

10-Year Consolidated Financial Highlights*1

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3
Net Sales (¥ million)	1,754,257	1,915,639	2,112,117	2,292,548	1,884,656	1,587,085	1,777,344	1,962,308	1,925,235	1,765,146
Operating Profit (¥ million)	77,075	145,633	166,044	171,753	192,008	58,365	116,302	93,704	101,418	77,675
Operating Profit Margin (%)	4.39	7.60	7.86	7.49	10.19	3.68	6.54	4.78	5.27	4.40
Ordinary Profit (¥ million)	75,620	147,453	159,613	168,169	188,809	55,688	111,546	89,386	102,645	70,500
Profit attributable to owners of parent (¥ million)	46,060	101,678	108,451	95,828	111,936	53,134	74,987	84,555	43,293	49,505
Equity (¥ million)	839,166	927,634	1,011,787	1,069,515	1,100,271	1,101,498	1,136,027	1,159,055	1,147,747	1,153,813
Total Assets (¥ million)	1,863,885	1,992,403	2,176,816	2,257,662	2,251,518	2,230,269	2,334,316	2,428,149	2,539,919	2,738,348
Interest-bearing Debt (¥ million)	625,830	642,550	713,823	730,739	715,769	713,596	724,940	803,216	905,066	1,065,988
Operating Cash Flow (¥ million)	194,565	240,448	248,831	237,680	257,122	217,439	240,328	246,436	213,171	229,315
Free Cash Flow (¥ million)	48,152	56,651	827	13,084	25,089	14,081	31,583	22,655	(13,887)	(17,116)
EBITDA (¥ million)	225,580	284,403	306,424	313,605	337,194	222,670	281,643	255,585	271,296	257,485
Capital Expenditure (¥ million)	146,413	183,797	248,004	224,596	232,033	203,358	208,745	223,781	227,058	246,431
Depreciation (¥ million)*2	148,505	138,770	140,380	141,852	145,187	164,305	165,342	161,881	169,878	179,810
EPS (Earnings per Share) (¥)	17.70	39.52	43.10	39.15	46.68	23.02	164.12 ³	187.60	97.86	112.26
BPS (Book Value per Share) (¥)	324.67	360.70	402.91	438.28	460.35	479.74	2,487.58 ³	2,575.99	2,602.53	2,616.37
Number of Issued Shares (Common Stock) (thousands of shares)	2,590,715	2,577,919	2,517,551	2,446,778	2,396,778	2,302,856	458,073 ³	451,356	442,436	442,436
Dividend per Share (¥)	9	10	10	10	11	11	55 ³	60	60	60
DOE (Dividends on Equity) (%)	2.74	2.91	2.59	2.34	2.42	2.29	2.25	2.35	2.29	2.30

Notes: *1 The financial information contained in this integrated report is based on annual securities report. However, it has not been audited by Audit firms etc.

*2 Depreciation includes amortization of long-term prepaid expenses.

*3 The Company carried out a share consolidation at a ratio of 5 common shares to 1 on October 1, 2017.

The dividend per share of ¥55.0 is calculated on the post-consolidation basis (the interim dividend of ¥5.50 per share before the share consolidation and the year-end dividend of ¥27.50 per share after the share consolidation).

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3
Payout Ratio (%)	50.85	25.30	23.20	25.55	23.57	47.79	33.51	31.98	61.31	53.45
Total Payout Ratio (%)	61.36	60.70	60.00	60.80	60.10	60.71	60.17	60.31	61.00	60.12
Current Ratio (%)	156.9	162.2	156.7	150.6	155.5	142.7	135.6	156.0	152.0	132.7
D/E (Debt-Equity) Ratio (times)	0.75	0.69	0.71	0.68	0.65	0.65	0.64	0.69	0.79	0.92
Equity Ratio (%)	45.0	46.6	46.5	47.4	48.9	49.4	48.7	47.7	45.2	42.1
ROE (Return on Equity) (%)	5.4	11.5	11.2	9.2	10.3	4.8	6.7	7.4	3.8	4.3
ROA (Return on Assets) (%)	2.5	5.3	5.2	4.3	5.0	2.4	3.3	3.6	1.7	1.9
Total Asset Turnover (times)	0.95	0.99	1.01	1.03	0.84	0.71	0.78	0.82	0.78	0.67
WACC (%)	3.1	3.2	3.2	3.6	3.4	3.0	3.1	3.0	2.7	2.6
Number of city gas retail customers (thousand)	9,615.4	9,721.1	9,844.8	9,982.3	10,125.7	10,269.4	10,209.0	9,821.0	9,129.0	8,863.0
Gas sales volume (million m ³)	15,190	15,390	14,735	15,541	15,436	15,720	15,568	15,198	13,855	12,990
Gas Sales Volume, Gas Volume used in-house*4	15,833	16,741	17,225	18,360	18,587	19,053	19,052	18,397	17,666	17,577
Number of electricity retail customers (thousand)	—	—	—	—	—	635	1,105	1,742	2,350	2,717
Electric power sales volume (billion kWh)	8.27	9.98	9.71	10.61	10.96	12.65	14.66	15.48	20.60	24.76

