Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP]

April 30, 2020

Company name: NIPPON GAS CO., LTD.
Code number: 8174
URL: http://www.nichigas.co.jp/
Stock exchange listing: Tokyo Stock Exchange
Representative: Wada Shinji, President and Representative Director
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Scheduled date of Ordinary General Meeting of Shareholders: June 24, 2020
Scheduled date of commencing dividend payments: June 25, 2020
Scheduled date of filing securities report: June 24, 2020
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 31, 2020 (April 1, 2019 to March 31, 2020)

(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. 31, 2020	132,496	8.1	11,519	29.0	10,682	44.8	7,742	78.9
Fiscal Year ended Mar. 31, 2019	122,577	6.8	8,927	(16.5)	7,375	(33.5)	4,328	(44.5)

(Note) Comprehensive income: Fiscal year ended Mar. 31, 2020 ¥7,646 million [123.6%]
Fiscal year ended Mar. 31, 2019 ¥3,419 million [(54.3)%]

	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. 31, 2020	189.98	—	11.3	7.8	8.7
Fiscal year ended Mar. 31, 2019	101.69	—	6.1	5.3	7.3

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2020 ¥(354) million
Fiscal year ended Mar. 31, 2019 ¥(1,503) 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. 31, 2020	132,521	68,355	51.6	1,712.64
As of Mar. 31, 2019	141,267	69,064	48.9	1,665.08

(Reference) Equity: As of Mar. 31, 2020 ¥68,350 million As of Mar. 31, 2019 ¥69,059 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. 31, 2020	15,975	4,679	(22,330)	16,528
Fiscal year ended Mar. 31, 2019	15,151	(26,846)	(1,570)	18,193

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. 31, 2019	—	23.00	—	47.00	70.00	2,949	68.8	4.2
Fiscal year ended Mar. 31, 2020	—	35.00	—	35.00	70.00	2,842	36.9	4.1
Fiscal year ending Mar. 31, 2021 (Forecast)	—	50.00	—	50.00	100.00		49.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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. 30, 2020	63,000	6.3	2,900	(9.7)	2,850	(2.3)	1,800	(10.5)	45.1
Full-year	140,000	5.7	12,500	8.5	12,200	14.2	8,000	3.3	200.45

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: Yes

4) Revision restatements: No

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

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

Mar. 31, 2020	41,773,466 shares
Mar. 31, 2019	42,973,466 shares

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

Mar. 31, 2020	1,863,980 shares
Mar. 31, 2019	1,498,332 shares

3) Average number of shares during the period:

Fiscal year ended Mar. 31, 2020	40,757,442 shares
Fiscal year ended Mar. 31, 2019	42,562,918 shares

(Note) The number of treasury shares includes the shares of the Company held by the "Directors' Compensation BIP (Board Incentive Plan) Trust" (As of March 31, 2020: 240,498 shares, as of March 31, 2019: 248,107 shares).

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(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. 31, 2020	101,706	10.7	7,435	45.1	8,472	62.4	5,624	72.2
Fiscal year ended Mar. 31, 2019	91,859	10.9	5,125	(15.4)	5,218	(17.4)	3,266	(19.7)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Mar. 31, 2020	137.99	—
Fiscal year ended Mar. 31, 2019	76.75	—

(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. 31, 2020	106,354	44,190	41.5	1,107.26
As of Mar. 31, 2019	115,906	47,017	40.6	1,133.64

(Reference) Equity: As of Mar. 31, 2020 ¥44,190 million As of Mar. 31, 2019 ¥47,017 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary income		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sep. 30, 2020	47,000	5.4	2,650	(8.2)	2,000	(19.2)	50.1
Full-year	107,000	5.2	9,800	15.7	7,000	24.5	175.4

* 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 Operation Results for the Fiscal Year Under Review

During the current fiscal year, digitalization was promoted substantially nationwide, amid ongoing concerns about an unprecedented stagnation of economic activities worldwide due to the spread of the novel coronavirus disease (COVID-19). In the energy industry, against the backdrop of the disruptive evolution of ICT, the economy is becoming more virtualized, and new services exemplified by subscription services, are being progressively created in response to changes in diversifying local communities. The focus of business competition covers the formation of new local communities that make full use of IT, and the evolution has also affected the raison d' être of regulations. Some say we are in a transition period, in which we move from forms of monitoring based on the national government's regulations to forms of public monitoring that are fair and cannot be falsified, including blockchain. The liberalization of energy is a touchstone for these changes. With new innovations, energy is shifting from a service that is conservative and standardized to a service that is safe, inexpensive, convenient, and stress-free for consumers.

In addition, amid the global trend of Environment, Society and Governance (ESG), measures are being taken to reduce CO_2 emissions, including the widespread use of equipment with high energy consumption efficiency and promotion of higher awareness of energy conservation at homes in Japan. The Group is taking ambitious initiatives in the logistics process which is expected to show the most significant effect of emission reductions due to the nature of the LP gas business. Whereas the Group had been taking measures such as using LP gas which has low environmental impact as fuel of business-use automobiles, taking a further step forward from this year, the Group is successfully reducing a significant amount of CO_2 emissions generated by manual meter-reading through the realization of automatic meter-reading using "Space *Hotaru*," a proprietary smart meter.

At present, companies are being required to realize sustainable enhancement of corporate value by incorporating SDGs into management from a medium- to long-term perspective. The Company sets forth "Contributing to Local Communities" in its management philosophy. In order to realize this philosophy, the Company will provide services that meet the needs of customers in the diversifying and increasingly complex local communities, and utilize its leading edge technologies to promote the evolution of communication with customers.

The Group believes that investments in leading edge technologies will lead to an increase in net sales, and determine the sustainable growth of corporate value. Based on this belief, the Group continues to address the creation of innovation with ICT technology. During the fiscal year ended March 31, 2020, the Group's efforts for ICT, including "Space *Hotaru*" and "Yume no Kizuna Kawasaki," moved from completion and implementation to the new stages of sharing with other companies.

"Space *Hotaru*," which was developed in collaboration with SORACOM, INC., is an IoT device that puts gas meters online, facilitating the real-time measurement of gas usage. The Group began installing "Space *Hotaru*" at households of all users of the Group's LP gas (850,000 households) from February 2020, and is expected to complete installation by March 2021. In the future, the Group plans to install it also for customers using city gas (400,000 households). From the standpoint of maintaining lifeline infrastructure in the state of emergency declared to counter the recent spread of COVID-19, "Space *Hotaru*" is the embodiment of technology and will fully demonstrate its versatility by enabling unmanned meter-reading and connection and disconnection of gas.

“Yume no Kizuna Kawasaki” is one of the world’s largest LP gas filling bases in which the Group promoted the implementation of technologies to facilitate real-time monitoring of the levels of remaining gas in storage tanks, the number of gas cylinders, and the operational condition of gas fillers, as well as DX to conduct real-time monitoring of location information of vehicles, gas cylinders, people and other moving objects through RFIDs and automatic authentication. “Yume no Kizuna Kawasaki” is due for completion in the fiscal year ending March 31,2021

By connecting every link in the LPG logistics chain in real-time through the technologies and DX described above, the Group will evolve the concept of LPG logistics from one based on “estimation” to one based on “actual results,” and bring about an LPG DX by managing “production” and “consumption” in real time, linking data to “Nichigas Stream,” an integrated infrastructure for collecting big data. Nichigas Stream mainly features encryption of individual data, an encryption authentication system, and blockchain technology.

The Company will commercially provide such technology to other suppliers as its services for the purpose of sharing innovation with the entire energy industry regardless of whether they are partners or competitors and providing returns to local communities. The effect of such innovation is far-reaching as it not only enhances operational efficiency of suppliers but also reduces CO_2 emissions associated with business activities. The Company will contribute to local communities and strive to accelerate the speed of sustainable growth as a company by offering the fruits of its efforts in ICT for co-creation with other suppliers, rather than using them to differentiate itself from other suppliers.

