

## 【Consolidated Financial Statements and Notes】

### 【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, 2022 and 2023

## Consolidated Balance Sheet

### Assets

(million yen)

	Previous Year (As of March 31, 2022)		Current Year (As of March 31, 2023)	
Current assets				
Cash and deposits		131,089		85,087
Notes and accounts receivable – trade, and contract assets	※ 5	227,118	※ 5	279,602
Lease receivables and investment in leases		59,047		58,732
Inventories	※ 6	145,445	※ 6	219,380
Other		145,589		139,265
Allowance for doubtful accounts		(639)		(1,132)
Total current assets	※ 1	707,651	※ 1	780,936
Non-current assets				
Property, plant and equipment				
Buildings and structures, net		188,637		187,685
Machinery and vehicles, net		580,547		616,247
Land		222,350		231,327
Construction in progress		138,915		182,611
Other, net		25,831		25,917
Total property, plant and equipment	※ 1, ※ 2, ※ 3	1,156,281	※ 1, ※ 2, ※ 3	1,243,788
Intangible assets	※ 1	95,251	※ 1	105,120
Investments and other assets				
Investment securities	※ 4	359,225	※ 4	440,911
Retirement benefit asset		118,693		116,038
Deferred tax assets		64,481		35,148
Other		87,232		98,343
Allowance for doubtful accounts		(731)		(699)
Total investments and other assets	※ 1	628,901	※ 1	689,743
Total non-current assets		1,880,434		2,038,652
Total assets		2,588,086		2,819,589

## Liabilities

(million yen)

	Previous Year (As of March 31, 2022)	Current Year (As of March 31, 2023)
<b>Current liabilities</b>		
Notes and accounts payable - trade	104,935	69,142
Other	※ 8 295,254	※ 8 390,656
Total current liabilities	※ 1 400,190	※ 1 459,798
<b>Non-current liabilities</b>		
Bonds payable	364,998	425,018
Long-term borrowings	350,502	386,516
Retirement benefit liability	18,853	19,703
Other	157,452	111,372
Total non-current liabilities	※ 1 891,806	※ 1 942,611
Total liabilities	1,291,996	1,402,410

## Net assets

(million yen)

	Previous Year (As of March 31, 2022)	Current Year (As of March 31, 2023)
<b>Shareholders' equity</b>		
Share capital	132,166	132,166
Capital surplus	19,071	19,096
Retained earnings	977,907	1,010,078
Treasury shares	(2,115)	(2,045)
Total shareholders' equity	1,127,030	1,159,295
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	67,905	68,085
Deferred gains or losses on hedges	(15,313)	25,268
Revaluation reserve for land	※ 9 (737)	※ 9 (1,947)
Foreign currency translation adjustment	39,108	97,838
Remeasurements of defined benefit plans	53,624	42,881
Total accumulated other comprehensive income	144,586	232,125
<b>Non-controlling interests</b>	<b>24,472</b>	<b>25,757</b>
Total net assets	1,296,089	1,417,178
Total liabilities and net assets	2,588,086	2,819,589

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

# Consolidated Statement of Income

(million yen)

	Previous Year (April 1, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Net sales	※ 1 1,591,120	※ 1 2,275,113
Cost of sales	※ 2, ※ 3 1,276,354	※ 2, ※ 3 1,992,892
Gross profit	314,766	282,221
Selling, general and administrative expenses	※ 2, ※ 4 215,564	※ 2, ※ 4 222,219
Operating profit	99,201	60,001
Non-operating income		
Interest income	2,017	4,308
Dividend income	3,179	3,894
Share of profit of entities accounted for using equity method	12,841	12,929
Other	14,728	17,816
Total non-operating income	32,767	38,950
Non-operating expenses		
Interest expenses	10,400	13,167
Other	8,042	10,134
Total non-operating expenses	18,443	23,302
Ordinary profit	113,525	75,649
Extraordinary income		
Gain on sale of investment securities	—	17,418
Gain on sales of shares of subsidiaries and associates	17,773	—
Insurance claim income	6,052	—
Total extraordinary income	23,825	17,418
Extraordinary losses		
Impairment losses	※ 5 16,013	※ 5 4,470
Loss on disaster	—	4,887
Loss on tax purpose reduction entry of non-current assets	2,335	—
Total extraordinary losses	18,349	9,357
Profit before income taxes	119,002	83,710
Income taxes - current	24,274	28,869
Income taxes - deferred	(41,107)	(3,717)
Total income taxes	(16,832)	25,151
Profit	135,834	58,558
Profit attributable to non-controlling interests	5,413	1,448
Profit attributable to owners of parent	130,421	57,110

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, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Profit	135,834	58,558
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,965)	142
Deferred gains or losses on hedges	7,370	16,262
Revaluation reserve for land	—	(1,209)
Foreign currency translation adjustment	33,136	58,271
Remeasurements of defined benefit plans	19,304	(10,590)
Share of other comprehensive income of entities accounted for using equity method	17,224	24,940
Total other comprehensive income	※ 1 75,070	※ 1 87,815
Comprehensive income	210,905	146,373
(Breakdown)		
Comprehensive income attributable to owners of parent	204,657	144,648
Comprehensive income attributable to non-controlling interests	6,247	1,725

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, 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			8,607		8,607								8,607
Restated balance	132,166	19,469	870,354	(1,852)	1,020,138	69,811	(30,365)	(737)	(2,383)	34,025	70,350	32,716	1,123,205
Changes during period													
Dividends of surplus			(22,867)		(22,867)								(22,867)
Profit attributable to owners of parent			130,421		130,421								130,421
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
Total changes during period	—	(398)	107,553	(263)	106,892	(1,906)	15,051	—	41,492	19,598	74,236	(8,243)	172,884
Balance at end of period	132,166	19,071	977,907	(2,115)	1,127,030	67,905	(15,313)	(737)	39,108	53,624	144,586	24,472	1,296,089
Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)													
Balance at beginning of period	132,166	19,071	977,907	(2,115)	1,127,030	67,905	(15,313)	(737)	39,108	53,624	144,586	24,472	1,296,089
Changes during period													
Dividends of surplus			(24,939)		(24,939)								(24,939)
Profit attributable to owners of parent			57,110		57,110								57,110
Purchase of treasury shares				(38)	(38)								(38)
Disposal of treasury shares		25		108	133								133
Change in ownership interest of parent due to transactions with non-controlling interests					—								—
Net changes in items other than shareholders' equity						179	40,582	(1,209)	58,729	(10,742)	87,538	1,285	88,824
Total changes during period	—	25	32,170	69	32,265	179	40,582	(1,209)	58,729	(10,742)	87,538	1,285	121,089
Balance at end of period	132,166	19,096	1,010,078	(2,045)	1,159,295	68,085	25,268	(1,947)	97,838	42,881	232,125	25,757	1,417,178

