

## 【Consolidated Financial Statements and Notes】

(1) 【Consolidated Financial Statements】 This English integrated report is not subject to an audit by an independent auditor. The following Consolidated Financial Statements and Notes and Annexed Consolidated Detailed Schedules are translated by Osaka Gas Co., Ltd. based on the originals attached to the original Annual Securities Report.

Osaka Gas Co., Ltd. and Consolidated Subsidiaries, the Fiscal Years Ended March 31, 2021 and 2022

# Consolidated Balance Sheet

## Assets

(million yen)

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Production facilities	89,701	91,154
Distribution facilities	268,755	275,032
Service and maintenance facilities	53,481	46,121
Other facilities	546,456	605,057
Construction in progress	112,215	138,915
Total property, plant and equipment	※ 1, ※ 2, ※ 3 1,070,610	※ 1, ※ 2, ※ 3 1,156,281
Intangible assets	※ 1 97,912	※ 1 95,251
<b>Investments and other assets</b>		
Investment securities	※ 4 377,074	※ 4 359,225
Long-term loans receivable	25,686	27,698
Retirement benefit asset	83,494	118,693
Deferred tax assets	25,933	64,481
Other	50,099	59,534
Allowance for doubtful accounts	(800)	(731)
Total investments and other assets	※ 1 561,487	※ 1 628,901
Total non-current assets	1,730,009	1,880,434
<b>Current assets</b>		
Cash and deposits	167,083	131,089
Notes and accounts receivable – trade	211,696	—
Notes and accounts receivable – trade, and contract assets	—	※ 5 208,851
Lease receivables and investment in leases	54,634	59,047
Inventories	※ 6 94,187	※ 6 145,445
Other	56,349	145,589
Allowance for doubtful accounts	(602)	(639)
Total current assets	※ 1 583,347	※ 1 689,384
Total assets	2,313,357	2,569,819

Note: Details of ※ 1, 2, 3, 4, 5, 6, 8, and 9 are provided in “Notes to the Consolidated Balance Sheet” on page 10.

## Liabilities

(million yen)

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
<b>Non-current liabilities</b>		
Bonds payable	354,995	364,998
Long-term borrowings	333,263	350,502
Deferred tax liabilities	41,845	47,298
Provision for gas holder repairs	1,138	1,171
Provision for safety measures	8,892	6,651
Provision for gas appliance warranties	12,195	4,983
Retirement benefit liability	18,758	18,853
Other	104,886	92,698
<b>Total non-current liabilities</b>	※ 1 875,975	※ 1 887,156
<b>Current liabilities</b>		
Current portion of non-current liabilities	71,981	73,648
Notes and accounts payable - trade	60,453	104,935
Other	190,349	※ 8 219,944
<b>Total current liabilities</b>	※ 1 322,784	※ 1 398,529
<b>Total liabilities</b>	1,198,759	1,285,686

## Net assets

(million yen)

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
<b>Shareholders' equity</b>		
Share capital	132,166	132,166
Capital surplus	19,469	19,071
Retained earnings	861,746	965,951
Treasury shares	(1,852)	(2,115)
<b>Total shareholders' equity</b>	1,011,530	1,115,073
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	69,811	67,905
Deferred gains or losses on hedges	(30,365)	(15,313)
Revaluation reserve for land	※ 9 (737)	※ 9 (737)
Foreign currency translation adjustment	(2,383)	39,108
Remeasurements of defined benefit plans	34,025	53,624
<b>Total accumulated other comprehensive income</b>	70,350	144,586
<b>Non-controlling interests</b>	32,716	24,472
<b>Total net assets</b>	1,114,597	1,284,132
<b>Total liabilities and net assets</b>	2,313,357	2,569,819

# Consolidated Statement of Income

(million yen)

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
Net sales	1,364,106	※ 1 1,586,879
Cost of sales	※ 2, ※ 3 921,777	※ 2, ※ 3 1,161,850
<b>Gross profit</b>	<b>442,328</b>	<b>425,028</b>
Selling, general and administrative expenses	※ 2, ※ 4 329,836	※ 2, ※ 4 330,123
<b>Operating profit</b>	<b>112,491</b>	<b>94,905</b>
<b>Non-operating income</b>		
Interest income	2,348	2,017
Dividend income	3,378	3,179
Share of profit of entities accounted for using equity method	13,618	12,841
Gain on sales of investment securities in subsidiaries and associates	3,694	—
Miscellaneous income	9,901	15,963
<b>Total non-operating income</b>	<b>32,941</b>	<b>34,002</b>
<b>Non-operating expenses</b>		
Loss on valuation of investment securities	—	2,484
Interest expenses	11,087	10,400
Miscellaneous expenses	6,593	5,558
<b>Total non-operating expenses</b>	<b>17,680</b>	<b>18,443</b>
<b>Ordinary profit</b>	<b>127,752</b>	<b>110,464</b>
<b>Extraordinary income</b>		
Gain on sale of investment securities in subsidiaries and associates	—	17,773
Insurance claim income	—	6,052
<b>Total extraordinary income</b>	<b>—</b>	<b>23,825</b>
<b>Extraordinary losses</b>		
Impairment losses	※ 5 19,016	※ 5 16,013
Loss on tax purpose reduction entry of non-current assets	—	2,335
<b>Total extraordinary losses</b>	<b>19,016</b>	<b>18,349</b>
<b>Profit before income taxes</b>	<b>108,735</b>	<b>115,941</b>
Income taxes - current	33,302	24,220
Income taxes - deferred	(8,410)	(41,948)
<b>Total income taxes</b>	<b>24,891</b>	<b>(17,728)</b>
<b>Profit</b>	<b>83,844</b>	<b>133,670</b>
<b>Profit attributable to non-controlling interests</b>	<b>2,986</b>	<b>5,413</b>
<b>Profit attributable to owners of parent</b>	<b>80,857</b>	<b>128,256</b>

Note: Details of ※ 1, 2, 3, 4 and 5 are provided in "Notes to the Consolidated Statement of Income" on page 11.

# Consolidated Statement of Comprehensive Income

(million yen)

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
<b>Profit</b>	83,844	133,670
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	28,421	(1,965)
Deferred gains or losses on hedges	(10,143)	7,370
Foreign currency translation adjustment	(13,730)	33,136
Remeasurements of defined benefit plans	25,536	19,304
Share of other comprehensive income of entities accounted for using equity method	(5,204)	17,224
<b>Total other comprehensive income</b>	※ 1 24,879	※ 1 75,070
<b>Comprehensive income</b>	108,723	208,740
<b>(Breakdown)</b>		
Comprehensive income attributable to owners of parent	105,876	202,492
Comprehensive income attributable to non-controlling interests	2,847	6,247

Note: Details of ※1 are provided in "Notes to the Consolidated Statement of Comprehensive Income" on page 13.

# Consolidated Statement of Changes in Equity

(million yen)

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans			Total accumulated other comprehensive income
Fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)													
Balance at beginning of period	132,166	19,483	802,313	(1,802)	952,160	41,336	(14,161)	(737)	10,085	8,809	45,332	30,174	1,027,667
Changes during period													
Dividends of surplus			(20,788)		(20,788)								(20,788)
Profit attributable to owners of parent			80,857		80,857								80,857
Purchase of treasury shares				(52)	(52)								(52)
Disposal of treasury shares		0		2	2								2
Change in scope of equity method			(635)		(635)								(635)
Change in ownership interest of parent due to transactions with non-controlling interests		(13)			(13)								(13)
Net changes in items other than shareholders' equity						28,474	(16,203)		(12,468)	25,215	25,018	2,541	27,560
<b>Total changes during period</b>	<b>—</b>	<b>(13)</b>	<b>59,433</b>	<b>(49)</b>	<b>59,369</b>	<b>28,474</b>	<b>(16,203)</b>	<b>—</b>	<b>(12,468)</b>	<b>25,215</b>	<b>25,018</b>	<b>2,541</b>	<b>86,930</b>
Balance at end of period	132,166	19,469	861,746	(1,852)	1,011,530	69,811	(30,365)	(737)	(2,383)	34,025	70,350	32,716	1,114,597
Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)													
Balance at beginning of period	132,166	19,469	861,746	(1,852)	1,011,530	69,811	(30,365)	(737)	(2,383)	34,025	70,350	32,716	1,114,597
Cumulative effects of changes in accounting policies			(1,184)		(1,184)								(1,184)
Restated balance	132,166	19,469	860,562	(1,852)	1,010,346	69,811	(30,365)	(737)	(2,383)	34,025	70,350	32,716	1,113,412
Changes during period													
Dividends of surplus			(22,867)		(22,867)								(22,867)
Profit attributable to owners of parent			128,256		128,256								128,256
Purchase of treasury shares				(357)	(357)								(357)
Disposal of treasury shares		3		94	97								97
Change in ownership interest of parent due to transactions with non-controlling interests		(401)			(401)								(401)
Net changes in items other than shareholders' equity						(1,906)	15,051		41,492	19,598	74,236	(8,243)	65,992
<b>Total changes during period</b>	<b>—</b>	<b>(398)</b>	<b>105,388</b>	<b>(263)</b>	<b>104,727</b>	<b>(1,906)</b>	<b>15,051</b>	<b>—</b>	<b>41,492</b>	<b>19,598</b>	<b>74,236</b>	<b>(8,243)</b>	<b>170,719</b>
Balance at end of period	132,166	19,071	965,951	(2,115)	1,115,073	67,905	(15,313)	(737)	39,108	53,624	144,586	24,472	1,284,132

# Consolidated Statement of Cash Flows

(million yen)

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	108,735	115,941
Depreciation	101,444	108,902
Amortization of long-term prepaid expenses	5,106	5,431
Impairment losses	19,016	16,013
Decrease (increase) in retirement benefit asset	(3,366)	(8,502)
Interest and dividend income	(5,726)	(5,196)
Interest expenses	11,087	10,400
Share of loss (profit) of entities accounted for using equity method	(13,618)	(12,841)
Loss (gain) on sales of investment securities in subsidiaries and associates	(3,694)	(17,773)
Loss (gain) on valuation of investment securities	—	2,484
Loss on tax purpose reduction entry of non-current assets	—	2,335
Decrease (increase) in trade receivables	(1,203)	(48,430)
Decrease (increase) in inventories	26,113	(47,701)
Increase (decrease) in trade payables	1,200	41,607
Increase (decrease) in accrued expenses	(124)	11,109
Other, net	(5,335)	(29,068)
Subtotal	239,635	144,713
Interest and dividends received	15,461	50,615
Interest paid	(11,375)	(10,559)
Income taxes paid	(23,924)	(39,419)
Net cash provided by (used in) operating activities	219,797	145,350
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(169,607)	(173,450)
Purchase of intangible assets	(13,148)	(14,547)
Purchase of long-term prepaid expenses	(6,320)	(8,396)
Purchase of investment securities	(7,088)	(5,304)
Proceeds from sale of investment securities	987	4,136
Purchase of shares of subsidiaries and associates	(6,309)	(9,784)
Proceeds from sale of shares of subsidiaries and associates	115	52,302
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,914)	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	9,096	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(373)	—
Long-term loan advances	(2,681)	(4,307)
Proceeds from collection of long-term loans receivable	1,450	4,800
Other, net	1,439	2,387
Net cash provided by (used in) investing activities	(198,354)	(152,163)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	35,946	42,844
Repayments of long-term borrowings	(44,572)	(60,388)
Proceeds from issuance of bonds	75,000	40,000
Redemption of bonds	(30,000)	(10,000)
Proceeds from share issuance to non-controlling shareholders	206	402
Dividends paid	(20,793)	(22,857)
Dividends paid to non-controlling interests	(749)	(7,859)
Repayments to non-controlling shareholders	—	(9,700)
Other, net	(16,673)	(2,920)
Net cash provided by (used in) financing activities	(1,636)	(30,479)
Effect of exchange rate change on cash and cash equivalents	838	1,299
Net increase (decrease) in cash and cash equivalents	20,644	(35,993)
Cash and cash equivalents at beginning of period	146,813	166,762
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(695)	—
Cash and cash equivalents at end of period	※ 1 166,762	※ 1 130,769

Note: Details of ※1 are provided in "Notes to the Consolidated Statement of Cash Flows" on page 14.

## [Notes]

### Significant Accounting Policies for Preparation of Consolidated Financial Statements

#### 1. Scope of consolidation

Number of consolidated subsidiaries:

154 (Previous fiscal year), 150 (Current fiscal year)

The names of consolidated subsidiaries are omitted as they are stated in "Group Companies."

The Company has acquired shares in Osaka Gas Network Co., Ltd., Osaka Gas USA Renewables, LLC, Osaka Gas ME Solar 1, LLC, and OSAKA GAS BRIGHTER FUTURE SOLAR, LLC, making them newly subsidiaries of the

#### 2. Application of the equity method

Number of equity method affiliates:

27 (Previous fiscal year), 30 (Current fiscal year)

The names of equity method affiliates are omitted as they are stated in "Group Companies."

The Company has acquired equity in SREOG ME Solar, LLC, a silent partnership where GK Yokohama Town Wind Power is the operator, Apricus Energy, LLC, and Brighter Future Solar Holdings LLC. As a result, they are included as equity method affiliates from the current fiscal year.