While promoting business innovation and digitalization, the Company invested management resources in the mainstay LP gas business, positioned as a top priority business for the fiscal year ended March 31, 2020. Such initiatives have steadily borne fruit in the form of a net increase in the number of customers. Active business trading in the industry is also a favorable trend for the Company, which is expected to further accelerate while expanding. The Company foresees that the city gas business post-liberalization will expand through profitability in line with the progress in liberalization. The retail sale of electricity, which started at the end of last year, has steadily expanded business profitably, with a growing number of customers centering on the family segment that matches the product characteristics of this business. Electricity retailing also functions as a leading product that extends the contract period and increases revenue per customer while offering customers convenience through package sales with gas.

The spread of COVID-19 has partly affected commercial use gas sales trends and corporate activities. However, as the Company’s mainstay business is household gas sales, financial results for the current fiscal year were not substantially affected. Assuming that such uncertainties will persist for some time, the Company has already made the necessary financial arrangements. There will most certainly be means for growth that is possible because of these circumstances. Taking these circumstances as an opportunity for change, the Company will strive to further create business value with a view to contributing to diversifying local communities through co-creation with other suppliers, while giving top priority to the safety of customers, business partners, employees and other stakeholders with a strong ambition toward growth.

In quantitative terms, the Group steadily expanded its customer base and increased the number of customers of the Group's gas business and electricity business by 90,000 households and 85,000 households from the end of the previous fiscal year, respectively.
For the fiscal year under review, gross profit amounted to ¥63,365 million, a year-on-year increase of 9.2%, mainly reflecting an increase in the number of customers, improved margin due to lower LP gas raw material prices, improved profitability of the new city gas business, as well as the contribution of the electricity business and the platform business, despite a warmer winter than the previous year.
Furthermore, the Company worked to use expenses with a thorough focus on cost effectiveness and properly controlled selling, general and administrative expenses, in addition to enhancing operational efficiency using IoT and reviewing operations. As a result, operating income increased by 29.0% year on year to ¥11,519 million, ordinary income increased by 44.8% year on year to ¥10,682 million, and profit attributable to owners of parent increased by 78.9% year on year to ¥7,742 million, resulting in significant increases in profit.

Business performance by segment is as follows:

1) LP Gas Business (including electricity business and platform business as well as LP equipment and construction as ancillary business)
In the mainstay LP gas business, as a result of promoting business innovation and digitalization to build highly convenient services, the number of customers recorded a net increase of 41,000 households from the end of the previous fiscal year (6,000 households more than planned), owing to an increase in new subscribers, a decrease in churn, and significant growth in M&A. Due to improved margin attributable to lower LP gas raw material prices compared to the previous fiscal year, gross profit of the LP gas business increased by ¥2,461 million (6.8% increase) year on year to ¥38,537 million.
Gross profit of the ancillary business increased by ¥1,214 million (58.6% increase) year on year to ¥3,288 million. In the electricity business, gross profit amounted to ¥458 million as a result of a steady increase in the number of customers of electricity due to the "Electricity + Gas Discount Package," a package discount for electricity and gas, with the ratio of customers packaging electricity with gas standing at 6.4%. In the platform service business that supports the entry of operators from other industries into the city gas retail business, sales increased as a result of an expanded number of users, in addition to an increase in corporate customers, and gross profit increased year on year to ¥561 million (155.0% increase).

2) City Gas Business
The city gas business saw a net increase in the number of customers by 49,000 households (26,000 households less than planned) by promoting package sales with electricity focused on customers under contract, preventing customers from switching to other companies, and acquiring new contracts. In the new city gas business, as a result of redefining the focus customer segment and concentrating on increasing the number of profitable contracts, the number of contracts fell short of the target. However, due to improved profitability as a result of thoroughly managing income and expenses such as discounts to new subscribers, combined with increased gas sales volume, gross profit increased by ¥1,648 million (8.29% increase) year on year to ¥21,539 million.

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

The Company values capital efficiency, and controls total assets and equity ratio to the appropriate level, while balancing investments in growth and shareholder returns backed by steady financial results, and this overall policy will not be changed in the future. However, in light of economic instability caused by COVID-19, the Company's policy is to give priority to bolstering the financial base until there is some clarity regarding the situation. For the time being, the Company will hold sufficient equity to deal with instability with ample cash on hand. The Company held cash equivalents of ¥16.5 billion as of the end of the current fiscal year. In addition, based on good relations with its financing banks, the Company has adequate borrowing limits at each bank and a substantial financial base that can support business activities under uncertain economic conditions in the future.

Total assets as of the end of the current fiscal year decreased by ¥8,746 million or 6.2% from the end of the previous fiscal year and stood at ¥132,521 million. This is due to proceeds from sales of real estate for investment, which was a property adjacent to the LP gas filling hub base, "Yume no Kizuna Kawasaki," being used to repay loans from the standpoint of offsetting deposits and loans, as well as progress in the review and valuation of the use of non-current assets. As a result, ROA increased from 3.0% to 5.8%.

Total liabilities as of the end of the current fiscal year decreased by ¥8,037 million or 11.1% from the end of the previous fiscal year and stood at ¥64,165 million, as a result of progress in repayment of loans. Net assets as of the end of the current fiscal year decreased by ¥709 million or 1.0% from the end of the previous fiscal year and stood at ¥68,355 million due to purchase of treasury shares and payment of dividends, despite the recording of profit attributable to owners of parent.

As a result, equity ratio amounted to 51.6%, maintaining a stable financial condition according to the plan.

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

The Company allocates acquired funds to investments for sustainable enhancement of corporate value, with a focus on the ability to generate cash and asset efficiency according to the stage of business. In addition, financing maximizes the performance of capital with an optimal composition of the bare minimum capital.

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

During the current fiscal year, net cash provided by operating activities amounted to ¥15,975 million, up by ¥824 million year on year, due to the increase in profit before income taxes (up by ¥2,967 million year on year), despite the increase in notes and accounts receivable – trade (up by ¥2,490 million year on year, negative effects) affected by the timing of settlement, and the increase in income taxes paid (up by ¥599 million year on year).

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

During the current fiscal year, the Group made investments of ¥2,874 million in depots and the LP gas filling hub base, "Yume no Kizuna Kawasaki," in the LP business as well as ¥6,367 million in the replacement of pipelines in the city gas business. In addition, the Group conducted IT investments of ¥2,012 million in system development for LPG logistics reform and reinforcement of "Nichigas Stream" as well as investments of ¥1,545 million in M&A of LP gas suppliers. Meanwhile, as a result of proceeds of ¥18,955 million from the sales of real estate for investment adjacent to the filling base, "Yume no Kizuna," in March 2020, net cash provided by investing activities amounted to ¥4,679 million (net cash used in investing activities of ¥26,846 million in the previous fiscal year).

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

During the current fiscal year, net cash used in financing activities amounted to ¥22,330 million, up by ¥20,760 million year on year, as a result of expenses for shareholder returns by purchase of treasury shares and payment of dividends of ¥8,394 million (up by ¥1,877 million year on year) and expenses for loans payable of ¥12,954 million (proceeds from loans payable of ¥5,970 million in the previous fiscal year).

Balance of cash and cash equivalents at the end of the current fiscal year decreased by ¥1,664 million from the end of the previous fiscal year to ¥16,528 million.

(4) Future Outlook

While the Company projects a decrease in gas sales volume mainly for commercial use and industrial use due to the significant impact of COVID-19 in the first half of the fiscal year ending March 31, 2021, the Company does not expect household use gas sales volume to be substantially affected due to steady demand. Net sales will be significantly impacted by raw material price levels. Current raw material prices are at unprecedented low levels, and the Company bases its annual net sales forecast on these price levels at this time. In the event of a sharp rise in raw material prices during the fiscal year, the Company will revise its net sales forecast as necessary.

