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April 28, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)



Company name: HOKKAIDO GAS CO., LTD.
 Listing: Tokyo, Sapporo
 Securities code: 9534
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 Scheduled date of annual general meeting of shareholders: June 20, 2025
 Scheduled date to commence dividend payments: June 5, 2025
 Scheduled date to file annual securities report: June 19, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	170,295	(2.1)	14,328	(8.1)	14,428	(9.2)	10,404	(10.5)
March 31, 2024	173,885	(0.5)	15,595	16.9	15,883	18.6	11,627	16.7

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥11,050 million [(10.3)%]
 For the fiscal year ended March 31, 2024: ¥12,312 million [21.5%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2025	118.07	117.57	12.8	7.6	8.4
March 31, 2024	131.98	131.46	16.3	8.6	9.0

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2025: ¥74 million
 For the fiscal year ended March 31, 2024: ¥298 million

* The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. "Basic earnings per share" and "diluted earnings per share" are calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	195,431	88,486	44.1	978.72
March 31, 2024	186,366	79,001	41.2	871.91

Reference: Equity
 As of March 31, 2025: ¥86,268 million
 As of March 31, 2024: ¥76,820 million

* The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. “Net assets per share” is calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	29,832	(20,059)	(7,918)	11,324
March 31, 2024	31,677	(16,755)	(8,171)	9,469

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	—	35.00	—	45.00	80.00	1,409	12.1	2.0
Fiscal year ended March 31, 2025	—	45.00	—	10.00	—	1,674	16.1	2.1
Fiscal year ending March 31, 2026 (Forecast)	—	10.00	—	10.00	20.00		—	

* The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. The year-end dividends per share for the fiscal year ended March 31, 2025 are stated in consideration of the stock split, and the total dividends for the year are stated as “-.” The year-end dividends per share for the fiscal year ended March 31, 2025, converted on a pre-split basis, is ¥50.00.

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	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	168,700	(0.9)	14,700	2.6	14,500	0.5	10,488	0.8	118.99

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	88,689,030 shares
As of March 31, 2024	88,689,030 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2025	544,745 shares
As of March 31, 2024	582,900 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	88,121,755 shares
Fiscal year ended March 31, 2024	88,098,047 shares

Note: The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. “Total number of issued shares at the end of the period,” “number of treasury shares at the end of the period,” and “average number of shares outstanding during the period” are calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	148,475	(1.8)	13,341	(5.2)	12,965	(6.6)	9,397	(7.0)
March 31, 2024	151,255	(1.9)	14,065	16.3	13,876	16.3	10,110	12.9

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	106.65	106.20
March 31, 2024	114.76	114.31

* The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. “Basic earnings per share” and “diluted earnings per share” are calculated based on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	174,945	71,481	40.8	810.02
March 31, 2024	165,310	63,578	38.4	720.82

Reference: Equity

As of March 31, 2025: ¥71,398 million

As of March 31, 2024: ¥63,508 million

* The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. “Net assets per share” is calculated based on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

2. Non-consolidated financial result forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	144,200	(2.9)	13,000	0.3	9,421	0.2	106.88

- * Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.
- * Proper use of earnings forecasts and other special matters
 1. The forward-looking statements, including forecasts for financial results, contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly due to a variety of factors. Please see page 5 of the attachments, “1. Overview of Operating Results, etc. (4) Future Outlook” concerning the assumptions used as the basis for the forecasts for financial results and matters to note before using the earnings forecasts.
 2. The supplementary material on financial results will be posted on the Company’s website.
- * Each item is calculated in accordance with the procedures for preparing financial statements by the Tokyo Stock Exchange.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review, the business environment surrounding our group was characterized by sluggish growth in personal consumption amid rising prices, while the domestic economy continued to recover gradually due to improvements in wages and employment conditions and robust demand from foreign visitors to Japan. On the other hand, the prolonged geopolitical risks, policy trends in the United States, and the trend toward decarbonization had a significant impact on the energy situation, and the situation remains uncertain.

Under these circumstances, our group has been promoting the spread of its unique energy management system, expanding local production and consumption of energy in collaboration with local governments in Hokkaido, developing power sources that utilize renewable energy, and promoting DX (digital transformation) initiatives, including the development of an information sharing platform, with the aim of “Creating a Comfortable Society through Optimization of Energy and Environment.”

Consolidated net sales for the fiscal year under review were 170,295 million yen, a 2.1% decrease compared to the previous corresponding period, due to lower unit selling prices under the fuel cost adjustment system, despite an increase in gas sales volume and an increase in the number of residential customers and sales volume in the electricity business.