Idemitsu Snorre Oil Development Co., Ltd. (sold) is excluded as an equity

#### 3. Fiscal year, etc. of consolidated subsidiaries

Consolidated subsidiaries whose fiscal year-ends are different from the consolidated fiscal year-end are Osaka Gas Australia Pty Ltd, Osaka Gas Gorgon Pty Ltd, Osaka Gas Ichthys Pty Ltd, Osaka Gas Ichthys Development Pty Ltd, Osaka Gas UK, Ltd., Osaka Gas USA Corporation and other companies, totaling 83 companies.

Of the consolidated subsidiaries whose fiscal year-ends are different from the

#### 4. Accounting policies

##### (1) Basis and methodology for the valuation of significant assets

###### ① Inventories

Primarily stated at cost based on the moving-average method  
Inventories held for trading recorded on the balance sheet are depreciated to write down the carrying amount based on depreciation of profitability.

###### ② Investment securities

Bonds held to maturity  
Stated at amortized cost

Other securities

Other than stocks and other securities with no market price  
Stated at fair value (Unrealized valuation gains and losses are accounted for as a component of net assets; cost of sales is determined primarily using the moving-average method.)

Stocks and other securities with no market price

Primarily stated at cost based on the moving-average method

###### ③ Derivatives

Stated at fair value

##### (2) Depreciation and amortization method of significant depreciable assets

###### ① Property, plant and equipment (excluding leased assets)

Primarily the declining-balance method

However, the straight-line method has been used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and for facilities attached to buildings and structures acquired on or after April 1, 2016.

###### ② Intangible assets (excluding leased assets)

Primarily the straight-line method

For internal-use software, the straight-line method based on the term available for use within the Company and each subsidiary has been applied.

###### ③ Leased assets

Leased assets resulting from non-ownership-transfer finance leases

The straight-line method over the useful life equal to the lease terms assuming no residual value

Company. As a result, those subsidiaries are included as consolidated subsidiaries of the Company from the current fiscal year.

Aqua Brain Co., Ltd. (liquidated), LEA GP, Incorporated (sold), OGPA Lockport I, LLC (liquidated), Lockport II Acquisition, LLC (liquidated), OGPA Lockport II, LLC (liquidated), OGPA Cottage Grove LLC (liquidated), Osaka Gas Gateway Power, LLC (liquidated), and Osaka Gas Rusk Power, LLC (liquidated) are no longer consolidated subsidiaries of the Company from the current fiscal year.

method affiliate from the current fiscal year.

A major affiliate for which the equity method is not applied is ENNET Corporation. With regard to affiliates for which the equity method is not applied, their impact on profit or loss and retained earnings, etc. for the current fiscal year is not significant and immaterial on the whole. Therefore, investments in those affiliates are measured at cost.

When the fiscal year-end of equity method affiliates is different from the consolidated fiscal year-end, the financial statements for the fiscal year of such affiliates are used.

consolidated fiscal year-end, GlobalBase Corporation and RenoBase Design Corporation have a fiscal year-end of February 28, and the other consolidated subsidiaries have a fiscal year-end of December 31. However, since the difference between those dates and the consolidated fiscal year-end (March 31) does not exceed 3 months, the consolidated financial statements are prepared using their financial statements as of their fiscal year-end.

##### (3) Basis for recording significant allowances

###### ① Allowance for doubtful accounts

To provide for the bad debts loss of accounts receivable, loans receivable, etc., an estimated uncollectible amount is provided by considering the default ratio in the past for general receivables and the individual collectability for certain receivables including receivables with default possibility.

###### ② Provision for gas holder repairs

To provide for the necessary expenditure for periodical repairs of spherical gas holders, an estimated amount for the next scheduled repair is provided based on the actual expenditure for the previous repair, which is proportionally allotted for the period up to such next scheduled repair.

###### ③ Provision for safety measures

To provide for the necessary expenditure to ensure the safety of gas business, an estimated amount of the expenditure necessary for promoting the widespread use of safety-enhanced models, for strengthening inspections and ensuring wide awareness as well as for countermeasure works on aged gas pipelines is provided.

###### ④ Provision for gas appliance warranties

To provide for the payment of any service costs under warranty after the sale of appliances, an estimated amount of such costs is provided.

##### (4) Accounting for retirement benefits

###### ① Method for attributing projected retirement benefits to periods of service

In calculating retirement benefit obligations, the benefit formula basis is mainly applied to attribute projected retirement benefits to periods of service until the end of this consolidated fiscal year.

###### ② Method for recognizing actuarial gains and losses and past service costs

Past service costs are expensed mainly in the fiscal year when such costs are incurred. Actuarial gains and losses are amortized on a straight-line basis mainly over a period of 10 years beginning from the next fiscal year after each occurrence.

**(5) Basis for recognition of significant revenues and expenses****① Revenue from sales of products or goods**

For the sale of products or goods in each of the Group's businesses, the Group recognizes revenue at the point of delivery for products or goods that do not require installation under the contract with the customer, and at the point of completion of installation for products or goods that require installation under the contract with the customer, based on the judgment that the customer has acquired control over the product or goods and the performance obligation has been satisfied at such point. For contracts in which the Group is entitled to receive consideration that directly corresponds to the value to the customer of the portion of performance completed, the Group recognizes revenue in the amount it is entitled to claim in accordance with Paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition.

Revenue is measured at the amount of consideration promised under the contract with the customer, less discounts, rebates, and other items. Consideration is usually received within approximately one year from the satisfaction of the performance obligation, and it does not include significant financial elements.

Revenue from gas sales is recognized based on the meter reading date, in which gas usage is measured in a monthly meter reading and the calculated fees are recognized as revenue for that month.

**② Revenue from provision of services, etc.**

For the gas business, revenues from the provision of services, etc., including maintenance and servicing related to gas appliances are recognized on a straight-line or percentage-of-completion basis over the service period in which the customer receives the benefit if the performance obligation is satisfied over a certain period.

For transactions that combine the sale of products or goods with the provision of services, etc., each promise to transfer goods or services is identified as a separate performance obligation. The stand-alone selling price is determined at the inception of the contract, and the transaction price is allocated in proportion to such selling price. Consideration is usually received based on the progress towards complete satisfaction of performance obligation or in the form of advance payments based on contracts with customers, and it does not include significant financial components.

**③ Revenue from construction contracts, etc.**

For revenues from construction contracts, including engineering in the gas and electricity businesses and software development in the information solutions business, the Company estimates the progress towards complete satisfaction of the performance obligation and recognizes revenues over a certain period based on the progress. The progress is measured based on the percentage of costs incurred by the end of the period to the estimated total costs. However, for construction contracts with short construction periods, etc., revenue is recognized when the performance obligation is fully satisfied.

Consideration is generally received in the form of contractual milestone payments based on the progress towards complete satisfaction of performance obligation or in the form of advance payments based on contracts with customers, and it does not include significant financial components.

**(6) Criteria for translating significant assets or liabilities denominated in foreign currencies into Japanese currency**

Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate as of the fiscal year-end. Revenues and expenses of overseas subsidiaries are translated into Japanese yen at the average exchange rate during the fiscal year. The resulting translation differences are included in foreign currency translation adjustment and non-controlling interests in net assets.

**(7) Significant hedge accounting method****① Hedge accounting method**

Deferred hedge accounting is adopted. When applicable requirements are met, exceptional accounting for interest rate swaps and allocation accounting for forward exchange contracts, etc. are adopted.

**② Hedging instruments and hedged items**

Hedging instruments

- Interest rate swaps
- Forward exchange contracts or currency options
- Loans payable denominated in foreign currencies
- Swaps and options on energy prices, etc.

Hedged items

- Bonds, loans payable
- Forecast transactions denominated in foreign currencies (purchase prices of raw materials, etc.)
- Interests in overseas subsidiaries and associates
- Purchase prices of raw materials, etc.

**③ Hedging policy**

The Group hedges foreign exchange rate and interest rate risk based on its internal rules. Derivative transactions are not entered into unless they are backed by actual demand.

**④ Method for assessing the hedge effectiveness**

Hedge effectiveness is assessed by identifying the corresponding relationship between hedging instruments and hedged items.

Among the above hedging relationships, all hedging relationships included in the scope of application of "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Revised Practical Solution No. 40, March 17, 2022) are subject to the exceptional treatment prescribed in the Revised Practical Solution. The details of hedging relationship to which the Revised Practical Solution is applied are as follows.

Hedged items	Hedging instruments	Hedge accounting method	Types of hedging transactions
Bonds	Interest rate swaps	Deferred hedge accounting	Fixed cash flow
Loans payable	Interest rate swaps	Exceptional accounting for interest rate swaps	Fixed cash flow

**(8) Method and period for amortization of goodwill**

Goodwill is amortized on a straight-line basis over its estimated useful life within 20 years after initial recognition; provided, however, that immaterial goodwill is recognized as income or expense in full upon acquisition.

**(9) Scope of funds in the consolidated statement of cash flows**

Funds stated in the consolidated statement of cash flows (cash and cash equivalents) comprise cash on hand, demand deposits and short-term investments that are readily convertible and subject to an insignificant risk of changes in value with original maturities of three months or less.

## Significant Accounting Estimates

**1 Impairment of property, plant and equipment, intangible assets, and investment in entities accounted for using equity method****(1) Amounts recorded on the consolidated financial statements for this consolidated fiscal year**

	(million yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Property, plant and equipment	1,070,610	1,156,281
Intangible assets	97,912	95,251
Investment in entities accounted for using equity method	210,091	191,659

**(2) Information on details of significant accounting estimates for identified items**

The Company and its consolidated subsidiaries assess whether there is any indication of impairment of property, plant and equipment and

intangible assets. If there is any indication, they conduct an impairment test. For investments in equity method affiliates, the Company and its consolidated subsidiaries assess whether there is any indication of impairment, and if there is any indication, they conduct an impairment test. The Company and its consolidated subsidiaries estimate future cash flows and discount rates for calculating their present value as the basis for calculating the recoverable amount, etc.

In the event that the recoverable amount, etc. deteriorates due to a decline in profit/loss or cash flows from future operating activities or an increase in the discount rate caused by factors such as a decline in energy prices such as crude oil prices, it may be necessary to record impairment losses.

In the previous fiscal year, Osaka Gas Australia Pty Ltd ("Osaka Gas Australia") recognized an indication of impairment on LNG Development Project, in which it had invested, due to the low level of crude oil prices and conducted an impairment test. Having found that the recoverable amount was less than the carrying amount, Osaka Gas Australia

recorded impairment losses of ¥14,208 million.

During the current fiscal year, Osaka Gas Australia recognized an indication of impairment on an undeveloped project after reassessing the uncertainties of the project and conducted an impairment test. Having found that the recoverable amount was less than the carrying amount, Osaka Gas Australia recorded impairment losses of ¥5,295 million.

(Reference) Amounts recorded on the balance sheet of Osaka Gas Australia (seven consolidated companies)

	(million yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Property, plant and equipment and intangible assets	106,474	109,099

## 2 Collectability of deferred tax assets

### (1) Amounts recorded on the consolidated financial statements for this consolidated fiscal year

The amount of deferred tax assets is the same as the amount stated in "Consolidated Financial Statements and Notes, Consolidated Financial Statements, Notes (Tax Effect Accounting), 1 Breakdown of major causes for deferred tax assets and deferred tax liabilities."

### (2) Information on details of significant accounting estimates for identified items

For tax loss carryforwards, tax deductions, and deductible temporary differences, the Company and its consolidated subsidiaries recognize deferred tax assets only for those highly likely to reduce future taxable income. The Company and its consolidated subsidiaries estimate the

amount of taxable income expected to be generated in the future and the timing of such generation based on business plans, etc.

In the event that the expected future taxable income has not been generated, the deferred tax assets recorded may not be collected and tax expenses may increase.

## 3 Calculation of retirement benefit obligations

### (1) Amounts recorded on the consolidated financial statements for this consolidated fiscal year

	(million yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Retirement benefit asset	83,494	118,693
Retirement benefit liability	18,758	18,853
Remeasurements of defined benefit plans	34,025	53,624

### (2) Information on details of significant accounting estimates for identified items

The Company and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans and defined contribution plans for the purpose of providing retirement benefits to employees. The defined benefit plan obligations and defined benefit expenses as of the end of the current fiscal year are recorded based on actuarial assumptions for pensions such as discount rate, retirement rate, mortality rate, and long-term expected rate of return.

If the actual results differ from these assumptions, or if there is a change in the assumptions, the retirement benefit obligations and expenses of the Company and its consolidated subsidiaries may be affected.

## Changes in Accounting Policies

### 1 Accounting Standard for Revenue Recognition and other standards

We have adopted the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter "Accounting Standard for Revenue Recognition") and other standards from the beginning of this consolidated fiscal year. The new standard recognizes revenues for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is transferred to the customer.

The main changes caused by adopting the new standard are described below.

#### (1) Revenue recognition for the feed-in tariff system for renewable energy

We were previously recognizing revenue for the charges collected from customers under the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities based on the feed-in tariff system for renewable energy. However, we are no longer recognizing the charges as revenue because it is collected on behalf of a third party.