In terms of profit, lower LP gas raw material prices are expected to significantly boost profit. In tandem with this decline in raw material prices, the Company expects solid demand for household use gas sales volume, and projects operating income of ¥12,500 million (8.5% increase), ordinary income of ¥12,200 million (14.2% increase), and profit attributable to owners of parent of ¥8,000 million (3.3% increase).

In terms of return to shareholders, while the Company does not change original policy of "not holding unnecessary asset", it puts first priority on the stability of financial base under current urgent situation and raising equity ratio in order to prepare for the unexpected situation. In line with this, the Company announces only dividend increase for now and will consider additional return to shareholders when the situation goes back to normal. With regards to dividend, the Company plans to increase its dividend as many as possible under current situation and expects dividend increase by 30 yen to 100 yen per share.

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, 2019 (As of Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	18,235	16,589
Notes and accounts receivable - trade	7,647	11,026
Merchandise and finished goods	5,065	4,830
Raw materials and supplies	187	182
Other	1,158	2,125
Allowance for doubtful accounts	(96)	(222)
Total current assets	32,198	34,532
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,318	23,737
Accumulated depreciation	(13,830)	(14,292)
Buildings and structures, net	9,487	9,445
Machinery, equipment and vehicles	205,200	208,827
Accumulated depreciation	(172,138)	(176,387)
Machinery, equipment and vehicles, net	33,061	32,439
Tools, furniture and fixtures	3,989	4,215
Accumulated depreciation	(3,042)	(3,317)
Tools, furniture and fixtures, net	946	898
Land	32,194	29,875
Leased assets	5,613	5,876
Accumulated depreciation	(3,653)	(3,479)
Leased assets, net	1,959	2,397
Construction in progress	1,044	3,982
Total property, plant and equipment	*1 78,694	*1 79,038
Intangible assets		
Goodwill	2,336	3,017
Other	3,761	4,204
Total intangible assets	6,098	7,222
Investments and other assets		
Investment securities	*2 3,628	*2 2,399
Long-term loans receivable	2,820	3,459
Deferred tax assets	4,158	8,192
Real estate for investment	11,089	–
Other	3,633	2,396
Allowance for doubtful accounts	(1,054)	(4,721)
Total investments and other assets	24,276	11,726
Total non-current assets	109,069	97,988
Total assets	141,267	132,521

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2019 (As of Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (As of Mar. 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,286	6,566
Electronically recorded obligations - operating	4,062	3,887
Short-term loans payable	*1 21,686	*1 11,314
Lease obligations	816	837
Income taxes payable	2,916	5,374
Provision for bonuses	397	346
Other	4,920	7,431
Total current liabilities	42,086	35,758
Non-current liabilities		
Long-term loans payable	*1 23,418	*1 20,679
Lease obligations	1,337	1,782
Deferred tax liabilities for land revaluation	208	203
Provision for share-based compensation	477	591
Provision for gas holder repairs	354	348
Provision for loss on voluntary recall of products	60	369
Net defined benefit liability	2,665	2,853
Other	1,595	1,578
Total non-current liabilities	30,116	28,407
Total liabilities	72,203	64,165
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	7,920	5,860
Retained earnings	58,971	61,020
Treasury shares	(5,474)	(6,075)
Total shareholders' equity	68,487	67,875
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	346	230
Foreign currency translation adjustment	286	303
Remeasurements of defined benefit plans	(61)	(58)
Total accumulated other comprehensive income	571	475
Non-controlling interests	5	4
Total net assets	69,064	68,355
Total liabilities and net assets	141,267	132,521

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Net sales	122,577	132,496
Cost of sales	64,536	69,131
Gross profit	58,040	63,365
Selling, general and administrative expenses		
Freightage related expenses	2,555	2,683
Provision of allowance for doubtful accounts	4	212
Salaries and allowances	9,548	9,614
Provision for bonuses	344	302
Retirement benefit expenses	626	641
Provision for share-based compensation	157	144
Provision for gas holder repairs	26	29
Welfare expenses	2,184	2,029
Supplies expenses	3,732	4,839
Taxes and dues	1,260	1,356
Enterprise tax	508	680
Depreciation	8,915	9,174
Amortization of goodwill	771	864
Repair expenses	881	1,094
Commission fee	10,886	12,064
Other	6,706	6,112
Total selling, general and administrative expenses	49,112	51,845
Operating income	8,927	11,519
Non-operating income		
Interest income	409	463
Dividend income	51	45
Foreign exchange gains	32	–
Real estate rent	65	67
Insurance income	35	42
Dividend income of insurance	27	19
Other	288	331
Total non-operating income	910	970
Non-operating expenses		
Interest expenses	311	297
Share of loss of entities accounted for using equity method	1,503	354
Foreign exchange losses	–	9
Provision of allowance for doubtful accounts	497	617
Provision for loss on voluntary recall of products	100	340
Other	50	188
Total non-operating expenses	2,463	1,807
Ordinary income	7,375	10,682

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Extraordinary income		
Gain on sales of non-current assets	*1 62	*1 7,825
Gain on sales of investment securities	316	69
Gain on extinguishment of tie-in shares	–	52
Total extraordinary income	378	7,947
Extraordinary losses		
Loss on sales of non-current assets	*2 0	*2 231
Loss on retirement of non-current assets	*3 104	*3 515
Loss on sales of investment securities	–	196
Loss on valuation of investment securities	–	508
Impairment loss	*4 450	*4 2,643
Provision of allowance for investment loss	–	3,057
Temporary amortization of customer acquisition costs	–	1,323
Other	*5 12	–
Total extraordinary losses	567	8,476
Profit before income taxes	7,186	10,154
Income taxes - current	3,249	6,400
Income taxes - deferred	(390)	(3,988)
Total income taxes	2,859	2,411
Profit	4,327	7,742
Loss attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	4,328	7,742

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Profit	4,327	7,742
Other comprehensive income		
Valuation difference on available-for-sale securities	(866)	(116)
Remeasurements of defined benefit plans, net of tax	(37)	2
Share of other comprehensive income of entities accounted for using equity method	(3)	17
Total other comprehensive income	* (908)	* (96)
Comprehensive income	3,419	7,646
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,420	7,646
Comprehensive income attributable to non-controlling interests	(0)	(0)

(3) Consolidated Statement of Changes in Equity

Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)

(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	15,724	56,620	(8,824)	70,589
Changes of items during period					
Dividends of surplus			(1,976)		(1,976)
Profit attributable to owners of parent			4,328		4,328
Purchase of treasury shares				(4,540)	(4,540)
Disposal of treasury shares		(7,803)		7,890	86
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(7,803)	2,351	3,350	(2,102)
Balance at the end of current period	7,070	7,920	58,971	(5,474)	68,487

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,212	289	(23)	1,479	6	72,076
Changes of items during period						
Dividends of surplus						(1,976)
Profit attributable to owners of parent						4,328
Purchase of treasury shares						(4,540)
Disposal of treasury shares						86
Net changes of items other than shareholders' equity	(866)	(3)	(37)	(908)	(1)	(909)
Total changes of items during period	(866)	(3)	(37)	(908)	(1)	(3,011)
Balance at the end of current period	346	286	(61)	571	5	69,064

Fiscal year ended Mar. 31, 2020 (from Apr. 1, 2019 to Mar. 31, 2020)

(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	7,920	58,971	(5,474)	68,487
Changes of items during period					
Dividends of surplus			(3,398)		(3,398)
Profit attributable to owners of parent			7,742		7,742
Purchase of treasury shares				(4,995)	(4,995)
Disposal of treasury shares			(0)	39	38
Retirement of treasury shares		(2,060)	(2,294)	4,354	–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(2,060)	2,048	(601)	(612)
Balance at the end of current period	7,070	5,860	61,020	(6,075)	67,875