*4: It is the amount that added self-consuming volume (excluded volume for Nijio) to a Consolidated gas sales volume

Computations

Operating Cash Flow = Profit attributable to owners of parent + Amortization of Long-term Prepaid Expenses + Depreciation

Free Cash Flow = Profit attributable to owners of parent + Amortization of Long-term Prepaid Expenses + Depreciation – Capital Expenditure

Current Ratio = Current Assets (year-end) / Current Liabilities (year-end) x 100

Debt-Equity Ratio = Interest-bearing Debt (year-end) / Equity (year-end)

Equity Ratio = Equity (year-end) / Total Assets (year-end) x 100

Total Asset Turnover = Net Sales / Total Assets (average)

WACC calculation data (fiscal 2020 actual)

- Cost of interest-bearing debt: Real interest rate of 0.75% (after tax)

- Cost of shareholders' equity

- Risk-free rate: 10-year JGB yield of -0.035%

- Risk premium: 5.5%, Beta coefficient of 0.75

Consolidated Balance sheets

	(Million yen)	
	2020.3.31	2021.3.31
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	224,515	231,177
Distribution facilities	548,095	594,662
Service and maintenance facilities	48,492	15,992
Other facilities	475,249	564,495
Inactive facilities	316	316
Construction in progress	162,862	89,283
Total property, plant and equipment	1,459,532	1,495,927
Intangible assets		
Goodwill	2,056	5,320
Other intangible assets	154,066	290,316
Total intangible assets	156,123	295,637
Investments and other assets		
Investment securities	216,052	230,782
Long-term loans receivable	50,615	57,279
Retirement benefit asset	29	114
Deferred tax assets	49,132	47,368
Other investments	46,407	60,814
Allowance for doubtful accounts	(405)	(301)
Total investments and other assets	361,831	396,057
Total non-current assets	1,977,487	2,187,623
Current assets		
Cash and deposits	151,288	157,881
Notes and accounts receivable-trade	221,123	218,985
Lease receivables and investments in leases	20,363	19,618
Securities	-	1,210
Merchandise and finished goods	1,905	1,980
Work in process	11,868	11,595
Raw materials and supplies	64,703	46,464
Other current assets	91,748	93,848
Allowance for doubtful accounts	(570)	(857)
Total current assets	562,431	550,725
Total assets	2,539,919	2,738,348

	(Million yen)	
	2020.3.31	2021.3.31
Liabilities		
Non-current liabilities		
Bonds payable	404,998	474,998
Long-term borrowings	429,541	458,881
Deferred tax liabilities	18,531	24,269
Retirement benefit liability	71,976	58,416
Provision for gas holder repairs	3,122	3,172
Provision for safety measures	593	349
Provision for appliance warranties	12,985	10,843
Provision for point card certificates	1,000	1,635
Asset retirement obligations	14,424	23,313
Other noncurrent liabilities	53,501	89,188
Total non-current liabilities	1,010,676	1,145,067
Current liabilities		
Current portion of non-current liabilities	54,428	108,704
Notes and accounts payable-trade	78,593	84,265
Short-term borrowings	6,507	5,706
Income taxes payable	29,708	11,710
Other current liabilities	200,865	204,623
Total current liabilities	370,104	415,010
Total liabilities	1,380,780	1,560,077
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	2,067	1,145
Retained earnings	967,718	990,762
Treasury shares	(3,875)	(3,907)
Total shareholders' equity	1,107,754	1,129,845
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,843	22,990
Deferred gains or losses on hedges	1,444	(11,240)
Foreign currency translation adjustment	22,412	4,322
Remeasurements of defined benefit plans	292	7,895
Total accumulated other comprehensive income	39,992	23,968
Non-controlling interests	11,391	24,457
Total net assets	1,159,138	1,178,271
Total liabilities and net assets	2,539,919	2,738,348