Subsidies received in connection with the purchase of renewable energy under the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities was previously recognized as revenue, but the method of revenue recognition has been changed to deduct such subsidies from expenses.

#### (2) Revenue recognition for agent transactions

For certain sales transactions in which the role of the Company and its group is to act as an agent in providing goods or services to a customer, the entire amount received as compensation from the customer was previously recognized as revenue, but the method of revenue recognition has been changed to recognize revenue at the net amount, which is gross amount received from the customer less the amount paid to the supplier.

#### (3) Revenue recognition for maintenance service provision

For certain equipment maintenance service contracts, revenue was previously recognized at the beginning of contracts, but the method of revenue recognition for those which performance obligation are fulfilled over a certain period has been changed to recognize the revenue at a flat rate or depending on progress over a service provision period throughout which the customer receives the benefit.

#### (4) Revenue recognition for electricity sales

Revenue for electricity sales was previously recognized based on monthly meter readings, but the method of revenue recognition for the period between the last meter reading day in the account closing month and the closing date has been changed to recognize the revenue based on the estimate in accordance with Paragraph 103-2 of Implementation Guidance on Accounting Standard for Revenue Recognition.

We have adopted the Accounting Standard for Revenue Recognition transitionally in accordance with the proviso to Paragraph 84 of the standard. We have calculated the cumulative effect of retrospectively applying the new policy to the period before the beginning of this consolidated fiscal year, adjusted the retained earnings at the beginning of this consolidated fiscal year by such amount, and applied the new policy to the remaining balance from the beginning of this consolidated fiscal year. However, the new accounting policy has not been applied retrospectively to the contracts in which almost all of revenues has been recognized before the beginning of this consolidated fiscal year in accordance with the previous treatment by applying the method stipulated in Paragraph 86 of the standard. Furthermore, using the method specified in explanatory note (1) of Paragraph 86 in the standard, retained earnings at the beginning of this consolidated fiscal year are adjusted by the cumulative effect of changes to contract terms made before the beginning of this consolidated fiscal year after performing accounting based on contract terms reflecting all the changes.

As a result, net sales for this consolidated fiscal year decreased by ¥44,435 million, the cost of sales decreased by ¥45,080 million, selling, general and administrative expenses increased by ¥4 million, operating profit increased by ¥640 million, ordinary profit and profit before income taxes increased by ¥1,068 million, respectively.

Due to the adoption of the Accounting Standard for Revenue Recognition and other standards, "notes and accounts receivable - trade" which were included in "current assets" in the consolidated balance sheet for the previous consolidated fiscal year, are included in "notes and accounts receivable - trade, and contract assets" from this consolidated fiscal year. Furthermore, receivables for credit agreement which were included in "notes and accounts receivable - trade" recorded as ¥55,659 million in the consolidated balance sheet as of March 31, 2021 are included in "other" in "current assets" to distinguish them from receivables for revenue from contracts with customers within the scope of application of the standards from this consolidated fiscal year.

As the cumulative effect was reflected in net assets at the beginning of this consolidated fiscal year, retained earnings at the beginning of this consolidated fiscal year in the consolidated statement of changes in equity decreased by ¥1,184 million. There was no material effect on the consolidated statement of cash flows. The effect on per share information is stated in the relevant section.

In accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, figures for the previous fiscal year have not been reclassified based on the new presentation method. Furthermore, in accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Recognition Standard, notes on revenue recognition for the previous fiscal year are not presented.

## 2 Accounting Standard for Fair Value Measurement and other standards

We have adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Accounting Standards”) and other standards from the beginning of this consolidated fiscal year. In accordance with the transitional treatment set forth in Paragraph 19 of Fair Value Accounting Standards and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Fair Value Accounting

Standards and others have been adopted prospectively. There is no effect on the consolidated financial statements.

In addition, the Company will include notes on fair value information by level within the fair value hierarchy in the notes on financial instruments. However, in accordance with the transitional treatment provided in Paragraph 7-4 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, July 4, 2019), notes pertaining to the previous fiscal year are not presented.

### Accounting standards, etc. not yet applied

· “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, issued on June 17, 2021)

#### (1) Summary

The treatment of calculation of fair value of investment trusts and notes thereto and the treatment of notes to fair value of investments in partnerships, etc., in which the net amount equivalent to the equity interest is recorded on the balance sheet, have been established.

#### (2) Scheduled date of application

Effective from the beginning of the fiscal year ending March 31, 2023.

#### (3) Effects of application

In the process of measuring the effects at the time of preparing the accompanying consolidated financial statements.

### Changes in Presentation

#### 1 Notes to the Consolidated Balance Sheet

“Income taxes payable” under “current liabilities,” stated as a separate item for the previous fiscal year, is included in “other” under “current liabilities” from the current fiscal year due to decreased materiality. The previous fiscal year’s consolidated financial statements are reclassified to reflect this change in presentation.

As a result, “income taxes payable” of ¥27,514 million under “current liabilities” in the consolidated balance sheet for the previous fiscal year is reclassified into “other” under “current liabilities.”

#### 2 Notes to the Consolidated Statement of Cash Flows

“Proceeds from sale of investment securities” included in “other, net” under cash flows from investing activities for the previous fiscal year is stated as a separate item from the current fiscal year due to increased materiality. The previous fiscal year’s consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥987 million presented in “other, net” under cash flows from investing activities in the previous fiscal year’s consolidated statement of cash flows is reclassified into “proceeds from sale of investment securities.”

“Proceeds from sale of shares of subsidiaries and associates” included in “other, net” under cash flows from investing activities for the previous fiscal year is stated as a separate item from the current fiscal year due to increased materiality. The previous fiscal year’s consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥115 million presented in “other, net” under cash flows from investing activities in the previous fiscal year’s consolidated statement of cash flows is reclassified into “proceeds from sale of

shares of subsidiaries and associates.”

“Long-term loan advances” included in “other, net” under cash flows from investing activities for the previous fiscal year is stated as a separate item from the current fiscal year due to increased materiality. The previous fiscal year’s consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥(2,681) million presented in “other, net” under cash flows from investing activities in the previous fiscal year’s consolidated statement of cash flows is reclassified into “long-term loan advances.”

“Proceeds from collection of long-term loans receivable” included in “other, net” under cash flows from investing activities for the previous fiscal year is stated as a separate item from the current fiscal year due to increased materiality. The previous fiscal year’s consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥1,450 million presented in “other, net” under cash flows from investing activities in the previous fiscal year’s consolidated statement of cash flows is reclassified into “proceeds from collection of long-term loans receivable.”

“Net increase (decrease) in short-term borrowings,” stated as a separate item under cash flows from financing activities for the previous fiscal year, is included in “other, net” under cash flows from financing activities from the current fiscal year due to decreased materiality. The previous fiscal year’s consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥(14,659) million presented in “net increase (decrease) in short-term borrowings” in the previous fiscal year’s consolidated statement of cash flows is reclassified into “other, net” under cash flows from financing activities.

### Additional Information

Transactions under common control

On April 1, 2022, the Company transferred the general gas pipeline service business and other businesses through a company split to Osaka Gas Network Co., Ltd.

#### (1) Outline of the transaction

- ① Name of the subject business and description of the business  
General gas pipeline service business and incidental businesses
- ② Effective date of the business combination  
April 1, 2022
- ③ Legal form of business combination  
An absorption-type split in which the Company is the splitting company, and Osaka Gas Network Co., Ltd., a wholly owned subsidiary, is the succeeding company.

#### ④ Name of company after combination

Osaka Gas Network Co., Ltd.

#### ⑤ Purpose of business combination

Pursuant to the June 2015 amendment of the Gas Business Act, the Company, a general gas pipeline service provider, is prohibited from engaging also in the retail gas business or the gas production business from April 2022 from the perspective of ensuring further neutrality in the gas pipeline service business.

In order to comply with the regulatory requirement and to establish an organizational structure to increase the value of our Group, the Company established Osaka Gas Network Co., Ltd., a wholly-owned subsidiary of the Company, on April 1, 2021, and, on April 23, 2021, executed an absorption-type split agreement with the subsidiary to transfer our general gas pipeline service business to the subsidiary which became effective on April 1, 2022. Based on the above, the Company transferred the business to Osaka Gas Network Co., Ltd.

**(2) Summary of accounting procedures performed**

(As of April 1, 2022)

The transaction was accounted for as a transaction under common control in accordance with Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019). Items and book values of assets and liabilities that were split off are as follows.

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	51,872 million yen	Current liabilities	30,977 million yen
Non-current assets	315,294 million yen	Non-current liabilities	7,957 million yen
Total	367,167 million yen	Total	38,934 million yen

**Notes to the Consolidated Balance Sheet****※1 Assets pledged as collateral and liabilities with collateral**

Assets pledged as collateral are as follows:

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Investment securities	94,397 million yen	104,959 million yen
Other facilities	102,770	103,243
"Other" under investments and other assets	28,769	39,981
Intangible assets	34,073	26,493
Cash and deposits	22,421	15,693
Other	14,395	16,493
Total	296,828	306,864

In addition to the above, shares of subsidiaries and affiliates, etc. of ¥25,044 million for the previous fiscal year and ¥25,396 million for the current fiscal year, which were offset as a result of consolidation, were pledged as collateral.

Liabilities with collateral are as follows:

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Long-term borrowings	96,984 million yen	114,717 million yen
(current portion thereof)	2,603	3,021 )
Short-term borrowings	255	284
Other	100	100
Total	97,339	115,101

**※2 (1) Accumulated advanced depreciation deducted from the acquisition cost of assets related to contribution for construction, etc. is as follows:**

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Production facilities	826 million yen	821 million yen
Distribution facilities	263,561	264,591
Service and maintenance facilities	640	580
Other facilities	6,587	8,893
Total	271,616	274,887

**(2) Advanced depreciation deducted from the acquisition cost of assets related to expropriation, etc. is as follows:**

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Distribution facilities	—	6 million yen

**※3 Accumulated depreciation of property, plant and equipment is as follows:**

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Accumulated depreciation of property, plant and equipment	2,754,029 million yen	2,833,358 million yen

**※4 Items for affiliates are as follows:**

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Investment securities (stock)	229,618 million yen	209,433 million yen
(including investments in joint ventures)	124,817	138,398 )

### ※5 Receivables and contract assets arising from contracts with customers

Of notes and accounts receivable – trade, and contract assets, the amount of receivables and contract assets arising from contracts with customers are shown in “Consolidated Financial Statements and Notes, Consolidated Financial Statements, Notes (Revenue Recognition), 3 Information on the relationship

between satisfaction of performance obligations for contracts with customers and cash flows arising from the contracts, and on the amount and timing of revenue expected to be recognized in the following consolidated fiscal years from contracts with customers existing at the end of the current consolidated fiscal year.”

### ※6 The breakdown of inventories is as follows:

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Merchandise and finished goods	34,583 million yen	39,694 million yen
Work in process	11,982	18,345
Raw materials and supplies	47,621	87,405

### ※7 Contingent liabilities

(1) Guarantees and quasi-guarantees for bank loans, etc. to companies other than consolidated companies are as follows:

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Aichi Tahara Biomass Power Plant G.K.	2,257 million yen	2,257 million yen
Ruwais Power Company PJSC	1,139	1,258
Ichthys LNG Pty Ltd	719	1,052
Hyuga Biomass Power Generation Co., Ltd.	—	1,015
Other	507	368
Total	4,624	5,951

### ※8 Contract liabilities

Contract liabilities are included in other under current liabilities. The amounts of contract liabilities are shown in “Consolidated Financial Statements and Notes, Consolidated Financial Statements, Notes (Revenue Recognition), 3 Information on the relationship between satisfaction of performance obligations for

contracts with customers and cash flows arising from the contracts, and on the amount and timing of revenue expected to be recognized in the following consolidated fiscal years from contracts with customers existing at the end of the current consolidated fiscal year.”

### ※9 Revaluation reserve for land

Commercial land of certain consolidated subsidiaries has been revalued in accordance with the Act on Revaluation of Land (Law No. 34 of March 31, 1998) and the Amendment to Act on Revaluation of Land (Law No. 19 of March 31, 2001). Any

difference (excluding any amount associated with tax effect accounting) resulting from the revaluation is included in net assets as revaluation reserve for land.

#### (1) Method for revaluation

The revaluation is made by making reasonable adjustments to the valuation by road rating which is provided for in Article 2, Item 4 of the Enforcement Order of the Law Concerning the Revaluation of Land (Cabinet Order No. 119 of March 31, 1998).

#### (2) Date of revaluation

March 31, 2002

## Notes to the Consolidated Statement of Income

### ※1 Revenue from contracts with customers

With regard to sales, revenue is not separately presented for revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers are shown in

“Consolidated Financial Statements and Notes, Consolidated Financial Statements, Notes (Revenue Recognition), 1 Disaggregation of revenue from contracts with customers.”

### ※2

#### Previous Year (April 1, 2020 - March 31, 2021)

The R&D expenses included in “selling, general and administrative expenses” and in the manufacturing expenses for the fiscal year are ¥9,440 million.

#### Current Year (April 1, 2021 - March 31, 2022)

The R&D expenses included in “selling, general and administrative expenses” and in the manufacturing expenses for the fiscal year are ¥9,500 million.