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	346	286	(61)	571	5	69,064
Changes of items during period						
Dividends of surplus						(3,398)
Profit attributable to owners of parent						7,742
Purchase of treasury shares						(4,995)
Disposal of treasury shares						38
Retirement of treasury shares						–
Net changes of items other than shareholders' equity	(116)	17	2	(96)	(0)	(96)
Total changes of items during period	(116)	17	2	(96)	(0)	(709)
Balance at the end of current period	230	303	(58)	475	4	68,355

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	7,186	10,154
Depreciation	9,024	9,277
Impairment loss	450	2,643
Temporary amortization of customer acquisition costs	–	1,323
Amortization of goodwill	771	864
Increase (decrease) in allowance for doubtful accounts	405	3,792
Increase (decrease) in net defined benefit liability	179	184
Increase (decrease) in provision for share-based compensation	71	114
Increase (decrease) in allowance for loss on voluntary recall of products	21	309
Interest and dividend income	(461)	(509)
Interest expenses	311	297
Foreign exchange losses (gains)	(0)	(14)
Share of (profit) loss of entities accounted for using equity method	1,503	354
Loss (gain) on sales of non-current assets	(62)	(7,594)
Loss on retirement of non-current assets	104	515
Loss (gain) on sales of investment securities	(316)	127
Loss (gain) on valuation of investment securities	–	508
Decrease (increase) in notes and accounts receivable - trade	(888)	(3,378)
Decrease (increase) in inventories	383	(155)
Increase (decrease) in notes and accounts payable - trade	(170)	(895)
Increase (decrease) in accrued consumption taxes	(47)	207
Increase (decrease) in advances received	(19)	72
Other, net	362	2,036
Subtotal	18,812	20,235
Interest and dividend income received	55	50
Interest expenses paid	(307)	(301)
Income taxes paid	(3,408)	(4,007)
Net cash provided by (used in) operating activities	15,151	15,975
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,531)	(9,241)
Proceeds from sales of property, plant and equipment	233	249
Purchase of intangible assets	(1,311)	(2,012)
Purchase of goodwill	(35)	(1,545)
Purchase of investment securities	(801)	(1)
Proceeds from sales of investment securities	665	418
Proceeds from sales of real estate for investment	–	18,955
Payments of loans receivable	(58)	(1,114)
Collection of loans receivable	39	18
Other, net	(46)	(1,048)
Net cash provided by (used in) investing activities	(26,846)	4,679

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Cash flows from financing activities		
Increase in short-term loans payable	7,405	20,280
Decrease in short-term loans payable	(2,409)	(28,159)
Proceeds from long-term loans payable	9,500	10,000
Repayments of long-term loans payable	(8,525)	(15,075)
Purchase of treasury shares	(4,540)	(4,995)
Cash dividends paid	(1,976)	(3,398)
Dividends paid to non-controlling interests	(0)	–
Other, net	(1,022)	(981)
Net cash provided by (used in) financing activities	(1,570)	(22,330)
Effect of exchange rate change on cash and cash equivalents	12	(45)
Net increase (decrease) in cash and cash equivalents	(13,252)	(1,721)
Cash and cash equivalents at beginning of period	31,437	18,193
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	8	56
Cash and cash equivalents at end of period	* 18,193	* 16,528

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

None.

(Important Matters that Form the Basis for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Names of the 6 consolidated subsidiaries:

TOSAI GAS INC., SHINNIHON GAS CORPORATION, HIGASHINIHON GAS CORPORATION, KITANIHON GAS CO., LTD., NIHONGAS KOJI Inc., NIHONGAS UNYU SEIBI Inc.

Changes in consolidated subsidiaries, etc.

None.

(2) Names of the non-consolidated subsidiaries:

Kumonouchusen Co., Ltd., Nippon Gas USA, Inc., Energy Plus One Co., Ltd., nt style works Co., Ltd.

Reasons for excluding the non-consolidated subsidiaries from the scope of consolidation

The 4 non-consolidated subsidiaries were excluded from the scope of consolidation due to their insignificance in size, and as the total amounts of their total assets, net sales, profit/loss (to the extent of the Company's equity position) and retained earnings (to the extent of the Company's equity position) did not significantly impact the consolidated financial statements.

2. Scope of application of the equity method

(1) Number of non-consolidated subsidiaries accounted for under the equity method: 1

Name of the company: Nippon Gas USA, Inc.

(2) Affiliates accounted for under the equity method: 2

Names of the companies: Strategic Power Holdings LLC, COzero Holdings Limited.

(3) Non-consolidated subsidiaries and affiliates to which the equity method is not applied

Names of the non-consolidated subsidiaries:

Kumonouchusen Co., Ltd., Energy Plus One Co., Ltd., nt style works Co., Ltd.

Names of the affiliates: NGAE, Inc., Tokyo Energy Alliance Co., Ltd.

Reason for not applying the equity method

The equity method is not applied to 3 non-consolidated subsidiaries and 2 affiliates, due to their insignificance overall; and as their profit/loss (to the extent of the Company's equity position) and their retained earnings (to the extent of the Company's equity position), even if eliminated from the scope of companies accounted for under the equity method, have minimal impact on the consolidated financial statements.

3. Fiscal year, etc. of consolidated subsidiaries

The fiscal year end dates of the consolidated subsidiaries coincide with the consolidated accounting date.

4. Accounting standards

(1) Valuation standards and methods regarding significant assets

(a) Inventories

Merchandise

Primarily stated at cost based on the first-in, first-out method (method by which the carrying amount is written down according to the decline in profitability).

Finished goods, work in process, raw materials, and supplies

Mainly stated at cost using the moving-average method (method by which the carrying amount is written-down according to the decline in profitability).

(b) Securities

Available-for-sale securities

Securities with market quotations:

Stated at their quoted market prices at the end of fiscal year (Cost of securities sold is calculated primarily using the moving-average method and net unrealized gains [losses] are included directly in net assets).

Securities without market quotations:

Stated at cost using the moving-average method.

(2) Depreciation method for significant depreciable assets

(a) Property, plant and equipment (excluding lease assets)

Calculated using the declining-balance method (however, the straight-line method is used for buildings [excluding building fixtures] acquired on or after April 1, 1998 and for building fixtures and structures acquired on or after April 1, 2016).

Useful lives of assets are principally as follows:

Buildings and structures	7 to 50 years
Machinery, equipment and vehicles	4 to 22 years

(b) Intangible assets (excluding lease assets)

Straight-line method

Internally used software is amortized over the estimated useful life (5 years).

(c) Lease assets

Lease assets concerning non-transfer ownership finance lease transactions:

Depreciated by the straight-line method, defining the lease term of respective assets as their useful lives, without residual value.

(3) Accounting standards for significant allowances and provisions

(a) Allowance for doubtful accounts

The Group provides for possible credit losses stemming from notes and accounts receivable-trade. Estimated amounts of irrecoverable debt are calculated based on historical write-off ratio for ordinary receivables, and on a consideration of feasibly recoverable amounts in individual cases of specific debts such as doubtful accounts.

(b) Provision for bonuses

Although the Company is not required to report a reserve for bonuses, the Company's consolidated subsidiaries provide for future bonus payments to employees in the estimated amount accrued on the fiscal year end date.

(c) Provision for share-based compensation

In order to deliver the Company's shares under the Directors' Compensation BIP Trust, the Company posts the estimated amount of share delivery according to points allocated to Directors and Executive Officers (mandated) based on provisions of the Share Delivery Rules.

(d) Provision for gas holder repairs

Among the consolidated subsidiaries, the 4 city gas companies – TOSAI GAS INC., SHINNIHON GAS CORPORATION, HIGASHINIHON GAS CORPORATION and KITANIHON GAS CO., LTD. – post a provision for repairs by distributing the estimated costs to each fiscal term during the period until the next scheduled repair.

