

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



April 27th, 2023

Company name: NIPPON GAS CO., LTD.

Code number: 8174

URL: <http://www.nichigas.co.jp/en/>

Stock exchange listing: Tokyo Stock Exchange

Representative: Kunihiko Kashiwaya, Representative Director, Chief Executive Officer

Contact: Madoka Yamagishi, Executive Officer

Scheduled date of Ordinary General Meeting of Shareholders: June 27th, 2023

Scheduled date of commencing dividend payments: June 28th, 2023

Scheduled date of filing securities report: June 27th, 2023

Availability of supplementary briefing material on financial results: Available

Schedule of financial results briefing session: Scheduled (for institutional investors)

(Amounts are rounded down to the nearest million yen.)

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

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended Mar. 31st, 2023	207,890	27.9	15,215	19.0	15,401	19.1	10,628	6.6
Fiscal Year ended Mar. 31st, 2022	162,552	13.3	12,786	(6.2)	12,930	(8.1)	9,972	6.4

(Note) Comprehensive income: Fiscal year ended Mar. 31st, 2023 ¥10,423 million [10.9%]
Fiscal year ended Mar. 31st, 2022 ¥9,397 million [(2.0)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31st, 2023	93.13	—	14.6	10.0	7.3
Fiscal year ended Mar. 31st, 2022	86.24	—	14.1	8.8	7.9

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31st, 2023 ¥88 million
Fiscal year ended Mar. 31st, 2022 ¥34 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31st, 2023	153,429	73,525	47.9	645.82
As of Mar. 31st, 2022	153,811	71,890	46.7	624.79

(Reference) Equity: As of Mar. 31st, 2023 ¥73,524 million As of Mar. 31st, 2022 ¥71,887 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Mar. 31st, 2023	19,594	(7,581)	(16,070)	12,863
Fiscal year ended Mar. 31st, 2022	20,694	(8,792)	(7,407)	16,912

2. Dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 31st, 2022	-	25.00	-	25.00	50.00	5,823	58.0	8.2
Fiscal year ended Mar. 31st, 2023	-	32.50	-	32.50	65.00	7,490	69.8	10.2
Fiscal year ending Mar. 31st, 2024 (Forecast)	-	37.50	-	37.50	75.00		76.8	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sep. 30th, 2023	100,000	17.5	5,000	82.6	5,000	78.6	3,300	75.9	29.14
Full-year	230,000	10.6	18,700	22.9	18,700	21.4	11,000	3.5	97.69

4. Notes

- (1) Significant changes of subsidiaries during the year under review (changes in specified subsidiaries resulting in changes in scope of consolidation during the year under review): No
- (2) Changes to accounting policies, changes to accounting estimates, and revision restatements
 - 1) Changes to accounting policies accompanying the revision of accounting standards, etc.: No
 - 2) Changes to accounting policies other than 1) above: No
 - 3) Changes to accounting estimates: No
 - 4) Revision restatements: No

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

1) Total number of issued shares (including treasury shares):

Fiscal year ended Mar. 31st, 2023	116,603,698 shares
Fiscal year ended Mar. 31st, 2022	118,603,698 shares

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

Fiscal year ended Mar. 31st, 2023	2,757,077 shares
Fiscal year ended Mar. 31st, 2022	3,544,616 shares

3) Average number of shares during the period:

Fiscal year ended Mar. 31st, 2023	114,127,650 shares
Fiscal year ended Mar. 31st, 2022	115,642,189 shares

(Reference) Summary of Non-consolidated Financial Results

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

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

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31st, 2023	129,513	25.3	8,410	20.8	11,605	18.0	8,990	3.3
Fiscal year ended Mar. 31st, 2022	103,351	(6.8)	6,960	(21.0)	9,835	(6.7)	8,706	12.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Mar. 31st, 2023	78.77	—
Fiscal year ended Mar. 31st, 2022	75.29	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31st, 2023	128,960	44,598	34.6	391.74
As of Mar. 31st, 2022	128,750	44,681	34.7	388.33

(Reference) Equity: As of Mar. 31st, 2023 ¥44,598 million As of Mar. 31st, 2022 ¥44,681 million

* These financial results are outside the scope of audit by a certified public accountant or an audit corporation.

* Explanation of the proper use of performance forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “Overview of Operation Results, etc.” on page 2 of the attached Appendix for the notes on the use of preconditions for the earnings forecast and the use of the earnings forecast.

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1. Overview of Operation Results, etc.

(1) Overview of Results of Operations for the Fiscal Year Under Review

[Business Environment Surrounding the Group]

During the current fiscal year, Japan's economy has picked up due to the normalization of economic activities and easing of supply constraints as a result of the transition into a post-COVID society. Amidst rapid growth of the carbon neutrality movement in the energy sector triggered by the Paris Agreement of 2015 (adopted at COP21), disruptions in global supply chains have become worse due to factors such as the rebound from the COVID-19 pandemic and Russia's invasion of Ukraine, and energy and raw material prices continued to rise at record levels. Furthermore, the business environment may be at a turning point of a new era brought by the breakdown of the international order due to deepening divisions in the US-China conflict and the evolution of blockchain-based technology such as NFTs, smart contracts, and Web 3.0, gradually transforming the existing centralized systems of society into distributed models.

[Reorganization]

◆ Aim of the Reorganization

In the midst of this ongoing paradigm shift, the Group will reorganize with the aim of reinventing Energy Services from the perspective of its customers (consumers), envisioning what local communities will look like in the near future.

The Company resolved at the meeting of the Board of Directors held on April 27th, 2023 to reorganize the Group from the scheduled effective date of January 1st, 2024 such that

(1) by way of a Company Split, the Company will succeed to the energy retail businesses of its 3 subsidiary companies (Tosai Gas, Higashinohon Gas, and Kitanihon Gas), and

(2) by way of a Company Split and absorption-type Company Merger, Tosai Gas will succeed to the City gas pipeline business and other businesses of the Company, Higashinohon Gas, and Kitanihon Gas.

◆ The Company's perception of the energy industry

The social conditions caused by the unprecedented crisis known as global warming, rising frequency and severity of natural disasters, the COVID-19 pandemic, and Russia's invasion of Ukraine have shown that a consistent and stable energy supply from upstream to downstream cannot be taken for granted. In a drastically changing business environment, what local communities will need the most is the construction of resilient distributed energy systems that can provide energy resiliently and autonomously even during a disaster, premised on the use of renewable energy and electric vehicles (EVs), and the shared use of energy infrastructure and systems (i.e. adoption of the Platform) for optimizing the energy industry's operations.

The Group has evolved its current business of supplying gas and electricity in response to these challenges ("NICIGAS 3.0"). We will provide Energy Solutions premised on supplying electricity and gas as a package to customers, and that promote the transformation of each household into a smart house and achieve optimal energy use in the broader local community by encouraging the adoption of distributed energy resources such as solar power, using EVs as storage batteries, hybrid water heaters and EV charging facilities. In addition, at the

energy industry, the Company will create an environment for sharing its highly efficient operations with other corporations (as a Platform) and promote industry-wide its sharing.

