
Total shareholders' equity	54,139	57,318
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,931	1,327
Deferred gains or losses on hedges	1,079	3,212
Foreign currency translation adjustment	(95)	154
Remeasurements of defined benefit plans	(286)	(145)
Total accumulated other comprehensive income	2,629	4,549
Non-controlling interests	3,035	3,199
Total net assets	59,805	65,067
Total liabilities and net assets	115,477	123,802

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	73,250	76,802
Cost of sales	44,997	48,592
Gross profit	28,252	28,209
Selling, general and administrative expenses		
Supply and sales expenses	19,626	19,471
General and administrative expenses	5,332	5,530
Total selling, general and administrative expenses	24,959	25,002
Operating profit	3,293	3,207
Non-operating income		
Interest income	1	1
Dividend income	175	171
Share of profit of entities accounted for using equity method	-	920
Miscellaneous income	346	528
Total non-operating income	523	1,621
Non-operating expenses		
Interest expenses	177	164
Share of loss of entities accounted for using equity method	78	-
Amortization of bond issuance costs	45	-
Balance on commissioned construction	-	22
Miscellaneous expenses	48	26
Total non-operating expenses	348	213
Ordinary profit	3,467	4,616
Extraordinary income		
Gain on sale of non-current assets	-	358
Compensation income	4,400	312
Total extraordinary income	4,400	671
Extraordinary losses		
Impairment losses	98	86
Loss on valuation of investment securities	-	98
Total extraordinary losses	98	184
Profit before income taxes	7,769	5,102
Income taxes - current	2,256	1,284
Income taxes - deferred	51	21
Total income taxes	2,308	1,306
Profit	5,461	3,796
Profit attributable to non-controlling interests	188	133
Profit attributable to owners of parent	5,272	3,662

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	5,461	3,796
Other comprehensive income		
Valuation difference on available-for-sale securities	538	(604)
Deferred gains or losses on hedges	1,773	2,095
Remeasurements of defined benefit plans, net of tax	521	141
Share of other comprehensive income of entities accounted for using equity method	(84)	287
Total other comprehensive income	2,749	1,919
Comprehensive income	8,210	5,716
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,022	5,582
Comprehensive income attributable to non-controlling interests	188	133

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,181	1,149	43,104	(41)	49,394
Cumulative effects of changes in accounting policies					-
Restated balance	5,181	1,149	43,104	(41)	49,394
Changes during period					
Issuance of new shares	21	21			43
Dividends of surplus			(612)		(612)
Profit attributable to owners of parent			5,272		5,272
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				41	41
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	21	21	4,660	41	4,745
Balance at end of period	5,203	1,171	47,765	(0)	54,139

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,392	(704)	-	(807)	(119)	2,862	52,136
Cumulative effects of changes in accounting policies							-
Restated balance	1,392	(704)	-	(807)	(119)	2,862	52,136
Changes during period							
Issuance of new shares							43
Dividends of surplus							(612)
Profit attributable to owners of parent							5,272
Purchase of treasury shares							(0)
Disposal of treasury shares							41

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes in items other than shareholders' equity	538	1,784	(95)	521	2,749	173	2,923
Total changes during period	538	1,784	(95)	521	2,749	173	7,668
Balance at end of period	1,931	1,079	(95)	(286)	2,629	3,035	59,805

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,203	1,171	47,765	(0)	54,139
Cumulative effects of changes in accounting policies			185		185
Restated balance	5,203	1,171	47,950	(0)	54,324
Changes during period					
Issuance of new shares	22	22			44
Dividends of surplus			(715)		(715)
Profit attributable to owners of parent			3,662		3,662
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests		1			1
Net changes in items other than shareholders' equity					
Total changes during period	22	24	2,947	(0)	2,993
Balance at end of period	5,225	1,195	50,897	(0)	57,318