(e) Provision for loss on voluntary recall of products

With regard to direct costs for the voluntary recall of products and related expenses, the Company posts the rational amount of loss estimated to accrue on or after the end of the current fiscal year.

(4) Accounting method for retirement benefits

(i) Methods for attributing expected retirement benefits payment

In order to calculate the amount of retirement benefit obligations, benefit formula basis is applied for attributing expected retirement benefits payment to the periods to the end of the current fiscal year.

(ii) Methods for accounting treatment for actuarial gains or losses

Actuarial gains or losses are recognized as expenses, amortized by the declining-balance method over a fixed number of years (5 years) within the average remaining service period of the employees at the occurrences in each fiscal year, starting from each fiscal year in which they occur.

(iii) Adoption of simplified method in small businesses etc.

Consolidated subsidiaries adopt a simplified method for the calculation of net defined benefit liability and retirement benefit expenses, in which retirement benefit obligations are calculated, with respect to the lump-sum

retirement benefit plan, based on the amount of retirement benefit required for voluntary termination at the end of the fiscal year, and with respect to the corporate pension plan, based on the actuarial obligations in the most recent calculation of pension financing.

(5) Significant hedge accounting

(i) Hedge accounting

Deferral hedge accounting is in principle applied. Exceptional treatment ("tokurei-shori") is applied to interest rate swaps that meet the requirements for exceptional treatment.

(ii) Means of hedging and hedging items

Means of hedging

Interest rate swaps, commodity swaps

Hedging items

Loans payable, money for the purchase of commodities

(iii) Hedging policy

Foreign currency risks, commodity price risks and interest rate fluctuation risks are hedged to the extent allowed by the internal rules regarding risks.

(iv) Methods for evaluating the effectiveness of hedges

Assessment of effectiveness is omitted for interest rate swaps to which exceptional treatment is applied.

(6) Amortization of goodwill and amortization period

Goodwill is amortized over 20 year periods for 1 company, and over 5 years for other companies using the straight-line method.

(7) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents as stated in the consolidated statement of cash flows consist of cash in hand, demand deposits, and any short-term liquid investments with a maturity not exceeding 3 months at the time of purchase whose value is not subject to significant fluctuation risk.

(8) Other significant matters for preparing consolidated financial statements

Accounting method for consumption taxes

Transactions subject to consumption tax and local consumption tax are recorded at the amount exclusive of these taxes.

(Changes to Accounting Estimates)

(Change in Amortization Method of Customer Acquisition Costs)

The Group companies had previously recorded customer acquisition costs such as referral fees as assets and amortized them over a period during the period the Group is expected to benefit from them (10 years). However, due to changes in the operating environment stemming from the liberalization of city gas, the expected beneficial period involves uncertainties, and therefore the Group companies changed the method to record such costs as expenses in the period in which they were incurred.

As a result of this change, operating income and ordinary income decreased by ¥386 million, and profit before income taxes decreased by ¥1,709 million in the current fiscal year compared to the previous method.

(Consolidated Balance Sheet)

*1 Assets pledged as collateral and borrowings secured by collateral

Assets pledged as collateral are as follows:

(Millions of yen)

	For the previous fiscal year (As of Mar. 31, 2019)	For the current fiscal year (As of Mar. 31, 2020)
Land	–	–
Buildings and structures	–	–
Factory foundation collateral	6,434	7,244
[Land]	[365]	[552]
[Machinery, etc.]	[6,069]	[6,692]
Total [Book value]	6,434	7,244

Borrowings secured by collateral are as follows:

(Millions of yen)

	For the previous fiscal year (As of Mar. 31, 2019)	For the current fiscal year (As of Mar. 31, 2020)
Short-term loans payable	–	–
Long-term loans payable	–	–
Total	–	–

*2 Investments in non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	For the previous fiscal year (As of Mar. 31, 2019)	For the current fiscal year (As of Mar. 31, 2020)
Investment securities (shares)	104	88

3 Guarantee obligations

The Group provides the following guarantees on borrowings from financial institutions.

(Millions of yen)

	For the previous fiscal year (As of Mar. 31, 2019)	For the current fiscal year (As of Mar. 31, 2020)
Employees (employee housing loans)	3	2

4 In order to efficiently fund their working capital, the Company and its 4 consolidated subsidiaries have entered into contracts for overdraft facilities with 13 of their financing banks. As of the end of the fiscal year, the undisbursed balance on the overdraft facilities was as follows.

(Millions of yen)

	For the previous fiscal year (As of Mar. 31, 2019)	For the current fiscal year (As of Mar. 31, 2020)
General overdraft limit	11,850	26,250
Undisbursed balance	6,850	26,250
Difference	5,000	–

(Thousands of US dollars)

	For the previous fiscal year (As of Mar. 31, 2019)	For the current fiscal year (As of Mar. 31, 2020)
General overdraft limit	–	2,300
Undisbursed balance	–	2,300
Difference	–	–

(Consolidated Statement of Income)

*1 Gain on sales of non-current assets

(For the previous fiscal year)

Gain on sales of non-current assets includes gains from the sales of buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures; and land.

(For the current fiscal year)

Proceeds from sales of real estate for investment adjacent to Kawasaki filling base, “Yume no Kizuna”
¥7,801 million

Gain on sales of other non-current assets includes gains from the sales of buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures; and land.

*2 Loss on sales of non-current assets

(For the previous fiscal year)

Loss on sales of non-current assets includes losses from the sales of machinery, equipment and vehicles; tools, furniture and fixtures; and land.

(For the current fiscal year)

Loss on sales of non-current assets includes losses from the sales of buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures; and land.

*3 Loss on retirement of non-current assets

(For the previous fiscal year)

Loss on retirement of non-current assets includes losses from the retirement of buildings and structures; machinery, equipment and vehicles; and tools, furniture and fixtures.

(For the current fiscal year)

Loss on retirement of non-current assets includes losses from the retirement of buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures; and software.

*4 Impairment loss

The Group recorded an impairment loss for the following asset groups.

(For the previous fiscal year)

Place	Use	Type
Katori-shi, Chiba	Idle assets	Land

The Group reduced the book value of assets whose market value declined significantly, among idle assets that are not used for business purposes, to the recoverable amount and accounted for the reduction as an impairment loss (¥450 million) under extraordinary losses. This consists of ¥450 million for land. The recoverable amount of such land is measured based on the net selling price, and such price is calculated based on the tax assessment value of non-current assets.

(For the current fiscal year)

Place	Use	Type
Honda-cho, Midori-ku, Chiba-shi, Chiba Sugo, Takizawa-shi, Iwate, etc.	Idle assets	Land

The Group reduced the book value of assets whose market value declined significantly, among idle assets that are not used for business purposes, to the recoverable amount and accounted for the reduction as an impairment loss (¥2,643 million) under extraordinary losses. This consists of ¥2,643 million for land. The recoverable amount of such land is measured based on the net selling price, and such price is calculated based mainly on a price valued by a real estate appraiser.