# Consolidated Statement of Cash Flows

(million yen)

	Previous Year (April 1, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	119,002	83,710
Depreciation	108,902	119,823
Amortization of long-term prepaid expenses	5,431	5,687
Impairment losses	16,013	4,470
Decrease (increase) in retirement benefit asset	(8,502)	(11,608)
Interest and dividend income	(5,196)	(8,203)
Interest expenses	10,400	13,167
Share of loss (profit) of entities accounted for using equity method	(12,841)	(12,929)
Loss (gain) on sales of investment securities	(3,319)	(17,418)
Loss on tax purpose reduction entry of non-current assets	2,335	—
Decrease (increase) in trade receivables	(51,737)	(47,671)
Decrease (increase) in inventories	(47,701)	(65,358)
Increase (decrease) in trade payables	41,607	(40,794)
Increase (decrease) in accrued expenses	11,109	11,936
Other, net	(40,738)	13,881
Subtotal	144,768	48,692
Interest and dividends received	50,615	14,972
Interest paid	(10,559)	(12,367)
Income taxes paid	(39,474)	(17,723)
Net cash provided by (used in) operating activities	145,350	33,572
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(173,450)	(172,079)
Proceeds from sale of property, plant and equipment	1,096	3,616
Purchase of intangible assets	(14,547)	(22,069)
Purchase of long-term prepaid expenses	(8,396)	(7,141)
Purchase of investment securities	(5,304)	(8,995)
Proceeds from sale of investment securities	4,136	21,086
Purchase of shares of subsidiaries and associates	(9,784)	(27,816)
Proceeds from sale of shares of subsidiaries and associates	52,302	4,414
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(564)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	3,649
Proceeds from collection of long-term loans receivable	4,800	3,544
Other, net	(3,016)	(1,581)
Net cash provided by (used in) investing activities	(152,163)	(203,938)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in commercial papers	—	68,999
Proceeds from long-term borrowings	42,844	80,069
Repayments of long-term borrowings	(60,388)	(39,566)
Proceeds from issuance of bonds	40,000	70,000
Redemption of bonds	(10,000)	(30,000)
Proceeds from share issuance to non-controlling shareholders	402	340
Dividends paid	(22,857)	(24,929)
Dividends paid to non-controlling interests	(7,859)	(778)
Repayments to non-controlling shareholders	(9,700)	(37)
Other, net	(2,920)	(4,481)
Net cash provided by (used in) financing activities	(30,479)	119,617
Effect of exchange rate change on cash and cash equivalents	1,299	4,772
Net increase (decrease) in cash and cash equivalents	(35,993)	(45,975)
Cash and cash equivalents at beginning of period	166,762	130,769
Cash and cash equivalents at end of period	※ 1 130,769	※ 1 84,793

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:

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

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

The Company has acquired shares in OSAKA GAS ASSET MANAGEMENT, LLC, Osaka Gas Urban Development Asset Management Co., Ltd., OSAKA GAS INDIA PRIVATE LIMITED, PT. JACOBI CARBONS INDONESIA, Osaka Gas IL Solar 1, LLC, Ammic

Corporation, AMMIC Philippines, Inc., SHANGHAI AMMIC SOLUTIONS Co., LTD. and Chuo Silika Co., Ltd., making them newly subsidiaries of the Company. As a result, those subsidiaries are included as consolidated subsidiaries of the Company from the current fiscal year.

OG Sports Co., Ltd. (sold), OGPA Crockett, LLC (liquidated), Osaka Gas Summit Resources Co., Ltd. (liquidated), Osaka Gas SolAmerica, LLC (liquidated), and OGPA Whitewater, LLC (liquidated) are no longer consolidated subsidiaries of the Company from the current fiscal year.

#### 2. Application of the equity method

Number of equity method affiliates:

30 (Previous fiscal year), 32 (Current fiscal year)

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

The Company has acquired equity in Steel City Energy LLC, SREOG IL Solar, LLC, Oita Solar G.K., Sun Station Hikari VII G.K., and Hitachi Juo Solar Power LLC. As a result, they are included as equity method affiliates from the current fiscal year.

Universe Gas and Oil Co., Ltd. (liquidated), SolAmerica Energy Holdings, LLC (sold), and Erogasmet S.p.A. (sold) are excluded as

equity method affiliates 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.

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

Consolidated subsidiaries whose fiscal year-ends are different from the consolidated fiscal year-end are Osaka Gas USA Corporation, Osaka Gas Australia Pty Ltd, Osaka Gas Gorgon Pty Ltd, Osaka Gas Ichthys Pty Ltd, Osaka Gas Ichthys Development Pty Ltd, Osaka Gas Singapore Pte. Ltd., Osaka Gas UK, Ltd. and other companies, totaling 82 companies.

Of the consolidated subsidiaries whose fiscal year-ends are different

from the consolidated fiscal year-end, GlobalBase Corporation and GlobalbaseMyRENO Co.,Ltd. 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.

#### 4. Accounting policies

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

###### ① 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

###### ② 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.

###### 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 primarily used for overseas subsidiaries, and 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.  
The unit of production method has been primarily used for assets related to prospecting and development.

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

Primarily the straight-line method

###### 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

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

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.

##### (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

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.  
Past service costs are expensed mainly in the fiscal year when such costs are incurred.

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

For the sale of goods or products in each of the Group's businesses, the Group recognizes revenue at the point of delivery for goods or products that do not require installation under the contract with the customer, and at the point of completion of installation for goods or products that require installation under the contract with the customer, based on the judgment that the customer has acquired control over the goods or products 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.

**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 goods or products 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
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, 2022	Fiscal year ended March 31, 2023
Property, plant and equipment	1,156,281	1,243,788
Intangible assets	95,251	105,120
Investment in entities accounted for using equity method	191,659	260,406

**(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 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.

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 ¥3,820 million.