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,931	1,079	(95)	(286)	2,629	3,035	59,805
Cumulative effects of changes in accounting policies							185
Restated balance	1,931	1,079	(95)	(286)	2,629	3,035	59,990
Changes during period							
Issuance of new shares							44
Dividends of surplus							(715)
Profit attributable to owners of parent							3,662
Purchase of treasury shares							(0)
Disposal of treasury shares							-

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Change in ownership interest of parent due to transactions with non-controlling interests							1
Net changes in items other than shareholders' equity	(604)	2,132	249	141	1,919	163	2,083
Total changes during period	(604)	2,132	249	141	1,919	163	5,077
Balance at end of period	1,327	3,212	154	(145)	4,549	3,199	65,067

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	7,769	5,102
Depreciation	7,360	7,422
Impairment losses	98	86
Increase (decrease) in retirement benefit liability	(249)	20
Increase (decrease) in allowance for doubtful accounts	(6)	(35)
Interest and dividend income	(177)	(173)
Interest expenses	177	164
Loss (gain) on valuation of investment securities	-	98
Share of loss (profit) of entities accounted for using equity method	78	(920)
Loss (gain) on sale of non-current assets	-	(358)
Decrease (increase) in trade receivables	1,376	-
Decrease (increase) in receivables and contract assets	-	(2,486)
Decrease (increase) in inventories	1,531	(1,170)
Increase (decrease) in trade payables	(154)	(402)
Increase (decrease) in accrued consumption taxes	353	(840)
Other, net	(3,207)	4,301
Subtotal	14,951	10,807
Interest and dividends received	185	181
Interest paid	(165)	(164)
Income taxes paid	(1,005)	(2,914)
Net cash provided by (used in) operating activities	13,967	7,910
Cash flows from investing activities		
Purchase of investment securities	(5,952)	(72)
Proceeds from sale of investment securities	62	-
Purchase of property, plant and equipment	(7,157)	(7,167)
Proceeds from sale of property, plant and equipment	6	426
Loan advances	(8)	(10)
Proceeds from collection of loans receivable	7	12
Purchase of long-term prepaid expenses	(171)	(295)
Other, net	(104)	(38)
Net cash provided by (used in) investing activities	(13,316)	(7,145)
Cash flows from financing activities		
Increase (decrease) in commercial papers	(3,000)	6,000
Proceeds from long-term borrowings	2,500	4,500
Repayments of long-term borrowings	(1,109)	(907)
Proceeds from issuance of bonds	7,954	-
Redemption of bonds	(5,000)	(5,000)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	41	-
Dividends paid	(612)	(715)
Dividends paid to non-controlling interests	(14)	(14)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(8)
Other, net	(45)	(49)
Net cash provided by (used in) financing activities	715	3,804

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Effect of exchange rate change on cash and cash equivalents	(17)	23
Net increase (decrease) in cash and cash equivalents	1,348	4,592
Cash and cash equivalents at beginning of period	12,091	13,439
Cash and cash equivalents at end of period	13,439	18,031

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	14,062	13,750
Distribution facilities	29,843	29,355
Service and maintenance facilities	4,393	4,463
Facilities for incidental businesses	911	905
Construction in progress	3,115	4,898
Total property, plant and equipment	52,326	53,373
Intangible assets	377	205
Investments and other assets		
Investment securities	5,356	4,616
Investments in subsidiaries and associates	6,880	6,933
Long-term loans receivable from subsidiaries and associates	1,996	2,326
Long-term prepaid expenses	3,528	3,394
Deferred tax assets	47	-
Other investments	57	43
Allowance for doubtful accounts	(25)	(10)
Total investments and other assets	17,840	17,303
Total non-current assets	70,544	70,882
Current assets		
Cash and deposits	9,707	14,274
Notes receivable - trade	30	131
Accounts receivable - trade	3,487	4,832
Accounts receivable from subsidiaries and associates - trade	532	414
Accounts receivable - other	4,416	634
Finished goods	27	28
Raw materials	3,311	4,357
Supplies	430	419
Prepaid expenses	36	14
Short-term receivables from subsidiaries and associates	705	557
Other current assets	2,210	5,252
Allowance for doubtful accounts	(31)	(31)
Total current assets	24,863	30,887
Total assets	95,408	101,769