Ordinary profit was 14,428 million yen, a 9.2% decrease compared to the previous corresponding period, due to an increase in expenses related to the strengthening of digital infrastructure, etc., despite an increase in gas sales volume and an increase in residential sales volume in the electricity business. Profit attributable to owners of parent was 10,404 million yen, a 10.5% decrease compared to the previous corresponding period.

The consolidated results of our group are subject to seasonal fluctuation factors in that a large amount of sales are recorded from winter to early spring due to the high demand for gas and LPG sales and other energy-related products.

Results by segment is as follows.

<Overview by segment>

1) Gas

As of the end of the fiscal year under review, the number of meters installed increased by 289 to 604,618 compared to the end of the previous fiscal year, mainly due to orders received for rental properties centered in the Chitose area, despite a decrease in the number of newly constructed single-family homes and condominiums. Excluding the impact of the conversion to single meters for heating and cooking, the increase was 5,434 compared to the end of the previous fiscal year, and the number of retail customers decreased by 2,468 to 488,500 compared to the previous fiscal year.

City gas sales volume increased by 2.6% to 219 million cubic meters for residential use compared to the previous corresponding period, mainly due to increased heating demand during the early spring and early winter due to low temperatures. For business use, although the operating rates of hotels and restaurants improved due to a recovery of the tourism industry, the sales volume decreased by 1.6% to 395 million cubic meters compared to the previous corresponding period due to the impact of renovation work on large-scale properties. As a result, the total sales volume, including wholesale supplies to other gas companies, increased by 0.3% to 647 million cubic meters compared to the previous corresponding period.

Total gas sales decreased by 1.6% to 104,856 million yen compared to the previous corresponding period, due to lower unit selling prices under the fuel cost adjustment system, etc., despite an increase in city gas sales volume.

Segment profit decreased by 6.9% to 12,626 million yen compared to the previous corresponding period, due to an increase in expenses related to the strengthening of digital infrastructure.

2) Electricity

As of the end of the fiscal year under review, the overall number of customers increased by 2,653 compared to the end of the previous fiscal year to 256,609, due to an expansion of low-voltage residential customers as a result

of campaign initiatives and enhanced mass publicity, despite a decrease in high-voltage and extra-high-voltage customers. Additionally, electricity sales volume decreased by 12.7% to 846,071 thousand kWh compared to the previous corresponding period, primarily due to a decrease in the number of high-voltage and extra-high-voltage customers, despite an increase in low-voltage sales volume driven by the expansion of the number of residential customers.

Net sales decreased by 4.2% to 29,131 million yen compared to the previous corresponding period, due to a decrease in sales volume for high-voltage, extra-high-voltage, and wholesale, among other factors, despite increases in the number of residential customers and sales volume.

Segment profit increased by 23.9% to 3,607 million yen compared to the previous corresponding period, due to the abolition of the adjustment ceiling for the fuel cost adjustment system as a result of the revision of electricity rates in the previous fiscal year and the continued low wholesale electricity market prices.

3) Energy-related

Net sales decreased by 0.6% compared to the previous corresponding period to 39,604 million yen due to a decrease in appliance sales resulting from a decline in the number of completed new condominium units, despite a higher LPG sales volume.

Segment profit decreased by 31.6% compared to the previous corresponding period to 1,063 million yen due to a decrease in appliance sales resulting from a decline in the number of completed new condominium units.

4) Other

Net sales decreased by 13.4% compared to the previous corresponding period to 3,329 million yen due to the termination of the water meter reading business, among other factors.

Segment profit decreased by 40.1% compared to the previous corresponding period to 147 million yen due to the termination of the water meter reading business, among other factors.

(Note) In this document, gas volume is expressed as 45 megajoules (10,750 kilocalories) per cubic meter.

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

Total assets as of the end of the fiscal year under review increased by 9,065 million yen to 195,431 million yen compared to the end of the previous fiscal year, primarily due to an increase in non-current assets resulting from capital investments. Liabilities decreased by 419 million yen to 106,945 million yen compared to the end of the previous fiscal year, primarily due to a decrease in interest-bearing liabilities such as bonds payable and long-term borrowings. Net assets increased by 9,485 million yen to 88,486 million yen compared to the end of the previous fiscal year, primarily due to an increase in retained earnings.

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

For the fiscal year under review, cash flows from operating activities decreased by 1,844 million yen compared to the previous corresponding period, resulting in an inflow of 29,832 million yen, primarily due to a decrease in profit before income taxes. Cash flows from investing activities increased by 3,304 million yen in expenditure compared to the previous corresponding period, resulting in an outflow of 20,059 million yen, primarily due to an increase in purchase of property, plant and equipment. The free cash flow for the current fiscal year was positive 9,773 million yen.

Cash flows from financing activities resulted in an expenditure of 7,918 million yen, mainly due to the redemption of bonds and repayments of long-term borrowings.