### ※3 The balance of inventories at the end of the fiscal year is an amount after write-down of the carrying amount due to decreased profitability, and the following loss on valuation of inventories is included in cost of sales.

Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
30 million yen	95 million yen

※4 The major expense items and amounts thereof are as follows:

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
Salaries	49,515 million yen	50,975 million yen
Retirement benefit expenses	(633)	(5,494)
Provision for gas holder repairs	144	159
Provision of allowance for safety measures	1,844	207
Provision of allowance for doubtful accounts	234	352
Depreciation	48,672	50,487
Consigned work expenses	65,563	71,670

※5 Impairment losses

Previous Year (April 1, 2020 - March 31, 2021)

(1) Concept of grouping

- ① All non-current assets used in operating the gas business from production to sales of gas are categorized into one asset group as these assets generate cash flows from the gas business in an integrated manner.
- ② Non-current assets used for businesses other than those described above are generally categorized into groups based on business divisions controlling such non-current assets.
- ③ Generally, other non-current assets are treated individually.

(2) Details of impairment losses

In accordance with the grouping described in (1) above, impairment losses of ¥19,016 million were recognized. Significant losses included in this are as follows:

Asset	Location	Type	Impairment losses (million yen)
Property for business use	Western Australia of Australia	Property, plant and equipment	12,271
		Intangible assets	1,937
		Total	14,208

These assets were acquired for projects such as refining, liquefying and selling natural gas produced in the region. The Company reassessed the business value, taking into account the effects of factors such as the decline in crude oil prices, and accordingly, the carrying amount of the assets was reduced to

their recoverable amounts, and the reduction was recorded as impairment losses in extraordinary losses.

The recoverable amount of these assets was measured by value in use, which is calculated by discounting future cash flows at 9.6% or 11.5%

Current Year (April 1, 2021 - March 31, 2022)

(1) Concept of grouping

- ① All non-current assets used in operating the gas business from production to sales of gas are categorized into one asset group as these assets generate cash flows from the gas business in an integrated manner.
- ② Non-current assets used for businesses other than those described above are generally categorized into groups based on business divisions controlling such non-current assets.
- ③ Generally, other non-current assets are treated individually.

(2) Details of impairment losses

In accordance with the grouping described in (1) above, impairment losses of ¥16,013 million were recognized. Significant losses included in this are as follows:

Asset	Location	Type	Impairment losses (million yen)
Property for business use	Michigan, U.S.A.	Property, plant and equipment	3,749
		Intangible assets	6,577
		Total	10,326
	Northern Territory of Australia / East Timor	Property, plant and equipment	2,063
		Intangible assets	3,231
		Total	5,295

Property for business use in Michigan, U.S.A. was acquired for the purpose of participating in the natural gas-fired power generation business. The Company reassessed the business value, taking into account the effects of factors such as sales price revisions, and accordingly the carrying amount of the assets was reduced to their recoverable amount. The amount of the reduction was recorded as an impairment loss under extraordinary losses. Property for business use in the Northern Territory of Australia/East Timor was acquired for the purpose of participating in a gas and

condensate development business. The Company reassessed the business value, taking into account the uncertainty of the undeveloped project, and accordingly the carrying amount of the assets was reduced to their recoverable amount. The reduction was recorded as an impairment loss under extraordinary losses.

The recoverable amount of these assets was measured by value in use, which is calculated by discounting future cash flows at 7.1% for the former and 10.6% for the latter.

## Notes to the Consolidated Statement of Comprehensive Income

### ※1 Reclassification adjustments and tax effects related to other comprehensive income

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
<b>Valuation difference on available-for-sale securities</b>		
Incurring in the fiscal year	39,760 million yen	(2,156) million yen
Reclassification adjustments	(102)	(362)
Before tax effect adjustments	39,658	(2,519)
Tax effect	(11,236)	553
Valuation difference on available-for-sale securities	28,421	(1,965)
<b>Deferred gains or losses on hedges</b>		
Incurring in the fiscal year	(10,873) million yen	(1,180) million yen
Reclassification adjustments	(1,407)	13,802
Before tax effect adjustments	(12,280)	12,622
Tax effect	2,137	(5,252)
Deferred gains or losses on hedges	(10,143)	7,370
<b>Foreign currency translation adjustment</b>		
Incurring in the fiscal year	(13,526) million yen	33,136 million yen
Reclassification adjustments	(204)	—
Before tax effect adjustments	(13,730)	33,136
Tax effect	—	—
Foreign currency translation adjustment	(13,730)	33,136
<b>Remeasurements of defined benefit plans</b>		
Incurring in the fiscal year	38,404 million yen	33,921 million yen
Reclassification adjustments	(2,915)	(7,146)
Before tax effect adjustments	35,488	26,774
Tax effect	(9,951)	(7,470)
Remeasurements of defined benefit plans	25,536	19,304
<b>Share of other comprehensive income of entities accounted for using equity method</b>		
Incurring in the fiscal year	(8,177) million yen	5,390 million yen
Reclassification adjustments	2,972	11,834
Share of other comprehensive income of entities accounted for using equity method	(5,204)	17,224
Total other comprehensive income	24,879	75,070

## Notes to the Consolidated Statement of Changes in Equity

### Previous Year (April 1, 2020 - March 31, 2021)

#### 1 Matters on shares issued and outstanding

Type of shares	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Common shares(thousand shares)	416,680	—	—	416,680

#### 2 Matters on treasury shares

Type of shares	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Common shares (thousand shares)	895	25	1	920

(Overview of reasons for change)

The major reason for increase is as follows: Increase due to repurchase of fractional shares 25 thousand shares

The major reason for decrease is as follows: Decrease due to disposal of fractional shares 1 thousand shares

#### 3 Matters on subscription rights to shares, etc.

Not applicable.

#### 4 Matters on dividends

##### (1) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 26, 2020	Common shares	10,394	25.00	March 31, 2020	June 29, 2020
Board of Directors' Meeting held on October 29, 2020	Common shares	10,394	25.00	September 30, 2020	November 30, 2020

##### (2) Of the dividends whose record date belongs to the fiscal year, the dividends whose effective date falls in the following fiscal year

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on June 25, 2021	Common shares	11,433	27.50	March 31, 2021	June 28, 2021	Retained earnings

#### Current Year (April 1, 2021 - March 31, 2022)

##### 1 Matters on shares issued and outstanding

Type of shares	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common shares(thousand shares)	416,680	—	—	416,680

##### 2 Matters on treasury shares

Type of shares	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common shares (thousand shares)	920	163	46	1,036

(Overview of reasons for change)

The major reason for increase is as follows:	Increase due to acquisition of treasury shares based on the Board of Directors' resolution	142 thousand shares
	Increase due to repurchase of fractional shares	21 thousand shares
The major reason for decrease is as follows:	Decrease due to disposal of treasury shares as restricted stock renumeration	45 thousand shares
	Decrease due to disposal of fractional shares	1 thousand shares

##### 3 Matters on subscription rights to shares, etc.

Not applicable.

#### 4 Matters on dividends

##### (1) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2021	Common shares	11,433	27.50	March 31, 2021	June 28, 2021
Board of Directors' Meeting held on October 27, 2021	Common shares	11,434	27.50	September 30, 2021	November 30, 2021

##### (2) Of the dividends whose record date belongs to the fiscal year, the dividends whose effective date falls in the following fiscal year

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on June 28, 2022	Common shares	12,469	30.00	March 31, 2022	June 29, 2022	Retained earnings

#### Notes to the Consolidated Statement of Cash Flows

※1 The relationship between the balance of cash and cash equivalents at end of period and the amount of cash and deposits in the consolidated balance sheet is as follows:

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
Cash and deposits	167,083 million yen	131,089 million yen
Time deposits with more than 3 months to maturity	(320)	(320)
Cash and cash equivalents	166,762	130,769

## Notes to Leases

### 1 Finance lease transactions

#### (As lessor)

(1) Breakdown of lease investment assets  
(Current assets)

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Lease payments receivable component	56,399 million yen	55,043 million yen
Estimated residual value component	512	474
Amount equivalent to interest income	(12,834)	(10,310)
Lease investment assets	44,076	45,207

(2) Amount of lease receivables and lease payments receivable components of lease investment assets expected to be collected after the fiscal year end  
(Current assets)

	Previous Year (As of March 31, 2021)					
	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Lease receivables	1,789	1,631	1,455	1,284	1,103	5,444
Lease investment assets	9,065	8,454	7,567	6,402	5,372	19,536

	Current Year (As of March 31, 2022)					
	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Lease receivables	2,116	1,937	1,763	1,577	1,429	8,157
Lease investment assets	9,412	8,630	7,518	6,423	5,377	17,681

### 2 Operating lease transactions

#### (As lessee)

Future lease payments payable for non-cancellable operating leases

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Due within one year	1,491 million yen	1,739 million yen
Due over one year	4,010	4,612
Total	5,501	6,351

#### (Lessor)

Future lease payments receivable for non-cancellable operating leases

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Due within one year	2,125 million yen	2,137 million yen
Due over one year	4,460	3,958
Total	6,586	6,095

### 3 Amounts recorded on the consolidated balance sheet before deducting amounts equivalent to interest for sublease transactions

#### (1) Lease receivables and lease investment assets

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Current assets	15,628 million yen	21,782 million yen

#### (2) Lease obligations

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Current liabilities	1,026 million yen	1,528 million yen
Non-current liabilities	11,778	15,125

## Notes to Financial Instruments

### 1 Matters on the status of financial instruments

#### (1) Policies for dealing with financial instruments

It is the Group's policy to raise its operating funds through loans from financial institutions and the issuance of bonds and to conduct fund management through a conservative financial portfolio. The Group uses derivative transactions to hedge the risks described later and does not invest in speculative transactions.

#### (2) Details of financial instruments, risks thereof and risk management structure

Notes and accounts receivable - trade, which are operating receivables, are exposed to customer credit risks. To deal with this risk, the Company and the Group companies manage due dates and balances for each counterparty in accordance with their accounting rules and manuals regarding receivable management, etc. and seek to mitigate collectability concern.

Securities and investment securities, which comprise mainly shares of companies with which the Group has business relationships, are exposed to risks including market price fluctuation risk. The Group continuously reviews its shareholding position by periodically monitoring their market price and the financial condition of the issuers (customer companies), as well as considering the relationship with such customer companies.

Notes and accounts payable - trade, which are operating payables, are mostly settled within one year. Of bonds and loans payable, short-term borrowings are mainly to procure funds for operational transactions, while bonds and long-term borrowings are mainly to procure funds for capital expenditures. Bonds and long-term borrowings procure funds with fixed interest rates.

In derivative transactions, the Group uses interest rate swaps for adjusting the ratio between fixed and floating interest rates and fixing the interest level for bonds and loans payable, forward exchange contracts

and currency option contracts for reducing the fluctuation of cash flows due to change in foreign exchange rates, swap contracts and option contracts on energy prices, etc. for reducing the fluctuation of cash flows due to change in energy prices, etc., and weather derivative contracts, etc. for reducing the fluctuation of cash flows due to change in temperature. Matters on hedge accounting including hedging instruments, hedged items, hedging policy and methods for assessing hedge effectiveness are as described in "Consolidated Financial Statements and Notes, Consolidated Financial Statements, Notes (Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements), 4 (7) Significant hedge accounting method."

In conducting derivative transactions, the Group primarily enters into contracts only with financial institutions, etc. with high ratings in order to minimize credit risks. Execution and management of derivative transactions are performed by the finance department of each Group company, and the finance department of the Company controls their activities. Transactions by Group companies are conducted in accordance with the internal rules.

Although operating payables, loans and bonds payable are exposed to liquidity risk, the Company maintains high credit ratings and secures stable fund procurement measures. In addition, the Group has implemented a cash management system (CMS) and a global cash management system (GCMS) to facilitate funding for Group companies.

#### (3) Supplementary explanation to fair value of financial instruments

Please note that contract amounts of derivative transactions in "2 Matters on fair value, etc. of financial instruments" do not, in themselves, indicate the market risk pertaining to the derivative transactions.

### 2 Matters on fair value, etc. of financial instruments

The carrying amount in the consolidated balance sheet, fair value and difference between them are as follows. Stocks and other securities with no market price are not included in the table below (see Note 1).

#### Previous Year (As of March 31, 2021)

	Carrying amount in the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Securities and investment securities	127,620	127,620	—
Total assets	127,620	127,620	—
(1) Bonds payable (※1)	364,995	366,069	1,073
(2) Long-term borrowings (※1)	392,244	407,656	15,412
Total liabilities	757,240	773,726	16,486
Derivative transactions (※2)	(2,980)	(2,980)	—

(※1) Includes those due within one year.

(※2) Assets and liabilities arising from derivative transactions were offset and indicated by parentheses ( ) when the amount offset was a liability.

(※3) "Cash and deposits," "notes and accounts receivable - trade," "notes and accounts payable - trade," and "short-term borrowings" are omitted because the fair value approximates their book values due to cash and short-term settlements.