◆ Evolution of the business model and new value to provide, through the Reorganization

In the face of the coming changes, this reorganization will integrate the Company and the three city gas companies (the Company's wholly owned subsidiaries), then divide their businesses into a "Integrated Energy Retail Company" and an "Energy Platform Company", evolving our existing integrated energy retail business to provide the new value listed below to 1) customers and to the 2) energy industry and achieve growth. In addition to strengthen and cultivate the energy retail business, the Company will take advantage of industry reorganization to expand our customer base and raise our medium to long term ROE and corporate value.

- 1) Rapidly implement distributed autonomous energy management (Solution business) by solar power, storage batteries, hybrid water heaters, EV charging facilities and other resources. Serve to complement existing centralized energy infrastructure. Strengthen and cultivate the retail business and expand our profit base.
- 2) Achieve industry-wide optimization through the shared use of infrastructure and systems (Platform business). Build an environment for sharing the Company's highly efficient operations led by DX with other companies, and expand the Platform business's profit base with improving the facilities of the energy industry as a whole through Platform Sharing.

[Corporate Value and Sustainability Policy]

The Company recognizes that its capital policy is the strategy by which it can maximize the performance of its shareholders' equity, and so is highly conscious of ROIC and has reorganized the content of its balance sheets from lower profit generating assets to higher profit generating assets. In order to further heighten the profitability of its investments, the Company will take advantage of the reorganization to accelerate growth whilst maintaining the policy of not holding unnecessary shareholders' equity and plan to reach its target for the fiscal year ending March 31st, 2026, of ROE of 22%. Expanding the range of Energy Solutions and futuristic infrastructure to address increasingly complex social issues and being a company that is needed by the local community are prerequisites for the creation of corporate value in the medium to long term. These businesses are at the heart of the Company's sustainability transformation. As part of efforts to enhance corporate value, the Company's policy is to work toward a more sustainable society in a variety of forms and a greater range of areas through partnerships with other companies.

The Company has been supplying energy and has the closest relationship with the customer. This has allowed the Company to construct robust relationships of trust with customers for 70 years. Going forward, the Company will aim to build on these relationships to provide solutions to a regional society that is ever more diverse through the power of digital technology, to constantly evolve, and to raise its corporate value sustainably.

With regard to the notice of scheduled administrative action from the Consumer Affairs Agency disclosed on April 14th, 2023, the Company has lodged an explanation in response to the notice within the deadline. The Company will issue notifications swiftly in the event of developments in the situation.

[Consolidated Financial Results]

Financial results during the fiscal year ended March 31st, 2023 are as follows.

(Millions of yen)				
	Fiscal year ended March 31st, 2022	Fiscal year ended March 31st, 2023	YoY change	YoY change (%)
Net sales	162,552	207,890	45,337	27.9%
Gross profit	66,593	69,820	3,226	4.8%
Operating profit	12,786	15,215	2,428	19.0%
Ordinary profit	12,930	15,401	2,471	19.1%
Profit attributable to owners of parent	9,972	10,628	655	6.6%

For the fiscal year ended March 31st, 2023, although household use gas sales volume decreased compared to the previous fiscal year due to warm weather conditions, gross profit increased due to the changing of prices appropriately in response to rising raw material prices. Record high profits were achieved in all stages of profit under operating profit due to reduced selling, general and administrative expenses as a result of adopting a thorough sales strategy of focusing on customers who can take gas and electricity as a package.

[Results by Segment]

◇ LP Gas Business (including platform business as well as LP gas equipment and construction as ancillary business)

Gross profit from the LP gas business was ¥42,635 million (up ¥2,539 million year on year), and gross profit from the ancillary business was ¥3,790 million (up ¥500 million year on year).

The increase in gross profit from the LP gas business was due to changing prices implemented in response to soaring raw material prices. The increase in gross profit from the ancillary business was due to the general normalization of the delays in gas equipment production that had continued from the previous year, and an increase in equipment sales, including hybrid water heaters connected to the solutions business.

Regarding sales activities, we are continuing to expand our customer base in the medium and long term, focusing on families who are more likely to be eligible for electricity as a package, and the number of customers increased by 26 thousand from the end of the previous fiscal year to 973 thousand households.

		Fiscal year ended March 31st, 2022	Fiscal year ended March 31st, 2023	YoY change	YoY change (%)
Gross profit (millions of yen)	LP gas	40,096	42,635	2,539	6.3%
	Equipment, construction, platform, etc.	3,289	3,790	500	15.2%
Gas sales volume (1,000 tons)*	Household use	195	186	(9)	(4.5)%
	Commercial use	120	121	1	0.9%
No. of customers (1,000 customers)		946	973	26	2.8%

* In accordance with the adoption of the Accounting Standard for Revenue Recognition, sales volume on a meter reading basis is adjusted to the sales volume until the end of the fiscal year.

◇ Electricity Business

Gross profit from the electricity business segment totaled ¥2,959 million (up ¥168 million year on year).

This is due to an increase in electricity subscriptions, mainly consisting of bundled subscriptions from existing gas-using customers. While the sharp rise in power supply prices continued, a reversal phenomenon occurred in which prices under contracts with regulated rates for sales became cheaper than those of post-liberalization products, and the competitiveness of regulated rates for Power Producer and Suppliers' electric power users without power supply increased and acquisition grew, the number of customers increased by 42 thousand from the end of the previous fiscal year to 320 thousand and the percentage of customers of package service of gas and electricity increased from 16.7% from the end of the previous fiscal year to 19.5% at the end of the current fiscal year. These contracts for package service of gas and electricity will lead to the sale of hybrid water heaters, solar power, and storage batteries, which will be a step toward future energy solutions.

		Fiscal year ended March 31st, 2022	Fiscal year ended March 31st, 2023	YoY change	YoY change (%)
Gross profit (millions of yen)	Electricity	2,790	2,959	168	6.1%
Electricity sales volume (GWh)*	Household use	1,160	1,297	137	11.9%
No. of customers (1,000 customers)		279	320	42	15.0%

* In accordance with the adoption of the Accounting Standard for Revenue Recognition, sales volume on a meter reading basis is adjusted to the sales volume until the end of the fiscal year.

◇ City Gas Business (including city gas equipment and construction as ancillary business)

Gross profit from the city gas business segment was ¥19,371 million (down ¥72 million year on year), and gross profit from the ancillary business was ¥1,062 million (up ¥90 million year on year).

The decrease in gross profit from the city gas business was due to the decrease in household use gas sales volume compared to the previous fiscal year, against the background of warm weather conditions.