(Reference) Trends in cash flow-related indicators

	As of March 31		
	2023	2024	2025
Equity-to-asset ratio (%)	35.8	41.2	44.1
Equity-to-asset ratio at market value (%)	18.6	23.9	22.8
Ratio of interest-bearing liabilities to cash flow (years)	12.0	2.4	2.3
Interest coverage ratio (times)	23.0	77.1	72.7

Equity-to-asset ratio is shareholders' equity divided by total assets.

Equity-to-asset ratio at market value is market capitalization divided by total assets.

Ratio of interest-bearing liabilities to cash flow is interest-bearing liabilities divided by cash flow.

Interest coverage ratio is cash flow divided by interest expenses.

(Note 1) All figures are calculated on a consolidated basis.

(Note 2) Market capitalization is calculated based on the number of issued shares excluding treasury shares.

(Note 3) Cash flows from operating activities are used as "cash flow."

(Note 4) Interest-bearing liabilities represents the sum of all liabilities on the consolidated balance sheets subject to interest payment.

(4) Future Outlook

Amid the trend for achieving carbon neutrality (decarbonization) by 2050, the business environment surrounding our group has been significantly changing due to changes in the social structure brought about by low birthrates and aging population, and the impact of the unstable global situation on society and economy.

In 2022, our group has formulated the Kitagas Group Business Plan “Challenge 2030,” which sets 2030 as the midpoint, with sights set on the carbon-neutral era after 2050. The fiscal year 2025 is the first fiscal year of the second phase of “Challenge 2030,” and we will accelerate initiatives for the three main policies with the aim of “Creating a Comfortable Society through Optimization of Energy and Environment.”

1. Create distributed society through the evolution of total energy service business
2. Challenges to carbon neutral
3. Leverage digital technologies to achieve business structure reforms

Gas sales volume is expected to be 661 million cubic meters, assuming that temperatures remain at normal levels, due to an increase in the number of residential customers, etc. With regard to electricity, the number of customers is projected to reach 267,000 owing to the conclusion of combined contracts for gas and electricity. While we will strive to expand sales volumes of gas and electricity to residential customers, net sales are projected to decrease by 0.9% to 168,700 million yen as we expect lower unit selling prices in step with the drop in oil prices under the fuel cost adjustment system as well as the appreciation of yen, and ordinary profit is forecasted to be 14,500 million yen. However, in case disparities arise in assumptions used for the calculation of performance forecast, the actual results may significantly differ from the forecasted figures. We shall take into account future performance trends and make a swift disclosure in case a revision to the performance forecast is required.

We estimate the following crude oil prices and exchange rates with regard to the economic frame used as the premise for the performance forecast at this point.

(Millions of yen)

Item	Fiscal year ending March 31, 2026	Fiscal year ended March 31, 2025	Change	Change (%)
Net sales	168,700	170,295	(1,595)	(0.9)
Operating profit	14,700	14,328	371	2.6
Ordinary profit	14,500	14,428	71	0.5
Profit attributable to owners of parent	10,488	10,404	83	0.8

Assumptions

Item	Unit	FY 2025 <Plan>
Crude oil price	\$/bbl	70.00
Exchange rate	yen/\$	140.00

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review

Regarding dividends of surplus, etc., our basic policy lies in providing continuous and stable dividends.

With regard to other factors, continuous investments are required for future growth, such as arranging the foundations for an information platform, spreading adoptions of renewable energies, and technology development. In addition, it is imperative to quickly reduce interest-bearing liabilities, considering the recent global situation concerning politics and economy. Taking the aforementioned into account, we set 30% as the target level for consolidated payout ratio, and shall keep endeavoring to realize appropriate return on profit to all shareholders.

Based on this policy, we have considered the dividends of surplus for the fiscal year under review. We will provide an interim dividend of 9 yen per share as decided at the Board of Directors meeting held on October 31, 2024. Moreover, while our financial structure calls for reinforcement in addition to investments for future growth, we will set the year-end dividend at 10 yen per share at the Board of Directors meeting scheduled for May 19, 2025, taking into account steady performance owing to an increase in sales volume and the progress of business reform. Consequently, the annual dividends for the current fiscal year will be 19 yen per share, up 3 yen year on year.

(Note) On October 1, 2024, we conducted a 5-for-1 stock split of our common shares. The dividend amount per share and the increase in dividends have been calculated based on the assumption that this stock split took place at the beginning of the previous fiscal year.

The Company provides dividends twice a year, an interim and year-end dividend. Articles of incorporation of the Company stipulate that the standard date for dividend payment is September 30 for the interim dividend and March 31 for the year-end dividend every year, based on the resolution of the Board of Directors.

2. Basic Policy on Selection of Accounting Standards

As the business foundations of our group are in Japan, Japanese GAAP has been applied.