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

	(million yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Property, plant and equipment and intangible assets	109,099	114,097

## 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 "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, 2022	Fiscal year ended March 31, 2023
Retirement benefit asset	118,693	116,038
Retirement benefit liability	18,853	19,703
Remeasurements of defined benefit plans	53,624	42,881

### (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 Implementation Guidance on Accounting Standard for Fair Value Measurement

We have adopted the Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Guidance No. 31, June 17, 2021; hereinafter "Implementation Guidance on Fair Value Accounting Standard") since the beginning of this consolidated fiscal year. In accordance with the transitional treatment set forth in Article 27-2 of the Implementation Guidance on the Fair Value Accounting Standard, the Implementation Guidance on Fair Value Accounting Standard has been adopted prospectively. There is no effect on the consolidated financial statements by adopting the guidance.

### 2 Revenue Recognition for Gas Sales

As a "deemed gas retailer formerly conducting general gas utility services" and pursuant to the Act for Partial Revision of the Electricity Business Act and Other Related Acts (Act No. 47 of 2015, hereinafter "Revised Act"), parts of our supply area in which proper competitive relations with other gas retailers or energy suppliers not being ensured were designated as "designated former service area" and transitional rate regulation was imposed on us in the area. The purpose of this regulation is to protect the interests of consumers against the full liberalization of gas retail business. Effective October 1, 2021, the designation as "designated former service area" for a "deemed gas retailer formerly conducting general gas utility services" was lifted, pursuant to Article 22, Paragraph 2 of the supplementary provisions on the Revised Act. Also, pursuant to the June 2015 amendment of the Gas Business Act, we, a general gas pipeline service business operator, have been prohibited from engaging also in the retail gas business or the gas production business from April 2022. The purpose of this amendment is to further secure neutrality of the gas pipeline service sector. In order to comply with the regulatory requirement and to establish a new organization to increase the value of our Group, we established Osaka Gas Network Co., Ltd., a wholly-owned subsidiary of the Company, on April 1, 2021 and transferred our general gas pipeline service business to the said subsidiary effective April 1, 2022 through absorption-type split. Since we had been positioned as a "deemed gas retailer formerly conducting general gas utility services" and a "general gas pipeline

service business operator," we had prepared our non-consolidated financial statements in accordance with the Accounting Rules for Gas Utility and Regulation on Financial Statements, and therefore prepared our consolidated financial statements in accordance with the Accounting Rules for Gas Utility and the Regulation on Consolidated Financial Statements. As transitional measures for a "deemed gas retailer formerly conducting general gas utility services" were lifted and we are no longer in a position of a "general gas pipeline service business operator," we have prepared non-consolidated financial statements in accordance with the Regulation on Financial Statements since the beginning of this consolidated fiscal year. Along with this, we have also prepared consolidated financial statements in accordance with the Regulation on Consolidated Financial Statements since the beginning of this consolidated fiscal year.

For the reasons given above, the way to recognize gas sales revenue has changed from recognizing gas fee calculated on the gas sales volume based on monthly meter readings as revenues for the month to reflecting the estimated usage amount for the period between the last meter reading day in the account closing month and the account closing date in accordance with Article 103-2 of the Implementation Guidance on Accounting Standard for Revenue Recognition. The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis.

As a result, consolidated "net sales," "operating profit," "ordinary profit" and "profit before income taxes" for the fiscal year ended March 31, 2022 each increased by ¥3,006 million compared to those before retrospective application. "Notes and accounts receivable – trade, and contract assets" for the previous fiscal year increased by ¥18,267 million, "other" in current liabilities increased by ¥1,660 million, "other" in non-current liabilities increased by ¥4,649 million and "retained earnings" increased by ¥2,164 million. The cumulative effect has been reflected in net assets at the beginning of the previous fiscal year, and the opening balance of retained earnings was ¥9,792 million higher as a result. There was no material effect on the consolidated statement of cash flows. Net assets per share increased by ¥28.77 and earnings per share increased by ¥5.21 for the previous fiscal year.



## Changes in Presentation

### 1 Notes to the Consolidated Balance Sheet

As stated in "Changes in Accounting Policies," whereas the Company previously had prepared its consolidated financial statements based on the Accounting Rules for Gas Utility and Regulation on Consolidated Financial Statements, it has prepared these statements based only on the Regulation on Consolidated Financial Statements from the

beginning of this consolidated fiscal year.

Although the capital arrangement was used in the previous consolidated fiscal year, the current arrangement is used from this consolidated fiscal year. The following table shows information on reclassifications.

		(million yen)	
Before the reclassification (March 31, 2022)		After the reclassification (March 31, 2022)	
Property, plant and equipment (classified by function)		Property, plant and equipment (classified by form)	
Production facilities	91,154	Buildings and structures, net	188,637
Distribution facilities	275,032	Machinery and vehicles, net	580,547
Service and maintenance facilities	46,121	Land	222,350
Other facilities	605,057	Other, net	25,831
Investments and other assets		Investments and other assets	
Long-term loans receivable	27,698	Other	87,232
Other	59,534		
Current liabilities		Current liabilities	
Current portion of non-current liabilities	73,648	Other	295,254
Other	221,605		
Non-current liabilities		Non-current liabilities	
Deferred tax liabilities	51,948	Other	157,452
Provision for gas holder repairs	1,171		
Provision for safety measures	6,651		
Provision for gas appliance warranties	4,983		
Other	92,698		

Note: This table reflects the effect of the increases of ¥1,660 million in "other" in current liabilities and ¥4,649 million in "other" in non-current liabilities described in "Changes in Accounting Policies."

### 2 Notes to the Consolidated Statement of Income

As stated in "Changes in Accounting Policies," whereas the Company previously had prepared its consolidated financial statements based on the Accounting Rules for Gas Utility and the Regulation on Consolidated Financial Statements, it has prepared these statements based only on Regulation on Consolidated Financial Statements from

the beginning of this consolidated fiscal year. The following table shows information on reclassifications.

Furthermore, the income related to the Company's leases was included in "miscellaneous income" in the previous fiscal year; however, it is included in "net sales" in the current fiscal year due to increased materiality.

		(million yen)	
Before the reclassification (April 1, 2021 - March 31, 2022)		After the reclassification (April 1, 2021 - March 31, 2022)	
Net sales	1,589,886	Net sales	1,591,120
Cost of sales	1,161,850	Cost of sales	1,276,354
Selling, general and administrative expenses	330,123	Selling, general and administrative expenses	215,564
Miscellaneous income	15,963	Other (non-operating income)	14,728
Income taxes - current	24,220	Income taxes - current	24,274

Note: This table reflects the effect of the increase of ¥3,006 million in "net sales" described in "Changes in Accounting Policies."

"Loss on valuation of investment securities," stated as a separate item for the previous fiscal year, is included in "other" under "non-operating expenses" 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, ¥2,484 million presented in "loss on valuation of investment securities" in the consolidated statement of income for the previous fiscal year is reclassified into "other" under "non-operating expenses."

