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

May 10, 2024

Company name: HIROSHIMA GAS CO.,LTD.

Stock exchange listing: Tokyo

Code number: 9535

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

Representative: Tomohiko Nakagawa

President

Contact: Yasutaka Okita

Director, Senior Executive Officer and Manager of General Affair
Department

Phone: +81-82-252-3000

Scheduled date of Annual General Meeting of Shareholders: June 24, 2024

Scheduled date of commencing dividend payments: June 4, 2024

Scheduled date of filing annual securities report: June 25, 2024

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, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	90,670	(4.8)	3,185	(54.6)	3,375	(54.5)	2,329	(55.3)
March 31, 2023	95,219	24.0	7,021	118.9	7,412	60.6	5,216	42.4

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 3,514 million [1.9%]
Fiscal year ended March 31, 2023: ¥ 3,448 million [(39.7) %]

	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
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	34.03	-	3.5	2.4	3.5
March 31, 2023	76.35	-	8.3	5.6	7.4

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ (98) million
Fiscal year ended March 31, 2023: ¥ 104 million

(2) 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, 2024	137,628	70,512	48.8	980.15
March 31, 2023	141,996	67,860	45.5	943.96

(Reference) Equity: As of March 31, 2024: ¥ 67,128 million
As of March 31, 2023: ¥ 64,539 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	14,830	(9,681)	(13,169)	25,518
March 31, 2023	8,947	(7,062)	13,608	33,535

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	-	5.00	-	7.00	12.00	820	15.7	1.3
March 31, 2024	-	6.00	-	6.00	12.00	821	35.3	1.2
Fiscal year ending March 31, 2025 (Forecast)	-	6.00	-	6.00	12.00		54.8	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2024 :

Commemorative dividend	- yen
Special dividend	- yen

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	93,600	3.2	2,100	(34.1)	2,300	(31.9)	1,500	(35.6)	21.90

* 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: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

March 31, 2024: 68,490,018 shares

March 31, 2023: 68,373,036 shares

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

March 31, 2024: 1,848 shares

March 31, 2023: 1,766 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 68,443,922 shares

Fiscal Year ended March 31, 2023: 68,320,950 shares

(Reference) Summary of Non-consolidated Financial Results

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

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	70,169	(5.8)	1,767	(71.3)	2,610	(61.9)	1,941	(60.3)
March 31, 2023	74,491	28.8	6,156	228.1	6,851	142.1	4,893	105.5

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	28.37	-
March 31, 2023	71.63	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	113,874	47,596	41.8	694.96
March 31, 2023	118,944	46,192	38.8	675.62

(Reference) Equity: As of March 31, 2024: ¥ 47,596 million
As of March 31, 2023: ¥ 46,192 million

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

(% indicates changes from the previous corresponding period.)

Full year	Net sales		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	72,500	3.3	2,000	(23.4)	1,400	(27.9)	20.44

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	16,102	15,543
Distribution facilities	30,917	31,202
Service and maintenance facilities	4,116	4,066
Other facilities	7,776	10,918
Construction in progress	5,694	5,475
Total property, plant and equipment	64,608	67,206
Intangible assets	141	106
Investments and other assets		
Investment securities	12,922	14,476
Retirement benefit asset	-	530
Deferred tax assets	1,182	819
Other investments	4,417	4,119
Allowance for doubtful accounts	(17)	(20)
Total investments and other assets	18,504	19,925
Total non-current assets	83,254	87,238
Current assets		
Cash and deposits	35,637	27,706
Notes receivable - trade	441	386
Accounts receivable - trade	8,307	8,079
Contract assets	895	922
Merchandise and finished goods	1,061	953
Raw materials and supplies	8,382	9,395
Other current assets	4,038	2,981
Allowance for doubtful accounts	(22)	(35)
Total current assets	58,741	50,389
Total assets	141,996	137,628

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Non-current liabilities		
Bonds payable	16,000	16,000
Long-term borrowings	28,123	27,994
Provision for retirement benefits for directors (and other officers)	315	322
Provision for gas holder repairs	532	598
Provision for safety measures	423	420
Provision for gas appliance warranties	233	200
Retirement benefit liability	499	310
Asset retirement obligations	234	237
Other noncurrent liabilities	1,016	933
Total non-current liabilities	47,378	47,017
Current liabilities		
Current portion of non-current liabilities	2,761	2,731
Notes and accounts payable - trade	4,847	10,945
Income taxes payable	1,845	179
Commercial papers	12,000	-
Other current liabilities	5,303	6,241
Total current liabilities	26,757	20,098
Total liabilities	74,135	67,115
Net assets		
Shareholders' equity		
Share capital	5,246	5,268
Capital surplus	1,216	1,239
Retained earnings	55,430	56,870
Treasury shares	(0)	(0)
Total shareholders' equity	61,893	63,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,271	2,406
Deferred gains or losses on hedges	860	121
Foreign currency translation adjustment	527	719
Remeasurements of defined benefit plans	(13)	503
Total accumulated other comprehensive income	2,646	3,750
Non-controlling interests	3,320	3,384
Total net assets	67,860	70,512
Total liabilities and net assets	141,996	137,628