#### Current Year (As of March 31, 2022)

	Carrying amount in the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Securities and investment securities	131,575	131,392	(182)
Total assets	131,575	131,392	(182)
(1) Bonds payable (※1)	394,997	386,930	(8,066)
(2) Long-term borrowings (※1)	388,842	397,101	8,258
Total liabilities	783,840	784,031	191
Derivative transactions (※2)	7,697	7,697	—

(※1) Includes those due within one year.

(※2) Assets and liabilities arising from derivative transactions were offset and indicated by parentheses ( ) when the amount offset was a liability.

(※3) "Cash and deposits," "notes and accounts receivable - trade," "notes and accounts payable - trade," and "short-term borrowings" are omitted because the fair value approximates the book values due to cash and short-term settlements.

Note 1: Carrying amount of stocks and other securities with no market price in the consolidated balance sheet

Previous Year (As of March 31, 2021)	
(million yen)	
Shares of affiliates	229,618
Unlisted stocks, etc.	19,835

These include investments in partnerships and other similar entities (¥16,910 million on the consolidated balance sheets), in which the Company's equity interest is recorded net on the consolidated balance sheets.

Current Year (As of March 31, 2022)	
(million yen)	
Shares of affiliates	209,433
Unlisted stocks, etc.	18,217

These include investments in partnerships and other similar entities (¥18,962 million on the consolidated balance sheets), in which the Company's equity interest is recorded net on the consolidated balance sheets.

Note 2: Expected redemption amounts of monetary receivables and securities with maturities after the consolidated fiscal year-end

#### Previous Year (As of March 31, 2021)

	One year or less (million yen)	More than one year, up to five years (million yen)	More than five years, up to ten years (million yen)	More than ten years (million yen)
Cash and deposits	167,083	—	—	—
Notes and accounts receivable - trade	211,696	—	—	—
Securities and investment securities				
Held-to-maturity bonds (Government bonds and corporate bonds)	—	—	—	4,139
Available-for-sale securities with maturities	167	1,576	2,831	0
Total	378,946	1,576	2,831	4,139

#### Current Year (As of March 31, 2022)

	One year or less (million yen)	More than one year, up to five years (million yen)	More than five years, up to ten years (million yen)	More than ten years (million yen)
Cash and deposits	131,089	—	—	—
Notes and accounts receivable - trade	207,391	—	—	—
Securities and investment securities				
Held-to-maturity bonds (Government bonds and corporate bonds)	—	—	—	4,139
Available-for-sale securities with maturities	711	211	4,901	0
Total	339,192	211	4,901	4,139

Note 3: Expected repayment amounts of bonds payable, long-term borrowings and other interest-bearing debts

#### Previous Year (As of March 31, 2021)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Short-term borrowings	13,546	—	—	—	—	—
Bonds payable	10,000	30,000	10,000	—	—	315,000
Long-term borrowings	58,981	36,484	53,703	49,026	43,112	150,936
Total	82,528	66,484	63,703	49,026	43,112	465,936

#### Current Year (As of March 31, 2022)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Short-term borrowings	13,174	—	—	—	—	—
Bonds payable	30,000	10,000	—	—	10,000	345,000
Long-term borrowings	38,340	59,166	55,541	67,403	32,894	135,496
Total	81,515	69,166	55,541	67,403	42,894	480,496

### 3 Fair value information by level within the fair value hierarchy

#### (1) Financial instruments measured at fair value

Current Year (As of March 31, 2022)

Classification	Fair Value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Stocks	108,701	—	18,734	127,436
Total assets	108,701	—	18,734	127,436
Derivatives ※				
Interest rates	—	(4,157)	—	(4,157)
Currencies	—	23,257	—	23,257
Commodities	—	(12,081)	679	(11,402)
Total derivatives	—	7,018	679	7,697

(※) Assets and liabilities arising from derivative transactions were offset and indicated by parentheses ( ) when the amount offset was a liability.

#### (2) Financial instruments other than those measured at fair value

Current Year (As of March 31, 2022)

Classification	Fair Value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds	99	—	3,857	3,956
Total assets	99	—	3,857	3,956
Bonds payable ※	—	386,930	—	386,930
Long-term borrowings ※	—	397,101	—	397,101
Total liabilities	—	784,031	—	784,031

(※) Includes those due within one year.

#### Note 1: Description of valuation techniques and inputs used in the calculation of fair value

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated using (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2 fair value: Fair value calculated using inputs other than Level 1 inputs that are directly or indirectly observable

Level 3 fair value: Fair value calculated using significant unobservable inputs

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

#### Securities and investment securities

Listed stocks and Japanese government bonds are valued using quoted market prices, and their fair values are classified as Level 1 fair value because they are all traded in active markets. Other investments are valued using the discounted present value method, etc., and their fair values are classified as Level 3 fair value.

#### Bonds payable

The fair value of bonds payable issued by the Company is based on their quoted market prices and is classified as Level 2 fair value.

#### Long-term borrowings

Long-term borrowings with fixed interest rates are classified as Level 2 fair value, which is calculated using the discounted present value method based on the total amount of principal and interest and an interest rate that takes into account the remaining term of the debt and credit risk. The fair value of long-term borrowings with floating interest rate is its book value because the fair value is considered to be approximately equal to the book value and is classified as Level 2 fair value. Interest rate swap transactions related to fixing the interest rate level of long-term borrowings with floating interest rates are subject to exceptional accounting treatment and are calculated by discounting the total amount of principal and interest accounted for together with the swap transactions by the reasonably estimated interest rate that would be applicable to similar borrowings.

#### Derivative transactions

The fair value of derivative transactions is primarily based on the price quoted by the counterpart financial institutions and is classified as Level 2 fair value. The fair value of derivative transactions for which exceptional accounting treatment for interest swap is applied is included in the fair value of long-term borrowings as it is treated as part of such long-term borrowings which are hedged. The fair value of forward foreign exchange contracts that are accounted for under the allocation method is included in the fair value of the relevant accounts payable, etc., because they are accounted for as an integral part of the accounts payable, etc., which are hedged items.

#### Note 2: Quantitative information on significant unobservable inputs used in the calculation of fair value

Information about valuation techniques and significant unobservable inputs for financial instruments that are carried on the consolidated balance sheet at fair value on a recurring basis and classified as Level 3 is as follows.

Current Year (As of March 31, 2022)

Classification	Valuation techniques	Unobservable inputs	Scope of inputs
Unlisted stocks	Income approach	Discount rate	8.3% to 11.9%

Note 3: Reconciliation of beginning and ending balances of financial instruments classified as Level 3

Changes in the fair value of financial instruments carried on the consolidated balance sheet at fair value on a recurring basis and classified as Level 3 are as follows.

Current Year (As of March 31, 2022)			
	Securities	Derivatives	Total
Beginning balance	14,395	288	14,683
Profit or loss (※1)	(867)	390	(476)
Other comprehensive income (※2)	1,332	—	1,332
Purchases	3,873	—	3,873
Sales or settlements	—	—	—
Ending balance	18,734	679	19,413
Changes in unrealized gains/losses for the period reported in profit	—	—	—

(※1) Securities are included in “loss on valuation of investment securities” and derivatives are included in “miscellaneous income” in the consolidated statement of income.

(※2) Included in “valuation difference on available-for-sale securities” in “other comprehensive income” in the consolidated statement of comprehensive income.

Note 4: Our valuation process for Level 3 fair value

The finance and accounting departments, which are independent of the departments conducting the transactions, decide the valuation method and procedure determining fair value. The appropriateness of the valuation techniques and inputs used to determine fair value and the appropriateness of the classification of fair value levels are periodically verified.

In calculating fair value, the valuation model that most appropriately reflects the nature, characteristics, and risks of individual asset is used. When using market values obtained from third parties, appropriate methods are used to verify the reasonableness of price, including confirmation of the valuation techniques and inputs used, and comparison with the market values of similar financial instruments.

Note 5: Description of sensitivity of the fair value measurement to changes in significant unobservable inputs

The significant unobservable input used to determine the fair value of unlisted stocks is the discount rate. A significant increase (decrease) in these inputs would result in a significant decrease (increase) in fair value.

## Notes to Securities

### 1 Available-for-sale securities

Previous Year (As of March 31, 2021)			
	Carrying amount in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
1 Available-for-sale securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost			
Stocks	126,094	29,042	97,052
2 Available-for-sale securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost			
Stocks	1,426	1,544	(118)
Total	127,521	30,587	96,933

Note: As unlisted stocks (carrying amount in the consolidated balance sheet: ¥11,209 million), etc. do not have market prices and their future cash flows cannot be estimated, their fair value is extremely difficult to determine. Therefore, they are not included.

Current Year (As of March 31, 2022)			
	Carrying amount in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
1 Available-for-sale securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost			
Stocks	125,645	31,801	93,844
2 Available-for-sale securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost			
Stocks	1,790	1,939	(149)
Total	127,436	33,741	93,694

Note: Unlisted stocks, etc., with no market prices (carrying amount in the consolidated balance sheet: ¥12,381 million) are not included.

## 2 Available-for-sale securities sold during the fiscal year

Previous Year (April 1, 2020 - March 31, 2021)			Current Year (April 1, 2021 - March 31, 2022)		
Stocks	Total sales	987 million yen	Stocks	Total sales	4,136 million yen
	Total gain on sales	197		Total gain on sales	3,319
	Total loss on sales	0		Total loss on sales	0

## 3 Securities for which impairment losses are recognized

There is no applicable information for the previous fiscal year.

For the current fiscal year, impairment losses of ¥1,499 million for shares of subsidiaries and associates and impairment losses of ¥2,484 million for available-for-sale securities were recognized.

## Derivatives

### 1 Derivative transactions to which hedge accounting is not applied

#### Previous Year (As of March 31, 2021)

Underlying asset	Derivative instrument	Type of transaction	Contract amount (million yen)		Fair value (million yen)	Valuation gain (loss) (million yen)
				More than one year		
(a) Commodities	Swap contracts and option contracts on energy prices, etc.	Other than market transactions	35,875	19,959	(1,208)	(1,208)
(b) Currencies	Forward exchange contracts	Other than market transactions	55	—	8	8
Total			35,931	19,959	(1,200)	(1,200)

Note: As certain derivative transactions no longer satisfy the requirements for hedge accounting, hedge accounting is discontinued for such transactions.

#### Current Year (As of March 31, 2022)

Underlying asset	Derivative instrument	Type of transaction	Contract amount (million yen)		Fair value (million yen)	Valuation gain (loss) (million yen)
				More than one year		
(a) Commodities	Swap contracts and option contracts on energy prices, etc.	Other than market transactions	60,521	19,833	(370)	(370)
(b) Currencies	Forward exchange contracts	Other than market transactions	—	—	—	—
Total			60,521	19,833	(370)	(370)

Note: As certain derivative transactions no longer satisfy the requirements for hedge accounting, hedge accounting is discontinued for such transactions.

### 2 Derivative transactions to which hedge accounting is applied

#### Previous Year (As of March 31, 2021)

Underlying asset	Derivative instrument	Hedge accounting	Major hedged item	Contract amount (million yen)		Fair value (million yen)
					More than one year	
(a) Interest rates	Interest rate swap contracts	Exceptional accounting of interest rate swaps	Long-term borrowings	66,572	66,572	See (Note 1)
		Principal method of accounting	Long-term borrowings and bonds payable	136,203	132,403	(8,181)
(b) Currencies	Forward exchange contracts and currency option contracts	Allocation accounting of forward exchange contracts, etc.	Forecast transactions denominated in foreign currencies	10,166	265	See (Note 2)
		Principal method of accounting	Forecast transactions denominated in foreign currencies	136,474	133,143	13,515
(c) Commodities	Swap contracts and option contracts on energy prices, etc.	Principal method of accounting	Purchase prices of raw materials, etc.	74,778	45,160	(7,111)
Total				424,194	377,545	(1,777)

Note 1: As interest rate swaps subject to exceptional accounting are accounted for together with the hedged long-term borrowings, their fair value is included in that of the long-term borrowings.

Note 2: As forward exchange contracts, etc. subject to allocation accounting are accounted for together with the hedged accounts payable - trade, etc., their fair value is included in that of the accounts payable - trade, etc.

## Current Year (As of March 31, 2022)

Underlying asset	Derivative instrument	Hedge accounting	Major hedged item	Contract amount (million yen)		Fair value (million yen)
					More than one year	
(a) Interest rates	Interest rate swap contracts	Exceptional accounting of interest rate swaps	Long-term borrowings	72,541	72,541	See (Note 1)
		Principal method of accounting	Long-term borrowings and bonds payable	138,739	95,187	(4,157)
(b) Currencies	Forward exchange contracts and currency option contracts	Allocation accounting of forward exchange contracts, etc.	Forecast transactions denominated in foreign currencies	27,561	177	See (Note 2)
		Principal method of accounting	Forecast transactions denominated in foreign currencies	133,491	130,853	23,257
(c) Commodities	Swap contracts and option contracts on energy prices, etc.	Principal method of accounting	Purchase prices of raw materials, etc.	111,392	66,748	(11,031)
Total				483,725	365,510	8,068

Note 1: As interest rate swaps subject to exceptional accounting are accounted for together with the hedged long-term borrowings, their fair value is included in that of the long-term borrowings.

Note 2: As forward exchange contracts, etc. subject to allocation accounting are accounted for together with the hedged accounts payable - trade, etc., their fair value is included in that of the accounts payable - trade, etc.