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Non-current liabilities		
Bonds payable	21,000	16,000
Long-term borrowings	12,642	16,481
Deferred tax liabilities	-	615
Provision for retirement benefits	476	434
Provision for gas holder repairs	401	467
Provision for safety measures	561	449
Provision for gas appliance warranties	288	263
Asset retirement obligations	-	30
Other noncurrent liabilities	315	997
Total non-current liabilities	35,685	35,739
Current liabilities		
Current portion of non-current liabilities	5,698	5,749
Accounts payable - trade	2,950	1,713
Accounts payable - other	1,308	1,095
Accrued expenses	1,769	1,760
Income taxes payable	1,712	159
Advances received	297	206
Deposits received	155	166
Short-term debt to subsidiaries and associates	4,584	4,695
Asset retirement obligations	29	36
Commercial papers	-	6,000
Other current liabilities	65	-
Total current liabilities	18,570	21,585
Total liabilities	54,256	57,324
Net assets		
Shareholders' equity		
Share capital	5,203	5,225
Capital surplus		
Legal capital surplus	893	916
Other capital surplus	269	269
Total capital surplus	1,163	1,186
Retained earnings		
Legal retained earnings	729	729
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	9	9
General reserve	12,010	12,010
Retained earnings brought forward	19,391	21,057
Total retained earnings	32,140	33,806
Treasury shares	(0)	(0)
Total shareholders' equity	38,507	40,217
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,575	1,063
Deferred gains or losses on hedges	1,069	3,164
Total valuation and translation adjustments	2,644	4,227
Total net assets	41,152	44,445
Total liabilities and net assets	95,408	101,769

Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Sales from gas business		
Gas sales	48,500	52,173
Total sales from gas business	48,500	52,173
Cost of sales		
Beginning inventories	34	27
Cost of products manufactured	29,742	32,400
Costs of gas for own use	569	726
Ending inventories	27	28
Total cost of sales	29,179	31,672
Gross profit	19,320	20,500
Supply and sales expenses		
Supply and sales expenses	14,895	14,605
General and administrative expenses	3,968	4,082
Total selling, general and administrative expenses	18,864	18,688
Profit on core business	456	1,812
Miscellaneous operating revenue		
Revenue from installation work	1,246	1,106
Other miscellaneous operating revenue	3,426	2,267
Total miscellaneous operating revenue	4,673	3,374
Miscellaneous operating expenses		
Installation work expenses	1,373	1,272
Other miscellaneous operating expenses	3,187	2,313
Total miscellaneous operating expenses	4,560	3,586
Revenue from incidental businesses	2,543	2,269
Expenses for incidental businesses	2,207	1,994
Operating profit	906	1,876
Non-operating income		
Interest income	24	21
Interest on securities	-	0
Dividend income	151	148
Dividends from subsidiaries and affiliates	760	320
Rental income	181	172
Miscellaneous income	532	490
Total non-operating income	1,650	1,154
Non-operating expenses		
Interest expenses	75	74
Interest on bonds	88	84
Amortization of share issuance costs	0	0
Amortization of bond issuance costs	45	-
Balance on commissioned construction	-	22
Miscellaneous expenses	21	19
Total non-operating expenses	230	200
Ordinary profit	2,326	2,830

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Extraordinary income		
Gain on sale of non-current assets	-	358
Compensation income	4,400	312
Total extraordinary income	4,400	671
Extraordinary losses		
Impairment losses	91	66
Loss on valuation of investment securities	-	84
Total extraordinary losses	91	151
Profit before income taxes	6,634	3,350
Income taxes - current	1,811	932
Income taxes - deferred	71	36
Total income taxes	1,882	968
Profit	4,752	2,381