Consolidated Statements of Income

	(Million yen)	
	2019.4.1-2020.3.31	2020.4.1-2021.3.31
Net sales	1,925,235	1,765,146
Cost of sales	1,344,171	1,212,624
Gross profit	581,064	552,522
Selling, general and administrative expenses		
Supply and sales expenses	408,730	410,167
General and administrative expenses	70,915	64,679
Total selling, general and administrative expenses	479,645	474,846
Operating profit	101,418	77,675
Non-operating income		
Interest income	2,330	1,586
Dividend income	5,433	2,398
Share of profit of entities accounted for using equity method	5,211	1,482
Gain on derivatives	100	7,979
Miscellaneous income	7,352	7,757
Total non-operating income	20,429	21,204
Non-operating expenses		
Interest expenses	11,412	12,629
Loss on derivatives	1,174	9,373
Miscellaneous expenses	6,614	6,376
Total non-operating expenses	19,202	28,379
Ordinary profit	102,645	70,500
Extraordinary income		
Gain on sale of non-current assets	-	3,114
Gain on sale of investment securities	-	5,283
Gain on bargain purchase	-	2,008
Gain on settlement of contract	11,627	-
Total extraordinary income	11,627	10,406
Extraordinary losses		
Impairment losses	28,152	10,255
Loss on valuation of investment securities	18,643	4,466
Total extraordinary losses	46,796	14,722
Profit before income taxes	67,476	66,184
Income taxes-current	31,196	16,887
Income taxes-deferred	(7,197)	(1,175)
Total income taxes	23,999	15,712
Profit	43,477	50,471
Profit attributable to non-controlling interests	184	966
Profit attributable to owners of parent	43,293	49,505

Consolidated Statements of Comprehensive Income

	(Million yen)	
	2019.4.1-2020.3.31	2020.4.1-2021.3.31
Profit	43,477	50,471
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,878)	7,178
Deferred gains or losses on hedges	(850)	(10,014)
Foreign currency translation adjustment	(1,916)	(14,869)
Remeasurements of defined benefit plans, net of tax	6,150	7,751
Share of other comprehensive income of entities accounted for using equity method	178	(6,259)
Total other comprehensive income	(3,316)	(16,212)
Comprehensive income	40,161	34,259
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	40,148	33,480
Comprehensive income attributable to non-controlling interests	12	778

Consolidated Statements of Income
Consolidated Statements of
Comprehensive Income

Consolidated Statements of Cash Flows

	(Million yen)	
	2019.4.1-2020.3.31	2020.4.1-2021.3.31
Cash flows from operating activities		
Profit before income taxes	67,476	66,184
Depreciation	165,615	176,087
Impairment losses	28,152	10,255
Amortization of long-term prepaid expenses	4,263	3,722
Loss on retirement of property, plant and equipment	2,164	3,274
Loss (gain) on sale of non-current assets	244	(3,102)
Loss (gain) on sale of investment securities	(108)	(5,283)
Loss (gain) on valuation of investment securities	18,643	4,466
Loss (gain) of derivatives	1,073	1,393
Gain on bargain purchase	-	(2,008)
Increase (decrease) in retirement benefit liability	5,206	(2,918)
Increase (decrease) in provision for appliance warranties	(1,072)	(2,141)
Interest and dividend income	(7,763)	(3,984)
Interest expenses	11,412	12,629
Share of loss (profit) of entities accounted for using equity method	(5,211)	(1,482)
Decrease (increase) in trade receivables	52,646	5,126
Decrease (increase) in inventories	172	18,643
Increase (decrease) in trade payables	8,952	8,080
Increase (decrease) in accrued consumption taxes	7,979	(1,072)
Decrease (increase) in accounts receivable-other	(1,619)	(6,242)
Other, net	(23,678)	11,217
Subtotal	334,549	292,844
Interest and dividends received	14,510	7,843
Interest paid	(11,087)	(12,630)
Income taxes paid	(31,676)	(32,482)
Net cash provided by (used in) operating activities	306,296	255,574
Cash flows from investing activities		
Payments into time deposits	(55)	(4,287)
Purchase of securities	-	(1,200)
Purchase of investment securities	(23,989)	(37,467)
Proceeds from sale and redemption of investment securities	1,916	16,573
Purchase of property, plant and equipment	(177,664)	(172,652)
Purchase of intangible assets	(41,908)	(35,725)
Purchase of long-term prepaid expenses	(2,183)	(2,456)
Proceeds from sale of non-current assets	282	5,151
Payments for retirement of property, plant and equipment	(36)	(1,043)
Long-term loan advances	(16,989)	(11,831)
Proceeds from collection of long-term loans receivable	4,853	4,037
Net decrease (increase) in short-term loans receivable	530	(2,854)
Payments of guarantee deposits	(2,709)	(6,957)
Proceeds from refund of guarantee deposits	1,855	4,916
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(17,908)	(32,579)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	7,006
Payments for acquisition of businesses	(393)	(25,208)
Other, net	3,601	667
Net cash provided by (used in) investing activities	(270,798)	(295,911)