3. Consolidated Financial Statements and Principal Notes
(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	22,775	20,236
Distribution facilities	41,779	42,856
Service and maintenance facilities	12,033	12,735
Other facilities	38,861	41,645
Construction in progress	4,029	4,784
Total property, plant and equipment	119,479	122,258
Intangible assets		
Other	4,964	5,377
Total intangible assets	4,964	5,377
Investments and other assets		
Investment securities	8,201	9,435
Retirement benefit asset	944	1,059
Deferred tax assets	2,098	2,292
Other	4,025	3,937
Allowance for doubtful accounts	(16)	(14)
Total investments and other assets	15,254	16,709
Total non-current assets	139,697	144,345
Current assets		
Cash and deposits	9,469	11,324
Notes and accounts receivable - trade, and contract assets	21,072	19,922
Merchandise and finished goods	612	517
Raw materials and supplies	9,137	10,338
Other	6,427	9,043
Allowance for doubtful accounts	(51)	(59)
Total current assets	46,668	51,086
Total assets	186,366	195,431

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Non-current liabilities		
Bonds payable	43,500	35,000
Long-term borrowings	16,095	13,654
Deferred tax liabilities for land revaluation	553	548
Retirement benefit liability	4,813	4,443
Provision for gas holder repairs	126	152
Provision for safety measures	891	744
Provision for appliance warranties	1,343	1,335
Reserve for repairs of heat supply facilities	203	183
Lease liabilities	2,736	2,604
Other	1,659	2,637
Total non-current liabilities	71,922	61,303
Current liabilities		
Current portion of non-current liabilities	6,830	11,345
Notes and accounts payable - trade	4,150	10,291
Income taxes payable	3,000	2,417
Other	21,461	21,587
Total current liabilities	35,442	45,641
Total liabilities	107,365	106,945
Net assets		
Shareholders' equity		
Share capital	7,515	7,515
Capital surplus	5,256	5,256
Retained earnings	60,844	69,672
Treasury shares	(157)	(148)
Total shareholders' equity	73,458	82,296
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,199	3,268
Revaluation reserve for land	248	236
Remeasurements of defined benefit plans	(86)	466
Total accumulated other comprehensive income	3,361	3,971
Share acquisition rights	70	83
Non-controlling interests	2,110	2,134
Total net assets	79,001	88,486
Total liabilities and net assets	186,366	195,431

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	173,885	170,295
Cost of sales	124,797	119,928
Gross profit	49,087	50,367
Selling, general and administrative expenses		
Supply and sales expenses	29,622	31,272
General and administrative expenses	3,869	4,765
Total selling, general and administrative expenses	33,492	36,038
Operating profit	15,595	14,328
Non-operating income		
Dividend income	248	180
Rental income	269	273
Other	632	459
Total non-operating income	1,151	913
Non-operating expenses		
Interest expenses	409	401
Personnel transfer expenses	195	216
Impairment losses	198	140
Other	59	55
Total non-operating expenses	863	813
Ordinary profit	15,883	14,428
Profit before income taxes	15,883	14,428
Income taxes - current	4,689	4,448
Income taxes - deferred	(434)	(449)
Total income taxes	4,255	3,999
Profit	11,628	10,428
Profit attributable to non-controlling interests	0	24
Profit attributable to owners of parent	11,627	10,404

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	11,628	10,428
Other comprehensive income		
Valuation difference on available-for-sale securities	623	70
Remeasurements of defined benefit plans, net of tax	59	553
Share of other comprehensive income of entities accounted for using equity method	2	(2)
Total other comprehensive income	684	622
Comprehensive income	12,312	11,050
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,311	11,026
Comprehensive income attributable to non-controlling interests	0	24

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,515	5,256	50,539	(160)	63,150
Changes during period					
Dividends of surplus			(1,321)		(1,321)
Profit attributable to owners of parent			11,627		11,627
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares			(1)	6	5
Revaluation reserve for land					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	10,304	2	10,307
Balance at end of period	7,515	5,256	60,844	(157)	73,458

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,574	248	(146)	2,677	58	2,109	67,996
Changes during period							
Dividends of surplus							(1,321)
Profit attributable to owners of parent							11,627
Purchase of treasury shares							(3)
Disposal of treasury shares							5
Revaluation reserve for land							—
Net changes in items other than shareholders' equity	625	—	59	684	11	0	697
Total changes during period	625	—	59	684	11	0	11,004
Balance at end of period	3,199	248	(86)	3,361	70	2,110	79,001

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,515	5,256	60,844	(157)	73,458
Changes during period					
Dividends of surplus			(1,586)		(1,586)
Profit attributable to owners of parent			10,404		10,404
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares			(1)	11	9
Revaluation reserve for land			11		11
Net changes in items other than shareholders' equity					
Total changes during period	—	—	8,828	9	8,837
Balance at end of period	7,515	5,256	69,672	(148)	82,296

