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

May 11, 2023

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: Yasutaka Okita

Senior Executive Officer and Manager of General Affair
Department

Phone: +81-82-252-3000

Scheduled date of Annual General Meeting of Shareholders: June 22, 2023

Scheduled date of commencing dividend payments: June 2, 2023

Scheduled date of filing annual securities report: June 23, 2023

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of yen are rounded down.)

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	95,219	24.0	7,021	118.9	7,412	60.6	5,216	42.4
March 31, 2022	76,802	4.8	3,207	(2.6)	4,616	33.1	3,662	(30.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 3,448 million [(39.7) %]
Fiscal year ended March 31, 2022: ¥ 5,716 million [(30.4) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	76.35	-	8.3	5.6	7.4
March 31, 2022	53.71	-	6.2	3.9	4.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 104 million
Fiscal year ended March 31, 2022: ¥ 920 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	141,996	67,860	45.5	943.96
March 31, 2022	123,802	65,067	50.0	906.61

(Reference) Equity: As of March 31, 2023: ¥ 64,539 million
As of March 31, 2022: ¥ 61,867 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	8,947	(7,062)	13,608	33,535
March 31, 2022	7,910	(7,145)	3,804	18,031

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	5.00	-	5.00	10.00	682	18.6	1.1
March 31, 2023	-	5.00	-	7.00	12.00	820	15.7	1.3
Fiscal year ending March 31, 2024 (Forecast)	-	6.00	-	6.00	12.00		28.3	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	96,000	0.8	4,100	(41.6)	4,300	(42.0)	2,900	(44.4)	42.42

* 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, 2023: 68,373,036 shares
 - March 31, 2022: 68,242,319 shares
 - 2) Number of treasury shares at the end of the period:
 - March 31, 2023: 1,766 shares
 - March 31, 2022: 1,686 shares
 - 3) Average number of shares outstanding during the period:
 - Fiscal Year ended March 31, 2023: 68,320,950 shares
 - Fiscal Year ended March 31, 2022: 68,193,625 shares

(Reference) Summary of Non-consolidated Financial Results

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

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	74,491	28.8	6,156	228.1	6,851	142.1	4,893	105.5
March 31, 2022	57,818	3.8	1,876	107.0	2,830	21.7	2,381	(49.9)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2023	71.63	-
March 31, 2022	34.92	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2023	118,944	46,192	38.8	675.62
March 31, 2022	101,769	44,445	43.7	651.30

(Reference) Equity: As of March 31, 2023: ¥ 46,192 million
As of March 31, 2022: ¥ 44,445 million

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

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	73,000	(2.0)	3,900	(43.1)	2,800	(42.8)	40.95

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	14,352	16,102
Distribution facilities	31,575	30,917
Service and maintenance facilities	4,191	4,116
Other facilities	7,495	7,776
Construction in progress	5,666	5,694
Total property, plant and equipment	63,281	64,608
Intangible assets	262	141
Investments and other assets		
Investment securities	14,196	12,922
Long-term loans receivable	0	-
Deferred tax assets	648	1,182
Other investments	4,577	4,417
Allowance for doubtful accounts	(32)	(17)
Total investments and other assets	19,390	18,504
Total non-current assets	82,933	83,254
Current assets		
Cash and deposits	20,202	35,637
Notes receivable - trade	289	441
Accounts receivable - trade	6,833	8,307
Contract assets	892	895
Merchandise and finished goods	964	1,061
Raw materials and supplies	4,920	8,382
Other current assets	6,780	4,038
Allowance for doubtful accounts	(15)	(22)
Total current assets	40,868	58,741
Total assets	123,802	141,996

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Non-current liabilities		
Bonds payable	16,000	16,000
Long-term borrowings	16,618	28,123
Provision for retirement benefits for directors (and other officers)	316	315
Provision for gas holder repairs	467	532
Provision for safety measures	449	423
Provision for gas appliance warranties	263	233
Retirement benefit liability	682	499
Asset retirement obligations	171	234
Other noncurrent liabilities	1,645	1,016
Total non-current liabilities	36,615	47,378
Current liabilities		
Current portion of non-current liabilities	5,856	2,761
Notes and accounts payable - trade	4,955	4,847
Income taxes payable	338	1,845
Asset retirement obligations	36	-
Commercial papers	6,000	12,000
Other current liabilities	4,932	5,303
Total current liabilities	22,119	26,757
Total liabilities	58,735	74,135
Net assets		
Shareholders' equity		
Share capital	5,225	5,246
Capital surplus	1,195	1,216
Retained earnings	50,897	55,430
Treasury shares	(0)	(0)
Total shareholders' equity	57,318	61,893
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,327	1,271
Deferred gains or losses on hedges	3,212	860
Foreign currency translation adjustment	154	527
Remeasurements of defined benefit plans	(145)	(13)
Total accumulated other comprehensive income	4,549	2,646
Non-controlling interests	3,199	3,320
Total net assets	65,067	67,860
Total liabilities and net assets	123,802	141,996