	(Million yen)	
	2019.4.1-2020.3.31	2020.4.1-2021.3.31
Cash flows from financing activities		
Repayments of lease obligations	(2,646)	(2,414)
Proceeds from long-term borrowings	71,542	51,035
Repayments of long-term borrowings	(43,390)	(35,981)
Proceeds from issuance of bonds	90,000	90,000
Redemption of bonds	(30,000)	(20,000)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(131)	(2,275)
Dividends paid	(27,839)	(26,449)
Other, net	(34,362)	(1,905)
Net cash provided by (used in) financing activities	23,171	52,009
Effect of exchange rate change on cash and cash equivalents	(489)	(5,088)
Net increase (decrease) in cash and cash equivalents	58,179	6,584
Cash and cash equivalents at beginning of period	93,032	151,218
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	6	8
Cash and cash equivalents at end of period	151,218	157,811

Delayed Impact of Gas Rate Adjustment System

Gas Rate Adjustment System's Medium- to Long-Term Neutralizing Effect on Crude Oil Price and Exchange Rate Formation

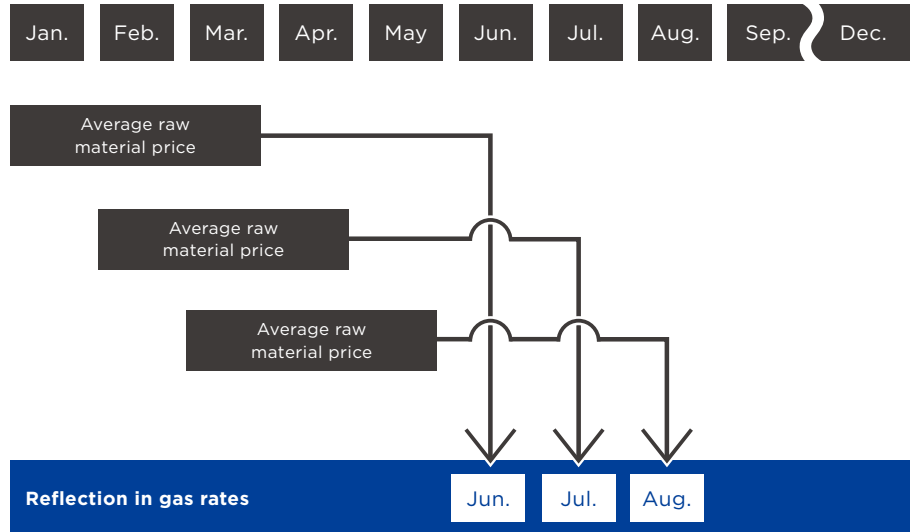
Gas prices are determined using the gas rate adjustment system. Through this system, average raw material prices over a three-month period according to trade statistics are compared with the raw material cost that is used as the standard (standard average raw material cost), and the gas rates are adjusted using a defined calculation method based on the differences. A time lag of four months on average (called a sliding time lag) exists between the payment of raw material

costs and the reflection of such changes in gas rates.

Consequently, fluctuations in crude oil prices and exchange rates may result in the under recovery or over recovery of raw material costs if this lag cuts across a fiscal year, thereby affecting income. Looking at the medium- to long-term, however, the gas rate adjustment system has a neutralizing effect on the income impacts of fluctuations in raw material costs.

Timing of the Standard Average Raw Material Cost Calculation and Reflection in Gas Rates

Timing of standard average raw material cost calculation



The average raw material price over the past three months is calculated every month and then reflected in the gas rate three months later.

How the Sliding Time Lag in Rates Works