		Fiscal year ended March 31st, 2022	Fiscal year ended March 31st, 2023	YoY change	YoY change (%)
Gross profit (millions of yen)	Gas	19,444	19,371	(72)	(0.4)%
	Equipment, construction, etc.	972	1,062	90	9.3%
Gas sales volume (1,000 tons)	Household use	184	169	(15)	(8.2)%
	Commercial use	208	210	2	1.0%
No. of customers (1,000 customers)		722	667	(55)	(7.6)%

(2) Overview of Financial Position for the Fiscal Year Under Review

With the aim of increasing the return on equity, or ROE, the Company has set return on invested capital (ROIC) as a KPI and is working to improve it in order to increase the profitability of our assets as a priority.

- Total assets as of the end of the fiscal year ended March 31st, 2023 remained at the same level, decreasing by

¥300 million or 0.3% from the end of the previous fiscal year to ¥153,400 million. Assets remained at the same level during the period under review due to an increase of ¥3,900 million in notes and accounts receivable - trade caused by higher sales prices, while cash and deposits on hand decreased by ¥3,900 million.

- Total liabilities as of the end of the fiscal year ended March 31st, 2023 decreased by ¥2,000 million or 2.5% from the end of the previous fiscal year to ¥79,900 million, and net assets increased by ¥1,600 million or 2.3% from the end of the previous fiscal year to ¥73,500 million. The main factor for the decrease in liabilities was a ¥5,500 million decrease in borrowings despite a ¥3,600 million increase in notes and accounts payable - trade associated with soaring raw material prices. The main factor for the increase in net assets was the profit of ¥10,600 million exceeding total shareholder returns (dividend payments of ¥6,600 million and purchase of treasury shares of ¥2,400 million).
- The debt-to-equity ratio of 0.6 times, and the shareholders' equity ratio was 47.9%. While ensuring the stability of its financial base, the Company is mindful of the appropriate capital structure and raises capital with an awareness of its funding costs (WACC).

(Millions of yen)			
	March 31st, 2022	March 31st, 2023	Change
Current assets	49,467	51,001	1,534
Of which, Cash and deposits	17,020	13,049	(3,971)
Trade receivables	21,474	25,435	3,961
Non-current assets	104,344	102,427	(1,917)
Interest-bearing liabilities	45,941	40,582	(5,359)
Equity	71,887	73,524	1,637
(Equity ratio)	(46.7%)	(47.9%)	
Total assets	153,811	153,429	(382)

(3) Overview of Cash Flows for the Fiscal Year Under Review

Balance of cash and cash equivalents as of the end of the fiscal year ended March 31st, 2023 decreased by ¥4,049 million from the end of the previous fiscal year to ¥12,863 million.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities amounted to ¥19,594 million, down by ¥1,099 million year on year.

The main cause of the decreased cash inflow was delay of the recovery of the special support grant implemented by the government regarding electricity and gas bills to the next fiscal year, and an increase in consumption and other taxes paid. The amount of consumption tax payable is calculated by deducting the amount of tax on purchases from the amount of tax on sales. There was a temporary increase in consumption tax payable on large-scale investments such as “Yume no Kizuna, Kawasaki,” and subsequently, the amount of tax

deductions decreased due to the leveling out of the amount of purchases, resulting in a higher amount of tax payable.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities amounted to ¥7,581 million, down by ¥1,210 million year on year.

The main cause of the decrease was a decrease in pipeline investments due to being conscious of ROIC and rigorously verifying the profitability of equipment investments, and a lack of investment opportunities in depots and others.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities amounted to ¥16,070 million, up by ¥8,662 million year on year.

Free cash flow, which is obtained by subtracting investment cash flow from operating cash flow, amounted to income of ¥12,013 million, up by ¥110 million year on year. Cash in hand was controlled and kept to a minimum amounting to “the value of purchases per month + α ”, and proceeded to repay borrowings.

(Millions of yen)			
	Fiscal year ended March 31st, 2022	Fiscal year ended March 31st, 2023	Change
Cash flows from operating activities	20,694	19,594	(1,099)
Cash flows from investing activities	(8,792)	(7,581)	1,210
Cash flows from financing activities	(7,407)	(16,070)	(8,662)
Net increase (decrease) in cash and cash equivalents	4,501	(4,049)	(8,551)
Cash and cash equivalents at end of period	16,912	12,863	(4,049)

(4) Future Outlook

For the fiscal year ending March 31st, 2024, the Company forecasts increases in all the stages of profit, including ¥74,700 million in gross profit, ¥18,700 million in operating profit, and ¥11,000 million in profit attributable to owners of parent. Expected household gas sales volume and electricity sales volume are calculated based on past usage data, incorporating temperature forecasts for the fiscal year ending March 31st, 2024. For raw materials prices as well, although the outlook remains uncertain, the Company’s policy is to appropriately pass on the increase in raw materials prices, including exchange rates, to the selling price. Therefore, we assume that the profit margin will be at about the same level as before.

For details of the profit plans for the fiscal year ending March 31st, 2024, please see the “Financial Results Briefing Materials for FY Ended in March 2023” released today.

2. Basic Approach to the Selection of Accounting Standards

The Group adopts Japanese GAAP. As to the policy of adoption of IFRS, the Company shall comply appropriately, taking into account various conditions in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (As of Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	17,020	13,049
Notes and accounts receivable - trade	21,474	25,435
Merchandise and finished goods	5,999	6,402
Raw materials and supplies	196	120
Other	4,880	6,126
Allowance for doubtful accounts	(104)	(132)
Total current assets	49,467	51,001
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,285	31,537
Accumulated depreciation	(15,377)	(16,183)
Buildings and structures, net	15,908	15,354
Machinery, equipment and vehicles	218,111	222,307
Accumulated depreciation	(186,797)	(192,605)
Machinery, equipment and vehicles, net	31,314	29,702
Tools, furniture and fixtures	4,523	4,318
Accumulated depreciation	(3,753)	(3,708)
Tools, furniture and fixtures, net	770	609
Land	30,175	30,136
Leased assets	9,765	10,507
Accumulated depreciation	(3,673)	(4,280)
Leased assets, net	6,091	6,227
Construction in progress	970	588
Total property, plant and equipment	85,230	82,618
Intangible assets		
Goodwill	2,981	2,176
Other	4,823	5,947
Total intangible assets	7,805	8,124
Investments and other assets		
Investment securities	2,091	2,687
Long-term loans receivable	3,962	4,296
Deferred tax assets	8,341	8,447
Other	2,599	2,652
Allowance for doubtful accounts	(5,686)	(6,399)
Total investments and other assets	11,309	11,685
Total non-current assets	104,344	102,427
Total assets	153,811	153,429