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	76,802	95,219
Cost of sales	48,592	62,697
Gross profit	28,209	32,521
Selling, general and administrative expenses		
Supply and sales expenses	19,471	19,807
General and administrative expenses	5,530	5,691
Total selling, general and administrative expenses	25,002	25,499
Operating profit	3,207	7,021
Non-operating income		
Interest income	1	3
Dividend income	171	174
Share of profit of entities accounted for using equity method	920	104
Revenue from CNG sales	76	99
Miscellaneous income	451	260
Total non-operating income	1,621	643
Non-operating expenses		
Interest expenses	164	192
Commission for commitment line	-	36
Balance on commissioned construction	22	-
Miscellaneous expenses	26	23
Total non-operating expenses	213	252
Ordinary profit	4,616	7,412
Extraordinary income		
Gain on sale of non-current assets	358	-
Gain on sale of investment securities	-	62
Compensation income	312	-
Total extraordinary income	671	62
Extraordinary losses		
Impairment losses	86	-
Loss on valuation of investment securities	98	-
Total extraordinary losses	184	-
Profit before income taxes	5,102	7,475
Income taxes - current	1,284	2,358
Income taxes - deferred	21	(234)
Total income taxes	1,306	2,124
Profit	3,796	5,351
Profit attributable to non-controlling interests	133	134
Profit attributable to owners of parent	3,662	5,216

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	3,796	5,351
Other comprehensive income		
Valuation difference on available-for-sale securities	(604)	(55)
Deferred gains or losses on hedges	2,095	(2,444)
Remeasurements of defined benefit plans, net of tax	141	131
Share of other comprehensive income of entities accounted for using equity method	287	465
Total other comprehensive income	1,919	(1,902)
Comprehensive income	5,716	3,448
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,582	3,313
Comprehensive income attributable to non-controlling interests	133	134

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	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

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,225	1,195	50,897	(0)	57,318
Cumulative effects of changes in accounting policies					-
Restated balance	5,225	1,195	50,897	(0)	57,318
Changes during period					
Issuance of new shares	21	21			42
Dividends of surplus			(683)		(683)
Profit attributable to owners of parent			5,216		5,216
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
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	4,533	(0)	4,575
Balance at end of period	5,246	1,216	55,430	(0)	61,893

	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	1,327	3,212	154	(145)	4,549	3,199	65,067
Cumulative effects of changes in accounting policies							-
Restated balance	1,327	3,212	154	(145)	4,549	3,199	65,067
Changes during period							
Issuance of new shares							42
Dividends of surplus							(683)
Profit attributable to owners of parent							5,216
Purchase of treasury shares							(0)
Disposal of treasury shares							0

	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	(55)	(2,352)	373	131	(1,903)	120	(1,782)
Total changes during period	(55)	(2,352)	373	131	(1,903)	120	2,793
Balance at end of period	1,271	860	527	(13)	2,646	3,320	67,860

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,102	7,475
Depreciation	7,422	7,312
Impairment losses	86	-
Increase (decrease) in retirement benefit liability	20	6
Increase (decrease) in allowance for doubtful accounts	(35)	(7)
Interest and dividend income	(173)	(177)
Interest expenses	164	192
Loss (gain) on sale of investment securities	-	(62)
Loss (gain) on valuation of investment securities	98	-
Share of loss (profit) of entities accounted for using equity method	(920)	(104)
Loss (gain) on sale of non-current assets	(358)	-
Decrease (increase) in receivables and contract assets	(2,486)	(1,628)
Decrease (increase) in inventories	(1,170)	(3,559)
Increase (decrease) in trade payables	(402)	(108)
Increase (decrease) in accrued consumption taxes	(840)	40
Other, net	4,301	548
Subtotal	10,807	9,927
Interest and dividends received	181	186
Interest paid	(164)	(185)
Income taxes paid	(2,914)	(980)
Net cash provided by (used in) operating activities	7,910	8,947
Cash flows from investing activities		
Purchase of investment securities	(72)	(17)
Proceeds from sale of investment securities	-	70
Proceeds from capital reduction of investment securities	-	1,750
Purchase of property, plant and equipment	(7,167)	(8,542)
Proceeds from sale of property, plant and equipment	426	17
Loan advances	(10)	(80)
Proceeds from collection of loans receivable	12	20
Purchase of long-term prepaid expenses	(295)	(177)
Other, net	(38)	(101)
Net cash provided by (used in) investing activities	(7,145)	(7,062)
Cash flows from financing activities		
Increase (decrease) in commercial papers	6,000	6,000
Proceeds from long-term borrowings	4,500	14,200
Repayments of long-term borrowings	(907)	(799)
Redemption of bonds	(5,000)	(5,000)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	-	0
Dividends paid	(715)	(683)
Dividends paid to non-controlling interests	(14)	(14)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(8)	-
Other, net	(49)	(93)
Net cash provided by (used in) financing activities	3,804	13,608