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,199	248	(86)	3,361	70	2,110	79,001
Changes during period							
Dividends of surplus							(1,586)
Profit attributable to owners of parent							10,404
Purchase of treasury shares							(1)
Disposal of treasury shares							9
Revaluation reserve for land							11
Net changes in items other than shareholders' equity	68	(11)	553	610	13	24	647
Total changes during period	68	(11)	553	610	13	24	9,485
Balance at end of period	3,268	236	466	3,971	83	2,134	88,486

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	15,883	14,428
Depreciation	13,986	14,983
Impairment losses	198	140
Increase (decrease) in provision for safety measures	(47)	(146)
Increase (decrease) in provision for appliance warranties	107	(8)
Increase (decrease) in retirement benefit liability	38	310
Increase (decrease) in allowance for doubtful accounts	5	7
Interest and dividend income	(265)	(207)
Interest expenses	409	401
Decrease (increase) in trade receivables	(610)	1,007
Decrease (increase) in inventories	10,010	(1,477)
Increase (decrease) in trade payables	(5,064)	6,734
Increase (decrease) in accrued consumption taxes	2,071	(1,112)
Other, net	45	(31)
Subtotal	36,767	35,027
Interest and dividends received	268	211
Interest paid	(410)	(410)
Income taxes paid	(4,948)	(5,051)
Income taxes refund	0	55
Net cash provided by (used in) operating activities	31,677	29,832
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,326)	(15,098)
Proceeds from sale of property, plant and equipment	31	72
Purchase of intangible assets	(2,496)	(1,669)
Purchase of long-term prepaid expenses	(567)	(709)
Purchase of investments in unconsolidated subsidiaries	–	(1,111)
Loan advances to subsidiaries and associates	–	(1,734)
Other, net	(396)	191
Net cash provided by (used in) investing activities	(16,755)	(20,059)
Cash flows from financing activities		
Net increase (decrease) in commercial papers	2,000	–
Repayments of long-term borrowings	(3,458)	(2,936)
Redemption of bonds	(5,000)	(3,500)
Dividends paid	(1,323)	(1,590)
Other, net	(389)	108
Net cash provided by (used in) financing activities	(8,171)	(7,918)
Net increase (decrease) in cash and cash equivalents	6,750	1,854
Cash and cash equivalents at beginning of period	2,719	9,469
Cash and cash equivalents at end of period	9,469	11,324

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

Application of Accounting Standard for Current Income Taxes, etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant regulations from the beginning of the fiscal year under review.

Revisions to categories for recording current income taxes, etc. (taxation on other comprehensive income) conform to the transitional treatment in the proviso to Paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”). This change in accounting policies has no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Guidance 2022 has been adopted from the beginning of the fiscal year under review. This change in accounting policies is applied retrospectively, and consolidated financial statements for the previous fiscal year are after retrospective application. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

(Segment information, etc.)

1. Overview of reportable segments

Our group’s reportable segments are components of the group whose separate financial information is available. These segments are subject to periodic examinations to enable the Board of Directors to decide how to allocate resources and assess performance.

Our group offers a new energy model combining energy sources such as gas, electricity and heat throughout Hokkaido as a total energy service business, aiming for the achievement of a compact and efficient energy society based on distributed energy and energy management.

Based on this business development, we define three reportable segments: “Gas,” which is an energy business centered on natural gas, the core of our business; “Electricity,” an important business for covering the entire Hokkaido; and “Energy-related,” including LPG, heat supply, the supply of other kinds of energy, construction works, and equipment.

The main products and services of each reportable segment are as follows.

“Gas”:	Sale of city gas and LNG
“Electricity”:	Electric power
“Energy-related”:	LPG, heat supply, oil products, gas construction works, gas equipment, energy services, etc.

2. Calculation method for net sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting method for reported business segments is generally the same as the one described in important matters for preparing consolidated financial statements in the recent Annual Securities Report (submitted on June 24, 2024).

The profit of reportable segments is based on operating profit. Inter-segment sales and transfers are based on prevailing market prices.