## Notes to Retirement Benefits

## 1 Summary of the adopted retirement benefit plans

The Company and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans and defined contribution plans. As for defined benefit plans, the Company and most consolidated subsidiaries provide lump sum retirement payment plans, and the Company and certain consolidated subsidiaries provide defined benefit corporate pension plans or corporate pension fund plans.

The Company has adopted a defined benefit corporate pension

plan since August 1, 2006 and a defined contribution pension plan to which part of the defined benefit plan transitioned since January 1, 2005.

As certain consolidated subsidiaries participate in the corporate pension fund of the multi-employer pension plans, they cannot determine the amount of pension assets corresponding to their contribution. Therefore, such plans are accounted for in the same manner as defined contribution plans.

## 2 Defined benefit plans

## (1) Reconciliations of the opening and closing balances of retirement benefit obligations

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
Balance at beginning of year	287,683 million yen	275,388 million yen
Service cost	9,281	7,974
Interest cost	868	1,188
Actuarial loss (gain)	(7,718)	(6,860)
Benefits paid	(14,992)	(13,987)
Other	265	185
Balance at end of year	275,388	263,888

Note: Consolidated subsidiaries which have adopted the simplified method are included.

## (2) Reconciliations of the opening and closing balances of plan assets

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
Balance at beginning of year	314,358 million yen	340,124 million yen
Expected return on plan assets	6,805	7,262
Actuarial loss (gain)	30,667	26,977
Contributions paid by the employer	1,744	1,856
Benefits paid	(14,032)	(12,667)
Other	581	175
Balance at end of year	340,124	363,729

Note: Consolidated subsidiaries which have adopted the simplified method are included.

### (3) Reconciliations of the closing balances of retirement benefit obligations and plan assets, and retirement benefit liability and asset recorded in the consolidated balance sheet

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Funded retirement benefit obligations	256,387 million yen	244,778 million yen
Plan assets	(340,124)	(363,729)
	(83,737)	(118,950)
Unfunded retirement benefit obligations	19,000	19,109
Total net defined benefit liability (asset) recorded in the consolidated balance sheet	(64,736)	(99,840)
Retirement benefit liability	18,758	18,853
Retirement benefit asset	(83,494)	(118,693)
Total net defined benefit liability (asset) recorded in the consolidated balance sheet	(64,736)	(99,840)

Note: Consolidated subsidiaries which have adopted the simplified method are included.

### (4) Retirement benefit costs and components thereof

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
Service cost	9,281 million yen	7,974 million yen
Interest cost	868	1,188
Expected return on plan assets	(6,805)	(7,262)
Net actuarial loss amortization	(2,884)	(7,146)
Past service cost amortization	(15)	—
Total retirement benefit costs	443	(5,246)

Note: The retirement benefit cost for consolidated subsidiaries which have adopted the simplified method is included in “service cost.”

### (5) Remeasurements of defined benefit plans

Items (before tax effect) recorded in remeasurements of defined benefit plans are as follows:

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
Past service cost	15 million yen	— million yen
Actuarial gain (loss)	(35,503)	(26,774)
Total	(35,488)	(26,774)

### (6) Remeasurements of defined benefit plans

Items (before tax effect) recorded in remeasurements of defined benefit plans are as follows:

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Unrecognized actuarial gain (loss)	(47,909) million yen	(74,666) million yen

### (7) Plan assets

#### ① Major components of plan assets

The proportion of major categories to total plan assets is as follows:

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Bonds	19.6 %	26.9 %
Stocks	31.3	31.5
Cash and deposits	32.5	27.1
Other	16.6	14.5
Total	100.0	100.0

Note: The main assets of “Other” are beneficiary securities in the real estate investment trust fund.

#### ② Method for setting long-term expected rate of return

In determining the long-term expected rate of return, the current and projected allocations of plan assets and the current and expected long-term investment returns on various assets constituting plan assets are taken into account.

### (8) Actuarial assumptions

Major assumptions for actuarial calculations are as follows:

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
Discount rate	Mainly 0.5 %	Mainly 0.6 %
Long-term expected rate of return	Mainly 2.2 %	Mainly 2.1 %

### 3 Defined contribution plans

The contribution required to the defined contribution plan of the Company and its consolidated subsidiaries was ¥1,291 million for the previous fiscal year and ¥1,422 million for the current fiscal year.

### 4 Multi-employer pension plans

The multi-employer pension plans were accounted for in the same manner as the defined contribution plan. The contribution required to the corporate pension fund of the multi-employer pension plans was ¥86 million for the previous fiscal year and ¥89 million for the current fiscal year.

#### (1) Recent funded status of multi-employer pension plans

	Previous Year (As of March 31, 2020)	Current Year (As of March 31, 2021)
Amount of plan assets	245,064 million yen	262,373 million yen
Total amount of actuarial obligation and minimum actuarial reserve in pension financing	202,774	206,858
Balance	42,289	55,515

#### (2) Share of the Group's contribution to overall multi-employer pension plans

Previous fiscal year 1.22% (weighted average) (March 1, 2020 - March 31, 2020)

Current fiscal year 1.22% (weighted average) (March 1, 2021 - March 31, 2021)

#### (3) Supplementary explanation

The major factor contributing to the balance in (1) above was retained earnings (¥42,324 million for the previous fiscal year and ¥55,571 million for the current fiscal year).

## Notes to Stock Options

Not applicable.

## Tax Effect Accounting

### 1 Breakdown of major causes for deferred tax assets and deferred tax liabilities

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
<b>Deferred tax assets</b>		
Tax loss carryforwards (Note 2)	91,478 million yen	101,057 million yen
Petroleum resource use tax for international business	18,997	21,757
Impairment loss	14,971	19,178
Excess depreciation of depreciable assets	15,488	10,288
Other	42,449	38,132
Subtotal deferred tax assets	183,385	190,413
Valuation allowance on tax loss carryforwards (Note 2)	(35,967)	(5,270)
Valuation allowance on the total of deductible temporary differences	(46,192)	(38,099)
Subtotal valuation allowance (Note 1)	(82,159)	(43,369)
Total deferred tax assets	101,226	147,043
<b>Deferred tax liabilities</b>		
Temporary differences related to investments in affiliates	(42,248)	(51,651)
Retirement benefit asset	(23,391)	(33,235)
Valuation difference on available-for-sale securities	(24,752)	(24,064)
Other	(26,746)	(20,908)
Total deferred tax liabilities	(117,138)	(129,860)
Net deferred tax assets (liabilities)	(15,912)	17,183

Note 1: Valuation allowance has decreased by ¥38,791 million compared with the previous fiscal year. The primary component of this decrease is a decrease of ¥45,224 million in valuation allowance of Osaka Gas USA Corporation, a consolidated subsidiary.

Note 2: Tax loss carryforwards and associated deferred tax assets by carryforward period

### Previous Year (As of March 31, 2021)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)	Total (million yen)
Tax loss carryforwards (a)	32	15	31	55	98	91,245	91,478
Valuation allowance	13	15	31	52	98	35,755	35,967
Deferred tax assets	19	—	—	2	—	55,489	55,511(b)

(a) A tax loss carryforward is the amount obtained by multiplying by the effective statutory tax rate.

(b) Deferred tax assets of ¥55,511 million are recorded for tax loss carryforwards of ¥91,478 million (amount obtained by multiplying by the effective statutory tax rate). The Company does not recognize valuation allowances for the portion of the tax loss carryforwards deemed to be recoverable due to the prospect of future taxable income from the North American IPP business, the Freeport LNG Project, and the Australian upstream business.

### Current Year (As of March 31, 2022)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)	Total (million yen)
Tax loss carryforwards (a)	137	49	166	87	59	100,557	101,057
Valuation allowance	127	49	162	87	59	4,783	5,270
Deferred tax assets	9	—	3	—	—	95,773	95,786(b)

(a) A tax loss carryforward is the amount obtained by multiplying by the effective statutory tax rate.

(b) Deferred tax assets of ¥95,786 million are recorded for tax loss carryforwards of ¥101,057 million (amount obtained by multiplying by the effective statutory tax rate). The Company does not recognize valuation allowances for the portion of the tax loss carryforwards deemed to be recoverable due to the prospect of future taxable income from the North American upstream business and IPP business, the Freeport LNG Project, and the Australian upstream business.

## 2 Breakdown of major items causing the difference between the statutory effective tax rate and the burden rate of income taxes after applying tax effect accounting

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Statutory effective tax rate	28.0 %	28.0 %
(Reconciliation)		
Valuation allowance	(1.9)	(38.2)
Share of loss (profit) of entities accounted for using equity method	(3.5)	(1.4)
Adjustments for non-temporary differences, etc.	1.0	(1.0)
Other	(0.6)	(2.6)
Burden rate of income taxes	22.9 %	(15.3) %

## Business Combinations

Not applicable.

## Notes to Asset Retirement Obligations

Not applicable.

## Real Estate for Lease, etc.

The Company and certain consolidated subsidiaries own office buildings and other properties for lease (including land) in Osaka Prefecture and other areas. Gains from the lease of such leased properties (recorded mainly as operating profit) are ¥8,225 million for the fiscal year ended March 31, 2021

and ¥7,686 million for the fiscal year ended March 31, 2022.

The carrying amount in the consolidated balance sheet, changes during the fiscal year, and the fair value of the leased properties are as follows:

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
Carrying amount in the consolidated balance sheet		
Balance at beginning of year	143,553 million yen	161,763 million yen
Increase (decrease)	18,210	22,889
Balance at end of year	161,763	184,652
Fair value at end of year	241,772	259,125

Note 1: The carrying amount in the consolidated balance sheet is stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Note 2: The main factor contributing to an increase was the acquisition of properties (previous fiscal year: ¥22,770 million, current fiscal year: ¥29,131 million).

Note 3: The fair value at the end of the fiscal year is the amount (including the amount adjusted using the index, etc.) determined based mainly on the method prescribed by the "Real Estate Appraisal Standard" and other similar methods.

Note 4: Properties in development (amount recorded on the consolidated balance sheet: ¥4,999 million) are not included in the table above as development is currently underway and therefore it is difficult to determine fair value.

## Notes to Revenue Recognition

### 1 Disaggregation of revenue from contracts with customers

Current Year (April 1, 2021 - March 31, 2022)

Breakdown of goods or services by type

(million yen)

	Reportable segments			Total
	Domestic Energy Business	International Energy Business	Life & Business Solutions Business	
Gas business	1,047,489	—	—	1,047,489
Electricity business	266,358	—	—	266,358
International energy business	—	56,326	—	56,326
Urban development business	—	—	14,883	14,883
Information solutions business	—	—	46,834	46,834
Material solutions business	—	—	81,465	81,465
Other life and business solutions business	—	—	19,177	19,177
Revenue from contracts with customers	1,313,848	56,326	162,361	1,532,536
Other revenue	18,861	12,534	22,946	54,342
Sales to external customers	1,332,710	68,861	185,307	1,586,879

### 2 Basic information to understand revenue from contracts with customers

Basic information to understand revenue is stated in “Notes (Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements) 4. Accounting policies (5) Basis for recognition of significant revenues and expenses.”

### 3 Information on the relationship between satisfaction of performance obligations for contracts with customers and cash flows arising from the contracts, and on the amount and timing of revenue expected to be recognized in the following consolidated fiscal years from contracts with customers existing at the end of the current consolidated fiscal year

#### (1) Balances of contract assets and liabilities, etc.

(million yen)

	Current Year	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Notes receivable - trade	3,559	4,098
Accounts receivable - trade	206,878	202,880
Contract assets	875	1,460
Contract liabilities	14,345	14,658

Contract assets relate to the rights of the Company and its consolidated subsidiaries to the consideration recognized in revenue but unclaimed at the end of the period under construction contracts, including mainly engineering and software development contracts, where the performance obligation is satisfied over a period of time. Contract assets are reclassified to receivables arising from contracts with customers when the Company and its consolidated subsidiaries' rights to the consideration become unconditional. Consideration related to such construction contracts and other contracts is invoiced to the customer based on the progress of satisfaction of performance obligations in accordance with contractual milestones, etc., and is generally received within one year.

Contract liabilities primarily relate to advances received from customers for products or goods and unearned consideration received from customers for unperformed services in the case of ongoing services. Contract liabilities are reversed upon recognition of revenue.

The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the current fiscal year was ¥4,274 million. There were no significant changes in the balances of contract assets and liabilities during the current fiscal year. The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied (or partially satisfied) in prior years was not material.

#### (2) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations. Accordingly, contracts with an original expected duration of one year or less, and contracts, in which the Company and its consolidated subsidiaries are entitled to receive consideration that directly corresponds to the value to the customer of the portion of performance completed, with revenue recognized in the amount they are entitled to claim in accordance with Paragraph 19 of Implementation Guidance on Accounting Standard for Revenue Recognition, are not disclosed.

The total transaction price allocated to the remaining performance obligations and the time frame the Company expects to recognize the amount as revenue are as follows.

(million yen)

	Current Year
One year or less	234,514
More than one year, up to five years	444,264
More than five years	724,145
Total	1,402,924

## Segment Information, etc.

## [Segment Information]

## 1 Summary of reportable segments

The Daigas Group's reportable segments are organizational units for which separate financial information is available, and they are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess business results.