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (As of Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (As of Mar. 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,651	17,312
Electronically recorded obligations - operating	2,868	3,838
Short-term loans payable	—	500
Current portion of long-term debt	14,764	11,009
Lease obligations	1,348	1,369
Income taxes payable	3,602	3,687
Provision for bonuses	323	309
Other	8,192	7,715
Total current liabilities	45,751	45,741
Non-current liabilities		
Long-term loans payable	24,476	22,220
Lease obligations	5,351	5,482
Deferred tax liabilities for land revaluation	203	203
Provision for share-based compensation	1,052	1,218
Provision for gas holder repairs	267	209
Provision for loss on voluntary recall of products	306	181
Net defined benefit liability	3,067	3,336
Other	1,442	1,309
Total non-current liabilities	36,169	34,162
Total liabilities	81,921	79,903
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	5,860	5,860
Retained earnings	64,634	65,261
Treasury shares	(5,795)	(4,580)
Total shareholders' equity	71,769	73,611
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	—
Foreign currency translation adjustment	53	(65)
Remeasurements of defined benefit plans	(28)	(21)
Total accumulated other comprehensive income	118	(86)
Non-controlling interests	3	0
Total net assets	71,890	73,525
Total liabilities and net assets	153,811	153,429

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (from Apr. 1, 2021 to Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)
Net sales	162,552	207,890
Cost of sales	95,958	138,069
Gross profit	66,593	69,820
Selling, general and administrative expenses		
Freightage related expenses	3,051	3,259
Provision of allowance for doubtful accounts	(31)	93
Salaries and allowances	9,913	9,758
Provision for bonuses	279	512
Retirement benefit expenses	640	672
Provision for share-based compensation	281	263
Provision for gas holder repairs	56	58
Welfare expenses	1,984	2,023
Supplies expenses	2,800	2,744
Taxes and dues	1,283	1,391
Enterprise tax	584	517
Depreciation	10,389	10,211
Amortization of goodwill	1,395	1,218
Repair expenses	1,203	1,293
Commission fee	13,932	14,163
Other	6,041	6,421
Total selling, general and administrative expenses	53,807	54,605
Operating income	12,786	15,215
Non-operating income		
Interest income	2	1
Dividend income	14	3
Foreign exchange gains	14	14
Real estate rent	67	64
Insurance income	39	34
Share of profit of entities accounted for using equity method	34	88
Other	158	157
Total non-operating income	331	363
Non-operating expenses		
Interest expenses	150	146
Other	37	31
Total non-operating expenses	187	177
Ordinary income	12,930	15,401

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (from Apr. 1, 2021 to Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)
Extraordinary income		
Gain on sales of non-current assets	89	23
Gain on sales of investment securities	1,618	179
Total extraordinary income	1,707	203
Extraordinary losses		
Loss on sales of non-current assets	27	32
Loss on retirement of non-current assets	130	339
Loss on sales of investment securities	24	—
Total extraordinary losses	181	372
Profit before income taxes	14,456	15,232
Income taxes - current	5,460	4,619
Income taxes - deferred	(976)	(15)
Total income taxes	4,484	4,603
Profit	9,971	10,628
Loss attributable to non-controlling interests	(0)	0
Profit attributable to owners of parent	9,972	10,628

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (from Apr. 1, 2021 to Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)
Profit	9,971	10,628
Other comprehensive income		
Valuation difference on available-for-sale securities	(379)	(93)
Remeasurements of defined benefit plans, net of tax	22	7
Share of other comprehensive income of entities accounted for using equity method	(217)	(118)
Total other comprehensive income	(574)	(205)
Comprehensive income	9,397	10,423
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,398	10,423
Comprehensive income attributable to non-controlling interests	(0)	0

(3) Consolidated Statement of Changes in Equity

Fiscal year ended Mar. 31, 2022 (from Apr. 1, 2021 to Mar. 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	7,070	5,860	61,468	(5,754)	68,644
Cumulative effects of changes in accounting policies			1,900		1,900
Restated balance	7,070	5,860	63,369	(5,754)	70,545
Changes of items during period					
Dividends of surplus			(5,379)		(5,379)
Profit attributable to owners of parent			9,972		9,972
Change in scope of equity method			83		83
Purchase of treasury shares				(3,549)	(3,549)
Disposal of treasury shares		1		94	96
Retirement of treasury shares		(1)	(3,411)	3,413	–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,265	(41)	1,223
Balance at the end of current period	7,070	5,860	64,634	(5,795)	71,769

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	472	271	(51)	693	4	69,342
Cumulative effects of changes in accounting policies						1,900
Restated balance	472	271	(51)	693	4	71,242
Changes of items during period						
Dividends of surplus						(5,379)
Profit attributable to owners of parent						9,972
Change in scope of equity method						83
Purchase of treasury shares						(3,549)
Disposal of treasury shares						96
Retirement of treasury shares						–
Net changes of items other than shareholders' equity	(379)	(217)	22	(574)	(0)	(575)
Total changes of items during period	(379)	(217)	22	(574)	(0)	647
Balance at the end of current period	93	53	(28)	118	3	71,890

Fiscal year ended Mar. 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	7,070	5,860	64,634	(5,795)	71,769
Changes of items during period					
Dividends of surplus			(6,658)		(6,658)
Profit attributable to owners of parent			10,628		10,628
Change in scope of equity method			193		193
Purchase of treasury shares				(2,436)	(2,436)
Disposal of treasury shares		1		113	114
Retirement of treasury shares		(1)	(3,536)	3,538	–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	627	1,215	1,842
Balance at the end of current period	7,070	5,860	65,261	(4,580)	73,611

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	93	53	(28)	118	3	71,890
Changes of items during period						
Dividends of surplus						(6,658)
Profit attributable to owners of parent						10,628
Change in scope of equity method						193
Purchase of treasury shares						(2,436)
Disposal of treasury shares						114
Retirement of treasury shares						–
Net changes of items other than shareholders' equity	(93)	(118)	7	(205)	(3)	(208)
Total changes of items during period	(93)	(118)	7	(205)	(3)	1,634
Balance at the end of current period	-	(65)	(21)	(86)	0	73,525