3. Information on the amounts of net sales, profit (loss), assets, liabilities and other items for each reportable segment

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Gas	Electricity	Energy-related	Total				
Net sales								
Sales to outside customers	104,235	30,190	38,095	172,521	1,364	173,885	—	173,885
Inter-segment sales or transfers	2,365	208	1,757	4,332	2,479	6,812	(6,812)	—
Total	106,601	30,399	39,853	176,853	3,844	180,697	(6,812)	173,885
Segment profit	13,557	2,911	1,554	18,023	246	18,269	(2,673)	15,595
Segment assets	112,697	20,418	42,958	176,073	752	176,826	9,539	186,366
Other items								
Depreciation (Note 4)	9,974	1,330	2,570	13,875	27	13,903	82	13,986
Increase in property, plant and equipment and intangible assets (Note 5)	10,670	2,543	2,159	15,373	50	15,423	1,298	16,722

- (Notes)
1. The “Others” section is a business segment that is not included in the reportable segments and includes IT solution, real estate, and insurance agency businesses, etc.
 2. (1) The ¥(2,673) million adjustment in segment profit includes ¥(23) million in the elimination of intersegment transactions, ¥(298) million in share of profit (loss) of entities accounted for using the equity method, and ¥(2,350) million in corporate expenses not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segments.
 - (2) The ¥9,539 million adjustment in segment assets includes corporate assets of ¥17,534 million, and consists mainly of funds for long-term investments by the submitting company and assets pertaining to administrative departments.
 3. Segment profit is adjusted with the operating profit in the consolidated statements of income.
 4. Depreciation includes the amortization of long-term prepaid expenses, and the adjustment consists mainly of depreciation for corporate assets not allocated to any reportable segment.
 5. The increase in property, plant and equipment and intangible assets includes long-term prepaid expenses, and the adjustment consists mainly of corporate assets not allocated to any reportable segment.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Gas	Electricity	Energy-related	Total				
Net sales								
Sales to outside customers	102,465	28,914	37,807	169,187	1,108	170,295	—	170,295
Inter-segment sales or transfers	2,391	217	1,796	4,406	2,221	6,627	(6,627)	—
Total	104,856	29,131	39,604	173,593	3,329	176,923	(6,627)	170,295
Segment profit	12,626	3,607	1,063	17,297	147	17,445	(3,116)	14,328
Segment assets	116,622	21,897	44,565	183,085	682	183,767	11,664	195,431
Other items								
Depreciation (Note 4)	10,632	1,454	2,719	14,806	13	14,819	163	14,983
Increase in property, plant and equipment and intangible assets (Note 5)	10,377	3,816	3,157	17,351	55	17,406	762	18,168

- (Notes)
1. The “Others” section is a business segment that is not included in the reportable segments and includes IT solution, real estate, and insurance agency businesses, etc.
 2. (1) The ¥(3,116) million adjustment in segment profit includes ¥74 million in the elimination of intersegment transactions, ¥(74) million in share of profit (loss) of entities accounted for using the equity method, and ¥(3,116) million in corporate expenses not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segments.
 - (2) The ¥11,664 million adjustment in segment assets includes corporate assets of ¥21,181 million, and consists mainly of funds for long-term investments by the submitting company and assets pertaining to administrative departments.
 3. Segment profit is adjusted with the operating profit in the consolidated statements of income.
 4. Depreciation includes the amortization of long-term prepaid expenses, and the adjustment consists mainly of depreciation for corporate assets not allocated to any reportable segment.
 5. The increase in property, plant and equipment and intangible assets includes long-term prepaid expenses, and the adjustment consists mainly of corporate assets not allocated to any reportable segment.

[Related information]

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

As the same information is disclosed in segment information, this part has been omitted.

2. Information by region

(1) Net sales

As there are no sales to outside customers in countries other than Japan, there is nothing to mention.

(2) Property, plant and equipment

As there are no property, plant and equipment located in countries other than Japan, there is nothing to mention.

3. Information by major customers

As no customer in sales to outside customers accounts for 10% or more of net sales on the consolidated statements of income, this information has been omitted.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

1. Information by product and service

As the same information is disclosed in segment information, this part has been omitted.

2. Information by region

(1) Net sales

As there are no sales to outside customers in countries other than Japan, there is nothing to mention.

(2) Property, plant and equipment

As there are no property, plant and equipment located in countries other than Japan, there is nothing to mention.

3. Information by major customers

As no customer in sales to outside customers accounts for 10% or more of net sales on the consolidated statements of income, this information has been omitted.

[Information on impairment losses on non-current assets by reportable segment]

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Omitted due to its immateriality.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Omitted due to its immateriality.

[Information on amortization of goodwill and balance of unamortized goodwill by reportable segment]

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Omitted due to its immateriality.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Omitted due to its immateriality.