The Group's businesses segment comprises three reportable segments, the Domestic Energy Business, the International Energy Business, and the Life & Business Solutions Business, which are pillars of business strategy.

The Domestic Energy Business manufactures, supplies, and sells city gas, sells gas appliances, conducts gas pipeline installation, sells and transports LNG, sells LPG and industrial gas, and generates and sells electricity. The International Energy Business conducts development and investment mainly related to natural gas, and supplies energy. The Life & Business Solutions Business conducts development and leasing of real estate, information processing services, and sales of fine materials and carbon material products.

The Company's business segments were renewed in the Medium-term Management Plan 2023 "Creating Value for a Sustainable Future" announced in March 2021. Thus, effective from the fiscal year ended March 31, 2022, "Domestic Energy/Gas" and "Domestic Energy/Electricity" segments have been combined into the "Domestic Energy" segment. In addition, Osaka Gas International Transport Inc. engaged in LNG transport and the other companies, which were previously included in the "International Energy" segment, have been combined into the "Domestic Energy" segment to facilitate integrated operation of "energy sales" and "demand and supply management." Furthermore, the operating expenses of Osaka Gas Co., Ltd. for the International Energy Business previously reported in the "Domestic Energy/Gas" segment have been transferred to the "International Energy" segment. The segment information for the previous fiscal year has been reclassified based on the new reportable segments.

## 2 The method of measurements of sales, profit (loss), assets, liabilities, and other items by reportable segment

The method of accounting for reportable segments is generally the same as that stated in "Consolidated Financial Statements and Notes, Consolidated Financial Statements, Notes (Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements)." Transactions with other segments are determined according to prevailing market prices.

As described in "Changes in Accounting Policies," we have applied the Accounting Standard for Revenue Recognition since the beginning of the current fiscal year, and have also changed

the accounting treatment for revenue recognition. We therefore changed the measurement method of segment profit or loss. As a result of the changes, net sales of the Domestic Energy Business for the current fiscal year decreased by ¥43,707 million and segment profit increased by ¥933 million, compared to using the previous measurement method. Also, net sales of the Life & Business Solutions Business decreased by ¥728 million and segment profit increased by ¥135 million.

## 3 Information of sales, profit (loss), assets, liabilities, and other items by reportable segment

Previous Year (April 1, 2020 - March 31, 2021)

(million yen)

	Reportable Segment			Total	Adjustments (Note 1)	Consolidated (Note 2)
	Domestic Energy	International Energy	Life & Business Solutions			
<b>Net sales</b>						
Revenues from external customers	1,155,227	40,185	168,694	1,364,106	—	1,364,106
Transactions with other segments	3,106	4,113	47,891	55,111	(55,111)	—
<b>Total</b>	<b>1,158,333</b>	<b>44,299</b>	<b>216,585</b>	<b>1,419,218</b>	<b>(55,111)</b>	<b>1,364,106</b>
<b>Segment profit</b>						
Operating profit	85,253	3,612	19,295	108,161	4,330	112,491
Share of profit (loss) of entities accounted for using equity method	343	13,274	—	13,618	—	13,618
<b>Total</b>	<b>85,597</b>	<b>16,886</b>	<b>19,295</b>	<b>121,779</b>	<b>4,330</b>	<b>126,109</b>
<b>Segment assets</b>	<b>1,361,174</b>	<b>589,028</b>	<b>418,931</b>	<b>2,369,135</b>	<b>(55,778)</b>	<b>2,313,357</b>
<b>Other items</b>						
Depreciation	70,718	18,069	12,315	101,103	(1,948)	99,155
Amortization of goodwill	603	(7)	1,692	2,288	—	2,288
Investment in entities accounted for using equity method	19,178	190,912	—	210,091	—	210,091
Increase in property, plant and equipment and intangible assets	128,070	28,967	35,601	192,640	(3,185)	189,454

Note 1: Adjustments are as follows:

(1) A major adjustment in segment profit (loss) is the elimination of intersegment transactions.

(2) A major adjustment in segment assets is the elimination of intersegment transactions.

Note 2: Segment profit (loss) is adjusted by adding share of profit (loss) of entities accounted for using equity method to operating profit (loss).

## Current Year (April 1, 2021 - March 31, 2022)

(million yen)

	Reportable Segment			Total	Adjustments (Note 1)	Consolidated (Note 2)
	Domestic Energy	International Energy	Life & Business Solutions			
Net sales						
Revenues from external customers	1,332,710	68,861	185,307	1,586,879	—	1,586,879
Transactions with other segments	3,395	11,918	51,778	67,091	(67,091)	—
Total	1,336,105	80,779	237,086	1,653,971	(67,091)	1,586,879
Segment profit						
Operating profit	36,441	33,742	23,516	93,699	1,205	94,905
Share of profit (loss) of entities accounted for using equity method	2,253	10,587	—	12,841	—	12,841
Total	38,694	44,330	23,516	106,541	1,205	107,747
Segment assets	1,504,545	677,097	438,178	2,619,821	(50,002)	2,569,819
Other items						
Depreciation	74,195	21,256	13,503	108,955	(2,730)	106,225
Amortization of goodwill	831	(7)	1,852	2,677	—	2,677
Investment in entities accounted for using equity method	23,893	167,765	—	191,659	—	191,659
Increase in property, plant and equipment and intangible assets	114,879	35,932	43,094	193,907	(4,589)	189,317

Note 1: Adjustments are as follows:

(1) A major adjustment in segment profit (loss) is the elimination of intersegment transactions.

(2) A major adjustment in segment assets is the elimination of intersegment transactions.

Note 2: Segment profit (loss) is adjusted by adding share of profit (loss) of entities accounted for using equity method to operating profit (loss).

**(Information associated with reportable segments)**

## Previous Year (April 1, 2020 - March 31, 2021)

**1 Information by product and service**

The information is omitted as similar information is disclosed in "Segment Information."

**2 Information by geographical area****(1) Net sales**

(million yen)

Japan	Other areas	Total
1,253,596	110,509	1,364,106

**(2) Property, plant and equipment**

(million yen)

Japan	USA	Other areas	Total
849,366	113,973	107,269	1,070,610

**3 Information by major customer**

The information is omitted as there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

## Current Year (April 1, 2021 - March 31, 2022)

**1 Information by product and service**

The information is omitted as similar information is disclosed in "Segment Information."

**2 Information by geographical area****(1) Net sales**

(million yen)

Japan	Other areas	Total
1,322,729	264,149	1,586,879

## (2) Property, plant and equipment

(million yen)

Japan	USA	Other areas	Total
897,342	144,473	114,465	1,156,281

## 3 Information by major customer

The information is omitted as there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

## 【Information about impairment losses for non-current assets by reportable segment】

## Previous Year (April 1, 2020 - March 31, 2021)

(million yen)

	Reportable Segment			Total	Unallocated amounts and elimination	Total
	Domestic Energy	International Energy	Life & Business Solutions			
Impairment losses	1,355	14,214	3,446	19,016	—	19,016

## Current Year (April 1, 2021 - March 31, 2022)

(million yen)

	Reportable Segment			Total	Unallocated amounts and elimination	Total
	Domestic Energy	International Energy	Life & Business Solutions			
Impairment losses	193	15,621	198	16,013	—	16,013

## 【Information about the amortized amount and unamortized balance of goodwill by reportable segment】

## Previous Year (April 1, 2020 - March 31, 2021)

(million yen)

	Reportable Segment			Total	Unallocated amounts and elimination	Total
	Domestic Energy	International Energy	Life & Business Solutions			
Amortized amount during year	603	(7)	1,692	2,288	—	2,288
Unamortized balance at end of year	7,774	(6)	5,938	13,707	—	13,707

## Current Year (April 1, 2021 - March 31, 2022)

(million yen)

	Reportable Segment			Total	Unallocated amounts and elimination	Total
	Domestic Energy	International Energy	Life & Business Solutions			
Amortized amount during year	831	(7)	1,852	2,677	—	2,677
Unamortized balance at end of year	6,942	—	4,140	11,083	—	11,083

## 【Information about gain on bargain purchase by reportable segment】

## Previous Year (April 1, 2020 - March 31, 2021)

Not applicable.

## Current Year (April 1, 2021 - March 31, 2022)

Not applicable.

## 【Related Party Information】

Not applicable.

## Per Share Information

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
Net assets per share	2,602.18 yen	3,030.63 yen
Earnings per share	194.48 yen	308.48 yen

Note 1: Since there were no potential shares with a dilutive effect, data on diluted earnings per share is not presented in this document.

Note 2: As described in "Changes in Accounting Policies," the "Accounting Standard for Revenue Recognition" and others have been applied.

As a result, net assets per share decreased by ¥0.28 and earnings per share increased by ¥2.57 for the current fiscal year.

Note 3: The following data was used for calculating earnings per share:

	Previous Year (April 1, 2020 - March 31, 2021)	Current Year (April 1, 2021 - March 31, 2022)
Profit attributable to owners of parent (million yen)	80,857	128,256
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent attributable to common share (million yen)	80,857	128,256
Average number of common shares during the fiscal year (thousand shares)	415,773	415,770

## Significant Events after Reporting Period

### 1 Issuance of Bonds

Based on the resolution of the Board of Directors' meeting held on March 10, 2022, the Company decided to issue the 45th and 46th series of domestic unsecured bonds on May 27, 2022, and issued them under the following conditions. A summary of the issuance is as follows:

	45th domestic unsecured bond	46th domestic unsecured bond
(1) Type	Straight bond	Straight bond
(2) Issue amount	11,000 million yen	10,000 million yen
(3) Issue price	11,000 million yen	10,000 million yen
(4) Interest rate	0.942% per year	1.203% per year
(5) Method of redemption	Lump-sum redemption at maturity	Lump-sum redemption at maturity
(6) Maturity	June 2, 2042	May 31, 2052
(7) Date of issuance	June 2, 2022	June 2, 2022
(8) Collateral	Unsecured	Unsecured
(9) Use of funds	Redemption of commercial papers	Redemption of commercial papers

### 2 Accidental fire at a project in which the Group has invested

On June 8, 2022, U.S. time (June 9, 2022, Japan time), a fire broke out at the liquefaction plant of the Freeport LNG Project, one of the Group's investments, and the Project's operations at the plant have been suspended. In addition to affecting the Group's LNG procurement, this accident may result in the cancellation or modification of related contracts. The impact of this event on our business performance and financial position is currently under investigation.

# Annexed Consolidated Detailed Schedules

## [Annexed consolidated detailed schedule of corporate bonds]

Company	Name of issue	Date of issuance	Balance at the beginning of current fiscal year (million yen)	Balance at the end of current fiscal year (included portion due within 1 year) (million yen)	Interest rate (%)	Collateral	Maturity
Osaka Gas	The 18th domestic unsecured bond	February 12, 2003	19,997	19,998 (19,998)	1.47 per year	None	December 20, 2022
Osaka Gas	The 21st domestic unsecured bond	June 23, 2006	9,997	9,998	2.33 per year	None	June 23, 2026
Osaka Gas	The 29th domestic unsecured bond	December 9, 2011	10,000	—	1.16 per year	None	December 9, 2021
Osaka Gas	The 30th domestic unsecured bond	December 14, 2012	10,000	10,000 (10,000)	0.759 per year	None	December 14, 2022
Osaka Gas	The 31st domestic unsecured bond	October 18, 2013	10,000	10,000	0.748 per year	None	October 18, 2023
Osaka Gas	The 32nd domestic unsecured bond	March 24, 2014	15,000	15,000	1.606 per year	None	March 24, 2034
Osaka Gas	The 33rd domestic unsecured bond	October 24, 2014	20,000	20,000	1.402 per year	None	October 24, 2034
Osaka Gas	The 34th domestic unsecured bond	March 5, 2015	10,000	10,000	1.685 per year	None	March 3, 2045
Osaka Gas	The 35th domestic unsecured bond	December 9, 2016	10,000	10,000	0.986 per year	None	December 8, 2056
Osaka Gas	The 36th domestic unsecured bond	June 6, 2019	20,000	20,000	0.642 per year	None	June 4, 2049
Osaka Gas	The 37th domestic unsecured bond	June 6, 2019	20,000	20,000	0.818 per year	None	June 6, 2059
Osaka Gas	The 38th domestic unsecured bond	September 5, 2019	20,000	20,000	0.4 per year	None	September 3, 2049
Osaka Gas	The 39th domestic unsecured bond	September 5, 2019	5,000	5,000	0.545 per year	None	September 5, 2058
Osaka Gas	The 40th domestic unsecured bond	September 5, 2019	10,000	10,000	0.7 per year	None	September 5, 2069
Osaka Gas	The 41st domestic unsecured bond	June 3, 2021	—	20,000	0.22 per year	None	June 3, 2031
Osaka Gas	The 42nd domestic unsecured bond	June 3, 2021	—	10,000	0.576 per year	None	June 3, 2041
Osaka Gas	The 43rd domestic unsecured bond	June 3, 2021	—	10,000	0.851 per year	None	June 2, 2051
Osaka Gas	#1 Unsecured corporate bonds with interest deferrable clause and early redeemable option (subordinated corporate bonds)	December 12, 2019	50,000	50,000	0.44 per year	None	December 12, 2079
Osaka Gas	#2 Unsecured corporate bonds with interest deferrable clause and early redeemable option (subordinated corporate bonds)	December 12, 2019	50,000	50,000	0.6 per year	None	December 12, 2079
Osaka Gas	#3 Unsecured corporate bonds with interest deferrable clause and early redeemable option (subordinated corporate bonds)	September 10, 2020	27,000	27,000	0.49 per year	None	September 10, 2080
Osaka Gas	#4 Unsecured corporate bonds with interest deferrable clause and early redeemable option (subordinated corporate bonds)	September 10, 2020	48,000	48,000	0.63 per year	None	September 10, 2080
Total	—	—	364,995	394,997 (29,998)	—	—	—

Note: The redemption schedule within 5 years after the consolidated fiscal year-end is as follows:

One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)
30,000	10,000	—	—	10,000

## 【Annexed consolidated detailed schedule of borrowings】

Category	Balance at beginning of year (million yen)	Balance at end of year (million yen)	Average interest rate (%)	Payment due
Short-term borrowings	13,546	13,174	0.2	—
Current portion of long-term borrowings	58,981	38,340	0.4	—
Current portion of lease obligations	1,693	2,201	—	—
Long-term borrowings (excluding current portion)	333,263	350,502	1.0	From April 2023 to December 2047
Lease obligations (excluding current portion)	12,902	15,862	—	From April 2023 to February 2039
Total	420,387	420,082	—	—

Note 1: “Average interest rate” shows weighted average interest rates with respect to the year-end balances of borrowings. “Average interest rate” for lease obligations is not stated because lease obligations are recorded in the consolidated balance sheet at the amount before deducting the interest-equivalent component included in the total lease payment.