*5 Breakdown of others under extraordinary loss is as follows:

(Millions of yen)

	For the previous fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)	For the current fiscal year (From Apr. 1, 2019 to Mar. 31, 2020)
Loss on extinguishment of tie-in shares	8	–
Loss on sale of golf club membership	3	–
Total	12	–

(Consolidated Statement of Comprehensive Income)

*Reclassification adjustment amount and tax effect amount pertaining to other comprehensive income

(Millions of yen)

	For the previous fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)	For the current fiscal year (From Apr. 1, 2019 to Mar. 31, 2020)
Valuation difference on available-for-sale securities		
Amount accrued during the fiscal year	(932)	(294)
Reclassification adjustment	(315)	127
Before tax effect adjustment	(1,248)	(166)
Tax effect	(382)	(50)
Valuation difference on available-for-sale securities	(866)	(116)
Remeasurements of defined benefit plans, net of tax		
Amount accrued during the fiscal year	(106)	(46)
Reclassification adjustment	51	49
Before tax effect adjustment	(54)	3
Tax effect	16	(1)
Remeasurements of defined benefit plans, net of tax	(37)	2
Share of other comprehensive income of entities accounted for using equity method		
Amount accrued during the fiscal year	(3)	17
Total other comprehensive income	(908)	(96)

(Consolidated Statement of Changes in Equity)

For the previous fiscal year (From April 1, 2018 to March 31, 2019)

1. Shares issued

Class of shares	As of Apr. 1, 2018	Increase	Decrease	As of Mar. 31, 2019
Common shares (Shares)	48,561,525	–	5,588,059	42,973,466

(Summary of Reason for Changes)

The main reason for the decrease in the number of shares was as follows:

Decrease due to the retirement of treasury shares through resolution adopted by the Board of Directors held on October 25, 2018

5,588,059 shares

2. Treasury shares

Class of shares	As of Apr. 1, 2018	Increase	Decrease	As of Mar. 31, 2019
Common shares (Shares)	5,858,603	1,250,818	5,611,089	1,498,332

(Note) The total number of treasury shares as of March 31, 2019 includes 248,107 shares of the Company held by the Directors' Compensation BIP Trust.

(Summary of Reason for Changes)

The main reason for increase in the number of shares was as follows:

Increase due to the purchase of treasury shares through resolution adopted by the Board of Directors

1,250,000 shares

Increase due to the purchase of fractional shares

818 shares

The main reason for the decrease in the number of shares was as follows:

Decrease due to the retirement of treasury shares through resolution adopted by the Board of Directors

5,588,059 shares

Decrease due to the sale of treasury shares by the Directors' Compensation BIP Trust

23,030 shares

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 28, 2018	Common shares	988	23.00	Mar. 31, 2018	Jun. 29, 2018
Resolution adopted by the Board of Directors held on Oct. 12, 2018	Common shares	988	23.00	Sep. 30, 2018	Nov. 20, 2018

(Notes) 1. The total dividends through resolution adopted by the Ordinary General Meeting of Shareholders held on June 28, 2018 included ¥6 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.
2. The total dividends through resolution adopted by the Board of Directors held on October 12, 2018 included ¥5 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

(2) Dividends whose record date falls in the current fiscal year but the effective date of dividend payment falls in the next fiscal year

Resolution	Class of shares	Resource of dividend	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 26, 2019	Common shares	Retained earnings	1,960	47.00	Mar. 31, 2019	Jun. 27, 2019

(Note) The total dividends included ¥11 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

For the current fiscal year (From April 1, 2019 to March 31, 2020)

1. Shares issued

Class of shares	As of Apr. 1, 2019	Increase	Decrease	As of Mar. 31, 2020
Common shares (Shares)	42,973,466	–	1,200,000	41,773,466

(Summary of Reason for Changes)

The main reason for the decrease in the number of shares was as follows:

Decrease due to the retirement of treasury shares through resolution adopted by the Board of Directors held on April 25, 2019

1,200,000 shares

2. Treasury shares

Class of shares	As of Apr. 1, 2019	Increase	Decrease	As of Mar. 31, 2020
Common shares (Shares)	1,498,332	1,576,757	1,211,109	1,863,980

(Note) The total number of treasury shares as of March 31, 2020 includes 240,498 shares of the Company held by the Directors' Compensation BIP Trust.

(Summary of Reason for Changes)

The main reason for increase in the number of shares was as follows:

Increase due to the purchase of fractional shares

1,576,757 shares

The main reason for the decrease in the number of shares was as follows:

Decrease due to the retirement of treasury shares through resolution adopted by the Board of Directors

1,200,000 shares

Decrease due to the sale of treasury shares by the Directors' Compensation BIP Trust

7,609 shares

Decrease due to the disposal of treasury shares as restricted share-based compensation

3,500 shares

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 26, 2019	Common shares	1,960	47.00	Mar. 31, 2019	Jun. 27, 2019
Resolution adopted by the Board of Directors held on Oct. 31, 2019	Common shares	1,437	35.00	Sep. 30, 2019	Nov. 19, 2019

(Notes) 1. The total dividends through resolution adopted by the Ordinary General Meeting of Shareholders held on June 26, 2019 included ¥11 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

2. The total dividends through resolution adopted by the Board of Directors held on October 31, 2019 included ¥8 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

(2) Dividends whose record date falls in the current fiscal year but the effective date of dividend payment falls in the next fiscal year

Resolution	Class of shares	Resource of dividend	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 24, 2020	Common shares	Retained earnings	1,405	35.00	Mar. 31, 2020	Jun. 25, 2020

(Note) The total dividends included ¥8 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

(Consolidated Statement of Cash Flows)

* Relations between the year-end balance of cash and cash equivalents and the accounts listed in the consolidated balance sheet

(Millions of yen)

	For the previous fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)	For the current fiscal year (From Apr. 1, 2019 to Mar. 31, 2020)
Cash and deposits	18,235	16,589
Separate deposit for Directors' Compensation BIP Trust	(41)	(60)
Cash and cash equivalents	18,193	16,528

(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 and city gas (natural gas), as well as the peripheral business of gas appliances sales and gas pipe works. The consolidated companies are grouped into the two product/service segments of "LP gas 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, Retail sale of electricity, Gas appliances sales, Gas pipe works, Platform business

City gas business……Supply and sale of city gas, Gas appliances sales, Gas pipe works

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

The accounting method applied to reported business segments is the same as that stated in "Important Matters that Form the Basis for Preparing Consolidated Financial Statements." Inter-segment sales and transfers are based on actual prices in the markets.

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 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Consolidated financial statements amount (Note 2)
	LP gas Business	City gas Business			
Net sales					
Net sales to outside customers	67,442	55,135	122,577	–	122,577
Inter-segment sales and transfers	8,743	1	8,745	(8,745)	–
Total	76,185	55,136	131,322	(8,745)	122,577
Segment income	6,888	2,029	8,918	9	8,927
Segment assets	86,664	54,603	141,267	–	141,267
Other items					
Depreciation	3,351	5,673	9,024	–	9,024
Increase in property, plant and equipment and intangible assets	21,207	6,114	27,321	–	27,321

(Notes) 1. The amount ¥9 million in adjustments for segment income include the elimination of transactions between the segments.

2. Segment income is adjusted to operating income in the Consolidated Statements of Income.

For the current fiscal year (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Consolidated financial statements amount (Note 2)
	LP gas Business	City gas Business			
Net sales					
Net sales to outside customers	73,447	59,048	132,496	–	132,496
Inter-segment sales and transfers	9,108	3	9,112	(9,112)	–
Total	82,556	59,052	141,609	(9,112)	132,496
Segment income	8,270	3,239	11,510	9	11,519
Segment assets	80,187	52,334	132,521	–	132,521
Other items					
Depreciation	3,499	5,778	9,277	–	9,277
Increase in property, plant and equipment and intangible assets	11,423	5,323	16,746	–	16,746

(Notes) 1. The amount ¥9 million in adjustments for segment income include the elimination of transactions between the segments.

2. Segment income is adjusted to operating income in the Consolidated Statements of Income.

(Per Share Information)

Item	For the previous fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)	For the current fiscal year (From Apr. 1, 2019 to Mar. 31, 2020)
Net assets per share	¥1,665.08	¥1,712.64
Basic earnings per share	¥101.69	¥189.98
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. 31, 2019)	For the current fiscal year (As of Mar. 31, 2020)
Total net assets	69,064	68,355
Amount deducted from the total net assets	5	4
[Non-controlling interests]	[5]	[4]
Amount of net assets related to common shares as of the end of the fiscal year	69,059	68,350
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)	41,475	39,909

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. 1, 2018 to Mar. 31, 2019)	For the current fiscal year (From Apr. 1, 2019 to Mar. 31, 2020)
Profit attributable to owners of parent	4,328	7,742
Profit not attributable to common shareholders	–	–
Profit attributable to owners of parent related to common shares	4,328	7,742
Average number of common shares outstanding during the fiscal year (Thousands of shares)	42,562	40,757

(Significant Subsequent Events)

None.