[Information on gain on negative goodwill by reportable segment]

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	871.91 yen	978.72 yen
Basic earnings per share	131.98 yen	118.07 yen
Diluted earnings per share	131.46 yen	117.57 yen

- (Notes) 1. The Company conducted a 5-for-1 stock split of its common shares on October 1, 2024. “Net assets per share,” “Basic earnings per share,” and “diluted earnings per share” are calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.
2. The basis for calculating basic earnings per share and diluted earnings per share is outlined below.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	11,627	10,404
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent for common shares (Millions of yen)	11,627	10,404
Average number of common shares outstanding during the period (Thousand shares)	88,098	88,121
Diluted earnings per share		
Profit attributable to owners of parent (Millions of yen)	—	—
[Of which, interest expenses (after tax exemption) (Millions of yen)]	[—]	[—]
Increase in common shares (Thousand shares)	352	371
[Of which, convertible bonds (Thousand shares)]	[—]	[—]
[Of which, stock acquisition rights (Thousand shares)]	[352]	[371]

3. The basis for calculating net assets per share is outlined below.

	As of March 31, 2024	As of March 31, 2025
Total amount of net assets (Millions of yen)	79,001	88,486
Amount deducted from total amount of net assets (Millions of yen)	2,180	2,217
[Of which, stock acquisition rights (Millions of yen)]	[70]	[83]
[Of which, non-controlling interests (Millions of yen)]	[2,110]	[2,134]
Net assets related to common shares at the end of the period (Millions of yen)	76,820	86,268
Number of common shares at the end of the period used in the calculation of net assets per share (Thousand shares)	88,106	88,144

(Significant subsequent events)

Not applicable.

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	20,681	18,317
Distribution facilities	43,435	44,610
Service and maintenance facilities	11,632	12,250
Facilities for incidental businesses	18,087	20,718
Construction in progress	3,578	4,184
Total property, plant and equipment	97,415	100,082
Intangible assets		
Other intangible assets	4,954	5,297
Total intangible assets	4,954	5,297
Investments and other assets		
Investment securities	6,664	6,728
Investments in subsidiaries and associates	5,920	5,820
Long-term loans receivable from subsidiaries and associates	1,887	1,607
Long-term prepaid expenses	865	1,081
Prepaid pension costs	922	941
Deferred tax assets	1,065	1,478
Other investments	1,039	1,116
Allowance for doubtful accounts	(4)	(2)
Total investments and other assets	18,359	18,772
Total non-current assets	120,729	124,152
Current assets		
Cash and deposits	6,854	10,229
Notes receivable - trade	110	163
Accounts receivable - trade	17,419	16,039
Accounts receivable from subsidiaries and associates - trade	1,034	841
Accounts receivable - other	516	1,473
Finished goods	29	29
Raw materials	8,080	9,151
Supplies	936	1,038
Prepaid expenses	462	619
Short-term receivables from subsidiaries and associates	6,448	8,014
Other current assets	2,730	3,241
Allowance for doubtful accounts	(42)	(48)
Total current assets	44,580	50,793
Total assets	165,310	174,945

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Non-current liabilities		
Bonds payable	43,500	35,000
Long-term borrowings	15,939	13,540
Deferred tax liabilities for land revaluation	553	548
Provision for retirement benefits	3,695	3,857
Asset retirement obligations	271	456
Provision for gas holder repairs	126	152
Provision for safety measures	891	744
Provision for appliance warranties	1,343	1,335
Provision for loss on remove noncurrent assets	181	169
Other noncurrent liabilities	453	746
Total non-current liabilities	66,956	56,551
Current liabilities		
Current portion of non-current liabilities	6,369	10,913
Accounts payable - trade	1,711	8,244
Accounts payable - other	4,774	4,284
Accrued expenses	4,113	4,266
Income taxes payable	2,460	2,242
Advances received	1,192	1,167
Deposits received	65	77
Short-term debt to subsidiaries and associates	6,457	7,335
Provision for loss on construction contracts	160	265
Provision for loss on remove noncurrent assets	21	136
Provision for repairs	—	267
Other current liabilities	7,447	7,711
Total current liabilities	34,775	46,912
Total liabilities	101,731	103,464
Net assets		
Shareholders' equity		
Share capital	7,515	7,515
Capital surplus		
Legal capital surplus	5,275	5,275
Total capital surplus	5,275	5,275
Retained earnings		
Legal retained earnings	775	775
Other retained earnings		
General reserve	13,600	13,600
Retained earnings brought forward	33,054	40,876
Total retained earnings	47,430	55,252
Treasury shares	(157)	(148)
Total shareholders' equity	60,064	67,895
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,195	3,265
Revaluation reserve for land	248	236
Total valuation and translation adjustments	3,444	3,502
Share acquisition rights	70	83
Total net assets	63,578	71,481
Total liabilities and net assets	165,310	174,945