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

"Loss (gain) on sales of investment securities in subsidiaries and associates," stated as a separate item under cash flows from operating activities for the previous fiscal year, is included in "other, net" under cash flows from operating 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, ¥(17,773) million presented in "loss (gain) on sales of investment securities in subsidiaries and associates" in the previous fiscal year's consolidated statement of cash flows is reclassified into "other, net" under cash flows from operating activities.

"Loss (gain) on sales of investment securities" included in "other, net" under cash flows from operating 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, ¥(3,319) million presented in "other, net" under cash flows from operating activities in the previous fiscal year's consolidated statement of cash flows is reclassified into "loss (gain) on sales of investment securities."

"Loss (gain) on valuation of investment securities," stated as a separate item under cash flows from operating activities for the previous fiscal year, is included in "other, net" under cash flows from operating 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, ¥2,484 million presented in "loss (gain) on valuation of investment securities" in the previous fiscal year's consolidated statement of cash flows is reclassified into "other, net" under cash flows from operating activities.

"Proceeds from sale of property, plant and equipment" 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, ¥1,096 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 property, plant and equipment."

"Long-term loan advances," stated as a separate item under cash

flows from investing activities for the previous fiscal year, is included in "other, net" under cash flows from investing 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, ¥(4,307) million presented in "long-term loan advances" in the previous fiscal year's consolidated statement of cash flows is reclassified into "other, net" under cash flows from investing activities.

## Additional Information

Suspension of operation due to fire at an investee company of the Group  
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 had been suspended. The Project's operations resumed in February 2023.

## Notes to the Consolidated Balance Sheet

As stated in "Changes in Accounting Policies," the amounts for the previous fiscal year are on a retrospective basis.

### ※1 Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral are as follows:

	Previous Year※ (As of March 31, 2022)	Current Year (As of March 31, 2023)
Investment securities	104,959 million yen	135,237 million yen
Buildings and structures	48,888	53,352
Machinery and vehicles, net	52,146	51,791
"Other" under investments and other assets	39,981	52,680
Intangible assets	26,493	27,507
Cash and deposits	15,693	26,004
Other	18,702	21,310
Total	306,864	367,884

In addition to the above, shares of subsidiaries and affiliates, etc. of ¥25,396 million for the previous fiscal year and ¥35,657 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, 2022)	Current Year (As of March 31, 2023)
Long-term borrowings	114,717 million yen	129,967 million yen
(current portion thereof)	(3,021)	(25,217)
Short-term borrowings	284	71
Other	100	302
Total	115,101	130,341

### ※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, 2022)	Current Year (As of March 31, 2023)
Accumulated advanced depreciation of contribution for construction, etc.	274,887 million yen	276,676 million yen

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

	Previous Year (As of March 31, 2022)	Current Year (As of March 31, 2023)
Accumulated advanced depreciation	6 million yen	8 million yen

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

	Previous Year (As of March 31, 2022)	Current Year (As of March 31, 2023)
Accumulated depreciation of property, plant and equipment	2,833,358 million yen	2,923,843 million yen

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

	Previous Year (As of March 31, 2022)	Current Year (As of March 31, 2023)
Investment securities (stock)	209,433 million yen	280,620 million yen
(including investments in joint ventures)	(138,398 )	(177,879 )

### ※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 “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, 2022)	Current Year (As of March 31, 2023)
Merchandise and finished goods	39,694 million yen	52,398 million yen
Work in process	18,345	20,984
Raw materials and supplies	87,405	145,997

### 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, 2022)	Current Year (As of March 31, 2023)
Wakayama Gobo Biomass Power Plant G.K.	— million yen	2,902 million yen
Aichi Tahara Biomass Power Plant G.K.	2,257	2,257
Ichthys LNG Pty Ltd	1,052	1,461
Ruwais Power Company PJSC	1,258	1,356
Hyuga Biomass Power Generation Co., Ltd.	1,015	1,330
Other	368	1,900
Total	5,951	11,208

### ※8 Contract liabilities

Contract liabilities are included in other under current liabilities. The amounts of contract liabilities are shown in “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

As stated in “Changes in Accounting Policies,” the amounts for the previous fiscal year are on a retrospective basis.

### ※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 “Notes (Revenue Recognition), 1 Disaggregation of revenue from contracts with customers.”

### ※2

#### Previous 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.

#### Current Year (April 1, 2022 - March 31, 2023)

The R&D expenses included in “selling, general and administrative expenses” and in the manufacturing expenses for the fiscal year are ¥9,627 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, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
94 million yen	290 million yen

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

	Previous Year (April 1, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Salaries	43,433 million yen	50,731 million yen
Retirement benefit expenses	(5,515)	(9,113)
Provision of allowance for doubtful accounts	365	478
Consigned work expenses	60,646	58,089

※5 Impairment losses

Previous 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 amount of 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.

Current Year (April 1, 2022 - March 31, 2023)

(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 ¥4,470 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	3,820

This property was acquired for the purpose of participating in a natural gas and condensate development business. The Company has decided to withdraw from the business, taking into account the uncertainty of the undeveloped project, and accordingly the carrying amount of the asset was reduced to its recoverable

amount. The amount of the reduction was recorded as an impairment loss under extraordinary losses. The recoverable amount was measured at net sale value determined based on market value.

## Notes to the Consolidated Statement of Comprehensive Income

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

	Previous Year (April 1, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
<b>Valuation difference on available-for-sale securities</b>		
Incurred in the fiscal year	(2,156) million yen	15,132 million yen
Reclassification adjustments	(362)	(14,813)
Before tax effect adjustments	(2,519)	319
Tax effect	553	(177)
Valuation difference on available-for-sale securities	(1,965)	142
<b>Deferred gains or losses on hedges</b>		
Incurred in the fiscal year	(1,180) million yen	(16,710) million yen
Reclassification adjustments	13,802	44,498
Before tax effect adjustments	12,622	27,788
Tax effect	(5,252)	(11,526)
Deferred gains or losses on hedges	7,370	16,262
<b>Revaluation reserve for land</b>		
Revaluation reserve for land	— million yen	(1,209) million yen
<b>Foreign currency translation adjustment</b>		
Incurred in the fiscal year	33,136 million yen	58,271 million yen
<b>Remeasurements of defined benefit plans</b>		
Incurred in the fiscal year	33,921 million yen	(4,375) million yen
Reclassification adjustments	(7,146)	(10,289)
Before tax effect adjustments	26,774	(14,664)
Tax effect	(7,470)	4,074
Remeasurements of defined benefit plans	19,304	(10,590)
<b>Share of other comprehensive income of entities accounted for using equity method</b>		
Incurred in the fiscal year	5,390 million yen	23,570 million yen
Reclassification adjustments	11,834	1,369
Share of other comprehensive income of entities accounted for using equity method	17,224	24,940
Total other comprehensive income	75,070	87,815