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Effect of exchange rate change on cash and cash equivalents	23	9
Net increase (decrease) in cash and cash equivalents	4,592	15,504
Cash and cash equivalents at beginning of period	13,439	18,031
Cash and cash equivalents at end of period	18,031	33,535

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	13,750	14,102
Distribution facilities	29,355	29,008
Service and maintenance facilities	4,463	4,393
Facilities for incidental businesses	905	877
Construction in progress	4,898	5,663
Total property, plant and equipment	53,373	54,046
Intangible assets	205	103
Investments and other assets		
Investment securities	4,616	4,535
Investments in subsidiaries and associates	6,933	5,123
Long-term loans receivable from subsidiaries and associates	2,326	2,763
Long-term prepaid expenses	3,394	3,119
Deferred tax assets	-	396
Other investments	43	62
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	17,303	15,990
Total non-current assets	70,882	70,140
Current assets		
Cash and deposits	14,274	29,769
Notes receivable - trade	131	255
Accounts receivable - trade	4,832	6,273
Accounts receivable from subsidiaries and associates - trade	414	665
Accounts receivable - other	634	673
Finished goods	28	43
Raw materials	4,357	7,679
Supplies	419	495
Prepaid expenses	14	15
Short-term receivables from subsidiaries and associates	557	584
Other current assets	5,252	2,381
Allowance for doubtful accounts	(31)	(33)
Total current assets	30,887	48,803
Total assets	101,769	118,944

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Non-current liabilities		
Bonds payable	16,000	16,000
Long-term borrowings	16,481	28,063
Deferred tax liabilities	615	-
Provision for retirement benefits	434	364
Provision for gas holder repairs	467	532
Provision for safety measures	449	423
Provision for gas appliance warranties	263	233
Asset retirement obligations	30	30
Other noncurrent liabilities	997	946
Total non-current liabilities	35,739	46,594
Current liabilities		
Current portion of non-current liabilities	5,749	2,687
Accounts payable - trade	1,713	1,895
Accounts payable - other	1,095	1,021
Accrued expenses	1,760	1,731
Income taxes payable	159	1,599
Advances received	206	205
Deposits received	166	206
Short-term debt to subsidiaries and associates	4,695	4,561
Asset retirement obligations	36	-
Commercial papers	6,000	12,000
Other current liabilities	-	246
Total current liabilities	21,585	26,156
Total liabilities	57,324	72,751
Net assets		
Shareholders' equity		
Share capital	5,225	5,246
Capital surplus		
Legal capital surplus	916	937
Other capital surplus	269	269
Total capital surplus	1,186	1,207
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	21,057	25,267
Total retained earnings	33,806	38,016
Treasury shares	(0)	(0)
Total shareholders' equity	40,217	44,470
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,063	1,003
Deferred gains or losses on hedges	3,164	719
Total valuation and translation adjustments	4,227	1,722
Total net assets	44,445	46,192
Total liabilities and net assets	101,769	118,944

Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Sales from gas business		
Gas sales	52,173	65,683
Total sales from gas business	52,173	65,683
Cost of sales		
Beginning inventories	27	28
Cost of products manufactured	32,400	43,210
Costs of gas for own use	726	1,119
Ending inventories	28	43
Total cost of sales	31,672	42,076
Gross profit	20,500	23,607
Supply and sales expenses		
Supply and sales expenses	14,605	14,834
General and administrative expenses	4,082	4,314
Total selling, general and administrative expenses	18,688	19,148
Profit on core business	1,812	4,458
Miscellaneous operating revenue		
Revenue from installation work	1,106	1,128
Other miscellaneous operating revenue	2,267	3,975
Total miscellaneous operating revenue	3,374	5,104
Miscellaneous operating expenses		
Installation work expenses	1,272	1,289
Other miscellaneous operating expenses	2,313	2,697
Total miscellaneous operating expenses	3,586	3,987
Revenue from incidental businesses	2,269	3,703
Expenses for incidental businesses	1,994	3,121
Operating profit	1,876	6,156
Non-operating income		
Interest income	21	21
Interest on securities	0	0
Dividend income	148	149
Dividends from subsidiaries and affiliates	320	180
Rental income	172	160
Revenue from CNG sales	76	99
Miscellaneous income	414	333
Total non-operating income	1,154	945
Non-operating expenses		
Interest expenses	74	117
Interest expenses on bonds	84	73
Amortization of share issuance costs	0	0
Commission for commitment line	-	36
Balance on commissioned construction	22	-
Miscellaneous expenses	19	24
Total non-operating expenses	200	250
Ordinary profit	2,830	6,851

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Extraordinary income		
Gain on sale of non-current assets	358	-
Gain on sale of investment securities	-	62
Compensation income	312	-
Total extraordinary income	671	62
Extraordinary losses		
Impairment losses	66	-
Loss on valuation of investment securities	84	-
Loss on valuation of shares of subsidiaries and associates	-	60
Total extraordinary losses	151	60
Profit before income taxes	3,350	6,853
Income taxes - current	932	1,995
Income taxes - deferred	36	(35)
Total income taxes	968	1,959
Profit	2,381	4,893