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (from Apr. 1, 2021 to Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	14,456	15,232
Depreciation	10,466	10,275
Amortization of goodwill	1,395	1,218
Increase (decrease) in allowance for doubtful accounts	649	740
Increase (decrease) in net defined benefit liability	212	269
Increase (decrease) in provision for share-based compensation	265	165
Increase (decrease) in allowance for loss on voluntary recall of products	(31)	(124)
Interest and dividend income	(16)	(5)
Interest expenses	150	146
Foreign exchange losses (gains)	(6)	(6)
Share of (profit) loss of entities accounted for using equity method	(34)	(88)
Loss (gain) on sales of non-current assets	(61)	9
Loss on retirement of non-current assets	130	339
Loss (gain) on sales of investment securities	(1,593)	(179)
Decrease (increase) in notes and accounts receivable - trade	(957)	(3,959)
Decrease (increase) in inventories	(2,008)	(326)
Decrease (increase) in accounts receivable - other	(2,806)	(1,007)
Increase (decrease) in notes and accounts payable - trade	3,644	3,630
Increase (decrease) in accrued consumption taxes	1,299	(940)
Other, net	617	(1,138)
Subtotal	25,771	24,249
Interest and dividend income received	16	5
Interest expenses paid	(145)	(148)
Income taxes paid	(4,948)	(4,511)
Net cash provided by (used in) operating activities	20,694	19,594
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,376)	(4,493)
Proceeds from sales of property, plant and equipment	122	61
Purchase of intangible assets	(2,132)	(2,869)
Purchase of goodwill	(248)	(310)
Purchase of investment securities	(1,376)	(598)
Proceeds from sales of investment securities	2,315	386
Payments of loans receivable	(11)	(6)
Collection of loans receivable	20	67
Other, net	(103)	181
Net cash provided by (used in) investing activities	(8,792)	(7,581)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (from Apr. 1, 2021 to Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)
Cash flows from financing activities		
Increase in short-term loans payable	63,010	73,100
Decrease in short-term loans payable	(65,010)	(72,600)
Proceeds from long-term loans payable	16,700	9,200
Repayments of long-term loans payable	(11,628)	(15,210)
Purchase of treasury shares	(3,549)	(2,436)
Cash dividends paid	(5,394)	(6,629)
Other, net	(1,535)	(1,494)
Net cash provided by (used in) financing activities	(7,407)	(16,070)
Effect of exchange rate change on cash and cash equivalents	6	6
Net increase (decrease) in cash and cash equivalents	4,501	(4,049)
Cash and cash equivalents at beginning of period	12,411	16,912
Cash and cash equivalents at end of period	16,912	12,863

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

None.

(Segment Information, etc.)

1. Overview of reportable segments

(1) Decision method of the reportable segments

The Group's reportable segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business performance. The Group is mainly engaged in the supply and sale of LP gas, electricity and city gas (natural gas), as well as the peripheral business of gas equipment sales and gas pipe works. The consolidated companies are grouped into the 3 product/service segments of "LP gas business," "electricity business" and "city gas business."

(2) Main products and services of each reportable segment

LP gas business.....Supply and sale of LP gas, Community gas business, Gas equipment sales, Gas pipe works, Platform business

Electricity business.....Retail sale of electricity, Electricity-related services, Sales of power generation, power storage, and charging devices

City gas business.....Supply and sale of city gas, Gas equipment sales, Gas pipe works

2. Calculation method of the amount of net sales, income (loss), assets, liabilities and other items by reportable segment

The accounting method applied to reported business segments is based on the rules and procedures for preparing consolidated financial statements. Segment income figures are based on gross profit. Intersegment revenues and transfers are calculated at prevailing market prices.

3. Information on the amount of net sales, income (loss), assets, liabilities and other items by reportable segments

For the previous fiscal year (From April 1st, 2021 to March 31st, 2022)

(Millions of yen)

	Reportable segments			Total	Adjustments (Note 2, 3)	Consolidated financial statements amount (Note 1)
	LP gas Business	Electricity Business	City gas Business			
Net sales						
(1) LP gas, electricity and city gas						
a. Revenue generated during April 1st, 2021 and the March meter reading date	61,505	26,073	53,733	141,312	–	141,312
b. Revenue generated during the March meter reading date and March 31st, 2022	4,799	1,520	–	6,319	–	6,319
Total	66,304	27,593	53,733	147,632	–	147,632
(2) Equipment, construction contracts, platform, etc.	9,949	–	4,970	14,920	–	14,920
Revenue from contracts with customers	76,254	27,593	58,704	162,552	–	162,552
Net sales to outside customers	76,254	27,593	58,704	162,552	–	162,552
Segment income	43,386	2,790	20,416	66,593	–	66,593
Segment assets	67,062	5,968	42,604	115,635	38,176	153,811
Other items						
Increase in property, plant and equipment and intangible assets	4,610	–	4,257	8,867	2,110	10,978

- (Notes)
1. Segment income is adjusted to gross profit in the Consolidated Statement of Income.
 2. Adjustment for segment assets refers to corporate assets not allocated to each reportable segments, and consist mainly of cash and deposits, deferred tax assets and the head office assets of the Company (including software), etc.
 3. Adjustment for “increase in property, plant and equipment and intangible assets” under other items is attributable to the acquisition of corporate assets not allocated to reportable segments.

For the current fiscal year (From April 1st, 2022 to March 31st, 2023)

(Millions of yen)

	Reportable segments			Total	Adjustments (Note 2, 3)	Consolidated financial statements amount (Note 1)
	LP gas Business	Electricity Business	City gas Business			
Net sales						
(1) LP gas, electricity and city gas						
a. Revenue generated during April 1st, 2022 and the March meter reading date	69,303	40,731	72,139	182,174	–	182,174
b. Revenue generated during the March meter reading date and March 31st, 2023	5,383	1,908	–	7,292	–	7,292
Total	74,686	42,640	72,139	189,467	–	189,467
(2) Equipment, construction contracts, platform, etc.	12,361	–	6,062	18,423	–	18,423
Revenue from contracts with customers	87,047	42,640	78,201	207,890	–	207,890
Net sales to outside customers	87,047	42,640	78,201	207,890	–	207,890
Segment income	46,426	2,959	20,434	69,820	–	69,820
Segment assets	66,656	7,438	44,198	118,293	35,135	153,429
Other items						
Increase in property, plant and equipment and intangible assets	3,279	–	3,306	6,585	3,007	9,593

- (Notes)
1. Segment income is adjusted to gross profit in the Consolidated Statement of Income.
 2. Adjustment for segment assets refers to corporate assets not allocated to each reportable segments, and consist mainly of cash and deposits, deferred tax assets and the head office assets of the Company (including software), etc.
 3. Adjustment for “increase in property, plant and equipment and intangible assets” under other items is attributable to the acquisition of corporate assets not allocated to reportable segments.

(Per Share Information)

Item	For the previous fiscal year (From Apr. 1st, 2021 to Mar. 31st, 2022)	For the current fiscal year (From Apr. 1st, 2022 to Mar. 31st, 2023)
Net assets per share	¥ 624.79	¥ 645.82
Basic earnings per share	¥ 86.24	¥ 93.13
Diluted earnings per share	Not stated since there is no dilutive security.	Not stated since there is no dilutive security.

(Notes) The basis for calculation

1. The basis for calculation of net assets per share is as follows:

(Millions of yen unless otherwise stated)

Item	For the previous fiscal year (As of Mar. 31st, 2022)	For the current fiscal year (As of Mar. 31st, 2023)
Total net assets	71,890	73,525
Amount deducted from the total net assets	3	0
[Non-controlling interests]	(3)	(0)
Amount of net assets related to common shares as of the end of the fiscal year	71,887	73,524
Number of shares of common shares used in the calculation of net assets per share as of the end of the fiscal year (Thousands of shares)	115,059	113,846

2. The basis for calculation of basic earnings per share is as follows:

(Millions of yen unless otherwise stated)

	For the previous fiscal year (From Apr. 1st, 2021 to Mar. 31st, 2022)	For the current fiscal year (From Apr. 1st, 2022 to Mar. 31st, 2023)
Profit attributable to owners of parent	9,972	10,628
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common shares	9,972	10,628
Average number of common shares outstanding during the fiscal year (Thousands of shares)	115,642	114,127

(Significant Subsequent Events)

(Cancellation of Treasury Shares)

The Company resolved at the meeting of the Board of Directors held on April 27th, 2023 to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act.