## Notes to the Consolidated Statement of Changes in Equity

### Previous 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 remuneration	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

#### Current Year (April 1, 2022 - March 31, 2023)

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

Type of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common shares(thousand shares)	416,680	—	—	416,680

##### 2 Matters on treasury shares

Type of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common shares(thousand shares)	1,036	17	53	1,000

(Overview of reasons for change)

The major reason for increase is as follows:

Increase due to repurchase of fractional shares 17 thousand shares

The major reason for decrease is as follows:

Decrease due to disposal of treasury shares as restricted stock remuneration 52 thousand shares

Decrease due to disposal of fractional shares 0 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 28, 2022	Common shares	12,469	30.00	March 31, 2022	June 29, 2022
Board of Directors' Meeting held on October 27, 2022	Common shares	12,470	30.00	September 30, 2022	November 30, 2022

##### (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 23, 2023	Common shares	12,470	30.00	March 31, 2023	June 26, 2023	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, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Cash and deposits	131,089 million yen	85,087 million yen
Time deposits with more than 3 months to maturity	(320)	(293)
Cash and cash equivalents	130,769	84,793



## Notes to Leases

### 1 Finance lease transactions (As lessor)

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

	Previous Year (As of March 31, 2022)	Current Year (As of March 31, 2023)
Lease payments receivable component	55,043 million yen	55,453 million yen
Estimated residual value component	474	423
Amount equivalent to interest income	(10,310)	(10,710)
Lease investment assets	45,207	45,166

#### (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, 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

	Current Year (As of March 31, 2023)					
	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	1,884	1,707	1,500	1,332	1,224	5,917
Lease investment assets	9,755	8,697	7,637	6,514	5,190	17,657

### 2 Operating lease transactions (As lessee)

#### Future lease payments payable for non-cancellable operating leases

	Previous Year (As of March 31, 2022)	Current Year (As of March 31, 2023)
Due within one year	1,739 million yen	2,603 million yen
Due over one year	4,612	5,341
Total	6,351	7,944

#### (Lessor)

#### Future lease payments receivable for non-cancellable operating leases

	Previous Year (As of March 31, 2022)	Current Year (As of March 31, 2023)
Due within one year	2,137 million yen	2,857 million yen
Due over one year	3,958	8,155
Total	6,095	11,013

### 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, 2022)	Current Year (As of March 31, 2023)
Current assets	21,782 million yen	20,272 million yen

#### (2) Lease obligations

	Previous Year (As of March 31, 2022)	Current Year (As of March 31, 2023)
Current liabilities	1,528 million yen	1,448 million yen
Non-current liabilities	15,125	12,990

## 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 "1 Consolidated Financial Statements, (1) Consolidated Financial Statements and Notes, 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, 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 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	136,250	136,191	(59)
Total assets	136,250	136,191	(59)
(1) Bonds payable (※1)	435,038	404,255	(30,783)
(2) Long-term borrowings (※1)	446,157	444,963	(1,193)
Total liabilities	881,196	849,219	(31,977)
Derivative transactions (※2)	27,316	27,316	—

(※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.

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

Previous 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.

Current Year (As of March 31, 2023)	
	(million yen)
Shares of affiliates	280,620
Unlisted stocks, etc.	24,039

These include investments in partnerships and other similar entities (¥25,932 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, 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	225,658	—	—	—
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	357,459	211	4,901	4,139

As stated in "Changes in Accounting Policies," the amounts for the previous fiscal year are on a retrospective basis.

Current Year (As of March 31, 2023)				
	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	85,087	—	—	—
Notes and accounts receivable - trade	276,726	—	—	—
Securities and investment securities				
Held-to-maturity bonds (Government bonds and corporate bonds)	—	—	—	3,753
Available-for-sale securities with maturities	617	4,318	1,685	216
Total	362,430	4,318	1,685	3,969

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

Previous 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

Current Year (As of March 31, 2023)						
	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	11,096	—	—	—	—	—
Bonds payable	10,020	20	—	9,998	—	415,000
Long-term borrowings	59,640	66,466	68,932	35,888	14,890	200,339
Total	80,757	66,486	68,932	45,886	14,890	615,339

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

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

Previous 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.

Current Year (As of March 31, 2023)

Classification	Fair Value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Stocks	99,221	—	33,275	132,497
Total assets	99,221	—	33,275	132,497
Derivatives (※)				
Interest rates	—	3,191	—	3,191
Currencies	—	25,078	—	25,078
Commodities	—	(953)	—	(953)
Total derivatives	—	27,316	—	27,316

(※) 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

Previous 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.

Current Year (As of March 31, 2023)

Classification	Fair Value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds	113	—	3,579	3,693
Total assets	113	—	3,579	3,693
Bonds payable (※)	—	404,255	—	404,255
Long-term borrowings (※)	—	444,963	—	444,963
Total liabilities	—	849,219	—	849,219

(※) 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.

## Previous 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%

## Current Year (As of March 31, 2023)

Classification	Valuation techniques	Unobservable inputs	Scope of inputs
Unlisted stocks	Income approach	Discount rate	11.8% to 14.4%

## 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.

## Previous 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 “other” in non-operating expenses and derivatives are included in “other” in non-operating 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.

## Current Year (As of March 31, 2023)

	Securities	Derivatives	Total
Beginning balance	18,734	679	19,413
Profit or loss (※1)	—	(679)	(679)
Other comprehensive income (※2)	9,683	—	9,683
Purchases	4,857	—	4,857
Sales or settlements	—	—	—
Ending balance	33,275	—	33,275
Changes in unrealized gains/losses for the period reported in profit	—	—	—

(※1) Included in “other” in non-operating expenses 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, 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.

## Current Year (As of March 31, 2023)

	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	129,612	35,773	93,839
2 Available-for-sale securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost			
Stocks	2,884	3,488	(603)
Total	132,497	39,262	93,235

Note: Unlisted stocks, etc., with no market prices (carrying amount in the consolidated balance sheet: ¥17,191 million) are not included.