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	95,219	90,670
Cost of sales	62,697	61,863
Gross profit	32,521	28,807
Selling, general and administrative expenses		
Supply and sales expenses	19,807	20,231
General and administrative expenses	5,691	5,390
Total selling, general and administrative expenses	25,499	25,621
Operating profit	7,021	3,185
Non-operating income		
Interest income	3	6
Dividend income	174	196
Share of profit of entities accounted for using equity method	104	-
Revenue from CNG sales	99	101
Miscellaneous income	260	247
Total non-operating income	643	551
Non-operating expenses		
Interest expenses	192	188
Share of loss of entities accounted for using equity method	-	98
Commission for commitment line	36	52
Miscellaneous expenses	23	21
Total non-operating expenses	252	361
Ordinary profit	7,412	3,375
Extraordinary income		
Gain on sale of investment securities	62	58
Total extraordinary income	62	58
Profit before income taxes	7,475	3,433
Income taxes - current	2,358	968
Income taxes - deferred	(234)	54
Total income taxes	2,124	1,023
Profit	5,351	2,409
Profit attributable to non-controlling interests	134	80
Profit attributable to owners of parent	5,216	2,329

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	5,351	2,409
Other comprehensive income		
Valuation difference on available-for-sale securities	(55)	1,135
Deferred gains or losses on hedges	(2,444)	(719)
Remeasurements of defined benefit plans, net of tax	131	517
Share of other comprehensive income of entities accounted for using equity method	465	171
Total other comprehensive income	(1,902)	1,104
Comprehensive income	3,448	3,514
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,313	3,433
Comprehensive income attributable to non-controlling interests	134	80

Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2023

(Millions of yen)

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

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,246	1,216	55,430	(0)	61,893
Changes during period					
Issuance of new shares	21	21			43
Dividends of surplus			(889)		(889)
Profit attributable to owners of parent			2,329		2,329
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
Total changes during period	21	22	1,439	(0)	1,484
Balance at end of period	5,268	1,239	56,870	(0)	63,378

	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	1,271	860	527	(13)	2,646	3,320	67,860
Changes during period							
Issuance of new shares							43
Dividends of surplus							(889)
Profit attributable to owners of parent							2,329
Purchase of treasury shares							(0)
Disposal of treasury shares							-
Change in ownership interest of parent due to transactions with non-controlling interests							0
Net changes in items other than shareholders' equity	1,134	(738)	191	517	1,104	63	1,167
Total changes during period	1,134	(738)	191	517	1,104	63	2,652
Balance at end of period	2,406	121	719	503	3,750	3,384	70,512

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	7,475	3,433
Depreciation	7,312	7,352
Increase (decrease) in retirement benefit liability	6	9
Increase (decrease) in allowance for doubtful accounts	(7)	15
Interest and dividend income	(177)	(202)
Interest expenses	192	188
Loss (gain) on sale of investment securities	(62)	(58)
Share of loss (profit) of entities accounted for using equity method	(104)	98
Decrease (increase) in accounts receivable - trade, and contract assets	(1,628)	256
Decrease (increase) in inventories	(3,559)	(904)
Increase (decrease) in trade payables	(108)	6,098
Increase (decrease) in accrued consumption taxes	40	201
Other, net	548	1,004
Subtotal	9,927	17,495
Interest and dividends received	186	210
Interest paid	(185)	(188)
Income taxes paid	(980)	(2,688)
Net cash provided by (used in) operating activities	8,947	14,830
Cash flows from investing activities		
Purchase of investment securities	(17)	(26)
Proceeds from sale of investment securities	70	91
Proceeds from capital reduction of investment securities	1,750	-
Purchase of property, plant and equipment	(8,542)	(9,460)
Proceeds from sale of property, plant and equipment	17	11
Loan advances	(80)	(94)
Proceeds from collection of loans receivable	20	82
Purchase of long-term prepaid expenses	(177)	(193)
Other, net	(101)	(91)
Net cash provided by (used in) investing activities	(7,062)	(9,681)
Cash flows from financing activities		
Increase (decrease) in commercial papers	6,000	(12,000)
Proceeds from long-term borrowings	14,200	2,500
Repayments of long-term borrowings	(799)	(2,661)
Redemption of bonds	(5,000)	-
Net decrease (increase) in treasury shares	(0)	(0)
Dividends paid	(683)	(889)
Dividends paid to non-controlling interests	(14)	(14)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(2)
Other, net	(93)	(102)
Net cash provided by (used in) financing activities	13,608	(13,169)
Effect of exchange rate change on cash and cash equivalents	9	2
Net increase (decrease) in cash and cash equivalents	15,504	(8,017)
Cash and cash equivalents at beginning of period	18,031	33,535
Cash and cash equivalents at end of period	33,535	25,518