Note 2: The repayment schedule within 5 years after the consolidated fiscal year-end for long-term borrowings and lease obligations (excluding current portion) is as follows:

	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)
Long-term borrowings	59,166	55,541	67,403	32,894
Lease obligations	2,676	2,041	1,937	1,784

## 【Annexed consolidated detailed schedule of asset retirement obligations】

The amount of asset retirement obligations was 1% or less of total liabilities and net assets at the beginning the current fiscal year as well as at the end of the current fiscal year. Therefore, the schedule of asset retirement obligations is not disclosed.

**【Cover】**

<b>【Document Title】</b>	Internal Control Report
<b>【Article of the Applicable Law Requiring Document Submission】</b>	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
<b>【Place of Filing】</b>	Director-General of the Kanto Local Finance Bureau
<b>【Filing Date】</b>	June 28, 2022
<b>【Company Name】</b>	OSAKA GASU KABUSHIKI KAISHA
<b>【Company Name in English】</b>	OSAKA GAS CO., LTD.
<b>【Name and Title of Representative】</b>	Masataka Fujiwara, Representative Director and President
<b>【Name and Title of Chief Financial Officer】</b>	—
<b>【Address of Registered Headquarter】</b>	4-1-2 Hiranomachi, Chuo-ku, Osaka, Japan
<b>【Place for Public Inspection】</b>	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

## 1. Basic framework of internal control over financial reporting

Masataka Fujiwara, Representative Director and President, is responsible for the maintenance and operation of a system for internal control over financial reporting of OSAKA GAS CO., LTD. (the "Company"), and maintains and operates the system for internal control over financial reporting in accordance with the basic framework for internal control set forth in the "Revisions to the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control is intended to achieve its objectives to a reasonable extent by organically linking basic elements of internal control and having them function in a unified manner. For this reason, there are possibilities that internal control over financial reporting will fail to completely prevent or detect misstatements in financial reporting.

## 2. Assessment scope, base date, and assessment procedures

The assessment of internal control over financial reporting was conducted as of March 31, 2022, the base date or the last day of the fiscal year under review. In making the assessment, we complied with the assessment standards for internal control over financial reporting that are generally accepted as fair and appropriate.

In this assessment, we assessed internal control with a significant impact on overall financial reporting on a consolidated basis (company-wide internal control). Based on the results of such assessment, we selected business processes that we should assess. In assessing such business processes, we analyzed the selected business processes, identified key points in control with a significant impact on the reliability of financial reporting, and assessed the effectiveness of the internal control by assessing the maintenance and operation status of the said key points in control.

As for the scope of the assessment of internal control over financial reporting, we determined the necessary scope for the Company, its consolidated subsidiaries, and equity method associates, based on the materiality of the effect on the reliability of financial reporting. We determined the materiality of the effect on the reliability of financial reporting, while considering the materiality of the monetary and qualitative effects, and reasonably determined the scope of the assessment of internal control over business processes based on the result of the assessment of the company-wide internal control over the Company, 38 consolidated subsidiaries, and 7 equity method associates. 112 consolidated subsidiaries and 23 equity method associates were not included in the scope of the assessment of company-wide internal control, as they were judged to be insignificant in terms of monetary and qualitative importance.

With regard to the scope of assessment of internal control over business processes, one business location that generated approximately two-thirds of the consolidated net sales in the previous consolidated fiscal year (after transactions between the consolidated companies have been eliminated) was designated as a "significant business location." For the selected significant business location, we included the business processes leading to net sales, accounts receivable - trade, and inventories in the scope of assessment, as they are accounts that are significantly related to the company's business objectives. Moreover, at business locations other than the selected significant business location, we included business processes related to significant accounts that have a high possibility of material misstatement and involve estimates and forecasts and business processes related to businesses or operations that involve transactions with high risk in the scope of assessment as we regarded them as business processes with high materiality, considering their impact on financial reporting.

## 3. Results of assessment

As a result of the above assessment, we concluded that the Company's internal control over financial reporting was effective as of the end of the fiscal year under review.

## 4. Supplementary information

Not applicable.

## 5. Other

### Basis of Presenting Internal Control Report

The report on internal control over financial reporting of Osaka Gas Co., Ltd. ("Internal Control Report") is prepared on the basis of generally accepted assessment standards of internal control over financial reporting in Japan and is translated from the Internal Control Report prepared by Osaka Gas Co., Ltd. as required by the Financial Instruments and Exchange Act of Japan.

- This English integrated report is not subject to an audit by an independent auditor. The following Independent Auditor's Report and Internal Control Audit Report is translated by Osaka Gas Co., Ltd. based on the original one attached in the original Annual Securities Report.
- The contents described in the integrated report other than the attached audit report and the Consolidated Financial Statements, Annexed Consolidated Detailed Schedules, and Internal Control Report that are the subject of the audit do not fall under "Other Information"

## Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

To the Board of Directors of Osaka Gas Co., Ltd.

June 28, 2022

KPMG AZSA LLC  
Osaka Office, Japan

Daisuke Harada  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Masatsugu Ohashi  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Shoichiro Shigeta  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Osaka Gas Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the Company's Annual Report, which comprise the consolidated balance sheet as at March 31, 2022 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

As described in the Significant Events after Reporting Period, on June 8, 2022 U.S. time (June 9, 2022 Japan time), a fire broke out at the liquefaction plant of the Freeport LNG Project, one of the Group's investments, and the Project's operations at the plant have been suspended. This matter does not affect our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the determination regarding indications of impairment of property, plant and equipment and intangible assets recorded by Osaka Gas Australia Pty Ltd	
The key audit matter	How the matter was addressed in our audit
<p>As described in "Notes to the Consolidated Financial Statements (Significant Accounting Estimates)," in the consolidated balance sheet of Osaka Gas Co., Ltd., property, plant and equipment and intangible assets of ¥109,099 million owned by Osaka Gas Australia Pty Ltd ("Osaka Gas Australia"), a consolidated subsidiary in the International Energy segment, are recorded. They represented 4.2% of total assets. Most are related to LNG development projects in production.</p> <p>Osaka Gas Australia applies International Financial Reporting Standards (IFRS) and conducts an impairment test for any property, plant and equipment and intangible assets of a cash-generating unit for which there are indications of impairment, and if the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the reduction in the carrying amount is recognized as impairment losses.</p> <p>In the current fiscal year, Osaka Gas Australia has determined that there is no indication of impairment for property, plant and equipment and intangible assets related to LNG development projects in production.</p> <p>In the determination of indications of impairment, changes in crude oil prices and discount rates are particularly important because they have a significant impact on the recoverable amount. Management's prospects for crude oil prices involved a high degree of uncertainty. In addition, estimating the discount rate requires a high degree of expertise in valuation in the selection of calculation methods and input data.</p> <p>We, therefore, determined that our assessment of the appropriateness of the determination regarding indications of impairment of property, plant and equipment and intangible assets related to LNG development projects in production recorded by Osaka Gas Australia was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>In order to assess the appropriateness of the determination regarding indications of impairment of property, plant and equipment and intangible assets recorded by Osaka Gas Australia, we requested the component auditors of Osaka Gas Australia to perform an audit. Then we evaluated the report of the component auditors as to whether sufficient and appropriate audit evidence was obtained from the following procedures among others:</p> <p>(1) Internal control testing Test of the design effectiveness of internal controls related to the determination regarding indications of impairment has been conducted.</p> <p>(2) Assessment of the appropriateness of the determination regarding indications of impairment Assessment of the appropriateness of determining whether changes in crude oil prices and discount rates are indications of impairment has been conducted:</p> <ul style="list-style-type: none"> <li>• Performance of the following procedures by engaging a valuation specialist within the network firms of the component auditors: <ul style="list-style-type: none"> <li>• Comparison of the range of discount rates independently calculated by the specialist based on information published by external organizations with the discount rates adopted by management</li> <li>• Comparison of the range of the crude oil price independently calculated by the specialist based on information published by external organizations with the crude oil prices adopted by management</li> </ul> </li> </ul>

Accuracy of gas sales and electricity sales excluding wholesale	
The key audit matter	How the matter was addressed in our audit
<p>Net sales were ¥1,332,710 million in the Domestic Energy segment. They represented 83.9% of consolidated net sales. Of these, gas sales and electricity sales excluding wholesale (hereinafter collectively referred to as "Gas and Electricity Sales") are particularly important in terms of the number of transactions and the amount recorded.</p> <p>Gas and Electricity Sales are calculated using contract details data based on contracts with customers, sales volume data based on meter reading data, etc. There is a risk of material misstatement regarding the accuracy of the recorded amounts in recording Gas and Electricity Sales, mainly due to the following reasons:</p> <ul style="list-style-type: none"> <li>• The amount of each transaction is small, but the number of customers and contracts is very large, and the number of transactions processed is extremely large.</li> <li>• The recorded amount is automatically calculated and aggregated by the business processing system and linked to the accounting system. Therefore, the recording process is highly dependent on automated internal controls of the business processing system.</li> <li>• In the event that the contract details data, sales volume data, etc. are incorrect or the automatic calculation logic is incorrect, the impact could be far-reaching and have a significant impact on financial reporting due to the high degree of dependence on automated internal controls.</li> </ul> <p>We, therefore, determined that our assessment of the accuracy of gas sales and electricity sales excluding wholesale was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>In order to assess the accuracy of gas and electricity sales, we primarily performed the following audit procedures:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the internal controls relevant to the revenue recognition process for Gas and Electricity Sales. In the assessment, we focused on the following internal controls, based on our understanding of the revenue recognition process. In addition, our IT specialists were involved in the assessment.</p> <ul style="list-style-type: none"> <li>• Approval procedures for entering into contracts</li> <li>• Automated internal control over the output of error reports that indicate abnormal meter reading data that deviate from a certain range in comparison with the previous meter readings</li> <li>• Verification procedures for error reports that indicate abnormal meter reading data</li> <li>• Automated internal control over fee calculations based on contract details data, sales volume data, etc.</li> <li>• Approval procedures for manually correcting the results of automated calculations</li> <li>• Automated internal control over the accuracy and completeness of data linkage from the business processing system to the accounting system</li> </ul> <p>In understanding the revenue recognition process, we prepare a process flow chart in order to clarify which areas have risk of material misstatement and whether the corresponding internal controls are designed.</p> <p>(2) Substantive testing</p> <ul style="list-style-type: none"> <li>• For Gas and Electricity Sales other than gas sales to large customers, we divided the population by categories of major rate plan options, developed independent estimates of sales for each category, and compared it with actual amounts.</li> <li>• For gas sales to large customers, we developed independent estimates of sales for the entire amount and compared it with actual amounts.</li> <li>• For gas sales to large customers, we identified customers who showed statistical outliers in the relationship between sales volume and sales unit prices, interviewed persons in charge, and inspected their contracts.</li> <li>• We directly obtained response to the balance confirmation letters sent to the customers selected based on their monetary importance, using the balance of accounts receivable related to Gas and Electricity Sales as the population, and checked whether they matched book balances.</li> </ul>

#### Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Audit of the Internal Control Report**

#### **Opinion**

We also have audited the accompanying internal control report of Osaka Gas Co., Ltd. as at March 31, 2022, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2022, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

#### **Basis for Opinion**

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Internal Control Report**

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

#### **Auditor's Responsibilities for the Audit of the Internal Control Report**

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan

#### **Notes to the Reader of Audit Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

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\* 1 The original copy of the above audit report is kept separately by the Company.

2 XBRL data is not within the scope of the audit.