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

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

Stocks	Total sales	4,136 million yen
	Total gain on sales	3,319
	Total loss on sales	0

## Current Year (April 1, 2022 - March 31, 2023)

Stocks	Total sales	21,086 million yen
	Total gain on sales	17,418
	Total loss on sales	—

## 3 Securities for which impairment losses are recognized

For the previous 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.

For the current fiscal year, impairment losses of ¥551 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, 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.

#### Current Year (As of March 31, 2023)

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	132,745	10,760	3,582	3,582
(b) Currencies	Forward exchange contracts	Other than market transactions	1,165	992	399	399
Total			133,911	11,753	3,981	3,981

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, 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.

#### Current Year (As of March 31, 2023)

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	93,233	63,056	See (Note 1)
		Principal method of accounting	Long-term borrowings and bonds payable	124,061	98,018	3,191
(b) Currencies	Forward exchange contracts and currency option contracts	Allocation accounting of forward exchange contracts, etc.	Forecast transactions denominated in foreign currencies	1,754	—	See (Note 2)
		Principal method of accounting	Forecast transactions denominated in foreign currencies	170,810	165,447	24,678
(c) Commodities	Swap contracts and option contracts on energy prices, etc.	Principal method of accounting	Purchase prices of raw materials, etc.	94,677	36,993	(4,535)
Total				484,537	363,515	23,334

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, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Balance at beginning of year	275,388 million yen	263,888 million yen
Service cost	7,974	8,952
Interest cost	1,188	1,574
Actuarial loss (gain)	(6,860)	(9,703)
Benefits paid	(13,987)	(15,218)
Other	185	(495)
Balance at end of year	263,888	248,997

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, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Balance at beginning of year	340,124 million yen	363,729 million yen
Expected return on plan assets	7,262	7,264
Actuarial loss (gain)	26,977	(14,086)
Contributions paid by the employer	1,856	1,647
Benefits paid	(12,667)	(12,697)
Other	175	(523)
Balance at end of year	363,729	345,333

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, 2022)	Current Year (As of March 31, 2023)
Funded retirement benefit obligations	244,778 million yen	229,197 million yen
Plan assets	(363,729)	(345,333)
	(118,950)	(116,135)
Unfunded retirement benefit obligations	19,109	19,800
Total net defined benefit liability (asset) recorded in the consolidated balance sheet	(99,840)	(96,335)
Retirement benefit liability	18,853	19,703
Retirement benefit asset	(118,693)	(116,038)
Total net defined benefit liability (asset) recorded in the consolidated balance sheet	(99,840)	(96,335)

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

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

	Previous Year (April 1, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Service cost	7,974 million yen	8,952 million yen
Interest cost	1,188	1,574
Expected return on plan assets	(7,262)	(7,264)
Net actuarial loss amortization	(7,146)	(10,289)
Total retirement benefit costs	(5,246)	(7,027)

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, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Actuarial gain (loss)	(26,774) million yen	14,664 million yen

**(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, 2022)	Current Year (As of March 31, 2023)
Unrecognized actuarial gain (loss)	(74,666) million yen	(60,001) 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, 2022)	Current Year (As of March 31, 2023)
Bonds	26.9 %	31.2 %
Stocks	31.5	31.1
Cash and deposits	27.1	22.4
Other	14.5	15.3
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, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Discount rate	Mainly 0.6 %	Mainly 0.9 %
Long-term expected rate of return	Mainly 2.1 %	Mainly 2.0 %

**3 Defined contribution plans**

The contribution required to the defined contribution plan of the Company and its consolidated subsidiaries was ¥1,422 million for the previous fiscal year and ¥1,452 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 plans. The contribution required to the corporate pension fund of the multi-employer pension plans was ¥89 million for the previous fiscal year and ¥85 million for the current fiscal year.

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

	Previous Year (As of March 31, 2021)	Current Year (As of March 31, 2022)
Amount of plan assets	262,373 million yen	273,942 million yen
Total amount of actuarial obligation and minimum actuarial reserve in pension financing	206,858	221,054
Balance	55,515	52,887

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

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

Current fiscal year 1.26% (weighted average) (March 1, 2022 - March 31, 2022)

**(3) Supplementary explanation**

The major factor contributing to the balance in (1) above was retained earnings (¥55,571 million for the previous fiscal year and ¥52,942 million for the current fiscal year).

## Notes to Stock Options

Not applicable.

## Tax Effect Accounting

As stated in "Changes in Accounting Policies," the amounts and burden rates for the previous fiscal year are on a retrospective basis.

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

	Previous Year (As of March 31, 2022)	Current Year (As of March 31, 2023)
<b>Deferred tax assets</b>		
Tax loss carryforwards (Note)	101,057million yen	131,903million yen
Petroleum resource use tax for international business	21,757	20,980
Impairment loss	19,178	18,832
Retirement benefit liability	7,695	6,187
Other	40,724	48,301
Subtotal deferred tax assets	190,413	226,206
Valuation allowance on tax loss carryforwards (Note)	(5,270)	(6,769)
Valuation allowance on the total of deductible temporary differences	(38,099)	(36,878)
Subtotal valuation allowance	(43,369)	(43,648)
Total deferred tax assets	147,043	182,558
<b>Deferred tax liabilities</b>		
Temporary differences related to investments in affiliates	(51,651)	(66,745)
Retirement benefit asset	(33,235)	(32,478)
Valuation difference on available-for-sale securities	(24,064)	(22,207)
Other	(25,558)	(45,188)
Total deferred tax liabilities	(134,510)	(166,619)
Net deferred tax assets (liabilities)	12,533	15,938

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

#### Previous 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.

#### Current Year (As of March 31, 2023)

	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)	59	45	110	116	30	131,541	131,903
Valuation allowance	55	42	110	116	30	6,413	6,769
Deferred tax assets	3	2	—	—	—	125,128	125,134(b)

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

(b) Deferred tax assets of ¥125,134 million are recorded for tax loss carryforwards of ¥131,903 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, the Company's gas and electricity businesses, 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, 2022)	Current Year (As of March 31, 2023)
Statutory effective tax rate	28.0 %	28.0 %
(Reconciliation)		
Valuation allowance	(37.3)	2.5
Adjustments for non-temporary differences, etc.	(1.0)	0.6
Share of loss (profit) of entities accounted for using equity method	(1.4)	(1.4)
Other	(2.5)	0.4
Burden rate of income taxes	(14.1) %	30.0 %

## 3 Adoption of the group tax sharing system

During this consolidated fiscal year, the Company and some of its consolidated subsidiaries in Japan applied for and received approval for the adoption of the group tax sharing system, and have decided to transition from a non-consolidated taxation system to the group tax sharing system from the next consolidated fiscal year.