4. Non-consolidated Financial Statements and Primary Notes

(1) Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2019 (As of Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	10,941	8,653
Notes receivable - trade	27	16
Accounts receivable - trade	6,127	9,150
Merchandise	4,304	4,184
Supplies	28	30
Other	5,840	5,573
Allowance for doubtful accounts	(84)	(195)
Total current assets	27,185	27,413
Non-current assets		
Property, plant and equipment		
Buildings	10,305	10,496
Accumulated depreciation	(4,749)	(4,982)
Buildings, net	5,555	5,513
Structures	7,245	7,633
Accumulated depreciation	(5,579)	(5,821)
Structures, net	1,666	1,812
Machinery and equipment	30,084	31,629
Accumulated depreciation	(27,658)	(29,010)
Machinery and equipment, net	2,426	2,618
Vehicles	991	1,031
Accumulated depreciation	(851)	(935)
Vehicles, net	139	95
Tools, furniture and fixtures	1,304	1,389
Accumulated depreciation	(1,067)	(1,181)
Tools, furniture and fixtures, net	236	207
Land	26,913	25,279
Leased assets	2,998	3,216
Accumulated depreciation	(2,028)	(1,814)
Leased assets, net	970	1,402
Construction in progress	67	3,065
Total property, plant and equipment	37,975	39,995
Intangible assets		
Goodwill	159	1,588
Leasehold right	8	8
Software	1,962	3,116
Telephone subscription right	31	36
Other	792	250
Total intangible assets	2,955	5,000

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2019 (As of Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (As of Mar. 31, 2020)
Investments and other assets		
Investment securities	3,367	2,174
Shares of subsidiaries and associates	25,635	24,438
Investments in capital	3	3
Long-term loans receivable	4,532	5,531
Long-term loans receivable from employees	136	138
Long-term prepaid expenses	3	1
Deferred tax assets	2,176	5,931
Guarantee deposits	165	22
Real estate for investment	11,089	–
Other	2,189	2,656
Allowance for doubtful accounts	(1,509)	(6,950)
Total investments and other assets	47,789	33,944
Total non-current assets	88,720	78,940
Total assets	115,906	106,354
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	4,062	3,887
Accounts payable - trade	6,349	6,242
Short-term loans payable	21,340	11,257
Lease obligations	718	758
Accounts payable - other	1,957	3,284
Accrued expenses	323	517
Income taxes payable	1,735	4,277
Accrued consumption taxes	517	490
Deposits received	3,676	4,791
Total current liabilities	40,683	35,507
Non-current liabilities		
Long-term loans payable	23,324	20,642
Lease obligations	1,180	1,631
Provision for retirement benefits	1,544	1,801
Provision for share-based compensation	301	385
Provision for loss on voluntary recall of products	60	369
Long-term deposits received	416	390
Other	1,376	1,435
Non-current liabilities	28,205	26,656
Total liabilities	68,888	62,164

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2019 (As of Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (As of Mar. 31, 2020)
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus		
Legal capital surplus	5,197	5,197
Other capital surplus	2,060	–
Total capital surplus	7,257	5,197
Retained earnings		
Legal retained earnings	949	949
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	108	108
General reserve	7,750	7,750
Retained earnings brought forward	29,042	28,972
Total retained earnings	37,850	37,780
Treasury shares	(5,474)	(6,075)
Total shareholders' equity	46,704	43,972
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	313	217
Total valuation and translation adjustments	313	217
Total net assets	47,017	44,190
Total liabilities and net assets	115,906	106,354

(2) Statement of Income

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Net sales	91,859	101,706
Cost of sales		
Beginning goods	4,840	4,304
Cost of purchased goods	57,492	62,612
Total	62,333	66,917
Transfer to other account	–	395
Ending goods	4,304	4,184
Total cost of sales	58,028	62,337
Gross profit	33,830	39,369
Selling, general and administrative expenses		
Freightage related expenses	2,458	2,586
Provision of allowance for doubtful accounts	(71)	177
Salaries	6,040	6,437
Retirement benefit expenses	369	400
Welfare expenses	1,290	1,274
Supplies expenses	2,909	3,654
Taxes and dues	370	473
Depreciation	2,562	2,926
Repair expenses	1,140	1,466
Commission fee	7,056	8,239
Other	4,577	4,298
Total selling, general and administrative expenses	28,705	31,934
Operating income	5,125	7,435
Non-operating income		
Interest income	429	483
Dividend income	401	1,717
Foreign exchange gains	32	–
Real estate rent	88	87
Miscellaneous income	194	184
Total non-operating income	1,145	2,472
Non-operating expenses		
Interest expenses	299	294
Foreign exchange losses	–	9
Provision of allowance for doubtful accounts	623	607
Provision for loss on voluntary recall of products	100	340
Miscellaneous loss	29	183
Total non-operating expenses	1,052	1,435
Ordinary income	5,218	8,472
Extraordinary income		
Gain on sales of non-current assets	52	7,820
Gain on sales of investment securities	316	69
Gain on extinguishment of tie-in shares	–	84
Total extraordinary income	368	7,973

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)	Fiscal year ended Mar. 31, 2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Extraordinary losses		
Loss on sales of non-current assets	0	110
Loss on retirement of non-current assets	20	337
Loss on sales of investment securities	–	196
Loss on valuation of investment securities	–	508
Loss on valuation of shares of subsidiaries and associates	315	1,174
Impairment loss	450	2,343
Provision of allowance for investment loss	–	4,840
Other	8	61
Total extraordinary losses	794	9,573
Profit before income taxes	4,792	6,872
Income taxes - current	1,925	4,961
Income taxes - deferred	(399)	(3,712)
Total income taxes	1,525	1,248
Profit	3,266	5,624

(3) Statement of Changes in Equity

Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	7,070	5,197	9,864	15,061	949	109	7,750	27,751	36,560
Changes of items during period									
Dividends of surplus								(1,976)	(1,976)
Provision of reserve for advanced depreciation of non-current assets						(0)		0	–
Profit								3,266	3,266
Purchase of treasury shares									
Disposal of treasury shares			(7,803)	(7,803)					
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	(7,803)	(7,803)	–	(0)	–	1,290	1,290
Balance at the end of current period	7,070	5,197	2,060	7,257	949	108	7,750	29,042	37,850

(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	(8,824)	49,867	1,165	1,165	51,033
Changes of items during period					
Dividends of surplus		(1,976)			(1,976)
Provision of reserve for advanced depreciation of non-current assets		–			–
Profit		3,266			3,266
Purchase of treasury shares	(4,540)	(4,540)			(4,540)
Disposal of treasury shares	7,890	86			86
Net changes of items other than shareholders' equity			(851)	(851)	(851)
Total changes of items during period	3,350	(3,163)	(851)	(851)	(4,015)
Balance at the end of current period	(5,474)	46,704	313	313	47,017

Fiscal year ended Mar. 31, 2020 (from Apr. 1, 2019 to Mar. 31, 2020)

(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	2,060	7,257	949	108	7,750	29,042	37,850
Changes of items during period									
Dividends of surplus								(3,398)	(3,398)
Provision of reserve for advanced depreciation of non-current assets						(0)		0	–
Profit								5,624	5,624
Purchase of treasury shares									
Disposal of treasury shares								(0)	(0)
Retirement of treasury shares			(2,060)	(2,060)				(2,294)	(2,294)
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	(2,060)	(2,060)	–	(0)	–	(69)	(70)
Balance at the end of current period	7,070	5,197	–	5,197	949	108	7,750	28,972	37,780

(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	(5,474)	46,704	313	313	47,017
Changes of items during period					
Dividends of surplus		(3,398)			(3,398)
Provision of reserve for advanced depreciation of non-current assets		–			–
Profit		5,624			5,624
Purchase of treasury shares	(4,995)	(4,995)			(4,995)
Disposal of treasury shares	39	38			38
Retirement of treasury shares	4,354	–			–
Net changes of items other than shareholders' equity			(96)	(96)	(96)
Total changes of items during period	(601)	(2,731)	(96)	(96)	(2,827)
Balance at the end of current period	(6,075)	43,972	217	217	44,190

5. Others

(1) Production, Order and Sales Status

The Group is mainly engaged in sales and consequently does not indicate amounts and volumes representing its production and orders received for each reportable segment.