(1) Reason for the cancellation of treasury shares

Considering the progress of the enhancement of its financial base for achieving growth, the Company intends to cancel treasury shares to enhance shareholder returns and increase capital efficiency.

(2) Details of the matters associated with the cancellation

- 1) Class of shares to be cancelled: Common shares of the Company
- 2) Total number of shares to be cancelled: 1,286,600 shares (1.1% of the total issued shares including treasury shares)
- 3) Date of cancellation (scheduled): May 18th, 2023

(Reorganization of the Company and its Consolidated Subsidiaries)

The Company resolved at the meeting of the Board of Directors held on April 27th, 2023 to reorganize the Group from the scheduled effective date of January 1st, 2024 such that

- I. by way of a Company Split, the Company will succeed to the energy retail businesses of its 3 subsidiary companies (Tosai Gas, Higashinohon Gas, and Kitanihon Gas), and
- II. by way of a Company Split and absorption-type Company Merger, Tosai Gas will succeed to the City gas pipeline business and other businesses of the Company, Higashinohon Gas, and Kitanihon Gas.

1. Aim of the Reorganization

The Group will reorganize with the aim of reinventing Energy Services from the perspective of its customers (consumers), envisioning what local communities will look like in the near future.

2. Outline of the Company Split

- I. Consolidation of the energy retail businesses of the 3 consolidated subsidiary companies (Tosai Gas, Higashinohon Gas, and Kitanihon Gas) within the Company

(1) Outline of the Company split

1) Schedule for the Company split

Date of the resolution of the Board of Directors (succeeding company) to approve the absorption-type Company Split agreement	April 27th, 2023
Extraordinary general meeting of shareholders (splitting companies) to approve the absorption-type Company Split agreement	April 27th, 2023
Date of conclusion of the absorption-type Company Split agreement	April 27th, 2023
Effective date of the absorption-type Company Split	January 1st, 2024 (scheduled)

* The Company (as succeeding company) will not adopt an approval resolution at a general meeting of shareholders, as this company split amounts to a simplified Company Split under Article 796, Paragraph 2 of the Companies Act.

2) Method of the Company Split

The absorption-type Company Split involves the Company, as the succeeding company, succeeding to

the businesses of Tosai Gas, Higashinihon Gas, and Kitanihon Gas.

3) Details of the allotment related to the Company Split

No shares or money or other benefits will be allotted in this Company Split.

4) Treatment of share acquisition rights and bonds with share options associated with the Split

None.

5) Changes to capital stock associated with the Company Split

There will be no change in the Company's capital stock as a result of the Company Split.

6) The rights and obligations succeeded to by the succeeding company

The Company will succeed to the rights and obligations including assets, liabilities, and contractual status of the target businesses of the transaction as set forth in the absorption-type Company Split agreement.

7) Prospects of fulfillment of obligations

The Company has determined that there will be no problems with fulfilling its obligations under this Company Split.

(2) Overview of the business units to be succeeded

1) Details of business to be succeeded

- TOSAI Gas ...Retail City gas, LP gas, Electricity and ancillary businesses
- Higashinihon Gas ...Same as above
- Kitanihon Gas ...Same as above

2) Results of operations of units to be succeeded (results for fiscal year ended in March 2023)

- TOSAI Gas ...Net sales ¥ 51,115 million
- Higashinihon Gas ...Net sales ¥ 16,532 million
- Kitanihon Gas ...Net sales ¥ 14,912 million

3) Description and amounts of assets and liabilities to be split (results for fiscal year ended in March 2023)

- TOSAI Gas ...current assets ¥ 16,508 million, current liabilities ¥ 7,728 million, non-current assets ¥ 1,920 million, non-current liabilities ¥ 682 million
- Higashinihon Gas ...current assets ¥ 4,207 million, current liabilities ¥ 2,261 million, non-current assets ¥ 1,092 million, non-current liabilities ¥ 384 million
- Kitanihon Gas ...current assets ¥ 1,990 million, current liabilities ¥ 2,037 million, non-current assets ¥ 1,404 million, non-current liabilities ¥ 275 million

* The amounts listed above are as of March 31st, 2023 and the actual amount of assets succeeded to will change based on the amount increase or decrease between now and the day before the effective date.

II. Consolidation of the City gas pipeline businesses etc. of the Company and 2 consolidated subsidiaries (Higashinihon Gas and Kitanihon Gas) within Tosai Gas

◆ Consolidation of the Company's City gas pipeline business etc. within Tosai Gas by way of absorption-type Company Split

(1) Outline of the Company Split

1) Schedule for the Company Split

Date of the resolution of the Board of Directors (splitting company) to approve the absorption-type Company Split agreement	April 27th, 2023
Extraordinary general meeting of shareholders (succeeding companies) to approve the absorption-type Company Split agreement	April 27th, 2023
Date of conclusion of the absorption-type Company Split agreement	April 27th, 2023
Effective date of the absorption-type Company Split	January 1st, 2024 (scheduled)

* The Company (as splitting company) will not adopt an approval resolution at a general meeting of shareholders, as this Company Split amounts to a simplified Split under Article 796, Paragraph 2 of the Companies Act.

2) Method of the Company Split

The absorption-type Company Split involves the Company as the splitting company and Tosai Gas as the succeeding company.

3) Details of the allotment related to the Company Split

Tosai Gas, the succeeding company, will issue 500 thousand shares and allot all the shares to the Company in this Company Split.

4) Treatment of share acquisition rights and bonds with share options associated with the Split

None.

5) Changes to capital stock associated with the Company Split

There will be no change in the Company's capital stock as a result of the Company Split.

6) The rights and obligations succeeded to by the succeeding company

Tosai Gas will succeed to the rights and obligations including assets, liabilities, and contractual status of the target businesses of the transaction as set forth in the absorption-type Company Split agreement.

7) Prospects of fulfillment of obligations

The Company has determined that the succeeding company will have no problems with fulfilling its obligations under this Company Split.

(2) Overview of the business units to be split

1) Description of the business to be split

City gas pipeline business, LPG infrastructure business, etc.

2) Results of operations of units to be split (results for fiscal year ended in March 2023)

Net sales ¥1,130 million *External sales are stated.

3) Description and amounts of assets and liabilities to be split (results for fiscal year ended in March 2023)

current assets ¥- million, current liabilities ¥ 327 million

non-current assets ¥ 24,877 million, non-current liabilities ¥ 15,000 million

* The amounts listed above are as of March 31st, 2023 and the actual amount of assets succeeded to will change based on the amount increase or decrease between now and the day before the effective date.