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	14,102	13,740
Distribution facilities	29,008	29,574
Service and maintenance facilities	4,393	4,335
Facilities for incidental businesses	877	3,990
Construction in progress	5,663	5,381
Total property, plant and equipment	54,046	57,021
Intangible assets	103	49
Investments and other assets		
Investment securities	4,535	5,887
Investments in subsidiaries and associates	5,123	5,123
Long-term loans receivable from subsidiaries and associates	2,763	2,361
Long-term prepaid expenses	3,119	2,842
Deferred tax assets	396	271
Other investments	62	64
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	15,990	16,540
Total non-current assets	70,140	73,611
Current assets		
Cash and deposits	29,769	21,616
Notes receivable - trade	255	202
Accounts receivable - trade	6,273	5,887
Accounts receivable from subsidiaries and associates - trade	665	560
Accounts receivable - other	673	693
Finished goods	43	45
Raw materials	7,679	8,655
Supplies	495	545
Prepaid expenses	15	15
Short-term receivables from subsidiaries and associates	584	775
Other current assets	2,381	1,298
Allowance for doubtful accounts	(33)	(33)
Total current assets	48,803	40,263
Total assets	118,944	113,874

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Non-current liabilities		
Bonds payable	16,000	16,000
Long-term borrowings	28,063	27,994
Provision for retirement benefits	364	314
Provision for gas holder repairs	532	598
Provision for safety measures	423	420
Provision for gas appliance warranties	233	200
Asset retirement obligations	30	30
Other noncurrent liabilities	946	845
Total non-current liabilities	46,594	46,403
Current liabilities		
Current portion of non-current liabilities	2,687	2,671
Accounts payable - trade	1,895	7,451
Accounts payable - other	1,021	1,600
Accrued expenses	1,731	1,961
Income taxes payable	1,599	32
Advances received	205	358
Deposits received	206	203
Short-term debt to subsidiaries and associates	4,561	5,594
Commercial papers	12,000	-
Other current liabilities	246	-
Total current liabilities	26,156	19,874
Total liabilities	72,751	66,277
Net assets		
Shareholders' equity		
Share capital	5,246	5,268
Capital surplus		
Legal capital surplus	937	959
Other capital surplus	269	269
Total capital surplus	1,207	1,229
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	25,267	26,320
Total retained earnings	38,016	39,069
Treasury shares	(0)	(0)
Total shareholders' equity	44,470	45,566
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,003	2,029
Deferred gains or losses on hedges	719	0
Total valuation and translation adjustments	1,722	2,029
Total net assets	46,192	47,596
Total liabilities and net assets	118,944	113,874

Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Sales from gas business		
Gas sales	65,683	61,896
Total sales from gas business	65,683	61,896
Cost of sales		
Beginning inventories	28	43
Cost of products manufactured	43,210	42,808
Costs of gas for own use	1,119	1,053
Ending inventories	43	45
Total cost of sales	42,076	41,752
Gross profit	23,607	20,144
Supply and sales expenses	14,834	15,003
General and administrative expenses	4,314	4,046
Total selling, general and administrative expenses	19,148	19,050
Profit on core business	4,458	1,094
Miscellaneous operating revenue		
Revenue from installation work	1,128	1,244
Other miscellaneous operating revenue	3,975	3,209
Total miscellaneous operating revenue	5,104	4,453
Miscellaneous operating expenses		
Installation work expenses	1,289	1,496
Other miscellaneous operating expenses	2,697	2,677
Total miscellaneous operating expenses	3,987	4,173
Revenue from incidental businesses	3,703	3,818
Expenses for incidental businesses	3,121	3,425
Operating profit	6,156	1,767
Non-operating income		
Interest income	21	24
Interest on securities	0	0
Dividend income	149	162
Dividends from subsidiaries and affiliates	180	336
Rental income	160	162
Miscellaneous income	432	419
Total non-operating income	945	1,105
Non-operating expenses		
Interest expenses	117	126
Interest expenses on bonds	73	60
Amortization of share issuance costs	0	0
Commission for commitment line	36	52
Miscellaneous expenses	24	22
Total non-operating expenses	250	262
Ordinary profit	6,851	2,610

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Extraordinary income		
Gain on sale of investment securities	62	49
Total extraordinary income	62	49
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	60	-
Total extraordinary losses	60	-
Profit before income taxes	6,853	2,660
Income taxes - current	1,995	648
Income taxes - deferred	(35)	70
Total income taxes	1,959	718
Profit	4,893	1,941