(2) Non-Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Sales from gas business		
Gas sales	84,876	83,473
Revenue from interoperator settlement	136	134
Total sales on gas business	85,012	83,608
Cost of sales		
Beginning inventories	36	29
Cost of products manufactured	53,037	49,783
Costs of gas for own use	2,914	1,708
Ending inventories	29	29
Total cost of sales	50,131	48,075
Gross profit	34,881	35,533
Supply and sales expenses	24,944	26,510
General and administrative expenses	2,367	3,121
Profit on core business	7,570	5,901
Miscellaneous operating revenue		
Revenue from installation work	3,552	3,857
Other miscellaneous operating revenue	9,401	9,208
Total miscellaneous operating revenue	12,953	13,065
Miscellaneous operating expenses		
Installation work expenses	3,386	3,678
Other miscellaneous operating expenses	8,782	8,659
Total miscellaneous operating expenses	12,169	12,338
Revenue from incidental businesses	53,288	51,800
Expenses for incidental businesses	47,577	45,088
Operating profit	14,065	13,341
Non-operating income		
Interest income	38	61
Dividend income	260	193
Rental income	315	317
Miscellaneous income	249	204
Total non-operating income	864	778
Non-operating expenses		
Interest expenses	96	119
Interest expenses on bonds	322	305
Personnel transfer expenses	267	408
Impairment losses	133	140
Miscellaneous expenses	232	180
Total non-operating expenses	1,053	1,154
Ordinary profit	13,876	12,965
Profit before income taxes	13,876	12,965
Income taxes - current	3,995	4,012
Income taxes - deferred	(229)	(444)
Total income taxes	3,765	3,567
Profit	10,110	9,397

5. Other Information

(1) Changes in Officers

New board composition (from June 20, 2025)

Chairperson and Representative Director	Hiroshi Otsuki
President and Representative Director	Chisato Kawamura
Director	Fumitoshi Izawa
Director	Hiroki Maeya
Director	Akinori Kanazawa
Outside Director	Miyako Okada
Outside Director	Shuji Koiso
Outside Director	Yasuyuki Watanuki
Corporate Auditor	Hiroaki Tsuchiya
Outside Corporate Auditor	Kazufusa Matsushima
Outside Corporate Auditor	Kiyoshi Nozaki
Outside Corporate Auditor	Azumi Honma (newly appointed)

* The above-mentioned Directors and Ms. Azumi Honma, Corporate Auditor, are candidates for election as Directors and Corporate Auditor at the Annual General Meeting of Shareholders scheduled for June 20, 2025.

* Decisions regarding the election of Representative Directors and Executive Directors shall be made at the Board of Directors meeting following the conclusion of the Annual General Meeting of Shareholders.

(2) Summary of Financial Results for the Fiscal Year under Review

Number of customers, etc.

(Cases)

Item		As of March 31, 2024	As of March 31, 2025	Change	Change (%)
Gas	Number of retail customers	490,968	488,500	(2,468)	(0.5)
	Number of meters installed	604,329	604,618	289	0.0
Electricity	Number of customers	253,956	256,609	2,653	1.0

Gas sales volume

(Thousand m³)

Item		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change	Change (%)
Residential use		213,664	219,165	5,501	2.6
Business use	Commercial use	194,944	188,150	(6,795)	(3.5)
	Industrial use	93,583	93,121	(462)	(0.5)
	Public use	68,356	68,211	(145)	(0.2)
	Medical use	45,492	46,467	975	2.1
	Total	402,375	395,948	(6,427)	(1.6)
Subtotal		616,040	615,114	(926)	(0.2)
Supply for other businesses		29,403	32,086	2,683	9.1
Total sales volume		645,443	647,200	1,757	0.3

Electricity sales volume

(Thousand kWh)

Item		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change	Change (%)
Low voltage		655,186	668,265	13,079	2.0
High voltage		202,399	129,331	(73,068)	(36.1)
Wholesale		111,744	48,476	(63,269)	(56.6)
Total sales volume		969,330	846,071	(123,259)	(12.7)

Net sales and profit

(Millions of yen)

Item		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change	Change (%)
Net sales	Sales from gas business	85,012	83,608	(1,404)	(1.7)
	Revenue from installation work	3,552	3,857	304	8.6
	Other miscellaneous operating revenue	9,401	9,208	(192)	(2.0)
	Revenue from electricity business	30,376	29,112	(1,264)	(4.2)
	Other revenue from incidental businesses	22,911	22,688	(223)	(1.0)
	Total	151,255	148,475	(2,780)	(1.8)
Operating profit		14,065	13,341	(724)	(5.2)
Ordinary profit		13,876	12,965	(910)	(6.6)
Profit		10,110	9,397	(712)	(7.0)

Capital investment

(Millions of yen)

Item	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025		Change	Change (%)
	Results	Composition ratio (%)	Results	Composition ratio (%)		
Production facilities	981	7.4	2,032	14.5	1,051	107.1
Distribution facilities	7,920	59.6	7,193	51.2	(726)	(9.1)
Service and maintenance facilities	1,653	12.4	1,109	7.9	(544)	(32.9)
Facilities for incidental businesses	2,744	20.6	3,728	26.5	983	35.8
Total	13,299	100.0	14,063	100.0	763	5.7