◆ Consolidation of the City gas pipeline businesses etc. of Higashinohon Gas and Kitanihon Gas within Tosai Gas by way of Company Merger

(1) Outline of the Company Merger

1) Schedule for the Company Merger

Extraordinary general meetings of shareholders (surviving company, disappearing companies) to approve the absorption-type Company Merger	April 27th, 2023
Date of conclusion of the Company Merger agreement	April 27th, 2023
Effective date of the Company Merger	January 1st, 2024 (scheduled)

2) Method of the Company Merger

The absorption-type Company Merger involves Tosai Gas as the surviving company and Higashinohon Gas and Kitanihon Gas as the disappearing companies.

3) Details of the allotment pursuant to the Company Merger

No shares or money or other benefits will be allotted in this merger as the merger takes place between wholly owned subsidiary companies of the Company.

4) Treatment of share acquisition rights and bonds with share options of the disappearing companies

None.

3. Status of the Company after the reorganization

(1) Company name	Nippon Gas Co., Ltd.
(2) Address	4-31-8, Yoyogi, Shibuya-ku, Tokyo
(3) Representative	Kunihiko Kashiwaya Representative Director, Chief Executive Officer
(4) Nature of Business	Integrated Energy Retail business
(5) Capital	¥ 7,070 million
(6) Fiscal year end	March 31st

4. Status of the Company succeeding to the City gas pipeline businesses etc. after the reorganization (the current Tosai Gas)

(1) Company name	To be determined
(2) Address	To be determined
(3) Representative	To be determined
(4) Nature of Business	Energy Platform business
(5) Capital	¥ 450 million
(6) Fiscal year end	March 31st

4. Non-consolidated Financial Statements and Primary Notes

(1) Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (As of Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	9,076	3,299
Notes receivable - trade	0	—
Accounts receivable - trade	19,230	23,163
Merchandise	5,047	5,105
Supplies	64	14
Other	4,938	6,164
Allowance for doubtful accounts	(94)	(139)
Total current assets	38,263	37,607
Non-current assets		
Property, plant and equipment		
Buildings	12,517	12,643
Accumulated depreciation	(5,469)	(5,770)
Buildings, net	7,047	6,872
Structures	13,350	13,557
Accumulated depreciation	(6,430)	(6,880)
Structures, net	6,919	6,676
Machinery and equipment	32,528	32,826
Accumulated depreciation	(29,566)	(30,116)
Machinery and equipment, net	2,961	2,710
Vehicles	1,309	1,676
Accumulated depreciation	(1,056)	(1,231)
Vehicles, net	252	445
Tools, furniture and fixtures	1,601	1,673
Accumulated depreciation	(1,341)	(1,403)
Tools, furniture and fixtures, net	259	269
Land	25,725	25,711
Leased assets	7,359	8,277
Accumulated depreciation	(2,236)	(2,826)
Leased assets, net	5,122	5,450
Construction in progress	17	167
Total property, plant and equipment	48,306	48,304
Intangible assets		
Goodwill	2,322	1,928
Other	4,417	5,718
Total intangible assets	6,739	7,646

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (As of Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (As of Mar. 31, 2023)
Investments and other assets		
Investment securities	1,835	2,091
Shares of subsidiaries and associates	24,468	24,528
Investments in capital	3	3
Long-term loans receivable	7,999	8,225
Deferred tax assets	6,092	6,229
Other	2,956	2,950
Allowance for doubtful accounts	(7,915)	(8,627)
Total investments and other assets	35,440	35,400
Total non-current assets	90,486	91,352
Total assets	128,750	128,960
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	2,868	3,838
Accounts payable - trade	14,055	16,390
Short-term loans payable	—	500
Current portion of long-term debt	14,749	11,004
Lease obligations	1,281	1,319
Accounts payable - other	2,920	3,495
Accrued expenses	356	354
Income taxes payable	2,144	2,052
Accrued consumption taxes	1,513	804
Deposits received	9,325	11,713
Total current liabilities	49,216	51,473
Non-current liabilities		
Long-term loans payable	24,471	22,220
Lease obligations	5,243	5,419
Long-term deposits received	773	784
Provision for retirement benefits	1,988	2,168
Provision for share-based compensation	676	822
Provision for loss on voluntary recall of products	306	181
Other	1,392	1,291
Non-current liabilities	34,852	32,888
Total liabilities	84,069	84,362

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (As of Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (As of Mar. 31, 2023)
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus		
Legal capital surplus	5,197	5,197
Total capital surplus	5,197	5,197
Retained earnings		
Legal retained earnings	949	949
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	107	106
General reserve	7,750	7,750
Retained earnings brought forward	29,309	28,104
Total retained earnings	38,115	36,910
Treasury shares	(5,795)	(4,580)
Total shareholders' equity	44,587	44,598
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	93	—
Total valuation and translation adjustments	93	—
Total net assets	44,681	44,598
Total liabilities and net assets	128,750	128,960

(2) Statement of Income

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (from Apr. 1, 2021 to Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)
Net sales	103,351	129,513
Cost of sales		
Beginning goods	4,859	5,047
Cost of purchased goods	60,438	83,538
Total	65,298	88,585
Ending goods	5,047	5,105
Total cost of sales	60,251	83,480
Gross profit	43,100	46,033
Selling, general and administrative expenses		
Freightage related expenses	2,667	2,864
Provision of allowance for doubtful accounts	(24)	110
Salaries	6,936	7,052
Retirement benefit expenses	414	424
Welfare expenses	1,306	1,335
Supplies expenses	2,481	2,384
Taxes and dues	374	481
Depreciation	4,577	4,730
Repair expenses	1,356	1,393
Commission fee	12,276	12,622
Other	3,772	4,223
Total selling, general and administrative expenses	36,139	37,622
Operating income	6,960	8,410
Non-operating income		
Interest and dividend income	2,734	3,171
Miscellaneous income	315	194
Total non-operating income	3,050	3,365
Non-operating expenses		
Interest expenses	150	147
Miscellaneous loss	24	23
Total non-operating expenses	175	170
Ordinary income	9,835	11,605

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2022 (from Apr. 1, 2021 to Mar. 31, 2022)	Fiscal year ended Mar. 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)
Extraordinary income		
Gain on sales of non-current assets	32	11
Gain on sales of investment securities	1,555	179
Total extraordinary income	1,588	190
Extraordinary losses		
Loss on sales of non-current assets	27	16
Loss on retirement of non-current assets	22	260
Loss on sales of investment securities	10	—
Total extraordinary losses	59	276
Profit before income taxes	11,363	11,519
Income taxes - current	3,527	2,625
Income taxes - deferred	(870)	(95)
Total income taxes	2,656	2,529
Profit	8,706	8,990