From the end of this consolidated fiscal year, the Company applies Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Practical Solution No. 42, August 12, 2021) regarding the accounting treatment and disclosure of tax effect accounting related to income taxes.

## Business Combinations

### 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 business operator, has been 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

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).

## 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 ¥7,686 million for the fiscal year ended March 31, 2022 and ¥8,310 million for the fiscal

year ended March 31, 2023.

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, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Carrying amount in the consolidated balance sheet		
Balance at beginning of year	161,763 million yen	184,652 million yen
Increase (decrease)	22,889	18,186
Balance at end of year	184,652	202,838
Fair value at end of year	259,125	292,895

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: ¥29,131 million, current fiscal year: ¥23,465 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: ¥6,174 million) are not included in the table above as development is currently underway and therefore it is difficult to determine the fair value.

## Notes to Revenue Recognition

### 1 Disaggregation of revenue from contracts with customers

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

Breakdown of goods or services by type

(million yen)

	Reportable segments			Total
	Domestic Energy	International Energy	Life & Business Solutions	
Gas business	1,050,496	—	—	1,050,496
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	1,316,854	56,326	162,361	1,535,543
Other revenue	20,096	12,534	22,946	55,577
Sales to external customers	1,336,951	68,861	185,307	1,591,120

Note: As stated in "Changes in Accounting Policies," the amounts for the previous fiscal year are on a retrospective basis.

Current Year (April 1, 2022 - March 31, 2023)

Breakdown of goods or services by type

(million yen)

	Reportable segments			Total
	Domestic Energy	International Energy	Life & Business Solutions	
Gas business	1,588,258	—	—	1,588,258
Electricity business	357,262	—	—	357,262
International energy business	—	97,871	—	97,871
Urban development business	—	—	25,447	25,447
Information solutions business	—	—	48,403	48,403
Material solutions business	—	—	94,592	94,592
Other life and business solutions business	—	—	11,991	11,991
Revenue from contracts with customers	1,945,521	97,871	180,435	2,223,828
Other revenue	21,455	5,865	23,963	51,285
Sales to external customers	1,966,977	103,737	204,399	2,275,113

Note: Subsidies, etc. received through the Electricity and Gas Price Volatility Mitigation Project in accordance with the "Comprehensive Economic Measures to Overcome Rising Prices and Realize Economic Revival" are included in the gas and electricity businesses under the Domestic Energy segment.



## 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)

	Previous Year		Current Year	
	Beginning balance	Ending balance	Beginning balance	Ending balance
Receivables from contracts with customers				
Notes receivable - trade	3,559	4,098	4,098	4,903
Accounts receivable - trade	223,096	221,147	221,147	270,925
Contract assets	875	1,460	1,460	2,875
Contract liabilities	14,345	14,658	14,658	14,257

Note: As stated in “Changes in Accounting Policies,” the amounts for the previous fiscal year are on a retrospective basis.

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 that was included in the contract liability balance at the beginning of the fiscal year was ¥4,274 million for the previous fiscal year and ¥4,552 million for the current fiscal year. There were no significant changes in the balances of contract assets and liabilities. The amount of revenue recognized 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)

	Previous Year	Current Year
One year or less	234,514	238,966
More than one year, up to five years	444,264	625,717
More than five years	724,145	1,086,925
Total	1,402,924	1,951,609

## 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.

## 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 "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 changed our standards of revenue recognition for gas sales from the current fiscal year, and the amounts for the previous fiscal

year are on a retrospective basis. As a results of the changes, net sales of Domestic Energy for the previous fiscal year increased by ¥4,678 million and "adjustments" decreased by ¥437 million. Also, segment profit of Domestic Energy increased by ¥5,462 million and "adjustments" decreased by ¥1,166 million. In addition, segment assets of Domestic Energy increased by ¥18,267 million.

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

Previous 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	1,336,951	68,861	185,307	1,591,120	—	1,591,120
Transactions with other segments	3,832	11,918	51,778	67,529	(67,529)	—
Total	1,340,784	80,779	237,086	1,658,650	(67,529)	1,591,120
Segment profit						
Operating profit	41,903	33,742	23,516	99,162	39	99,201
Share of profit (loss) of entities accounted for using equity method	2,253	10,587	—	12,841	—	12,841
Total	44,157	44,330	23,516	112,003	39	112,043
Segment assets	1,522,813	677,097	438,178	2,638,088	(50,002)	2,588,086
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).

## Current Year (April 1, 2022 - March 31, 2023)

(million yen)

	Reportable Segment			Total	Adjustments (Note 1)	Consolidated (Note 2)
	Domestic Energy	International Energy	Life & Business Solutions			
Net sales						
Revenues from external customers	1,966,977	103,737	204,399	2,275,113	—	2,275,113
Transactions with other segments	4,716	19,562	54,144	78,423	(78,423)	—
Total	1,971,694	123,299	258,543	2,353,536	(78,423)	2,275,113
Segment profit						
Operating profit	(31,367)	60,831	29,237	58,701	1,300	60,001
Share of profit (loss) of entities accounted for using equity method	4,043	8,886	—	12,929	—	12,929
Total	(27,324)	69,718	29,237	71,631	1,300	72,931
Segment assets	1,576,809	829,581	453,058	2,859,449	(39,860)	2,819,589
Other items						
Depreciation	76,283	30,131	14,233	120,648	(3,178)	117,470
Amortization of goodwill	831	—	1,521	2,352	—	2,352
Investment in entities accounted for using equity method	38,754	221,652	—	260,406	—	260,406
Increase in property, plant and equipment and intangible assets	104,119	54,220	39,312	197,652	(2,321)	195,330

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, 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
1,326,971	264,149	1,591,120

## (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.

## Current Year (April 1, 2022 - March 31, 2023)

## 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
1,901,417	373,695	2,275,113

## (2) Property, plant and equipment

(million yen)

Japan	USA	Other areas	Total
927,802	195,674	120,311	1,243,788

## 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, 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

## Current Year (April 1, 2022 - March 31, 2023)

(million yen)

	Reportable Segment			Total	Unallocated amounts and elimination	Total
	Domestic Energy	International Energy	Life & Business Solutions			
Impairment losses	196	3,820	454	4,470	—	4,470

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

## Previous 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

## Current Year (April 1, 2022 - March 31, 2023)

(million yen)

	Reportable Segment			Total	Unallocated amounts and elimination	Total
	Domestic Energy	International Energy	Life & Business Solutions			
Amortized amount during year	831	—	1,521	2,352	—	2,352
Unamortized balance at end of year	6,110	—	3,375	9,486	—	9,486

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

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

Not applicable.