1) Sales results

Sales by reportable segment for the fiscal year ended March 31, 2020 are as follows:

Sales results by reportable segments (Millions of yen)

Reportable segments	For the previous fiscal year (from Apr. 1, 2018 to Mar. 31, 2019)	For the current fiscal year (from Apr. 1, 2019 to Mar. 31, 2020)
LP gas Business	67,442	73,447
City gas Business	55,135	59,048
Total	122,577	132,496

2) Sales results of LP gas business (Millions of yen)

Reportable segments	For the previous fiscal year (from Apr. 1, 2018 to Mar. 31, 2019)	For the current fiscal year (from Apr. 1, 2019 to Mar. 31, 2020)
Gas	56,824	56,295
Equipment, construction contracts, etc.	10,617	17,152
Total	67,442	73,447

3) Sales results of city gas business (Millions of yen)

Reportable segments	For the previous fiscal year (from Apr. 1, 2018 to Mar. 31, 2019)	For the current fiscal year (from Apr. 1, 2019 to Mar. 31, 2020)
Gas	47,226	51,172
Equipment, construction contracts, etc.	7,909	7,876
Total	55,135	59,048

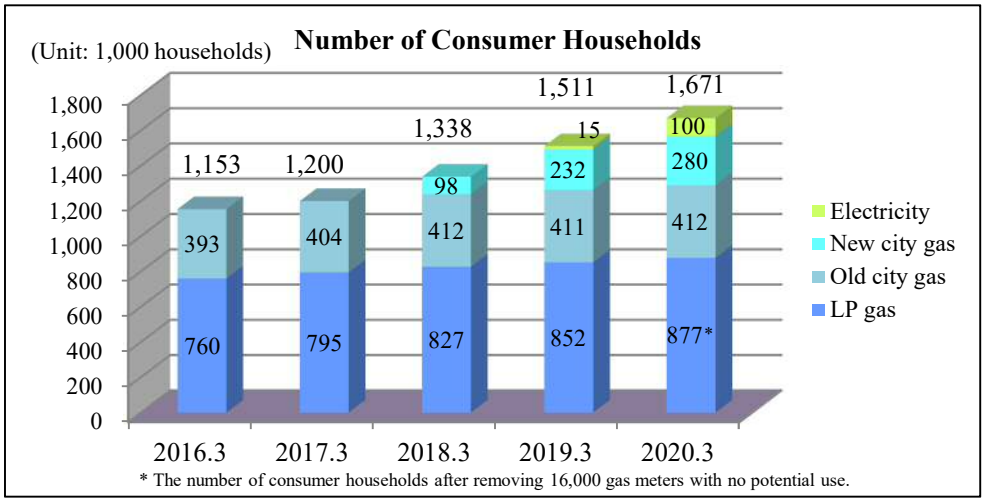
(Notes) 1. Above figures are stated net of consumption taxes, etc.

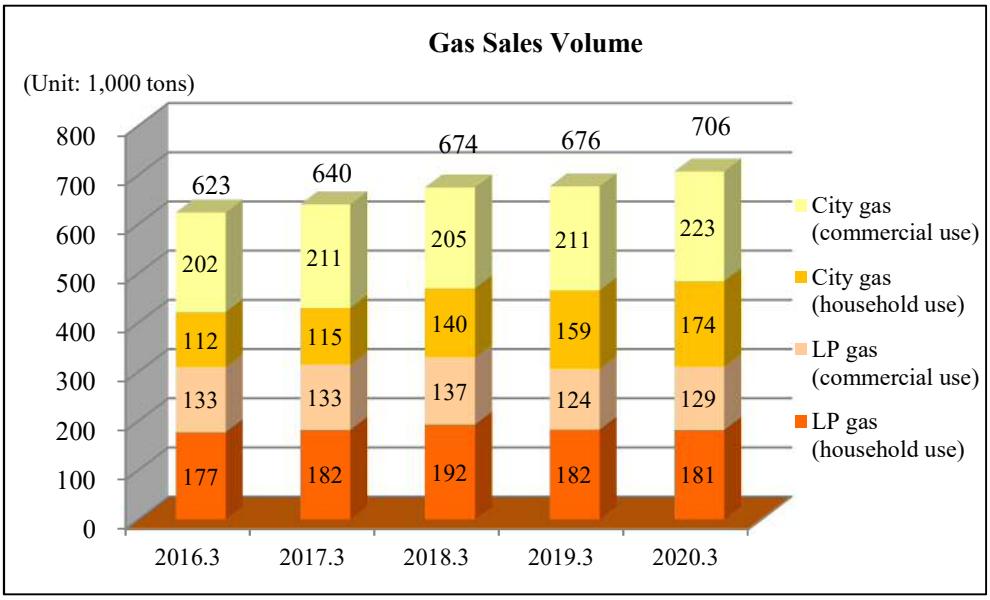
2. Inter-segment transactions are offset.

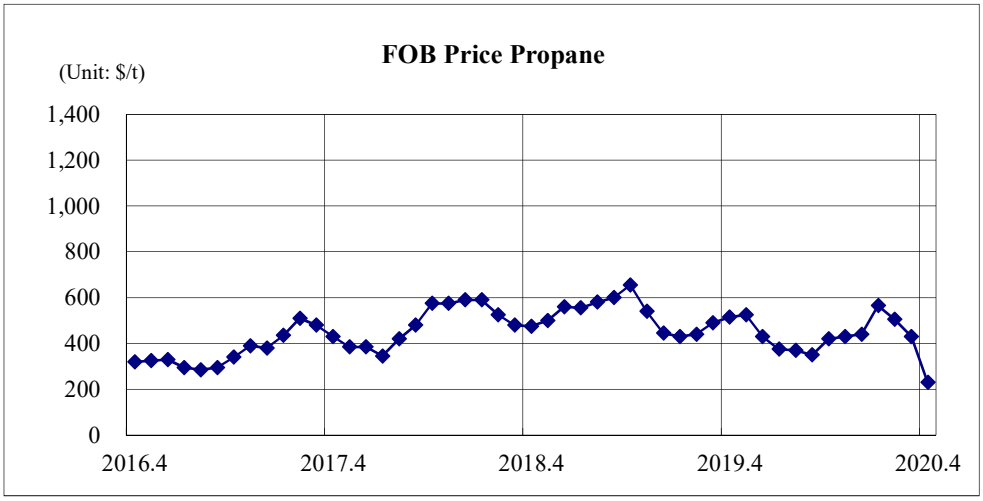
(2) Changes to the Officers of the Company

As for the details of this matter, please refer to the “Notice of Changes in the Officer System, Organizational Changes and Changes in Personnel of the Company and Major Subsidiaries,” announced on March 24, 2020.

(3) Trends in the Number of Houses, etc.







(Note) Gas sales volume includes the sales volume of city gas (LNG) of the city gas business, which has been converted into the calorie value equivalent of LPG gas sales volume (1,000 tons).