(3) Statement of Changes in Equity

Fiscal year ended Mar. 31, 2022 (from Apr. 1, 2021 to Mar. 31, 2022)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	7,070	5,197	–	5,197	949	107	7,750	27,810	36,617
Cumulative effects of changes in accounting policies								1,582	1,582
Restated balance	7,070	5,197	–	5,197	949	107	7,750	29,393	38,200
Changes of items during period									
Dividends of surplus								(5,379)	(5,379)
Provision of reserve for advanced depreciation of non-current assets						(0)		0	–
Profit								8,706	8,706
Purchase of treasury shares									
Disposal of treasury shares			1	1					
Retirement of treasury shares			(1)	(1)				(3,411)	(3,411)
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	–	–	–	(0)	–	(83)	(84)
Balance at the end of current period	7,070	5,197	–	5,197	949	107	7,750	29,309	38,115

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(5,754)	43,131	442	442	43,573
Cumulative effects of changes in accounting policies		1,582			1,582
Restated balance	(5,754)	44,713	442	442	45,156
Changes of items during period					
Dividends of surplus		(5,379)			(5,379)
Provision of reserve for advanced depreciation of non-current assets		–			–
Profit		8,706			8,706
Purchase of treasury shares	(3,549)	(3,549)			(3,549)
Disposal of treasury shares	94	96			96
Retirement of treasury shares	3,413	–			–
Net changes of items other than shareholders' equity			(349)	(349)	(349)
Total changes of items during period	(41)	(125)	(349)	(349)	(475)
Balance at the end of current period	(5,795)	44,587	93	93	44,681

Fiscal year ended Mar. 31, 2023 (from Apr. 1, 2022 to Mar. 31, 2023)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	7,070	5,197	–	5,197	949	107	7,750	29,309	38,115
Changes of items during period									
Dividends of surplus								(6,658)	(6,658)
Provision of reserve for advanced depreciation of non-current assets						(0)		0	–
Profit								8,990	8,990
Purchase of treasury shares									
Disposal of treasury shares			1	1					
Retirement of treasury shares			(1)	(1)				(3,536)	(3,536)
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	–	–	–	(0)	–	(1,204)	(1,204)
Balance at the end of current period	7,070	5,197	–	5,197	949	106	7,750	28,104	36,910

(Millions of yen)

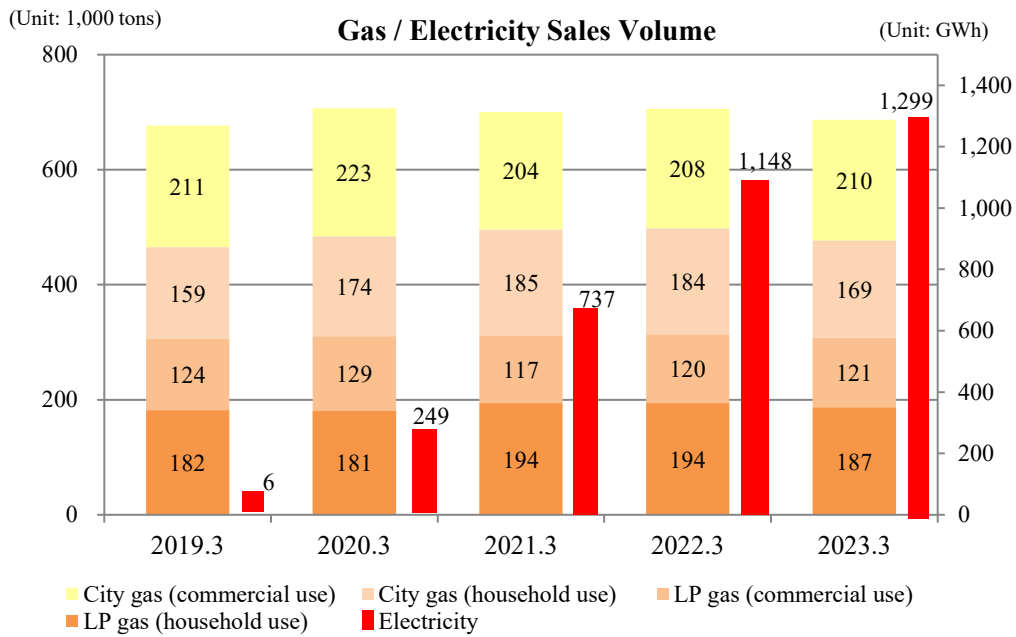
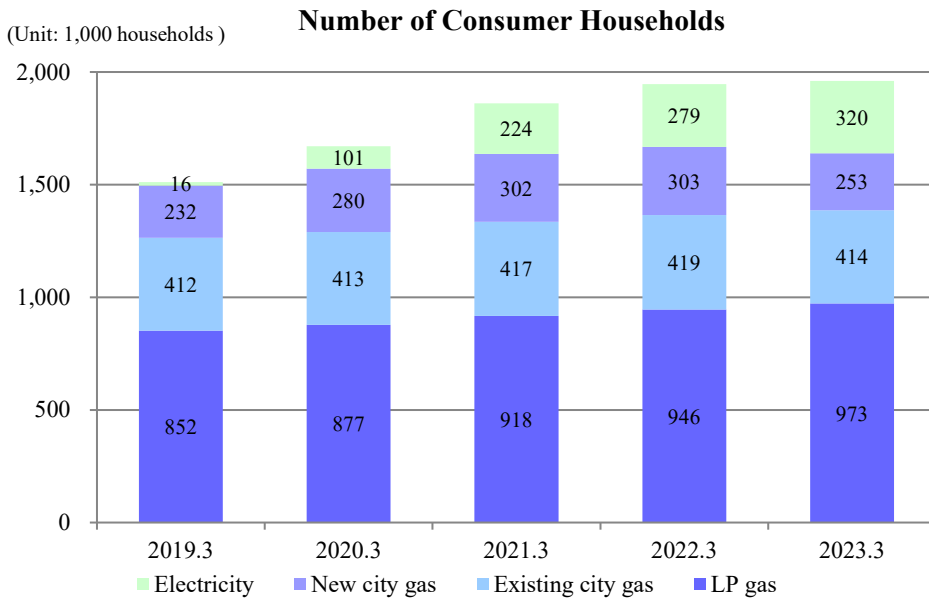
	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(5,795)	44,587	93	93	44,681
Changes of items during period					
Dividends of surplus		(6,658)			(6,658)
Provision of reserve for advanced depreciation of non-current assets		-			-
Profit		8,990			8,990
Purchase of treasury shares	(2,436)	(2,436)			(2,436)
Disposal of treasury shares	113	114			114
Retirement of treasury shares	3,538	-			-
Net changes of items other than shareholders' equity			(93)	(93)	(93)
Total changes of items during period	1,215	10	(93)	(93)	(83)
Balance at the end of current period	(4,580)	44,598	-	-	44,598

5. Others

(1) Changes to the Officers of the Company

As for the details of this matter, please refer to the “Notice Regarding Changes in Directors and Corporate Auditors of the Company and Its Major Subsidiaries,” announced on March 16th, 2023.

(2) Trends in the Number of Households, etc.



Note) Gas/Electricity volume is the sales volume based on the meter reading sales date standard.