## Current Year (April 1, 2022 - March 31, 2023)

Not applicable.

## 【Related Party Information】

Not applicable.

## Per Share Information

	Previous Year (April 1, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Net assets per share	3,059.40 yen	3,347.34 yen
Earnings per share	313.69 yen	137.39 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 stated in "Changes in Accounting Policies," the amounts for the previous fiscal year are on a retrospective basis.

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

	Previous Year (April 1, 2021 - March 31, 2022)	Current Year (April 1, 2022 - March 31, 2023)
Profit attributable to owners of parent (million yen)	130,421	57,110
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent attributable to common share (million yen)	130,421	57,110
Average number of common shares during the fiscal year (thousand shares)	415,770	415,671

# 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	19,998	—	1.47 per year	None	December 20, 2022
Osaka Gas	The 21st domestic unsecured bond	June 23, 2006	9,998	9,998	2.33 per year	None	June 23, 2026
Osaka Gas	The 30th domestic unsecured bond	December 14, 2012	10,000	—	0.759 per year	None	December 14, 2022
Osaka Gas	The 31st domestic unsecured bond	October 18, 2013	10,000	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	20,000	0.22 per year	None	June 3, 2031
Osaka Gas	The 42nd domestic unsecured bond	June 3, 2021	10,000	10,000	0.576 per year	None	June 3, 2041
Osaka Gas	The 43rd domestic unsecured bond	June 3, 2021	10,000	10,000	0.851 per year	None	June 2, 2051
Osaka Gas	The 44th domestic unsecured bond	June 2, 2022	—	10,000	0.369 per year	None	June 2, 2032
Osaka Gas	The 45th domestic unsecured bond	June 2, 2022	—	11,000	0.942 per year	None	June 2, 2042
Osaka Gas	The 46th domestic unsecured bond	June 2, 2022	—	10,000	1.203 per year	None	May 31, 2052
Osaka Gas	The 47th domestic unsecured bond	September 1, 2022	—	27,000	0.529 per year	None	September 1, 2032
Osaka Gas	The 48th domestic unsecured bond	September 1, 2022	—	4,000	1.058 per year	None	September 1, 2042
Osaka Gas	The 49th domestic unsecured bond	September 1, 2022	—	8,000	1.399 per year	None	August 30, 2052
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
Ammic Corporation	The 4th domestic unsecured bond	December 10, 2019	—	40 (20)	0.02 per year	None	From June 10, 2023 to December 10, 2024
Total	—	—	394,997	435,038 (10,020)	—	—	—

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)
10,020	20	—	9,998	—



## 【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	13,174	11,096	0.6	—
Current portion of long-term borrowings	38,340	59,640	3.3	—
Current portion of lease obligations	2,201	2,761	—	—
Long-term borrowings (excluding current portion)	350,502	386,516	1.7	From April 2024 to December 2047
Lease obligations (excluding current portion)	15,862	17,502	—	From April 2024 to February 2039
Total	420,082	477,517	—	—

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	66,466	68,932	35,888	14,890
Lease obligations	3,124	2,302	2,072	1,890

## 【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 23, 2023
<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, 2023, 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, 36 consolidated subsidiaries, and 11 equity method associates. 118 consolidated subsidiaries and 21 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, two business locations 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

June 23, 2023

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

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, 2023 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, 2023, 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.

#### 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 on the recoverability of deferred tax assets regarding tax loss carryforwards recorded by Osaka Gas Co., Ltd.	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet for the current fiscal year, deferred tax assets of ¥35,148 million are recorded. As stated in Notes to the Consolidated Financial Statements (Tax Effect Accounting), the amount before offsetting deferred tax liabilities was ¥182,558 million. Of this, deferred tax assets of ¥23,719 million related to tax loss carryforwards incurred at Osaka Gas Co., Ltd. in the current fiscal year are particularly significant.</p> <p>As stated in Notes to the Consolidated Financial Statements (Tax Effect Accounting), Osaka Gas Co., Ltd. and some of its consolidated subsidiaries in Japan have decided to transition from a non-consolidated taxation system to the group tax sharing system from the next fiscal year. As such, said companies will adopt the group tax sharing system from the next fiscal year and applied tax effect accounting thereupon.</p> <p>Deferred tax assets are recognized for tax loss carryforwards and deductible temporary differences only to the extent that such recognition will reduce future tax burdens. In addition, the recoverability of these deferred tax assets is determined in accordance with the classification of the business and future taxable income based on profitability, as set forth in the "Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan (ASBJ) Guidance No. 26). Future taxable income used to determine the recoverability of deferred tax assets is estimated using the management plans that have been prepared by management as a basis. These estimates involve a degree of uncertainty because they include key assumptions used in determinations by management on estimated gas sales volumes, etc.</p> <p>We, therefore, determined that our assessment of the appropriateness of the determination on the recoverability of the deferred tax assets regarding tax loss carryforwards recorded by Osaka Gas Co., Ltd. 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 on the recoverability of deferred tax assets regarding tax loss carryforwards recorded by Osaka Gas Co., Ltd., we primarily performed the following audit procedures:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain internal controls relevant to the process for recording deferred tax assets. In the assessment, we focused on the following internal controls based on our understanding of the recording process.</p> <ul style="list-style-type: none"> <li>• Internal controls for ensuring that the conditional figures used in management plans approved within the business are revised to be consistent with information from both internal and external sources, and estimating future taxable income in an appropriate manner</li> </ul> <p>(2) Substantive testing</p> <ul style="list-style-type: none"> <li>• We verified that the classification of the business was determined in accordance with the "Implementation Guidance on Recoverability of Deferred Tax Assets" and in particular, the causes of tax loss carryforwards in the current fiscal year.</li> <li>• For deferred tax assets regarding tax loss carryforwards, we verified that the recoverable amount recorded was based on the maximum deductible amount for each fiscal year calculated with the group tax sharing system being adopted from the next fiscal year. Tax specialists were involved in the adoption of the group tax sharing system during this time.</li> <li>• We compared the Osaka Gas Co., Ltd.'s management plans from previous fiscal years with actual results.</li> <li>• We considered the estimated gas sales volume included in Osaka Gas Co., Ltd.'s management plan. In addition, we verified the impact of changing the estimated gas sales volume.</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 ¥1,966,977 million in the Domestic Energy segment. They represented 86.4% 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. 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 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, 2023, 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, 2023, 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.